



Barloworld

BARLOWORLD LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1918/000095/06)
(JSE share code: BAW)
(JSE ISIN: ZAE000026639)
(Share code: BAWP)
(A2X code: BAW)
(JSE ISIN: ZAE000026647)
(Bond issuer code: BIBAW)
("Barloworld" or the "Company")

K2024528179 (SOUTH AFRICA)
PROPRIETARY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2024/528179/07)
("Newco" or the "Offeror")

JOINT FIRM INTENTION ANNOUNCEMENT: OFFER BY NEWCO TO ACQUIRE AND DELIST BARLOWORLD AND WITHDRAWAL OF CAUTIONARY

SALIENT FEATURES

Capitalised terms used in this paragraph are defined in the body of this announcement.

- A Consortium of investors, through Newco, has indicated a firm intention to make an offer to acquire all the issued and to be issued Shares in Barloworld, other than those held by the Excluded Shareholders, for cash, by way of a Scheme or a Standby Offer.
- Newco is proposing a transaction that unlocks substantial value for the Scheme Participants (as defined in paragraph 5.1.1 below) at an offer price of R120.00 per Share (being the Scheme Consideration as set out in paragraph 5.2.1 below) which will not be reduced for the R3.10 per Share dividend that was recently declared by Barloworld on Friday, 22 November 2024 ("Declared Dividend") as set out in the Barloworld SENS announcement dated Monday, 25 November 2024. This represents a total value unlock at R123.10 per Share which constitutes a premium of 87% to Barloworld's 30-day VWAP, which was R65.72, as of Friday, 12 April 2024, being the Pre-Cautious Date.
- Newco is owned by Entsha, a newly incorporated South African company, ultimately owned by an inter vivos trust established for the benefit of Mr Dominic Sewela (the CEO of Barloworld) and his family, and by Gulf Falcon Holding Limited, a wholly-owned subsidiary of Zahid Tractor & Heavy Machinery Co. Ltd and a member of the Zahid Group.
- The involvement of Entsha in the Consortium will allow the Consortium to continue to drive future growth and support management's strategic objectives for the business.
- The Proposed Transaction aligns with Zahid Group's strategy to expand and diversify its portfolio. Zahid Group is a long-term Shareholder of Barloworld and believes in the fundamental strengths of Barloworld, including its brands and management team, as well as the markets in which it operates.
- The Consortium is firmly of the belief that the Proposed Transaction represents a vote of confidence in the long-term prospects of South Africa.
- The Proposed Transaction provides Shareholders with the opportunity to accelerate the realisation of fair value for their Shares, unlocking a material premium to the market's valuation of the Company as reflected in the share price, prior to the first cautionary announcement pertaining to the Proposed Transaction.
- The Barloworld Foundation, a B-BBEE Shareholder of Barloworld, will remain a Shareholder of Barloworld post the implementation of the Proposed Transaction.
- The Consortium has committed to implement a management ownership transaction post the implementation of the Proposed Transaction.
- Khula Sizwe, the c.R2.9 billion empowerment vehicle, with c.29 000 beneficiaries, including Barloworld employees and public broad-based black individuals, will dispose of its Shares pursuant to the Proposed Transaction. However, the existing property leasing arrangements will remain in place post the Proposed Transaction.
- The Proposed Transaction is subject to the fulfilment or waiver (where capable of waiver) of the conditions precedent described in paragraph 5.3 and 6.1.2 below.
- Caterpillar has expressed its support for the implementation of the Proposed Transaction.

1. INTRODUCTION

- Barloworld ordinary shareholders ("Shareholders") are referred to the cautionary announcement published on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on Monday, 15 April 2024 and renewed on Monday, 27 May 2024, Wednesday, 10 July 2024, Thursday, 22 August 2024, Friday, 4 October 2024 and Friday, 15 November 2024.
- Shareholders are advised that on Wednesday, 11 December 2024, Barloworld, and a consortium of investors ("Consortium") comprising Entsha Proprietary Limited ("Entsha") and Gulf Falcon Holding Limited ("Falcon Holding"), entered into an implementation agreement ("Implementation Agreement") in terms of which Newco has agreed to make an offer to Shareholders, other than the Barloworld subsidiaries who hold Shares (including any member of the Barloworld Group holding Shares as "Forfeitable Shares" as escrow agent), the Barloworld Empowerment Foundation Trust ("Barloworld Foundation"), Zahid Tractor & Heavy Machinery Co. Ltd, Mr Dominic Sewela and the Katlego Le Masego Trust ("Excluded Shareholders") ("Proposed Transaction").
- The Proposed Transaction will be implemented by way of:
 - a scheme of arrangement ("Scheme") between Barloworld and its Shareholders, in terms of section 114(1) read with section 115 of the Companies Act, 71 of 2008 ("Companies Act"). In terms of the Scheme, Newco will acquire all of Barloworld's issued ordinary shares ("Shares"), other than the Shares held by the Excluded Shareholders, for the Scheme Consideration (as defined in paragraph 5.2.1 below); or
 - a general offer (the making of which is conditional on the occurrence of a Standby Offer Trigger Event (as defined in paragraph 6.1.1 below)) to acquire all of the Shares from Barloworld Shareholders other than the Shares held by the Excluded Shareholders ("Standby Offer"), in accordance with the provisions of sections 117(1)(c)(v) of the Companies Act and Regulation 102 of the Takeover Regulations promulgated in terms of section 120 of the Companies Act ("Takeover Regulations"), for the Standby Offer Consideration (as defined in paragraph 6.2.1 below).
- Following implementation of the Scheme or, if applicable, the Standby Offer, the listing of the Shares on the Main Board of the JSE and on the A2X stock exchange will be terminated.
- The Scheme and the Standby Offer form a single composite transaction, provided that the Standby Offer will only be made if a Standby Offer Trigger Event (as defined in paragraph 6.1.1) occurs.
- On Monday, 26 February 2024, the board of directors of Barloworld ("Barloworld Board") was approached by the Consortium with a non-binding indicative offer. The identities of Consortium members were made known to the Board at the time of the first approach. In line with applicable statutory requirements for a transaction of this nature, an independent board ("Independent Board") was constituted by the Barloworld Board on 28 February 2024 to consider the terms of the Proposed Transaction. Independent Board members are detailed in paragraph 9.1 below. Given the nature of the Consortium members and the involvement of the Chief Executive Officer ("CEO") of the Barloworld group of companies ("Group"), and in line with its statutory and fiduciary duties, the Independent Board introduced clear and enhanced governance protocols to address any concerns that may result from the CEO's involvement in the Consortium and the Proposed Transaction. The following actions were undertaken to ensure that conflicts were managed: (i) non-disclosure agreements were entered into with Consortium members including the CEO, the Consortium's advisers, members of the Steering Committee (as defined below), members of the Barloworld executive committee and selected senior managers; (ii) a clear protocol was agreed between the CEO and the Independent Board which governs how the CEO must conduct himself during this period, including that he should (a) minimise potential conflicts of interest between his duties as a director and as an employee and his personal interests and minimise disruption to the operation of the Group; (b) not share any confidential Group information with the Consortium without Independent Board consent (and all such information required to advance discussions on the Proposed Transaction would be shared by the Independent Board through official channels); (c) share with the Independent Board any opinion or analysis concerning the Group not in the public domain which he gives to the Consortium or its backers; and (iii) a steering committee ("Steering Committee") consisting of select unconflicted executives of the Company and the Independent Board's external advisers (Rand Merchant Bank and DLA Piper) was also constituted. The Steering Committee was tasked with assisting the Independent Board to assess the indicative non-binding offer and navigate the transaction process. The Company's executives who were appointed to the Steering Committee were required to sign an undertaking and confirmation that they were not in any way conflicted by the Consortium or the CEO's role within the Consortium, nor were they concert parties of the Consortium. The Independent Board regularly confirmed (and continues to confirm) that this position still holds and each of the above executives is required to immediately disclose to the Company if they become aware of any facts or circumstances that may result in them being conflicted and/or concert parties. These protocols have served to ensure that the business continues to be run efficiently, and in the best interests of all Shareholders and the Company whilst mitigating any potential conflicts between the Proposed Transaction and the day-to-day running of the Group's operations. The Independent Board is confident that sufficient safeguards have been put in place to ensure that the Company is managed efficiently with minimal disruption, while it considered the Proposed Transaction.

2. INFORMATION ABOUT NEWCO

- Newco is a newly formed South African company owned by Entsha and Falcon Holding and was incorporated for the purposes of implementing the Proposed Transaction.
- Entsha is a newly incorporated South African company that is wholly-owned by DKMS Group Proprietary Limited ("Manco") (also a newly incorporated South African company). Manco, in turn, is wholly-owned by The Katlego Le Masego Trust, an inter vivos trust established for the benefit of Mr Dominic Sewela and his family. Mr Sewela is the CEO of Barloworld. Entsha is entitled to exercise 51% of the voting rights in Newco.
- Falcon Holding is a wholly-owned subsidiary of the Zahid group of companies ("Zahid Group"). Zahid Group is a multidisciplinary conglomerate headquartered in the Kingdom of Saudi Arabia (the "Kingdom"). For over a century, the Zahid family has been one of the leading merchant families in the Kingdom. Zahid Group's modern era began its journey in the early 1940s representing General Motors and sold its first CAT machine in 1950. Over the years the Zahid Group has diversified its activities where it now operates across 14 sectors throughout the Middle East, Africa, Europe and North America (including its existing and long-held stake in Barloworld). As a long-term investor, Zahid Group believes in supporting and fostering the growth and success of its portfolio of businesses and partnerships. Zahid Group's core values of integrity, professionalism, competence, respect and tolerance, trust, pride and excellence have guided Zahid Group through decades of growth and earned Zahid Group recognition from its partners around the world.
- As a strategic partner in Newco, Zahid Group will, on successful implementation of the Proposed Transaction, be represented on the Barloworld Board and will support executive management who will continue to manage and operate the business as usual.

3. RATIONALE FOR THE PROPOSED TRANSACTION

- The Consortium's offer demonstrates its confidence in the long-term investment thesis of Barloworld and the geographies it operates in. Given the Consortium's unique makeup, the combination of executive management expertise through Entsha, underpinned by a patient capital approach, provides a strong platform that will support the Company's existing management, staff and operations to continue to pursue the Group's existing long-term diversified strategy to drive growth and create value. This is the continuation of an existing investment for members of the Consortium, who understand the economics and market dynamics of the business as well as the cyclical nature of the sectors in which Barloworld operates.
- The Proposed Transaction aims to sustain the continuity of Barloworld's management, staff and operations in line with the Group's existing strategy. The Consortium recognises the goodwill associated with Barloworld's name, its rich history and the strength of its brand within the markets in which it operates. The Proposed Transaction will not affect the continuity of the name, or the brand and the Company's headquarters will remain in Johannesburg.
- The involvement of Entsha in the Consortium will allow the Consortium to continue to drive future growth and support management's strategic objectives for the business. In addition, Entsha will hold a majority of the voting and economic rights in Newco, enabling Barloworld to further enhance its direct black ownership and maintain all other aspects of Barloworld's black economic empowerment (BEE) status, in line with the South African government's objectives to build and transform the South African economy.
- Given the nature of its investments, Zahid Group possesses extensive sector expertise which it will leverage to bring value to Barloworld. As a long-term authorised Cat dealer in the Kingdom, Zahid Group will assist the Consortium to grow the business.
- The Company and the Consortium take comfort from the fact that Caterpillar has expressed its support for the implementation of the Proposed Transaction.

4. BROAD BASED BLACK ECONOMIC EMPOWERMENT

- The Barloworld Foundation will remain a shareholder of Barloworld after the implementation of the Proposed Transaction. Barloworld has made significant strides in Broad Based Black Economic Empowerment ("B-BBEE"), which the Consortium is committed to maintaining under its ownership of Barloworld and ensuring that transformation will continue to be supported through local procurement and supplier development programmes across the value chain, as well as various other social upliftment components. Barloworld will continue to be a South African headquartered business and will maintain its status as a black-owned diversified business.

Barloworld Foundation

- The Barloworld Foundation was established in 2019 and owns c.3.5% of Barloworld valued at approximately R789.3 million, based on the Scheme Consideration (defined in paragraph 5.2 below). The Barloworld Foundation complies with the Broad-Based Ownership Scheme requirements in terms of Annexure 100 (B) and the Rules for Trusts in terms of Annexure 100 (D) of the BEE Codes. The beneficiaries of the Barloworld Foundation must be 60% black women across the following focus areas:

- Education;
- Youth development and empowerment;
- Environment;
- Entrepreneurship; and
- Welfare, charity and humanitarian.

Barloworld will continue to support the participation of black women and black women-owned businesses going forward across various parts of the business.

- The activities of the Barloworld Foundation are in line with Barloworld's growth strategy, as well as being aligned with the South African national development imperatives of advancing economic transformation through the participation of black people in the mainstream economy.
- Through the Barloworld Foundation, Barloworld aims to contribute to nation building and social cohesion, critical to the sustainable existence and growth of organisations.

Khula Sizwe Property Holdings Limited

- Khula Sizwe Proprietary Holdings Limited ("Khula Sizwe") is a B-BBEE vehicle that acquired a portfolio of properties worth c.R2.9 billion in 2019 from Barloworld in terms of Statement 102 of the BEE Codes. Although the Shares held by Khula Sizwe will be acquired as part of the Proposed Transaction, Newco is fully committed to maintaining the Khula Sizwe empowerment and property leasing arrangements which will continue to benefit Khula Sizwe's c.29 000 broad base of shareholders and beneficiaries comprising current and former employees of Barloworld and black Khula Sizwe public broad-based individuals.

5. TERMS AND CONDITIONS OF THE SCHEME

5.1 SCHEME PARTICIPANTS

- The participants in the Scheme shall be all Shareholders (other than the Excluded Shareholders) who are registered as such in Barloworld's register of Shareholders ("Register") on the record date and time by which Shareholders must be recorded in the Register to be eligible to receive the Scheme Consideration ("Scheme Participants").
- The maximum number of Shares to be acquired by Newco pursuant to the Scheme is expected to be 142 971 907 Shares, as follows:

Shares in issue	189 641 787
Treasury Shares (-)	(3 202 832)
Excluded shares	(43 467 048)
Zahid Group (-)	35 834 624
Barloworld Foundation (-)	6 578 121
Dominic Sewela (-)	653 207
The Katlego Le Masego Trust (-)	401 096
Shares to be acquired by Newco	142 971 907

5.2 SCHEME CONSIDERATION

- The consideration payable for each Share acquired by Newco pursuant to the Proposed Transaction (the "Scheme Consideration") will be an amount equal to R120.00, provided that if Barloworld declares, pays or makes a distribution, dividend or similar payment, save for the Declared Dividend (a "Distribution"), between the signature date of the Implementation Agreement and completion of the Proposed Transaction, the Scheme Consideration shall be automatically reduced by an amount equal to the amount of such Distribution in respect of each Share.
- The Scheme Consideration of R120.00 per Share represents a premium of (i) 66% to the market price on the JSE on 12 April 2024, being the last trading day prior to the first transaction-related cautionary announcement, published on 15 April 2024 ("Pre-Cautious Date"); and (ii) 83% to the 30-day volume weighted average price ("VWAP") on the Pre-Cautious Date.

5.3 SCHEME CONDITIONS

- The Scheme will be subject to the fulfilment or, where applicable, waiver of each of the following conditions precedent ("Scheme Conditions Precedent") by the date falling on the expiry of nine months from the signature date of the Implementation Agreement, subject to the provisions of paragraph 5.3.4 ("Longstop Date"):
 - either:
 - no Shareholder (i) gives notice objecting to the resolution required to approve the Scheme in terms of section 115(2) of the Companies Act ("Scheme Resolution"), such notice being contemplated in section 164(3) of the Companies Act, and (ii) votes against the resolution at the general meeting to be convened by Barloworld to approve the Scheme Resolution ("Barloworld General Meeting"); or
 - if any Shareholder gives notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act and then votes against the Scheme Resolution at the Barloworld General Meeting, Shareholders holding no more than 5% of all of the issued Shares give such notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act and vote against the Scheme Resolution at the Barloworld General Meeting; or
 - if any Shareholder gives notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act and then votes against the Scheme Resolution at the Barloworld General Meeting in respect of more than 5% of all of the issued Shares, such shareholders exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of no more than 5% of all of the issued Shares within the maximum period permitted by the Companies Act;
 - the Scheme Resolution is approved by the requisite majority of votes at a quorate Barloworld General Meeting as contemplated in section 115(2) of the Companies Act;
 - to the extent required in terms of section 115(3)(a) of the Companies Act, the High Court of South Africa ("Court") approves the implementation of the Scheme Resolution;
 - if any person who voted against the Scheme Resolution applies to Court for a review of the Scheme in terms of section 115(3)(b) and section 115(6) of the Companies Act, either:
 - leave to apply to Court for any such review is refused; or
 - if leave is so granted, the Court refuses to set aside the Scheme Resolution;
 - save for the requirement that the Takeover Regulation Panel ("TRP") has issued a compliance certificate in respect of the Proposed Transaction in terms of section 121(b) of the Companies Act, the following regulatory approvals required to implement the Proposed Transaction are obtained:
 - the JSE grants such approvals as are required in terms of the Listing Requirements of the JSE ("JSE Listings Requirements") with respect to the Proposed Transaction (other than in relation to posting the Circular (as defined in paragraph 11 below));
 - each of the relevant competition authorities in South Africa, Angola, Botswana, the Common Markets for Eastern and Southern Africa, and Namibia granting such approvals as are required in terms of applicable law to implement the Proposed Transaction, either unconditionally, or, subject to conditions acceptable to Newco and/or Barloworld, as provided in the Implementation Agreement, provided that each of Newco and/or Barloworld shall, when considering whether or not any conditions are acceptable to it, act reasonably and in good faith; and
 - the Financial Surveillance Department of the South African Reserve Bank ("FinSurv") granting such approvals as are required with respect to the Proposed Transaction, either unconditionally, or subject to conditions acceptable to Newco acting reasonably and in good faith (other than in relation to posting the Circular);
 - a Material Adverse Change (as defined in paragraph 7.3 below) has not occurred;
 - Newco has received (i) the Final VSD, and (ii) the Dentons Report. For purposes of this paragraph 5.3.1.7:
 - "Dentons Report" means a document, dated not later than the date of the Final VSD, addressed to Barloworld by Dentons US LLP ("Dentons") expressing Dentons' view to Barloworld that the facts identified in the investigation conducted by ENS Africa (which investigation concerns whether, among other things, VT LLC has supplied any parts, components or equipment to customers in violation of US sanctions), do not provide a basis for Dentons to believe that an apparent violation of US Sanctions by any one of VT LLC, Barloworld Mongolia LLC, Barloworld Middle East FZE, VT UK LLC and/or Barloworld (and each an "Applicable Entity") has occurred within the applicable statute of limitations as of the date of such document, and that in Dentons' view the information disclosed pursuant to the ENS Africa investigation does not provide a basis for any Applicable Entity to make a voluntary self-disclosure of apparent US Sanctions violations to the US Department of the Treasury Office of Foreign Assets Control ("OFAC");
 - "Final VSD" means the final voluntary self-disclosure report prepared by Dentons, in a form to be presented to the U.S. Department of Commerce Bureau of Industry and Security ("BIS") detailing the status and findings of a forensic investigation conducted in relation to US export controls; and
 - no superior competing Barloworld proposal (as will be defined in the Circular) ("Superior Competing Barloworld Proposal") has completed; and
 - the Scheme Resolution is not withdrawn.
- Shareholders should take specific note that no materiality threshold applies to: (i) a Material Adverse Change triggered by an apparent violation of export controls and sanctions contemplated in paragraph 7.3.2, or (ii) the apparent violation of US sanctions contemplated in paragraph 5.3.1.7(ii) documented by Dentons.
- Newco shall be entitled, in its sole and exclusive discretion by notice in writing delivered to Barloworld, to waive, in part or in whole, the Scheme Conditions Precedent in paragraph 5.3.1.1, 5.3.1.6 and 5.3.1.7. Neither Party shall be entitled to waive any other Scheme Condition Precedent unless that waiver is agreed to in writing by Barloworld and Newco and is permissible in law.
- The Longstop Date may be varied by agreement provided that the Longstop Date shall be extended:
 - in circumstances where Barloworld receives a Superior Competing Barloworld Proposal, subject to agreement between Newco and Barloworld, and the approval of the TRP and JSE;
 - by three calendar months where a Scheme Condition Precedent pertaining to any regulatory approval set out in paragraph 5.3.1.5 has yet to be fulfilled as at the business day immediately preceding the Longstop Date; or
 - if Newco delivers a written notice ("MAC Event Notice") to Barloworld stating that in its reasonable opinion a Material Adverse Change has occurred or is occurring, until the later of (i) the determination of a Material Adverse Change up to 80 business days after the MAC Event Notice, and (ii) the Longstop Date contemplated in paragraph 5.3.4.1.

5.3.5 The Scheme shall not be implemented unless the TRP has issued a compliance certificate with respect to the Scheme in terms of section 121(b) of the Companies Act. Newco shall be responsible for any application to the TRP for the issue of such a compliance certificate.

5.3.6 If the Scheme Conditions Precedent are fulfilled, or where applicable, waived the Scheme shall be implemented, in which case:

5.3.6.1 each Scheme Participant shall, for each Share held by it, receive an amount equal to the Scheme Consideration;

5.3.6.2 Newco shall acquire all the Shares from the Scheme Participants.

6. TERMS AND CONDITIONS OF THE STANDBY OFFER

6.1 OVERVIEW AND EFFECTS OF THE STANDBY OFFER

6.1.1 If the Scheme does not become operative because any of the Scheme Conditions Precedent set out in paragraphs 5.3.1.1, 5.3.1.2, 5.3.1.3, 5.3.1.4 or 5.3.1.9 has not been fulfilled ("**Standby Offer Trigger Event**"), Newco will make the Standby Offer and proceed on the terms and conditions to be set out in detail in the Circular. In such event, the timeline applicable to the Standby Offer, including when the Standby Offer will be open for acceptance, will be announced on SENS.

6.1.2 The Standby Offer will be subject to the fulfilment or, where applicable, waiver of:

6.1.2.1 each of the Scheme Conditions Precedent, save for those set out in paragraphs 5.3.1.1, 5.3.1.2, 5.3.1.3, 5.3.1.4 and 5.3.1.9; and

6.1.2.2 a condition that Shareholders holding at least 90% of the issued Shares, excluding the Shares held by Newco, Zahid Group, Entsha, and their respective related, inter-related or concert parties, nominees or subsidiaries (as contemplated in section 124(1) of the Companies Act), accept the Standby Offer, (together the "**Standby Offer Conditions**").

6.1.3 The Standby Offer shall not be implemented unless the TRP has issued a compliance certificate with respect to the Standby Offer in terms of section 121(b) of the Companies Act. Newco shall be responsible for any application to the TRP for the issue of such a compliance certificate.

6.1.4 If the Standby Offer Conditions are fulfilled or, where applicable, waived the Standby Offer shall be implemented, in which case:

6.1.4.1 Newco shall: (i) acquire the Shares from the Shareholders who are entitled to accept the Standby Offer ("**Standby Offer Participants**") and who accept the Standby Offer; and (ii) pay the Standby Offer Consideration (as defined in paragraph 6.2.1 below) to the Standby Offer Participants; and

6.1.4.2 if the Standby Offer is accepted by Standby Offer Participants such that following the implementation of the Standby Offer, Newco acquires at least 90% of the Shares held by the Standby Offer Participants, Newco shall invoke the provisions of Section 124 of the Companies Act, in terms of which Newco will compulsorily acquire all the Shares not already tendered by the Standby Offer Participants.

6.2 STANDBY OFFER CONSIDERATION

6.2.1 The Standby Offer Participants who accept the Standby Offer shall receive a cash consideration equal to the Scheme Consideration ("**Standby Offer Consideration**").

7. SALIENT FEATURES OF IMPLEMENTATION AGREEMENT

7.1 CONDUCT OF BUSINESS UNDERTAKINGS

7.1.1 Barloworld has provided certain undertakings to Newco that are appropriate for a transaction of this nature regarding the continuing conduct of the Group's business in the ordinary course for the period between the signature date of the Implementation Agreement and the earlier of (a) completion of the Proposed Transaction; (b) the date on which the Implementation Agreement terminates (other than the surviving provisions of the Implementation Agreement), or (c) the date on which the Proposed Transaction fails. Further details of these undertakings will be included in the Circular.

7.2 EXCLUSIVITY AND NON-SOLICITATION PROVISIONS

7.2.1 Barloworld has provided certain exclusivity and non-solicitation undertakings to Newco that are appropriate for a transaction of this nature and which apply for the period between the signature date of the Implementation Agreement and the earlier of:

7.2.1.1 the date on which the Scheme Resolution is approved by the requisite majority of Shareholders;

7.2.1.2 the date on which a Scheme Condition Precedent fails and is not timeously waived, provided that the Standby Offer Trigger Event has not occurred; or

7.2.1.3 if the Standby Offer Trigger Event occurs:

7.2.1.3.1 the date on which a Standby Offer Condition fails and is not timeously waived; and

7.2.1.3.2 the date of completion of the Standby Offer.

7.2.2 Further details of the above will be included in the Circular.

7.3 MATERIAL ADVERSE CHANGE

A Material Adverse Change shall occur if before all Scheme Conditions Precedent are fulfilled or waived, other than the Scheme Condition Precedent in 5.3.1.6 ("**MAC Period**"):

7.3.1 any event occurs which:

7.3.1.1 causes the EBITDA of the Group for any 12-month period ending during the MAC Period, to be less than ZAR3 468 000 000; or

7.3.1.2 is reasonably likely to cause the EBITDA of the Group for the 12-month period following the event, circumstance, effect or state of affairs (or a combination thereof) to be less than ZAR3 468 000 000; or

7.3.2 during the MAC Period:

7.3.2.1 any member of the Group or Newco becomes aware (including as a consequence of BIS, or any other governmental authority commencing an investigation into potential violations of export controls) that any act or omission of any member of the Group (whether such act or omission occurred before or during the MAC Period) constitutes, or is reasonably likely to constitute, a violation of export controls by any member of the Group;

7.3.2.2 any member of the Group or Newco becomes aware (including as a consequence of OFAC or any other governmental authority commencing an investigation into potential violations of sanctions) that any act or omission of any member of the Group (whether such act or omission occurred before or during the MAC Period) constitutes, or is reasonably likely to constitute, a violation of sanctions by any member of the Group; or

7.3.2.3 any member of the Group of Newco becomes aware that OFAC has commenced an investigation into potential violations of sanctions by any member of the Group, provided that a Material Adverse Change (other than a Material Adverse Change contemplated in paragraph 7.3.2.2 or 7.3.2.3) shall not be regarded as having occurred as a result of any impact, or reasonably foreseeable impact, caused by any (or a combination of any) of the following events, circumstances, effects, occurrences or states of affairs: (i) changes after the signature date of the Implementation Agreement to accounting practices which are included in the accounting principles contemplated in the Implementation Agreement (or the authoritative interpretation thereof); (ii) changes or proposed changes after the signature date of the Implementation Agreement to applicable law (other than export controls or sanctions); (iii) any acts of God, natural disasters, political instability, terrorism, armed hostilities, war, sabotage or insurrection or any escalation or worsening of any of the aforesaid events; (iv) any epidemic, pandemic or disease outbreak or any escalation or worsening of any epidemic, pandemic or disease outbreak; (v) changes in the stock markets, interest rates, currency exchange rates, commodity prices or other economic conditions; (vi) changes in the conditions generally affecting companies which carry on similar businesses to any member of the Group; (vii) the announcement of the Proposed Transaction, or (viii) any matter fairly disclosed to Newco prior to the signature date of the Implementation Agreement.

7.3.3 Any dispute between Barloworld and Newco in relation to whether a Material Adverse Change has occurred or is occurring shall be determined by an independent expert.

7.4 TREATMENT OF THE LONG TERM INCENTIVE PLANS

7.4.1 Barloworld has three long term incentive plans in place, namely the Barloworld Forfeitable Share Plan 2010 ("**FSP**"), the Barloworld Conditional Share Plan 2020 ("**CSP**") and the Barloworld Cash Settled Share Appreciation Right Scheme 2007 ("**SARP**").

7.4.2 All awards under the SARP have vested, are exercisable by participants and will be settled in accordance with the rules of the SARP and will not be impacted by the Proposed Transaction.

7.4.3 The Proposed Transaction will result in a "Change of Control" ("**Change of Control**") occurring in terms of the rules of the CSP and the FSP ("**Rules**").

7.4.4 The Rules provide, upon a Change of Control, for:

7.4.4.1 the partial accelerated vesting of unvested awards based on the proportion of the vesting period which has expired, and the percentage achievement of any performance targets set out in the relevant award letters ("**Award Letters**") ("**Accelerated Vested Awards**"); and

7.4.4.2 the continuation of the unaccelerated and unvested awards in accordance with the relevant Award Letters ("**Remaining Unvested Awards**");

7.4.4.3 the Accelerated Vested Awards to be settled in Shares;

7.4.4.4 the Remaining Unvested Awards to continue to be governed by the terms of the Award Letters unless the remuneration committee of Barloworld ("Remco"), exercising its discretion, determines that the terms of such Award Letters are no longer appropriate, in which case Remco is permitted, among other things, to settle the Remaining Unvested Awards in cash *in lieu* of Shares;

7.4.4.5 if any event occurs which may affect awards, including the Shares ceasing to be listed, Remco may take such action as it considers appropriate to protect the interests of participants; and

7.4.4.6 the number of Accelerated Vested Awards and by implication the number of Remaining Unvested Awards shall be determined as set out in the Implementation Agreement. These numbers depend on, in respect of the CSP and FSP, the (i) number of awards, (ii) deemed achievement rates of performance targets, (iii) the grant and vesting dates, and (iv) the completion date of the Proposed Transaction. Further detail is set out in paragraph 7.4.5 below.

7.4.5 The Implementation Agreement sets out the treatment of Accelerated Vested Awards and Remaining Unvested Awards upon and following implementation of the Scheme, or Standby Offer. In summary:

7.4.5.1 set out below are the deemed achievement rates (following testing in respect of awards granted prior to 2024) of the performance targets that shall apply to all awards for purposes of determining the aggregate number of Accelerated Vested Awards and Remaining Unvested

Awards and the number of awards under each plan after applying such deemed achievement rate –

– 68% for 2022 CSP awards, with participants being entitled to 413 365 Shares;

– 215% for 2023 CSP awards, with participants being entitled to 2 136 716 Shares;

– 112.5% for the anticipated 2024 CSP awards, with participants being entitled to such number of Shares as determined by Remco in due course;

– 30% for 2022 FSP awards (with performance targets), resulting in participants being entitled to 203 954 Shares;

– 100% for 2023 FSP awards (with performance targets), resulting in participants being entitled to 1 483 301 Shares;

– 100% for 2022 FSP awards (without performance targets), resulting in participants being entitled to 457 325 Shares; and

– 65% for the anticipated 2024 FSP awards (with performance targets), with participants being entitled to such number of Shares as determined by Remco in due course;

7.4.5.2 the number of Accelerated Vested Awards on completion of the Proposed Transaction shall be the aggregate number of awards (described in paragraph 7.4.5 above) multiplied by a time prorating factor (being the number of months between the relevant grant date and completion divided by the number of months between the relevant grant date and award vesting date), rounded to the nearest whole number (grant and vesting dates set out below) –

– 2022 CSP awards were granted on 25 November 2022 and have a vesting date of 24 November 2025;

– 2023 CSP awards were granted on 7 December 2023 and have a vesting date of 6 December 2026;

– 2022 FSP awards (with performance targets) were granted on 25 November 2022, 19 January 2023, 1 February 2023 and 12 April 2023 and have vesting dates of 24 November 2025, 18 January 2026, 31 January 2026 and 11 April 2026, respectively;

– 2022 FSP Awards (without performance targets) were granted on 25 November 2022, 19 January 2023, 1 February 2023 and 12 April 2023 and have vesting dates of 24 November 2025, 18 January 2026, 31 January 2026 and 11 April 2026, respectively;

– 2023 FSP awards (with performance targets) were granted on 7 December 2023 and have a vesting date of 6 December 2026; and

– Remco will determine the dates of grant and vesting dates for the anticipated 2024 CSP and FSP awards in due course;

7.4.5.3 the Remaining Unvested Awards will vest on their relevant vesting dates under the award letters (and summarised in paragraph 7.4.5 above) after completion;

7.4.5.4 if a vesting date occurs before completion of the Proposed Transaction, the relevant awards will vest and be settled before completion in accordance with the Rules; and

7.4.5.5 each Accelerated Vested Award and each Remaining Unvested Award will be settled in cash at a value equal to the Scheme Consideration, or Standby Offer Consideration.

7.5 POST IMPLEMENTATION MANAGEMENT INCENTIVE

7.5.1 Newco recognises the importance of a motivated, aligned and engaged management and therefore post-the Proposed Transaction, Newco has committed to implement a management ownership transaction.

8. BENEFICIAL INTERESTS OF NEWCO AND CONCERT PARTIES

8.1 Falcon Holding and Entsha each confirm that they are the ultimate purchasers of the Shares pursuant to the Scheme, or Standby Offer. The Excluded Shareholders may be deemed to be acting in concert with Newco and will not vote on the Scheme Resolution or be Scheme Participants, or Standby Offer Participants. Save as mentioned in this announcement, Newco is not acting in concert with any other party in relation to the Scheme.

8.2 Newco does not hold any Shares as at the business day immediately preceding this announcement ("**Pre-FIA Date**").

8.3 Zahid Group, the holding company of Falcon Holding, holds approximately 18.90% of the Shares as at the Pre-FIA Date.

8.4 The Katlego Le Masego Trust, which indirectly holds all the shares in Entsha, holds approximately 0.21% of the Shares as at the Pre-FIA Date.

8.5 Mr Dominic Sewela holds approximately 0.34% of the Shares as at the Pre-FIA Date.

8.6 The Barloworld Foundation holds approximately 3.47% of the Shares as at the Pre-FIA Date.

9. INDEPENDENT BOARD AND INDEPENDENT EXPERT

9.1 Barloworld has, in accordance with regulation 108(8) and 108(9) of the Takeover Regulations, constituted an Independent Board, comprising Dr Nolulamo Gwagwa (Chair), Neo Mokhesi (Lead Independent Director), Peter Schmid, Nicola Chiaranda and Vuyisa Nkonyeni to consider the terms of the Proposed Transaction and to advise Shareholders thereon.

9.2 The Independent Board appointed Rothschild & Co as the independent expert ("**Independent Expert**"), as required in terms of section 114(2) of the Companies Act and regulation 110 of the Takeover Regulations, to issue a report dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act and regulations 90 and 110 of the Takeover Regulations and in accordance with paragraph 1.15(d) of the JSE Listings Requirements, in respect of its opinion on whether the terms and conditions of the Proposed Transaction are fair and reasonable to Shareholders ("**Independent Expert Report**").

9.3 A draft of the Independent Expert Report ("**Draft Report**") has been delivered to the Independent Board prior to the date of this announcement in which the Independent Expert has, on a preliminary basis, concluded that the terms and conditions of the Proposed Transaction are fair and reasonable to Shareholders, and the Independent Board has taken into account the Draft Report and the preliminary view of the Independent Expert and has, on a preliminary basis, concluded that the terms and conditions of the Proposed Transaction are fair and reasonable to Shareholders, as a result of which the Independent Board intends to recommend in the Circular (described in paragraph 11 below) that Shareholders vote in favour of the Scheme (provided that the preliminary conclusion of the Draft Report is confirmed in the final Independent Expert Report).

9.4 The Independent Expert Report and the recommendations of the Independent Board and the Barloworld Board will be included in the Circular.

10. CASH CONFIRMATION

10.1 In accordance with Regulation 111(4) and 111(5) of the Takeover Regulations, Newco has delivered to the TRP a written, irrevocable, unconditional cash guarantee from The Standard Bank of South Africa Limited for R17 156 628 840, being the amount required to guarantee the aggregate Scheme Consideration or Standby Offer Consideration, as applicable and the TRP has confirmed that such cash confirmation is compliant in terms of regulations 111(4) and 111(5) of the Regulations.

11. DOCUMENTATION

11.1 Barloworld and Newco will jointly issue a Circular to Shareholders, containing the full terms and conditions of the Scheme and the Standby Offer and including the notice to convene the Barloworld General Meeting to consider and, if appropriate, approve the Scheme Resolution. The Circular will further include the final Independent Expert Report, the opinion and recommendation of the Independent Board and the pertinent dates relating to the Scheme and the Standby Offer and necessary forms to give effect to the Scheme or Standby Offer ("**Circular**").

11.2 The Circular is expected to be distributed to Shareholders within 20 business days from the date of this announcement, as specified in the Takeover Regulations (or such longer period as may be allowed by the TRP), subject to the fulfilment or waiver of the following conditions:

11.2.1 Barloworld and Newco shall have obtained the approval of the JSE, the TRP and FinSurv for the posting of the Circular;

11.2.2 the Independent Expert has delivered the Independent Expert Report to the Independent Board which confirms that the Scheme Consideration, or Standby Offer Consideration, if applicable, is fair and reasonable;

11.2.3 Barloworld has delivered to Newco a copy of resolutions passed by the Independent Board in which it resolved:

11.2.3.1 that the Scheme Consideration, or Standby Offer Consideration, if applicable, is fair and reasonable;

11.2.3.2 to recommend the Proposed Transaction to Shareholders; and

11.2.3.3 to recommend that Shareholders vote in favour of the Scheme Resolution or accept the Standby Offer (if applicable).

11.3 A further announcement relating to the distribution of the Circular, including the salient dates and times pertaining to the Scheme or, if applicable, the Standby Offer, will be published on SENS in due course.

12. DELISTING

12.1 If the Scheme is successfully implemented, an application will be made for all of the Shares to be delisted from the JSE as contemplated in paragraph 1.17(b) of the JSE Listings Requirements as well as the A2X.

12.2 In respect of the Standby Offer, if the Standby Offer is accepted by the Standby Offer Participants such that following the Standby Offer, Newco holds at least 90% of the Shares of the Standby Offer Participants, then Newco shall be entitled to invoke the provisions of section 124 of the Companies Act to acquire the remaining Shares and all of the Shares will be delisted from the JSE without shareholder approval as permitted in terms of paragraph 1.17(a) of the JSE Listings Requirements following an application to the JSE.

13. WITHDRAWAL OF THE CAUTIONARY ANNOUNCEMENT

13.1 Pursuant to the release of this announcement, Shareholders are advised that caution is no longer required to be exercised when dealing in their Shares.

14. RESPONSIBILITY STATEMENTS

The Independent Board

The Independent Board of Barloworld (to the extent that the information relates to Barloworld), individually and collectively, accepts responsibility for the information contained in this announcement and certifies, to the best of its knowledge and belief, that the information contained in this announcement is true and that this announcement does not omit anything that is likely to affect the importance of the information included.

Newco

The board of directors of Newco (to the extent that the information relates to Newco), individually and collectively, accepts responsibility for the information contained in this announcement and certifies, to the best of its knowledge and belief, that the information contained in this announcement is true and that this announcement does not omit anything that is likely to affect the importance of the information included.

Johannesburg
11 December 2024

Exclusive financial adviser,
corporate broker and transaction
sponsor to Barloworld



Legal adviser
to Barloworld



Communications adviser
to Barloworld



Joint financial advisers to the Offeror



Legal adviser
to the Offeror



South African legal adviser on
competition law and legal due
diligence to the Offeror



International legal adviser on
competition law and legal due
diligence to the Offeror



Communications adviser
to the Offeror



Independent Expert

