

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

### Action required by Certificated and Dematerialised Shareholders

This document should be read in its entirety with particular attention to the section entitled "Action Required by Shareholders in relation to the Transaction", which commences on page 10 of this Circular and contains full details of the action required of Shareholders in regard to this Circular.

If you are in any doubt as to what action you should take, please consult your Broker, banker, legal adviser, CSDP or other professional adviser immediately. If you have disposed of all your Stellar Capital Shares, this Circular should be handed to the purchaser of such Stellar Capital Shares or to the Broker, banker, CSDP or other agent through whom the disposal was effected.

**Stellar Capital does not accept responsibility and will not be held liable for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of Dematerialised Shareholders to notify such Shareholders of the details set out in this Circular, including 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

### Regarding:

- the Scheme proposed by the Board on the recommendation of the Independent Board between Stellar Capital and the Shareholders in terms of section 114 of the Companies Act, pursuant to which, if the Scheme becomes operative, the Company will acquire the Scheme Shares from Scheme Participants for the Scheme Consideration; and
- subject to the Scheme becoming operative, the termination of the listing of the Stellar Capital Shares from the Main Board of the JSE.

### and enclosing:

- a report prepared by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act and Regulation 90 of the Takeover Regulations, as well as paragraph 1.15(d) of the Listings Requirements;
- extracts of section 115 of the Companies Act dealing with the approval requirements for the Scheme and section 164 of the Companies Act dealing with Dissenting Shareholders' Appraisal Rights;
- the Notice convening the General Meeting;
- a **Form of Proxy (white)** (for use by **Certificated Shareholders and Own-Name Dematerialised Shareholders only**); and
- a **Form of Election and Surrender (pink)** (for use by **Scheme Participants holding Certificated Shares only**).

#### Sponsor



#### Legal Advisor



#### Independent Expert



**Date of issue: Wednesday, 29 September 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](http://www.stellarcapitalpartners.co.za)) from Wednesday, 29 September 2021 to Friday, 29 October 2021.*

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## IMPORTANT LEGAL NOTICES

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### **FOREIGN SHAREHOLDERS**

*This Circular has been prepared for the purposes of complying with the Listings Requirements, the Companies Act and the Companies Regulations and is published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.*

*This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful. This Circular does not constitute a prospectus or a prospectus-equivalent document. Shareholders are advised to read this Circular, which contains the full terms and conditions of the Scheme, with care.*

*Any decision to approve the Scheme or other response to the proposals should be made only on the basis of the information in this Circular.*

### **FORWARD-LOOKING STATEMENTS**

This Circular contains statements about Stellar Capital that are, or may be, forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

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

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

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

Any forward-looking statement has not been reviewed nor reported on by the external auditors.

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## CORPORATE INFORMATION OF STELLAR CAPITAL AND ADVISERS

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**Company Secretary**

W Dreyer

**Stellar Capital**

Registration number 1998/015580/06  
4th Floor, The Terraces  
25 Protea Road  
Claremont, Cape Town, 7708

**Place and date of incorporation**

Incorporated in South Africa on 7 August 1998

**Independent Expert**

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

**Transaction Sponsor**

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

**Directors**

CJ Roodt (*Chairman, Independent non-executive director*)\*  
PJ van Zyl (*Chief Executive Officer*)  
S Graham (*Chief Financial Officer*)  
L Potgieter (*Lead Independent non-executive director*)\*  
DD Tabata (*Independent non-executive director*)\*  
MVZ Wentzel (*Independent non-executive director*)\*  
HC Steyn (*Non-executive director*)  
PJ Bishop (*Non-executive director*)

\* *Independent*

**Transfer Secretaries**

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

**Legal Advisor**

Cliffe Dekker Hofmeyr Inc.  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
South Africa

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## SALIENT DATES AND TIMES

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

**2021**

Record date for Shareholders to be recorded in the Register in order to be entitled to receive the Circular	Friday, 17 September
Posting of the Circular to Shareholders and notice convening General Meeting released on SENS	Wednesday, 29 September
Notice convening General Meeting published in the South African press	Thursday, 30 September
Last day to trade in Shares in order to be recorded in the Register on the Voting Record Date ( <b>Voting Last Day to Trade</b> )	Tuesday, 19 October
<b>Voting Record Date</b> for Shareholders to be recorded in the Register in order to be eligible to vote at the General Meeting	Friday, 22 October
Forms of Proxy to be received by the Transfer Secretaries preferably by 09:30 on	Wednesday, 27 October
Last date and time for Shareholders to give notice to Stellar Capital objecting to the Scheme Resolution in terms of section 164(3) of the Companies Act by 09:30 on	Friday, 29 October
<b>General Meeting at 09:30 on</b>	Friday, 29 October
Results of General Meeting released on SENS	Friday, 29 October
<b>If the Scheme is approved by Stellar Capital Shareholders at the General Meeting</b>	
Last day for Shareholders who voted against the Scheme to require the Company to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Shareholders at the General Meeting were exercised against the Scheme Resolution	Friday, 5 November
Last day for the Company to send notice of adoption of the Scheme Resolution to Dissenting Shareholders, in accordance with section 164(4) of the Companies Act	Friday, 12 November
Last day for a Shareholder who voted against the Scheme to apply to Court for leave to apply to Court for a review of the Scheme in terms of section 115(3)(b) of the Companies Act	Friday, 12 November

**The following dates assume that no Court approval or review of the Scheme is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:**

Finalisation date announcement expected to be released on SENS on	Monday, 15 November
Expected last day to trade in Shares in order to be recorded in the Register on the Scheme Record Date ( <b>Scheme Last Day to Trade</b> )	Tuesday, 23 November
Suspension of listing of Shares on the JSE expected to take place at commencement of trading on	Wednesday, 24 November
Expected <b>Scheme Record Date</b> on which Shareholders must be recorded in the Register to receive the Scheme Consideration	Friday, 26 November
Expected <b>Operative Date</b> of the Scheme	Monday, 29 November
Scheme Consideration will be sent by EFT to Certificated Shareholders who have lodged their Form of Election and Surrender ( <i>pink</i> ) with the Transfer Secretaries on or prior to 12:00 on the Record Date on or about	Monday, 29 November
Dematerialised Scheme Participants expected to have their accounts with their CSDP or Broker credited with the Scheme Consideration on or about	Monday, 29 November
Expected termination of listing of Shares at commencement of trade on the JSE on	Tuesday, 30 November

### Notes

- All dates and times in respect of the Scheme are subject to change with the approval of the JSE and/or TRP to the extent required. The dates have been determined based on certain assumptions regarding the dates by which certain regulatory approvals including, but not limited to, that of the JSE, TRP and Competition Authorities, will be obtained and that no Court approval or review of the Scheme will be required. Any change will be released on SENS and published in the South African press.

2. Shareholders are referred to paragraph 4.9 of the Circular (which contains a summary of Dissenting Shareholders' Appraisal Rights) regarding timing considerations relating to the Appraisal Rights afforded to Dissenting Shareholders.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 (three) Business Days after such trade. Therefore persons who acquire Shares after the close of trade on the Voting Last Day to Trade (i.e. Tuesday, 19 October 2021) will not be eligible to vote at the General Meeting, but will, provided the Scheme is approved and they acquire the Shares on or prior to the Scheme Last Day to Trade (expected to be Tuesday, 23 November 2021), participate in the Scheme (i.e. sell their Shares to the Company, or its nominee in accordance with the Scheme for the Scheme Consideration).
4. A Shareholder may submit a Form of Proxy at any time before the commencement of the General Meeting. In the event that a Shareholder lodges a Form of Proxy with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays) before the General Meeting, such Shareholder may email a Form of Proxy at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) to the Transfer Secretaries (who will provide same to the chairperson of the General Meeting) or hand it to the chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
5. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
6. Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves such transactions.
7. All times given in this Circular are local times in South Africa.
8. If the Scheme becomes operative, share certificates may not be dematerialised or rematerialised after the Scheme Last Day to Trade.
9. Should sufficient Shareholders vote against the Scheme Resolution at the General Meeting so that a Shareholder is entitled to require the Company to obtain Court approval regarding the Scheme Resolution as contemplated in section 115(3)(a) of the Companies Act, and if a Shareholder in fact delivers such a request, the dates and times set out above will need to be amended. Shareholders will be notified separately of the applicable dates and times under this process.
10. If any Shareholder who voted against the Scheme Resolution exercises its rights in terms of section 115(3)(b) of the Companies Act and applies to Court for a review of the Scheme, the dates and times set out above will need to be amended. Shareholders will be notified separately of the applicable dates and times under this process.

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## DEFINITIONS AND INTERPRETATIONS

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

<b>“Appraisal Rights”</b>	the rights afforded to Stellar Capital Shareholders under section 164 of the Companies Act, as set out in <b>Annexure 3</b> of this Circular;
<b>“Associate”</b>	has the meaning assigned to this term in the Listings Requirements;
<b>“Authorised Dealer”</b>	an authorised dealer of the SARB, established in terms of section 9 of the Currency and Banking Act, 31 of 1920, as amended and currently governed by the South African Reserve Bank Act, 90 of 1989, as amended, designated as such in the Exchange Control Regulations;
<b>“Board” or “Directors”</b>	the directors of Stellar Capital as at the Last Practicable Date, whose names are set out on page 1 of this Circular;
<b>“Broker”</b>	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
<b>“Business Day”</b>	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
<b>“Cash Option”</b>	the option available to Scheme Participants under the Scheme in terms of which a Scheme Participant may elect to accept the Company’s repurchase offer in respect of some or all the Scheme Participant’s Scheme Shares pursuant to the Scheme becoming operative;
<b>“Cash Option Scheme Participant”</b>	a Scheme Participant that has Elected the Cash Option under the Scheme, whether by way of actual Election or Deemed Election;
<b>“Certificated Shareholders”</b>	holders of Certificated Shares;
<b>“Certificated Shares”</b>	Stellar Capital Shares which have not been Dematerialised, title to which is represented by a physical share certificate or other Document of Title;
<b>“Circular”</b>	this bound document dated Wednesday, 29 September 2021, including the annexures, notice of General Meeting, Form of Proxy ( <i>white</i> ) and Form of Election and Surrender ( <i>pink</i> ), as applicable;
<b>“Common Monetary Area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
<b>“Company” or “Stellar Capital”</b>	Stellar Capital Partners Limited (Registration number 1998/015580/06), a public company duly incorporated and registered in terms of the laws of South Africa, the Shares of which are listed on the Main Board of the JSE;
<b>“Companies Act”</b>	the Companies Act, No. 71 of 2008, as amended;
<b>“Companies Regulations”</b>	the Companies Regulations, 2011, promulgated in terms of section 223 of the Companies Act and Item 14 of Schedule 5 to the Companies Act under GN R351 in GG 34239 of 26 April 2011 (which include the Takeover Regulations);
<b>“Competition Authorities”</b>	the Competition Commission and/or the Competition Tribunal and/or the Competition Appeal Court of South Africa created in terms of the Competition Act, No. 89 of 1998, as amended;
<b>“Conditions Precedent”</b>	the conditions precedent to which the Scheme is subject, set out in paragraph 4.3 of this Circular;
<b>“Court”</b>	any South African High Court with competent jurisdiction to approve the implementation of the Scheme Resolution pursuant to section 115 of the Companies Act and/or to determine the fair value of Shares and make an order pursuant to section 164(14) of the Companies Act;

<b>“CSDP”</b>	Central Securities Depository Participant, being a “ <i>Participant</i> ” as defined in section 1 of the Financial Markets Act;
<b>“Custody Agreement”</b>	the custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held by a Dematerialised Shareholder on Stellar Capital’s uncertificated securities register administered by a CSDP or Broker on behalf of that Dematerialised Shareholder;
<b>“Deemed Election”</b>	in the event that a Scheme Participant does not validly elect the Retain Option or the Cash Option in accordance with the terms of the Scheme, that such Scheme Participant shall be irrevocably deemed to have elected the Cash Option in respect of all of its Shares;
<b>“Delisting”</b>	means the termination of the listing of the Shares on the Main Board;
<b>“Delisting Resolution”</b>	the ordinary resolution to be proposed at the General Meeting to approve the Delisting in terms of paragraph 1.15(a) of the Listings Requirements;
<b>“Dematerialisation”</b> or <b>“Dematerialised”</b>	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded in the Sub-Register;
<b>“Dematerialised Shares”</b>	Stellar Capital Shares which have been Dematerialised;
<b>“Dematerialised Shareholders”</b>	holders of Dematerialised Shares;
<b>“Dissenting Shareholder”</b>	a Shareholder that has validly exercised its Appraisal Rights in accordance with section 164(3) and section 164(5) to (8) of the Companies Act, and (i) has not withdrawn its demand made in terms of section 164(5) to (8) of the Companies Act; and (ii) has not allowed an offer made to it by the Company in terms of section 164(11) of the Companies Act to lapse;
<b>“Documents of Title”</b>	valid share certificates, certified transfer deeds, balance receipts, or any other proof of ownership of Stellar Capital Shares reasonably acceptable to Stellar Capital;
<b>“EFT”</b>	means electronic funds transfer;
<b>“Election”</b>	the election by Scheme Participants of either the Cash Option or the Retain Option under the Scheme in respect of some or all of the of the Scheme Participants’ Shares and “ <b>Elect</b> ” has the corresponding meaning;
<b>“Exchange Control Regulations”</b>	means the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
<b>“Excluded Dissenting Shareholder”</b>	a Dissenting Shareholder who either (i) accepts an offer made to it by Stellar Capital in terms of section 164(11) of the Companies Act or, pursuant to an order of Court, tenders its Shares to Stellar Capital in terms of section 164(15)(v) of the Companies Act;
<b>“Excluded Shareholders”</b>	the Shareholders whose names are set out in paragraph 4.4 of this Circular;
<b>“Financial Markets Act”</b>	Financial Markets Act (No. 19 of 2012), as amended or replaced from time to time;
<b>“Firm Intention Announcement”</b>	means the firm intention announcement as published by Stellar Capital detailing the terms of the Scheme, as released on SENS on Friday, 27 August 2021 and in the South African press on Monday, 30 August 2021, setting out the terms of a firm intention by the Company, as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, to propose the Scheme;
<b>“Form of Election and Surrender”</b>	means the form of election and surrender, transfer and acceptance of Documents of Title attached hereto and forming part of this Circular ( <i>pink</i> ) for use only by Scheme Participants holding Certificated Shares;
<b>“Form of Proxy”</b>	the Form of Proxy ( <i>white</i> ) attached to and forming part of this Circular;



<b>“Foxglove”</b>	Foxglove Capital Resources Limited (Registration number 196460), a private company duly incorporated and registered in Seychelles and a material Shareholder in Stellar Capital with a 32.33% interest (representing 295 041 641 Stellar Capital Shares) in the issued Share capital of the Company at the Last Practicable Date;
<b>“General Meeting”</b>	the general meeting of Stellar Capital Shareholders to be held at 09:30 on Friday, 29 October 2021 at 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708 and via an electronic meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions necessary to implement the Scheme Offer and Delisting, including any adjournment or postponement thereof;
<b>“Group”</b>	means Stellar Capital and its subsidiaries from time to time;
<b>“IFRS”</b>	means International Financial Reporting Standards;
<b>“Independent Board”</b>	means those members of the Board who are independent non-executive directors and have been appointed as the independent board of Stellar Capital as required by the Takeover Regulations, namely Messrs Potgieter, Wentzel and Roodt, and all of whom are independent as contemplated in regulation 108(8) of the Takeover Regulations;
<b>“Independent Expert” or “PSG Capital”</b>	PSG Capital Proprietary Limited (Registration number 2006/015817/07), a private company duly incorporated and registered in terms of the laws of South Africa;
<b>“Irrevocable Shareholder”</b>	means Foxglove which has provided the Irrevocable Undertakings;
<b>“Irrevocable Undertakings”</b>	means the undertakings provided by the Irrevocable Shareholder in terms of which the Irrevocable Shareholder has undertaken, <i>inter alia</i> , in respect of their its Shares to elect the Retain Option under the Scheme;
<b>“JSE”</b>	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;
<b>“Last Practicable Date”</b>	Tuesday, 21 September 2021, being the last practicable date prior to finalisation of this Circular;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE as amended from time to time and in force as at the Last Practicable Date;
<b>“Maximum Scheme Consideration”</b>	an aggregate cash amount of R400 000 000 in respect of the Offer;
<b>“Maximum Cash Option Shares”</b>	412 371 134 Shares;
<b>“MOI”</b>	the memorandum of incorporation of the Company;
<b>“Notice”</b>	means the notice of General Meeting attached hereto and forming part of this Circular;
<b>“Offer”</b>	Stellar Capital’s offer to repurchase from its Shareholders all of the Shares held by such Shareholders for the Scheme Consideration, in accordance with the provisions of section 48 of the Companies Act, to be implemented by way of the Scheme;
<b>“Operative Date”</b>	means the date on which the Scheme becomes operative and is to be implemented, being the 1st (first) Business Day following the Scheme Record Date, on which date Stellar Capital shall commence settling the Scheme Consideration, which is expected to be Monday, 29 November 2021 but subject to the events set out in the Salient Dates and Times section of this Circular;
<b>“Own-Name Dematerialised Shareholders”</b>	means Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own-name on the Sub-Register;
<b>“Rand” or “R”</b>	South African rand, the official currency of South Africa;

<b>“Register”</b>	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;
<b>“Resolutions”</b>	means the ordinary and special resolutions to be approved by the requisite majority of Shareholders at the General Meeting as set out in the Notice, which resolutions will, <i>inter alia</i> , authorise and approve the Scheme and Delisting, including the Scheme Resolution and Delisting Resolution;
<b>“Retain Option”</b>	means the option under the Scheme in terms of which a Scheme Participant may elect to retain some or all of the Scheme Participant’s Shares pursuant to the Scheme becoming operative and post the Delisting occurring, such Shares shall remain held by the applicable Scheme Participant as shares in an unlisted company;
<b>“SARB”</b>	means the South African Reserve Bank, being the central reserve bank of South Africa;
<b>“Scheme”</b>	means the scheme of arrangement in terms of section 114 of the Companies Act, read with section 115 of the Companies Act, between the Company and its Shareholders in terms of which, if the Scheme becomes operative, Scheme Participants shall be entitled to Elect either the Cash Option or the Retain Option, pursuant to which Election or Deemed Election, Stellar Capital will repurchase the Scheme Shares held by the Cash Option Scheme Participants for the Scheme Consideration, which scheme is proposed by the Board on the recommendation of the Independent Board;
<b>“Scheme Consideration”</b>	a cash consideration of 97 cents for each Scheme Share held by a Cash Option Scheme Participant on the Scheme Record Date;
<b>“Scheme Opening Date”</b>	means the opening date of the Scheme, being Wednesday, 29 September 2021;
<b>“Scheme Last Day to Trade”</b>	means the last day to trade in Shares in order to be recorded on the Register on the Scheme Record Date, which date is expected to be Tuesday, 23 November 2021, subject to the events set out in the Salient Dates and Times section of this Circular;
<b>“Scheme Participants”</b>	means, subject to the Scheme becoming operative, the Shareholders who are registered as such in the Register at 17:00 on the Scheme Record Date and therefore entitled to make an Election, including Dissenting Shareholders who are subsequently deemed to be Scheme Participants in the event that any of the circumstances contemplated in sections 164(9)(a) and (b) of the Companies Act occur, but excluding Dissenting Shareholders who have not, whether voluntarily or pursuant to a final order of the Court, withdrawn their demand made in terms of sections 164(5) to 164(8) of the Companies Act, or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;
<b>“Scheme Record Date”</b>	means the date on which Shareholders must be recorded in the Register in order to participate in the Scheme, which date is expected to be Friday, 26 November 2021, subject to the events set out in the Salient Dates and Times section of this Circular;
<b>“Scheme Resolution”</b>	means the special resolution to be proposed at the General Meeting in accordance with section 115(2) of the Companies Act for the approval of the Scheme, the full terms of which are set out in the Notice;
<b>“Scheme Shares”</b>	those Shares to be repurchased by Stellar Capital in terms of the Scheme, being those Shares held by the Cash Option Scheme Participants on the Scheme Record Date;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“Share” or “Stellar Capital Share”</b>	an ordinary share of no par value in the capital of Stellar Capital;
<b>“South Africa”</b>	the Republic of South Africa;

<b>“Strate”</b>	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;
<b>“Sub-Register”</b>	means the sub-register of Dematerialised Shareholders, maintained by a CSDP and forming part of the Register;
<b>“Stellar Capital Shareholders”</b> or <b>“Shareholders”</b>	registered holders of Stellar Capital Shares;
<b>“Takeover Regulations”</b>	means the regulations published in terms of section 120 of the Companies Act and set out in Chapter 5 of the Companies Regulations;
<b>“Transaction”</b>	means collectively, the Scheme and the Delisting;
<b>“Transaction Sponsor”</b>	means 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;
<b>“Transfer Secretaries”</b> or <b>“Computershare”</b>	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;
<b>“TRP”</b>	means the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
<b>“VAT”</b>	value added tax, levied in terms of the provisions of the Value Added Tax Act, 1991 (Act No. 89 of 1991), as amended;
<b>“Voting Record Date”</b>	means the date on, and time which, a Shareholder must be recorded in the Register in order to be eligible to vote at the General Meeting, which is expected to be Friday, 22 October 2021 subject to the events set out in the Salient Dates and Times section of this Circular; and
<b>“VWAP”</b>	means the volume weighted average price.

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## **ACTION REQUIRED BY SHAREHOLDERS IN RELATION TO THE TRANSACTION**

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The definitions and interpretation commencing on page 5 of this Circular shall apply, *mutatis mutandis*, to this section, set out hereunder.

Please take careful note of the following provisions regarding the actions required of Shareholders:

- If you are in any doubt as to the action you should take, please consult your CSDP, Broker, legal advisor, accountant, banker or professional advisor immediately.
- If you have disposed of all your Shares, then this Circular, together with the attached Notice, Form of Proxy (*white*) and Form of Election and Surrender (*pink*), should be handed to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.
- Stellar Capital does not accept any responsibility and will not be held liable for any act of, or omission by, any CSDP or Broker including without limitation any failure on the part of a CSDP or Broker or any holder of Stellar Capital Shares to notify the holder of beneficial interests in those Shares of the Transaction.
- Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves such transactions.
- The Independent Board and the Board have recommended that Shareholders vote in favour of the Scheme Resolution and the Delisting Resolution.

### **1. GENERAL MEETING**

The General Meeting will be held at Stellar Capital's offices at 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town at 09:30 on Friday, 29 October 2021 and via an electronic meeting as contemplated in paragraph 2.3 (or any other adjourned or postponed date and time in accordance with the provisions of section 64(11) of the Companies Act and the MOL, as read with the Listings Requirements) to consider and, if deemed fit, pass the Resolutions required to authorise and effect the implementation of the Transaction. Notice convening the General Meeting is attached to, and forms part of, this Circular.

### **2. ATTENDANCE AND VOTING AT THE GENERAL MEETING**

#### **2.1 Dematerialised Shareholders without own-name registration:**

If you (or the relevant holder of voting rights as contemplated in section 57(1) of the Companies Act) wish to attend the General Meeting, you (or the relevant holder of voting rights) should instruct your CSDP or Broker to issue you (or the relevant holder of voting rights) with the necessary letter of representation to attend the General Meeting in person and to vote thereat, in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

You will not be permitted to attend, participate in or vote at the General Meeting, nor appoint a proxy to represent you at the General Meeting, without the necessary letter of representation being issued to you.

If you (or the relevant holder of voting rights) do not wish to, or are unable to attend the General Meeting, but wish to vote at the General Meeting, you (or the relevant holder of voting rights) should provide the CSDP or Broker with your voting instructions, in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

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.

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.

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

#### **2.2 Certificated Shareholders and Own-Name Dematerialised Shareholders:**

Subject to sections 56 and 57 of the Companies Act, you may attend, participate and vote at the General Meeting in person (or, if you are a company or other body corporate, be represented by a duly authorised natural person).

Alternatively, if you (or the person entitled to do so in terms of section 57(1) of the Companies Act, as the case may be) do not wish to or are unable to attend the General Meeting and wish to be represented thereat, you (or such person) must complete the attached Form of Proxy (*white*) in accordance with the instructions therein and return it to the Transfer Secretaries, to be received preferably by no later than 48 hours before the General Meeting, i.e. by 09:30 on Wednesday, 27 October 2021. Should the Form of Proxy not be lodged with the Transfer Secretaries by 09:30 on Wednesday, 27 October 2021, such Shareholder may email the Form of Proxy (*white*) at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) to the Transfer Secretaries (who will provide same to the chairperson of the General Meeting) or it may be handed to the chairman of the General Meeting or adjourned General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned General Meeting (as the case may be).

The Form of Proxy (*white*) may be delivered by hand or sent by mail (or emailed to proxy@computershare.co.za) to the following address:

**If delivered by hand or sent by mail**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg  
2196  
  
Private Bag X9000  
Saxonwold  
2132

### 2.3 **Electronic participation at the General Meeting**

Shareholders or their proxies may also participate in the General Meeting by way of Microsoft Teams.

Shareholders or their proxies who wish to participate in the General Meeting via the Microsoft Teams facility should make a request for the details as to how to access the General Meeting by means of electronic participation to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, of Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 and the Company Secretary of the Company (info@stellarcapital.co.za), by no later than 09:30 on Wednesday, 27 October 2021, for administrative purposes. The aforementioned request should include all relevant contact details including, an email address, cellular number and land line, 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; as well as full details of the Shareholder's title to securities issued by the Company in the form of copies of the share certificates (in the case of Certificated Shareholders) and written confirmation from the Shareholder's CSDP in the form of a letter of representation confirming the Shareholder's title to the Dematerialised Shares (in the case of Dematerialised Shareholders).

Upon receipt of the aforementioned request, the Shareholder concerned will be provided with a link and instructions to access the electronic communication during the General Meeting. Should Shareholders require assistance with accessing the online platform, they can email proxy@computershare.co.za.

Shareholders who wish to participate in the General Meeting by way of electronic means will be able to vote at the General Meeting via an online platform. Such Shareholders, will receive a link as well as an invitation code to access the online voting platform.

Shareholders must further note that access to the Microsoft Teams facility will be at the expense of the Shareholders who wish to utilise the Microsoft Teams facility.

## 3. **ELECTION PROCEDURE FOR SHAREHOLDERS REGARDING THE SCHEME**

In terms of the Scheme, you will be entitled to Elect, in respect of all of the Scheme Shares held by you at the Scheme Record Date, either the Cash Option or the Retain Option. In the absence of an election, the Deemed Election will apply and you will be irrevocably deemed to have Elected the Cash Option in respect of all your Shares.

### 3.1 Dematerialised Shareholders:

Your CSDP or Broker should contact you to ascertain, *inter alia*, if you wish to elect the Cash Option or the Retain Option. If you have not been contacted it would be advisable for you to contact your CSDP or Broker and furnish them with your instructions.

You are required to instruct your CSDP or Broker of your Election in the manner stipulated in the Custody Agreement. Your CSDP or Broker must, in turn, make the Election on your behalf, by no later than the 12:00 on the Scheme Record Date.

In the absence of a valid Election by a Scheme Participant, the Deemed Election will apply in respect of all such Scheme Participant's Shares and accordingly such Scheme Participant shall be irrevocably deemed to have Elected the Cash Option in respect of all their Scheme Shares.

Should the Scheme become unconditional and operative, Cash Option Scheme Participants holding Dematerialised Shares, irrespective of whether or not they voted in favour of the Scheme Resolution, will have their securities accounts at their CSDP or Broker debited with the Scheme Shares and credited with the Scheme Consideration due to them.

Scheme Participants holding Dematerialised Shares are advised that the Deemed Election will also apply to Dissenting Shareholders who subsequently become Scheme Participants pursuant to paragraph 4.9 of this Circular.

Scheme Participants holding Dematerialised Shares must **not** complete the attached Form of Election, Surrender and Transfer (*pink*).

### 3.2 Certificated Shareholders:

In order to make your Election, you must complete the attached Form of Election, Surrender and Transfer (*pink*) in accordance with its instructions reflected therein, and select either the Cash Option or the Retain Option, as you wish, and return it to the Transfer Secretaries to be received by no later than 12:00 on the Scheme Record Date.

Scheme Participants who select the Cash Option must, when submitting the "Form of Election, Surrender and Transfer" (*pink*), surrender therewith their Documents of Title, whereas Scheme Participants who select the Retain Option must **not** attach their Documents of Title.

In the absence of the "Form of Election, Surrender and Transfer" (*pink*) being received by the Transfer Secretaries by 12:00 on the Scheme Record Date, the Deemed Election shall apply and the Shareholder having failed to deliver such form will be deemed to have Elected the Cash Option.

Certificated Shareholders must note that Stellar Capital reserves the right, in its sole and absolute discretion, to:

- if the Cash Option is Elected, treat as invalid a Form of Election, Surrender and Transfer (*pink*) not accompanied by valid Documents of Title;
- treat as invalid a Form of Election, Surrender and Transfer (*pink*) which has not been fully completed or which has been incorrectly completed; and/or
- require proof of the authority of the person signing the Form of Election (*pink*) where such proof has not yet been lodged with, or recorded by, the Transfer Secretary.

The Form of Election, Surrender and Transfer (*pink*) may be delivered by hand or sent by mail to the following addresses or via email ([corporate.events@computershare.co.za](mailto:corporate.events@computershare.co.za)):

#### **If delivered by hand or sent by mail**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg  
2196  
  
Private Bag X9000  
Saxonwold  
2132

#### 4. **SURRENDER OF DOCUMENTS OF TITLE (THIS APPLIES ONLY TO CERTIFICATED SHAREHOLDERS)**

If you holder Certificated Shares and wish to expedite receipt of the Scheme Consideration and surrender your Documents of Title in anticipation of the Scheme becoming operative, you should complete the attached “Form of Election, Surrender and Transfer” (*pink*) and return it, together with the relevant Documents of Title relating to all your Shares, in accordance with the instructions contained therein, to the Transfer Secretaries, by 12:00 on the Scheme Record Date. Documents of Title so surrendered will be held in trust by the Transfer Secretaries, at the risk of the surrendering the Certificated Shareholder, pending the Scheme becoming operative.

If the Documents of Title relating to the Shares held by a Certificated Shareholder have been lost or destroyed, Certificated Shareholders should nevertheless return a duly completed Form of Election, Surrender and Transfer (*pink*), together with an indemnity on terms satisfactory to Stellar Capital. Stellar Capital may, in its sole and absolute discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of an indemnity on terms acceptable to it. Unless otherwise agreed by Stellar Capital, only indemnity forms obtained from the Transfer Secretary will be regarded as suitable. Stellar Capital shall be entitled, in its absolute discretion, by way of agreement to waive the requirement of an indemnity.

Should you surrender your Documents of Title in anticipation of the Scheme becoming operative and the Scheme then does not become operative, the Transfer Secretaries shall, within 5 (five) Business Days of either the date upon which it becomes known that the Scheme will not be implemented or on receipt by the Transfer Secretaries of the required Documents of Title, whichever is the later, return the Documents of Title to you by registered post at your own risk.

No receipt will be issued for Documents of Title surrendered unless specifically requested.

If you wish to Dematerialise your Shares, please contact a CSDP or Broker. You do not need to Dematerialise your Shares in order to receive the Scheme Consideration in respect thereof.

Certified Shareholders must note that you will not be able to Dematerialise or deal in your Shares between the date of surrender of your Documents of Title and the Operative Date or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you as envisaged above.

#### 5. **SETTLEMENT OF THE SCHEME CONSIDERATION**

##### 5.1 **Dematerialised Shareholders**

If the Scheme becomes operative and you Elected, or are deemed to have Elected, the Cash Option, your securities account held with your CSDP or Broker will be credited with the Scheme Consideration due to you and debited with the Scheme Shares acquired by the Company in accordance with the Custody Agreements between you and your CSDP or Broker, on the Operative Date.

If the Scheme becomes operative and you Elected the Retain Option in respect of any of your Dematerialised Shares, those Dematerialised Shares will not be disposed of to the Company under the Scheme.

##### 5.2 **Certificated Shareholders**

If the Scheme becomes operative and you Elected, or are deemed to have Elected, the Cash Option and you have surrendered your Form of Election and Surrender (*pink*) and the relevant Documents of Title for all of your Shares (“**Total Shares**”) to the Transfer Secretaries on or before 12:00 on the Scheme Record Date, the Scheme Consideration will be posted to you (or if there is no address provided on the Form of Election and Surrender (*pink*), to the address reflected in the Register of Shareholders), at your own risk, within 5 (five) Business Days of the Operative Date, unless you have elected to receive the Scheme Consideration by way of an EFT on the Form of Election and Surrender (*pink*), in which case the Scheme Consideration will be paid into the bank account nominated by you in the Form of Election and Surrender (*pink*) on the Operative Date.

If the Scheme Consideration is not sent to Cash Option Scheme Participants entitled thereto because the relevant Document(s) of Title have not been properly surrendered, or if the Scheme Consideration is returned undelivered to the Transfer Secretaries, the Scheme Consideration will be held by the Transfer Secretaries for the benefit of the Certificated Shareholders concerned, until claimed pending receipt of the necessary information or instructions, for a maximum period of 5 (five) years, after which period such funds shall be made over to the Guardian’s Fund of the High Court of South Africa. For the avoidance of doubt, no interest will accrue on any such funds held by the Company.

## 6. GENERAL

### 6.1 Court approval

- 6.1.1 Shareholders are advised that, in accordance with section 115(3) of the Companies Act, the Company may in certain circumstances not proceed to implement the Scheme Resolution, despite the fact that the Scheme Resolution was adopted at the General Meeting, without the approval of the Court.
- 6.1.2 A copy of section 115 of the Companies Act pertaining to the required approval for the Scheme is set out in **Annexure 3** to this Circular.

### 6.2 Dissenting Shareholders

- 6.2.1 A Shareholder who is entitled to vote at the General Meeting is entitled to seek relief under section 164 of the Companies Act if that Shareholder notified Stellar Capital in advance of the General Meeting in writing of its intention to oppose the Scheme Resolution, was present at the General Meeting, and voted against the Scheme Resolution.
- 6.2.2 A more detailed explanation of the Dissenting Shareholders' Appraisal Rights is contained in paragraph 4.9 of this Circular.
- 6.2.3 A copy of section 164 of the Companies Act pertaining to Appraisal Rights is set out in **Annexure 3** to this Circular.

### 6.3 Posting Forms of Election and Surrender and Documents of Title

Forms of Election and Surrender and Documents of Title that are sent through the post are sent at the risk of the Shareholder concerned. Accordingly, Shareholders should take note of postal delivery times so as to ensure that the forms and relevant Documents of Title are received timeously. It is therefore recommended that such forms and Documents of Title rather be sent by registered post or delivered by hand to the Transfer Secretaries.

### 6.4 Foreign Shareholders

Foreign Shareholders are referred to the notice set out in the section headed "Important Legal Notices" on the inside front cover of this Circular.

### 6.5 Taxation

The contents of this Circular do not purport to constitute personal legal advice or to comprehensively deal with the legal, regulatory and tax implications of the Scheme or any other matter for each Shareholder. Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the Scheme or any other matter and in particular the receipt of the Scheme Consideration.





**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")

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**Directors**

CJ Roodt (*Chairman, Independent non-executive director*)\*

PJ van Zyl (*Chief Executive Officer*)

S Graham (*Chief Financial Officer*)

L Potgieter (*Lead Independent non-executive director*)\*

DD Tabata (*Independent non-executive director*)\*

MVZ Wentzel (*Independent non-executive director*)\*

HC Steyn (*Non-executive director*)

PJ Bishop (*Non-executive director*)

\*Independent

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**CIRCULAR TO SHAREHOLDERS**

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**1. INTRODUCTION AND BACKGROUND**

- 1.1 In the Firm Intention Announcement released on SENS on Friday, 27 August 2021, Stellar Capital Shareholders were advised of the Company's firm intention to make a cash offer to repurchase all the Stellar Capital Shares in issue (excluding treasury shares) for a cash consideration of 97 cents per Share so acquired, in accordance with the provisions of section 48 of the Companies Act and paragraph 1.15(c) of the Listings Requirements, to be implemented by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, on the basis that each participant in the Scheme shall be entitled to Elect to (i) accept the Offer in respect of some or all of such Scheme Participant's Shares (i.e. the Cash Option); or (ii) reject the Offer and retain some or all of such Scheme Participant's Shares following the implementation of the Scheme (i.e. the Retain Option), provided that if no Election is made by a Scheme Participant in respect of all or some of its Shares in accordance with the terms of the Scheme, the Deemed Election shall apply and such Scheme Participant will be deemed to have Elected the Cash Option in respect of those Shares.
- 1.2 The Scheme constitutes an "affected transaction" as defined in section 117(1)(c) of the Companies Act and as such, the Scheme is regulated by Part B and Part C of Chapter 5 of the Companies Act and the Takeover Regulations. The Offer also constitutes an offer as contemplated in paragraph 1.15(c) of the Listings Requirements.
- 1.3 The Scheme constitutes a *pro rata* repurchase by Stellar Capital of its shares from all its Shareholders in terms of paragraph 5.67(B) of the Listings Requirements and is therefore not subject to the repurchase provisions contained in paragraphs 5.69 to 5.81 of the Listings Requirements.
- 1.4 The implementation of the Scheme is subject to the fulfilment or, where applicable, waiver (as the case may be) of the Conditions Precedent set out in paragraph 4.3 below.
- 1.5 The Scheme requires, *inter alia*, approval by way of a special resolution adopted in accordance with section 115 of the Companies Act at the General Meeting, at which General Meeting at least 3 (three) Shareholders, and sufficient Shareholders to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on the Scheme Resolution, are present in person or by proxy. In order to be approved, the Scheme Resolution must be supported by at least 75% of the voting rights exercised on the Scheme Resolution. The Excluded Shareholders, shall not exercise the voting rights attaching to their Shares on the Scheme Resolution. Accordingly, the voting rights attaching to the Shares held by the Excluded Shareholders shall not be included in calculating the percentage of voting rights (i) required to be present, or actually present, in determining whether the quorum requirements for the General Meeting are satisfied, or (ii) required to be voted in support of the Scheme Resolution, or actually voted in support of the Scheme Resolution.

- 1.6 The Scheme Shares repurchased by Stellar Capital pursuant to the Scheme will, pursuant to their repurchase, be cancelled by the Company and shall return to the authorised but unissued share capital of the Company.
- 1.7 The Independent Board has obtained a report from the Independent Expert regarding the Scheme in compliance with section 114(3) of the Companies Act, regulation 90 of the Takeover Regulations and paragraph 1.15(d), read together with Schedule 5, of the Listings Requirements. A copy of the Independent Expert's report, which states that the Scheme, and the consideration offered thereunder, is fair and reasonable to Scheme Participants and, is set out in **Annexure 1**.
- 1.8 After due consideration and taking into account the report of the Independent Expert, the members of the Independent Board are unanimously of the view that the terms and conditions of the Scheme are fair and reasonable to the Shareholders, and accordingly recommend that the Shareholders vote in favour of the Resolutions to be proposed at the General Meeting which they are entitled to vote on, including the Scheme Resolution and the Delisting Resolution.
- 1.9 Similarly, after due consideration and taking into account the report of the Independent Expert, the Board are unanimously of the view that the terms and conditions of the Transaction are fair and reasonable to the Shareholders and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting which they are entitled to vote on, including the Scheme Resolution and the Delisting Resolution.
- 1.10 Should the Delisting Resolution be passed and the Scheme becomes unconditional and operative, the listing of Stellar Capital's Shares on the Main Board of the JSE will subsequently be terminated.
- 1.11 For a full understanding of the detailed legal terms and conditions of the Transaction, this Circular should be read in its entirety.

## 2. **PURPOSE OF THIS CIRCULAR**

The purpose of this Circular is to provide Shareholders with:

- 2.1 relevant information relating the Transaction and the matters relating thereto;
- 2.2 the Independent Expert's report in respect of the Scheme prepared in terms of section 114(3) of the Companies Act and paragraph 1.15(d) read together with Schedule 5 of the Listings Requirements;
- 2.3 the Independent Board's recommendation in respect of the terms of the Scheme (as supported by the Independent Expert's report);
- 2.4 the statement of the Board in relation to the fairness of the Transaction and the Board's recommendation in relation to the Transaction;
- 2.5 the Notice to convene the General Meeting at which Shareholders will consider and, if deemed fit, approve, with or without modification, the Resolutions necessary to give effect to the Transaction; and information regarding Dissenting Shareholders' Appraisal Rights and the manner in which such Dissenting Shareholders may exercise those rights.

## 3. **RATIONALE FOR THE TRANSACTION**

- 3.1 A combination of the inability to raise capital on reasonable terms and the significant continued costs and increasing regulatory expenses associated with the listing on the JSE; together with the lack of liquidity achieved by small capitalisation investment holding companies; and the Company's investment strategy being best served in an unlisted environment, has led the Board and the Independent Board to conclude that Stellar Capital is more suited to an unlisted environment, and that its continued listing provides little benefit to its strategic Shareholders.
- 3.2 The Company has therefore decided to propose the Delisting in order to enable management of Stellar Capital to dedicate more time and resources to the performance of the business of Stellar Capital without dedicating time, expenses and resources to regulatory requirements and processes associated with being a listed entity.
- 3.3 In terms of paragraph 1.14 the Listings Requirements, a company may make written application to the JSE for a removal of any of its securities from the JSE list, and must, subject to paragraph 1.17, comply with the requirements of paragraphs 1.15 and 1.16 of the Listings Requirements in order for such application for Delisting to be granted. Paragraph 1.15 requires, *inter alia*, that the issuer make a fair offer to all holders of securities and that approval for the Delisting be obtained from shareholders in a general meeting. Paragraph 1.17(b) of the Listings Requirements provides that the approval of shareholders for the removal of a listing on the JSE will not be required following the completion of a scheme of arrangement, as a result of which either all the shares have been acquired or the JSE is satisfied that the issuer no longer qualifies for listing (the JSE must be consulted for a ruling in this regard).

- 3.4 As the Offer will not result in the repurchase of the entire issued share capital of Stellar Capital, paragraph 1.17(b) of the Listings Requirements will not apply to the Transaction and accordingly Stellar Capital will be required to comply with paragraphs 1.14 to 1.16 of the Listings Requirements, and propose a Delisting Resolution to Shareholders at the General Meeting. The Scheme is conditional on, *inter alia*, the Delisting Resolution being approved by Shareholders.
- 3.5 Accordingly, in order to facilitate the exit of certain Shareholders who do not wish to or are unable to remain invested in an unlisted entity, the Board has proposed to make the Offer to repurchase all the Shares in issue from the Stellar Capital Shareholders (which constitutes an “offer” as contemplated in paragraph 1.15(c) of the Listings Requirements), to be implemented by way of the proposed Scheme, pursuant where to each participant in the Scheme shall be entitled to elect the Cash Option or the Retain Option, provided that if no such election is made by a Scheme Participant in the Scheme such participant shall be deemed to have elected the Cash Option.
- 3.6 The Scheme, which will cost Stellar Capital approximately R400 000 000 (excluding transaction costs), will provide minority Shareholders with a valuable liquidity event at a 22.8% premium to the closing share price as at 26 August 2021 of 79 cents per Share, being the last practicable date before the publication of the Firm Intention Announcement. Moreover, given the proposed Delisting, the Offer provides an exit opportunity for Shareholders that do not wish to or are unable to remain invested in an unlisted entity.

#### 4. TERMS AND CONDITIONS OF THE SCHEME

##### 4.1 The Scheme

- 4.1.1 The Scheme is being proposed by the Board between the Company and the Scheme Participants in terms of section 114 (read with section 115) of the Companies Act, pursuant where to each Scheme Participant shall be entitled to Elect (i) the Cash Option or (ii) the Retain Option, provided that if no such Election is validly made by a Scheme Participant, the Deemed Election shall apply and such Scheme Participant shall be deemed to have Elected the Cash Option. Accordingly, if the Scheme becomes operative, the Company will, in accordance with section 48 of the Companies Act, repurchase all the Scheme Shares held by the Cash Option Scheme Participants, and Scheme Participants who validly Elect the Retain Option shall retain their Shareholding in the Company.
- 4.1.2 The Scheme will be conditional on, *inter alia*, Cash Option Elections (whether actual Elections or Deemed Elections) being validly made in respect of no more than 412 371 134 Shares, representing 47.26% of the total Shares in issue as at the Last Practicable Date, excluding the Stellar Capital treasury shares. Accordingly the maximum aggregate cash consideration payable by the Company under the Scheme, should the Scheme become operative, will be the Maximum Scheme Consideration.
- 4.1.3 Subject to fulfilment or waiver (as applicable) of the Conditions Precedent detailed in paragraph 4.3 of this Circular:
- 4.1.3.1 the Scheme will, with effect from the Operative Date, become binding on the Scheme Participants (irrespective of whether or not such Scheme Participants voted in favour of the Scheme Resolution), and each Scheme Participant will be bound by the Election or Deemed Election (as applicable) of such Scheme Participant.
- 4.1.3.2 Subject to the Scheme becoming unconditional, the Cash Option Scheme Participants shall be deemed, with effect from the Operative Date, to have:
- 4.1.3.2.1 ceded and disposed of their Scheme Shares to the Company in exchange for the Scheme Consideration payable for those Scheme Shares, which Scheme Consideration is to be settled in terms of paragraph 4.2 of this Circular;
- 4.1.3.2.2 subject to paragraph 4.1.8 below, authorised Stellar Capital and/or the Transfer Secretaries as principal with power of substitution on their behalf to transfer the Scheme Shares into the name of the Company on or at any time after the Operative Date, whereafter such Shares will be cancelled and the Company will update its securities register accordingly; and
- 4.1.3.2.3 subject to paragraph 4.1.8 below, authorised the Transfer Secretaries as principal with power of substitution on their behalf to collect from the Company the Scheme Consideration for delivery to those Scheme Participants, and all risk and benefit in the Scheme Shares will pass from those Scheme Participants to the Company with effect from the Operative Date against settlement of the Scheme Consideration in terms of paragraph 4.2 below.

- 4.1.4 Should the Scheme become unconditional and operative, the Cash Option Scheme Participants shall be entitled to receive the Scheme Consideration in respect of the Scheme Shares held by them. Stellar Capital will, either itself and/or through its Transfer Secretaries, administer and procure the transfer of the Scheme Consideration to those Cash Option Scheme Participants, and the Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Stellar Capital may otherwise be, or claim to be, entitled against a Cash Option Scheme Participant.
- 4.1.5 Subject to the Scheme becoming unconditional and operative, Cash Option Scheme Participants:
- 4.1.5.1 who are Certificated Shareholders, shall against the surrender by such Certificated Shareholders of their Documents of Title in respect of their Scheme Shares, receive the Scheme Consideration in accordance with the provisions of paragraph 4.2 of this Circular; and
- 4.1.5.2 who are Dematerialised Shareholders will, in terms of the Custody Agreement entered into between the Shareholder concerned and their CSDP or Broker, have their Scheme Shares transferred to the Company and the Scheme Consideration transferred to their CSDP or Broker who should credit their securities account with the Scheme Consideration.
- 4.1.6 The rights of the Cash Option Scheme Participants to receive the Scheme Consideration in respect of the Scheme Shares disposed of by them will be rights enforceable by the Scheme Participants against Stellar Capital only.
- 4.1.7 The effect of the Scheme will be that, *inter alia*, with effect from the Operative Date, (i) Cash Option Scheme Participants' Scheme Shares will be repurchased by Stellar Capital whereafter Stellar Capital will cancel such Scheme Shares and have its Register updated accordingly, and (ii) Scheme Participants who validly Elected the Retain Option shall, notwithstanding the implementation of the Scheme and (if applicable) Delisting, remain the registered holders of all Shares held by them following the implementation of the Scheme. No Scheme Shares acquired from the Scheme Participants under the Scheme will be transferred to any person other than Stellar Capital. Shareholders are referred to paragraph 4.6 of this Circular, which sets out in detail the manner in which the Scheme Consideration will be settled.
- 4.1.8 With effect from the Operative Date, each and every officer/director of the Transfer Secretaries and/or Stellar Capital or any other person nominated by Stellar Capital will irrevocably be deemed to be the attorney and agent *in rem suam* (in their favour and for their benefit) of all Cash Option Scheme Participants to implement the transfer of their Scheme Shares in terms of paragraph 4.1.3 above and to sign any instrument of transfer in respect thereof or any other documents and to do any other acts required or desirable to implement the Scheme and, if applicable, the Delisting and to take all steps necessary to procure electronic delivery of Scheme Shares which have been Dematerialised.
- 4.1.9 The Company is acting as principal and not as agent in respect of the Scheme.

#### 4.2 **Scheme consideration**

Subject to the provisions of paragraph 4.7 below, the Scheme Consideration payable by the Company in terms of the Scheme is 97 cents for every Scheme Share disposed of by the Scheme Participants and is payable in cash from the Operative Date in the manner contemplated in paragraph 4.6 below read together with paragraph 5 of the "Action required by Shareholders in relation to the Transaction" section of this Circular.

#### 4.3 **Conditions precedent**

- 4.3.1 The implementation of the Scheme is subject to the fulfilment or waiver by the Company, in its sole discretion (in whole or in part where capable of waiver), as the case may be, of the following Conditions Precedent by no later than 31 December 2021 ("**Longstop Date**") or the dates stipulated for their respective fulfilment or waiver:
- 4.3.1.1 to the extent required, all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Stellar Capital to propose and implement the Scheme and the Delisting, including the TRP (by means of the issue of a compliance certificate in terms of section 121(b)(i) of the Companies Act), the Competition Authorities, the Financial Surveillance Department of the SARB and the JSE, are obtained on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Stellar Capital (to the extent that it is adversely affected by the condition or qualification) confirms in writing that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed;

- 4.3.1.2 as at 17:00 on the Business Day prior to the date on which the last of the Conditions Precedent, other than this Conditions Precedent and the Condition Precedent 4.3.1.1 has been fulfilled or waived, as the case may be, either (i) the Retain Option has been elected or (ii) irrevocable written instruction to elect the Retain Option has been provided by Scheme Participants to their relevant Broker or CSDP, by a sufficient number of Scheme Participants so that assuming all other Scheme Participants are Cash Option Scheme Participants, the approval of the Competition Authorities will not be required pursuant to the implementation of the Scheme;
  - 4.3.1.3 all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the Scheme have been obtained, including, but not limited to, the special resolution at the General Meeting in order to consider and, if deemed fit, pass, the Scheme Resolution;
  - 4.3.1.4 Shareholders approving the Delisting at the General Meeting in terms of paragraphs 1.15(a) and 1.16 of the Listings Requirements;
  - 4.3.1.5 as at 17:00 on the Business Day prior to the date on which the last of the Conditions Precedent, other than this Conditions Precedent and the Condition Precedent 4.3.1.1 has been fulfilled or waived, as the case may be, either (i) the Retain Option has been elected by a sufficient number of Scheme Participants or (ii) irrevocable written instruction to elect the Retain Option has been provided by Scheme Participants to their relevant Broker or CSDP so that assuming all other Scheme Participants are Cash Option Scheme Participants, the aggregate amount payable under the Scheme will not exceed a maximum Scheme Consideration of R400 000 000;
  - 4.3.1.6 if applicable, Stellar Capital has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;
  - 4.3.1.7 in the circumstances where Stellar Capital has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act, a Court has granted its approval pursuant to section 115(3) of the Companies Act in circumstances where:
    - 4.3.1.7.1 the Scheme Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Scheme Resolution; and
    - 4.3.1.7.2 a Shareholder who voted against the Scheme Resolution requires Stellar Capital, within five business days after the vote, to seek Court approval pursuant to section 115(3)(a) of the Companies Act;
  - 4.3.1.8 no Shareholder who voted against the Scheme Resolution applies to Court within 10 business days after the vote for leave to apply for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;
  - 4.3.1.9 Stellar Capital waives the Scheme Condition Precedent in paragraph 4.3.1.7 and the Court does not grant leave to any Shareholder to apply to Court for a review of the Scheme, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act;
  - 4.3.1.10 Stellar Capital waives the Scheme Condition Precedent in paragraph 4.3.1.8 and the Court approves the Scheme Resolution pursuant to section 115(7) of the Companies Act; and
  - 4.3.1.11 with regard to Shareholders entitled to and exercising their Appraisal Rights, either: (i) Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against the Scheme at the relevant meeting in respect of less than or equal to 5% of all of the Scheme Shares; or (ii) if Shareholders give notice objecting to the Scheme and vote against the Scheme at the meeting in respect of more than 5% of all of the Scheme Shares, then, within the time period permitted in terms of the Companies Act, Dissenting Shareholders have exercised Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of less than or equal to 5% of all the Scheme Shares, or not at all.
- 4.3.2 Stellar Capital shall be entitled to waive (in whole or in part) in writing any one or more of the Scheme Conditions Precedent stipulated in paragraphs 4.3.1.2, 4.3.1.4, 4.3.1.5, 4.3.1.7.1 and 4.3.1.11. The remaining Scheme Conditions Precedent stipulated above are not capable of waiver. The Longstop Date or the dates stipulated for the respective fulfilment or waiver of the Conditions Precedent may be extended by Stellar Capital, subject to any approval as may be required from the TRP. Any extension of the Longstop Date or the dates stipulated for the respective fulfilment or waiver of the Conditions Precedent will be announced on SENS and published in the South African press.

- 4.3.3 An announcement will be published on SENS and in the press as soon as practicable after all the Conditions Precedent have been fulfilled or waived, as the case may be.

#### 4.4 Irrevocable Undertakings and Excluded Shareholders

- 4.4.1 Foxglove has irrevocably undertaken, under the Scheme, to Elect the Retain Option in respect of all of the Shares held by Foxglove, being 295 041 641 Stellar Capital Shares (the “**Foxglove Shares**”) representing 32,3% of the total Shares in issue as at the Last Practicable Date.
- 4.4.2 By virtue of the fact that Foxglove may, after the implementation of the Scheme, hold more than 35% of the Shares, and may, as a result, acquire control of the Company pursuant to the implementation of the Scheme, it will be considered an “acquiring party” for purposes of section 115(4) of the Companies Act, with the result being that the voting rights attaching to the Foxglove Shares shall not have their votes on Scheme Resolution counted (if Foxglove were to exercise such rights). By virtue of section 115(4) of the Companies Act, the voting rights controlled by Foxglove will also not be included in calculating the percentage of voting rights required (i) to be present in determining whether the quorum requirements for the General Meeting are satisfied; and (ii) to be voted in support of the Scheme Resolution.
- 4.4.3 Additionally, Foxglove has voluntarily consented to refrain from exercising any voting rights attaching to the Foxglove Shares on the Delisting Resolution.
- 4.4.4 Messrs. Graham, Steyn and Van Zyl, as Directors and also Shareholders, and the entities controlled by them (if applicable), are presumed to be concert parties with the Company in terms of regulation 84 of the Companies Regulations and will, therefore not vote on the Scheme Resolution in accordance with regulation 107(b) of the Companies Regulations.

#### 4.5 Delisting and prospects of Stellar Capital in the unlisted environment

- 4.5.1 Upon the Scheme becoming unconditional and being implemented, provided that the Delisting Resolution has been duly approved by Shareholders, application will be made by Stellar Capital to the JSE to terminate the listing of its Shares on the Main Board of the JSE with effect from Tuesday, 30 November 2021, but subject to the events set out in the Salient Dates and Times section of this Circular.
- 4.5.2 Shareholders have the option of retaining their Shares in Stellar Capital as an unlisted entity following the Delisting by electing the Retain Option. The nature of Stellar Capital’s business will not change significantly pursuant to the Delisting and the executive and Board will be considered in the light of the governance requirements for an unlisted but public interest company in accordance with the Companies Act requirements following the Delisting.
- 4.5.3 Post the Operative Date, it is the Board’s intention to propose to Shareholders to adopt a new MOI which is appropriate to a private company in the unlisted environment and will govern the relationship between the Company and Stellar Capital Shareholders who elect the Retain Option.
- 4.5.4 Stellar Capital will maintain its status as an investment holding company in the unlisted space and will invest in supporting its current investment portfolio and then to expand its range of investments.
- 4.5.5 Investments are likely to be made with a preference towards Financial Services and Information Technology investments but Stellar Capital will not be constrained by those industries as the business looks for new opportunities.
- 4.5.6 Stellar Capital will look towards investments which generate returns over the medium to long term and it anticipates measuring its performance over a rolling three-year period as was the case in the listed space.
- 4.5.7 Stellar Capital will look to raise capital in due course to further support its investment strategy and to ensure that it can grow and maintain a stable capital base which can match the qualifying opportunities available to it.
- 4.5.8 Stellar Capital will not have a regular dividend policy as it will focus on value growth in the medium term.
- 4.5.9 Shareholders who select the Retain Option will be exposed to such strategies and timelines and the rewards and returns that they bring over the medium to long term.

#### 4.6 Procedure for Election

- 4.6.1 Shareholders are referred to paragraphs 3 of the “Action required by Shareholders in relation to the Transaction” section of this Circular, which sets out the procedure to be followed by Dematerialised Shareholders and Certificated Shareholders, respectively, in order to exercise the Election under the Scheme.

- 4.6.2 Shareholders are also advised that should no Election be timeously made, in the prescribed manner, in respect of their Shares then, if the Scheme becomes operative, such Shareholders shall be deemed to have Elected the Cash Option in respect of all their Shares, which Shares will constitute Scheme Shares and will be repurchased by the Company pursuant to the Scheme.
- 4.6.3 In respect of Certificated Shareholders, in the absence of the “Form of Election, Surrender and Transfer” (*pink*) being received by the Transfer Secretaries by 12:00 on the Scheme Record Date, and in the case of Dematerialised Shareholders, in the event that such Shareholder does not instruct its CSDP or Broker of its Election by 12:00 on the Scheme Record Date, the Shareholder having failed to deliver such form or relay such instruction, as applicable, will be deemed to have elected the Cash Option.

#### 4.7 Settlement of the Scheme Consideration

- 4.7.1 In the event that the Scheme becomes unconditional and is implemented, Cash Option Scheme Participants will, subject to the Exchange Control Regulations, be entitled to receive the Scheme Consideration in respect of the Scheme Shares held by them on the Scheme Record Date. The Scheme Consideration shall be fully paid-up and Stellar Capital will, in the manner contemplated in paragraph 4.1 of this Circular, procure the settlement of the Scheme Consideration to the Scheme Participants on the Operative Date.
- 4.7.2 Subject to the Exchange Control Regulations, details of which are set out in paragraphs 8 of this Circular, and subject to paragraph 4.6.3, the Scheme Consideration will be settled in accordance with the provisions contained in paragraphs 5.1 or 5.2, as applicable, of the “Action required by Shareholders in respect of the Transaction” section of this Circular.
- 4.7.3 Where, on or subsequent to the Operative Date, a person who was not a registered holder of Certificated Shares on the Scheme Record Date, tenders to the Transfer Secretaries Documents of Title together with a duly stamped “Form of Election, Surrender and Transfer” (*pink*) purporting to have been executed on or before the Scheme Record Date by or on behalf of the then registered holder of such Shares, and provided that the Scheme Consideration shall not already have been posted or delivered to the registered holder, then such transfer shall be accepted by Stellar Capital as if it were a valid transfer to such person of the Shares concerned. The Scheme Consideration will be settled in the same manner as contemplated in paragraph 4.1 above within 5 (five) Business Days of such tender, subject to proof satisfactory to the Transfer Secretaries as to the payment of any duty or tax payable, and provided that Stellar Capital is, if so required by it, given an indemnity on terms acceptable to it in respect of such consideration.
- 4.7.4 If the Scheme Consideration is not sent to Cash Option Scheme Participants entitled thereto because the relevant Document(s) of Title have not been properly surrendered or if the Scheme Consideration are returned undelivered to the Transfer Secretaries, the Scheme Consideration will be held by the Transfer Secretaries for the benefit of the Cash Option Scheme Participants concerned, until claimed pending receipt of the necessary information or instructions for a maximum period of 5 (five) years, after which period such funds shall be made over to the Guardian’s Fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by Stellar Capital.

#### 4.8 The statutory requirements of the Scheme

- 4.8.1 In terms of section 115 of the Companies Act, the Scheme may only be implemented if:
- 4.8.1.1 the Scheme is approved in terms of section 115(2) of the Companies Act by a special resolution (requiring a 75% majority of Shareholders present and exercising voting rights voting in favour of the Scheme Resolution) adopted by persons entitled to exercise voting rights on such matter (being those Scheme Participants registered as such on the Voting Record Date, excluding the Excluded Shareholders) at the General Meeting and at which meeting sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on that matter; and
- 4.8.1.2 the TRP has issued a compliance certificate in respect of the Scheme in terms of section 115(1)(b) of the Companies Act. In this regard, Shareholders should take note that the TRP does not consider commercial advantages or disadvantages of affected transactions when it approves transactions.
- 4.8.2 Despite the Scheme Resolution to approve the Scheme having been adopted, the Company may not proceed to implement the Scheme without the approval of the Court if:
- 4.8.2.1 the Scheme Resolution was opposed by at least 15% of the voting rights that were exercised on that resolution, and within 5 (five) Business Days after the vote, any

person who voted against the Scheme Resolution requires the Company to seek Court approval; or

- 4.8.2.2 the Court, on application within 10 (ten) Business Days after the vote by any person who voted against the Scheme Resolution, grants that person leave to apply to a Court for a review of the Scheme.
- 4.8.3 If the Scheme Resolution requires approval by a Court as contemplated in terms of paragraph 4.8.2.1 above, the Company must either:
  - 4.8.3.1 within 10 (ten) Business Days after the vote apply to the Court for approval, and bear the costs of that application; or
  - 4.8.3.2 treat the Scheme Resolution as a nullity.
- 4.8.4 On application contemplated in paragraph 4.8.2.2 above, the Court may grant leave to that person to apply to Court for a review of the Scheme only if satisfied that the applicant:
  - 4.8.4.1 is acting in good faith;
  - 4.8.4.2 appears prepared and able to sustain the proceedings; and
  - 4.8.4.3 has alleged facts which if proved would support an order in terms of paragraph 4.8.5 below.
- 4.8.5 On reviewing the Scheme Resolution that is the subject of an application contemplated in paragraph 4.8.2.1 above, or after granting leave as contemplated in paragraph 4.8.2.2 above, the Court may set aside the Scheme Resolution only if:
  - 4.8.5.1 the Scheme Resolution is manifestly unfair to the Company's Shareholders; or
  - 4.8.5.2 the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the MOI or other significant and material procedural irregularity.
- 4.8.6 The Excluded Shareholders shall not vote on the Scheme Resolution.
- 4.8.7 A copy of section 115 of the Companies Act is attached as **Annexure 3** to this Circular.

#### 4.9 **Dissenting Shareholders' Appraisal Rights**

This paragraph 4.9 contains only a summary of the provisions of section 164 of the Companies Act. The full section is set out in **Annexure 3** to this Circular.

The Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act:

- 4.9.1 Any Shareholder that wishes to exercise its Appraisal Rights will be required to, at any time before the Scheme Resolution is tabled to be voted on at the General Meeting, deliver to Stellar Capital a written notice objecting to the Scheme Resolution in accordance with the provisions of section 164(3) of the Companies Act ("**Notice of Objection**").
- 4.9.2 If the Scheme Resolution is subsequently adopted by the Shareholders entitled to attend and vote at the General Meeting, within 10 (ten) Business Days after Stellar Capital has adopted the Scheme Resolution, Stellar Capital must send a written notice confirming that the Scheme Resolution has been adopted to each Shareholder who gave Stellar Capital a Notice of Objection and has neither withdrawn the Notice of Objection nor voted in favour of the Scheme Resolution ("**Scheme Resolution Adoption Notice**").
- 4.9.3 A Shareholder who validly delivered its Notice of Objection to Stellar Capital, voted against the Scheme Resolution and who has complied with all procedural requirements set out in section 164 of the Companies Act, will be entitled in terms of section 164(5) – (8) of the Companies Act to demand in writing within 20 (twenty) Business Days after receipt of the Scheme Resolution Adoption Notice or, if such Shareholder does not receive the notice referred to in paragraph 4.9.2, within 20 (twenty) Business Days after learning that the Scheme Resolution was adopted, that Stellar Capital pay the Shareholder the fair value for all the Shares held by that Shareholder in respect of which such Shareholder gave the Notice of Objection.
- 4.9.4 If Stellar Capital receives a demand in terms of sections 164(5) to (8) of the Companies Act and such demand is not withdrawn by the Operative Date, Stellar Capital shall, in accordance with section 164(11) of the Companies Act, by no later than the final date for making an offer as contemplated in section 164(11) of the Companies Act, make an offer to that Dissenting Shareholder to purchase such Dissenting Shareholder's Share(s).



- 4.9.5 A Dissenting Shareholder who has sent a demand in terms of sections 164(5) to 164(8) of the Companies Act may withdraw that demand before Stellar Capital makes an offer in accordance with section 164(11) of the Companies Act or if Stellar Capital fails to make such an offer. If a Dissenting Shareholder voluntarily withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, it will cease to be a Dissenting Shareholder and will become a Scheme Participant whose Shares will be acquired by Stellar Capital, in accordance with the terms of the Scheme, with retrospective effect from the Operative Date.
- 4.9.6 A Dissenting Shareholder who has sent a demand in terms of sections 164(5) to 164(8) of the Companies Act has no further rights in respect of the Shares in respect of which it has made such demand, other than to be paid the fair value of such Shares, unless:
- 4.9.6.1 that Dissenting Shareholder withdraws that demand before Stellar Capital makes an offer in accordance with section 164(11) of the Companies Act;
- 4.9.6.2 Stellar Capital fails to make an offer in accordance with section 164(11) of the Companies Act and that Dissenting Shareholder withdraws its demand; or
- 4.9.6.3 Stellar Capital makes an offer in accordance with section 164(11) of the Companies Act below and the Dissenting Shareholder allows such offer to lapse;
- 4.9.6.4 in which case that Shareholder's rights shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 4.9.7 The offer made in accordance with section 164(11) of the Companies Act will, in terms of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Shareholder within 30 Business Days after it was made.
- 4.9.8 If the Dissenting Shareholder allows that offer to lapse, it will cease to be a Dissenting Shareholder and will become a Scheme Participant whose Scheme Shares will be acquired by Stellar Capital, in accordance with the terms of the Scheme, with retrospective effect from the Operative Date.
- 4.9.9 A Dissenting Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will become an Excluded Dissenting Shareholder and will not participate in the Scheme. The Excluded Dissenting Shareholder must thereafter tender the Documents of Title in respect of such Shares to Stellar Capital or the Transfer Secretaries. Stellar Capital must pay that Excluded Dissenting Shareholder the agreed amount within 10 (ten) Business Days after the Excluded Dissenting Shareholder has accepted the offer and tendered the Documents of Title.
- 4.9.10 A Dissenting Shareholder who considers the offer made by Stellar Capital in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to a Court to determine a fair value in respect of the Shares that were the subject of that demand, and an order requiring Stellar Capital to pay the Dissenting Shareholder the fair value so determined. The Court will, in accordance with section 164(15)(v) of the Companies Act, be obliged to make an order requiring:
- 4.9.10.1 the Dissenting Shareholders to either withdraw their respective demands or to tender their Shares as contemplated in paragraph 4.9.12; and
- 4.9.10.2 Stellar Capital to pay the fair value in respect of the Shares (as determined by the Court) to each Dissenting Shareholder who tenders its Shares, subject to any conditions the Court considers necessary to ensure that Stellar Capital fulfils its obligations under section 164 of the Companies Act.
- 4.9.11 If, pursuant to the order of the Court, any Dissenting Shareholder withdraws its demand, the Dissenting Shareholder will cease to be a Dissenting Shareholder and will become a Scheme Participant whose Shares will be acquired by Stellar Capital, in accordance with the terms of the Scheme, with retrospective effect from the Operative Date.
- 4.9.12 If, pursuant to the order of the Court, a Dissenting Shareholder tenders its Shares to Stellar Capital, such Dissenting Shareholder will become an Excluded Dissenting Shareholder and will not participate in the Scheme.
- 4.9.13 A copy of section 164 of the Companies Act, which sets out the appraisal rights, is included in **Annexure 3** to this Circular.
- 4.9.14 Any Shareholder that is in doubt as to what action to take must consult their legal or professional advisor in this regard.
- 4.9.15 Before exercising their Appraisal Rights, Shareholders should have regard to the following factors relating to the Scheme:

4.9.15.1 the Scheme Consideration is payable in cash;

4.9.15.2 the report of the Independent Expert set out in **Annexure 1** to this Circular concludes that the Scheme Consideration is fair and reasonable; and

4.9.16 the Court is empowered to grant a costs order in favour of, or against, a Shareholder, as may be applicable.

#### **4.10 Termination of listing of Shares on the JSE**

Subject to the Delisting Resolution being adopted, the Scheme being fair, and subject to the Scheme becoming unconditional and being implemented in accordance with its terms, the JSE has granted approval for the termination of the listing of the Shares, which termination is expected to be implemented at the commencement of trading on the trading day which immediately follows the Operative Date, expected to be Tuesday, 30 November 2021.

#### **4.11 Applicable laws**

The Scheme shall be governed by the laws of South Africa only. Each Shareholder shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Scheme.

#### **4.12 General**

4.12.1 The Company may, subject to the approval of the TRP:

4.12.1.1 before or at the General Meeting, agree to any amendment, variation or modification of the Scheme. The Shareholders will be notified of any such variation or modification; or

4.12.1.2 after the General Meeting, agree to any amendment, variation or modification which Stellar Capital may deem fit to approve or impose, provided that no amendment, variation or modification made after the General Meeting may have the effect of diminishing the rights which will accrue to a Shareholder in terms of the Scheme.

4.13 A certificate signed by two Directors of Stellar Capital stating that all Conditions Precedent have been fulfilled and/or waived (as the case may be) and that the Scheme is capable of implementation shall be binding on Stellar Capital and the Scheme Participants.

4.14 Upon the Scheme being implemented, the existing Documents of Title relating to Shares held by the Cash Option Scheme Participants, will cease to be of any value, other than for the purposes of surrender in terms of the Scheme, and no certificates or deeds or documents will be issued by Stellar Capital in place thereof.

4.15 Stellar Capital will be entitled and will have the authority on behalf of itself and each Shareholder, to authorise any person nominated by Stellar Capital to sign all documents required to carry the Scheme and the Delisting into effect, including but not limited to all transfer forms, instructions to CSDPs, forms of proxy, changes in address and cessions of rights to dividends, distributions and other entitlements to Stellar Capital.

### **5. TERMINATION OF EVENTS**

The Scheme will terminate with immediate effect if any or all of the Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date(s) for fulfilment (or waiver, to the extent possible).

### **6. AGREEMENTS OR OTHER ARRANGEMENTS IN RELATION TO THE SCHEME**

Other than the Irrevocable Undertakings as detailed in paragraph 4.4 of this Circular, there are no other arrangements, agreements or understandings which have any connection with or dependence on the Scheme that have been entered into between the Company and any party/ies acting in concert with it, or any Director of the Company (as at the Last Practicable Date or having resigned in the preceding 12 months), or any Stellar Capital Shareholders (as at the Last Practicable Date or who were Stellar Capital Shareholders in the preceding 12 months).

### **7. CASH CONFIRMATION**

7.1 The maximum aggregate number of Shares which may be repurchased by the Company under the Scheme for the Scheme Consideration will be 412 371 134 Shares, representing 47.26% of the total Shares in issue, excluding the Stellar Capital treasury shares, and therefore the maximum aggregate cash consideration payable by the Company in terms of the Scheme is the Maximum Scheme Consideration.

- 7.2 The Company, which is funding the payment obligations in respect of the Offer out of its own cash resources, has delivered to the TRP a cash confirmation in respect of the Maximum Scheme Consideration issued by Cliffe Dekker Hofmeyr Inc. for the Maximum Scheme Consideration, being R400 000 000, in compliance with Companies Regulations 111(4) and 111(5).

## 8. **EXCHANGE CONTROL REGULATIONS**

The following is a summary of the Exchange Control Regulations insofar as they apply to Stellar Capital Shareholders. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Scheme Participants. In the event of any doubts, Stellar Capital Shareholders are advised to consult their professional advisers as soon as possible.

Shareholders who are not registered in or who have a registered address outside South Africa must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory. If in doubt, Shareholders should consult their professional advisers without delay.

### 8.1 **Residents of the Common Monetary Area**

In the case of:

- 8.1.1 Certificated Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose Document(s) of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted by registered post to such Stellar Capital Shareholders, in accordance with the provisions of this Circular; or
- 8.1.2 Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be transferred directly to the accounts nominated for the relevant Stellar Capital Shareholders by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker.

### 8.2 **Emigrants from the Common Monetary Area**

In the case of Stellar Capital Shareholders who are emigrants from the Common Monetary Area, the Scheme Consideration will:

- 8.2.1 in the case of Certificated Shareholders whose Document(s) of Title will be restrictively endorsed under the Exchange Control Regulations, be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling such Certificated Shareholders' blocked assets in terms of the Exchange Control Regulations. The attached Form of Election and Surrender makes provision for details of the Authorised Dealer concerned to be given; or
- 8.2.2 in the case of Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, be transferred to the emigrant account of the Stellar Capital Shareholders' held at the CSDP of the Authorised Dealer controlling the particular emigrant's blocked assets, or the CSDP contracted by such an Authorised Dealer, under the auspices of the controlling Authorised Dealer.

### 8.3 **All other non-residents of the Common Monetary Area**

The Scheme Consideration accruing to non-resident Stellar Capital Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 8.3.1 in the case of Certificated Shareholders, whose Document(s) of Title will be restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident Stellar Capital Shareholders concerned, unless written instructions to the contrary are received and an address provided. The attached Form of Election and Surrender makes provision for a substitute address; or
- 8.3.2 in the case of Dematerialised Shareholders, be credited by their duly appointed CSDP or Broker directly to the accounts nominated by the Stellar Capital Shareholders in terms of the provisions of the Custody Agreement with his/her/its CSDP or Broker.
- 8.4 If the information regarding the Authorised Dealer is not given or instructions are not given as required, the Scheme Consideration will be held by the Transfer Secretaries for the benefit of those Stellar Capital Shareholders concerned, until claimed pending receipt of the necessary information or instructions for a maximum period of 5 (five) years, after which period such funds shall be made over to the Guardian's Fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by Stellar Capital.

## 9. TAX IMPLICATIONS

The tax implications of the Scheme on the Stellar Capital Shareholders will depend on the individual circumstances of each independent Stellar Capital Shareholder. Accordingly, Stellar Capital Shareholders are advised to obtain independent tax advice in relation to the tax implications of the Scheme.

The summary below is a general guide and is not intended to constitute a complete analysis of the tax consequences of the Scheme provisions in terms of South African tax law. It is not intended to be, nor should it be considered to be legal or tax advice. The Company and its advisors cannot be held responsible for the tax consequences of the Scheme, specifically the repurchase of the Shares and therefore the Shareholders are advised to consult their own tax advisors in this regard. The tax position is especially uncertain at the Last Practicable Date given the possible retrospective change in legislation relating to the question to what extent the Company can return contributed tax capital ("**CTC**") which amendment may be effective from 28 July 2021.

The Scheme Consideration will in the first instance be funded by the Company partly out of its CTC that are attributable to the Shares of the Company to the extent that it is possible and permissible. The Scheme Consideration will therefore be treated similarly to the proceeds of any other sale of Shares by a Scheme Participant.

The tax position of a Scheme Participant under the Scheme is dependent on such Scheme Participant's individual circumstances, specifically the purpose with which the Shares were acquired and subsequently held. In this context the tax consequences differ based on whether the Shareholder holds the Shares as capital assets or on revenue account. Proceeds will be deemed to be on revenue account to the extent that they are disposed of as part of a business in carrying out a profitmaking scheme.

It is indicated in the income tax legislation that CTC can only be returned to Shareholders to the extent that the Board or some other body of persons with comparable authority has indicated the amount of CTC to be transferred. In addition, CTC can only be returned to holders of a specific class of Shares on a proportionate basis with reference to the number of Shares in issue and the total CTC that is available. In terms of the latest draft Taxation Laws Amendment Bill 2021 (the "**TLAB**") a further amendment is to be made to the circumstances when CTC can be returned by a Company with effect from 28 July 2021, being that all holders of Shares in a specific class must participate in the transfer in the same manner and are actually allocated an amount of CTC based on their proportionate shareholding within that class of Shares. If this is the case the Company would not be able to return CTC to only some Shareholders that have elected the Cash Option in terms of the Scheme as certain Shareholders are likely to elect the Retain Option and remain Shareholders of the Company. The Board has thus resolved that the Scheme Consideration will be funded out of CTC to the extent allowed in terms of the legislation. If this is not allowed the entire consideration will be deemed to be a dividend. More clarity is expected to be obtained on 13 October 2021 and any development will be communicated to Shareholders prior to the Voting Record Date.

Should the Scheme Consideration be funded out of CTC, 40% of a capital gain in the case of an individual is included in taxable income for capital gains tax ("**CGT**") purposes. An individual will thus pay CGT on a sliding scale with a maximum of 18%. In the case of a corporate entity or a trust 80% of the gain must be included in taxable income, which results in an effective rate of 22.4% for a corporate entity and 36% for a trust. To the extent that proceeds are subject to income tax, the current corporate tax rate is equal to 28% whereas trusts pay income tax at the rate of 45%. Natural persons pay income tax on a sliding scale with a maximum rate of 45%. Gains realised on the disposal of equity shares (including ordinary Shares) are automatically deemed to be of a capital nature if the equity shares have been held for a continuous period of at least three years.

The tax position of the Scheme Participants will also depend on whether the Shares are held by a portfolio of a collective investment scheme or a pension fund and on the tax jurisdiction in which the Scheme Participant is resident.

Scheme Participants that are not resident of South Africa will generally not be subject to income tax in South Africa on the return of CTC pursuant to the repurchase of the Shares as non-resident taxpayers are only taxed on proceeds that are sourced in South Africa or when the holding of the Shares is effectively connected to a permanent establishment of the Shareholder that is situated in South Africa. This is the case whether or not the Shares are held on capital or revenue account by the non-resident Shareholder.

To the extent that the Scheme Consideration cannot be funded out of CTC and is thus deemed to be a dividend the amount will be exempt from income tax for South African tax purposes. In such instance taxpayers that are not South African resident companies will be subject to dividends tax at the rate of 20% in respect of that portion of the Scheme Consideration that does not constitute a return of CTC. In the case of a non-resident Shareholder such rate of 20% may be reduced depending on the terms of the double taxation convention concluded between South Africa and the country of residence of the Shareholder concerned. In such event, however, the Shareholder must submit a declaration and undertaking that the lower rate of dividends tax applies beforehand to the Company or the regulated intermediary, as the case may be.

The repurchase of the Shares is subject to securities transfer tax at the rate of 0.25 percent, which will effectively be paid by the Company.

## 10. INDEPENDENT EXPERT OPINION

- 10.1 In accordance with section 114(2) of the Companies Act and Regulations 90(1) and (2) of the Takeover Regulations, and paragraph 1.15(d) of the Listings Requirements, the Independent Board appointed PSG Capital as the Independent Expert (which meets the requirements set out in section 114(2) of the Companies Act and Regulation 90 of the Companies Act and paragraph 1.15(d) of the Listings Requirements) for the purposes of providing external advice in regard to, among other things, the Scheme and to make appropriate recommendations to the Independent Board for the benefit of Shareholders in respect of the Scheme.
- 10.2 The Independent Expert performed a valuation on the Stellar Capital Shares for the purposes of the Scheme. Taking into consideration the terms and conditions of the Scheme, the Independent Expert is of the opinion, based on the assumptions and other considerations set forth in its opinion included in **Annexure 1** of the Circular, that the terms and conditions of the Scheme are fair and reasonable to Stellar Capital Shareholders. The full text of such opinion from the Independent Expert is set out in **Annexure 1** of the Circular.

## 11. RECOMMENDATIONS BY THE BOARD

- 11.1 The Independent Board has been tasked to consider whether the terms and conditions of the Scheme are fair and/or reasonable to Stellar Capital Shareholders. In discharging its obligations, the Independent Board undertook an independent assessment of the terms and conditions of the Scheme and engaged the Independent Expert to provide a fair and reasonable opinion in this regard.
- 11.2 PSG Capital, acting as Independent Expert to the Independent Board, has advised the Independent Board that it has considered the terms and conditions of the Scheme and is of the opinion that these terms and conditions are fair and reasonable to Stellar Capital Shareholders. The text of the letter from PSG Capital is included in **Annexure 1** to this Circular and consent to include such letter in this Circular has not been withdrawn prior to the Last Practicable Date.
- 11.3 Each of the Independent Board and Board, taking into account the fair and reasonable opinion of the Independent Expert, has considered the terms and conditions of the Scheme. Each of the Independent Board and the Board is of the opinion that the terms and conditions thereof are fair and reasonable to Stellar Capital Shareholders. In particular, the Independent Board and Board have considered the fair value ranges determined by the Independent Expert and is in agreement with the fair value ranges so determined and has placed reliance on the valuation performed by the Independent Expert. There were no factors considered to be too difficult to quantify or unquantifiable by the Independent Board when formulating its opinion. Accordingly, the Independent Board and Board recommend that all Stellar Capital Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

## 12. INFORMATION RELATING TO STELLAR CAPITAL

### 12.1 Nature of the business

Stellar Capital Partners Limited 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.

### 12.2 Major Shareholders

At the Last Practicable Date insofar as is known to Stellar Capital, the below Shareholders were directly or indirectly, beneficially interested in 5% or more of the Shares or holders of Treasury shares.

Shareholder	Number of Stellar Capital Shares	% of Stellar Capital Shares**
Foxglove Capital Resources Limited	295 041 641	32.33
Asgard Capital Assets	171 097 041	18.74
K2016225267 (South Africa) Proprietary Limited	87 126 632	9.55
AHI Asset Management Proprietary Limited*	40 000 000	4.38
<b>Total</b>	<b>593 265 314</b>	<b>65.00</b>

\* Held as treasury shares

\*\* Based on 912 616 841 Shares in issue as at the Last Practicable Date.

### 12.3 Dealings in Stellar Capital by the Irrevocable Shareholder

The Irrevocable Shareholder dealt in Stellar Capital Shares in the period beginning six months before the Scheme Opening Date as follows:

Date	7 April 2021
Quantum of Stellar Capital Shares Acquired	25 000 000
Acquisition price (cents per share)	71.14
Reason	Acquisition proceeds for the internalisation of the Stellar Capital management company as approved by Stellar Capital Shareholders on 30 March 2021

### 12.4 Share capital of Stellar Capital

The authorised and issued ordinary share capital of Stellar Capital before the Scheme is set out below.

	<b>R'000</b>
<b>Share capital</b>	
<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 account	2 229 084

Stellar Capital holds 40 000 000 Shares in treasury.

### 12.5 Statement of Directors' interests

#### 12.5.1 Directors' interests in Stellar Capital

The direct and indirect beneficial interests of the Stellar Capital Directors and their Associates in Stellar Capital Shares, including Directors who have resigned over the last 18 months as at the Last Practicable Date are set out in the table below.

<b>Director</b>	<b>Beneficial</b>		<b>Total</b>	<b>Total %</b>
	<b>Direct</b>	<b>Indirect</b>		
PJ van Zyl	530 544	–	530 544	0.06
S Graham	2 000 000	–	2 000 000	0.22
CJ Roodt	–	–	–	–
MVZ Wentzel	–	–	–	–
DD Tabata	–	–	–	–
L Potgieter	–	–	–	–
HC Steyn	742 245	3 623 745	4 365 990	0.48
PJ Bishop	–	–	–	–
<b>Total</b>	<b>3 272 789</b>	<b>3 623 745</b>	<b>6 896 534</b>	<b>0.76</b>

There have been no other material Directors' beneficial interest, whether directly or indirectly, of Directors in the current or previous financial year in transactions that were concluded by Stellar Capital.

There have been no changes to the Directors' interest disclosure as set out above since the Last Practicable Date and no Directors have resigned or retired in the previous 18 months.

#### 12.5.2 Directors' dealings in Stellar Capital

No Stellar Capital Directors dealt in Stellar Capital Shares in the period beginning six months before the Scheme Opening Date.

### 12.6 Directors' interests in the Transaction

Messrs Graham, Steyn and Van Zyl are Shareholders, and as such, will not vote on the Scheme Resolution. Save for their direct or indirect participation in the Offer, as Shareholders, none of the other Stellar Capital Directors have any direct or indirect beneficial interests in the Transactions as at the Last Practicable Date.

### 12.7 Remuneration of Directors

The remuneration of Directors in their capacity as Directors, which is due and payable for the period up to the Scheme Operative Date, will in no way be affected as a result of the Scheme.

## 12.8 Service Agreements

There are no service contracts in place between any Stellar Capital Director and/or proposed Stellar Capital Director on the one hand and the Group on the other hand. There are no service contracts entered into or amended within six months before the Last Practicable Date.

## 12.9 Financial Information

### 12.9.1 Historical financial information

Extracts from the audited financial information of Stellar Capital for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 are included in **Annexure 2** to this Circular.

### 12.9.2 Pro forma financial effects of the Scheme

In terms of Regulation 106(6)(d) of the Companies Regulations, since the Scheme Consideration is a cash offer and not an offer for shares, no *pro forma* financial effects are required.

## 13. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Stellar Capital and the Group since its year-end results for the year ended 30 June 2021 and the Last Practicable Date.

## 14. MATERIAL CONTRACTS, SERVICE AND OTHER AGREEMENTS

There are no material contracts constituting either a restrictive funding arrangement, or a contract outside of the ordinary course of business, entered into by Stellar Capital during the two years preceding the Last Practicable Date or at any time containing an obligation or settlement that is material to the Group other than the internalisation of the Stellar Capital management company approved by Stellar Capital Shareholders on 30 March 2021.

## 15. STELLAR CAPITAL RESPONSIBILITY STATEMENT

The Independent Board and the Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular which relates to the Scheme as well as the extracts of information relating to Stellar Capital and certifies that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The Independent Board and the Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law, the Companies Act and the Listings Requirements.

## 16. COSTS

It is estimated that the total expenses relating to the Scheme will amount to approximately R2.5 million (costs are exclusive of VAT) and includes the following:

<b>Description</b>	<b>Estimated amount (Rands)</b>
Independent Expert – PSG Capital	250 000
Transaction Sponsor – RMB	250 000
Legal Advisor – Cliffe Dekker Hofmeyr Inc.	400 000
Documentation Review – JSE	50 000
Documentation Review – TRP	150 000
Transfer Secretaries – Computershare	50 000
Exchange Control – SARB	20 000
Printing and postage – Ince	100 000
Securities Transfer Tax – SARS	1 000 000
Other/contingency	200 000
<b>Total</b>	<b>2 470 000</b>

Stellar Capital did not incur preliminary expenses within the three years preceding the date of this Circular.

**17. ADVISORS' CONSENTS**

The advisors whose names appear in the sections "Corporate Information and Advisors" have all consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular and, in the case of the Independent Expert, reference to their report in the form and context in which it appears, and have not withdrawn their consent prior to the publication of this Circular.

**18. LITIGATION STATEMENT**

The Company is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being the previous 12 (twelve) months, a material impact on the financial position of the Group.

**19. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders at Stellar Capital's registered office and the offices of the Transfer Secretaries (the addresses of which appear in the sections "Corporate Information and Advisers") during normal office hours from the date of posting of this Circular until the Scheme Record Date (electronic copies of the below documents may also be requested from the Company Secretary of the Company at info@stellarcapital.co.za):

- 19.1 a signed copy of this Circular;
- 19.2 a signed copy of the report of the Independent Expert;
- 19.3 the MOI of Stellar Capital;
- 19.4 the Irrevocable Undertakings from Foxglove;
- 19.5 the TRP approval letter for the Circular;
- 19.6 the consolidated audited financial information of Stellar Capital for the three years ended 30 June 2019, 30 June 2020 and 30 June 2021; and
- 19.7 the written consents by the advisers.

**SIGNED AT CAPE TOWN ON BEHALF OF THE INDEPENDENT BOARD IN TERMS OF RESOLUTIONS PASSED BY THE INDEPENDENT BOARD.**

By order of the Independent Board

**STELLAR CAPITAL PARTNERS LIMITED**

CJ Roodt  
Signed on behalf of the Independent Board, being duly authorised  
29 September 2021



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## REPORT OF THE INDEPENDENT EXPERT

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21 September 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 FAIR AND REASONABLE REPORT IN RESPECT OF THE OFFER TO ACQUIRE ALL OF THE ISSUED ORDINARY SHARES AND THE SUBSEQUENT DELISTING OF STELLAR CAPITAL FROM THE JSE LIMITED**

#### **1. Introduction**

In the announcement released on SENS on Friday, 27 August 2021, Stellar Capital has resolved to propose (i) to make a cash offer (“**Offer**”) to Stellar Capital shareholders (“**Shareholders**”) to acquire all of the ordinary shares held by Shareholders in the issued share capital of Stellar Capital (“**Shares**”) by way of a scheme of arrangement (“**Scheme**”) in terms of sections 48 and 114(1)(e) of the Companies Act, No. 71 of 2008, as amended (“**Companies Act**”), and (ii) the subsequent delisting of the Company from the JSE (“**Delisting**”).

In terms of the Scheme, Shareholders will have the option to either elect to retain their Shares or elect to accept the Offer and to sell a portion or all of their Shares for a cash consideration of 97 cents per Scheme Share (“**Cash Option**” or “**Scheme Consideration**”).

Full particulars of the Scheme are contained in the circular (“**the Circular**”) to Shareholders of which this opinion forms part.

#### **2. Scope**

The Stellar Capital independent board of directors (the “**Independent Board**”) must retain an independent expert to compile a report on the terms and conditions of the Scheme and the Delisting, and opine as to the fair and reasonableness in respect of the Scheme (the “**Opinion**”), as the Scheme constitutes a firm intention by Stellar Capital to make an offer to the Shareholders as contemplated in Chapter 5 of the Companies Act and the regulations published in terms of section 120 of the Companies Act (“**Takeover Regulations**”). In addition, paragraph 1.15(d) of the Listings Requirements requires the independent expert to opine on the fairness of the Delisting.

PSG Capital Proprietary Limited (“**PSG Capital**”) has been appointed by the Independent Board as the independent expert to advise, in accordance with the Companies Act, the Takeover Regulations and the JSE Listings Requirements on whether the terms and conditions of the Transaction are fair and reasonable as far as Shareholders are concerned.

#### **3. Responsibility**

Compliance with the Companies Act and Takeover Regulations is the responsibility of the Independent Board. PSG Capital’s responsibility is to report on the terms and conditions of the Scheme as they relate to Shareholders.

We confirm that our Opinion has been provided to the Independent Board, and that it will be distributed to shareholders in connection with the Scheme. We understand that the results of our work will be used by the Independent Board to satisfy the requirements of the Companies Act and Takeover Regulations

#### **4. Definition of the terms “fair” and “reasonable”**

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

The assessment of fairness is primarily based on quantitative considerations. Accordingly, the Scheme may be considered fair if the Scheme Consideration is equal to or greater than the value of the Stellar Capital Shares being surrendered by Shareholders.

In terms of the Companies Regulations, a transaction will be considered reasonable if the value received by the shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced.

The Scheme may therefore be considered reasonable if the Scheme Consideration exceeds the market value of Stellar Capital Shares as at the date of the announcement of the Scheme.

In addition, other qualitative factors are also considered in evaluating the reasonability of the Scheme Consideration. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. This fair and reasonable opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders subject to the Scheme. A shareholder's decision regarding fair and reasonableness of the terms of the Scheme may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

## 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 performing our indicative valuation of Stellar Capital include:

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 2021;
- 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 to 30 June 2021, and including the unaudited valuation models as at 31 December 2020;
- forecast financial information for FY2022 to FY2026 for Stellar and relevant underlying investments;
- company listing and corporate costs including head office costs for the financial year ended 30 June 2021;
- the draft Circular;
- 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 Stellar Capital and its underlying investments;
- the firm intention letter setting out the terms and conditions of the Scheme ("**Firm Intention Letter**");
- comparative publicly available financial information on suitable peer-listed companies; 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, conditions and structure of the Scheme are legally enforceable.
- That reliance can be placed on the historical and forecast financial information of Stellar Capital and its underlying investments.
- The current economic, regulatory and market conditions will not change materially.
- Stellar Capital and its underlying investments are not involved in any material legal proceedings.
- Stellar Capital has no outstanding disputes with any regulatory body, including the South African Revenue Service.
- There are no undisclosed contingencies that could affect the value of Stellar Capital.
- The structure of the Scheme will not give rise to any undisclosed tax liabilities.
- 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 in evaluating the fair and reasonableness of the Scheme:

- Reviewed and analysed the aforementioned financial information.
- Performed a valuation of Stellar Capital as detailed below.
- Reviewed the terms and conditions of the Scheme as set out in the Firm Intention Letter.
- Reviewed the reasonableness of the information made available by and from discussions held with Management, *inter alia*:
  - the rationale for the Scheme;
  - the events leading up to receipt of the Firm Intention Letter; and
  - the current market conditions relating to Stellar Capital;
- Where relevant, corroborated representations made by Management teams to source documents.
- 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 information and that no material information was omitted and that all such information provided to us is accurate in all respects.
- Considered other relevant facts and information relevant to concluding this Opinion.

## 9. **Valuation methodology**

In considering the Scheme, PSG Capital performed an independent sum-of-the-parts valuation of Stellar Capital, considering the appropriate valuation technique to be applied to each of the underlying investments and liabilities which included discounted cash flows (“**DCF Valuation**”), market multiples and net asset value where applicable (“**Valuation Approach**”)

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) operates.

Sensitivity analyses on the Valuation Methods were conducted, where practical, utilising key value drivers, which included, *inter alia*, the following sensitivity analyses on Prescient, a material investment of Stellar Capital:

- A variance range of 3% in the revenue growth, which analyses resulted in a variation range of 7.5% on the Stellar Capital base value.
- A variance range of 3% in operating expenses growth, which analyses resulted in a variation range of 4.3% on the Stellar Capital base value.

## 10. Reasonability

In arriving at our opinion with respect to the reasonability of the Scheme, we considered, *inter alia*, the following:

- Historic trading prices of Stellar Capital on the JSE.
- The trading liquidity of Stellar Capital shares.
- Considered the historical trading data for shares of Stellar Capital for the period 1 July 2018 until 27 August 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.

## 11. Opinion

We have considered the terms and conditions of the Scheme, and based on the aforementioned, we are of the opinion, subject to the limiting conditions as set out below, that the indicative market value of the Shares, amounts to between 94.81 cents per share and 113.59 cents per share ("**Value Range**"), with the likely core value of 104.20 cents per share being the midpoint of the value range, compared to the Scheme Consideration of 97 cents per share. Although the Scheme Consideration is lower than the calculated core midpoint value, it still falls within the Value Range calculated.

In considering the values listed above, Shareholders should take particular notice of the following factors:

- (i) We determined it reasonable to apply a Value Range in calculating the indicative market value per Share, given the nature of, *inter alia*, the uncertainty of the forecasts applied in the valuation methodologies and relevant sensitivities thereto. Given the sensitivity of Stellar's value in changes to key value drivers, we have calculated a Value Range of approximately 20% as noted above. We have interrogated the key value drivers, and changes thereto in detail, and express our comfort on the Value Range, as well as the fairness of the Scheme Consideration falling within the Value Range calculated.
- (ii) The actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value depending upon the circumstances of the transaction.

We considered the terms of conditions of the Scheme and, based upon and subject to the conditions set out herein, the Scheme Consideration falls within the Value Range, and therefore of the opinion that the Scheme and Delisting is fair to Shareholders

We considered the terms of conditions of the Scheme and, based upon and subject to the conditions set out herein, are of the opinion that the Scheme is reasonable to Shareholders.

## 12. Limiting conditions

This Opinion is provided to the Independent Board in connection with and for the purpose of the Scheme, for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Shareholders. This Opinion is prepared solely for the Independent 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 Scheme.

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 Scheme 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.

## 13. Sections 115 and 164 of the Companies Act

Extracts of sections 115 and 164 of the Companies Act have been included as **Annexure 3** to the Circular.

**14. Interest of directors of Stellar Capital**

The shareholding of directors of Stellar Capital, directly and indirectly, is set out in paragraph 12 to the Circular.

**15. 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 Scheme.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Scheme; (ii) evaluate the consequences of the Scheme; and (iii) assess the effect of the Scheme on the value of the shares and on the rights and interests of the Shareholders 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 R235 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Scheme.

**16. 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 Scheme.

Yours faithfully

**Riaan Van Heerden**  
**PSG CAPITAL**

**EXTRACT OF CONSOLIDATED AUDITED HISTORICAL FINANCIAL  
INFORMATION OF STELLAR CAPITAL FOR THE YEARS ENDED  
30 JUNE 2019, 30 JUNE 2020 AND 30 JUNE 2021**

Complete sets of the Financial Statements are available on the Stellar Capital website:  
www.stellarcapitalpartners.co.za.

**STATEMENT OF FINANCIAL POSITION**

R'000	Group		
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2019
<b>Non-current assets</b>	<b>680 500</b>	682 660	694 189
Unlisted investments at fair value	<b>680 255</b>	681 232	692 063
Other financial assets	–	1 179	1 102
Deferred taxation	<b>245</b>	249	1 024
<b>Current assets</b>	<b>471 107</b>	458 501	612 929
Unlisted investments at fair value	<b>36 547</b>	57 361	96 432
Other financial assets	<b>1 240</b>	–	30
Loans to portfolio companies	–	–	19 607
Current tax receivable	<b>22</b>	34	–
Trade and other receivables	<b>11 453</b>	120	424 733
Cash and cash equivalents	<b>421 845</b>	400 986	72 127
<b>Total assets</b>	<b>1 151 607</b>	<b>1 141 161</b>	<b>1 307 118</b>
<b>Equity</b>	<b>1 150 410</b>	1 139 997	1 289 906
Ordinary share capital	<b>2 229 084</b>	2 229 084	2 347 806
Accumulated loss	<b>(1 078 674)</b>	(1 089 087)	(1 057 900)
<b>Current liabilities</b>	<b>1 197</b>	1 164	17 212
Current tax payable	–	–	53
Trade and other payables	<b>1 197</b>	1 164	17 159
<b>Total equity and liabilities</b>	<b>1 151 607</b>	<b>1 141 161</b>	<b>1 307 118</b>

## STATEMENT OF COMPREHENSIVE INCOME

R'000	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
<b>Fair value adjustments</b>	<b>(30 777)</b>	(74 641)	8 978
Fair value adjustments on listed investments	–	–	202 610
Fair value adjustments on unlisted investments	<b>4 275</b>	(74 641)	(3 291)
Fair value adjustments resulting from capital distributions	<b>(35 052)</b>	–	(190 341)
<b>Dividend income</b>	<b>75 236</b>	35 117	284 065
Capital distributions	<b>35 052</b>	–	190 341
Earnings distributions	<b>40 184</b>	35 117	93 724
Interest income	<b>18 513</b>	33 726	3 463
Gross profit/(loss) from investments	<b>62 972</b>	(5 798)	296 506
Other income	<b>350</b>	813	1 353
Finance costs	–	–	(88 360)
Net profit/(loss) before operating expenses	<b>63 322</b>	(4 985)	209 499
Management fee	<b>(4 811)</b>	(11 471)	(17 141)
Operating expenses	<b>(7 229)</b>	(7 315)	(9 582)
Effective settlement of pre-existing contract	<b>(35 570)</b>	–	–
Transaction costs	<b>(1 006)</b>	(192)	(20 773)
Profit/(loss) before tax	<b>14 706</b>	(23 963)	162 003
Taxation	<b>(4 293)</b>	(7 224)	405
<b>Profit/(loss) for the year</b>	<b>10 413</b>	(31 187)	162 408
Basic and diluted earnings/(loss) per share (cents)	<b>1.25</b>	(3.09)	15.13

## STATEMENT OF CHANGES IN EQUITY

Group R'000	Ordinary Share capital	Preference Share capital	Accumulated loss	Total equity
<b>Balance at 1 July 2018</b>	2 347 806	32 044	(1 252 352)	1 127 498
Redemption of preference share capital	–	(32 044)	32 044	–
Profit for the year	–	–	162 408	162 408
<b>Balance at 1 July 2019</b>	2 347 806		(1 057 900)	1 289 906
Repurchase and cancellation of ordinary shares	(118 722)		–	(118 722)
Loss for the year	–		(31 187)	(31 187)
<b>Balance at 30 June 2020</b>	2 229 084		(1 089 087)	1 139 997
Acquisition of treasury shares ~	(35 570)		–	(35 570)
Shares issued to acquire the Manco	35 570		–	35 570
Profit for the year	–		10 413	10 413
<b>Balance at 30 June 2021</b>	<b>2 229 084</b>		<b>(1 078 674)</b>	<b>1 150 410</b>

~ These treasury shares were previously held by AHI, a subsidiary held at fair value, and which is not consolidated.

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**SECTIONS 115 AND 164 OF THE COMPANIES ACT**

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**EXTRACT OF SECTION 115 OF THE COMPANIES ACT**

“Part:

- (1) Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
  - (a) the disposal, amalgamation or merger, or scheme of arrangement:
    - (i) has been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
  - (b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:
    - (i) dispose of all or the greater part of its assets or undertaking;
    - (ii) amalgamate or merge with another company; or
    - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
  - (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64 (2); and
  - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if:
    - (i) the holding company is a company or an external company;
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
    - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
  - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).



- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), “act in concert” has the meaning set out in section 117 (1) (b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3) (a), the company must either:
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3) (b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and
  - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5) (a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company’s securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of shares from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger. ”

## **EXTRACT OF SECTION 164 OF THE COMPANIES ACT**

- “(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
- (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in section 112, 113, or 114,
  - (c) that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
- (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:
    - (i) withdrawn that notice; nor
    - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
- (a) the shareholder:
    - (i) sent the company a notice of objection, subject to subsection (6); and (ii) in the case of an amendment to the company’s Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder:
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
- (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must state:
- (a) the shareholder’s name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and
  - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
- (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

- (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (iii) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
    - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the Court; and

- (v) must make an order requiring:
    - (aa) the dissenting shareholders to either withdraw their respective demands, in which case the shareholder is reinstated to their full rights as a shareholder, or to comply with subsection (13)(a); and
    - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the Company fulfils its obligations under this section.
- (15A) At any time before the court has made an offer contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that:
    - (i) is just and equitable, having regard to the financial circumstances of the company; and
    - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
  - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
  - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."



**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")

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## NOTICE OF GENERAL MEETING

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**THE ATTENTION OF SHAREHOLDERS IS DRAWN TO THE CIRCULAR TO WHICH THIS NOTICE OF GENERAL MEETING IS ATTACHED WHICH SETS OUT, *INTER ALIA*, THE PROVISIONS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT AND THE APPLICABLE EXCHANGE CONTROL REGULATIONS.**

Notice is hereby given that a meeting of the Shareholders of Stellar Capital will be held at 09:30 on **Friday, 29 October 2021** at **Stellar Capital's registered offices, 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708** and via an electronic meeting, to consider and, if deemed fit, to pass, with or without modification, the special and ordinary resolutions set out below.

The definitions and interpretation commencing on page 5 of the Circular to which this Notice is attached, apply, *mutatis mutandis*, to this Notice and to the Resolutions set out below.

The Voting Record Date in terms of section 59 of the Companies Act for Shareholders to be recorded on the Register in order to be able to attend, participate, speak and vote at the General Meeting is Friday, 22 October 2021.

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### Important dates to note

**2021**

Last day to trade in order to be eligible to vote at the General Meeting	<b>Tuesday, 19 October</b>
Voting Record Date to be able to vote at the General Meeting	<b>Friday, 22 October</b>
Forms of Proxy to be received by no later than 09:30 on	<b>Wednesday, 27 October</b>
General Meeting to be held at 09:30 on	<b>Friday, 29 October</b>

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### 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 Form of Proxy in accordance with the instructions set out therein;**
- **a proxy need not be a Shareholder; and**
- **Shareholders recorded in the Register on the Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.**

In terms of section 61(10) of the Companies Act:

Shareholders or their proxies may participate in the General Meeting by way of electronic participation, if they wish to do so:

- must contact the Transfer Secretaries by no later than 09:30 on **Wednesday, 27 October 2021**;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately for their participation in the General Meeting.

### EXCLUSIONS FROM VOTING

The voting rights attaching to the Shares held by the Excluded Shareholders shall not be capable of being exercised on the Scheme Resolution (Special Resolution number 1). In addition, the Foxglove Shares shall be excluded when determining whether the quorum requirements in relation to the Scheme Resolution are met.

Foxglove has undertaken not to exercise the voting rights attaching to the Foxglove Shares on the Delisting Resolution.

**SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SCHEME SPECIAL RESOLUTION IN ACCORDANCE WITH SECTIONS 48(8)(A), 48(8)(B), 114(1)(E) AND 115(2)(A) OF THE COMPANIES ACT**

“**RESOLVED THAT**, the Scheme (as more fully described in paragraph 4 of the Circular to which this Notice is attached) proposed by the Board on the recommendation of the Independent Board between the Company and its Shareholders as contemplated by section 48(8), as read with sections 114 and 115 of the Companies Act, in terms of which the Company will, subject to the fulfilment or waiver of the Conditions Precedent (save for any Condition Precedent relating to the passing of this special resolution), and on the Operative Date, repurchase all of the Scheme Shares held by the Cash Option Scheme Participants for the Scheme Consideration, being 97 cents per Scheme Share disposed of by each such Cash Option Scheme Participant, be and is hereby approved in accordance with sections 48(8)(a), 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act.”

***Explanatory note***

In accordance with section 48(8)(a) and 115(2)(a) of the Companies Act, the Scheme must be approved by a special resolution of the Company if any Shares are to be acquired by the Company from a Director or prescribed officer of the Company or a person related to a Director or prescribed officer of the Company. In addition, the Scheme will result in Stellar Capital acquiring more than 5% of Shares in issue as at the Scheme Record Date and thus the Scheme, as required by section 48(8)(b) of the Companies Act, is subject to the requirements of sections 114 and 115 of the Companies Act. Accordingly, the reason for this special resolution is to approve the Scheme in terms of sections 48(8)(a), 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act.

***Voting requirement***

The percentage of voting rights that will be required in terms of the Companies Act for this special resolution to be adopted is at least 75% of the voting rights exercised on the resolution by Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting.

**SPECIAL RESOLUTION NUMBER 2 – REVOCATION OF SPECIAL RESOLUTION NUMBER 1 IF THE SCHEME DOES NOT BECOME UNCONDITIONAL, IS NOT CONTINUED AND DISSENTING SHAREHOLDERS HAVE EXERCISED APPRAISAL RIGHTS UNDER SECTION 164 OF THE COMPANIES ACT**

“**RESOLVED THAT**, as a special resolution in terms of section 164(9)(c) of the Companies Act subject to and in the event of:

- (i) special resolution number 1 being approved by the Shareholders;
- (ii) the Scheme not becoming unconditional for whatever reason;
- (iii) the Company making an announcement on SENS to the effect that the Scheme shall not be continued or pursued any further, made unconditional or revived; and
- (iv) any Dissenting Shareholders of Stellar Capital having exercised their Appraisal Rights under section 164 of the Companies Act,

Special Resolution Number 1 is revoked with effect from the date of the SENS announcement contemplated in (iii) above, as contemplated in section 164(9)(c) of the Companies Act, and accordingly any Shareholder that has sent a demand to the Company in terms of sections 164(5) to (8) of the Companies Act to be paid the fair value of its Shares, shall have no rights to be so paid under section 164 of the Companies Act in that the Scheme did not and shall not become effective.”

***Explanatory note***

Special resolution number 1 is revoked with effect from the date of the SENS announcement contemplated in (iii) above, as contemplated in section 164(9)(c) of the Companies Act, and accordingly any Shareholder that has sent a demand to the Company in terms of sections 164(5) to (8) of the Companies Act to be paid the fair value of its Shares, shall have no rights to be so paid under section 164 of the Companies Act in that the Scheme did not and shall not become effective.”

Special resolution number 2 will only be put to Shareholders to vote on if Stellar Capital receives written notice from any Shareholder objecting to the Scheme in terms of section 164(3) of the Companies Act.

***Voting requirement***

The percentage of voting rights that will be required for this special resolution to be adopted is at least 75% of the voting rights exercised on the resolution by Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting.

## **ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DELISTING IN TERMS OF PARAGRAPHS 1.15(A) AND 1.16 OF THE LISTINGS REQUIREMENTS**

“**RESOLVED THAT**, subject to, and conditional upon the passing of Special Resolution Number 1, and the implementation of the Scheme in accordance with its terms, the listing of all Shares be terminated in accordance with the terms set out in the Circular.”

### ***Explanatory note***

In accordance with paragraph 1.15(a) of the Listings Requirements, approval must be obtained from Shareholders in a general meeting to authorise the Company to make application to the JSE to delist its Shares from the Main Board of the JSE in terms of paragraph 1.14 of the Listings Requirements, in the event that the Scheme becomes unconditional.

### ***Voting requirement***

The percentage of voting rights that will be required for this ordinary resolution to be adopted is at least 50% of the voting rights exercised on the resolution by the Shareholders, excluding any controlling shareholder, its Associates and any party acting in concert, and any other party which the JSE deems appropriate, present in person or by proxy and entitled to vote on such resolution at the General Meeting.

### **QUORUM**

The General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. A matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three Shareholders 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 on matters to be decided by Shareholders.

### **FORM OF PROXY**

A Form of Proxy is attached for the convenience of any Certificated Shareholders and “own-name” Dematerialised Shareholders who are unable to attend the General Meeting who wish to be represented thereat. Forms of Proxy may also be obtained on request from Stellar Capital’s registered office. The duly completed Forms of Proxy must be deposited at or posted to the office of the Transfer Secretaries, to be received by no later than 48 hours prior to the General Meeting, i.e. by 09:30 on **Wednesday, 27 October 2021**. The Form of Proxy may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence. Any 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.

Attached to the Form of Proxy (*white*) is an extract of section 58 of the Companies Act, to which Shareholders are referred.

Shareholders who have already Dematerialised their Shares through a CSDP or Broker and who wish to attend the General Meeting must instruct their CSDP or Broker to issue them with the necessary letter of representation to attend.

Dematerialised Shareholders who have elected “own-name” registration in the 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 relevant Form of Proxy and lodge it with the Transfer Secretaries; to be received by no later than 09:30 on **Wednesday, 27 October 2021**.

### **APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before the special resolution number 1 as set out in this Notice is voted on, a Shareholder may give Stellar Capital a written notice objecting to the Scheme Resolution.

Within 10 Business Days after the Company has adopted the special resolution number 1 (in the event that it is adopted), the Company must send a notice that special resolution number 1 has been adopted to each Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of special resolution number 1.

A Shareholder may demand that Stellar Capital pay the Shareholder the fair value for all of the Stellar Capital Shares held by that person if:

- the Shareholder has sent Stellar Capital a notice of objection;
- Stellar Capital has adopted the Scheme Resolution; and
- the Shareholder voted against the Scheme Resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

Shareholders are referred to paragraph 4.8 of the Circular to which this Notice is attached for more information regarding Appraisal Rights. A copy of section 164 of the Companies Act is set out in **Annexure 3** to the Circular to which this Notice is attached.

By order of the Independent Board.

**29 September 2021**





**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

Where appropriate and applicable the terms defined in the Circular to which this Form of Proxy is attached forms part of and shall bear the same meaning in this Form of Proxy.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a CSDP or Broker who have selected "own-name" registration, registered as such at the close of business on the Voting Record Date, at the General Meeting to be held at 09:30 on **Friday, 29 October 2021** at the **Stellar Capital's registered offices at 4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708 and via an electronic meeting** or any postponement or adjournment thereof. The Form of Proxy may also be handed to the Chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence.

Dematerialised Shareholders who have not selected "own-name" registration must inform their CSDP or Broker timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them 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 work ( )

Telephone home ( )

Cellphone number

Email address

being the holder/s of  shares in Stellar Capital, hereby appoint (see note 1)

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the Chairman of the General Meeting, as my/our proxy to act for me/us on my/our behalf at the General Meeting in accordance with the following instructions (see note 2):

	Number of votes		
	*For	*Against	*Abstain
<b>Special Resolution Number 1</b> – Approval of the Scheme			
<b>Special Resolution Number 2</b> – Revocation of special resolution number 1 if the Scheme lapses and is not continued			
<b>Ordinary Resolution Number 1</b> – Approval of Delisting			

\* One vote per share held by Shareholders recorded in the Register on the Voting Record Date.

Signed at

on

2021

Signature

Assisted by me (where applicable)

**Notes:**

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided. The person whose name appears first on this 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.
2. A proxy appointed by a Shareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat.
4. Forms of Proxy must be deposited (or emailed to proxy@computershare.co.za) at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 or Private Bag X3000 Saxonwold 2132, to be received, for administrative purposes, by no later than 09:30 on Wednesday, 27 October 2021.
5. The completion and lodging of this Form of Proxy 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 in terms hereof, 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 Stellar Capital. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The chairman of the General Meeting may reject or accept any Form of Proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the Shareholder(s) concerned wish(es) to vote.
7. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a member of Stellar Capital) to attend, speak and vote in place of that Shareholder at the General Meeting.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by Stellar Capital or the Transfer Secretaries or waived by the chairman of the General Meeting.
9. Any alteration or correction made to this Form of Proxy must be initialled by the signatory(ies).
10. Where there are joint holders of Shares:
  - 10.1 any one holder may sign the Form of Proxy; and
  - 10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Stellar Capital Shares.
11. 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.
12. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as Appendix A to this Form of Proxy.

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**EXTRACT FROM THE COMPANIES ACT**

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**“58. Shareholder right to be represented by proxy**

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
  - (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
  - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment:
  - (a) must be in writing, dated and signed by the shareholder; and (b) remains valid for:
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c) or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy’s authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
  - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and (c) if the appointment is revocable, 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.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of:
  - (a) the date stated in the revocation instrument, if any; or
  - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the Company’s Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to:
  - (a) the shareholder; or
  - (b) the proxy or proxies, if the shareholder has:
    - (i) directed the Company to do so, in writing; and
    - (ii) paid any reasonable fee charged by the Company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

- (8) If a 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:
- (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - (b) the invitation, or form of instrument supplied by the Company for the purpose of appointing a proxy, must:
    - (i) bear a reasonably prominent summary of the rights established by this section;
    - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  - (c) the Company must not require that the proxy appointment be made irrevocable; and
  - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsections (8)(b) and (d) do not apply if the Company merely supplies a generally available standard form of proxy appointment on request by a shareholder.”



**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")

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## **FORM OF ELECTION AND SURRENDER (FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)**

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The definitions and interpretations commencing on page 5 of the Circular apply, *mutatis mutandis*, throughout this Form of Election and Surrender, unless the context clearly indicates otherwise.

### **Important:**

- This Form of Election and Surrender is only applicable to Certificated Shareholders recorded in the Register on the Scheme Record Date. This form is **not** to be used by Dematerialised Shareholders, who are required to instruct their CSDP or Broker of their Election in accordance with the terms of their Custody Agreement with the CSDP or Broker.
- Shareholders who do not complete and deliver the Form of Election timeously or who do not make a valid Election in respect of any of their Shares, will (unless the Company, in its absolute discretion elects to treat as valid in whole or in part any such election) by virtue of the Deemed Election be deemed to have elected the Cash Option election in respect of such Shares. Details of the Scheme are contained in the Circular to which this Form of Election is attached.
- Please read the instructions below. Non-compliance with the instructions may result in the rejection of this Form of Election and Surrender and, by virtue of the Deemed Election, you may be deemed to have elected the Cash Option election.

### **Notes and instructions:**

- Persons who have acquired Stellar Capital Shares after the date of posting the Circular, can obtain copies of the Circular and this Form of Election and Surrender from the Transfer Secretaries at the address given below.
- Certificated Shareholders must complete this Form of Election in **BLOCK CAPITALS**.
- A separate Form of Election and Surrender is required for each Certificated Shareholder.
- **Part A** must be completed by all Certificated Shareholders who return this form (for clarity, Certificated Shareholders must provide ALL of the information requested in Part A (unless otherwise specified in Part A), irrespective of the Election made in Part A).
- **Part B:**
  - Section 1 must be completed by all Certificate Shareholders who elect the Cash Option in Part A ("**Certificated Repurchase Shareholders**") and who are emigrants from the Common Monetary Area.
  - Section 2 must be completed by all other Certificated Repurchase Shareholders who are non-residents of the Common Monetary Area (and who are not required to complete Section 1 of this Part B).
- **Part C** must be completed by all Certificated Repurchase Shareholders who wish to receive the Scheme Consideration by way of EFT.
- If this Form of Election and Surrender is returned with the relevant Documents of Title, it will be treated as a conditional surrender which is made subject to the Scheme becoming unconditional and operative, the details of which are set out in the Circular to which this form is attached and forms part of. In the event of the Scheme not becoming unconditional and operative for any reason whatsoever, the Transfer Secretaries will, by not later than 5 (five) Business Days after the date upon which it becomes known that the Scheme will not be operative, return the Documents of Title to the relevant Certificated Shareholders concerned, by registered mail, at the risk of such Certificated Shareholders.
- If you are in any doubt as to how to complete this form, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

- This form must be returned to the Transfer Secretaries, and for Certificated Shareholders who have elected the Cash Option this form must be returned to the Transfer Secretaries together with the relevant Documents of Title, so as to be received prior to 12:00 on the Scheme Record Date. If your Documents of Title have been lost or destroyed, you should nevertheless return this form, together with a duly executed indemnity provided by the Transfer Secretaries. Stellar Capital may, in its sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by Stellar Capital, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable.

**To: The Transfer Secretaries**

**By hand or courier:**

Computershare Investor Services Proprietary Limited  
 Rosebank Towers  
 15 Biermann Avenue  
 Rosebank  
 Johannesburg  
 2196

**By post**

Computershare Investor Services Proprietary Limited  
 Private Bag X3000  
 Saxonwold  
 2132

Dear Sirs

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**PART A – TO BE COMPLETED in BLOCK CAPITALS BY ALL CERTIFICATED SHAREHOLDERS WHO RETURN THIS FORM**

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I/We hereby exercise the Election in accordance with the terms and conditions of the Scheme as set out in the Circular in respect of the Shares registered in the name of the person mentioned hereunder as follows:

<b>Cash Option: I/we hereby elect to have the Scheme Shares held by me/us repurchased for the Scheme Consideration</b>	<b>Retain Option: I/we hereby elect to retain the Scheme Shares held by me/us pursuant to the Scheme becoming operative</b>

(Indicate your election with an “X”)

I/We, to the extent that I/we elected the Cash Option above, hereby surrender the share certificate(s) and/or other Documents of Title attached hereto, representing Shares, registered in the name of the person mentioned below, and authorise the Transfer Secretaries, conditional upon the Scheme becoming unconditional and operative, to register the transfer of these Shares into the name of Stellar Capital upon payment of the Scheme Consideration:

<b>Name of registered holder (separate form for each holder)</b>	<b>Certificate number(s)</b>	<b>Number of Shares covered by each certificate(s) enclosed</b>
<b>Total</b>		

Surname or name of corporate body:

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First names (in full):

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Title (Mr, Mrs, Miss, Ms, etc.)

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Address to which the Scheme Consideration, which a Certificated Shareholder is entitled to in terms of the Scheme, should be sent (if different from registered address):

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Country:

Postal code:

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Telephone number (        )

Telefax (        )

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Cellphone number

---

Email address

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The Scheme Consideration is expected to be posted on the 1st (first) Business Day following the Scheme Record Date, provided that the Form of Election and Surrender and relevant Documents of Title were received by the Transfer Secretaries.

Signature of Certificated Shareholder:	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable):	
(State full name and capacity):	
Date of signature:	

I/We hereby certify that:

- I/We own the Shares as detailed in the table set out above in this Part A (defined for purposes of Part B as the "Shares");
- the Shares are fully paid-up;
- the Shares are in registered form;
- I/We am/are the legal owner solely entitled to the Shares and have the power to dispose of the Shares;
- there are no pre-emption right nor any other right by virtue of which any person or entity may be entitled to demand that one or more of the Shares be transferred to him;
- none of the Shares are encumbered with any pledge or usufruct, there are no right to acquire any pledge or usufruct of the Shares and none of the Shares are subject of any attachment; and
- the Shares are freely transferable.

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## **PART B**

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1. **To be completed by Certificated Repurchase Shareholders who are emigrants from the Common Monetary Area.**

Nominated Authorised Dealer in the case of a Scheme Participant that holds Stellar Capital Shares who is an emigrant from the Common Monetary Area (see note 2 below).

<b>Name of Authorised Dealer:</b>
<b>Address:</b>
<b>Account number:</b>

2. **To be completed only by all other non-resident Certificated Repurchase Shareholders.**

<b>Name of Authorised Dealer:</b>
<b>Address:</b>
<b>Account number:</b>
<b>Substitute address in South Africa:</b>

**PART C: TO BE COMPLETED BY ALL REPURCHASE SHAREHOLDERS HOLDING CERTIFICATED SHARES WISHING TO RECEIVE PAYMENT OF THE SCHEME CONSIDERATION BY EFT**

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<b>Name of Certificated Shareholder:</b>
<b>Name of bank:</b>
<b>Branch and branch code:</b>
<b>Account number:</b>
<b>Contact person:</b>
<b>Contact telephone number (        )</b>

In terms of the requirements of the Financial Intelligence Centre Act, No. 38 of 2001, the Transfer Secretaries will only be able to record any changes in address or payment mandate if the undermentioned documentation is received from the relevant Shareholder:

- an original certified copy of an identity document (in respect of change of address and payment mandate);
- an original certified copy of an original bank statement (in respect of payment mandate);
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths (in respect of change of address and payment mandate); and
- an original or an original certified copy of a service bill to verify your residential address (in respect of a change of address mandate).

**Notes:**

1. No receipts will be issued for documents lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this Form of Election and Surrender.
2. Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in the Republic of South Africa which has control of their blocked assets in Part B of this Form of Election and Surrender. Failing such nomination, the Scheme Consideration due to such Certificated Shareholders in accordance with the provisions of the Scheme will be held by Stellar Capital, pending instructions from the Certificated Shareholder concerned.
3. Any alteration to this Form of Election and Surrender must be signed in full and not merely initialled.
4. If this Form of Election and Surrender and Transfer is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form for noting (unless it has already been noted by Stellar Capital or its Transfer Secretaries at an earlier stage).
5. Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with Stellar Capital or its Transfer Secretaries at an earlier stage, a certified copy of the Directors' or members' resolution authorising the signing of this Form of Election and Surrender must be submitted if so requested by Stellar Capital.
6. Note 4 above does not apply in the event of this form bearing a Broker's stamp. If this Form of Election and Surrender is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the Transfer Secretaries of Stellar Capital to implement the Certificated Shareholder's obligations under the Scheme on his/her behalf.
7. Where there are any joint holders of any Certificated Shares, only the holder whose name appears first in the Register in respect of such Certificated Shares, needs to sign this Form of Election and Surrender.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries at an earlier stage.
9. Persons who have acquired Shares after the date of issue of the Circular can obtain copies of the Circular (including this Form of Election and Surrender from the Transfer Secretaries.
10. Notwithstanding transfer of ownership, the Scheme Consideration will not be sent to Certificated Shareholders unless and until Document(s) of Title in respect of the relevant Shares have been surrendered to the Company or the Transfer Secretaries.
11. In the event of any conflict between this Form of Election and Surrender and Transfer and the Circular, the Circular shall prevail.
12. Certificated Shareholders who have not previously provided the Transfer Secretaries with their banking details and who wish to receive the Scheme Consideration, will need to do so by completing Form B: Direct Credit – Bank Account Details attached hereto and returning same to the Transfer Secretaries.



## FORM B: DIRECT CREDIT

**FORM B : DIRECT CREDIT – BANK ACCOUNT DETAILS FORM**

**FOR COMPLETION ONLY BY CERTIFICATED SHAREHOLDERS OF STELLAR CAPITAL WHO HAVE NOT PREVIOUSLY PROVIDED THE TRANSFER SECRETARIES WITH THEIR LATEST BANKING DETAILS**

Full name of registered shareholder

Identity number of person signing this form

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Your shareholder number (if known)	
Email address	
Cellphone number	
Office phone number	
Home phone number	
Fax number	

**REQUEST FOR DIRECT CREDITING OF PAYMENTS – BANK ACCOUNT DETAILS**  
**PLEASE NOTE: We cannot accept banking details in the name of a third party**

Name of bank account holder				
Name of South African Bank				
Name of bank branch		Bank account number		
Bank branch code	Account type	Cheque	Transmission	Savings

I/We hereby authorise **Computershare Investor Services Proprietary Limited** and/or Stellar Capital to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments to which I/we am/are entitled to be paid in cash, but do not override any previous reinvestment instructions.

Signature of shareholder	Day	Month	Year
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If you are signing this form in a representative capacity, please indicate which capacity (see over)	
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<p><b>BANK VERIFICATION</b>                  I/We confirm that the above information about the abovementioned shareholders account at this Bank is correct</p> <p>Signed on behalf of Bank</p> <p><i><u>THIS MUST BE COMPLETED BY YOUR BANK</u></i></p>	<p>BANK STAMP HERE</p>
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**THIS FORM MUST BE SIGNED AND ACCOMPANIED BY AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT. (COPIES OF CERTIFIED COPIES WILL NOT BE ACCEPTED).**  
**PLEASE BE ADVISED THAT FACSIMILE/ELECTRONIC COPIES WILL NOT BE ACCEPTED.**

## **HOW TO COMPLETE THIS FORM**

### **Request for Direct Crediting of payments**

This form must be completed in full. Until cancelled in writing by you, all future cash payments will be paid into the nominated account.

**IMPORTANT: Do not use the number quoted on your credit or debit card.**

#### **By signing this form you:**

- Confirm that the details are true and correct.
- Understand and agree that neither Stellar Capital nor the Transfer Secretaries shall be responsible in any way for any loss you may suffer as a result of transfer/deposits being made in accordance with the information provided on this form.
- Understand and agree that any such deposit shall constitute a full and sufficient discharge of Stellar Capital and/or the Transfer Secretaries obligation to make such payments to me/us.
- Understand and agree that this payment instruction will be applied to all future cash payments.

This instruction only applies to the specific holding identified by the holder number and the name appearing on the front of this form.

**NOTE: We cannot accept banking details in the name of a third party.**

<b><u>IF YOU ARE SIGNING THIS FORM IN A REPRESENTATIVE CAPACITY, THE TRANSFER SECRETARIES REQUIRES THE FOLLOWING DOCUMENTATION IN ADDITION TO AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT.</u></b>	
Joint holding:	Where the holding is in more than one name, the signature of the first mentioned shareholder is required
Power of attorney:	To sign under a Power of Attorney, you must have already lodged the Power of Attorney with the Transfer Secretaries. Alternatively, please attach an original certified copy of the Power of Attorney to this form when you return it together with an original certified copy of the registered holder's identity document.
Trusts:	The form must be signed by the authorised trustee. If you have not already done so, please attach an original certified copy of the Trustee Resolution/Power of Attorney authorising you to act on behalf of the trust, together with original certified copies of the Letters of Authority issued by the Master of the High Court and the Trust Deed.
Companies/Closed Corporations/Funds:	Any authorised company official/member may sign on behalf of the company/closed corporation/fund. Please indicate the office held when signing the form. If you have not already done so, please provide the Transfer Secretaries with an original certified copy of your authorisation to act on behalf of the company/closed corporation/fund in the form of an original certified copy of the board minute/resolution detailing the authorised signatories including specimen signatures and a company letterhead for noting in our records. In addition, the Transfer Secretaries requires an original certified copy of the Certificate of Incorporation/CK1 Founding Statement/Constitution.
Minors:	If the shares are registered in the name of a minor, the form must be completed by the natural guardian, stating the capacity in which he/she is signing or in the case of a legal guardian attach an original certified copy of the Letters of Guardianship (if not previously provided). The guardian must attach an original certified copy of his/her identity document together with an original certified copy of the birth certificate of the minor.
Deceased shareholders:	This form must be signed by the Executor/s of the Deceased Estate. If you have not already done so, please provide the Transfer Secretaries with an original certified copy of the Letters of Executorship together with an original certified copy of the Executor's identity document.
Shareholder under Curatorship:	The form must be signed by the Curator Bonis appointed by the Master of the High Court. If you have not already done so, please provide the Transfer Secretaries with an original certified copy of the Letters of Curatorship together with an original certified copy of the Curator's identity document.
Shareholder under Liquidation:	The form must be signed by the liquidator appointed by the Master of the High Court. If you have not already done so, please provide the Transfer Secretaries with an original certified copy of your Letter of Appointment together with an original certified copy of the shareholder's identity document.