

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular have, where appropriate, been used on this cover page.

If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, legal advisors, accountant or other professional advisor immediately.

Action required

If you have disposed of all your Stellar Capital shares on or before Friday, 19 February 2021, then this Circular, together with the attached Form of Proxy (*blue*), should be handed to the purchaser of such Stellar Capital shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Stellar Capital Shareholders are referred to page 3 of this Circular, which sets out the detailed action required of them in respect of the Transaction set out in this Circular.

Stellar Capital does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of Dematerialised Stellar Capital Shareholders to notify such Shareholders of the General Meeting or any business to be conducted thereat.



Stellar Capital Partners 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 STELLAR CAPITAL SHAREHOLDERS

Relating to the internalisation of Stellar Capital's Investment Manager, constituting a related party acquisition in terms of paragraphs 10.1(b)(i) and (v) of the Listings Requirements;

and enclosing:

- a notice of General Meeting; and
- a Form of Proxy (*blue*) (for use by Certificated Stellar Capital Shareholders or Dematerialised Stellar Capital Shareholders who have elected "own name" registration only).

Date of issue: Monday, 1 March 2021

This Circular is available in English only. Copies of this Circular may be obtained from the registered office of Stellar Capital and from the Transfer Secretaries during normal office hours from the date of issue of this Circular up to and including the date of the General Meeting. The Circular will also be available on the website of the Company (www.stellarcapitalpartners.co.za) from Monday, 1 March 2021.

Sponsor



Independent Reporting Accountant



Legal Advisor



Independent Expert



CORPORATE INFORMATION AND ADVISORS

Registered office

Stellar Capital Partners Limited
4th Floor, The Terraces
25 Protea Road
Claremont, Cape Town, 7708
South Africa

Company secretary

Wilma Dreyer

(Suite 229, Private Bag X1005, Claremont, Cape Town, 7735)

Place and date of incorporation

Incorporated on 7 August 1998 in the Republic of
South Africa

Legal Advisor

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/07)
11 Buitengracht Street
Cape Town
8001
South Africa

Independent Expert

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
South Africa

Independent Reporting Accountants

Bernard van der Walt
BDO South Africa Incorporated
(Practice number 905526)
6th Floor
119 – 123 Hertzog Boulevard
Foreshore, Cape Town
8001
South Africa

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003674/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg
2196
South Africa

Sponsor

Rand Merchant Bank
(a division of FirstRand Bank Limited)
1 Merchant Place
Cnr Rivonia Road and Fredman Drive
Sandton, Johannesburg
2196
South Africa

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Form of Proxy (<i>blue</i>) (for use by Certificated Stellar Capital Shareholders or Dematerialised Stellar Capital Shareholders who have elected "own name" registration only)	Attached

SALIENT DATES AND TIMES

2021

Record date to be entitled to receive this Circular	Friday, 19 February
Circular posted to Stellar Capital Shareholders on	Monday, 1 March
Announcement of posting of Circular and notice of General Meeting on SENS on	Monday, 1 March
Last day to trade in order to be eligible to attend and vote at the General Meeting	Tuesday, 16 March
Record date in order to be eligible to attend and vote at the General Meeting	Friday, 19 March
Forms of Proxy (<i>blue</i>) in respect of the General Meeting of Stellar Capital Shareholders to be received, for administrative purposes, by 09:30 on	Friday, 26 March
The General Meeting of Shareholders to be held at 09:30 on	Tuesday, 30 March
Results of the General Meeting released on SENS on	Wednesday, 31 March

Notes:

1. All dates and times in this Circular are local dates and times in South Africa. The above dates and times are subject to change. Any changes will be released on SENS and, if required, published in the press.
2. Stellar Capital Shareholders are referred to page 3 of this Circular for information on the action required to be taken by them.
3. Stellar Capital Shareholders should note that, as transactions in Stellar Capital Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Stellar Capital Shares after the last day to trade in order to be eligible to attend and vote at the General Meeting (i.e. Tuesday, 16 March 2021) will not be eligible to vote at the General Meeting.

ACTION REQUIRED BY STELLAR CAPITAL SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this circular have, where appropriate, been used in this section regarding the action required by Shareholders.

Please take careful note of the following provisions regarding the action required by Stellar Capital Shareholders. If you are in any doubt as to the action you should take, please consult your CSDP Broker, attorney, banker or professional advisor immediately.

1. IF YOU HAVE DEMATERIALISED YOUR STELLAR CAPITAL SHARES AND DO NOT HAVE “OWN NAME” REGISTRATION

1.1 Voting at the General Meeting

If your Dematerialised Stellar Capital Shares are not recorded in your own name in the electronic sub-register of Stellar Capital, you should notify your duly appointed CSDP or Broker, as the case may be, in the manner and subject to the cut-off time stipulated in the custody agreement governing your relationship with your CSDP or Broker, of your instructions as regards voting your Stellar Capital shares at the General Meeting.

If you have not been contacted, it would be advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your instructions.

If your CSDP or Broker does not obtain instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.

You must not complete the attached Form of Proxy (*blue*).

1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

- attend, speak and vote at the General Meeting; or
- send a proxy to represent you at the General Meeting

Your CSDP or Broker will then issue the necessary letter of representation to you to attend the General Meeting. You will not be permitted to attend, speak or vote at the General Meeting, nor send a proxy to represent you at the General Meeting without the necessary letter of representation being issued to you and your CSDP or Broker may then vote on your behalf at the General Meeting in accordance with the mandate between you and your CSDP or Broker.

2. IF YOU HAVE NOT DEMATERIALISED YOUR STELLAR SHARES OR IF YOU HAVE DEMATERIALISED STELLAR CAPITAL SHARES WITH “OWN NAME” REGISTRATION

2.1 Voting, attendance and representation at the General Meeting

You may attend, speak and vote at the General Meeting in person.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*blue*) in accordance with the instructions contained therein and return it to the registered office of Stellar Capital or the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, to be received by no later than 09:30 on Friday, 26 March 2021 for administrative purposes. The relevant Form of Proxy (*blue*) may also be handed to the chairman of the General Meeting before the General Meeting is due to commence.

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular and the annexures hereto, unless otherwise stated, the words in the first column have the meanings assigned to them in the second column, words in the singular include the plural and vice versa, words importing natural persons include corporations and associations of persons and any reference to a gender includes the other gender and the neuter.

“Acquisition” or “Transaction”	the proposed internalisation of the Manco through the acquisition by Stellar Capital of all the issued shares of Thunder Securitisations for the Consideration and pursuant to the terms of the Manco Sale and Purchase Agreement;
“AHI Asset Management”	AHI Asset Management Proprietary Limited (Registration number 1953/001254/07), a private company duly registered and incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of Stellar Capital;
“Board” or “Directors”	board of directors of Stellar Capital, elected as such from time to time and whose names are set out on page 7 of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
“Certificated Stellar Capital Shareholders”	holders of certificated Stellar Capital Shares;
“Certificated Stellar Capital Shares”	Stellar Capital Shares which have not been Dematerialised, title to which is represented by a physical share certificate or other Document of Title;
“Circular”	this bound document dated Monday, 1 March 2021, including the annexures, notice of General Meeting and Form of Proxy (<i>blue</i>), as applicable;
“Companies Act” or “the Act”	the Companies Act, 2008 (Act No. 71 of 2008) as amended;
“Conditions Precedent”	the outstanding conditions precedent to the Transaction as at the Last Practicable Date, set out in paragraph 3.6 of this Circular;
“Consideration”	50 000 000 Stellar Capital ordinary shares of no par value currently held as treasury shares by a wholly-owned subsidiary of Stellar Capital (AHI Asset Management) to be issued to the Manco Shareholders at an issue price of 71.14 cents per Stellar Capital Share in consideration for the Acquisition;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Financial Markets Act and appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or interest in securities on behalf of a shareholder;
“Dematerialisation” or “Dematerialised”	the process by which securities held in certificated form 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 Stellar Capital Shares”	Stellar Capital Shares which have been Dematerialised;
“Dematerialised Stellar Capital Shareholders”	holders of Dematerialised Stellar Capital Shares;
“Documents of Title”	valid share certificates, certified transfer deeds, balance receipts, or any other proof of ownership of Stellar Capital Shares reasonably acceptable to Stellar Capital;
“Effective Date”	the effective date of the Transaction, being 1 January 2021;

“Excluded Sale Assets”	91 261 685 Stellar Capital ordinary Shares of which Manco is the current beneficial owner and which will be excluded from the Transaction;
“Financial Markets Act”	Financial Markets Act, 2012 (Act No. 19 of 2012), as amended or replaced from time to time;
“Form of Proxy”	the (blue) Form of Proxy attached to and forming part of this Circular;
“Foxglove”	Foxglove Capital Resources Limited (Registration number 196460), a private company duly incorporated and registered in Seychelles and currently the 50% shareholder of Manco and also a material Shareholder in Stellar Capital with a 24.59% interest in the issued Share capital of the Company at the Last Practicable Date (representing 224 410 798 Stellar Capital Shares)
“General Meeting”	the General Meeting of Stellar Capital Shareholders to be held at 09:30 on Tuesday, 30 March 2021 at 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708 for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolution necessary to implement the Manco Internalisation;
“Independent Expert”	PSG Capital Proprietary Limited (Registration number 2006/015817/07), a private company duly incorporated and registered in terms of the laws of South Africa and the independent professional expert appointed by the Board of Stellar Capital in order to opine on the fairness of the terms of the Manco Internalisation;
“Independent Reporting Accountants”	BDO South Africa Incorporated, registered accountants and auditors (Practice number 905526), a personal liability company duly incorporated and registered in terms of the laws of South Africa and the appointed independent reporting accountants to the Company in respect of the Transaction;
“JSE”	Johannesburg Stock Exchange, being the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company duly incorporated and registered in terms of the laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act;
“K2016”	K2016225267 (South Africa) Proprietary Limited (Registration number 2016/225267/07), a private company duly incorporated and registered in terms of the laws of South Africa and currently the 50% shareholder of Manco;
“Last Practicable Date”	Friday, 19 February 2021, being the last practicable date prior to finalisation of this Circular;
“Legal advisor” or “CDH”	Cliffe Dekker Hofmeyr Incorporated (Registration number 2008/018923/21), a personal liability company duly incorporated and registered in terms of the laws of South Africa and the appointed legal advisors to the Company in respect of the Transaction;
“Listings Requirements”	the Listings Requirements of the JSE as amended from time to time and in force as at the Last Practicable Date;
“Management Agreement”	the management agreement and its addendum, entered into between the Company and Manco on 8 December 2014, approved by Shareholders on 16 January 2015 and 19 November 2015 respectively and renewed by Shareholders at the Company’s annual general meeting held on 24 November 2020, in terms of which, <i>inter alia</i> , Manco is the dedicated investment manager to Stellar Capital as contemplated in section 15 of the Listings Requirements, the salient features of which are set out in Annexure 4 of this Circular;
“Manco” or “Thunder Securitisations” or “Investment Manager”	Thunder Securitisations Proprietary Limited (Registration number 2010/021751/07), a private company duly incorporated and registered in terms of the laws of South Africa, owned by the Manco Shareholders as at the Last Practicable Date and the appointed management company of Stellar Capital;
“Manco Effective Date”	the third business day after the Manco Fulfilment Date;
“Manco Fulfilment Date”	the date when the last of the conditions precedent to the Manco Internalisation has been fulfilled or waived (as the case may be) or such other fulfilment date as may be agreed on in writing by the parties to the Manco Internalisation;

“Manco Internalisation”	the proposed internalisation of Stellar Capital’s investment management by way of the implementation of the Transaction pursuant to the Manco Sale and Purchase Agreement;
“Manco Sale and Purchase Agreement”	the agreement entered into between Stellar Capital, Thunder Securitisations, and the Manco shareholders on 4 February 2021;
“Manco Shareholders” or “Manco Sellers”	the shareholders of Thunder Securitisations, namely K2016 and Foxglove;
“Material Shareholder”	in terms of the Listings Requirements, any person who is, or within the 12 months preceding the date of the transaction was, entitled to exercise or control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general/annual general meetings of the listed company, or any other company that is its holding company;
“MOI”	the memorandum of incorporation of the Company;
“NAV”	net asset value;
“Press”	<i>Business Day</i> newspaper;
“Rand” or “R”	South African rand, the official currency of South Africa;
“Record Date”	last day and time for Stellar Capital shareholders to be recorded in the Register in order to participate in the General Meeting, expected to be Friday, 19 March 2021;
“Register”	the register of Certificated Shareholders maintained by Stellar Capital’s Transfer Secretaries in accordance with section 50(1) and section 50(3) of the Companies Act, including the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs;
“RMB”	Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a public Company duly incorporated and registered in terms of the laws of South Africa and the appointed sponsor to the Company in respect of the Transaction;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated and registered in terms of the laws of South Africa and a registered central securities depository responsible for the electronic clearing and settlement of trades on the JSE, in terms of the Financial Markets Act;
“Stellar Capital” or “the Company”	Stellar Capital Partners Limited (Registration number 1998/015580/6), a public company duly incorporated and registered in terms of the laws of South Africa and listed on the Main Board of the JSE in the Equity Investment Instruments sector of the list;
“Stellar Capital Group”	collectively, Stellar Capital, its subsidiaries, associates and joint ventures;
“Stellar Capital Shares” or “Shares”	ordinary shares of no par value in the issued share capital of Stellar Capital;
“Stellar Capital Shareholders” or “Shareholders”	registered holders of Stellar Capital Shares;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003674/07, a private company duly incorporated and registered in terms of the laws of South Africa and the transfer secretaries to the Company; and
“VAT”	value added tax, levied in terms of the provisions of the Value Added Tax Act, 1991 (Act No. 89 of 1991), as amended.



Stellar Capital Partners Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/015580/06)

Share code: SCP ISIN: ZAE000198586

("Stellar Capital" or the "Company")

Directors of the company

Cornelius Roodt (*Chairman, Independent non-executive director*)

Peter van Zyl (*Chief Executive Officer*)

Sean Graham (*Chief Financial Officer*)

Lonn Potgieter (*Lead Independent non-executive director*)

Dumisani Tabata (*Independent non-executive director*)

Marco Wentzel (*Independent non-executive director*)

Herman Steyn (*Non-executive director*)

James Bishop (*Non-executive director*)

CIRCULAR TO STELLAR CAPITAL SHAREHOLDERS

1. BACKGROUND

- 1.1 As set out in the announcement released on SENS on 5 February 2021, Stellar Capital has entered into the Manco Sale and Purchase Agreement in terms of which Thunder Securitisations will be constituted as a wholly-owned subsidiary of Stellar Capital.
- 1.2 The Manco Internalisation constitutes a related party transaction in terms of the JSE Listings Requirements as Stellar Capital is entering into a transaction with a Material Shareholder (Foxglove) and with its management company (Manco) and, accordingly, requires Shareholder approval.
- 1.3 The purpose of this Circular is to provide Stellar Capital Shareholders with information regarding the Manco Internalisation and to convene a General Meeting of Stellar Capital Shareholders in order to consider and, if deemed appropriate, pass with or without modification, the ordinary resolution necessary to implement the Manco Internalisation.

2. OVERVIEW OF STELLAR CAPITAL

2.1 Nature of business

Stellar Capital is a JSE-listed investment holding company with a combination of strategic and controlling stakes in a portfolio of alternative financial services investee companies that operate predominantly in South Africa.

Stellar Capital appointed Thunder Securitisations as its dedicated investment manager to manage the portfolio of the Company in accordance with section 15 of the JSE Listings Requirements. The Manco, in terms of its Management Agreement with the Company, acts on behalf of the Company in sourcing, negotiating, concluding and executing investment opportunities for the Company. All material investment decisions, including but not limited to the acquisition and disposal of investments, require the approval of the Board.

3. THE MANCO INTERNALISATION

- 3.1 Further to the announcement released on SENS on 5 February 2021, the Stellar Capital Board has resolved to internalise its management company, Thunder Securitisations. To this end, Stellar Capital, Thunder Securitisations and the Manco Shareholders have entered into the Manco Sale

and Purchase Agreement in terms of which Thunder Securitisations will be constituted as a wholly-owned subsidiary of Stellar Capital on the following basis:

- 3.1.1 Stellar Capital will acquire a 100% interest in Thunder Securitisations for an aggregate purchase Consideration of 50 000 000 Stellar Capital ordinary Shares currently held in treasury;
 - 3.1.2 accordingly each of the Manco Shareholders, being Foxglove and K2016, will receive 25 000 000 Stellar Capital ordinary Shares; and
 - 3.1.3 the Manco Shareholders will sell and transfer to Stellar Capital the 168 ordinary shares in Thunder Securitisations currently held by them in order to constitute Thunder Securitisations as a wholly-owned subsidiary of Stellar Capital.
- 3.2 As provided in the Independent Expert's fairness opinion, as set out in **Annexure 3**, Stellar Capital Shareholders who hold in aggregate 459 629 740 of the Stellar Capital ordinary Shares representing 62.8% of the issued Stellar Capital ordinary Shares, and who will be eligible to vote at the next annual general meeting of Stellar Capital, have provided irrevocable undertakings to vote against the renewal of the current Management Agreement at the next annual general meeting of Stellar Capital (if the ordinary resolution necessary to implement the Manco Internalisation is not passed at the General Meeting).

In accordance with the Management Agreement, except in the case of a material breach by the Manco which is not remedied within 10 business days, the Manco being voluntarily or compulsorily wound up or placed under business rescue, the cancellation of the Management Agreement may only occur by the requisite majority of Shareholders voting against the renewal of the Management Agreement at each annual general meeting of the Company. The Management Agreement is perpetual, but subject to a shareholder vote at each annual general meeting whereby the shareholders of the Company, by approval of more than 50% of the votes exercised by shareholders on the cancellation resolution, may approve the termination of the Management Agreement. In the past the Board has not motivated for a renewal or a cancellation of the Management Agreement as the requirement to obtain shareholder approval for a renewal or a cancellation is contractual.

The Board, after engaging with stakeholders and receiving the abovementioned irrevocable undertakings, recognises that going forward the Manco Internalisation will better align the interests of management with that of Stellar Capital Shareholders and is in line with current corporate best practices. The Manco Internalisation is also expected to reduce Stellar Capital's overhead costs as Stellar Capital's investment portfolio expands and the available cash is deployed.

The current Management Agreement requires the issue of 50 000 000 Stellar Capital ordinary Shares to the Manco on termination of the Management Agreement, as well as a full three-month notice period once Shareholders have voted to terminate the relationship. The Board believes that the Manco Internalisation for the same economics (50 000 000 Stellar Capital ordinary Shares), provides a more constructive and beneficial route than termination of the Management Agreement, as the Manco Internalisation will retain the skills and continuity of the resources from the Manco, limiting disruption and retaining key knowledge. If the Manco Internalisation is approved and implemented in accordance with the terms of the Manco Sale and Purchase Agreement, the purchase consideration of 50 000 000 Stellar Capital ordinary Shares, currently held in treasury will accordingly be payable by the Company to the Manco Shareholders (the equivalent settlement issue to Manco would have applied on termination of the Management Agreement). It is envisaged that, after the implementation of the Manco Internalisation, the Management Agreement between Manco (at the time a wholly-owned subsidiary of the Company) and the Company will be amended or terminated as an intra-group contract, if deemed fit by the Board.

- 3.3 As at the Last Practicable Date, the shareholders of Thunder Securitisations are as follows:

Shareholder	Percentage
Foxglove	50.00
K2016	50.00
Total	100.00

- 3.4 The Manco Internalisation will not include the Excluded Sale Assets and, as such, after the Manco Fulfilment Date but prior to the Manco Effective Date, Thunder Securitisations will transfer its beneficial ownership in 91 261 685 Stellar Capital ordinary shares to the Manco Shareholders. Accordingly, Foxglove will become the beneficial owner of an additional 45 630 843 Stellar Capital ordinary Shares and K2016 will become the beneficial owner of an additional 45 630 842 Stellar Capital ordinary Shares.

- 3.5 Effective 1 January 2021, Stellar Capital will acquire from the Manco Shareholders all the issued ordinary shares (being 168 ordinary shares) in Thunder Securitisations for a consideration to be settled by the issue of 50 000 000 Stellar Capital ordinary Shares at an issue price of 71.14 cents per Stellar Capital Share.
- 3.6 In terms of the Manco Sale and Purchase Agreement, the Manco Internalisation remains subject to the fulfilment of the remaining condition precedents that the Manco Internalisation be approved by the requisite majority of Stellar Capital Shareholders (excluding the Manco Shareholders and their associates) and that all regulatory approvals that are required, be obtained.
- 3.7 The Manco Shareholders have warranted the financial position of Manco on the basis that the NAV of Manco as at 31 December 2020, excluding the Excluded Sale Assets, and after deduction of any taxes payable by Manco pursuant to the Manco Internalisation and the transfer of the Excluded Sale Assets from Manco to the Manco Shareholders, will not be greater than a negative R2 100 000.00. The aforementioned sum includes amounts owing by Manco to parties who are related to or associated with the Manco Shareholders. These loans will remain in place in accordance with their current terms and shall be settled in the ordinary course. The Manco Sale and Purchase Agreement includes other warranties and undertakings as to title, capacity and authority and the financial position of the Manco, which are normal for a transaction of this nature.
- 3.8 In terms of paragraphs 10.1(b)(i) and (v) of the Listings Requirements, the Manco Internalisation is a related party transaction, as Stellar Capital is entering into a transaction with a Material Shareholder (Foxglove) which currently holds a 24.59% interest in the issued Share capital of the Company and with its management company (Manco).
- 3.9 As the Manco Internalisation is a related party transaction, the following is required in terms of the Listings Requirements in order to implement the Manco Internalisation:
- 3.9.1 a report by an independent expert opining on the fairness of the terms of the Manco Internalisation insofar as Stellar Capital Shareholders are concerned; and
- 3.9.2 Shareholder approval at the General Meeting.
- 3.10 Although the Manco Shareholders and their associates will be taken into account in determining a quorum at the General Meeting, in terms of the Listings Requirements the resolution authorising the Manco Internalisation pursuant to the Manco Sale and Purchase Agreement must be approved by a majority of Stellar Capital Shareholders excluding the votes cast by the Manco Shareholders and their associates.
- 3.11 As required in terms of the Listings Requirements, the Independent Expert has prepared a fairness opinion in respect of the terms of the Manco Internalisation, a copy of which is contained in **Annexure 3** to this Circular, to the effect that the Manco Internalisation is fair insofar as Stellar Capital Shareholders are concerned.
- 3.12 The Board hereby confirms that, having regard to the Independent Expert's opinion in respect of the Manco Internalisation, it is of the opinion that the Manco Internalisation is fair insofar as the Company's Shareholders are concerned.
- 3.13 As required in terms of section 75(5) of the Companies Act, all directors who have a personal interest in the Manco Internalisation, namely Peter van Zyl and James Bishop being the key individuals of the Manco, have not taken part in the consideration of the Manco Internalisation. The Manco Internalisation has been dealt with by an independent committee of the Board of Stellar Capital consisting of Lonni Potgieter, Corrie Roodt and Marco Wentzel.
- 3.14 Pursuant to the Manco Internalisation, James Bishop will continue to serve on the Stellar Capital Board as a non-executive director. Peter van Zyl and Sean Graham, who are currently employed by Manco, will remain Chief Executive Officer and Chief Financial Officer of Stellar Capital respectively. The other current employees of Manco will remain employed by the Stellar Capital Group after implementation of the Manco Internalisation.

4. **PRO FORMA FINANCIAL INFORMATION**

- 4.1 The *pro forma* statement of financial position of Stellar Capital and the *pro forma* statement of comprehensive income of Stellar Capital after the Manco internalisation are set out in **Annexure 2** of this Circular.

- 4.2 The *pro forma* financial information of Stellar Capital after the Manco Internalisation, including the assumptions on which they are based and the financial information from which they have been prepared, are the responsibility of the Board.
- 4.3 The Independent Reporting Accountants' assurance report on the *pro forma* financial effects contained in this paragraph 4, as well as the *pro forma* statement of financial position of Stellar Capital and the *pro forma* statement of comprehensive income of Stellar Capital after the Manco Internalisation, as set out in **Annexure 2** of this Circular, is set out in **Annexure 1** of this Circular.
- 4.4 The consolidated *pro forma* financial information is the responsibility of the Directors. The purpose of the table below is to illustrate the *pro forma* financial effects of the Manco Internalisation. The *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of Stellar Capital has been prepared and in terms of Stellar Capital's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not fairly present Stellar Capital's financial position, changes in equity, results of operations or cash flows after the implementation of the Manco Internalisation.

These *pro forma* financial effects as set out below should be read in conjunction with the *pro forma* consolidated statement of financial position, income statement and statement of comprehensive income as set out in **Annexure 2**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 2**.

The Independent Reporting Accountants' report on the *pro forma* financial information is set out in **Annexure 1** to this Circular.

	Published, unaudited interim results for the six months ended 31 December 2020	Adjustment for the Manco Internal- isation	<i>Pro forma</i> after the Manco Internal- isation	% change
Net asset value per share (Rands)	1.29	(0.07)	1.22	-5%
Tangible net asset value per share (Rands)	1.29	(0.07)	1.22	-5%
Loss per share (cents)	(1.47)	(4.33)	(5.80)	295%
Headline loss per share (cents)	(1.47)	(4.09)	(5.56)	279%
Number of Shares in issue excluding treasury shares (million)	822.6	50.0	872.6	6%
Weighted average number of Shares in issue (million)	822.6	50.0	872.6	6%

5. GENERAL MEETING

- 5.1 A General Meeting of Stellar Capital Shareholders will be held at 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708 at 09:30 on Tuesday, 30 March 2021 to consider and, if deemed fit, to pass, with or without modification, the ordinary resolution necessary to implement the Manco Internalisation.
- 5.2 Details of the action required by Stellar Capital Shareholders are set out on page 3 of this Circular and in the notice of General Meeting attached to and forming part of this Circular.

6. SHARES IN ISSUE

Stellar Capital's authorised and issued Share capital as at the Last Practicable Date and after the implementation of the Transaction and consequent Manco Internalisation are set out below.

As at the last practicable date

	R'000
Share capital	
<i>Authorised</i>	
2 000 000 000 ordinary shares of no par value	–
<i>Issued</i>	
912 616 841 ordinary shares of no par value	–
Stated capital	2 229 084

Stellar Capital holds 90 000 000 shares in treasury.

After the transaction

	R'000
Share capital	
<i>Authorised</i>	
2 000 000 000 ordinary shares of no par value	–
<i>Issued</i>	
912 616 841 ordinary shares of no par value	–
Stated capital	2 229 084

Stellar Capital holds 40 000 000 shares in treasury*.

*50 000 000 Stellar Capital shares are utilised for the purposes of settling the Consideration and implementing the Transaction.

7. MAJOR AND CONTROLLING SHAREHOLDERS

7.1 Set out below are the names of Shareholders, other than Directors that are directly or indirectly, beneficially interested in 5% or more of the issued ordinary Shares of Stellar Capital as at the Last Practicable Date.

Name of shareholder	Beneficial		Total	% of shares in issue
	Directly	Indirectly		
Foxglove Capital Resources	224 410 798	–	224 410 798	24.59
Asgard Capital Assets	171 097 041	–	171 097 041	18.75
Thunder Securitisations	91 261 685	–	91 261 685	10.00
AHI Asset Management*	90 000 000	–	90 000 000	9.86
Total	576 769 524	–	576 769 524	63.20

* Held as treasury shares

7.2 Set out below are the names of Shareholders, other than Directors that will be directly or indirectly, beneficially interested in 5% or more of the issued ordinary Shares of Stellar Capital after the implementation of the Transaction and consequent Manco Internalisation. The shareholding by AHI Asset Management is shown for comparative purposes as the holding will be less than 5% after the implementation of the Transaction.

Name of shareholder	Beneficial		Total	% of shares in issue
	Directly	Indirectly		
Foxglove Capital Resources	295 041 641	–	295 041 641	32.33
Asgard Capital Assets	171 097 041	–	171 097 041	18.75
K2016	87 126 632	–	87 126 632	9.55
AHI Asset Management*	40 000 000	–	40 000 000	4.38
Total	593 265 314	–	593 265 314	65.01

*Held as treasury shares

8. MANAGEMENT AGREEMENT

Thunder Securitisations has been appointed to manage the investment portfolio of Stellar Capital. However, pursuant to the Manco Internalisation, the investment management of Stellar Capital will be internalised.

The salient features of the Stellar Capital Management Agreement, including the fees payable to Manco and termination in terms thereof, are set out in **Annexure 4** of this Circular, with the full terms of the Management Agreement being available for inspection, as set out in paragraph 13 below.

8.1 Details of the director and key individuals of management of Thunder Securitisations

The full names, ages, business addresses and capacities of the directors and key individuals of management of the Investment Manager are set out below:

Name and age	Business address	Qualification	Function
Peter van Zyl 44 South African	4th Floor, The Terraces 25 Protea Road, Claremont 7708	BCom	Key individual
James Bishop 50 South African	4th Floor, The Terraces 25 Protea Road, Claremont 7708	BCom, BAcc CA(SA)	Key individual
Andrea Gazet Du Chattelier 37 South African	4th Floor, The Terraces 25 Protea Road, Claremont 7708	CA(SA)	Director

Pursuant to the Manco Internalisation, James Bishop will continue to serve on the Stellar Capital Board as a non-executive director. Peter van Zyl and Sean Graham, who are employed by Thunder Securitisations, will continue to be employed by Thunder Securitisations and will remain Chief Executive Officer and Chief Financial Officer of Stellar Capital respectively. The current sole director of Manco, Ms Andrea Gazet Du Chattelier, will resign as a director of Manco on the closing of the Transaction and Messrs Van Zyl and Graham will be appointed as the directors of Manco.

8.2 Experience of key individuals of the Investment Manager

Peter van Zyl

Peter has a wide-ranging operational, corporate finance and entrepreneurial experience in private equity ventures. His strong background and training in finance has assisted in his many roles looking after the financial and operations functions of various businesses, often to improve the functions within the business to a listed company standard. Peter established the Thunder Group, a private equity investment business which holds investments in the technology, property and other alternative investments space and he remains a non-executive director within the group. Peter was the founding chairman of the Torre group on its mirror listing in 2012, a position he held until 2015 when he stepped down to act as a non-executive director until its delisting in April 2019. Peter was also previously the Chief Executive Officer of Stellar Capital between February 2015 and October 2015. Peter also serves on a number of non-profit conservation organisations.

James Bishop

James is a qualified CA(SA) and has gained strong entrepreneurial skills primarily in finance, investment and property having worked extensively in these sectors in the United Kingdom, South Africa and the USA. James joined the Stellar Capital Board as a non-executive director in October 2017.

9. MATERIAL CHANGES

There have been no material changes in the financial position of the Stellar Capital Group since publication of its results for the six months ended 31 December 2020, other than the proposed Manco Internalisation.

10. CONSENTS

10.1 Each of the Sponsor, Independent Reporting Accountants, Independent Expert, Transfer Secretaries and Legal Advisors have consented in writing to act in the capacities stated and to their names appearing in this Circular and have not withdrawn their consent prior to the publication of this Circular.

10.2 The Independent Reporting Accountants and the Independent Expert have consented to the inclusion on their reports in the form and context in which they appear in this Circular, which consents have not been withdrawn prior to the publication of this Circular.

11. TRANSACTION EXPENSES

The expenses (excluding VAT) relating to the Manco Internalisation which have been incurred or that are expected to be incurred are presented in the table below:

Expense	Recipient	Amount
Sponsor fees	RMB	R100 000
Independent Reporting Accountants' fees	BDO	R75 000
Independent Expert's fees	PSG	R200 000
Legal Advisors' fees	CDH	R300 000
JSE documentation inspection fees	JSE	R80 000
Circular printing, publication, press announcements, distribution	Ince	R100 000
Transfer Secretaries/General Meeting Scrutineers	Computershare	R30 000
Securities Transfer Tax	SARS	R90 000
Total		R975 000

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

13. DOCUMENTS AND CONSENTS TO BE AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at any time during normal business hours on business days from the date of issue of this Circular up to and including the date of the General Meeting at the registered office of Stellar Capital and the office of the Transfer Secretaries:

- 13.1 the MOI of Stellar Capital;
- 13.2 the Stellar Capital Management Agreement with Manco;
- 13.3 the Manco Sale and Purchase Agreement;
- 13.4 a signed copy of this Circular;
- 13.5 the Independent Expert's fairness opinion, a copy of which is set out in **Annexure 3** of this Circular;
- 13.6 the Independent Reporting Accountants' report, a copy of which is set out in **Annexure 1** of this Circular;
- 13.7 the letters of consent referred to in paragraph 10 above;
- 13.8 the latest valuations prepared in respect of the Stellar Capital investment portfolio;
- 13.9 the management accounts of Thunder Securitisations for the year ended 31 December 2020; and
- 13.10 the consolidated audited financial statements of the Stellar Capital for the years ended 30 June 2019 and 30 June 2020 and the unaudited consolidated interim results for the six months ended 31 December 2020.

Signed in Cape Town by Corrie Roodt on his behalf and on behalf of all the Directors of the Company on 1 March 2021 in terms of authority granted by them.

Corrie Roodt
Duly authorised

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL POSITION

The Directors

Stellar Capital Partners Limited
4th Floor, The Terraces
25 Protea Road
Claremont, Cape Town
7708

22 February 2021

Dear Sirs/Mesdames

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF STELLAR CAPITAL PARTNERS 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 "**Directors**"). The *pro forma* financial information, as set out in **Annexure 2** of the circular to be issued on 1 March 2021 ("**the Circular**"), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Listings Requirements and described in **Annexure 2**.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in Part 1 and 2 of the Circular, on the company's financial position and performance as at 31 December 2020, as if the corporate action or event had taken place at 31 December 2020 for statement of financial position and 1 July 2020 for statement of comprehensive income purposes. As part of this process, information about the company's financial position and performance has been extracted by the directors from the company's published unaudited interim financial information for the six months ended 31 December 2020.

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 **Annexure 2** of the Circular and as described in the notes to the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income.

Our independence and quality control

We have complied with the independence and other ethical requirements of sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the "**IRBA Codes**"), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform 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 the 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 judgement, 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 **Annexure 2** of the Circular.

Consent

This report on the *pro forma* statement of financial position and *pro forma* statement of comprehensive income is included solely for the information of the shareholders of the Company. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Yours faithfully

BDO South Africa Incorporated

Chartered Accountants (SA)
Registered Auditors

per B van der Walt

Chartered Accountant (SA)
Registered Auditor
JSE Reporting Accountant Specialist

CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

The definitions and interpretations commencing on page 4 of the Circular have been used throughout this Annexure. The *pro forma* financial information should be read in conjunction with paragraphs 1, 2 and 3 of the Circular

Basis of preparation

- a) The *pro forma* financial information has been prepared using the most recent financial period of the Stellar Capital Group in terms of the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.
- b) The published numbers have been extracted, without adjustment, from Stellar Capital's unaudited interim results for the six month period ended 31 December 2020 as published on SENS on 19 February 2021, which can be accessed on Stellar Capital's website at: www.stellarcapitalpartners.co.za, and will be available for inspection at the registered office of Stellar Capital as set out in paragraph 13 of this Circular.
- c) The consolidated *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board. The consolidated *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the unaudited interim consolidated results of Stellar Capital for the six-month period ended 31 December 2020 (the "**Consolidated Pro Forma Financial Information**"). The Consolidated *Pro forma* Financial Information has been prepared for illustrative purposes only, based on current information available to management of Stellar Capital, in order to provide information about the financial results and position of Stellar Capital Group. Due to its nature, the Consolidated *Pro forma* Financial Information may not fairly present Stellar Capital Group's financial position, changes in equity and results of operations or cash flows after the Manco Internalisation, and are based on the assumptions that:
 - c.1 for the purpose of calculating earnings per share and headline earnings per share, the Manco internalisation was implemented on 1 July 2020; and
 - c.2 for the purpose of calculating net asset value per share and net tangible asset value per share, the Manco internalisation was implemented on 31 December 2020.
- d) The accounting policies of Stellar Capital have been used in calculating the *pro forma* financial effects.
- e) The Independent Reporting Accountant's assurance report on the Consolidated *Pro forma* Financial Information is set out in **Annexure 1** of this Circular.

PRO FORMA STATEMENT OF FINANCIAL POSITION OF STELLAR CAPITAL AT 31 DECEMBER 2020

R'000	Unaudited as at 31 December 2020	Acquisition of treasury shares	Effective settlement of pre-existing contract	Consolidation of Manco	Impairment of good will	Impact of Transaction	Pro forma as at 31 December 2020 after Internal- sation of Manco
Notes	1	2	3	4	5	6	
Non-current assets	666 494	-	-	2 494	(2 087)	-	667 033
Unlisted investments at fair value	666 494	-	-	-	-	-	666 494
Other financial assets	-	-	-	-	-	-	-
Goodwill	-	-	-	2 087	(2 087)	-	-
Deferred taxation	132	-	-	407	-	-	539
Current assets	462 966	-	-	267	-	-	463 233
Unlisted investments at fair value	44 059	-	-	-	-	-	44 059
Other financial assets	1 209	-	-	-	-	-	1 209
Current tax receivable	-	-	-	-	-	-	-
Trade and other receivables	1 586	-	-	129	-	-	1 715
Cash and cash equivalents	416 112	-	-	138	-	-	416 250
Total assets	1 129 592	-	-	2 761	(2 087)	-	1 130 266
Equity	1 127 925	(35 570)	-	-	(2 087)	(1 121)	1 089 147
Ordinary share capital	2 229 084	(37 500)	37 500	-	-	-	2 229 084
Accumulated loss	(1 101 159)	1 930	(37 500)	-	(2 087)	(1 121)	(1 139 937)
Current liabilities	1 667	35 570	-	2 761	-	1 121	41 119
Other financial liabilities	-	35 570	-	677	-	-	36 247
Current tax payable	649	-	-	-	-	-	649
Trade and other payables	1 018	-	-	2 084	-	1 121	4 223
Total equity and liabilities	1 129 592	-	-	2 761	(2 087)	-	1 130 266
NAVPS	1.29						1.22
Tangible NAVPS	1.29						1.22

Notes and assumptions:

1. Presents the consolidated statement of financial position extracted, without adjustment, from the Stellar Capital's interim unaudited results for the period ended 31 December 2020.
2. Stellar Capital will acquire 50 million Stellar Capital shares ("**Treasury Shares**") on loan account from its wholly-owned subsidiary AHI Asset Management for an acquisition price of R35.6 million ("**Acquisition Price**") which is the cost at which AHI Asset Management acquired the Treasury Shares in the open market. The acquisition of the Treasury Shares is reflected in the *pro forma's* as follows:
 - a. A loan liability owing to AHI by Stellar Capital is recognised equal to the Acquisition Price.
 - b. Stated capital is reduced by R37.5 million being the fair value of the Treasury Shares calculated using the spot price on 1 January 2021, the effective date of the transaction ("**Treasury Shares Fair Value**").
 - c. The R1.93 million difference between the Acquisition Price and the Treasury Shares Fair Value is recognised as a gain on acquisition of the Treasury Shares.

Stellar Capital applies the IFRS 10 consolidation exemption for investment companies and therefore AHI is not a consolidated subsidiary.

3. Stellar Capital will acquire 100% of the equity in Manco through the issue of the Treasury Shares to Manco shareholders of Manco, however, before accounting for the Manco Internalisation, Stellar Capital must first account for the settlement of a pre-existing contractual relationship with Manco. The details of this are as follows:
 - a. Stellar Capital has a contractual relationship with Manco which includes a stated settlement provision whereby Stellar Capital will have to pay Manco 50 million Stellar Capital Shares ("Stated Settlement Provision") to cancel the contract; and
 - b. In accordance with IFRS 3 Business Combinations the portion of the consideration attributed to the settlement of a pre-existing relationship is a transaction that is separate from the acquisition of the assets and liabilities of Manco. This results in Stellar Capital incurring a loss of R37.5 million equal to the Stated Settlement Provision, i.e. the fair value of the Treasury Shares transferred to Manco to cancel the contract.
4. The acquisition accounting has been performed using a purchase consideration of Rnil as the full purchase consideration has been applied to settling the Stated Settlement Provision. Goodwill of R2.07 million is recognised being the difference between the purchase consideration of Rnil and the negative fair value the Manco assets and liabilities extracted without adjustment from Manco's unaudited results for the six months ended 31 December 2020.
5. The resulting goodwill is impaired due to (i) Manco's only revenue being derived from contracts with Stellar Capital or its investments and (ii) there being no significant income-generating assets in Manco's statement of financial position.
6. These are one-off transaction costs of R1.1 million which include independent reporting accountant fees, sponsors fees, advisory fees, consultant fees, legal fees and publication fees as disclosed in paragraph 11 to the Circular. These transaction costs are not deductible for tax purposes and are VAT inclusive as Stellar Capital is not able to claim the input VAT thereon.
7. There are no material subsequent events that require adjustments to the *pro forma* financial information.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF STELLAR CAPITAL FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Unaudited six months ended 31 December 2020	Acquisition of treasury shares	Effective settlement of pre-existing contract	Consolidation of Manco	Impairment of goodwill	Impact of Transaction	Pro forma six months ended 31 December 2020 after inter- nalisation of Manco
R'000	Notes	1	2	3	4	5	6
Notes		1	2	3	4	5	6
Fair value adjustments		(37 959)	-	-	-	-	(37 959)
Fair value adjustments on unlisted investments and other financial assets		(32 907)	-	-	-	-	(32 907)
Fair value adjustments resulting from capital distributions		(5 052)	-	-	-	-	(5 052)
Dividend income		26 543	-	-	-	-	26 543
Capital distributions		5 052	-	-	-	-	5 052
Earnings distributions		21 491	-	-	-	-	21 491
Interest income		9 389	-	-	-	-	9 389
Gross loss from investments		(2 027)	-	-	-	-	(2 027)
Other income		178	-	-	601	-	779
Net loss before operating expenses		(1 849)	-	-	601	-	(1 248)
Management fee		(4 811)	-	-	4 811	-	-
Operating expenses		(3 223)	-	-	(5 097)	-	(8 320)
Effective settlement of pre-existing relationship		-	-	(37 500)	-	-	(37 500)
Goodwill impairment		-	-	-	-	(2 087)	(2 087)
Gain on acquisition		-	1 930	-	-	-	1 930
Transaction costs		-	-	-	-	-	(1 121)
Loss before tax		(9 883)	1 930	(37 500)	315	(2 087)	(48 346)
Taxation	7	(2 189)	-	-	(88)	-	(2 277)
Loss for the year		(12 072)	1 930	(37 500)	227	(2 087)	(50 623)
Weighted number of shares in issue ('000)	8	822 617					872 617
Loss per share (cents)		(1.47)					(5.80)
Headline loss per share (cents)		(1.47)					(5.56)

RECONCILIATION BETWEEN LOSS AND HEADLINE LOSS

	Unaudited six months ended 31 December 2020	Acquisition of treasury shares	Effective settlement of pre-existing contract	Consolidation of Manco	Impairment of goodwill	Impact of Transaction	<i>Pro forma</i> six months ended 31 December 2020 after inter- nalisation of Manco
R'000	Notes						
Loss for the year	(12 072)	1 930	(37 500)	227	(2 087)	(1 121)	(50 623)
Goodwill impairment	9	-	-	-	2 087	-	2 087
Headline loss for the year	(12 072)	1 930	(37 500)	227	-	(1 121)	(48 536)
	Unaudited six months ended 31 December 2020	Acquisition of treasury shares	Effective settlement of pre-existing contract	Consolidation of Manco	Impairment of goodwill	Impact of transaction	<i>Pro forma</i> six months ended 31 December 2020 after inter- nalisation of Manco
'000	Notes						
Shares in issue at the beginning of the period	912 617	-	-	-	-	-	912 617
Weighted effect of treasury shares and share repurchases	(90 000)	-	50 000	-	-	-	(40 000)
Weighted average number of shares in issue	822 617	-	50 000	-	-	-	872 617

Notes and assumptions:

1. Presents the consolidated statement of profit and loss and other comprehensive Income extracted, without adjustment, from Stellar Capital's interim unaudited results for the six-month period ended 31 December 2020.
2. Stellar Capital will acquire 50 million Treasury Shares on loan account from its wholly-owned subsidiary AHI Asset Management for an acquisition price of R35.6 million which is the cost at which AHI Asset Management acquired the Treasury Shares in the open market. The R1.93 million difference between the Acquisition Price and the Treasury Shares Fair Value is a gain on acquisition.
3. Due to the acquisition of Manco, Stellar Capital settles their pre-existing contractual relationship with Manco which includes a stated settlement provision whereby Stellar Capital will have to pay Manco 50 million Stellar Capital Shares to cancel the contract. The loss of R37.5 million is equal to the Treasury Shares Fair Value being the value of the Stated Settlement Provision.
4. Due to the acquisition of Manco, Stellar Capital will consolidate 100% Manco's income and expenses from 1 July 2020:
 - a. The income and expenses have been extracted, without adjustment, from Manco's unaudited results for the six months ended 31 December 2020.
 - b. The management fee paid by Stellar Capital to Manco will be eliminated upon consolidation. Included in the *pro forma* adjustment is a saving related to input VAT at 15% which Stellar Capital was unable to claim on management fees charged by Manco.
 - c. Income and expenses earned and incurred by Manco, other than those relating to transactions with subsidiaries or associates of Stellar Capital will continue to be recognised by the Stellar Capital Group.
 - d. Other income comprises on-charges or recoveries of costs of R100,000 per month that fall outside of the Management Agreement.
5. The resulting goodwill from the acquisition of Manco is impaired due to (i) Manco's only revenue being derived from contracts with Stellar Capital or its investments and (ii) there being no significant income-generating assets in Manco's statement of financial position.
6. These are one-off transaction costs of R1.1 million which include independent reporting accountant fees, sponsors fees, advisory fees, consultant fees, legal fees and publication fees as disclosed in paragraph 11 to the Circular. These transaction costs are not deductible for tax purposes and are VAT inclusive as Stellar Capital is not able to claim the input VAT thereon.
7. A standard tax rate of 28% has been applied to the consolidation of Manco's income and expenses. No tax deduction has been included for transaction costs as these are capital in nature.
8. The ordinary share capital of Stellar Capital is unaffected as AHI Asset Management is not consolidated, but the weighted average number of shares in issue increases as a result of the reduction of treasury shares by 50 million.
9. Goodwill impairment has been added back to determine headline loss in accordance with Circular 1/2019 issued by The South African Institute of Chartered Accountants.
10. All adjustments will not have a continuing effect with the exception of the annual consolidation of Manco as described in note 4 above.

INDEPENDENT EXPERT'S FAIRNESS OPINION IN RESPECT OF THE MANCO INTERNALISATION

22 February 2021

Board of Directors
Stellar Capital Partners Limited (“**Stellar Capital**” or the “**Company**”)
Fourth Floor, The Terraces, 25 Protea Road
Claremont
Cape Town
7708
South Africa

Dear Sirs

INDEPENDENT EXPERT'S REPORT IN RESPECT OF THE INTERNALISATION OF STELLAR CAPITAL'S INVESTMENT MANAGER

1. INTRODUCTION

In the announcement released on SENS on Friday, 5 February 2021, holders of Stellar Capital shares (“**Stellar Capital Shareholders**”) were informed that the Company has entered into an agreement with Thunder Securitisations Proprietary Limited (the “**Manco**” or the “**Investment Manager**”) in terms of which the Manco will be constituted as a wholly owned subsidiary of Stellar Capital (“**Manco Internalisation**” or the “**Proposed Transaction**”) on the following basis:

- Stellar Capital will acquire a 100% interest in the Manco for an aggregate Manco subscription consideration of 50 000 000 Stellar Capital ordinary shares; and
- the Manco shareholders will sell and transfer to Stellar Capital the 168 ordinary shares in the Manco currently held by them in order to constitute Manco as a wholly owned subsidiary of Stellar Capital.

Full particulars of the Manco Internalisation are contained in the circular to Stellar Capital Shareholders (“**the Circular**”), of which this opinion forms part.

2. SCOPE

As the Manco Internalisation is a related party transaction, in terms of Section 10.1(b)(v) of the Listings Requirements of the JSE (“**Listings Requirements**”), an independent expert (“**Independent Expert**”) is to compile a report on the terms and conditions of the Proposed Transaction and opine as to the fairness of the Manco Internalisation as far as Stellar Capital Shareholders are concerned (the “**Independent Expert Report**” or the “**Opinion**”).

PSG Capital Proprietary Limited (“**PSG Capital**”) has been appointed by the independent board of directors of Stellar Capital (the “**Board**”) as the Independent Expert to advise, in accordance with the Listings Requirements, on whether the terms and conditions of the Manco Internalisation are fair as far as Stellar Capital Shareholders are concerned.

3. RESPONSIBILITY

Compliance with the Listings Requirements is the responsibility of the Board. PSG Capital's responsibility is to report on the whether the terms and conditions of the Manco Internalisation are fair to Stellar Capital Shareholders.

We confirm that our Opinion has been provided to the Board for the sole benefit of assisting them in forming and expressing an opinion for the benefit of Stellar Capital Shareholders, and that it will be distributed to shareholders in connection with the Proposed Transaction. We understand that the results of our work will be used by the Board to satisfy the requirements of the Listings Requirements.

4. DEFINITION OF THE TERM “FAIR”

A transaction will generally be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

The assessment of fairness is primarily based on quantitative considerations. Accordingly, the Manco Internalisation may be considered fair if the value attributable to Stellar Capital, post the Manco Internalisation, is greater or equal to the value attributable to Stellar Capital prior to the Manco Internalisation.

We have applied the aforementioned principles in preparing our Opinion. This fairness opinion does not purport to cater for an individual shareholder’s position but rather the general body of shareholders. A shareholder’s decision regarding fairness of the terms of the Manco Internalisation may be influenced by their particular circumstances (for example taxation and the original price paid for the shares). Should a Stellar Capital Shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Manco Internalisation, considering his/her personal circumstances.

5. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Stellar Capital management (“**Management**”) and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formalising our Opinion include:

- The audited annual financial statements of Stellar Capital for the financial years ended 30 June 2018 to 30 June 2020;
- The unaudited interim financial statements of Stellar Capital for the six-months ended 31 December 2020;
- Company valuation models relating to Stellar Capital’s underlying investments for the audited financial years ended 30 June 2019 and 30 June 2020, and the unaudited valuation models as at 31 December 2020;
- The audited annual financial statements of Manco for the financial years ended 31 December 2018 and 31 December 2019;
- Manco’s unaudited management accounts for the financial year ended 31 December 2020;
- Detailed management fee calculations performed by the Company relating to the management fee paid to Manco for the audited financial years ended 30 June 2016 to 30 June 2020, together with forecasted expectations of the Company’s net asset value growth from which the management fee would be calculated;
- Stellar Capital’s SENS announcement relating to the Manco Internalisation, published on Friday, 5 February 2021;
- The management agreement between Stellar Capital and the Manco dated 8 December 2014 and the first addendum thereto dated 21 October 2015 (“**Management Agreement**”)
- The sale of shares agreement between Stellar Capital and owners of the Manco ;
- The draft Circular;
- The signed irrevocable undertakings received from Stellar Capital Shareholders collectively amounting to 62.8% of the Company’s issued share capital to:
 - vote against the annual renewal of the Manco Agreement at the next annual general meeting (“**Manco Cancellation**”) to the extent that the Proposed Transaction is not concluded;
- Other financial and non-financial information provided by Management;
- Discussions with Management, regarding the financial information relating to prevailing market, economic, legal and other conditions, as well as taxation implications pertaining to the Manco Cancellation versus the Manco Internalisation which may affect the underlying value and the rationale for the Manco Internalisation; and
- Publicly available information relating to Stellar Capital and the industry in which Stellar Capital and its underlying investments operate that we deemed relevant, including company announcements, analysts’ reports and media articles.

6. ASSUMPTIONS

We have arrived at our Opinion based on the following assumptions:

- That the terms and conditions of the Manco Internalisation are legally enforceable and suspensive conditions to the Manco Internalisation will be duly fulfilled;
- The current economic, regulatory and market conditions will not change materially;
- That Stellar Capital is not involved in any material legal proceedings;
- That Stellar Capital has no material outstanding disputes with any regulatory body, including the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of the relevant securities;
- The structure of the Manco Internalisation will not give rise to any undisclosed tax liabilities;
- That the Manco Cancellation will be implemented based on the irrevocable undertakings received at the next annual general meeting to the extent that the Proposed Transaction is not concluded; and
- Reliance can be placed on the representations made by Management during the course of forming this Opinion.

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Considering the historical trends of provided information and assumptions;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of Stellar Capital and its underlying investments and the economic environment in which it operates.

8. PROCEDURES

In arriving at our Opinion, we relied upon financial and other information, obtained from Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our Opinion, we have, *inter alia*, undertaken the following procedures:

- Reviewed and analysed the aforementioned financial information;
- Considered the relevant information included in the terms and conditions of the Manco Internalisation, as described in the Management Agreement and Circular;
- Compared and reviewed the taxation implications of implementing the Manco Cancellation versus the Manco Internalisation;
- Considered the potential effects of the Manco Internalisation in aligning the interests of Management and the Manco with that of Stellar Capital Shareholders;
- Considered the present value of the future obligation pertaining to the Manco Cancellation to the obligations raised by the Company on the Manco Internalisation;
- Considered the historical trading data for shares of Stellar Capital (“**Stellar Capital Shares**”) for the period 1 July 2018 until 31 January 2021, including the liquidity, share price movements and the historic discount at which the Company’s share price has traded compared to its reported net asset value;
- Reviewed the reasonableness of the information made available by and from discussions held with Management, such as, *inter alia*:
 - the rationale for the Manco Internalisation;
 - the events leading up to the Manco Internalisation; and
 - the current market conditions relating to Stellar Capital;
- Where relevant, corroborated representations made by Management to source documents;
- Performed a valuation of the Stellar Capital and the Manco as detailed below;
- Reviewed certain publicly available information relating to Stellar Capital that we have deemed relevant;

- Obtained letters of representation from Management asserting that we have been provided with all relevant material information and that no material information was omitted and that all such information provided to us is accurate in all material respects; and
- Considered other relevant facts and information relevant to concluding this Opinion.

9. VALUATION APPROACH

Following the Manco Internalisation, Stellar Capital will cease to incur the management fee payable to the Manco. The fair value of the Manco Internalisation has been determined with reference to the estimated cost saving that Stellar Capital would benefit from the Manco Internalisation versus the value surrendered (Stellar Capital ordinary shares issued) in terms of the Proposed Transaction.

Stellar Capital

We valued Stellar Capital on the sum-of-the-parts basis as follows:

- For the underlying investments in Stellar Capital, we performed several valuation techniques, which included the following approaches: a discounted cash flow valuation, market multiples and net asset value where applicable (“**Valuation Methods**”).

Key external and internal value drivers identified in the valuation of Stellar Capital (including its underlying investments) include, *inter alia*:

- Growth in assets under management and assets under administration, growth and margin realised on underlying assets under management and assets under administration and movements in the fair value of the underlying investment portfolio.

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- The impact of the general South African economy (employment rates, GDP growth, inflation and strength of the South African Rand compared to other key foreign currencies); and
- The growth and global challenges and opportunities in the industry in which Stellar Capital (and its underlying investments) operate.

Sensitivity analyses on the Valuation Methods were conducted, where practical, utilising key value drivers, which included, *inter alia*:

- A variance range of 10% in the profitability margin to assets under management and assets under administration applied to Stellar Capital’s applicable underlying investments, which analysis resulted in a variation range of 2.6%.

Manco

For purposes of our valuation of Manco, we applied a discounted cash flow valuation and valued Manco on a going concern basis.

Key external and internal value drivers identified in the valuation of Manco include, *inter alia*:

- Growth in the net asset value of Stellar Capital (with key value drivers thereto influenced by the factors listed above).

Sensitivity analyses on the valuation of Manco was conducted, where practical, utilising key value drivers, which included, *inter alia*:

- A variance range of 5% in the assumed growth rate of Stellar Capital’s net asset value, which analysis resulted in a variation range of 9.6%.

10. OPINION

We have considered the terms and conditions of the Manco Internalisation as set out above, and our Opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Management.

Based on the results of our procedures and analysis performed and after taking into account all financial and non-financial considerations, we are of the view, subject to the limiting conditions as set out below, that the Manco Internalisation is fair to Stellar Capital Shareholders.

11. LIMITING CONDITIONS

This Opinion is provided to the Board in connection with and for the purpose of the Manco Internalisation, for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Stellar Capital Shareholders. This Opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasted probabilities relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasts by Management.

We relied upon the accuracy of the information used by us in deriving our Opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Manco Internalisation.

The Opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Manco Internalisation have been or will be properly fulfilled. Subsequent developments may affect our Opinion; however, we are under no obligation to update, revise or re-affirm such.

12. INDEPENDENCE AND ADDITIONAL REGULATORY DISCLOSURES

We confirm that PSG Capital holds no shares in Stellar Capital, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge, we are not related to a person who has or has had such interest in Stellar Capital within the immediately preceding two years or in the outcome of the Manco Internalisation.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Manco Internalisation; (ii) evaluate the consequences of the Manco Internalisation; and (iii) assess the effect of the Manco Internalisation on the value of the shares and on the rights and interests of Stellar Capital Shareholders, or a creditor of Stellar Capital and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the Opinion is R200 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Manco Internalisation.

13. CONSENT

We hereby consent to the inclusion of this Opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Manco Internalisation.

Yours faithfully

RIAAN VAN HEERDEN
PSG CAPITAL PROPRIETARY LIMITED

SALIENT FEATURES OF THE MANAGEMENT AGREEMENT

INTRODUCTION

Stellar Capital has appointed Thunder Securitisations (Pty) Ltd (“Manco”) as its dedicated investment manager to manage the portfolio of the Company in accordance with Section 15 of the JSE Listings Requirements. The Manco, in terms of its management agreement with the Company, acts on behalf of the Company in sourcing, negotiating, concluding and executing investment opportunities for the Company. All material investment decisions, including but not limited to the acquisition and disposal of investments, require the approval of the Board of the Company.

TENURE

The management agreement is perpetual, but subject to a shareholder vote at each annual general meeting whereby the stakeholders of the Company, by approval of more than 50% of the votes exercised by shareholders on the cancellation resolution, may approve the termination of the management agreement which shall terminate upon the expiry of a period of 3 months after the date on which the Company provided the Manco with written notice that the cancellation resolution was adopted. Shareholders are referred to ordinary resolution 14 in the Notice of Annual General Meeting held on 24 November 2020 where shareholders resolved to not cancel the management agreement. In the event that the management agreement is cancelled, the Company shall deliver 50 million ordinary shares (subject to adjustment for defined adjustment events) at the 30-day VWAP on the business day immediately before the date of issue or delivery thereof, which shall be within 10 business days after the date of notice being given of the termination.

FEES

The Manco is paid a quarterly management fee in arrears which is calculated as an amount equal to 1% of net asset value (“NAV”), other than (i) cash, which will attract a fee of 0.25% and (ii) third party managed assets which will attract a fee of 1% less the charges levied by the funds into which such assets are invested. In addition to the management fee the Manco is entitled to a performance fee in respect of each quarter if the NAV per share (“NAVPS”) in respect of such quarter is at least 10% more than the previous highest NAVPS at the end of any previous financial year. Provided that the Manco has achieved the performance hurdle, the performance fee is calculated in accordance with the formula:

$$a = (15/100) \times [(b-c) \times d] - e$$

where

a, is the performance fee payable for the relevant quarter;

b, is the NAVPS, as at 17:30 on the last business day of the quarter concerned;

c, is the previous highest NAVPS, as recorded at the end of any preceding financial year, being R2.03 at 30 November 2015;

d, is the number of shares in issue as at the last day of the relevant quarter (adjusted for any adjustment events such as share consolidations or share-splits); and

e, is the sum of the performance fees, if any, paid in respect of all of the preceding quarter(s) of the relevant financial year.

INVESTMENT EXPERIENCE

As at the last practicable date, the key individuals of Manco are Messrs. Peter van Zyl and James Bishop. The curricula vitae of Messrs. Van Zyl and Bishop are summarised on page 12.



Stellar Capital Partners Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/015580/06)

Share code: SCP ISIN: ZAE000198586

("Stellar Capital" or the "Company")

NOTICE OF GENERAL MEETING OF STELLAR CAPITAL SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular have, where appropriate, been used in this notice of General Meeting.

Notice is hereby given that a General Meeting of Stellar Capital Shareholders will be held at Stellar Capital Partners Limited, 4th Floor, The Terraces, 25 Protea Road, Claremont, 7708 at 09:30 on Tuesday, 30 March 2021 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolution set out in this notice of General Meeting.

All meeting participants, including proxies, will be required to provide identification reasonably satisfactory to the chairman of General Meeting (which may take the form of valid identity documents, driver's licences or passports, for example).

2021

Record date to be entitled to receive the Circular	Friday, 19 February
Circular posted to Stellar Capital Shareholders on	Monday, 1 March
Last day to trade in order to be eligible to attend and vote at the General Meeting	Tuesday, 16 March
Record date in order to be eligible to attend and vote at the General Meeting	Friday, 19 March
Forms of Proxy (<i>blue</i>) in respect of the General Meeting of Stellar Capital Shareholders to be received, for administrative purposes by 09:30 on	Friday, 26 March
The General Meeting to be held at 09:30 on	Tuesday, 30 March
Results of the General Meeting released on SENS on	Wednesday, 31 March

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the general meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the general meeting in the place of the shareholder, by completing the proxy in accordance with the instructions set out therein; and
- a proxy need not be a shareholder of the Company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting. In this regard, all Stellar Capital Shareholders recorded in the Register of the Company on the voting Record Date will be required to provide identification satisfactory to the chairman of the General Meeting. Acceptable forms of identification include valid identity documents, driver's licences and passports.

ORDINARY RESOLUTION NUMBER 1 – Approval of the Manco Internalisation

“RESOLVED THAT

the proposed Acquisition by Stellar Capital of all the issued ordinary Shares in Thunder Securitisations (being 168 ordinary shares) for an Acquisition Consideration of 50 000 000 Stellar Capital ordinary Shares currently held in treasury, at an issue price of 71.14 cents per Stellar Capital ordinary Share on the terms and subject to the conditions set out in the Manco Sale and Purchase Agreement and in terms of paragraph 3 of the Circular to which this notice of General Meeting is attached, be and is hereby approved.”

Voting requirement

In terms of the Listings Requirements, in order for the Ordinary Resolution Number 1 to be adopted, the support of at least 50% of the total number of votes exercisable by Shareholders, present in person or by proxy, excluding any votes exercisable by the Manco Shareholders and their associates, is required.

Quorum

A quorum for the purpose of considering Ordinary Resolution Number 1 shall consist of three Shareholders of the Company present in person or represented by proxy and, if the Shareholder is a body corporate, it must be represented and entitled to vote at the General Meeting. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by Stellar Capital Shareholders in respect of each matter to be decided at the General Meeting.

The date on which Stellar Capital Shareholders must be recorded as such in the Register maintained by the Transfer Secretaries, Computershare Proprietary Limited, for the purpose of being entitled to attend and participate in the General Meeting is Friday, 19 March 2021

Form of Proxy

A form of proxy (*blue*) is attached for the convenience of any Stellar Capital Shareholder holding Certificated Shares who cannot attend the General Meeting of Shareholders or who wishes to be represented thereat. Forms of Proxy (*blue*) may also be obtained on request from Stellar Capital's registered office. The completed Forms of Proxy (*blue*) must be deposited at (or emailed to proxy@computershare.co.za) or posted to the office of the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, to be received, for administrative purposes, by not later than 09:30 on Friday, 26 March 2021. Any Stellar Capital Shareholder who completes and lodges a Form of Proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Dematerialised Shareholders who have elected "own-name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the General Meeting must complete and return the attached Form of Proxy in accordance with the instructions contained therein and lodge it with the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, to be received, for administrative purposes, by no later than 09:30 on Friday, 26 March 2021.

Dematerialised Shareholders, who have not elected "own-name" registration in the sub-register through a CSDP and who wish to attend the General Meeting must instruct their CSDP or Broker to issue them with a letter of representation.

Dematerialised Shareholders who have not elected "own-name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the General Meeting should ensure that the person or entity (such as a nominee) whose name has been entered into the sub-register maintained by a CSDP or Broker completes and returns the attached Forms of Proxy (*blue*) in terms of which they appoint a proxy to vote at the General Meeting.

A company that is a Stellar Capital Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Company's Transfer Secretaries prior to the General Meeting, by no later than 09:30 on Friday, 26 March 2021.

Electronic participation

The Company has made provision for Stellar Capital Shareholders or their proxies to participate electronically in the General Meeting by way of telephone conferencing. Should you wish to participate in the General Meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the Company thereof by no later than 09:30 on Friday, 26 March 2021, by delivering written notice to the Company, 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708 or emailed to the Company Secretary at info@stellarcapital.co.za (marked for the attention of the company secretary) that they wish to participate in the General Meeting via electronic communication (the "electronic notice"). In order for the electronic notice to be valid it must contain:

- if the Shareholder is an individual, a certified copy of his/her identity document and/or passport;
- if the Shareholder is not an individual, a certified copy of a resolution passed by the relevant entity and a certified copy of the identity document and/or passports of the persons who passed the relevant resolution, which resolution must set out who is authorised to represent the relevant entity at the General Meeting via electronic communication;

- a valid email address and/or fax number; and
- full details of the Shareholder's title to the shares in the form of copies of the share certificate (in the case of Certificated Shareholder) or (in the case of Dematerialised Shareholders) written confirmation from the Stellar Capital Shareholder's CSDP confirming the Stellar Capital Shareholder's title to the Dematerialised shares. Upon receipt of the required information, the Stellar Capital Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Stellar Capital Shareholders must note that the access to the electronic communication will be at the expense of the Stellar Capital Shareholders who wish to utilise the facility.

Stellar Capital Shareholders and their appointed proxies attending by electronic communication call will not be able to cast their votes at the General Meeting through this medium.

By order of the board

Corrie Roodt

Chairman of the Board

Stellar Capital Partners Limited

1 March 2021

Registered address

4th Floor, The Terraces
25 Protea Road
Claremont, 7708
South Africa
(Suite 229, Private Bag X1005, Claremont, 7735)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
South Africa



Stellar Capital Partners Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/015580/06)

Share code: SCP ISIN: ZAE000198586

("Stellar Capital" or the "Company")

FORM OF PROXY – GENERAL MEETING OF STELLAR CAPITAL SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular have, where appropriate, been used in this notice of General Meeting.

For use by Shareholders, who were registered as Shareholders on Friday, 19 March 2021, holding certificated Stellar Capital Shares, Dematerialised Shareholders who have elected "own-name" registration nominee companies of CSDP's and Brokers nominee companies ("Shareholder"), at the General Meeting of Shareholders to be held at 09:30 on Tuesday, 30 March 2021 at 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708.

Not for use by Dematerialised Shareholders who have not elected "own-name" registration. Such Shareholders must contact their CSDP or Broker timeously if they wish to attend and vote at the General Meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or Broker timeously with their voting instruction should they not wish to attend the General Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the General Meeting.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

OF (ADDRESS)

Telephone number:

Cellphone number:

Email address:

Being the holder(s) of _____ shares in Stellar Capital, hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairperson of the general meeting of Stellar Capital Shareholders

as my/our proxy to attend and speak and to vote for me/us on my/our behalf at the general meeting and at any adjournment thereof in the following manner:

	Number of votes		
	*For	*Against	*Abstain
Ordinary resolution number 1 – Approval of the Manco Internalisation and authority to transfer treasury shares to implement the Manco Internalisation			

*Mark "For", "Against" or Abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2021

Signature

Assisted by me (where applicable)

(State capacity and full name)

A Stellar Capital Shareholder entitled to attend and vote at the abovementioned General Meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a Shareholder of Stellar Capital.

Forms of Proxy (blue) must be deposited (or emailed to proxy@computershare.co.za) at Computershare Investor services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, to be received, for administrative purposes, by no later than 09:30 on Friday, 26 March 2021.

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. Only shareholders who are registered in the register of the company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare, being Friday, 19 March 2021 (the “**voting record date**”), may complete a form of proxy or attend the general meeting. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with “own-name” registration. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a shareholder of the company.
2. Certificated shareholders wishing to attend the general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare) that their shares are registered in their own name.
3. Beneficial shareholders whose share are not registered in their own name, but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issue in instruction on voting their shares, or obtaining a form of proxy to attend, speak and, on a poll, vote at the general meeting.
4. Dematerialised shareholders who have not elected “own-name” registration in the register of the company through a Central Securities depository Participant (“CSDP”) and who wish to attend the general meeting, must instruct the CSDP or broker to provide them with the necessary letter of representation to attend.
5. Dematerialised shareholders who have not elected “own-name” registration in the register of the company through a CSDP and who are unable to attend, but wish to vote at the general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
6. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder’s choice in the space, with or without deleting “the chairman of the general meeting”. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
7. The completion and lodging of this form will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date:
 - 8.1 stated in the revocation instrument, if any; or
 - 8.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
9. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company’s memorandum of incorporation to be delivered by the company to the shareholder must be delivered by the company to:
 - 9.1 the shareholder, or
 - 9.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company to do so and has paid any reasonable fee charged by the company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the company or the instrument appointing the proxy provide otherwise.
11. If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 11.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 11.2. the company must not require that the proxy appointment be made irrevocable; and
 - 11.3. the proxy appointed remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the general meeting.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. A company holding shares in the company that wishes to attend and participate at the general meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolution authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company’s transfer secretaries prior to the general meeting.
16. Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his proxy, as the case may be shall alone be, shall be entitled to vote in respect thereof.
17. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll a shareholder who is present in person or represented by a proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.
18. The chairman of the general meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
19. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
20. A shareholder’s instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meetings, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting or other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder of the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
21. It is required that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, to be received by no later than 09:30 on Friday, 26 March 2021 for administrative purposes. A quorum for the purposes of considering the ordinary resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the general meeting. In addition, a quorum shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the general meeting.
22. This form of proxy may be used at any adjournment or postponement of the general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
23. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.