



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 withdrawal of cautionary announcement

Shareholders are referred to the announcements dated 12 May, 28 May, 4 June, 7 July and 14 August 2020 regarding the proposed acquisition of Tongaat Hulett Starch (the **"Sale Business"**) and the two material adverse change (**"MAC"**) notices delivered by KLL Group Proprietary Limited, a wholly owned subsidiary of Barloworld (**"KLL"** or **"Barloworld"**), to Tongaat Hulett Limited (**"THL"**) in terms of the sale and purchase agreement pertaining to the proposed acquisition of the Sale Business concluded between THL and KLL on 28 February 2020, as amended (the **"SPA"**) (the **"Transaction"**).

Shortly after the signing of the SPA the COVID-19 pandemic reached South Africa, leading to the introduction of a series of lockdowns and restrictions in order to manage infection rates in the country.

In light of these measures, the Barloworld Board reached the conclusion that the business impact of COVID-19 related regulations constituted an event that was 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 its EBITDA for the financial year ended on 31 March 2020.

The Barloworld Board determined that it had a fiduciary duty to exercise its transaction protections negotiated as part of the SPA and that a MAC (as described in the SPA) had occurred. As detailed in the announcements made by Barloworld since 12 May, there has been a process pursuant to which both KLL and THL made various submissions to the independent expert, Rothschild & Co South Africa Proprietary Limited (the **"Independent Expert"**).

Shareholders are now advised that based upon, and subject to, the terms of their determination letter, and as at the date hereof, the Independent Expert has determined that it is not reasonably likely that the EBITDA of the Sale Business for the financial year ending 31 March 2021 will be 82.5% or less than the EBITDA of the Sale Business for the financial year ended on 31 March 2020 and that a MAC has therefore not occurred.

During the MAC determination period, Barloworld continued to perform its obligations in terms of the SPA and to monitor the performance of the Sale Business. In this regard Barloworld received monthly management accounts which demonstrated the resilience of the Sale Business following the move to Level III lockdown and the subsequent opening up of the economy.

Barloworld is pleased that the Sale Business has shown such resilience in the face of the economic challenges posed by the COVID-19 pandemic. The business is a highly cash generative, relatively asset light and defensive investment with a leading market position and a strong client base of highly regarded and well established multi-national companies. These characteristics have underpinned the resilience of

the Sale Business through the current economic challenges, validating Barloworld's stated strategy of entering into the defensive consumer foods sector and serving industrial customers as a long term strategic pivot of its portfolio. With the Government confirming that the country will move to Lockdown Level I, it is anticipated that the Sale Business will continue to show positive momentum into the financial year end.

As the MAC process has now ended and the Transaction is anticipated to complete once the remaining outstanding suspensive conditions are fulfilled (or waived if applicable), shareholders are no longer required to exercise caution when dealing in the Company's securities and the cautionary announcement is withdrawn. Shareholders will be advised once the suspensive conditions are fulfilled or waived.

Sandton
22 September 2020

Financial Advisor and Transaction Sponsor
Absa Corporate and Investment Banking, a division of Absa Bank Limited



Legal Advisor
DLA Piper Advisory Services Proprietary Limited



JSE Equity and Debt Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

