



Stellar Capital Partners Limited

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

CIRCULAR TO SHAREHOLDERS

relating to:

an underwritten renounceable Rights Issue to Qualifying Shareholders in respect of 173 913 044 Rights Issue Shares in the ratio of 23.14079 Rights Issue Shares for every 100 Shares held at the close of trade on Friday, 13 November 2015, at a price of R2.30 per Rights Issue Share, thereby raising R400 000 000;

and including:

a Form of Instruction in respect of Letters of Allocation for use by Qualifying Certificated Shareholders only (blue).

The Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required in law and by the Listings Requirements.

This Circular is issued in compliance with the Listings Requirements, for the purpose of providing information with regard to the Company and the Rights Issue.

Unless otherwise apparent from the context, the definitions and interpretations commencing on page 5 of this Circular apply to this cover page and throughout this Circular.

This Circular is available in English only. Copies may be obtained from the registered offices of the Company and Rand Merchant Bank at the addresses set out in the "Corporate Information and Advisers" section of this Circular from 10 November 2015 until 27 November 2015, both days inclusive. The Circular will also be available on the website of the Company (www.stellarcapitalpartners.co.za) from Monday, 9 November 2015.

The Rights Issue opens at 09:00 on Monday, 16 November 2015 and closes at 12:00 on Friday, 27 November 2015.

**Joint adviser and
transaction sponsor**



Joint adviser and sponsor



**South African legal advisers
to Stellar Capital**



Date of issue: Tuesday, 10 November 2015

CORPORATE INFORMATION AND ADVISERS

Company Secretary and registered office

The Secretarial Company
c/o Caroline du Preez
Third Floor, The Terraces
25 Protea Road, Claremont
Cape Town, 7708
(Suite 54 Dixon Street, Green Point, Cape Town, 8001)

South African legal advisers to Stellar Capital

Cliffe Dekker Hofmeyr Incorporated
11 Buitengracht Street, Cape Town, 8001
(PO Box 695, Cape Town, 8000)
and at
1 Protea Place
Corner Fredman Drive and Protea Place
Sandton, 2196
(Private Bag x40, Benmore, 2010)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
South Africa
(PO Box 61051, Marshalltown, 2107)

Joint adviser and transaction sponsor

Rand Merchant Bank
(a division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
Johannesburg
South Africa
(PO Box 786273, Sandton, 2146)

Joint adviser and sponsor

Stellar Advisers Proprietary Limited
(previously AfrAsia Corporate Finance
Proprietary Limited)
Office 202, Cape Quarter, The Square
27 Somerset Road, Green Point, Cape Town, 8001
(Suite 54, Dixon Street, Cape Town, 8001)
and at
Level P3, Oxford Corner
Corner Jellicoe Avenue and Oxford Road
Rosebank
Johannesburg, 2196
(Suite 54, Dixon Street, Cape Town, 8001)

Underwriters

Anchor Capital Proprietary Limited
25 Culross Road
Bryanston
Sandton, 2191
Thunder Capital Proprietary Limited
Office 202, Cape Quarter, The Square,
27 Somerset Road,
Green Point, 8001

Date of incorporation of Stellar Capital

7 August 1998

Place of incorporation of Stellar Capital

South Africa

TABLE OF CONTENTS

	Page
CORPORATE INFORMATION AND ADVISERS	Inside front cover
ACTION REQUIRED BY QUALIFYING SHAREHOLDERS	2
SALIENT DATES AND TIMES	4
DEFINITIONS AND INTERPRETATIONS	5
CIRCULAR TO SHAREHOLDERS	8
A. INFORMATION RELATING TO THE RIGHTS ISSUE	
1. Introduction	8
2. Rationale and use of proceeds	8
3. Information on the Rights Issue	9
4. Estimated expenses in relation to the Rights Issue	16
B. INFORMATION RELATING TO THE COMPANY	17
5. Background information	17
6. Information on the share capital of the Group	18
7. Information on the directors and senior management	18
8. Directors' responsibility statement	19
9. Consents	19
10. Documents available for inspection	20
ANNEXURE 1 Table of entitlement	21
ANNEXURE 2 Information on the Underwriters	23
ANNEXURE 3 Trading history of the Shares on the JSE	24

ACTION REQUIRED BY QUALIFYING SHAREHOLDERS

This Circular is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately. If you have disposed of all of your Stellar Capital Shares, this Circular should be forwarded to the purchaser to whom, or the CSDP, Broker, banker or agent through whom, you disposed of such Shares, except that this Circular should not be forwarded or transmitted to any person in any territory other than South Africa unless the Rights Issue can lawfully be made to such person or in such territory.

The Rights that are represented by Letters of Allocation are valuable and may be traded on the JSE. Letters of Allocation can, however, only be traded in Dematerialised form and accordingly, all Letters of Allocation have been issued in Dematerialised form.

An electronic record for Certificated Shareholders is being maintained by the Transfer Secretaries, and this has made it possible for Qualifying Certificated Shareholders to enjoy similar rights and opportunities as Qualifying Dematerialised Shareholders in respect of the trading of Letters of Allocation on the JSE.

Action required by Qualifying Certificated Shareholders

A Form of Instruction for completion by Qualifying Certificated Shareholders is enclosed with this Circular and the relevant procedure for participation in the Rights Issue is set out below:

Letters of Allocation will be created in electronic form with the Transfer Secretaries to afford Qualifying Certificated Shareholders the same rights and opportunities as Qualifying Dematerialised Shareholders in respect of the trading of Letters of Allocation on the JSE.

If you do not wish to exercise all of the Rights allocated to you as reflected in the Form of Instruction, you may either dispose of or renounce all or some of your Letters of Allocation as follows:

- If you wish to sell all or some of your Letters of Allocation, you must complete Form A in the enclosed Form of Instruction and return it to the Transfer Secretaries so as to be received by no later than 12:00 on Friday, 20 November 2015. The Transfer Secretaries will endeavour to procure the sale of Letters of Allocation on the JSE on your behalf and will remit the net proceeds thereof in accordance with your instructions, provided that such proceeds are not less than R154.48. In this regard, neither the Transfer Secretaries nor any Broker appointed by them to effect such sale nor Stellar Capital will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of any or all of such Letters of Allocation. Please note that, in respect of Qualifying Certificated Shareholders, the last day to trade Letters of Allocation is 17:00 on Friday, 20 November 2015.
- If you wish to renounce some or all of your Letters of Allocation in favour of any named renounee, you must complete Form B in the enclosed Form of Instruction, and the renounee must complete Form C in the enclosed Form of Instruction and return it to the Transfer Secretaries, so as to be received by no later than 12:00 on Friday, 27 November 2015, together with payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares subscribed for.

If you wish to exercise all or some of the Rights allocated to you as reflected in the enclosed Form of Instruction, you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment for the aggregate Rights Issue Price payable in respect of the Rights Issue Shares subscribed for with the Transfer Secretaries so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 27 November 2015.

You are permitted to apply for additional Rights Issue Shares over and above your entitlement. If you wish to apply for excess Rights Issue Shares you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment for the aggregate Rights Issue Price payable in respect of the Rights Issue Shares subscribed for with the Transfer Secretaries so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 27 November 2015.

To the extent that you subscribe for Rights Issue Shares, you will receive such Rights Issue Shares in certificated form. You will only be able to sell your Rights Issue Shares on the JSE once such Rights Issue Shares have been Dematerialised.

If the required documentation and payment have not been received in accordance with the instructions contained in this Circular and the Form of Instruction (either from the Qualifying Shareholder or from any person in whose favour the Rights have been renounced) by 12:00 on Friday, 27 November 2015, then the Rights and the relevant number of unsubscribed Rights Issue Shares will be deemed to have been declined and the Rights Issue entitlement will lapse.

Action required by Qualifying Dematerialised Shareholders

If you are a Qualifying Dematerialised Shareholder, you will not receive a Form of Instruction and you should receive notification from your CSDP or Broker regarding the Rights to which you are entitled in terms of the Rights Issue.

Your account with your CSDP or Broker will be credited with the number of Letters of Allocation to which you are entitled and you are required to notify your CSDP or Broker:

- whether you wish to follow your Rights in terms of the Rights Issue and, if so, in respect of how many Rights Issue Shares; and/or
- whether you wish to sell your Letters of Allocation and, if so, how many Letters of Allocation you wish to sell; and/or
- whether you wish to renounce your Letters of Allocation and, if so, how many Letters of Allocation and in favour of whom you wish to renounce such Letters of Allocation.

Rights not exercised will be deemed to have been declined and will lapse and you shall not receive any economic benefit in respect of such lapsed Rights.

If you wish to follow all or some of your Rights, you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Issue in the manner and within the time stipulated in the agreement governing the relationship between you and your CSDP or Broker. If you are not contacted, you should contact your CSDP or Broker and provide them with your instructions. If your CSDP or Broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, they shall not subscribe for Rights Issue Shares on your behalf in terms of the Rights Issue.

Stellar Capital does not take responsibility and will not be held liable for any failure on the part of your CSDP or Broker to notify you of the Rights Issue and/or to obtain instructions from you to subscribe for the Rights Issue Shares and/or to sell and/or renounce your Letters of Allocation.

You are permitted to apply for additional Rights Issue Shares over and above your entitlement. If you wish to apply for excess Rights Issue Shares you should instruct your CSDP or Broker as to the number of excess Rights Issue Shares for which you wish to apply.

CSDPs effect payment in respect of Dematerialised Shareholders on a delivery versus payment basis. You must ensure that you have sufficient funds in your account to settle the aggregate Rights Issue Price payable in respect of the Rights Issue Shares for which you wish to subscribe.

Non-residents

Shareholders who are non-residents are referred to paragraphs 3.14 and 3.15 of this Circular regarding applicable Exchange Control Regulations and other restrictions which may be relevant to them.

The Letters of Allocation and the Rights Issue Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state and other securities laws of the United States. There will be no public offer of the Letters of Allocation and the Rights Issue Shares in the United States. The Letters of Allocation and the Rights Issue Shares are being offered and sold in offshore transactions in compliance with Regulation S of the U.S. Securities Act ("**Regulation S**") and within the United States to qualified institutional buyers ("**QIBs**") as defined in Rule 144A of the U.S. Securities Act ("**Rule 144A**") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Any person in the United States acquiring the Letters of Allocation or the Rights Issue Shares must execute and deliver to the Company an investor letter satisfactory to the Company to the effect that such person and any account for which it is acquiring the Letters of Allocation or the Rights Issue Shares is a QIB within the meaning of Rule 144A and satisfies certain other requirements. Purchasers are hereby notified that the Company and other sellers of the Letters of Allocation and Rights Issue Shares may be relying on an exemption from the registration requirements of section 5 of the U.S. Securities Act.

The Letters of Allocation and the Rights Issue Shares will also not be registered under the securities laws of any Excluded Territories and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption. In particular, subject to certain exceptions, this Circular, the accompanying Form of Instruction and any other such documents should not be distributed, forwarded to or transmitted in or into the United States or the other Excluded Territories.

SALIENT DATES AND TIMES

2015

Last day to trade in Shares in order to participate in the Rights Issue (<i>cum</i> entitlement)	Friday, 6 November
Shares commence trading ex-entitlement at 09:00 on	Monday, 9 November
Listing of and trading in the Letters of Allocation on the JSE commences at 09:00 on	Monday, 9 November
Circular and a Form of Instruction, where applicable, posted to Qualifying Certificated Shareholders on	Tuesday, 10 November
Record Date at 17:00 on	Friday, 13 November
Rights Issue opens at 09:00 on	Monday, 16 November
In respect of Qualifying Certificated Shareholders, Letters of Allocation credited to an electronic account held with the Transfer Secretaries at 09:00 on	Monday, 16 November
In respect of Qualifying Dematerialised Shareholders, CSDP or Broker accounts credited with Letters of Allocation at 09:00 on	Monday, 16 November
Circular and a Form of Instruction, where applicable, posted to Qualifying Dematerialised Shareholders on	Tuesday, 17 November
Last day to trade Letters of Allocation on the JSE	Friday, 20 November
In respect of Qualifying Certificated Shareholders wishing to sell all or some of their Letters of Allocation, Forms of Instruction to be lodged with the Transfer Secretaries by 12:00 on	Friday, 20 November
Listing of Rights Issue Shares and trading therein on the JSE commences at 09:00 on	Monday, 23 November
In respect of Qualifying Certificated Shareholders (or their renounees) wishing to exercise all or some of their Rights, payment to be made and Forms of Instruction to be lodged with the Transfer Secretaries by 12:00 on	Friday, 27 November
Rights Issue closes at 12:00 on	Friday, 27 November
Record date for the Letters of Allocation on	Friday, 27 November
Rights Issue Shares issued on	Monday, 30 November
In respect of Qualifying Dematerialised Shareholders (or their renounees), CSDP or Broker accounts debited with the aggregate Rights Issue Price and updated with Rights Issue Shares at 09:00 on	Monday, 30 November
In respect of Qualifying Certificated Shareholders (or their renounees), Share certificates in respect of Rights Issue Shares posted on or about	Monday, 30 November
Results of the Rights Issue announced on SENS on	Monday, 30 November
Results of the Rights Issue published in the press on	Tuesday, 1 December
In respect of successful excess applications (if applicable), Rights Issue Shares issued to Qualifying Dematerialised Shareholders and/or Share certificates posted to Qualifying Certificated Shareholders on or about	Wednesday, 2 December
In respect of unsuccessful excess applications (if applicable), refund payments made to Certificated Shareholders on or about	Wednesday, 2 December

Notes:

1. Share certificates in respect of Shares may not be Dematerialised or rematerialised between Monday, 9 November 2015 and Friday, 13 November 2015, both days inclusive.
2. If you are a Qualifying Dematerialised Shareholder you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Issue in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or Broker.
3. CSDPs effect payment on a delivery versus payment method in respect of Qualifying Dematerialised Shareholders.
4. All times are South African times.
5. Share certificates will be posted at the risk of the Qualifying Certificated Shareholders (or their renounees).

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

“Anchor Capital”	Anchor Capital Proprietary Limited (Registration number 2009/002925/07), a private company duly incorporated in accordance with the laws of South Africa, having as its registered address 25 Culross Road, Bryanston, Sandton, 2191 (PO Box 1337, Gallo Manor, 2052);
“Authorised Dealer”	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
“Broker”	a stockbroker as defined in the Financial Markets Act;
“Board”	the board of Directors, which, as at the Last Practicable Date, comprised the persons whose names appear on page 8 of this Circular;
“Business Day”	any day other than Saturday, Sunday or any official public holiday in South Africa;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Shares that have not been Dematerialised, the title to which is represented by a share certificate or other Documents of Title;
“Circular”	this bound document, dated 10 November 2015 and including a Form of Instruction, where applicable;
“Common Monetary Area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended;
“CSDP”	a central securities depository participant, being a participant as defined in section 1 of the Financial Markets Act, appointed by a shareholder for purposes of, and in regard to, Dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
“Dematerialisation” or “Dematerialised”	the process by which Certificated Shares or other Documents of Title are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders maintained by a CSDP, after the Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto the Strate system by the selected CSDP or Broker, and the holding of securities is recorded electronically;
“Dematerialised Shareholders”	holders of Dematerialised Shares;
“Dematerialised Shares”	Shares which have been through the Dematerialisation process;
“Designated Bank Account”	the bank account into which Qualifying Certificated Shareholders can make payment by way of Electronic Funds Transfer, the details of which will be provided on request from the Transfer Secretary, contactable during ordinary business hours on 0861 100 634;
“Directors”	the directors of Stellar Capital, being both non-executive and executive directors;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts, or any other documents of title to Shares;

“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended;
“Excluded Territories”	the United States, Australia, Canada, Japan and Hong Kong and any other jurisdiction where the extension or making of the Rights Issue would be unlawful or in contravention of certain regulations;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended;
“Form of Instruction”	a printed, personalised form of instruction in respect of Letters of Allocation reflecting the Rights of Qualifying Certificated Shareholders and on which Certificated Shareholders are entitled to indicate whether they wish to take up their Rights or sell or renounce all or a portion of their Letters of Allocation;
“the Group”	Stellar Capital and its subsidiaries;
“Irrevocable Undertakings”	the agreements, entered into between Stellar Capital, Asgard Capital Assets Limited and Titan Financial Services Proprietary Limited and its nominated entities and/ or its associated entities, in terms of which they have undertaken, subject to certain conditions, to follow their Rights and to subscribe for a total of 54 347 826 Rights Issue Shares;
“JSE”	the stock exchange operated by the JSE Limited;
“JSE Limited”	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and which is licensed to operate an exchange in terms of the Financial Markets Act;
“King III Report”	The King III Report on Corporate Governance for South Africa 2009;
“Last Practicable Date”	28 October 2015, being the last practicable date prior to the finalisation of this Circular;
“Letter of Allocation”	a renounceable (nil paid) letter of allocation issued by the Company to Qualifying Shareholders in Dematerialised form, conferring a Right on the holder thereof;
“Listings Requirements”	the JSE Limited Listings Requirements, as amended;
“ManCo”	means Thunder Securitisations Proprietary Limited (Registration number 2010/021751/07), a private company duly incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of Stellar Investment Holdings Proprietary Limited, and the management company of Stellar Capital in terms of a management agreement with Stellar Capital;
“MOI”	the Memorandum of Incorporation of Stellar Capital adopted by Shareholders at the general meeting of Stellar Capital held on 16 January 2015;
“Non-resident”	a person who is not considered to be ordinarily resident in South Africa in terms of the Exchange Control Regulations;
“Qualifying Certificated Shareholders”	Qualifying Shareholders who hold Certificated Shares;
“Qualifying Dematerialised Shareholders”	Qualifying Shareholders who hold Dematerialised Shares;
“Qualifying Shareholder”	a holder of Shares registered as such on the Register on the Record Date, other than a Restricted Shareholder;
“Rand” or “R” or “ZAR” and “cents”	South African Rand and cents, the official currency of South Africa;
“Rand Merchant Bank”	Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa;

“Record Date”	the last day for Shareholders to be recorded in the Register in order to participate in the Rights Issue, being close of business on Friday, 13 November 2015;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in accordance with section 50 of the Companies Act;
“Restricted Shareholders”	Shareholders with registered addresses or who are resident or located in the United States or in any other Excluded Territory at 17:00 Johannesburg time on the Record Date;
“Right/s”	the right/s to subscribe for Rights Issue Shares at the Rights Issue Price pursuant to the Rights Issue;
“Rights Issue”	the underwritten renounceable rights issue to Qualifying Shareholders of 173 913 044 Rights Issue Shares at the Rights Issue Price, in the ratio of 23.14079 Rights Issue Shares for every 100 Shares held on the Record Date;
“Rights Issue Price”	the subscription price payable per Rights Issue Share, being R2.30;
“Rights Issue Shares”	173 913 044 new Shares to be issued pursuant to the Rights Issue;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders” or “Stellar Capital Shareholders”	registered holders of Stellar Capital Shares;
“Shares” or “Stellar Capital Shares”	ordinary shares of no par value in the share capital of Stellar Capital listed on the JSE;
“South Africa”	the Republic of South Africa;
“Stellar Capital” or “the Company”	Stellar Capital Limited (Registration number 1998/015580/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa and which is a registered central securities depository in terms of the Financial Markets Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE as well as off-market trades;
“Thunder”	Thunder Capital Proprietary Limited (Registration number 2007/028624/07), a private company duly incorporated in the Republic of South Africa, controlled by Asgard Capital Assets Limited;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“the Underwriters”	Anchor Capital and Thunder;
“the Underwriting Agreements”	the written agreements entered into between Stellar Capital and each of the Underwriters, dated 16 October 2015 and 19 October 2015, in terms of which the Underwriters have irrevocably undertaken to subscribe for the Rights Issue Shares that are not taken up by Qualifying Shareholders and/or their renounees in terms of the Rights Issue, in the following proportions: <ul style="list-style-type: none"> – Thunder, 9.090909% of any Rights Issue Shares that have not been subscribed for pursuant to the Rights Issue for a maximum aggregate value of R25 000 000; and – Anchor Capital, the balance of any unsubscribed for Rights Issue Shares for a maximum aggregate value of R250 000 000;
“VAT”	value-added tax, payable in terms of the Value-Added Tax Act, No. 89 of 1991, as amended; and
“VWAP”	volume weighted average price.



Stellar Capital Partners Limited

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

Directors

Dumisani Tabata (*Chairman*)#*
Charles Pettit (*Chief Executive Officer*)
Charl de Villiers (*Chief Financial Officer*)
Christina Wiese~#*
Clare Wiese#*
Janine de Bruyn#*
Lerato Mangope#*
Cornelius Roodt#*
Peter van Zyl#

~ Alternate director to Ms Clare Wiese

Non-executive director

* Independent

CIRCULAR TO SHAREHOLDERS

A. INFORMATION RELATING TO THE RIGHTS ISSUE

1. INTRODUCTION

As announced on SENS on 22 October 2015, Stellar Capital intends to make capital available for investment purposes through the proposed capital raise. The capital raise will be implemented through the issuance of R600 million in convertible preference shares and undertaking a fully underwritten rights issue to Stellar Capital shareholders in order to raise R400 million. Details of the proposed preference share issue have been included in the circular to Shareholders dated 22 October 2015.

The purpose of this Circular is to advise Stellar Capital shareholders of the terms and conditions of the Rights Issue and provide shareholders with instructions on participation in the Rights Issue.

2. RATIONALE AND USE OF PROCEEDS

The Rights Issue proceeds together with the funds raised from the issue of convertible preference shares will be used to execute certain transactions in the Company's immediate pipeline as well as pursue further strategic investments targeted for 2016. These transactions and investments include investments in high-yielding credit funds, equity investments and strategic investments that will enhance the scale and quality of the Company's portfolio.

3. INFORMATION ON THE RIGHTS ISSUE

3.1 Terms of the Rights Issue

In terms of the Rights Issue:

- Qualifying Shareholders will be entitled to subscribe for 173 913 044 Rights Issue Shares, upon the terms set out in this Circular;
- each Qualifying Shareholder will be entitled to subscribe for 23.14079 Rights Issue Shares for every 100 Shares held by them at the close of business on the Record Date; and
- the subscription price will be R2.30 per Rights Issue Share.

The Rights Issue will open at 09:00 on Monday, 16 November 2015 and will close at 12:00 on Friday, 27 November 2015. Letters of Allocation in respect of the Rights Issue Shares will be listed and able to be traded on the JSE from 09:00 on Monday, 9 November 2015 until the close of business on Friday, 20 November 2015.

The Rights Issue Shares will, upon allotment and issue, rank *pari passu* with all other existing Shares in all respects, including in terms of both voting rights and dividends. The Rights Issue Shares do not have any convertibility or redemption provisions.

The Rights Issue Shares, once issued, will be fully paid up and freely transferable.

The Rights Issue is underwritten as detailed in paragraph 3.6 of this Circular.

3.2 Entitlement

The number of Rights Issue Shares to which Qualifying Shareholders will be entitled by reference to the number of Shares held on the Record Date, is set out in the Table of Entitlement in Annexure 1 to this Circular.

The entitlement of each Qualifying Certificated Shareholder is reflected in the appropriate block in the Form of Instruction, which is enclosed with this Circular. Qualifying Certificated Shareholders will have their entitlements credited to a nominee account with the Transfer Secretaries.

If you are a Qualifying Dematerialised Shareholder, you will not receive a Form of Instruction. Instead, you should receive notification from your CSDP or Broker regarding the Rights to which you are entitled in terms of the Rights Issue. Qualifying Dematerialised Shareholders will have their CSDP or Broker accounts automatically credited.

3.3 Fractional entitlements

Rights Issue Shares representing fractional entitlements will not be issued to Qualifying Shareholders. Where necessary, entitlements to Rights Issue Shares of 0.5 or greater will be rounded up and less than 0.5 will be rounded down to the nearest whole number.

3.4 Holdings of odd lots in multiples other than 100 Shares

Qualifying Shareholders holding less than 100 Shares, or not holding a whole multiple of 100 Shares, will be entitled, in respect of such holdings, to participate in the Rights Issue in accordance with the Table of Entitlement in Annexure 1 to this Circular.

3.5 Irrevocable undertakings

Asgard Capital Assets Limited and Titan Financial Services Proprietary Limited and its nominated entities, have provided Stellar Capital with irrevocable undertakings to subscribe for 54 347 826 Rights Issue Shares (being R125 million) to which they are entitled in terms of the Rights Issue.

Details of the Irrevocable Undertakings are set out below:

Shareholder	Rights Issue Shares	Value (Rand million)	% of Rights Issue
Asgard Capital Assets Limited	32 608 696	75	18.75
Titan and its nominated entities	21 739 130	50	12.50
	54 347 826	125	31.25

3.6 Underwriting

The Underwriters have agreed to subscribe for up to 119 565 218 Rights Issue Shares (being R275 million) that are not taken up by Qualifying Shareholders and/or their renounees in terms of the Rights Issue.

Details of the underwriting are set out below:

Underwriter	Rights Issue Shares	Value (Rand million)	% of Rights Issue
Anchor Capital	108 695 652	250	62.50
Thunder	10 869 566	25	6.25
	119 565 218	275	68.75

In terms of the Underwriting Agreements, an underwriting fee equal to 2.0% of the underwritten amount, is payable by the Company to the Underwriters. The underwriting fee is, in the opinion of the Board, not greater than the current market rate charged by independent underwriters. The underwriting fee is only payable upon the Underwriters fulfilling their commitments in terms of their respective Underwriting Agreement.

The Board has made due and careful enquiry to confirm that the Underwriters can meet their underwriting commitments in terms of the Underwriting Agreement.

Details of the Underwriters, as required in terms of the Listings Requirements, are set out in Annexure 2 to this Circular.

3.7 Minimum subscription

The Rights Issue is not conditional upon any minimum subscription.

3.8 Excess applications

Shareholders are entitled to apply for additional Rights Issue Shares over and above their entitlement.

Should there be excess Rights Issue Shares available, such excess Rights Issue Shares will be allocated equitably, taking cognisance of the number of Shares held by the Shareholder just prior to such allocation, including those taken up as a result of the Rights Issue, and the number of excess Rights Issue Shares applied for by such Shareholder.

Non-equitable allocations of excess Rights Issue Shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100.

3.9 Procedures for acceptance of Rights Issue entitlements

3.9.1 Qualifying Certificated Shareholders and/or their renounees who wish to exercise all or some of their Rights as set out in the Form of Instruction, must complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares for which they intend to subscribe, with the Transfer Secretaries at either of the addresses set out in the "Corporate Information and Advisers" section of this Circular, so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 27 November 2015. Once received by the Transfer Secretaries, the exercise of Rights is irrevocable and may not be withdrawn.

If payment is not received on or before 12:00 on Friday, 27 November 2015, the Qualifying Certificated Shareholder or renounee concerned will be deemed to have declined its Rights and the right to subscribe for the relevant number of Rights Issue Shares in terms of the Form of Instruction will lapse regardless of who holds it.

Qualifying Certificated Shareholders are advised to take into consideration postal delivery times when posting their Forms of Instruction, as no late postal deliveries will be accepted. Qualifying Certificated Shareholders are advised to deliver their completed Forms of Instruction together with payment to the Transfer Secretaries by hand or by courier, where possible.

3.9.2 Qualifying Dematerialised Shareholders will not receive a Form of Instruction. Instead, they should receive notification from their CSDP or Broker regarding the Rights to which they are entitled in terms of the Rights Issue.

Qualifying Dematerialised Shareholders and/or their renounees who wish to exercise all or some of their Rights are required to notify their duly appointed CSDP or Broker of their acceptance of the Rights Issue in the manner and time stipulated in the agreement governing the relationship between themselves and their CSDP or Broker.

Stellar Capital does not take responsibility and will not be held liable for any failure on the part of any CSDP or Broker to notify Qualifying Dematerialised Shareholders of the Rights Issue and/or to obtain instructions from Qualifying Dematerialised Shareholders to subscribe for the Rights Issue Shares and/or to sell and/or renounce Letters of Allocation.

3.10 Procedures for sale or renunciation of Letters of Allocation

3.10.1 Qualifying Certificated Shareholders who do not wish to exercise all or some of the Rights allocated to them as reflected in their Form of Instruction, may either dispose of or renounce all or some of their Letters of Allocation as follows:

- Qualifying Certificated Shareholders who wish to sell all or some of their Letters of Allocation, must complete Form A in their Form of Instruction and return it to the Transfer Secretaries so as to be received by no later than 12:00 on Friday, 20 November 2015. The Transfer Secretaries will endeavour to procure the sale of Letters of Allocation on the JSE on behalf of such Qualifying Certificated Shareholders and will remit the net proceeds of the sale in accordance with the instructions set out in the Forms of Instruction, provided that net proceeds amounting to less than R154.48 will accrue for the benefit of the Company. In this regard, neither the Transfer Secretaries, nor the Broker appointed by them to effect the sale nor Stellar Capital will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such Letters of Allocation.
- Qualifying Certificated Shareholders who wish to renounce all or some of their Letters of Allocation in favour of any named renounee, must complete Form B in their Form of Instruction, and the renounee must complete Form C in their Form of Instruction and return it to the Transfer Secretaries, so as to be received by no later than 12:00 on Friday, 27 November 2015, together with payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares to be subscribed for.

3.10.2 Qualifying Dematerialised Shareholders who wish to sell or renounce all or some of their Letters of Allocation should make the necessary arrangements with their CSDP or Broker in the manner and time stipulated in the agreement governing the relationship between themselves and their CSDP or Broker.

Qualifying Shareholders wishing to sell or renounce all or some of their Letters of Allocation will be liable to pay brokerage charges and associated expenses.

3.11 Procedures for application for additional Rights Issue Shares

3.11.1 Qualifying Certificated Shareholders wishing to apply for excess Rights Issue Shares must complete the attached Form of Instruction in accordance with the instructions contained therein and, once completed, lodge same, together with payment of the Rights Issue Price, with the Transfer Secretaries, so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 27 November 2015.

Refund payments in respect of unsuccessful applications by Certificated Shareholders for additional Rights Issue Shares will be made to the relevant applicants, at their risk, on or about Wednesday, 2 December 2015. No interest will be paid on monies received in respect of unsuccessful applications.

3.11.2 Qualifying Dematerialised Shareholders wishing to apply for excess Rights Issue Shares should instruct their CSDP or Broker, in terms of the custody agreement entered into between themselves and their CSDP or Broker, as to the number of excess Rights Issue Shares for which they wish to apply.

3.12 Payment

The amount due on acceptance of the Rights Issue is payable in Rand.

3.12.1 Qualifying Certificated Shareholders (or their renounees) must make payment of the aggregate Rights Issue Price payable in respect of the Rights Issue shares to be subscribed for, by way of:

- (i) a cheque (crossed, marked “not transferrable” and with the words “or bearer” deleted) or a bankers’ draft (drawn on a bank registered in South Africa) for the aggregate Rights Issue Price payable in respect of the Rights Issue Shares to be subscribed for, made payable to “Stellar Capital Partners Limited – Rights Issue” to the Transfer Secretaries as follows:

By hand or courier	By post
C/o Computershare Investor Services Proprietary Limited 70 Marshall Street Johannesburg, 2001	C/o Computershare Investor Services Proprietary Limited PO Box 61763 Marshalltown, 2107

or;

- (ii) an electronic funds transfer into the Designated Bank Account (details of which are available from the Corporate Actions department of the Transfer Secretary, contactable during ordinary business hours on 0861 100 634),

so as to be received, together with their duly completed Form of Instruction, by no later than 12:00 on Friday, 27 November 2015.

Payment will constitute an irrevocable subscription by the Qualifying Certificated Shareholder (or renounee) of the Rights Issue Shares upon the terms set out in this Circular and in the Form of Instruction.

Delivery of any bank guaranteed cheque or banker’s draft will be at the risk of the Qualifying Certificated Shareholder (or renounee) concerned.

All bank-guaranteed cheques or bankers’ drafts received by the Transfer Secretaries will be deposited immediately for payment. The payment will constitute an irrevocable subscription by the Qualifying Certificated Shareholder (or renounee) of the Rights Issue Shares upon the terms set out in this Circular and in the Form of Instruction.

In the event that any cheque or bankers’ draft is dishonoured, Stellar Capital may, in its sole discretion, treat the acceptance of Rights Issue Shares and the completed Form of Instruction as void or may tender delivery of the relevant Rights Issue Shares to which such cheque or banker’s draft relates, against payment in cash of the aggregate Rights Issue Price in respect of such Rights Issue Shares.

3.12.2 Payment by Qualifying Dematerialised Shareholders (or their renounees) will be effected on their behalf by their CSDP or Broker. The CSDP or Broker will make payment in respect of Qualifying Dematerialised Shareholders (or their renounees) on a delivery versus payment basis. Qualifying Dematerialised Shareholders must ensure that they place their CSDP or Broker in sufficient funds so as to enable them to settle the aggregate the Rights Issue Share Price payable in respect of the Rights Issue Shares for which they wish to subscribe.

3.13 Lapsing of Rights

Qualifying Shareholders that do not take up their Rights will continue to own the same number of Shares, but their percentage holding in Stellar Capital will be diluted.

Rights not exercised will be deemed to have been declined and will lapse and the relevant Qualifying Shareholder shall not receive any economic benefit in respect of such lapsed Rights.

3.14 Exchange Control Regulations

The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional adviser.

Non-residents

In terms of the Exchange Control Regulations, Non-resident Qualifying Shareholders, excluding former residents (emigrants), of the Common Monetary Area will be allowed to:

- exercise Rights allocated to them in terms of the Rights Issue;
- purchase Letters of Allocation on the JSE; and
- subscribe for the Rights Issue Shares arising in respect of the Letter of Allocation purchased on the JSE provided that payment is received through normal banking channels in foreign currency or Rand from a non-resident account.

All applications by non-residents for the above purposes must be made through an Authorised Dealer. Electronic statements issued in terms of Strate and any Share certificates issued pursuant to such applications will be endorsed "non-resident".

Emigrants

Where a Right becomes due to a former resident (emigrant) of the Common Monetary Area, which Right is based on Shares blocked in terms of the Exchange Control Regulations, then only emigrant blocked funds may be used to:

- take up the Rights allocated to them in terms of the Rights Issue;
- purchase Letters of Allocation on the JSE; and
- subscribe for the Rights Issue Shares arising in respect of the Letters of Allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the Authorised Dealer controlling their blocked assets.

New share certificates issued to an emigrant will be endorsed "non-resident" and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the Authorised Dealer for credit of such emigrants' blocked accounts.

Where the emigrant's Shares are in Dematerialised form with a CSDP, any Shares issued pursuant to the use of emigrant blocked funds will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios. The electronic statement issued in terms of Strate will be dispatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.

Any Qualifying Shareholder resident outside the Common Monetary Area who receives this Circular and/or Form of Instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

3.15 Non-residents

The Rights Issue does not constitute an offer in the Excluded Territories and this Circular and Form of Instruction should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.

Although Letters of Allocation may be credited to the CSDP or broker securities accounts of Dematerialised Shareholders registered as such on the Record Date: (i) with a registered address, or resident, in one of the Excluded Territories, (ii) in the United States or (iii) with a registered address, or who hold on behalf of persons located in the United States, or who hold on behalf of any person on a non-discretionary basis who is in the United States, or any state of the United States, such crediting of Letters of Allocation do not constitute an offer to Restricted Shareholders and such Restricted Shareholders will not be entitled to take up or transfer Letters of Allocation in the Rights Issue or acquire Rights Issue Shares unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Restricted Shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Issue, or trade the Rights to which they are entitled.

Shareholders holding Shares on behalf of persons who are Restricted Shareholders are responsible for ensuring that taking up the Rights Issue, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions. To the extent that Restricted Shareholders are not entitled to participate in the Rights Issue or trade the Rights to which they are entitled as a result of the aforementioned restrictions, the allocated rights in respect of such Restricted Shareholders shall revert to the Company and such Rights will lapse.

Specific restrictions relating to certain jurisdictions are set out below.

Member states of the European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") with effect from and including the relevant implementation date, no Rights Issue Shares or Letters of Allocation have been offered or will be offered pursuant to the Rights Issue to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Issue Shares or Letters of Allocation which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, offers of Rights Issue Shares or Letters of Allocation which will be made in that Relevant Member State:

- to any person or legal entity which is a qualified investor as defined under the Prospectus Directive;
- to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State subject to obtaining the prior consent of the Managers; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such Rights Issue Shares or Letters of Allocation shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this paragraph, the expression "an offer of Rights Issue Shares or Letters of Allocation to the public" in relation to any Rights Issue Shares or Letters of Allocation in any Relevant Member State means the communication, in any form and by any means, of sufficient information on the terms of the Rights Issue and the Rights Issue Shares and Letters of Allocation to be offered, so as to enable an investor to decide to purchase or subscribe for the Rights Issue Shares or Letters of Allocation, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Rights Issue Shares or Letters of Allocation being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights Issue Shares or Letters of Allocation acquired by it in the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in a Relevant Member State in circumstances which may give rise to an offer of any Rights Issue Shares or Letters of Allocation to the public other than their offer or resale in a Relevant Member State to qualified investors as defined under the Prospectus Directive.

The Company and its affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

United Kingdom

This Circular is only being distributed to, and is only directed at, persons in the United Kingdom who are “qualified investors” as defined in section 86(7) of the Financial Services and Markets Act, 2000, as amended (the “FSMA”) or otherwise in circumstances which do not require the publication by the Company of a prospectus pursuant to section 85(1) of the FSMA.

In the United Kingdom, this Circular is only being distributed to, and is only directed at, and any investment or investment activity to which this Circular relates is available only to, and will be engaged in only with, persons: (i) having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act, 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as “relevant persons”). Persons who are not relevant persons should not take any action on the basis of this Circular and should not act or rely on it.

Persons located in the United Kingdom that satisfy such requirements will be able to exercise their rights under the Rights Issue provided that any such person, by subscribing for all or some of their Rights to which they are entitled, will be deemed to represent, warrant, agree and confirm that such person is a “qualified investor” as defined in section 86(7) of the FSMA and a relevant person.

Canada, Australia and the Republic of Ireland

This Circular will not be sent and should not be forwarded to Shareholders with registered addresses in Canada, Australia or the Republic of Ireland. Letters of Allocation may not be transferred, sold or delivered in or into any of Canada, Australia or the Republic of Ireland.

The Letters of Allocation have not been and will not be registered under the Securities Act of Canada or with any security regulatory authority of any state or other jurisdiction in Canada and, subject to certain exceptions, may not be offered or sold within Canada.

In addition, due to restrictions under the securities laws of Australia and the Republic of Ireland, no offer of the Letters of Allocation are being offered nor is the Rights Issue being made in terms of this Circular to Shareholders with registered addresses in, or to residents of Australia or the Republic of Ireland.

United States of America

This Circular, the Letters of Allocation and the Rights Issue Shares have not been approved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Rights Issue or the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

The Letters of Allocation and the Rights Issue Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except to QIBs pursuant to an exemption from or, in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not offering the Letters of Allocation or the Rights Issue Shares into the United States unless an exemption from the registration requirements of the U.S. Securities Act is available and, subject to certain exceptions, this Circular does not constitute nor will it constitute an offer or an invitation to apply for, or an offer or an invitation to acquire, any Letters of Allocation or Rights Issue Shares in the United States. Subject to certain exceptions, this Circular will not be sent to any Shareholder in, or with a registered address in, the United States. Any person in the United States wishing to acquire the Letters of Allocation or subscribe for the Rights Issue Shares must execute and deliver an investor letter satisfactory to the Company to the effect that such person is a QIB within the meaning of Rule 144A and satisfies certain other requirements.

Subject to certain exceptions, any person who acquires Letters of Allocation or Rights Issue Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Circular, exercising their rights, selling or renouncing their Letters of Allocation or accepting delivery of the

Letters of Allocation or the Rights Issue Shares that it is not, and that at the time of acquiring the Letters of Allocation or the Rights Issue Shares it will not be, in the United States or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States or any state of the United States.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Rights Issue Shares or the Letters of Allocation within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the U.S. Securities Act.

3.16 South African law

All transactions arising from the provisions of this Circular and the accompanying Form of Instruction will be governed by, and be subject to, the laws of South Africa.

3.17 Tax consequences

Qualifying Shareholders are advised to consult their tax and financial advisers regarding any taxation implications pertaining to them regarding the acceptance of their Rights in terms of the Rights Issue.

3.18 Documents of Title

New share certificates to be issued to Qualifying Certificated Shareholders (or their renounees) in respect of those Rights Issue Shares for which they have validly subscribed, will be posted to Qualifying Certificated Shareholders (or their renounees), by post, at their risk, on or about Monday, 30 November 2015.

Qualifying Certificated Shareholders receiving the Rights Issue Shares must note that such Certificated Shares may not be traded on the JSE until they have been Dematerialised.

Qualifying Dematerialised Shareholders (or their renounees) that have validly subscribed for Rights Issue Shares will have their accounts with their CSDP or Broker updated with the Rights Issue Shares to which they are entitled, on Monday, 30 November 2015.

3.19 JSE listings

The Issuer Regulation Division of the JSE Limited has approved the listings on the JSE of:

- the Letters of Allocation, JSE code: SCPN and ISIN: ZAE000211140, in respect of all of the 173 913 044 Rights Issue Shares with effect from the commencement of trade on Monday, 9 November 2015 to the close of trade on Friday, 20 November 2015, both days inclusive; and
- 173 913 044 Rights Issue Shares with effect from the commencement of trade on Monday, 23 November 2015.

4. ESTIMATED EXPENSES IN RELATION TO THE RIGHTS ISSUE

It is estimated that Stellar Capital's expenses relating to the Rights Issue will amount to approximately R11.0 million. The expenses (excluding VAT) relating to the Rights Issue are detailed below:

Nature of expense	Paid/payable to	R'000
Underwriting fee	Underwriters	5 500
Joint adviser and transaction sponsor	Rand Merchant Bank	5 000
South African legal advisers	Cliffe Dekker Hofmeyr Incorporated	150
Printing, publication and distribution	Ince	100
Transfer Secretaries	Computershare	20
Listing fee	JSE Limited	195
Documentation inspection fee	JSE Limited	28
Total		10 993

B. INFORMATION RELATING TO THE COMPANY

5. BACKGROUND INFORMATION

5.1 History and nature of business

- 5.1.1 Stellar Capital is an investment company focused on investing in listed and unlisted assets, working with management teams to create market-leading businesses and ultimately realising and delivering value to its shareholders.
- 5.1.2 Stellar Capital's incorporation involved the conclusion of 14 regulatory approved transactions to convert ConvergeNet Holdings Limited ("CVN") to the listed investment vehicle through which Stellar Capital's strategy could be implemented.
- 5.1.3 Cautionaries were withdrawn in September 2014 when the detailed plans were announced regarding the establishment of Stellar Capital – this included the disposal of the remaining CVN assets, the acquisition of an initial investment portfolio, certain board changes, JSE sector change and the intention to raise R150 million through a private placement of new ordinary shares.
- 5.1.4 The combination of strong management and the backing of the Wiese family, led to an oversubscribed private placement in October 2014 which facilitated the entry of strong, core strategic and institutional shareholders, including the Wiese family, Investec Asset Management, Nedbank Wealth and Momentum Asset Management amongst others.
- 5.1.5 Since then, Stellar Capital's investment team has focused both on its initial portfolio, agreeing terms for the realisation of value of three of its initial four investments and concluding the acquisition of initial stakes in a further four investments, enabling the creation of three strategic investment platforms in industrials, information technology and financial services.
- 5.1.6 Stellar Capital believes that it has a competitive advantage through the strength of its network providing access to proprietary deal flow, coupled with a management and investment team with demonstrable track record in building value in businesses and generating exceptional shareholder return.
- 5.1.7 Stellar Capital will look to build on the platform created and has an exciting pipeline of opportunities lined up for 2016.

5.2 Investment strategy

- 5.2.1 The investment strategy of the Company, as included in the Company's investment charter and which was formally approved by the Board on 3 December 2014, encompasses the following objectives:
 - 5.2.1.1 to apply a hands-on investment approach, in order to assist management teams and to provide strategic input, without assuming direct operational responsibility;
 - 5.2.1.2 to apply a flexible investment approach relating to the timing and duration of investments;
 - 5.2.1.3 to actively engage with investee companies in relation to their corporate activity and other strategic initiatives; and
 - 5.2.1.4 to leverage the existing network of ManCo to create a unique, well-diversified investment vehicle which will be an attractive proposition for institutional investors.
- 5.2.2 Stellar Capital's stated strategy is to grow a portfolio of equity, debt and hybrid securities that will generate above average returns on capital for the Company's shareholders. In furtherance of this strategy, Stellar Capital intends to undertake acquisitions as and when opportunities that meet Stellar Capital's investment criteria are identified.

5.3 Prospects for the Group

Following the completion of the capital raise, the Stellar Capital Group will have a scalable balance sheet that will allow it to execute the transactions in its immediate pipeline as well as pursue further strategic investments targeted for 2016.

Through its existing platform investments, network of business associates and ability to lever its shareholders of reference, Stellar Capital is uniquely positioned to access unique and proprietary deal flow. This together with the execution capability of its investment team and track record of value creation post investment, offers shareholders access to a high growth yet diversified platform.

5.4 Trading history of Stellar Capital Shares on the JSE

A table setting out the price history of the Shares on the JSE has been included in Annexure 3 to this Circular.

6. INFORMATION ON THE SHARE CAPITAL OF THE GROUP

6.1 Authorised and issued Shares

The authorised and issued Shares before and after the Rights Issue has been implemented is as follows:

Before the Rights Issue	Stated capital
Authorised Shares	
2 000 000 000 ordinary shares of no par value	
600 preference shares	
Issued Shares	
R1 752 039 839	
751 543 261 ordinary shares of no par value	
Stellar Capital has no treasury shares	
<hr/>	
After the Rights Issue	Stated capital
Authorised Shares	
2 000 000 000 ordinary shares of no par value	
600 preference shares	
Issued Shares	
R2 152 039 839	
925 456 305 ordinary shares of no par value	

6.2 Major Shareholders

In so far as it is known to the directors, the Shareholders that, directly or indirectly, are beneficially interested in 5% or more of the issued Shares, together with the amount of each such Shareholder's interest as at the Last Practicable Date are as follows:

Shareholder	Number of Shares held	Shareholding %
Asgard Capital Assets Limited	141 151 848	18.78
SJP Capital Limited	107 900 000	14.36
ManCo	75 155 641	10.00
Investec Asset Management**	78 078 605	10.38
VRE Investments Proprietary Limited	40 224 125	5.35
Total	442 510 219	58.87

** Held on behalf of various discretionary and non-discretionary clients.

7. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT

There have been no changes to the Board or senior management of Stellar Capital as a result of the Rights Issue.

The directors' remuneration will not be varied as a consequence of the Rights Issue or any related transaction.

7.1 Directors' interests in Shares

The direct and indirect beneficial interests in Shares held by all the directors (including directors who have resigned in the last 18 months) as at the Last Practicable Date, are shown below.

Name	Direct beneficial	Indirect beneficial	Total	% of Shares
Executive directors				
Charles Pettit	–	–	–	–
Charl de Villiers ⁽¹⁾	109 800	–	109 800	0.03
Executive directors' total	109 800	–	109 800	0.03
Non-executive directors				
Dumisani Tabata ⁽²⁾	–	1 082 658	1 082 658	0.38
Christina Wiese ⁽³⁾	–	14 000 000	14 000 000	4.95
Clare Wiese ⁽⁴⁾	–	14 000 000	14 000 000	4.95
Cornelius Roodt	–	–	–	–
Janine de Bruyn	–	–	–	–
Lerato Mangope	–	–	–	–
Peter van Zyl	–	–	–	–
Non-executive directors' total	–	29 082 658	29 082 658	10.28
Total	109 800	29 082 658	29 192 458	10.31

Notes:

- ⁽¹⁾ 90 000 shares were held as at 30 November 2014 with 19 800 shares vested at 18 August 2015 and 19 800 shares will vesting with effect from 31 December 2015 as announced on SENS on 18 August 2015. The shares to vest in December, which shares have not been included in the above table.
- ⁽²⁾ Reflects the effective shareholding held through Green Tree Investments 306 Proprietary Limited, an investment vehicle which Dumisani Tabata has a shareholding in.
- ⁽³⁾ Reflects the effective shareholding held through Cream Magenta 140 Proprietary Limited, an investment vehicle which Christina Wiese has a shareholding in.
- ⁽⁴⁾ Reflects the effective shareholding held through Metcap 14 Proprietary Limited, an investment vehicle which Clare Wiese has a shareholding in.

There have been no changes in directors' interests between 31 May 2015 and the Last Practicable Date.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required in law and by the Listings Requirements.

9. CONSENTS

Each of the joint advisers, transaction sponsor, sponsor and legal advisers have consented and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names in the form and context in which they appear in this Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of Stellar Capital, Stellar Advisers, the Transfer Secretaries, and Rand Merchant Bank at the addresses set out in the "Corporate Information and Advisers" section of this Circular during normal business hours on Business Days from the date of issue of this Circular up to and including Friday, 27 November 2015:

- Memorandum of Incorporation of Stellar Capital and its major subsidiaries;
- the audited annual financial statements of Stellar Capital (previously ConvergeNet Holdings Limited) for the three financial periods ended 30 November 2014, 31 August 2013 and 2012;
- unaudited interim results of Stellar Capital for the six months ended 31 May 2015;
- a copy of the standard Directors' letter of engagement;
- signed copies of the Irrevocable Undertakings;
- signed copies of the Underwriting Agreements;
- the written consents referred to in paragraph 9 above; and
- a signed copy of this Circular and a Form of Instruction, as approved by the JSE.

Signed at Rosebank on behalf of Stellar Capital, in terms of the resolutions of the Directors dated 29 October 2015.

For and on behalf of the Board

CE Pettit

Chief Executive Officer

Johannesburg
10 November 2015

TABLE OF ENTITLEMENT

The number of Rights Issue Shares to which Qualifying Shareholders will be entitled is set out below, on the basis that Qualifying Shareholders will be entitled to 23.14079 Rights Issue Shares for every 100 Shares held on the Record Date. Shareholders' entitlements will be rounded up or down, as appropriate in accordance with the standard rounding convention with fractions of 0.5 and above being rounded up and fractions of less than 0.5 being rounded down, and only whole numbers of Rights Issue Shares will be issued, in accordance with the Listings Requirements.

Shares held	Entitlement	Shares held	Entitlement
1	0	41	9
2	0	42	10
3	1	43	10
4	1	44	10
5	1	45	10
6	1	46	11
7	2	47	11
8	2	48	11
9	2	49	11
10	2	50	12
11	3	51	12
12	3	52	12
13	3	53	12
14	3	54	12
15	3	55	13
16	4	56	13
17	4	57	13
18	4	58	13
19	4	59	14
20	5	60	14
21	5	61	14
22	5	62	14
23	5	63	15
24	6	64	15
25	6	65	15
26	6	66	15
27	6	67	16
28	6	68	16
29	7	69	16
30	7	70	16
31	7	71	16
32	7	72	17
33	8	73	17
34	8	74	17
35	8	75	17
36	8	76	18
37	9	77	18
38	9	78	18
39	9	79	18
40	9	80	19

Shares held	Entitlement	Shares held	Entitlement
81	19	2 100	486
82	19	2 200	509
83	19	2 300	532
84	19	2 400	555
85	20	2 500	579
86	20	2 600	602
87	20	2 700	625
88	20	2 800	648
89	21	2 900	671
90	21	3 000	694
91	21	3 100	717
92	21	3 200	741
93	22	3 300	764
94	22	3 400	787
95	22	3 500	810
96	22	3 600	833
97	22	3 700	856
98	23	3 800	879
99	23	3 900	902
100	23	4 000	926
200	46	4 100	949
300	69	4 200	972
400	93	4 300	995
500	116	4 400	1 018
600	139	4 500	1 041
700	162	4 600	1 064
800	185	4 700	1 088
900	208	4 800	1 111
1 000	231	4 900	1 134
1 100	255	5 000	1 157
1 200	278	10 000	2 314
1 300	301	100 000	23 141
1 400	324	1 000 000	231 408
1 500	347	10 000 000	2 314 079
1 600	370		
1 700	393		
1 800	417		
1 900	440		
2 000	463		

INFORMATION ON THE UNDERWRITERS

The Rights Issue is underwritten by Thunder and Anchor Capital. Details pertaining to the Underwriters as required by the Listings Requirements are set out below.

Full legal entity name:	Thunder Capital Proprietary Limited
Directors:	Peter van Zyl
Company Secretary:	Kilgetty Statutory Services Proprietary Limited
Date and place of incorporation:	5 October 2007, South Africa
Registration number:	2007/028624/07
Registered address:	Office 202, Cape Quarter, The Square, 27 Somerset Road, Green Point, 8001
Auditors:	Grant Thornton (Cape Town)
Commercial bankers:	Standard Bank of South Africa
Authorised share capital:	1 000 ordinary shares
Issued share capital:	199 ordinary shares

Full legal entity name:	Anchor Capital Proprietary Limited
Directors:	Michael Teke, Peter Armitage, Alastair Adams, Nicholas Dennis, Todd Kaplan, Paul Nkuna and David Rosevear
Company Secretary:	Arbor Capital Company Secretarial Proprietary Limited
Date and place of incorporation:	Johannesburg, 18 March 2009
Registration number:	Registration number 2009/002925/07
Registered address:	25 Culross Road, Bryanston, Sandton, 2191 (PO Box 1337, Gallo Manor, 2052)
Auditors:	Grant Thornton
Commercial bankers:	Rand Merchant Bank, a division of FirstRand Bank Limited
Authorised share capital:	1 000 000 000 ordinary shares of no par value
Issued share capital:	162 559 476 ordinary shares of no par value

TRADING HISTORY OF THE SHARES ON THE JSE

The trading history of Shares on the JSE, for each day over the 30 days preceding the Last Practicable Date and for each month over the 12 months prior to the Last Practicable Date, is set out below:

	High (cents)	Low (cents)	Volume traded (shares)	Value traded (Rand)
Month ended				
31 October 2014	250	201	8 118 978	16 850 683
30 November 2014	245	207	1 494 512	3 420 494
31 December 2014	250	206	9 988 800	20 277 915
31 January 2015	226	171	1 819 301	3 688 064
28 February 2015	224	186	7 593 990	15 674 045
31 March 2015	218	186	7 300 031	14 710 769
30 April 2015	206	169	3 943 565	7 343 853
31 May 2015	204	165	10 105 901	18 878 914
30 June 2015	218	190	5 572 360	11 543 295
31 July 2015	278	180	25 641 429	57 158 932
31 August 2015	397	267	13 070 812	39 805 564
30 September 2015	310	255	7 099 482	20 015 552
Day ended				
28 October 2015	292	284	491 891	1 424 078
27 October 2015	295	280	1 629 659	4 659 935
26 October 2015	295	280	3 144 309	9 088 112
23 October 2015	289	275	1 509 598	4 227 674
22 October 2015	285	274	116 286	406 362
21 October 2015	291	282	278 449	796 335
20 October 2015	301	290	176 735	514 074
19 October 2015	310	299	339 423	1 035 137
16 October 2015	311	299	328 627	991 407
15 October 2015	310	283	773 662	2 304 268
14 October 2015	289	270	206 631	583 598
13 October 2015	280	262	192 499	527 594
12 October 2015	266	252	163 247	424 212
09 October 2015	263	250	364 159	926 116
08 October 2015	260	250	554 695	1 424 853
07 October 2015	267	251	123 894	323 762
06 October 2015	270	250	339 386	884 049
05 October 2015	280	260	179 665	482 564
02 October 2015	282	273	65 367	181 027
01 October 2015	288	280	123 049	346 740
30 September 2015	290	284	72 507	207 923
29 September 2015	295	285	295 506	855 177
28 September 2015	307	291	344 515	1 034 605
25 September 2015	306	290	245 753	738 704
23 September 2015	310	301	56 561	172 891
22 September 2015	310	295	692 550	2 095 554
21 September 2015	308	285	590 056	1 776 056
18 September 2015	298	289	77 204	226 743
17 September 2015	288	274	2 279 912	6 291 126
16 September 2015	285	275	172 535	485 097

Note: The above information was sourced from I-Net Bridge.