

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply to this entire document, including the cover page, except where the context indicates a contrary intention.

Action required by certificated and dematerialised shareholders

This document should be read in its entirety with particular attention to the section entitled "Action Required by Stellar Capital Shareholders", which commences on page 3 of this Circular. If you are in any doubt as to what action you should take, please consult your stockbroker, banker, legal adviser, CSDP or other professional adviser immediately. If you have disposed of all your Stellar Capital shares, this Circular should be handed to the purchaser of such Stellar Capital shares or to the stockbroker, banker, CSDP or other agent through whom the disposal was effected.

Stellar Capital does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or stockbroker including, without limitation, any failure on the part of the CSDP or stockbroker of any beneficial owner of Stellar Capital shares to notify such beneficial owner of the Digicore Disposal set out in this Circular.



Stellar Capital Partners Limited
(Previously ConvergeNet Holdings Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1998/015580/06)
("Stellar Capital" or the "Company")
Share code: SCP
ISIN: ZAE000198586

CIRCULAR TO STELLAR CAPITAL SHAREHOLDERS

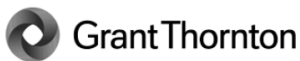
Regarding

- the category 1 disposal by Stellar Capital of 47,692,770 shares in Digicore, constituting 19.26% of the total issued share capital of Digicore, pursuant to the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the board of Digicore to Digicore shareholders (including Stellar Capital), in terms of which, if implemented, Novatel Bidco will acquire 100% of the issued share capital of Digicore, including all of the shares in Digicore owned by Stellar Capital, at an offer price of R4.40 per Digicore share, or, if the scheme fails, in terms of the Substitute Offer;

**Corporate Finance Adviser
and Transaction Sponsor**



**Independent Reporting
Accountants and Auditors**



**Independent Sponsor
to Stellar Capital**



Date of issue: 18 August 2015

This Circular is only available in English. A copy hereof may be obtained from the registered offices of Stellar Capital, the address of which appears in the section "Corporate Information and Advisers" on the inside cover of this Circular, from Tuesday, 18 August 2015 until Tuesday, 15 September 2015. This Circular is also available on the Company's website (www.stellarcapitalpartners.co.za).

CORPORATE INFORMATION AND ADVISERS

Company Secretary

The Secretarial Company
c/o Caroline du Preez
Empire Park, 55 Empire Service Road
Parktown
(PO Box 213, Mulbarton, 2059)

Corporate Finance Adviser and Sponsor

Stellar Capital Advisers Proprietary Limited
(previously AfrAsia Corporate Finance Proprietary Limited)
(Registration number 2007/015289/07)
Office 202, Cape Quarter, The Square
27 Somerset Road
Green Point
Cape Town, 8005
(Suite 54, Dixon Street, Cape Town, 8001)

And at

Level P3, Oxford Corner
Cnr Jellicoe and Oxford Road
Rosebank
Johannesburg, 2196
(Suite 54, Dixon Street, Cape Town, 8001)

Independent Reporting Accountants and Auditors

Grant Thornton Cape Incorporated
(Registration number 2010/016204/21)
119 Hertzog Boulevard Foreshore
Cape Town, 8001
(PO Box 7483 / 7498, Roggebaai, 8012)

Directors

DD Tabata (Chairman)*#
PJ van Zyl (Chief Executive Officer)
CB de Villiers (Chief Financial Officer)
CE Pettit*#
L Mangope*#
J de Bruyn*#
CC Wiese*#
CH Wiese*#

**Non-executive # Independent*

Independent Sponsor to Stellar Capital

Questco Proprietary Limited
(Registration number 2002/005616/07)
Entrance D, 2nd Floor
The Pivot
1 Montecasino Boulevard
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular shall apply, mutatis mutandis, to this section.

GENERAL MEETING	2015
Record date in order to be eligible to receive the Notice of General Meeting	Friday, 24 July
Summary Circular and Notice of General Meeting posted to shareholders on	Wednesday, 5 August
Full Circular posted to shareholders on	Tuesday, 18 August
Last date to trade in Stellar Capital shares in order to be recorded in the register to vote at the General Meeting on	Friday, 21 August
Voting Record Date by close of trade on	Friday, 28 August
Last date to lodge forms of proxy in respect of the General Meeting by 08:30 on	Monday, 31 August
General Meeting to be held at 08:30 on	Wednesday, 2 September
Results of General Meeting released on SENS on	Wednesday, 2 September
Digicore Meeting to be held at 10:00 on	Wednesday, 2 September
Expected effective date of the Digicore Disposal	Monday, 19 October

Notes

1. All times indicated in this Circular are local times in South Africa.
2. The dates and times indicated in the table above are subject to change. Any such changes will be released on SENS and published in the press.
3. Share certificates in the name of Stellar Capital will not be able to be rematerialised or dematerialised between Monday, 21 August 2015 and Friday, 28 August 2015 both days inclusive.
4. To be valid, the completed forms of proxy, as contained in the Summary Circular, must be lodged with the Transfer Secretaries by no later than Monday, 31 August 2015 at 08:30, alternatively, such forms of proxy may be handed to the company secretary or chairperson of the Company at the meeting until the commencement of the General Meeting.

ACTION REQUIRED BY STELLAR CAPITAL SHAREHOLDERS AND IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 5 of this Circular shall apply, *mutatis mutandis*, to this section.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, you should consult your stockbroker, banker, legal adviser, CSDP, accountant, attorney or other professional adviser. If you have disposed of your Stellar Capital shares, this Circular should be handed to the purchaser of such Stellar Capital shares or the stockbroker, banker, CSDP or other agent through whom the disposal was effected.

Please take careful note of the action to be taken by shareholders as detailed in the Summary Circular. If you are in any doubt as to what action you should take, please consult your stockbroker, banker, legal adviser, CSDP or other professional adviser immediately.

GENERAL MEETING

A general meeting of shareholders will be held at 08:30 on Wednesday, 2 September 2015 at Level P3, Oxford Corner, cnr Jellicoe and Oxford Roads, Rosebank, Johannesburg, to consider and, if deemed fit, to approve, with or without modification, the resolutions required to implement the Digicore Disposal. A notice convening the General Meeting is attached to the Summary Circular. Details regarding action to be taken by Stellar Capital shareholders is contained in the Summary Circular.

APPLICABLE LAWS

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This Circular does not constitute the solicitation of an offer to purchase shares or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful.

The Digicore Disposal may be affected by the laws of the relevant jurisdictions of non-resident shareholders. Such non-resident shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any non-resident shareholder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Digicore Disposal, which are the subject of this Circular, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due to such jurisdiction.

The Digicore Disposal is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Companies Act.

Any shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about the Company's group of companies that are, or may be, forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events, and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties as they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All of the forward-looking statements are based on estimates and assumptions, as regards the Company, made by the Company as communicated in publicly available documents by the Company, all of which estimates and assumptions, although the Company believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to the Company or not currently considered material by the Company.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Stellar Capital not to develop as expected may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. The Company has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

DEFINITIONS AND INTERPRETATION

In this document, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Adjustment”	per paragraph 5.4.3 of the acquisition circular which was posted to Stellar Capital shareholders on 15 December 2014, outlining the terms of the initial acquisition of Stellar Capital’s Digicore Scheme Shares at an entry price of R2.50, an upward purchase price adjustment is required in respect of 38,692,770 of the Digicore Scheme Shares in the event that an irrevocable offer is made to acquire the Existing DGC Shares on or before 16 July 2015 at a price above R2.50, to be settle through the issue of the Adjustment Shares;
“Adjustment Shares”	means 36,758,132 ordinary shares in Stellar Capital to be issued in respect of the Adjustment to Titan at R2.00 per share;
“beneficial owner”	means a person on whose behalf any dematerialised share (not held in “own name” form) is held by a CSDP or stockbroker or a nominee of a CSDP or stockbroker in accordance with a custody agreement;
“Board” or “directors”	means the directors of Stellar Capital as at the Last Practicable Date, whose names are set out on page 9 of this Circular;
“business day”	means any day other than a Saturday, Sunday or official public holiday in South Africa;
“Cadiz”	means Cadiz Holdings Limited (registration number 1997/007258/06), a public company duly incorporated in accordance with the laws of South Africa, in which Stellar Capital owns 16.46% as at the Last Practicable Date;
“Cadiz Acquisition”	the proposed acquisition by Stellar Capital, acting through a special purpose vehicle, of a maximum additional 67,081,371 shares in Cadiz by way of a scheme of arrangement in terms of section 114(1) of the Companies Act, or failing which, by way of a general offer to all Cadiz shareholders through the issue of 41,925,857 Stellar Capital shares at R2.00 per share, such that Stellar Capital will hold a maximum of 43.74% of the issued ordinary shares in Cadiz as detailed in the announcement released on SENS on 19 June 2015;
“cents”	means South African cents, in the official currency of South Africa;
“certificated shares”	means shares that have not been dematerialised, the title to which is evidenced by a Document of Title;
“certificated shareholders”	means shareholders who hold certificated shares;
“CIPC”	means the Companies and Intellectual Property Commission;
“Circular”	means all the documents contained in this bound document dated 18 August 2015, together with the annexures hereto;
“common monetary area”	means South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	means the Companies Act, No. 71 of 2008, as amended, and where appropriate in the context includes a reference to the Companies Regulations;
“Companies Regulations”	means the Companies Regulations 2011, promulgated in terms of section 223 of the Companies Act (which include the Takeover Regulations);
“Company Secretary”	means Mrs Caroline du Preez;
“CSDP”	means a “Participant”, as defined in section 1 of the Financial Markets Act;

"custody agreement"	means a custody mandate agreement between a person and a CSDP or stockbroker, regulating their relationship in respect of dematerialised shares held on Stellar Capital's uncertificated securities register administered by a CSDP or stockbroker on behalf of that person;
"dematerialised"	means the process whereby paper share certificates or other Documents of Title are replaced with electronic records of ownership of shares or securities as contemplated in section 49(5) of the Companies Act under the Strate system with a CSDP or stockbroker;
"dematerialised shares"	means shares that have been dematerialised or have been issued in dematerialised form, and which are held in electronic form on Stellar Capital's uncertificated securities register administered by a CSDP;
"dematerialised shareholders"	means shareholders who hold dematerialised shares;
"Digicore"	means Digicore Holdings Limited (registration number 1998/012601/06), a public company duly incorporated in accordance with the laws of South Africa, which is listed on the main board of the JSE, in which Stellar Capital owns 19.26% as at the Last Practicable Date;
"Digicore Disposal"	means the disposal by Stellar Capital of its Digicore Scheme Shares pursuant to the Scheme or, if the Scheme fails, in terms of the Substitute Offer as announced on 19 June 2015;
"Digicore Disposal Proceeds"	means, in respect of the Digicore Disposal, total scheme proceeds payable by Digicore to Stellar Capital of R209,848,188;
"Digicore Meeting"	means the general meeting of Digicore shareholders to be held at 10:00 on Wednesday, 2 September 2015 at Digicore Building, Regency Office Park, 9 Regency Drive, Route 21 Corporate Park, Irene Extension 30, Centurion, South Africa, to consider and, if deemed fit, approve to pass, with or without modification, the special resolution required to implement the Scheme and the other resolutions;
"Digicore Scheme Shares" or "Existing DGC Shares"	means 47,692,770 ordinary shares in Digicore owned by Stellar Capital, constituting 19.26% of the total issued share capital of Digicore;
"Documents of Title"	means valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Stellar Capital shares, reasonably acceptable to Stellar Capital;
"Entry Price"	the initial price of R2.50 paid by Stellar Capital for the Existing DGC Shares;
"Exchange Control Regulations"	means the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act No. 9 of 1933), as amended;
"FIA"	means the joint firm intention announcement as published on SENS on 19 June 2015 by Digicore and Novatel detailing the terms of the Scheme and Substitute Offer;
"Financial Markets Act"	means the Financial Markets Act, No. 19 of 2012, as amended from time to time;
"General Meeting"	means the general meeting of Stellar Capital shareholders to be held at 08:30 on Wednesday, 2 September 2015 at Level P3, Oxford Corner, cnr Jellicoe and Oxford Roads, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions required to implement the Digicore Disposal as detailed in the Notice of General Meeting;
"IFRS"	means International Financial Reporting Standards;
"DGC Irrevocable Undertaking"	means the irrevocable undertaking dated 6 May 2015 as provided to Digicore and Novatel by Stellar Capital to vote in favour of the Scheme at the Digicore Meeting;

“JSE”	means the JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“King III Code”	means the King Report on Corporate Governance for South Africa 2009;
“Last Practicable Date”	means, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	means the Listings Requirements of the JSE in force as at the Last Practicable Date;
“ManCo”	means Thunder Securitisations Proprietary Limited (registration number 2010/021751/07), a limited liability private company duly incorporated in accordance with the laws of South Africa and the management company of Stellar Capital in terms of the Management Agreement;
“Management Agreement”	means the agreement dated 8 December 2014 between Stellar Capital and ManCo in terms of which ManCo will manage the portfolio of the Company in accordance with Section 15 of the Listings Requirements;
“Memorandum of Incorporation”	means the Memorandum of Incorporation of the Company;
“net asset value”	means the value of the total assets (non-current assets plus current assets) minus total liabilities (non-current liabilities plus current liabilities). Assets include financial assets and liabilities include financial liabilities;
“net tangible asset value”	means the net asset value less the value of goodwill and other intangible assets;
“Notice of General Meeting”	means the notice of General Meeting forming part of the Summary Circular;
“Novatel”	means Novatel Wireless Incorporated (registration number 2614230), a company incorporated in accordance with the laws of the State of Delaware, United States;
“Novatel Bidco”	means Novotel or such subsidiary of Novatel as it may nominate in writing to Digicore prior to Friday, 16 October 2015, being the Digicore scheme consideration record date, which was referred to in the FIA;
“Offer Price”	means the price of R4.40 per share to be paid by Novatel for each share in Digicore;
“ordinary share(s) “	means ordinary shares of no par value in the share capital of Stellar Capital, which shares are listed on the JSE Main Board;
“own name” dematerialised shareholders”	means dematerialised shareholders who/which have elected to have “own name” registration;
“Prime Rate”	means the publicly quoted prime rate of interest (per cent per annum) as published by Standard Bank of South Africa Limited from time to time;
“Questco” or “Independent Sponsor”	means Questco Proprietary Limited (registration number 2002/005616/07), a private company incorporated in accordance with the laws of South Africa and the appointed independent sponsor to Stellar Capital in respect of the Digicore Disposal;
“Rand” or “R”	means South African rand, the official currency of South Africa;
“register”	means Stellar Capital's share register, including all sub-registers;
“Scheme”	means the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the board of Digicore to Digicore shareholders (including Stellar Capital), in terms of which, if implemented, Novatel Bidco will acquire 100% of the issued share capital of Digicore, including Stellar Capital's Digicore Scheme Shares, at the Offer Price;
“Stellar Capital” or “Company”	means Stellar Capital Partners Limited (registration number 1998/015580/06), a public company incorporated in accordance with the laws of South Africa, operating in conformity with its Memorandum of Incorporation and laws of South Africa, the shares of which are listed on the Main Board of the JSE;

“Stellar Capital Group” or “Group”	means Stellar Capital and its subsidiaries from time to time;
“SENS”	means the Stock Exchange News Service, the news service operated by the JSE;
“shareholders” or “Stellar Capital shareholders”	means certificated and dematerialised registered holders of Stellar Capital shares;
“shares” or “Stellar Capital shares”	means ordinary shares of no par value in the share capital of Stellar Capital;
“South Africa”	means the Republic of South Africa;
“Stellar Advisers” or “Corporate Finance Adviser” or “Transaction Sponsor”	means Stellar Advisers Proprietary Limited (previously AfrAsia Corporate Finance Proprietary Limited) (registration number 2007/015289/07), an authorised financial services provider (FSP 32488), a private company incorporated in accordance with the laws of South Africa and the corporate finance adviser and transaction sponsor to Stellar Capital;
“stockbroker”	means any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Strate”	means Strate Proprietary Limited (registration number 1998/022242/06), a private company incorporated in accordance with the laws of South Africa, a registered central securities depository which is responsible for the electronic settlement system used by the JSE;
“sub-register”	means each of Stellar Capital’s sub-registers of members administered and maintained by CSDPs in electronic form;
“subsidiary”	means a subsidiary company, as defined in section 3 of the Companies Act;
“Substitute Offer”	means an offer made by Novatel Bidco to the shareholders of Digicore at the Offer Price and on the same terms as the Scheme in the event that the Scheme fails and subject to Digicore shareholders holding not less than 90% of the issued ordinary shares of Digicore, accepting the offer;
“Summary Circular”	means the Summary Circular and Notice of General Meeting detailing the terms of the Digicore Disposal to Stellar Capital shareholders and calling of the General Meeting prior to the Digicore Meeting, posted to Stellar Capital shareholders on 5 August 2015 in compliance with the Companies Act;
“Titan”	means, collectively, Titan Nominees and its associated entities, including Titan Premier and Titan Share Dealers as defined in Annexures 3 and 4 of the Circular;
“Torre Acquisition”	means the acquisition by Stellar Capital of 175,365,614 shares in Torre Industries Limited, representing 34.62% of Torre Industries Limited’s issued share capital, for an aggregate purchase consideration of R910,391,385 payable by Stellar Capital, which amount shall be settled partly in cash (in an amount equal to R130,218,397), and partly through the issue and allotment of 390,086,494 shares; which acquisition is to be detailed in a circular to Stellar Capital and requires the approval of Stellar Capital shareholders at a general meeting;
“Transfer Secretaries” or “Computershare”	means Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa and the Transfer Secretaries of Stellar Capital;
“VAT”	means Value Added Tax, levied in terms of the provisions of the Value-Added Tax Act No. 89 of 1991, as amended;
“Voting Record Date”	means the date on which shareholders must be recorded in the register in order to attend, speak at and vote at the General Meeting, which date is expected to be Friday, 28 August 2015; and
“VWAP”	means volume weighted average price.



Stellar Capital Partners Limited
(Previously ConvergeNet Holdings Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1998/015580/06)
("Stellar Capital" or the "Company")
Share code: SCP
ISIN: ZAE000198586

DD Tabata (Chairman)*#
PJ van Zyl (Chief Executive Officer)
CB de Villiers (Chief Financial Officer)
CE Pettit*#
L Mangope*#
J de Bruyn*#
CC Wiese*#
CH Wiese*#

*Non-executive # Independent

CIRCULAR TO STELLAR CAPITAL SHAREHOLDERS

1 INTRODUCTION

- 1.1 Stellar Capital (previously ConvergeNet Holdings Limited) was established in 2005 to address the growing need for convergence solutions in the ICT industry. On 8 September 2014 Stellar Capital announced that it had identified an opportunity to create an investment company to grow a portfolio of equity, debt and hybrid securities, unconstrained by any particular market or sector, in listed and unlisted businesses, that will generate above average returns on capital for the Company's shareholders. Stellar Capital transferred its listing from the "Computer Services" sub-sector to the "Investment Companies" sub-sector of the JSE with effect from 29 June 2015.
- 1.2 Shareholders are referred to the:
 - 1.2.1 The terms announcement as posted on SENS and published in the press on 5 August 2015 and 7 August 2015 respectively, which detailed, *inter alia*, the disposal by Stellar Capital of its Existing DGC Shares, pursuant to the Scheme, which, if implemented, will result in Novatel Bidco acquiring all the ordinary shares in Digicore at the Offer Price, or, if specified conditions of the Scheme are unfulfilled, by way of the Substitute Offer; and
 - 1.2.2 The Summary Circular as posted to Stellar Capital shareholders on 5 August 2015 including a notice of General Meeting to be held prior to the Digicore Meeting, which should be read in conjunction with this Circular.

2 PURPOSE OF THIS CIRCULAR

- 2.1 The Purpose of this Circular is to provide shareholders with additional information regarding the Digicore Disposal to the information contained in the Summary Circular.
- 2.2 The Digicore Disposal constitutes a Category 1 transaction in terms of the Listings Requirements, consequently, Stellar Capital is required to issue this Circular, to be read in conjunction with the Summary Circular, disclosing full details of the Digicore Disposal. The General Meeting, as detailed in the notice attached to the Summary Circular, will be convened to allow Stellar Capital shareholders to consider and, if deemed appropriate, to approve, with or without modification, the resolutions required to implement the Digicore Disposal.
- 2.3 The Digicore Disposal is not a related party transaction for the purposes of the Listings Requirements.

- 2.4 The accompanying explanatory material, opinions and information provided in this Circular and the annexures thereto are, unless otherwise specifically set out to the contrary, or appears from the context, solely those of Stellar Capital. Stellar Capital takes full responsibility for the contents of this Circular, the proposed resolutions and the accompanying explanatory material, opinions and information contained in this Circular.
- 2.5 The directors have evaluated the rationale for, and the terms and conditions of, the Digicore Disposal, and are of the opinion that the Digicore Disposal will enhance shareholder value. Accordingly, after due consideration, the directors, who are eligible to vote, unanimously recommend that Stellar Capital shareholders vote in favour of all the resolutions necessary to approve and implement the Digicore Disposal, as set out in the Notice of General Meeting.
- 2.6 In addition, the prospects for the Group are positive and the Board is optimistic about the future.

3 DETAILS OF THE DIGICORE DISPOSAL

3.1 Business of Novatel

Novatel is a leader in the design and development of M2M wireless solutions based on 3G and 4G technologies. Novatel delivers Internet of Things (IoT) and Cloud SaaS services to carriers, distributors, retailers, OEMs and vertical markets worldwide. Product lines include MiFi Mobile Hotspots, USB modems, Expedite and Enabler embedded modules, Mobile Tracking Solutions and Asset Tracking Solutions. Novatel is incorporated in the State of Delaware, USA, headquarters are in San Diego, California and Novatel's securities are listed on the NASDAQ exchange.

Novatel is not a related party to Stellar Capital.

3.2 Business of Digicore

Digicore, a company established in 1985 and which is listed under the "Electronics & Electrical" sector on the JSE, provides its global client base with advanced mobile asset-tracking and management solutions. Digicore's end-to-end research, design, development, manufacturing, sales and support of tailored solutions for customers is serviced by a global network of staff and team members in over 50 countries. The company's technology and electronics division designs and develops a robust range of asset management and monitoring systems using GPS, GSM cellular communication systems and other advanced communication and sensory technologies. Products and services are sold to the market under the CTrack brand.

Digicore is not a related party to Stellar Capital.

3.3 Rationale of the Digicore Disposal

The Digicore Disposal presents Stellar Capital with an opportunity to exit its Digicore investment at a substantial premium to the Entry Price. Taking into account the Adjustment as detailed in paragraph 3.4 below, the Offer Price represents a 14.34% premium for Stellar Capital to the Entry Price and an approximate premium of 9.10% to Digicore's 30-day VWAP of R2.62 per Ordinary Share as at the date of Digicore's initial cautionary announcement (being 7 May 2015) and an approximate discount of 15.68% to the 30-day VWAP of R3.39 per Ordinary Share as at the date of the FIA.

3.4 Adjustment of the Digicore Disposal Proceeds

As detailed in paragraph 5.4.3 of the acquisition circular posted to Stellar Capital shareholders on 15 December 2014, which detailed the terms of the acquisition of the Existing DGC Shares by Stellar Capital, an upward purchase price adjustment is required for 38 692 770 of the Existing DGC Shares, in the event that an irrevocable offer is made to acquire the Existing DGC Shares at a price above the Entry Price pursuant to an offer for the shares in Digicore on or before 16 July 2015. The Digicore Disposal will give rise to the Adjustment. The Adjustment would be settled through the issue of 36 758 132 additional Stellar Capital shares at an issue price of R2.00 per Stellar Capital share, subject to fulfilment of the conditions precedent as set out in paragraph 3.5 below.

The proceeds from the Digicore Disposal, if implemented, will in part be used to settle the cash portion of the Torre Acquisition (if approved by shareholders) to the amount of R130 218 397, as announced on SENS on 6 July 2015 and 21 July 2015, with the remainder to be deployed towards Stellar Capital's stated investment strategy.

3.5 Conditions Precedent

The implementation of the Digicore Disposal will be subject to the Scheme being implemented, or if the Scheme fails, that the Substitute Offer be implemented. As mentioned in paragraph 2 above, the Digicore Disposal is a category 1 disposal and accordingly in order for Stellar Capital to comply with the Listings Requirements, it must obtain shareholder approval by way of an affirmative vote in excess of 50% of Stellar Capital shareholders eligible and entitled to vote at the General Meeting.

The Scheme will require support by Digicore shareholders holding at least 75% of the votes exercisable. Stellar Capital has provided the DGC Irrevocable Undertaking, a legally binding contract, which from a Listings Requirements perspective, the voting thereof requires approval from Stellar Capital shareholders.

3.6 Irrevocable Undertakings

Stellar Capital has received irrevocable undertakings from Stellar Capital shareholders holding approximately 52.96% of the votes exercisable and entitled to vote, to vote in favour of the Digicore Disposal and related resolutions to be proposed at the General Meeting in respect of its entire shareholding in Stellar Capital. The details of the shareholders who provided irrevocable undertakings are as follows:

Name of Shareholder	Number of SCP Shares	% Holding
VRE Investments (Pty) Ltd	29 702 228	10.50%
Thunder Securitisations (Pty) Ltd	28 278 593	10.00%
Asgard Capital Asset Limited	25 134 458	8.89%
Wikalox Investments (Pty) Ltd	14 000 000	4.95%
Metcap 14 (Pty) Ltd	14 000 000	4.95%
Cream Magenta 140 (Pty) Ltd	14 000 000	4.95%
Afrasia Special Opportunities Fund Limited	11 431 210	4.04%
Greentree Investments 306 (Pty) Ltd	13 233 804	4.68%
Total	149 780 293	52.96%

4 PRO FORMA FINANCIAL EFFECTS OF THE DIGICORE DISPOSAL

- 4.1 The table below sets out the *pro forma* financial effects of the Digicore Disposal on Stellar Capital.
- 4.2 The *pro forma* consolidated statement of comprehensive income for the six month period ended 31 May 2015 and *pro forma* consolidated statement of financial position at 31 May 2015 have been prepared for illustrative purposes only, based on current information available to management, in order to show the financial effects of the Digicore Disposal on the financial results and position of the Company. Due to its nature, the *pro forma* financial information may not fairly present the Company's financial position, changes in equity and results of operations or cash flows after the Digicore Disposal, and are based on the assumptions that:
- 4.2.1 for the purpose of calculating earnings per share and headline earnings per share, the Digicore Disposal were implemented on 1 December 2014; and
- 4.2.2 for the purpose of calculating net asset value per share and net tangible asset value per share, the Digicore Disposal were implemented on 31 May 2015.
- 4.3 The *pro forma* financial information has been prepared using the most recent financial period of the Company for the unaudited six month period ended 31 May 2015 in terms of the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.
- 4.4 The accounting policies of Stellar Capital have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with previous accounting policies used by Stellar Capital and the accounting policies herein have been applied on the same basis. As Stellar Capital is an investment holding company, it has applied the exception to consolidation in terms of paragraph 31 of IFRS 10 "Consolidated Financial Statements" in respect of subsidiaries, save for subsidiaries whose main purpose and activities relate to providing services that relate to the Company's investment activities which continue to be consolidated. In accordance with

paragraph 18 of IAS 28 "Investments in Associates and Joint Ventures", the Company does not account for its investment in associates in the consolidated financial statements using the equity method. Instead, the Company has elected to measure its investments in these entities at fair value through profit and loss.

- 4.5 The directors of the Company are responsible for the preparation of the *pro forma* financial information contained in this Circular.
- 4.6 The detailed *pro forma* financial information and notes thereto as a result of the Digicore Disposal are contained in **Annexure 1** to this Circular. The Independent Reporting Accountants' limited assurance report on the *pro forma* financial information is set out in **Annexure 2** to this Circular.

	Before	After the Cadiz Acquisition	Change (%)	After the Digicore Disposal	Change (%)
Basic and diluted basic loss per ordinary share from continuing operations (cents)	(8.90)	(8.16)	8.32%	(2.83)	68.22%
Headline and diluted headline loss per ordinary share from continuing operations (cents)	(8.43)	(7.76)	7.90%	(2.83)	66.44%
Basic and diluted basic loss per ordinary share from discontinued operations (cents)	(3.94)	(3.32)	15.90%	(2.91)	26.19%
Headline and diluted headline loss per ordinary share from discontinued operations (cents)	(1.72)	(1.44)	16.58%	(1.26)	26.79%
Weighted and diluted weighted average number of shares	221,740,565	263,666,422	18.91%	300,424,554	35.48%
Number of shares in issue	282,785,928	324,711,785	14.83%	361,469,917	27.82%
Net asset value per share (cents)	189.02	190.44	0.75%	195.40	3.38%
Tangible net asset value per share (cents)	187.88	189.45	0.83%	194.51	3.53%

Notes and assumptions:

1. The amounts set out in the "Before" column have been extracted from the unaudited interim results of the Company for the six months ended 31 May 2015, as published on SENS on 31 July 2015.
2. The acquisition of an additional 67,081,371 shares in Cadiz (being the number of shares available for acquisition less the number of shares held by parties who have irrevocably agreed to receive Bidco shares (as defined in the scheme circular detailing the terms of the Cadiz Acquisition and the announcement published on 19 June 2015) by way of the issue of 41,925,857 Stellar Capital shares at R2.00 per shares, such that Stellar Capital will hold 43.74% of the issued ordinary shares in Cadiz as announced on SENS on 19 June 2015. The investment in Cadiz is classified as an investment in an associate held at fair value through profit and loss and has therefore been accounted for at fair value of R83.52 million (representing R1.25 per Cadiz share) in terms of IAS 39 par 14. Per the unaudited interim results for the six months ended 31 May 2015, the investment in Cadiz was valued using the market approach as this was the most appropriate valuation technique given the conditions that existed at the reporting date. As such, closing quoted market prices were used in

determining the fair value of the investment in Cadiz as at 31 May 2015. Subsequent to the reporting date, additional information came to light, that was not available at the reporting date. The effect of the Cadiz Acquisition will be the delisting of Cadiz and as such the market approach is no longer deemed to be the most appropriate valuation technique for the shares forming part of the Cadiz Acquisition as quoted market prices will no longer be available. Therefore the income approach has been determined to be a more appropriate valuation technique and has therefore been used to determine the fair value of the Cadiz Acquisition. In arriving at the fair value of the shares forming part of the Cadiz Acquisition, the Stellar Capital directors considered the net asset value per share at the last reporting date of 176 cents per share which comprises 72.5 cents per share in liquid assets, 11.4 cents per share in unlisted investments, 13.8 cents per share in investment in BNP Paribas Securities, 29.6 cents per share in Makana Investment Corporation, 2.0 cents per share in fixed assets and 46.5 cents per share in intangible assets. The valuation of R1.25 per Cadiz share represents a 28.97% discount to reported net asset value of 176 cents per share and a 3.10% discount to tangible net asset value per share of 129 cents. Management is of the opinion that the valuation of R1.25 per Cadiz share reflects fair value based on the aforementioned considerations. Transaction costs and management fees in respect of the Cadiz Acquisition of R1.15 million and R629,000 respectively have been expensed in the statement of comprehensive income. The Cadiz Acquisition is expected to be implemented on or about Monday, 2 November 2015.

3. The disposal of 47,692,770 shares in Digicore at R4.40 per share as announced on SENS on 19 June 2015 and issue of a further 36,758,132 Stellar Capital shares at R2.00 per share in respect of a purchase price adjustment as in respect of 38 692 770 shares in Digicore noted in paragraph 5.4.3 of the Company's circular to shareholders dated 15 December 2014 which states that "*If, within six months of the Effective Date, ConvergeNet disposes of the Digicore Consideration Shares acquired from Titan for a cash amount of more than R2.50 per Digicore share, then the Digicore Purchase Consideration payable to Titan will be adjusted upwards on a rand-for-rand basis. ConvergeNet will settle the difference owing by way of the issue of additional ConvergeNet shares to Titan at an issue price of R2.00 per share.*" Transaction costs and management fees in respect of the Digicore Disposal of R721,155 and R659,000 respectively and a profit on disposal of Digicore Scheme Shares in the amount of R14.4 million have been recognised in the statement of comprehensive income. As Digicore is classified as an investment held at fair value through profit and loss it has been derecognised in accordance with IAS 39. The Digicore Disposal is expected to be implemented on or about Monday, 19 October 2015.
4. It has been assumed that the Digicore Disposal was implemented on 31 May 2015 for purposes of compiling the statement of financial position and on 1 December 2014 for purposes of compiling the statement of comprehensive income.
5. Tax consequences in relation to the Digicore Disposal have been taken into account.
6. All adjustments, other than transaction costs described above, will have a continuing effect. This is a direct result of the fact that the management fee expense is determined with reference to the net asset value of Stellar Capital. As a result of this any change in the net asset value will have an impact on the management fee expense.

5 EXCHANGE CONTROL REGULATIONS

5.1 Foreign shareholders

The Adjustment may be affected by the laws of the relevant jurisdiction of a foreign shareholder (Titan) but generally should not affect any other Stellar Capital shareholders given that the Digicore Disposal will only result in cash proceeds being received by Stellar Capital, a South African resident company. To the extent applicable to Titan, a foreign shareholder should acquaint itself with and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the responsibility of each foreign shareholder, to the extent there are any, to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Adjustment, including the obtaining of any governmental, exchange control or other consents, the making of any filings

which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Adjustment is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Exchange Control Regulations.

Any shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

5.2 Exchange control regulations

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which may apply to Titan, as mentioned in the above paragraph, should have no effect on Stellar Capital shareholders other than Titan, to the extent deemed a foreign shareholder. Stellar Capital shareholders, to the extent affected, who have any queries regarding the Exchange Control Regulations should contact their own professional advisers without delay.

5.2.1 Residents of the common monetary area

In the case of:

5.2.1.1 Titan, to the extent applicable, with "own name" holding whose registered addresses in the share register are within the common monetary area and whose relevant shares are not restrictively endorsed in terms of the Exchange Control Regulations, will have the relevant Adjustment Shares posted to them; or

5.2.1.2 Titan whose relevant shares are held by CSDPs or stockbrokers on their behalf as nominees and whose registered addresses in the sub-register managed by CSDPs or stockbrokers are within the common monetary area and whose accounts with their CSDP or stockbroker have not been restrictively designated in terms of the Exchange Control Regulations, will have relevant the Adjustment Shares reflect in the account nominated for the Titan or its nominee by their duly appointed CSDP or stockbroker in terms of the provisions of the custody agreement with their CSDP or stockbroker.

5.2.2 Emigrants from the Common Monetary Area

5.2.2.1 Titan holding dematerialised shares who is an emigrant whose registration has been marked as an "emigrant" will have their relevant Adjustment Shares credited to their emigrant blocked share accounts at the CSDP controlling their blocked portfolios, to the extent applicable.

5.2.2.2 Titan with certificated shares who is an emigrant whose registered address is outside the common monetary area and whose relevant Shares have been restrictively endorsed under the Exchange Control Regulations will, against delivery of Titan's relevant Adjustment Shares, have their relevant Adjustment Shares similarly endorsed "emigrant" and sent to the authorised dealer controlling the blocked assets of the emigrant.

5.2.2.3 In terms of a recent relaxation to the exchange control rulings, emigrants may externalise the consideration by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the consideration may, on application, be externalised free of the levy

5.3 Non-residents of the Common Monetary Area

5.4 If Titan is a non-resident of South Africa and is reflected as having a registered address outside the common monetary area and whose relevant shares are in dematerialised form that have been restrictively endorsed under the Exchange Control Regulations will have its relevant Adjustment Shares credited to the share account at the CSDP controlling Titan's portfolio.

- 5.5 If Titan is a non-resident of South Africa and is reflected as having a registered address is outside the common monetary area and whose relevant shares are in certificated form that have been restrictively endorsed under the Exchange Control Regulations will have its Adjustment Shares forwarded to the authorised dealer in foreign exchange in South Africa nominated by such holder. It will be incumbent on Titan to instruct the nominated authorised dealer as to the acceptance of the Adjustment Shares, against delivery of settlement in terms of the initial agreement between Titan and Stellar Capital in respect of the purchase of the Existing DGC Shares.
- 5.6 Should any cash consideration become payable to an emigrant or non-resident of South Africa, such amount will be forwarded to the authorised dealer in foreign exchange controlling Titan's assets for credit to Titan's blocked accounts.

6 ADEQUACY OF WORKING CAPITAL

- 6.1 The directors of Stellar Capital have considered the impact of the Digicore Disposal and are of the opinion that:
- 6.1.1 the Stellar Capital Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of approval of this Circular;
- 6.1.2 the assets of the Stellar Capital Group will be in excess of its liabilities for a period of not less than 12 months after the date of approval of this Circular, where for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Company;
- 6.1.3 the share capital and reserves of the Stellar Capital Group will be adequate for ordinary business purposes for a period of not less than 12 months after the date of approval of this Circular; and
- 6.1.4 the working capital of the Stellar Capital Group will be adequate for ordinary business purposes for a period of not less than 12 months after the date of approval of this Circular.
- 6.2 The working capital statement was prepared on the Group taking into account the Digicore Disposal.

7 FINANCIAL INFORMATION INCORPORATED BY REFERENCE

- 7.1 In accordance with section 11.61 and 11.62 of the Listings Requirements, the following information can be accessed on the various websites as detailed below and is also available for inspection at the registered office of the Company and its sponsor by shareholders and/or prospective investors at no charge, during normal office hours from Friday, 18 August 2015 until Tuesday, 15 September 2015:
- 7.1.4.1 Historical financial information of **Stellar Capital** for the fifteen months ended 30 November 2014, year ended 31 August 2013, and year ended 31 August 2012, (full sets of which can be accessed on the Company's website at www.stellarcapitalpartners.co.za);
- 7.1.4.2 Interim financial information of **Stellar Capital** for the six months ended 31 May 2015, (the full sets of which can be accessed on the Company's website at www.stellarcapitalpartners.co.za);
- 7.1.4.3 Historical financial information of **Digicore** for the years ended 30 June 2014, 30 June 2013 and 30 June 2012 (the full sets of which can be accessed on the Company's website at www.ctrack.com); and
- 7.1.4.4 Interim financial information of **Digicore** for the six months ended 31 December 2014 (the full sets of which can be accessed on the Company's website at www.ctrack.com).

8 DIRECTORS AND SENIOR MANAGEMENT

8.1 The directors of Stellar Capital are as follows:

Director	Age	Business Address	Occupation
Dumisani Dumekhaya Tabata*# (Chairman)	60	21B Impala Road, Chistlehurst, Sandton, 2196	Attorney and business person
Peter John van Zyl (Chief Executive Officer)	39	Office 202, Cape Quarter, The Square 27 Somerset Road, Green Point, Cape Town, 8005	Chief Executive Officer of Stellar Capital
Charl Benjamin de Villiers (Chief Financial Officer)	30	Office 202, The Square, Cape Quarter, 27 Somerset Road, Green Point, Cape Town	Chief Financial Officer of Stellar Capital
Charles Edward Pettit*#^	34	Office 202, Cape Quarter, The Square 27 Somerset Road, Green Point, Cape Town, 8005	Chief Executive Officer of Torre Industries Limited
Lerato Mangope*#	51	19 Fredman Drive, Sandton, 2196	Director of Industrial Development Corporation
Janine de Bruyn*#	47	8 Windsor Road, Plumstead, 7800	Business consultant
Caroline Clare Wiese*#	33	89 The Ridge, Fourth Beach, Clifton, 8005	Business person
Christina Helmien Wiese*#	29	80A The Ridge, Fourth Beach, Clifton, 8005	Business development consultant

* *Non-executive*

Independent

^ *British*

8.2 All the above directors, save for Charles Pettit who is British, are South African.

9 DIRECTORS' INTERESTS IN SECURITIES

- 9.1 The direct and indirect beneficial interests of the directors and their associates, including any directors who have resigned during the last 18 months, in Stellar Capital shares as at the Last Practicable Date are set out in the table below:

Director	Beneficial		Total	Total %
	Direct	Indirect		
Executive Directors				
PJ van Zyl	-	-	-	-
CB de Villiers	90 000	-	90 000	0.03%
Non-Executive Directors				
DD Tabata [~]	-	1 082 658	1 082 658	0.38%
CE Pettit	-	-	-	-
L Mangope	-	-	-	-
J de Bruyn	-	-	-	-
CC Wiese [#]	-	14 000 000	14 000 000	4.95%
CH Wiese [*]	-	14 000 000	14 000 000	4.95%
Total	90 000	29 082 658	29 172 658	10.31%

[~]Reflects the effective shareholding held through Green Tree Investments 306 Proprietary Limited

[#] Reflects the effective shareholding held through Metcap 14 Proprietary Limited

^{*} Reflects the effective shareholding held through Cream Magenta 140 Proprietary Limited.

- 9.2 Information relating to the directors' dealings in securities for the period from the last preceding financial year to the Last Practicable Date was published on SENS in accordance with section 3.63 to 3.74 of the Listings Requirements. For ease of reference, these are detailed as follows:

Director	Nature of trade	Trade date	Trade price	No. of shares traded
Associate of Director	Purchase	8 May 2015	R1.65	14 000 000
Associate of Director	Purchase	8 May 2015	R1.65	14 000 000

10 DIRECTORS' INTERESTS IN TRANSACTION

- 10.1 None of the directors of Stellar Capital will benefit directly or indirectly as a consequence of the Digicore Disposal. None of the directors has or had any material interest, direct or indirect, in Digicore Disposal that were effected by Stellar Capital during the current or immediately preceding financial year or during any earlier year and which remain in any respect outstanding or unperformed.

11 DIRECTORS' AND MANAGEMENT REMUNERATION

- 11.1 Details of Stellar Capital directors' remuneration, benefits and share options for the financial year ended 30 November 2014 was as follows:

	Fees for Services R'000	Basic salary R'000	Allowances and fringe benefits R'000	Pension and other contributions R'000	Bonuses R'000	Total 2014 R'000	Total 2013 R'000
Paid by							
Company							
PJ van Zyl [~]	180					180	N/A
CB de Villiers [#]	N/A					N/A	N/A
CE Pettit	190					190	185
DD Tabata	265					265	250
L Mangope	195					195	154
J de Bruyn [^]	40					40	N/A
CC Wiese [*]	30					30	N/A
CH Wiese [*]	30					30	N/A
NG Nika ⁺	100					100	150
	1 030					1 030	739
Share based payment expense relating to directors						83	

[~]Peter van Zyl appointed 21 November 13

[^]Janine de Bruyn appointed 25 July 2014

^{*}Christina Wiese and Clare Wiese appointed 8 September 2014

[#]Charl de Villiers appointed with effect 1 February 2015

⁺Nkosemthu Nika resigned 3 July 2014

- 11.2 Stellar Capital does not have a share or bonus scheme and none of the directors of the Stellar Capital Group have any share options.

12 MAJOR BENEFICIAL SHAREHOLDERS

- 12.1 Shareholders beneficially holding more than 5% of the total issued share capital of the Company (excluding shares held in treasury), directly or indirectly, prior to the implementation of the Digicore Disposal are as follows:

Shareholder	Number of shares held	% of issued share capital of Stellar Capital
VRE Investments (Pty) Ltd	29 702 228	10.50%
Manco	28 274 593	10.00%
Asgard Capital Assets Limited	25 134 458	8.89%
TOTAL	83 111 279	29.39%

- 12.2 Set out below are the Stellar Capital Shareholders who are expected to be beneficially interested in 5% or more of the issued shares of Stellar Capital pursuant to the implementation of the Digicore Disposal (and taking into account the Cadiz Acquisition which is expected to be concluded before the effective date of the Digicore Disposal and the Adjustment):

Shareholder	Number of shares held	% of issued share capital of Stellar Capital
Titan Nominees (Pty) Ltd	39 258 132	10.86%
Manco	36 146 992	10.00%
VRE Investments (Pty) Ltd	29 702 228	8.22%
Asgard Capital Assets Limited	25 134 458	6.95%
TOTAL	130 241 810	36.03%

- 12.3 The information included in this paragraph 12 is based on the share register of the Company as per Strate and Computershare as at 10 July 2015, due to the share register closing on the last Friday of each month in line with Strate's policies.

- 12.4 Insofar as it is known to the directors of Stellar Capital, there is no controlling shareholder of Stellar Capital as defined in the Listings Requirements.

13 SHARE CAPITAL

- 13.1 The authorised and issued share capital, before and after the Digicore Disposal, and assuming the conclusion of the Cadiz Acquisition, as at the Last Practicable Date, is shown below:

Share capital before the Cadiz Acquisition and Digicore Disposal	Number of shares
Authorised share capital	
1 000 000 000 ordinary shares of no par value	
Issued share capital	
Stated capital	282 785 928
Treasury shares	(40 000)
Total net issued share capital	282 745 928
Share capital after the Cadiz Acquisition and before the Digicore Disposal	Number of shares
Authorised share capital	
1 000 000 000 ordinary shares of no par value	
Issued share capital	
Stated capital	324 711 785
Treasury shares	(40 000)
Total net issued share capital	324 671 785
Share capital after the Digicore Disposal and Cadiz Acquisition	Number of shares
Authorised share capital	
1 000 000 000 ordinary shares of no par value	
Issued share capital	
Stated Capital - 36,758,132 shares issued pursuant to the Adjustment and 41,925,857 shares issued pursuant to the Cadiz Acquisition	361 469 917
Treasury shares	(40 000)
Total net issued share capital	361 429 917

13.2 Conversion rights, voting rights, rights to distributions and variation of rights

13.2.1 In accordance with the Memorandum of Incorporation, at any general meeting every member present in person or by proxy shall have one vote on a show of hands, provided that a proxy shall, irrespective of the number of members he represents, have only one vote. On a poll, every member present in person or by proxy shall have that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by that member bears to the aggregate of the nominal value of all the shares issued by the Company.

13.2.2 All of the shares are of the same class and rank *pari passu* in every respect. There are no conversion or exchange rights attached to such shares. Any variation in the rights attaching to the shares will require a special resolution of the shareholders in general meeting in accordance with the Memorandum of Incorporation and the provisions of the Companies Act.

13.3 Subdivision or consolidation of Stellar Capital shares

Save for the consolidation of the authorised and issued share capital of the Company by the consolidation of every 10 shares with no par value into 1 share with no par value, which consolidation was approved by shareholders in general meeting on 22 October 2013, no further consolidations or sub-divisions have occurred in respect of Stellar Capital shares.

13.4 Options or preferential rights in respect of Stellar Capital shares

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any securities of Stellar Capital.

14 LITIGATION STATEMENT

In terms of section 7.D.11 of the Listings Requirements, the directors, whose names appear under "Corporate Information and Advisers" on the inside cover of this Circular, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Stellar Capital Group or any of its subsidiaries' financial position.

15 MATERIAL CHANGES

15.1 Save for the Cadiz Acquisition and the Torre Acquisition, there have been no material changes in the financial or trading position of the Stellar Capital Group since Stellar Capital published its results for the six months ended 31 May 2015 and the Last Practicable Date.

16 MATERIAL AND SERVICE CONTRACTS

16.1 Material Contracts

There are no known material contracts entered into by Stellar Capital or any of its subsidiaries over the past two years preceding the date of this Circular, save for the material contracts and Digicore Disposal detailed in **Annexure 3** to the Circular.

Neither Stellar Capital nor any of its subsidiaries have entered into any agreement at any time which contains an obligation or settlement that is material to the Company or its subsidiaries at the date of this Circular. In addition, neither has Stellar Capital nor any of its subsidiaries entered into any agreements regarding restraint payments or technical fees.

As at the Last Practicable Date neither Stellar Capital nor any of its subsidiaries in the Stellar Capital Group have any material borrowings.

16.2 Directors' service contracts

There are no service contracts in place in respect of the executive director and non-executive directors of the Company.

16.3 Other service contracts

Caroline du Preez was appointed as company secretary to Stellar Capital with effect from 11 May 2015. A retainer arrangement is in place in relation to services rendered. No other service contracts have been entered into or amended within the six month period prior to the Last Practicable Date.

17 EXPENSES RELATING TO THE DIGICORE DISPOSAL

- 17.1 The estimated expenses in respect of the Digicore Disposal (exclusive of VAT), including fees payable to professional advisers, are as follows:

Description	Name	R
Transaction Sponsor	Stellar Advisers	250 000
Independent Sponsor	Questco	100 000
Reporting accountants' reports	Grant Thornton	50 000
Printing, publication and distribution expenses	WB Corporate Communications	20 283
JSE Listing Fees	JSE	212 200
JSE Documentation Fees	JSE	28 672
Transfer secretarial fees	Computershare	10 000
Contingency and sundry	Other	50 000
Total		721 155

18 ADVISERS' CONSENTS

- 18.1 The advisers whose names appear in the section "Corporate Information and Advisers" on the inside cover of this Circular have all consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular and, in the case of the reporting accountants, reference to their reports in the form and context in which they appear, and have not withdrawn their consent prior to the publication of this Circular.

19 DIRECTORS' RESPONSIBILITY STATEMENT

- 19.1 The directors, whose names are set out on page 9 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Stellar Capital and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law, the Listings Requirements and the Companies Regulations.

20 GENERAL MEETING

- 20.1 The resolutions necessary to implement the Digicore Disposal, as detailed in the Summary Circular, will be put to a vote at the General Meeting to be held at Level P3, Oxford Corner, cnr Jellicoe and Oxford Roads, Rosebank, Johannesburg at 08:30 on Wednesday, 2 September 2015, or on any other date to which it may be postponed or adjourned.

21 DOCUMENTS AVAILABLE FOR INSPECTION

21.1 The following documents, or copies thereof, will be available for inspection by shareholders at Stellar Capital's registered office and the offices of the Company's transaction sponsor (the address of which appears in the section "Corporate Information and Advisers" on the inside cover of this Circular) during normal office hours from Friday, 18 August 2015 until Tuesday, 15 September 2015:

- 21.1.1 the Memoranda of Incorporation of Stellar Capital;
- 21.1.2 the material contracts referred to in **Annexure 3** of the Circular;
- 21.1.3 historical financial information of Stellar Capital and Digicore as referred to in paragraph 7 of this Circular;
- 21.1.4 the signed consent letters of the advisers referred to in paragraph 18 of this Circular;
- 21.1.5 the irrevocable undertakings referred to in paragraph 3 of this Circular;
- 21.1.6 service contracts to the extent applicable as detailed in paragraph 16 of this Circular;
- 21.1.7 the Digicore scheme circular;
- 21.1.8 the Summary Circular; and
- 21.1.9 a signed copy of this Circular.

SIGNED AT ROSEBANK ON BEHALF OF THE BOARD ON 14 AUGUST 2015 IN TERMS OF POWERS OF ATTORNEY GRANTED BY THE DIRECTORS.

By order of the Board



STELLAR CAPITAL PARTNERS LIMITED

PJ van Zyl
Chief Executive Officer
18 August 2015

PRO FORMA FINANCIAL EFFECTS OF THE DIGICORE DISPOSAL

- The table below sets out the *pro forma* financial effects of the Digicore Disposal on Stellar Capital.
- The *pro forma* consolidated statement of comprehensive income for the six month period ended 31 May 2015 and *pro forma* consolidated statement of financial position at 31 May 2015 have been prepared for illustrative purposes only, based on current information available to management, in order to provide information about the financial results and position of the Company. Due to its nature, the *pro forma* financial information may not fairly present the Company's financial position, changes in equity and results of operations or cash flows after the Digicore Disposal, and are based on the assumptions that:
 - for the purpose of calculating earnings per share and headline earnings per share, the Digicore Disposal were implemented on 1 December 2014; and
 - for the purpose of calculating net asset value per share and net tangible asset value per share, the Digicore Disposal were implemented on 31 May 2015.
- The *pro forma* financial information has been prepared using the most recent financial period of the Company for the unaudited six month period ended 31 May 2015 in terms of the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.

The accounting policies of Stellar Capital have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with previous accounting policies used by Stellar Capital and the accounting policies herein have been applied on the same basis. As Stellar Capital is an investment holding company, it has applied the exception to consolidation in terms of paragraph 31 of IFRS 10 "Consolidated Financial Statements" in respect of subsidiaries, save for subsidiaries whose main purpose and activities relate to providing services that relate to the Company's investment activities which continue to be consolidated. In accordance with paragraph 18 of IAS 28 "Investments in Associates and Joint Ventures", the Company does not account for its investment in associates in the consolidated financial statements using the equity method. Instead, the Company has elected to measure its investments in these entities at fair value through profit and loss.

- The directors of the Company are responsible for the preparation of the *pro forma* financial information contained in this Circular.
- The Independent Reporting Accountants' limited assurance report on the *pro forma* financial information is set out in **Annexure 2** to this Circular.

Accounting policy with respect to Investments in Associates:

In accordance with par 18 of IAS 28 "Investments in Associates and Joint Ventures", the Company does not account for its investment in associates in the consolidated financial statements using the equity method. Instead, the Company has elected to measure its investments in these entities at fair value through profit and loss.

The accounting policies of Stellar Capital have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with previous accounting policies used by Stellar Capital and the accounting policies have been applied on the same basis.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF STELLAR CAPITAL FOR THE SIX MONTHS ENDED 31 MAY 2015

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of the unaudited results of Stellar Capital for the six months ended 31 May 2015 based on the assumption that the Digicore Disposal were effective on 1 December 2014.

	Six months ended Before ¹ 31 May 2015 Actual R'000	Cadiz Acquisition Pro forma R'000	After the Cadiz Acquisition ⁵ Pro forma R'000	Digicore Disposal ⁶ Pro forma R'000	After the Digicore Disposal Pro forma R'000
Continuing operations					
Fair value adjustments to investments	(15,919)	-	(15,919)	-	(15,919)
Interest income	8,753	-	8,753	-	8,753
Dividends received	9	-	9	-	9
Gross loss from investments	(7,157)	-	(7,157)	-	(7,157)
Other income	78	-	78	14,400	14,478
Finance costs	(140)	-	(140)	-	(140)
Net (loss) / profit before operating expenses	(7,219)	-	(7,219)	14,400	7,181
Management fee	(3,249)	(629)	(3,878)	(659)	(4,537)
Operating expenses	(9,694)	(1,150)	(10,844)	(721)	(11,565)
(Loss) / profit before taxation	(20,162)	(1,779)	(21,941)	13,020	(8,921)
Taxation	421	-	421	-	421
(Loss) / profit from continuing operations	(19,741)	(1,779)	(21,520)	13,020	(8,500)
Discontinued operations					
Net loss for the period from discontinued operations	(8,747)	-	(8,747)	-	(8,747)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss) / profit for the period	(28,488)	(1,779)	(30,267)	13,020	(17,247)
Loss attributable to:					
Equity holders of the parent	(28,488)	(1,779)	(30,267)	13,020	(17,247)
Non-controlling interests	-	-	-	-	-
	(28,488)	(1,779)	(30,267)	13,020	(17,247)
(Loss) / profit from continuing operations attributable to:					
Equity holders of the parent	(19,741)	(1,779)	(21,520)	13,020	(8,500)
Non-controlling interests	-	-	-	-	-
	(19,741)	(1,779)	(21,520)	13,020	(8,500)
Loss from discontinued operations attributable to:					
Equity holders of the parent	(8,747)	-	(8,747)	-	(8,747)
Non-controlling interests	-	-	-	-	-
	(8,747)	-	(8,747)	-	(8,747)

	Six months ended Before ¹ 31 May 2015 Actual R'000	Cadiz Acquisition Pro forma R'000	After the Cadiz Acquisition ⁵ Pro forma R'000	Digicore Disposal ⁶ Pro forma R'000	After the Digicore Disposal Pro forma R'000
Continuing operations					
Reconciliation between basic and headline loss from continuing operations					
Basic (loss) / profit attributable to equity holders of parent	(19,741)	(1,779)	(21,520)	13,020	(8,500)
Loss on disposal of subsidiary	1,048	-	1,048	-	1,048
Headline loss from continuing operations	(18,693)	(1,779)	(20,472)	13,020	(8,500)
Reconciliation between basic and headline loss from discontinued operations					
Basic loss attributable to equity holders of parent	(8,747)	-	(8,747)	-	(8,747)
Loss on disposal of property, plant and equipment	109	-	109	-	109
Loss on disposal of disposal group	4,847	-	4,847	-	4,847
Tax effect of adjustments	(31)	-	(31)	-	(31)
Headline loss from discontinued operations	(3,822)	-	(3,791)	-	(3,791)
Basic and diluted basic loss per ordinary share from continuing operations (cents)	(8.90)		(8.16)		(2.83)
Headline and diluted headline loss per ordinary share from continuing operations (cents)	(8.43)		(7.76)		(2.83)
Basic and diluted basic loss per ordinary share from discontinued operations (cents)	(3.94)		(3.32)		(2.91)
Headline and diluted headline loss per ordinary share from discontinued operations (cents)	(1.72)		(1.44)		(1.26)
Weighted and diluted weighted average number of shares	221,740,565	41,925,857	263,666,422	36,758,132	300,424,554

PRO FORMA STATEMENT OF FINANCIAL POSITION OF STELLAR CAPITAL AT 31 MAY 2015

The *pro forma* statement of financial position set out below presents the *pro forma* financial effects of Stellar Capital as at 31 May 2015 based on the assumption that the Digicore Disposal were effective on 31 May 2015.

	Six months ended Before ¹ 31 May 2015 Actual R'000	Cadiz Acquisition Pro forma R'000	After the Cadiz Acquisition ⁵ Pro forma R'000	Digicore Disposal ⁶ Pro forma R'000	After the Digicore Disposal Pro forma R'000
ASSETS					
Non-current assets					
Listed investments held at fair value	241,451	83,852	325,303	(121,932)	203,371
Unlisted investments held at fair value	100,119	-	100,119	-	100,119
Other financial assets	59,934	-	59,934	-	59,934
Deferred taxation	3,216	-	3,216	-	3,216
	404,720	83,852	488,572	(121,932)	366,640
Current assets					
Other financial assets	113,870	-	113,870	-	113,870
Trade and other receivables	46	-	46	-	46
Cash and Cash Equivalents	5,516	-	5,516	209,848	215,364
	119,432	-	119,432	209,848	329,280
Non-current assets held for sale	-	-	-	-	-
	119,432	-	119,432	209,848	329,280
TOTAL ASSETS	524,152	83,852	608,004	87,916	695,920
EQUITY AND LIABILITIES					
Total equity					
Shareholders' equity	533,701	83,852	617,553	87,916	705,469
Non-controlling interest	(14,221)	-	(14,221)	-	(14,221)
	519,480	83,852	603,332	87,916	691,248
Liabilities					
Non-current liabilities					
Other financial liabilities	-	-	-	-	-
Deferred taxation	-	-	-	-	-
	-	-	-	-	-
Current liabilities					
Trade and other payables	4,672	-	4,672	-	4,672
	4,672	-	4,672	-	4,672
Non-current liabilities held for sale	-	-	-	-	-
Total Liabilities	4,672	-	4,672	-	4,672
TOTAL EQUITY AND LIABILITIES	524,152	83,852	608,004	87,916	695,920
Number of shares in issue	282,785,928	41,925,857	324,711,785	36,758,132	361,469,917
Treasury	(432,221)	-	(432,221)	-	(432,221)
Net shares	282,353,707	41,925,857	324,279,564	36,758,132	361,037,696
Net asset value per share (cents)	189.02		190.44		195.40
Tangible net asset value per share (cents)	187.88		189.45		194.51

Notes and assumptions:

1. The amounts set out in the "Before" column have been extracted from the unaudited interim results of the Company for the six months ended 31 May 2015, as published on SENS on 31 July 2015.
2. It has been assumed that the Digicore Disposal was implemented on 31 May 2015 for purposes of compiling the statement of financial position and on 1 December 2014 for purposes of compiling the statement of comprehensive income.
3. Tax consequences in relation to the Digicore Disposal have been taken into account in the statement of comprehensive income.
4. All adjustments, other than transaction costs described below, will have a continuing effect in the statement of comprehensive income. This is a direct result of the fact that the management fee expense is determined with reference to the net asset value of the Stellar Capital. As a result of this any change in the net asset value will have an impact on the management fee expense.

Cadiz Acquisition

5. The acquisition of an additional 67,081,371 shares in Cadiz (being the number of shares available for acquisition less the number of shares held by parties who have irrevocably agreed to receive Bidco shares as defined in the scheme circular detailing the terms of the Cadiz Acquisition and as defined in the announcement published on 19 June 2015) by way of the issue of 41,925,857 Stellar Capital shares at R2.00 per share, such that Stellar Capital will hold 43.74% of the issued ordinary shares in Cadiz as announced on SENS on 19 June 2015. The investment in Cadiz is classified as an investment in an associate held at fair value through profit and loss and has therefore been accounted for at fair value of R83.85 million (representing R1.25 per Cadiz share) in terms of IAS 39 par 14. For the unaudited interim results for the six months ended 31 May 2015, the investment in Cadiz was valued using the market approach as this was the most appropriate valuation technique given the conditions that existed at the reporting date. As such, closing quoted market prices were used in determining the fair value of the investment in Cadiz as at 31 May 2015. Subsequent to the reporting date, additional information came to light, that was not available at the reporting date. The effect of the Cadiz Acquisition will be the delisting of Cadiz and as such the market approach is no longer deemed to be the most appropriate valuation technique for the shares forming part of the Cadiz Acquisition as quoted market prices will no longer be available. Therefore the income approach has been determined to be a more appropriate valuation technique and has therefore been used to determine the fair value of the Cadiz Acquisition. In arriving at the fair value of the shares forming part of the Cadiz Acquisition, the Stellar Capital directors considered the net asset value per share at the last reporting date of 176 cents per share which comprises 72.5 cents per share in liquid assets, 11.4 cents per share in unlisted investments, 13.8 cents per share investment in BNP Paribas Securities, 29.6 cents per share in Makana Investment Corporation, 2.0 cents per share in fixed assets and 46.5 cents per share in intangible assets. The valuation of R1.25 per Cadiz share represents a 28.97% discount to reported net asset value of 176 cents per share and a 3.10% discount to tangible net asset value per share of 129 cents. Management is of the opinion that the valuation of R1.25 per Cadiz share reflects fair value based on the aforementioned considerations. Transaction costs and management fees in respect of the Cadiz Acquisition of R1.15 million and R629,000 respectively have been expensed in the statement of comprehensive income. The Cadiz Acquisition is expected to be implemented on or about Monday, 2 November 2015.

Digicore Disposal

6. The disposal of 47,692,770 shares in Digicore at R4.40 per share as announced on SENS on 19 June 2015 and issue of a further 36,758,132 Stellar Capital shares at R2.00 per share in respect of a purchase price adjustment in respect of 38 692 770 shares in Digicore as noted in paragraph 5.4.3 of the Company's circular to shareholders dated 15 December 2014 which states that "*If, within six months of the Effective Date, ConvergeNet disposes of the Digicore Consideration Shares acquired from Titan for a cash amount of more than R2.50 per Digicore share, then the Digicore Purchase Consideration payable to Titan will be adjusted upwards on a rand-for-rand basis. ConvergeNet will settle the difference owing by way of the issue of additional ConvergeNet shares to Titan at an issue price of R2.00 per share.*" and as announced on 5 August 2015, Transaction costs and management fees in respect of the Digicore Disposal of R721,155 and R659,000 respectively and a profit on disposal of Digicore shares in the amount of R14.4 million have been recognised in the statement of comprehensive income. As Digicore is classified as an investment held at fair value through profit and loss it has been derecognised in accordance with IAS 39. The Digicore Disposal is expected to be implemented on or about Monday, 19 October 2015.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL EFFECTS OF THE DIGICORE DISPOSAL

14 August 2015
The Board of Directors
Stellar Capital Partners Limited
Office 202, Cape Quarter, The Square 27
Somerset Road
Green Point
8001

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF STELLAR CAPITAL PARTNERS LIMITED (PREVIOUSLY CONVERGENET HOLDINGS LIMITED) ("STELLAR CAPITAL" OR "THE COMPANY")

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Stellar Capital by the directors. The pro forma financial information, as set out in paragraph 4 and Annexure 1 of the circular to Stellar Capital shareholders to be issued on or about 18 August 2015 ("the circular"), consists of the pro forma statement of financial position, the pro forma statement of comprehensive income and related notes. The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Digicore Disposal also taking into account the acquisition of Cadiz Holdings Limited as described in the circular ("the Transactions"), on the Company's financial position as at 31 May 2015, and the Company's financial performance for the period then ended, as if the Transactions had taken place at 31 May 2015 for purposes of the pro forma statement of financial position and at 01 December 2014 for the purposes of the pro forma statement of comprehensive income. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the Company's published interim financial information for the 6 months ended 31 May 2015.

Responsibilities

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 4 and Annexure 1 of the circular.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

As the purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 4 and Annexure 1 of the circular.

Consent

This report on the pro forma financial information is included solely for the information of the Stellar Capital shareholders. We consent to the inclusion of our report on the pro forma financial information, and the references thereto, in the form and context in which they appear in the circular.

Yours faithfully

**Grant Thornton Cape
Chartered Accountants (S.A.)
Registered Auditors
Registration number 2010/016204/21**

**Per: I. Hashim
Chartered Accountant (S.A.)
Registered Auditor**

**Cape Town
31 July 2015**

MATERIAL CONTRACTS AND TRANSACTIONS

The Company has entered into the following material contracts/transactions over the last 2 years from the Last Practicable Date which fall outside of the ordinary course of business:

“Additional Digicore Acquisition Sale and Purchase Agreement”	means the agreement dated 23 October 2014 concluded between Stellar Capital, Pannar Group and ClucasGray in terms of which Stellar Capital acquired 0.10% of Digicore for R625 000 from Pannar Group and 1.52% of Digicore for R9 375 000 from ClucasGray, which acquisitions form part of the Digicore Acquisition;
“Additional Goliath Gold Acquisition Sale and Purchase Agreement”	means the agreement dated 23 October 2014 concluded between Stellar Capital, certain clients of Trinity Asset Management (whom are all public shareholders and no related parties of Stellar Capital as defined in the Listings Requirements) and Mr W Geyer (a public shareholder who is not a related party of Stellar Capital as defined in the Listings Requirements), in terms of which Stellar Capital acquired an additional 5.35% of Goliath Gold for R15 779 900 from certain clients of Trinity Asset Management and 0.12% of Goliath Gold for R348 040 from Mr W Geyer, which acquisitions form part of the Goliath Gold Acquisition;
“Afrifwftcom”	means Afrifwftcom Investment Holdings Limited (registration number 106509), a private company incorporated in accordance with the laws of the Republic of Mauritius, the shareholders of which are NinetyEast Trustees (Mauritius) Limited as trustee of the JP Trust (50%) and NinetyEast Trustees (Mauritius) Limited as trustee of the HALNC Trust (50%);
“ASOF”	AfrAsia Special Opportunities Fund (registration number 101312), a public company incorporated in accordance with the laws of Mauritius, being a 100% subsidiary of AfrAsia Special Opportunities Fund Limited, a registered collective investment scheme regulated by the Financial Services Commission in Mauritius and the directors of which are MG Rivalland, K Padayachy, P Seepersand, CE Pettit and P van Zyl;
“ASOF Sale and Purchase Agreement”	means the agreement dated 5 September 2014 concluded between Stellar Capital and ASOF in terms of which Stellar Capital acquired: <ul style="list-style-type: none"> – 29.78% of MRI from ASOF for R24 822 664, which acquisition forms part of the MRI Acquisition; and – 4.99% of Goliath Gold for R14 700 000, which acquisition forms part of the Goliath Gold Acquisition;
“Chrystalpine”	means Chrystalpine Investments 9 Proprietary Limited (registration number 2008/024785/07), a private company incorporated in accordance with the laws of South Africa, which Company is the 100% holding company of Contract Kitting;
“ClucasGray”	means ClucasGray Future Titans Prescient Fund, a fund managed by ClucasGray Proprietary Limited, the directors of which are Messrs P Carter, CL Clucas, JP Clucas and PLB Clucas;
“Contract Kitting”	means Andrews Kit Proprietary Limited (registration number 2001/000793/07), a private company incorporated in accordance with the laws of South Africa and trading as Contract Kitting, a wholly-owned subsidiary of Chrystalpine;

“Contract Kitting Disposal”	means the disposal by Stellar Capital of 100% of Stellar Capital's interest in Contract Kitting (through the sale of 100% of the shares in Chrystalpine, being the holding company of Contract Kitting) to Tellumat for R95.119 million in terms of the Tellumat Sale and Purchase Agreement, which transaction constituted a disposal by Stellar Capital in terms of section 112 of the Companies Act;
“Contract Kitting Sale Consideration”	means the sale consideration of R95.119 million payable by Tellumat in respect of the Contract Kitting Disposal, which amount is to be settled by Tellumat by way of the issue of ordinary shares in Tellumat;
“Crater Valley Investments”	means Crater Valley Property Investments Proprietary Limited (registration number 1997/017023/07), a private company incorporated in accordance with the laws of South Africa, the sole shareholder of which is Kepaka Holdings;
“ConvergeCom”	means ConvergeCom Proprietary Limited (registration number 2008/013750/07), a private company incorporated in accordance with the laws of South Africa, the purchaser in respect of the Telesto Disposal and the sole director and shareholder of which is DF Bisschoff;
“Crater Valley Sale and Purchase Agreement”	means the agreement dated 5 September 2014 concluded between Stellar Capital and Crater Valley Investments in terms of which Stellar Capital acquired 0.93% of Goliath Gold from Crater Valley Investments for R2 736 418, which acquisition forms part of the Goliath Gold Acquisition;
“Dale Sale and Purchase Agreement”	means the agreement dated 5 September 2014 concluded between Stellar Capital and Dale International Trust Company in terms of which Stellar Capital acquired from Dale International Trust Company: <ul style="list-style-type: none"> – 2.02% of Digicore for R12 500 000, which acquisition forms part of the Digicore Acquisition; and – 4.93% of Goliath Gold for R14 518 628, which acquisition forms part of the Goliath Gold Acquisition;
“Dale International Trust Company”	means Dale International Trust Company Limited (registration number B173213), a public company incorporated in accordance with the laws of Mauritius, acting as trustees of The Salty Portfolio Trust;
“Goliath Gold”	means Goliath Gold Mining Limited (registration number 1933/004523/06), a public company incorporated in accordance with the laws of South Africa on 3 May 1933, the shares of which are listed on the Main Board of the JSE, having its registered address at Constantia Office Park, Bridgeview House, cnr 14th Avenue & Hendrik Potgieter Road, Weltevreden Park;
“Goliath Gold Acquisition”	means the acquisition by Stellar Capital of an additional 21.77% of Goliath Gold for an aggregate amount of R64 169 742 in terms of the ASOF Sale and Purchase Agreement, Trinity Sale and Purchase Agreement, Titan Sale and Purchase Agreement, Dale Sale and Purchase Agreement, Crater Valley Sale and Purchase Agreement and Additional Goliath Gold Acquisition Sale and Purchase Agreement;
“MRI”	means Mine Restoration Investments Limited (registration number 1987/004821/06), a public company incorporated in accordance with the laws of South Africa on 5 October 1987, the shares of which are listed on the Main Board of the JSE, having its registered address at Route 21 Corporate Park, 45 Sovereign Drive, Ground Floor, Unit C, Irene X30;

“MRI Acquisition”	means the purchase by Stellar Capital of an additional 30.32% of MRI for an aggregate amount of R25 272 664 in terms of the ASOF Sale and Purchase Agreement and Titan Sale and Purchase Agreement;
“Pannar Group”	means Pannar Group Pension Plan (registration number 12/8/16525);
“Private Placement”	means the specific issue of 75 million Stellar Capital shares for cash at a subscription price of R2.00 per share, amounting to an aggregate total consideration of R150 million;
“SCS”	means Structured Connectivity Solutions Proprietary Limited (registration number 2002/001640/07), a private company incorporated in accordance with the laws of South Africa;
“SCS Disposal”	means the disposal by Stellar Capital of 100% of Stellar Capital's interest in SCS to Tellumat for R5 million in terms of the Tellumat Sale and Purchase Agreement;
“SCS Sale Consideration”	means the sale consideration of R5 million payable by Tellumat in respect of the SCS Disposal, which amount is to be settled by Tellumat by way of the issue of ordinary shares in Tellumat;
“SIMAT Group”	means SIMAT Group (registration number 106476), a private company incorporated in accordance with the laws of the Republic of Mauritius;
“SIMAT SA”	means SIMAT Management Company Proprietary Limited (registration number 2006/032935/07), a private company incorporated in accordance with the laws of South Africa, in which Stellar Capital held a 51% interest;
“Sizwe”	means Sizwe Africa IT Group Proprietary Limited (registration number 2000/020258/07), a private company incorporated in accordance with the laws of South Africa;
“Sizwe Acquisition”	means the acquisition by Stellar Capital of 25% of the issued share capital of Sizwe from Yellow Star in terms of the Yellow Star Sale of Shares Agreement, as detailed in the circular of 12 February 2013;
“Sizwe Disposal”	means the disposal by Stellar Capital, as approved by shareholders on 22 October 2013, of 100% of its interest in Sizwe to Zaloserve for R120 million, which transaction constituted a disposal by Stellar Capital in terms of section 112 of the Companies Act, as approved by shareholders in general meeting on 22 October 2013;
“Telesto”	means Telesto Communications Proprietary Limited (registration number 1999/002229/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the Company;
“Telesto Disposal”	means the disposal by Stellar Capital, as approved by shareholders on 22 October 2013, of 100% of Stellar Capital's interest in Telesto to ConvergeCom for R7.3 million in terms of the Telesto Sale of Shares Agreement, as approved by shareholders on 22 October 2014;
“Tellumat”	means Tellumat Proprietary Limited (registration number 1996/000957/07), a private company incorporated in accordance with the laws of South Africa on 29 January 1996, having its registered address at 64-74 White Road, Retreat;

“Tellumat Consideration Shares”	means convertible ordinary class “A” shares in the issued share capital of Tellumat, which shares (i) comprise 30% of the total issued share capital of Tellumat, (ii) entitle the holder to a 30% equity interest in Tellumat and rank <i>pari passu</i> with the ordinary shares in Tellumat, save in respect of any entitlement to the net proceeds of the Tellumat Pension Fund employer surplus, and (iii) will automatically convert into ordinary shares in Tellumat on the distribution of the Tellumat Pension Fund employer surplus;
“Tellumat Acquisition”	means the acquisition by Stellar Capital of the Tellumat Consideration Shares, by way of the issue by Tellumat of the Tellumat Consideration Shares in settlement of the Contract Kitting Sale Consideration and SCS Sale Consideration;
“Tellumat Option Agreement”	means the agreement dated 13 November 2014 concluded between Stellar Capital, Tellumat and Plessey Holdings Limited in terms of which the Tellumat Option, as described in paragraph 4.6.4 of the circular relating thereto, is proposed to be effected;
“Tellumat Sale and Purchase Agreement”	means the agreement dated 13 November 2014 concluded between Stellar Capital, Contract Kitting, SCS and Tellumat in terms of which the Contract Kitting Disposal, SCS Disposal and Tellumat Acquisition are proposed to be effected;
“Trinity Asset Management”	Trinity Asset Management Proprietary Limited (registration number 1996/010864/07), a private company incorporated in accordance with the laws of South Africa, the sole director of which is Q George (executive).
“Titan”	means, collectively, Titan Nominees and its associated entities, including Titan Premier and Titan Share Dealers;
“Titan Sale and Purchase Agreement”	means the agreement dated 5 September 2014 concluded between Stellar Capital and Titan in terms of which Stellar Capital acquired: <ul style="list-style-type: none"> – 12.00% of Digicore from Titan Nominees for R74 312 500; – 3.62% of Digicore from Titan Share Dealers for R22 419 425 (which acquisitions form part of the Digicore Acquisition); – 0.54% of MRI from Titan Share Dealers for R450 000, which acquisition forms part of the MRI Acquisition; and – 2.13% of Goliath Gold from Titan Share Dealers for R6 268 780, which acquisition forms part of the Goliath Gold Acquisition;
“Titan Nominees”	means Titan Nominees Proprietary Limited (registration number 1978/003570/07), a private company incorporated in accordance with the laws of South Africa, the directors of which are Dr CH Wiese and Messrs IHJ Visagie and JD Wiese and the controlling shareholder of which is Dr CH Wiese;
“Titan Share Dealers”	means Titan Share Dealers Proprietary Limited (registration number 1969/003884/07), a private company incorporated in accordance with the laws of South Africa, the directors of which are Dr CH Wiese and Mr JD Wiese;
“Titan Nominees”	Titan Nominees Proprietary Limited (registration number 1978/003570/07), a private company incorporated in accordance with the laws of South Africa, the directors of which are CH Wiese and JD Wiese and the sole shareholder being Titan Premier Investments.

“Titan Premier Investments”	means Titan Premier Investments Proprietary Limited (registration number 1979/000776/07), a private company incorporated in accordance with the laws of South Africa, the directors of which are Dr CH Wiese and Messrs IHJ Visagie and JD Wiese and the controlling shareholder of which is Dr CH Wiese;
“Trinity Asset Management”	means Trinity Asset Management Proprietary Limited (registration number 1996/010864/07), a private company incorporated in accordance with the laws of South Africa, the sole director of which is Q George;
“Trinity Sale and Purchase Agreement”	means the agreement dated 5 September 2014 concluded between Stellar Capital and Trinity Asset Management in terms of which Stellar Capital acquired 3.33% of Goliath Gold for R9 817 976, which acquisition forms part of the Goliath Gold Acquisition;
“Titantrade”	Titantrade 306 Proprietary Limited (registration number 2002/017223/07), a private company incorporated in accordance with the laws of South Africa and the directors of which are H van Dyk and A van Dyk.
“Underwriting Agreement(s)”	means the agreements dated 5 September 2014 between Stellar Capital and the Private Placement Underwriters in terms of which the Private Placement Underwriters will underwrite the balance of the Private Placement Amount not subscribed for, to be underwritten by Titan Premier Investments (or its nominee) in respect of 50% of the Company shares not placed by the last practicable date, as defined in the circular posted on 15 December 2014, Lavender Sky Investments in respect of 25% of the Company shares not placed by the last practicable date and Thunder Capital in respect of 25% of the Company shares not placed by the last practicable date at that time, for an underwriting fee of 5% of the amount underwritten, payable by way of the issue of new shares in the Company at R2.00 per share;
“X-DSL”	means X-DSL Networking Solutions Proprietary Limited (registration number 2002/024167/07), a private company incorporated in accordance with the laws of South Africa in which Stellar Capital held a 66% interest and D Fourie and M van Dyk held the balance of 34% in equal portions;
“Yellow Star”	means Yellow Star Group Holdings Proprietary Limited (registration number 2005/004789/07), a private company incorporated in accordance with the laws of South Africa and the directors of which are H van Dyk, CE Pettit and Q George;
“Yellow Star Sale of Shares Agreement”	means the agreement dated 22 November 2012 concluded between Yellow Star and Stellar Capital in terms of which the Sizwe Acquisition was effected; and

“Zaloserve” means Zaloserve Proprietary Limited (registration number 2012/179283/07), a private company incorporated in accordance with the laws of South Africa, the purchaser in respect of the Sizwe Acquisition.

Save for the above the Company also entered into the following contracts which are out of the ordinary course of business, during the two years preceding this Circular:

- On 28 August 2013 SIMAT SA entered into a sale of shares agreement with Afriwiftcom in terms of which SIMAT SA disposed of 100% of its interest in SIMAT Group to Afriwiftcom for R1.00.
- On 28 August 2013 the Company entered into a sale of shares agreement with M van Dyk and D Fourie in terms of which Stellar Capital disposed of 100% of its interest in X-DSL (being 66%) and a shareholder loan account in the amount of R2 360 000 to M van Dyk and D Fourie for R1.00.
- On 29 August 2013 Stellar Capital entered into an agreement with Zaloserve in terms of which the Sizwe Disposal was effected.
- On 8 December 2014 Stellar Capital concluded the Management Agreement in terms of which ManCo will manage the portfolio of the Company in accordance with Section 15 of the Listings Requirements.

HISTORY OF CONTROL

First change in control

As announced on SENS on 22 February 2012, and following the revised announcement on 12 March 2012, a series of Yellow Star share Digicore Disposal between concert parties (of which Yellow Star was party) resulted in a change of control in Stellar Capital ("**First Change in Control**"), which in turn triggered an obligation by the concert parties to extend a mandatory offer at 26 cents per share to the remaining shareholders in accordance with the requirements of section 123 of the Companies Act (the "**First Mandatory Offer**"). Stellar Capital did not have any controlling shareholders prior to the First Change in Control.

A circular regarding the First Mandatory Offer was posted to shareholders on 19 March 2012, which was followed by an updated offer posted on 3 May 2012. The Company issued its response circular on 19 April 2012. The First Mandatory Offer closed on 11 May 2012 and the results thereof were published on SENS by the concert parties and the Company on 14 May 2012 and 15 May 2012, respectively, as required in terms of Regulation 84(5) of the Companies Act.

In addition to Yellow Star and ASOF, the concert parties referred to above were:

"Trinity Asset Management"	Trinity Asset Management Proprietary Limited (registration number 1996/010864/07), a private company incorporated in accordance with the laws of South Africa, the sole director of which is Q George (executive).
"Titan Nominees"	Titan Nominees Proprietary Limited (registration number 1978/003570/07), a private company incorporated in accordance with the laws of South Africa, the directors of which are CH Wiese and JD Wiese and the sole shareholder being Titan Premier Investments Proprietary Limited.
"Titantrade"	Titantrade 306 Proprietary Limited (registration number 2002/017223/07), a private company incorporated in accordance with the laws of South Africa and the directors of which are H van Dyk and A van Dyk.
"Sheerprops"	Sheerprops 156 Proprietary Limited (registration number 1997/019886/07), a private company incorporated in accordance with the laws of South Africa, with J Bishop as the sole director and Oxio Limited as the sole shareholder.

Second change in control

Following the First Change in Control, which resulted in the Offeror (as defined in the circular dated 19 March 2012), becoming a controlling shareholder of Stellar Capital with an aggregate interest of 48.93%, it was announced on SENS on 23 November 2012 that the Company had entered into the Yellow Star Sale of Shares Agreement for the purchase of all of the ordinary shares in the issued ordinary share capital of Sizwe owned by Yellow Star, constituting 25% of the issued ordinary share capital of Sizwe for an aggregate purchase price of R45 million (the "**Sizwe Purchase Price**"). The Sizwe Purchase Price was settled as set out in paragraph 3.10 of the circular dated 20 September 2013. The Sizwe Acquisition contained warranties usual for such a transaction.

The issue of 100 000 000 shares as a result of the Sizwe Acquisition resulted in Yellow Star triggering an affected transaction and change in control. In terms of section 123 of the Companies Act, Yellow Star was obliged to make a mandatory offer to the remaining shareholders at 32 cents (the "**Second Mandatory Offer**"). The majority of independent shareholders waived their entitlement to receive the Second Mandatory Offer at a shareholders meeting held on 12 March 2012. Accordingly, the Take Over Regulation Panel (as defined in the Companies Act) granted an exemption to Yellow Star from the obligation to make the Second Mandatory Offer in accordance with Regulation 86(4) of the Companies Regulations, as announced on SENS on 11 April 2013 and 16 May 2013, respectively.

Neither the Company nor any of its subsidiaries have had a change in trading objectives during the previous five years.

