

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")

Khula Sizwe Property Holdings (RF) Limited

(formerly Main Street 1646 (RF) Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2018/546305/06)
(Income tax registration number: 9157114241)
(ISIN: ZAU000016586)
("Khula Sizwe")

OPENING OF THE KHULA SIZWE BLACK PUBLIC OFFER

1. Background

In the furtherance of its broad-based black economic empowerment objectives and as previously described in, inter alia, the following Barloworld announcements: Proposed Broad-Based Black Economic Empowerment Transaction dated 19 November 2018, Results of General Meeting dated 15 February 2019 (indicating that shareholders of Barloworld approved the broad-based black economic empowerment transaction on 14 February 2019) and Amendment to the Terms of the B-BBEE Transaction dated 9 April 2019, Barloworld has entered into the broad-based black economic empowerment transaction which incorporates the public offer to black people and black groups as more fully described in the prospectus to be issued today, 10 April 2019 ("Prospectus"). Terms defined in the Prospectus shall have the same meaning in this announcement unless otherwise defined.

The salient features of the B-BBEE Transaction, which is still subject to various conditions precedent, are set out further below, being:

- the Specific Issue of Shares to the Foundation;
- the sale of the Properties by Barloworld to Khula Sizwe for the Acquisition Consideration (including the assignment by operation of law of the Property Lease Agreements);
- participation in the B-BBEE Transaction by Employees and Management of the Barloworld Group;
- Financial Assistance to the Foundation, Barloworld Employees and the Management to enable them to participate in the B-BBEE Transaction;
- the External Loan to Khula Sizwe of up to 80% of the Acquisition Consideration; and
- the Public Offer by Khula Sizwe to the Black Public. This announcement outlines the Public Offer and the opening thereof.

Barloworld has entered into the Property Sale Agreement to sell a portion of the Group's South African property portfolio (subject to the Lease, which will assign to Khula Sizwe by operation of law pursuant to the Sale) to Khula Sizwe, which is a Black Company, for the Acquisition Consideration. Khula Sizwe is a company established for the initial purpose of acquiring the Properties and leasing these to the Lessees and other parties in the normal and ordinary course of its business as a property holding and management company. Khula Sizwe will not be prohibited from acquiring other properties from third parties.

The Properties will be sold by Barloworld as a Qualifying Transaction, as contemplated under Statement 102 of the BEE Codes. Khula Sizwe will be entitled, in its sole discretion, to dispose of any of the Properties, after the expiry of three years from the Implementation Date, subject to Barloworld having a right of first refusal to purchase the Properties, provided that they obtain any regulatory and/or Shareholder approvals required at the time. The right of first refusal is granted to Barloworld to ensure its business sustainability insofar as it relates to the operation of its business from the Properties.

The Acquisition Consideration is R2.716 billion, which will be paid in cash by Khula Sizwe on the Implementation Date and/or against transfer of the Properties.

Khula Sizwe will fund the Acquisition Consideration using a combination of the External Loan (80%) and equity (20%) pursuant to the subscriptions for Khula Sizwe Shares by the Management Trust, the Employee Trust and the Black Public (through the Public Offer). Refer to paragraph 6 below for sources of funding.

Rental income collected from the Lessees on a monthly basis, will be applied to reducing the External Loan over its 10-year term.

2. Public Offer

The purpose of the Public Offer is to raise R163.4 million (i.e. the Target Equity Raise) to be applied towards funding a portion of the Acquisition Consideration for the Properties. The reason it is considered necessary to raise the Target Equity Raise through the Public Offer is to provide members of the Black Public with an opportunity to participate in the indirect ownership of the Properties.

The Public Offer will open on Wednesday, 10 April 2019 at 09:00 and close on Friday, 31 May 2019 at 16:00.

Class of Khula Sizwe Shares forming the subject matter of the Public Offer:

Ordinary no par value shares (Khula Sizwe Shares)

Price per Khula Sizwe Share: R10

Number of Khula Sizwe Shares offered: 16 340 000

The Khula Sizwe Shares allotted and issued pursuant to the Public Offer will rank *pari passu* (equally) to each other in all respects. The Khula Sizwe Shares will not be listed on any stock exchange for the first five years and restrictions will apply to the Encumbrance, Disposal of and trading in these Khula Sizwe Shares. It is anticipated that Khula Sizwe may be listed on the B-BBEE segment after the expiry of the Lock-in Period.

The Public Offer is dependent on Khula Sizwe raising a minimum cash amount of at least R120 million (i.e. the Minimum Subscription Amount). If it does not raise the Minimum Subscription Amount, then the Public Offer will be deemed unsuccessful and thus not proceed. In such a case, the entire Target Equity Raise of R163.4 million will be subscribed for by the Management Trust.

In the event that the aggregate money raised from the Black Public pursuant to the Public Offer is at least R120 million, but is less than R163.4 million, the difference will be subscribed for by the Management Trust.

Applicants are required to apply for a minimum of 250 Khula Sizwe Shares amounting to R2 500.

No maximum subscription limit has been set for any one Applicant, and Applicants can therefore apply for as many Khula Sizwe Shares as are available in the Public Offer. Khula Sizwe retains all rights to allocate the shares to Applicants.

Only Black People and Black Groups qualify to participate in the Public Offer.

3. Management Trust and Employee Trust

Management Trust

All eligible Junior Managers and Senior Managers are beneficiaries of the Management Trust. It is anticipated that the Management Trust will hold a minimum of 38% of the Khula Sizwe Shares or up to a maximum of 68% in the event that the Public Offer is not implemented in full.

Employee Trust

All eligible Employees participate in the Employee Trust. It is anticipated that the Employee Trust will hold 32% of the entire issued share capital of Khula Sizwe (following the issue of the Khula Sizwe Shares to the Management Trust and/or pursuant to the Public Offer).

4. Company information

Khula Sizwe Property Holdings (RF) Limited (Registration number: 2018/546305/06) (formerly Main Street 1646 (RF) Limited), was registered and incorporated as a public company with the CIPC on 16 October 2018.

Khula Sizwe was incorporated for the specific purpose of facilitating the achievement by Barloworld of its empowerment objectives as contemplated in the B-BBEE Transaction.

5. Nature of business

The main objects of Khula Sizwe shall be to:

- acquire, own, hold and lease immovable fixed properties (including, without limitation, the Properties), initially as part of the B-BBEE Transaction in respect of Barloworld, and to manage such properties (including, without limitation, receiving rental therefrom) for the benefit of Black People, in the normal and ordinary course of its business as a property holding and management company, and to engage in capital raising from time to time for these purposes (whether through debt or equity);
- acquire, own and hold the Barloworld Shares (and receive and distribute dividends and other distributions from Barloworld in respect of the Barloworld Shares) utilising, the available cash and to manage such for the benefit of Khula Sizwe Shareholders; and
- negotiate, conclude, implement and exercise its rights and perform its obligations in terms of the Transaction Agreements and such other agreements as may be necessary to establish the business of Khula Sizwe as a Black Company.

Khula Sizwe may also acquire, lease and manage such other properties as may be determined by Khula Sizwe from time to time.

The Properties comprise commercial, industrial and retail properties situated throughout South Africa:

Property type	Properties'			Lease tenure years	GLA	Vacancies
	Market Value	Yield	Year one rental			
Motor retail	R1.68 billion	8.83%	R148 million	10	128 913	0%
Industrial	R914 million	9.26%	R85 million	10	140 995	0%
Commercial	R95 million	9.00%	R9 million	10	9 150	0%
Mixed – commercial and industrial	R13 million	9.00%	R1 million	10	5 264	0%
Residential	R29 million	9.38%	R3 million	10	595	0%
Total	R2.73 billion	9.10%	R246 million		284 917	
Development properties	R130 million		R32 million		6 899	
Total	R2.86 billion	9.74%	R278 million		291 816	

6. Funding of the Acquisition Consideration

Sources of funding	R'm	%
External Loan (including service fee of R10 million including VAT)	2 183	80.00
Equity contribution from Public Offer	163	6.00
Equity contribution from Management Trust	207	7.60
– Contributed by Senior Management	8	0.29
– Funded by Barloworld	199	7.32
Equity contribution from Employee Trust	174	6.40
Total sources	2 727	100.00
Uses of funding		
Acquisition of Barloworld Properties	2 716	100.00
Service fee for loan	10	
Cash on balance sheet	1	
Total uses	2 727	100.0

7. Directors and management

Khula Sizwe currently has a unitary board structure comprising only of three Khula Sizwe non-executive Directors whose details are set out below:

Name and nationality	Occupation	Qualification	Business address
Tantaswa Fubu (South African)	Non-Executive Director	CA(SA)	61 Katherine Street, Sandton
Rebecca Louise Pole (Australian)	Non-Executive Director	CA(SA)	61 Katherine Street, Sandton
Gugu Jonitha Sepamla (South African)	Non-Executive Director	MBA	61 Katherine Street, Sandton

Following the implementation of the B-BBEE Transaction and the Public Offer, the Khula Sizwe Board will be reconstituted in accordance with the applicable provisions of the Khula Sizwe MOI, which will include the appointment of up to four independent Khula Sizwe non-executive Directors. In terms of the Khula Sizwe MOI, the composition of the Khula Sizwe Board is to be constituted as follows:

- the majority of Khula Sizwe Directors must be independent of Barloworld, the Management Trust and the Employee Trust;
- at least 80% of the Khula Sizwe Directors (and their Khula Sizwe alternate Directors), who shall be entitled to exercise at least 80% of the voting rights of Directors at meetings of the Board, shall be Black Persons;
- in excess of 25% of the Khula Sizwe Directors (who shall be entitled to exercise in excess of 25% of the voting rights of Khula Sizwe Directors at meetings of the Khula Sizwe Board) shall be Black People who are women; and
- the number of Khula Sizwe Directors shall not be less than four and not more than seven.

8. Share capital

At incorporation, Khula Sizwe had one issued ordinary share, which was issued to Barloworld in order to facilitate the incorporation of the entity. The share issued to Barloworld was acquired by the Management Trust from Barloworld on 21 February 2019, resulting in the Management Trust being the current sole shareholder of Khula Sizwe.

Current authorised and issued share capital

Number of Shares	Stated capital
1 000 000 000 ordinary no par value shares	1 000 000 000
Total stated capital	1 000 000 000
Issued share capital	
1 ordinary no par value share	1
Total issued share capital	1

Following the subscriptions by the Black Public, the Employee Trust and the Management Trust on the Implementation Date, the Khula Sizwe Shares will be held as follows:

- Black Public – 30% (16 340 000 shares);
- Employee Trust – 32% (17 430 400 shares); and
- Management Trust – 38% (20 698 600 shares) or up to a maximum of 68% should the Public Scheme not be implemented in full.

Authorised and issued share capital on Implementation Date

Number of Shares	Stated capital
1 000 000 000 ordinary no par value shares	1 000 000 000
Total stated capital	1 000 000 000
Issued share capital	
54 469 000 ordinary no par value shares	54 469 000
Total issued share capital	54 469 000

9. Copies of the Prospectus

This announcement does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act. Copies of the Prospectus, which has been approved and registered with the CIPC, may be obtained from 09:00 on Wednesday, 10 April 2019 until 16:00 on Friday, 31 May 2019 from:

Electronic copies:

- the Khula Sizwe website on www.barloworldkhulasizwe.com

Physical copies during normal business hours from 09:00 until 16:00, from:

- Gauteng:
 - Velocity Trade: Corner 2 Payne Road and Main Office Park, Bryanston, Johannesburg, South Africa; and
- Western Cape:
 - Velocity Trade: 1st Floor, 200 on Main, 200 Main Road, Claremont, Cape Town, South Africa.

Johannesburg
10 April 2019

Company Secretary
A Ndoni

Corporate Adviser to Khula Sizwe
Tamela Holdings Proprietary Limited

Independent Registered Auditors to Khula Sizwe
SNG Grant Thornton

Legal Adviser to Khula Sizwe
Poswa Incorporated

Arranger and Funder to Khula Sizwe
Nedbank CIB

Share Administration and Custody Agent
Velocity Trade

Corporate Adviser and Transaction Sponsor to Barloworld
Tamela Holdings Proprietary Limited

Independent Property Valuer to Barloworld
Broll Valuation and Advisory Services Proprietary Limited

Legal Adviser to Barloworld
Dentons