



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)
(Bond issuer code: BIBAW)
(JSE ISIN: ZAE000026647)
(Namibian Stock Exchange share code: BWL)
("Barloworld" or the "Company")

Update on the Acquisition of Tongaat Hulett Starch and Renewal of Cautionary Announcement

Barloworld refers shareholders to its announcement on 12 May 2020 advising shareholders that Barloworld through its wholly owned subsidiary KLL Group (Proprietary) Limited ("**KLL**") had issued a Purchaser's material adverse change ("**MAC**") notice ("**First MAC Notice**") in terms of clause 10.2 of the Sale and Purchase Agreement concluded between Tongaat Hulett Limited ("**THL**"), Barloworld and KLL on 28 February 2020, as amended (the "**SPA**").

Subsequently, Barloworld advised shareholders that Barloworld, KLL and THL (the "**Parties**") were unable to reach agreement on whether a MAC has occurred and accordingly the determination was referred to an independent expert ("**Independent Expert**") in accordance with the SPA. Rothschild & Co South Africa Proprietary Limited has been appointed as the Independent Expert.

Due to a dispute regarding the focus of the Independent Experts determination, and in order to deal with the substantive matters in dispute without delay and on an expeditious basis, KLL has issued a further Purchaser's MAC notice ("**Second MAC Notice**").

KLL stands by the validity of the First MAC Notice, and has fully reserved any and all of its rights with regard thereto.

KLL has therefore notified THL, in terms of clause 10.2 of the SPA, KLL has, based on the information available to it at the date of the notice, formed the view that the global Covid-19 pandemic, the national state of disaster, the national lockdown in its evolving form and the Moody's sovereign debt downgrade, is reasonably likely to cause the EBITDA of the Sale Business for the Financial Year ending 31 March 2021 to be 82.5% or less of the EBITDA of the Sale Business for the Financial Year ending on 31 March

2020 (if the Closing Date is deemed to be 1 April 2019), and that, therefore, a MAC has occurred.

The Parties have agreed that the dispute resolution process followed to date will determine all disputes arising in respect of the First MAC Notice and Second MAC Notice. In other words, there will be a single consolidated determination by the Independent Expert and that the sole dispute to be decided by the Independent Expert is whether or not an EBITDA MAC has occurred.

In the interim, Barloworld continues to perform its obligations in terms of the SPA. The transaction set out in the SPA ("**Transaction**") remains subject to suspensive conditions, including inter alia the approval of the competition regulator in Indonesia.

Shareholders should note that the Transaction cannot complete until the MAC dispute is finally determined as it is a suspensive condition to the SPA that no MAC has occurred.

Barloworld will update shareholders in due course. Shareholders are referred to the cautionary announcement renewal dated 7 July 2020 and are resultantly advised to continue exercising caution when dealing in the Company's securities until a further announcement in this regard is made.

Sandton
14 August 2020

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