

BARLOWORLD LIMITED  
Incorporated in the Republic of South Africa  
Registration Number: 1918/000095/06  
Share code: BAW ISIN: ZAE000026639  
Share code: BAWP ISIN: ZAE000026647  
Bond issuer code: BIBAW  
"Barloworld" or the "Barloworld Group"

## APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN INCOME TAX PURPOSES IN RESPECT OF THE UNBUNDLING OF ZEDA LIMITED

### 1. INTRODUCTION

Shareholders are referred to the announcement released on the Stock Exchange News Service (**SENS**) of the JSE Limited (**JSE**) on 21 November, 2022 regarding the listing of the ordinary shares in Zeda Limited (**Zeda**) on the JSE (the **Listing**) and the unbundling of Barloworld's investment in its car rental and vehicle leasing business (the **Unbundling**).

The Unbundling was implemented by way of the listing of 189,641,787 Zeda Distribution Shares (the **Zeda Distribution Shares**), comprising 100% of the issued ordinary share capital of Zeda, on the Main Board of the JSE on Tuesday, 13 December, 2022 (the **Listing Date**), to be followed by a *pro rata* distribution *in specie* of such JSE-listed Zeda Distribution Shares for no consideration, in terms of section 46 of the South African Companies Act, No. 71 of 2008 (the **Companies Act**) and section 46 of the South African Income Tax Act, No. 58 of 1962 (the **Income Tax Act**), to holders of Barloworld Ordinary Shares (**Barloworld Ordinary Shares**) entitled to receive this distribution (**Barloworld Ordinary Shareholders**) on Monday, 19 December, 2022.

Moreover, the Unbundling will be implemented on the basis that Barloworld Ordinary Shareholders recorded on the Barloworld share register at 17:00 (SAST) on Thursday, 15 December, 2022 will receive 1 Zeda Distribution Share for every 1 Barloworld Ordinary Share held.

The *pro rata* distribution *in specie* of the Zeda Distribution Shares will be paid from sources other than "*contributed tax capital*" as contemplated in the Income Tax Act and shall accordingly constitute a "*dividend*" for purposes of the Income Tax Act.

The purpose of this announcement is to notify Barloworld Ordinary Shareholders to whom the Unbundling in section 46 of the Income Tax Act applies of the apportionment ratio to be applied by them in determining the portion of their existing expenditure and/or market value (if relevant) to be allocated to the unbundled Zeda Distribution Shares whilst the balance of these costs will still be reflected in respect of the retained Barloworld Ordinary Shares. Please note that section 46 of the Income Tax Act does not apply to the Unbundling to the extent that Zeda Distribution Shares are distributed to a Barloworld Ordinary Shareholder who is a 'disqualified person' as contemplated in section 46(7) of the Income Tax Act and who holds at least 5% of the total issued ordinary share capital in Barloworld immediately before the Unbundling.

### 2. APPORTIONMENT TAX PRINCIPLES

Shareholders will have a combined expenditure in respect of the Barloworld Ordinary Shares and the Zeda Distribution Shares received pursuant to the Unbundling.

#### *Barloworld Ordinary Shares held as trading stock:*

Any Barloworld Ordinary Shareholder holding Barloworld Ordinary Shares as trading stock will be deemed to acquire the unbundled Zeda Distribution Shares as trading stock. The combined expenditure of such Barloworld Ordinary Shares and Zeda Distribution Shares will be the amount taken into account by the Barloworld Ordinary Shareholder in respect of those Barloworld Ordinary Shares, as contemplated in section 11(a), section 22(1), or section 22(2) of the Income Tax Act. The portion of the above combined expenditure to be allocated to the unbundled Zeda Distribution Shares will be determined by applying the ratio that the market value of the Zeda Distribution Shares bears to the sum of the market value of Barloworld Ordinary Shares and Zeda Distribution Shares at the end of the Listing Date, being Tuesday, 13 December, 2022. The expenditure so allocated to the unbundled Zeda Distribution Shares will reduce the expenditure relating to the Barloworld Ordinary Shares so retained.

#### *Barloworld Ordinary Shares held as capital assets:*

Any Barloworld Ordinary Shareholder holding Barloworld Ordinary Shares as capital assets will be deemed to acquire the unbundled Zeda Distribution Shares as capital assets. The combined expenditure of such Barloworld Ordinary Shares and Zeda Distribution Shares will be the original expenditure incurred in respect of the Barloworld Ordinary Shares, in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and where the Barloworld Ordinary Shares were acquired before 1 October, 2001, the expenditure and/or market value, as the case may be, adopted or determined as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act. The portion of the above combined expenditure and/or market value, as the case may be, to be allocated to the unbundled Zeda Distribution Shares will be determined by applying the ratio that the market value of the Zeda Distribution Shares bears to the sum of the market value of Barloworld Ordinary Shares and Zeda Distribution Shares at the end of the Listing Date, being Tuesday, 13 December, 2022. The expenditure and/or market value, as the case may be, so allocated to the unbundled Zeda Distribution Shares will reduce the expenditure and/or market value, as the case may be, of the Barloworld Ordinary Shares that are retained.

The summary contained herein represents general comments and is not intended to be a complete analysis of the tax consequences of the Unbundling for Barloworld Ordinary Shareholders. It is not intended to be, nor should it be considered as legal or tax advice. Neither Barloworld, its associates, advisors or its employees can be held responsible for the tax consequences of the Unbundling, and Barloworld Ordinary Shareholders are advised to consult their own professional tax advisors should they have any queries regarding the taxation consequences of the Unbundling and the calculation of their costs for taxation purposes.

### 3. APPORTIONMENT RATIO

Pursuant to the South African Revenue Service Binding General Ruling 29 (Issue 2), Barloworld Ordinary Shareholders are hereby advised that the expenditure and/or market value, as the case may be, of their Barloworld Ordinary Shares as referred to above must be apportioned in the ratio of 84.24528% to a Barloworld Ordinary Share held after the Unbundling and 15.75472% to an unbundled Zeda Distribution Share (**Apportionment Ratios**).

The Apportionment Ratios are based on the closing price of R89.30 per Barloworld Ordinary Share and R16.70 per Zeda Distribution Share on Tuesday, 13 December, 2022.

### 4. INCREASE IN EXPENDITURE PER SHARE AS A RESULT OF THE TAX PAID ON DISTRIBUTIONS TO DISQUALIFIED PERSONS

The expenditure incurred in relation to the Zeda Distribution Shares must be increased by the amount of tax paid by Barloworld in respect of distributions made to 'disqualified persons', as defined in section 46(7) of the Income Tax Act, who hold at least 5% of the total issued ordinary share capital in Barloworld. Barloworld has quantified that the tax payable in respect of distributions made to disqualified persons is R230 979 340. The tax paid must be apportioned in

the ratio of 84.24528% to a Barloworld Ordinary Share and 15.75472% to an unbundled Zeda Distribution Share held after the Unbundling. This will increase the tax cost/base cost per Zeda Distribution Share by R0.19.

Sandton

14 December 2022

Corporate and Transaction Sponsor  
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Financial Advisor to Barloworld  
Goldman Sachs International

Legal Advisor to Barloworld and Zeda  
Bowmans

Enquiries:  
Nwabisa Piki  
Group Investor Relations Tel: +27 64 880 6872  
E-mail: [nwabisap@barloworld.com](mailto:nwabisap@barloworld.com)