

Barloworld Limited

(Incorporated in the Republic of South Africa)

(Registration number 1918/000095/06)

(Income tax registration number 9000/051/71/5)

(Share code: BAW)

(JSE ISIN: ZAE000026639)

(Share code: BAWP)

(JSE ISIN: ZAE000026647)

(Namibian Stock Exchange share code: BWL)

("Barloworld")

AMENDMENT TO THE TERMS OF THE B-BBEE TRANSACTION**Background**

Shareholders of Barloworld approved the broad-based black economic empowerment transaction ("**Khula Sizwe Transaction**") on 14 February 2019, based on the circular to shareholders dated 18 December 2018 ("**the Circular**") (terms defined in the Circular shall have the same meaning in this announcement unless otherwise defined). In terms of the Khula Sizwe Transaction, Barloworld will dispose of a significant portion of its property portfolio to Propco, which properties will be leased by Propco to various subsidiaries of Barloworld. Subsequent to the abovementioned Barloworld Shareholder approval, the operational requirements within the Barloworld Equipment division have necessitated changes to the existing property portfolio that forms part of the Khula Sizwe Transaction.

The properties detailed below are currently part of the property portfolio to be sold to Propco as part of the Khula Sizwe Transaction. However, Barloworld has determined that these properties do not meet the long-term requirements of Barloworld. Barloworld and Propco accordingly wish to exclude these properties from the Khula Sizwe Transaction so that Barloworld's subsidiaries would not be under an obligation to lease these properties from Propco under the Khula Sizwe Transaction. The following properties are now to be excluded from the property portfolio being sold under the Khula Sizwe Transaction ("**Excluded Properties**"), as set out below:

Properties	Description	Value per Circular	After 5% discount
1 Gamma Road, Germiston	Currently unoccupied. The property is to be sold to a third party. An offer has been received	R21 230 000	R20 168 500
Corner Watt and Liter Street, Middelburg	Property to be sold to a third party so that an adjacent property can be acquired	R19 640 000	R18 658 000
Total of properties to be excluded		R40 870 000	R38 826 500

The properties detailed below ("**New Properties**") are to be acquired or have additional capital expenditure spent by Barloworld, and therefore increase the value of the property portfolio to be sold to Propco as part of the Khula Sizwe Transaction:

Property	Description	Amount of capital expenditure/ value as per offers to purchase	After 5% discount
Canteen and Wellness Centre, Isando	New Barloworld Equipment Head Office in the process of being developed (additional capital expenditure)	R19 630 000	R18 648 500
Various properties in Middelburg	Properties adjacent to Barloworld Equipment's existing properties – this will result in improved operational efficiencies	R14 870 000	R14 126 500
Total of properties to be added		R34 500 000	R32 775 000

Collectively, the property transactions referred to in the tables above are the "**New Property Transactions**".

	Value	After 5% discount
Net effect of New Property Transactions	R6 370 000	R6 051 500

Furthermore, Barloworld has taken this opportunity to process certain other clean-up amendments, including inserting the exact amounts relating to the Employee Trust Contribution and the subscription price in the Employee Trust Subscription Agreement (reflected as R174 000 000, to be increased to R174 304 000), as well as the Management Trust Loan and the subscription price in the Management Trust Subscription Agreement (reflected as R206 800 000, to be increased to R206 986 000), which were previously rounded in the agreements themselves.

The Amendments

The New Property Transactions affect the terms of the agreements entered into in relation to the Khula Sizwe Transaction, being the Transaction Agreements. In addition, Barloworld is taking the opportunity to make other minor clean-up amendments to the Transaction Agreements. The Transaction Agreements will accordingly be amended to provide for, *inter alia*, the following ("**Amendments**"):

1. Deletion of the Excluded Properties from the schedules of properties (i) to be sold by Barloworld to Propco, and (ii) to be leased by Propco to subsidiaries of Barloworld;
2. Addition of the New Properties to the schedules of properties (i) to be sold by Barloworld to Propco, and (ii) to be leased by Propco to subsidiaries of Barloworld;
3. Decrease in the purchase price for the property portfolio being sold to Propco – aggregate purchase price to be decreased by R6 051 500;
4. Decrease the aggregate of the rental amounts payable by Barloworld SA and Barloworld Logistics to Barloworld under and in terms of the Property Lease Agreements by an amount which takes account of the decrease to the aggregate purchase price payable for the Properties;
5. Increase the Employee Trust Contribution and the subscription price in the Employee Trust Subscription Agreement from R174 000 000 to R174 304 000; and
6. Increase the Management Trust Loan and the subscription price in the Management Trust Subscription Agreement from R206 800 000 to R206 986 000.

Rationale for the Amendments

The rationale for the changes to the previously defined properties is to address the operational requirements within the Barloworld Equipment division and the consequential changes to the property portfolio being sold to Propco.

The Amendments are required in order to ensure that the Transaction Agreements, as amended, accurately identify the properties being sold to Propco and the value at which those properties will be disposed, in addition to effecting the necessary consequential changes.

The other amendments are to clean-up previous minor errors in the Transaction Agreements.

Pro forma financial effects of the Amendments

The pro forma financial effects of the Khula Sizwe Transaction on the results of Barloworld as at and for the year ended 30 September 2018 are the responsibility of the Directors and have been reviewed by the Independent Reporting Accountants and Auditors.

The pro forma financial effects are presented for illustrative purposes only and because of their pro forma nature, may not fairly present Barloworld's financial position, changes in equity and results of operations or cash flow, nor the effect of the Khula Sizwe Transaction going forward.

PRO FORMA A: Assumes the Black Public Scheme is fully subscribed. In this pro forma the Propco shareholding reflects the following:

30%	Black Public Scheme
32%	Employee Trust
38%	Management Trust

PRO FORMA B: Assumes the Minimum Subscription Amount in the Black Public Scheme is achieved. In this pro forma the Propco shareholding reflects the following:

21%	Black Public Scheme
32%	Employee Trust

47%	Management Trust
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PRO FORMA C: Assumes the Minimum Subscription Amount in the Black Public Scheme is not achieved. In this pro forma the Propco shareholding reflects the following:

32%	Employee Trust
68%	Management Trust

Basis of preparation

The pro forma financial effects are the responsibility of the Directors.

The pro forma financial effects are prepared on the same basis as included in the Circular. The accounting policies, as included in the Circular, also remain the same for purposes of this announcement unless otherwise specified.

Unless otherwise indicated the *pro forma* income statement adjustments are of a continuous nature.

Pro forma A	Per Circular	Property amendments (with full Black Public Scheme)	Post-adjustment	% Change
Basic earnings per Share (cents)	870,20	2,36	872,56	0,27
Diluted earnings per Share (cents)	865,00	2,32	867,32	0,27
Basic headline earnings per Share (cents)	1 073,60	2,40	1 076,00	0,22
Diluted headline earnings per Share (cents)	1 067,20	2,34	1 069,54	0,22
Net asset value per Share (cents)	10 127,60		10 127,60	0,00
Tangible net asset value per Share (cents)	8 576,70		8 576,70	0,00
Weighted average number of Shares in issue ('000s)	210 875		210 875	0,00
Weighted average number of diluted Shares in issue ('000s)	212 147		212 147	0,00
Number of Shares in issue ('000s)	219 271		219 271	0,00

	Per Circular	Property amendments	Post-adjustment	% Change
Profit from continuing operations	1 835	5	1 840	0,27
Headline earnings from continuing operations	2 264	5	2 269	0,22

Reconciliation of changes in earnings

Finance cost	7	Note 1
Tax	(2)	Note 2
IFRS 2	1	Note 3
Transaction costs	(1)	Note 4

Pro forma B	Per Circular	Property amendments (with Minimum Subscription Amount)	Post-adjustment	% Change
Basic earnings per Share (cents)	866,90	1,86	868,76	0,21
Diluted earnings per Share (cents)	861,70	1,85	863,55	0,21
Basic headline earnings per Share (cents)	1 070,30	1,90	1 072,20	0,18
Diluted headline earnings per Share (cents)	1 063,90	1,87	1 065,77	0,18
Net asset value per Share (cents)	10 127,60		10 127,60	0,00
Tangible net asset value per Share (cents)	8 576,70		8 576,70	0,00
Weighted average number of Shares in issue ('000s)	210 875		210 875	0,00
Weighted average number of diluted Shares in issue ('000s)	212 147		212 147	0,00
Number of Shares in issue ('000s)	219 271		219 271	0,00

	Per Circular	Property amendments	Post-adjustment	% Change
Profit from continuing operations	1 828	4	1 832	0,22
Headline earnings from continuing operations	2 257	4	2 261	0,18

Reconciliation of changes in earnings

Finance cost		7	Note 1
Tax		(2)	Note 2
IFRS 2		0	Note 3
Transaction costs		(1)	
		4	

Pro forma C	Per Circular	Property amendments (with no Black Public Scheme)	Post-adjustment	% Change
Basic earnings per Share (cents)	856,90	2,38	859,28	0,28
Diluted earnings per Share	851,80	2,32	854,12	0,27

(cents)				
Basic headline earnings per Share (cents)	1 060,30	2,42	1 062,72	0,23
Diluted headline earnings per Share (cents)	1 054,00	2,34	1 056,34	0,22
Net asset value per Share (cents)	10 127,60		10 127,60	0,00
Tangible net asset value per Share (cents)	8 576,70		8 576,70	0,00
Weighted average number of Shares in issue ('000s)	210 875		210 875	0,00
Weighted average number of diluted Shares in issue ('000s)	212 147		212 147	0,00
Number of Shares in issue ('000s)	219 271		219 271	0,00

	Per Circular	Property amendments	Post-adjustment	% Change
Profit from continuing operations	1 807	5	1 812	0,28
Headline earnings from continuing operations	2 236	5	2 241	0,22

Reconciliation of changes in earnings

Finance cost	7	Note 1
Tax	(2)	Note 2
IFRS 2	1	Note 3
Transaction costs	(1)	
	5	

NOTES TO PRO FORMA FINANCIALS

PRO FORMA A – 30% Black Public Scheme

1. Finance costs

As a result of the amendments to the Khula Sizwe Transaction, the value of the Properties acquired by Propco from Barloworld is reduced by R6 million to R2 716 million (originally R2 722 million per the Circular). Propco's purchase of the Properties will be funded 20% equity and 80% external debt. Propco will obtain external debt of R2 172 million (originally R2 178 million per the Circular) to fund the acquisition.

The reduction in debt and improved interest rates, 9,59% (originally 9,96% per Circular) result in the finance charge decreasing by R7 million to R210 million (originally R217 million per Circular).

2. Tax

The reduction of the finance charge and increase in transaction costs resulted in an increased tax charge of R2 million (R6 million at 28% corporate tax rate) to R167 million (originally R165 million).

3. IFRS 2: Share-based payment expense

The total IFRS 2 charge for the Employee Trust is R174 million (no change from the Circular) and R103 million for the Management Trust (originally R108 million per the Circular). These charges will be amortised over two years for Employees and five years for Management in accordance with the vesting period as detailed in paragraph 7 of the Circular. The impact on Propco is an adjustment in equity only. These transactions continue over the vesting period.

R'million

Annual IFRS 2 charge – Employees	87
Annual IFRS 2 charge – Management	21
Annual IFRS 2 charge – Total	108

The change in the IFRS 2 charge results in an annual decrease of R1 million to the amount as reported in the Circular (originally R109 million per annum).

4. Transaction costs

The property amendments have resulted in an increase in transaction costs of R1 million, bringing the total transaction costs to R38 million (originally R37 million per the Circular).

5. Effect on balance sheet

The Amendments result in reduced cash in Barloworld and increased debt and equity in Propco. However, the impact on the net asset value per Share and tangible net asset value per Share is less than 0,00 cents and less than 0,00%.

PRO FORMA B

The notes of *pro forma A* remain applicable to *pro forma B* other than those detailed below.

2. Tax

The reduction of the finance charge and increase in transaction costs resulted in an increased tax charge of R2 million (R6 million at 28% corporate tax rate) to R166 million (originally R164 million).

3. IFRS 2: Share-based payment expense

The total IFRS 2 charge for the Employee Trust and the Management Trust is R174 million and R129 million respectively (no change from the original IFRS 2 charges per the Circular). These charges will be amortised over two years for Employees and five years for Management in accordance with the vesting period as detailed in paragraph 7 of the Circular. The impact on Propco is an adjustment in equity only. These transactions continue over the vesting period.

R'million

Annual IFRS 2 charge – Employees	87
Annual IFRS 2 charge – Management	26
Annual IFRS 2 charge – Total	113

PRO FORMA C

The notes of *pro forma A* remain applicable to *pro forma C* other than those detailed below.

2. Tax

The reduction of the finance charge and increase in transaction costs resulted in an increased tax charge of R2 million (R6 million at 28% corporate tax rate) to R164 million (originally R162 million).

3. IFRS 2: Share-based payment expense

The total IFRS 2 charge for the Employee Trust is R174 million (no change from the Circular) and R186 million (R190 million per Circular) for the Management Trust. These charges will be amortised over two years for Employees and five years for Management in accordance with the vesting period as detailed in paragraph 7 of the Circular. The impact on Propco is an adjustment in equity only. These transactions continue over the vesting period.

R'million

Annual IFRS 2 charge – Employees	87
Annual IFRS 2 charge – Management	37
Annual IFRS 2 charge – Total	124

The change in the IFRS 2 charge results in an annual decrease of R1 million to the amount as reported in the Circular (originally R125 million per annum).

Opinion

The Amendments do not, in the opinion of the Board, the Legal Adviser to Barloworld, the Independent Property Valuer and the Independent Expert, affect the overall guiding principles and intention of the Khula Sizwe Transaction in terms of which Barloworld is seeking to maintain or improve its BEE Status as a business imperative to operating in South Africa; based on which Barloworld obtained the approval of Barloworld Shareholders in the General Meeting held on 14 February 2019. This rationale for the Khula

Sizwe Transaction will be met in that Barloworld will still be disposing of a material property portfolio to Propco resulting in the creation of a broad-based empowered property entity and the disposal will confer BEE ownership points to Barloworld in terms of Statement 102 of the BEE Codes.

In addition:

1. The net impact on the Disposal Consideration under the Transaction Agreements will be a decrease of R6 051 500, representing a 0,22% decrease;
2. The net impact on the future market value under the Transaction Agreements will be a decrease of R6 370 000, representing a 0,22% decrease;
3. The net impact on the as-is value of the property portfolio will be a decrease of R26 000 000, representing a 0,94% decrease;
4. The net impact on the aggregate annual rental amounts payable by Barloworld SA and Barloworld Logistics under and in terms of the Property Lease Agreements will be a decrease of R777 918, representing a 0,31% decrease in the aggregate annual rental amounts payable under and in terms of Property Lease Agreements;
5. The net impact of the increase in the Employee Trust Contribution and subscription price in the Employee Trust Subscription Agreement from R174 000 000 to R174 304 000, represents a 0,17% increase; and
6. The net impact of the increase in the Management Trust Loan and the subscription price in the Management Trust Subscription Agreement from R206 800 000 to R206 986 000, represents a 0,09% increase.

Therefore, in the opinions of the Board, the Legal Adviser, the Independent Property Valuer and the Independent Expert, the Amendments are:

- (i) not material; and
- (ii) not in conflict with the approved Khula Sizwe Transaction.

On the basis of the Independent Property Valuer's revised valuation and the Independent Expert's statement that the Amendments will not result in a change to the outcome of their fairness opinion issued on 7 December 2018 (which states that the terms and conditions of the Khula Sizwe Transaction are fair to Barloworld Shareholders), the Board is of the opinion that the Khula Sizwe Transaction remains fair insofar as Barloworld Shareholders are concerned.

Based on the above, the Board, the Legal Adviser, the Independent Property Valuer and the Independent Expert are of the opinion that the Amendments do not require the further approval of Barloworld Shareholders in general meeting.

No objection

A submission was made to the JSE in accordance with Guidance Letter: Amending transaction terms as approved by shareholders issued on 8 May 2012.

The JSE has issued a no objection letter in respect of the Amendments to the approved Khula Sizwe Transaction not being referred back to Barloworld Shareholders.

As a result, the Amendments to the approved Khula Sizwe Transaction will not be referred back to Barloworld Shareholders for approval.

Documents for inspection

A copy of the addendum to the Transaction Agreements reflecting the Amendments is available for inspection at Barloworld's registered office (61 Katherine Street, Sandown, Sandton, 2196) during normal business hours from Tuesday, 9 April 2019 to Tuesday, 30 April 2019.

Johannesburg
9 April 2019

Company Secretary

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Corporate Adviser and Transaction Sponsor

Tamela Holdings Proprietary Limited

Sponsor

Nedbank Corporate and Investment banking, a division of Nedbank Limited

Independent Reporting Accountants and Auditors

Deloitte & Touche

Independent Property Valuer

Broll Valuation and Advisory Services Proprietary Limited

Independent Expert

BDO Corporate Finance Proprietary Limited
Basis Points Capital Proprietary Limited

Legal Adviser
Dentons