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If you have sold or otherwise transferred all of your Shares, please immediately forward this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Shares please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

Blackstar Group Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)

(R.C.S. Luxembourg number B114318)

Notice of General Meeting to consider the cancellation of the capital redemption reserve

A notice convening a General Meeting of Blackstar Group Plc, to be held in the presence of a Luxembourg notary at 58 rue Charles Martel, L-2134 Luxembourg at 3.00 pm CET on 8 March 2010 is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the meeting should be completed in accordance with the instructions printed thereon and returned as soon as possible and, in any event, so as to reach the Company's Receiving Agents, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 2.00 pm GMT/3.00 pm CET on 6 March 2010. **IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE GENERAL MEETING IS QUORATE IN ACCORDANCE WITH THE REQUIREMENTS OF LUXEMBOURG LAW.** Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2010

Latest time and date for receipt of Forms of Proxy for General Meeting	3.00 pm CET on 6 March
General Meeting in the presence of a Luxembourg notary	3.00 pm CET on 8 March
Court hearing of the application to confirm the Cancellation	31 March
Cancellation expected to become effective	1 April

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

In accordance with Luxembourg law, the General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the General Meeting (the "First Meeting") the quorum requirement of more than half of the issued Shares by value is not present the Resolutions will not be proposed and will, therefore, not be capable of being passed. The Directors would then intend to convene a subsequent general meeting ("Second Meeting") to re-consider the Resolutions, for which a further notice of meeting will be sent to the Shareholders in accordance with the Articles.

If the First Meeting is not quorate, the above timetable will change and the Cancellation will not be capable of becoming effective until after the Court returns from its vacation on 13 April 2010.

IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE GENERAL MEETING IS QUORATE IN ACCORDANCE WITH THE REQUIREMENTS OF LUXEMBOURG LAW.

DEFINITIONS

The following definitions apply throughout this Circular unless the context otherwise requires:

“2006 Act”	the Companies Act 2006
“AIM”	the market operated by the London Stock Exchange plc known as AIM
“Articles”	the Company’s articles of association
“Board” or “Directors”	the board of directors of the Company whose names are set out on page 4 of this Circular, for the time being including any duly constituted committee of the Directors
“Cancellation”	the cancellation of the Company’s capital redemption reserve to be carried out pursuant to the Resolutions
“CET”	Central European Time
“Company” or “Blackstar”	Blackstar Group Plc
“Court”	the High Court of England and Wales
“CREST”	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in Uncertificated Form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
“Form of Proxy”	the form of proxy to be used by Shareholders in connection with the General Meeting which accompanies this Circular
“General Meeting”	the general meeting of the Company to be held at 3.00 pm CET on 8 March 2010 in the presence of a Luxembourg notary
“General Meeting Notice”	the notice convening the General Meeting which is set out in Part 2 of this Circular
“GMT”	Greenwich Mean Time
“£”	Pounds Sterling, the lawful currency of the United Kingdom
“Regulations”	The Uncertificated Securities Regulations 2001
“Resolutions”	the resolutions set out in the General Meeting Notice
“Shares”	the ordinary shares of 67 pence nominal value in issue and admitted to trading on AIM
“Shareholders”	holders of shares of any class in the capital of the Company from time to time
“UK” or “United Kingdom”	The United Kingdom of Great Britain and Northern Ireland

PART 1: LETTER FROM THE CHAIRMAN

Blackstar Group Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)

(R.C.S. Luxembourg number B114318)

Directors:

John Broadhurst Mills *(Non-executive Chairman)*
Julian André Treger *(Non-executive Director)*
Andrew David Bonamour *(Non-executive Director)*
Wolfgang Andreas Baertz *(Non-executive Director)*
Marcel Ernzer *(Non-executive Director)*

Registered office:

Capita Company Secretarial Services
2nd Floor
Ibex House
The Minories
London
EC3N 1DX

Principal place of business:

58 rue Charles Martel
L-2134 Luxembourg
18 February 2010

To: All Shareholders

Dear Shareholder

Proposed Cancellation of the Capital Redemption Reserve of the Company

1. Introduction

As announced on 3 February 2009, the Board has been actively considering ways to reduce the large discount at which the Shares currently trade compared to the last published NAV per Share. To help enhance Shareholder value, the Board believes that the Company should have the ability to buy back Shares in the market.

The Company does not itself currently have sufficient distributable reserves, on the basis of its IFRS accounts, to enable it to undertake a share buyback. There is a capital redemption reserve of approximately £30.156 million in the balance sheet of the Company, which is an undistributable reserve for the purposes of the 2006 Act, the greater part of which arose as a result of the purchase by the Company of its own shares associated with the internalisation of Blackstar's investment advisory arrangements in 2009. Having recently obtained further legal and tax advice in Luxembourg which would allow the Company, inter alia, to effect market purchases of its own Shares on a tax efficient basis, the Company is today convening a general meeting of Shareholders to consider the cancellation of the capital redemption reserve and the creation of distributable reserves equal to the value of the capital redemption reserve.

The Cancellation will not affect the voting or dividend rights or the rights on a return of capital of any Share.

2. Court approval of the Cancellation

Under the 2006 Act, a company may reduce or cancel its capital redemption reserve by special resolution (subject to any restriction or prohibition on it doing so contained in the company's articles of association) and subject to confirmation by the Court.

In order to avoid an argument that the Company lacks the power to reduce or cancel its capital redemption reserve, the directors of the Company propose that the Company's articles be amended so as to include an express power to reduce its capital redemption reserve. The first of the Resolutions therefore introduces such an express power into the Company's articles. The second of the Resolutions, which is expressed to be conditional on the passing of the first Resolution, will cancel the Company's capital redemption reserve.

If the proposed cancellation of capital redemption reserve is approved by Shareholders, it will have to be confirmed by the Court before it can become effective. If both Resolutions are passed at the General Meeting, application will be made to the Court for the necessary confirmation of the Cancellation.

The Company has been advised that the Court will not confirm the Cancellation unless the Company has taken adequate measures for protecting the position of its existing creditors. The Company's only creditors are expected to be providers of professional and administrative services to the Company, and the total amount of creditors at the time of the Cancellation is not expected to exceed £200,000 in total. The Company therefore intends to obtain the consent of all of

its creditors to the Cancellation or to repay each creditor who withholds its consent on or before the Cancellation becoming effective.

It is anticipated that, if the Resolutions are passed at the General Meeting to be held on 8 March 2010 convened by the Notice, confirmation will be obtained from the Court by 31 March 2010 and the Cancellation will become effective on 1 April 2010.

3. General Meeting

The General Meeting is to be held in the presence of a Luxembourg notary at 58 rue Charles Martel, L-2134 Luxembourg at 3.00 pm CET on 8 March 2010 in order to consider and vote on the Resolutions. The Resolutions are special resolutions and as such require a 75 per cent. majority by value of the Shares present or represented at the General Meeting. In addition, in order to pass the Resolutions under Luxembourg law, a quorum of more than half of the issued Shares by value is required to be present or represented at the General Meeting.

In accordance with Luxembourg law, the General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the General Meeting (the "First Meeting") the aforesaid quorum requirement of more than half of the issued Shares by value is not present the Resolutions will not be proposed and will, therefore, not be capable of being passed. The Directors would then intend to convene a subsequent general meeting ("Second Meeting") to re-consider the Resolutions, for which a further notice of meeting will be sent to the Shareholders in accordance with the Articles.

The quorum requirement in relation to the Resolutions at a Second Meeting is at least two Shareholders present or represented at such Second Meeting. At the Second Meeting, the Resolutions can be validly adopted by a majority of 75 per cent. by value of the Shares present or represented.

The Resolutions are set out in the Notice of Meeting in Part 2 of this Circular.

4. Action to be taken in relation to the General Meeting

Shareholders will find enclosed a Form of Proxy for use at the General Meeting. Whether or not Shareholders propose to attend the General Meeting they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive no later than 2.00 pm GMT/3.00 pm CET on 6 March 2010, to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE GENERAL MEETING IS QUORATE IN ACCORDANCE WITH THE REQUIREMENTS OF LUXEMBOURG LAW.

5. Recommendation

Your Board believes that the proposed cancellation of the Company's capital redemption reserve described in this Circular is in the best interests of the Company and its shareholders. Accordingly, your Board recommends shareholders to vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own holdings of 919,828 Shares (representing approximately 1.16 per cent. of the Shares in issue).

In addition, Blackstar Managers Limited and funds associated with Andrew Bonamour have indicated that they will vote in favour of the Resolutions in respect of their holdings amounting, in aggregate, to 16,249,947 Shares (representing 20.53 per cent. of the Shares in issue.)

Yours faithfully,

John Mills

Chairman

PART 2: NOTICE OF GENERAL MEETING

Blackstar Group Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)

(R.C.S. Luxembourg number B114318)

Notice is given that a general meeting of Blackstar Group Plc will be held in the presence of a Luxembourg notary at 58 rue Charles Martel, L-2134 Luxembourg at 3.00 pm CET on 8 March 2010 to consider and, if thought fit, passing the following resolutions (the "Resolutions"), namely:

1. That the Company's articles of association be amended by the insertion of the following new article:

"7.3A Without prejudice to the Members' authority under any other provision of the Articles to alter the Company's share capital, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any manner and with and subject to any consent required by law."
2. Subject to and conditional upon the passing of Resolution 1, that the sum standing to the credit of the Company's capital redemption reserve be cancelled.

The Resolutions are to be proposed as special resolutions. Each of the Resolutions requires a 75 per cent. majority by value of the Shares present or represented at the General Meeting. In addition, in order to pass the Resolutions a quorum of more than half of the issued Shares by value is required to be present or represented at the General Meeting.

In accordance with Luxembourg law, the General Meeting cannot be adjourned if there is no quorum. Accordingly, if at the General Meeting (the "First Meeting") the aforesaid quorum requirement of more than half of the issued Shares by value is not present the Resolutions will not be proposed and will, therefore, not be capable of being passed. The Directors may then decide to convene a subsequent General Meeting (the "Second Meeting") to re-consider the Resolutions, for which a further notice of meeting will be sent to Shareholders in accordance with the Articles.

The quorum requirement at the Second Meeting will be at least two Shareholders present or represented at the Second Meeting. At the Second Meeting, each of the Resolutions can be validly adopted by a majority of 75 per cent. by value of the Shares present or represented.

By order of the Board
Blackstar Group Plc

18 February 2010

Registered Office:

Capita Company Secretarial Services
2nd Floor
Ibex House
The Minories
London
EC3N 1DX

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. The proxy need not be a member of the Company but must attend the meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares held by that member.
3. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notorially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 3.00 pm CET on 6 March 2010 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made.
4. A Form of Proxy which may be used to appoint a proxy and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Registrars on 0871 664 0300 or from overseas +44 208 639 3399. Calls cost 10p per minute plus network extras, lines are open 8.30 am - 5.30 pm (GMT) Monday - Friday.
5. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company and at the principal place of business of the Company in Luxembourg during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the General Meeting.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is 3.00 pm CET on 6 March 2010 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
7. Any corporation that is a member of the Company may, by resolutions of its directors or other governing body, authorise any person it thinks fit to act as its representative at the General Meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on the above date and at any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Capita Registrars, (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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FORM OF PROXY

BLACKSTAR GROUP PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996 and registered office at Capita Company Secretarial Services, 2nd Floor, Ibox House, The Minories, London EC3N 1DX)

(R.C.S. Luxembourg number B114318)

FORM OF PROXY

For use at the General Meeting to be held in the presence of a Luxembourg notary at 58 rue Charles Martel, L-2134, Luxembourg, at 3.00 pm (CET) on 8 March 2010.

Please read the notice of General Meeting and the explanatory notes below before completing this form.

I/We
(Please insert full name in block capitals)

Of
(Please insert full address in block capitals)

being (a) member(s) of Blackstar Group PLC (the "Company"), hereby appoint the Chairman of the Meeting,

or (see Note 1)

as my/our proxy, to attend and vote for me/us in terms of my/our Shares at the General Meeting of the Company to be held at 3.00 pm CET on 8 March 2010 and at any adjournment of that meeting. I/We direct the proxy to vote in relation to the Resolutions referred to below as follows (see Notes 3 and 4):

Resolutions	For	Against	Withheld
1 To amend the Company's articles of association			
2 To cancel the capital redemption reserve			

Please indicate below whether or not you intend to be present at the meeting. This information is sought for administrative purposes only and will not affect your right to attend the meeting, notwithstanding any indication to the contrary.

I will be attending the Meeting I will not be attending the Meeting

Signature Date.....2010

NOTES:

1. If it is desired to appoint any other person as a proxy, the words "the Chairman of the Meeting, or" should be struck out and the name and address of the other person inserted in block capitals in the space provided. A member may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company but must attend the meeting in person. Any alteration should be initialled. If you submit a valid Form of Proxy without inserting the name of your chosen proxy, then the Chairman of the Meeting will act as your proxy.
2. The manner in which the proxy is to vote should be indicated by marking either "For", "Against" or "Withheld"; if none of those is marked, the proxy will vote or abstain at his/her discretion. The "Withheld" option is provided to enable you to abstain on any particular resolutions. However it should be noted that a "Withheld" vote is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
4. A corporation's Form of Proxy must be executed under its common seal or under the hand of a duly authorised officer or attorney or by two directors or a director and the company secretary.
5. Use of this form does not preclude a member from attending and voting in person.
6. **To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 3.00 pm CET on 6 March 2010 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made.**
7. In respect of members voting via CREST, please refer to the notes to the Notice of the General Meeting.

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Business Reply
Licence Number
RSBH-UXKS-LRBC



PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

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