

York Timber Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1916/004890/06)

Share code: YRK

ISIN: ZAE000133450

("York" or the "Company")

BUSINESS UPDATE TO YORK SHAREHOLDERS

York recognises the importance of actively engaging with its stakeholders and will therefore be communicating regularly on progress made in the achievement of its strategic initiatives and objectives.

1. PLYWOOD

The Plywood Expansion Project is progressing well and given the strong demand for York's plywood products and success of the export strategy, York entered into the next phase of its plywood growth strategy. This entails the further extension of the plywood plant, together with the installation of a new 48 daylight plywood press, as well as further value-adding equipment aimed at the export market.

In pursuing this strategy, York entered into a partnership agreement with Raute Corporation that will give the Company access to Raute Corporation's top technicians, up-to-date software upgrades and technology improvements, thereby providing the Company with 24-hour support and valuable skills transfer to plywood plant technicians.

York recently obtained certification from the American Plywood Association which will allow it to export plywood products to the USA. This recognition is in addition to the certifications that York holds from SATAS (South African Technical Auditing Services) and the CE mark for export to Europe.

2. WHOLESALE AND REMANUFACTURING

The Wholesale division opened two more branches in the last two months and other opportunities in Southern Africa are being explored.

The Remanufacturing division is exploring alternative methods to add value to raw material. This remains a strategic growth avenue for York.

3. BIOMASS POWER PLANT PROJECT

It is very disappointing that Government and the Department of Energy appear to be side-lining the renewable energy programme. York will, however, remain hopeful until March 2017 for the preferred bidder announcement under the Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP"). Should it not be announced by then, York will pursue various sawmill projects that will unlock strategic value for all stakeholders, as conveyed in our 2016 integrated annual report.

4. SAWMILLING

Sawmilling operations are proceeding well and given the delayed announcement of the preferred bidder under the REIPPPP, York will consider consolidation of its sawmill operations in the Escarpment and upgrading its sawmill in the Highveld to ensure that it stays on track with its

strategic commitments. York is in a position to commence the project instantaneously as the environmental and all other related authorisations for the Sabie integrated site have been approved. The Sabie integrated site will include a 14MW co-generation facility to ensure that the integrated site will be self-reliant on energy.

5. INTEGRATED REPORTING AWARD

For the second year in a row, York won the Fledgling/Alt-X category in the Integrated Reporting Awards 2016, which was hosted by Chartered Secretaries Southern Africa in partnership with the JSE Limited. The judges were complimentary about the disclosure of the well-defined key performance indicators in York's 2016 integrated annual report. York is proud of its whole team for this achievement.

6. KEY PERFORMANCE INDICATORS

During its recent shareholder roadshow and investor presentations, York received requests for a more comprehensive explanation of the calculation of the value of the biological asset and the seemingly low returns on equity and assets. In the next communiqué, we will illustrate factors that impact these ratios and how York envisages to improve on these ratios by growing the business to the benefit of all stakeholders.

7. SHARE REPURCHASE PROGRAMME

York continues to recognise the value in the organisation in excess of its current share price and has therefore resumed its share repurchase programme.

8. PEOPLE AND EVENTS

Negotiations on wages for the Processing and Forestry staff have been successfully concluded. York recently purchased the Lone Creek Lodge that is situated next to its Sabie mill. This is after years of hardship on various issues impacting both businesses. The lodge will be utilised for offices, staff entertainment and catering for our customers, suppliers and other guests in a cost-efficient manner.

York celebrated its centenary during the York Enduro Mountain Bike Rally. A number of previous CEOs of the Company were honoured at the event and tribute was made to York's customers and staff for their contribution in achieving this significant landmark.

The Qhubeka Buffalo bicycles offered to York staff through an employee purchase programme proved so popular that York launched the Sabie Qhubeka Club. The club is open to all employees and their immediate family provided they own or ride a Qhubeka bike. This initiative empowers our staff by providing them with affordable and sustainable transport. Further momentum will be gained when the programme is extended to school children in the Escarpment.

For more information please visit York's website www.york.co.za or York's Facebook page.

Sabie

25 November 2016

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