

York Timber Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1916/004890/06)
ISIN number: ZAE000133450
Share code: YRK
("York" or "the Company")

Terms of the Rights Offer and withdrawal of cautionary announcement

1. Introduction

Ordinary and convertible non-redeemable cumulative preference shareholders of York ("Shareholders") are referred to the further cautionary announcement dated 5 October 2009 whereby Shareholders were, *inter alia*, advised that the board of directors of the Company ("the Board") has resolved to recapitalise the Company through the injection of additional equity capital by means of a rights offer ("the Rights Offer").

2. Rationale for the Rights Offer

On 30 September 2009, in conjunction with the release of its reviewed condensed consolidated provisional financial statements for the year ended 30 June 2009, York announced that the Company intended raising R500million through the Rights Offer, in order to, *inter alia*, reduce its debt burden and restructure its balance sheet.

The restructuring of the balance sheet will allow York to:

- reduce the gearing ratio to a level acceptable to the Board;
- provide the Group with additional financial resources to fund capital expenditure; and
- improve York's overall financial and operational flexibility.

The Company intends to utilise the R500million raised through the Rights Offer to repay its debt as follows:

- R450million will be utilised to reduce existing debt in the Company in the following proportions:
 - 62% or approximately R279million will be used to reduce the senior secured debt;
 - 38% or approximately R171million will be used to reduce the mezzanine debt; and
- R50million will be used to fund capital expenditure planned by the Company.

Following the Rights Offer, gearing (debt:equity) will be reduced from approximately 88% to approximately 40%.

3. Terms of the Rights Offer

In terms of the Rights Offer, 250 000 000 York ordinary shares ("the Rights Offer Shares") will be offered to Shareholders at a subscription price of 200 cents per Rights Offer Share on the basis of 307.72792 Rights Offer Shares for every 100 ordinary shares or for every 100 preference shares held on the record date of the Rights Offer, being Friday, 20 November 2009, raising a total amount of R500million.

Excess subscriptions are permitted and there is no minimum subscription.

4. Undertakings and underwriting

The following ordinary shareholders of York, representing approximately 73.7% of the issued ordinary share capital of York, have irrevocably undertaken to follow their rights in terms of the Rights Offer. Accordingly, York is assured of a minimum subscription of R355million.

Shareholder	Number of shares eligible to vote	Percentage (%)
The Industrial Development Corporation of South Africa Limited	23 333 333	29.8
Lereko Metier Capital Growth Fund	13 109 033	16.7
Bridge Creek Trading 10 (Proprietary) Limited	7 200 000	9.2
CoroCapital Limited	5 233 620	6.7
Coronation Asset Management (Proprietary) Limited	5 000 000	6.4
Auburn Avenue Trading 55 (Proprietary) Limited	2 800 000	3.6
Conexus Investment Fund Limited	426 947	0.5
Calshelf Trading 101 (Proprietary) Limited	333 333	0.4
Terracina Investments (Proprietary) Limited	333 334	0.4
TOTAL	57 769 600	73.7

In addition to the above undertakings and in order to ensure that the Rights Offer is fully underwritten, the following parties will be underwriting the Rights Offer for the amounts reflected below:

Underwriter	Amount underwritten
Lereko Metier Capital Growth Fund	R17 000 000
CoroCapital Limited	R30 000 000
Coronation Asset Management (Proprietary) Limited	R98 000 000
TOTAL	R145 000 000

5. Unaudited *pro forma* financial effects

The table below sets out the *pro forma* financial effects of the Rights Offer. The unaudited *pro forma* income statement and balance sheet have been prepared for illustrative purposes only and, because of their nature, may not give a true reflection of York's financial position, changes in equity and results of operations or cash flows.

The unaudited *pro forma* financial information is intended to provide information about how the Rights Offer may have affected the income statement and balance sheet of York for the period ended 30 June 2009 had the Rights Offer been effected on 1 July 2008 for the income statement effects and 30 June 2009 for the balance sheet effects.

	Before the Right Offer ¹	After the Rights Offer ^{2,3}	Change (%)
Earnings per share (cents)	(296)	(54)	82
Headline earnings per share ("HEPS") (cents)	(254)	(44)	83
Diluted HEPS (cents)	(254)	(44)	83
Net Asset Value per share (cents)	1722	561	(67)
Tangible Net Asset Value per share (cents)	939	374	(60)
Number of York shares in issue ('000)	78 370	328 370	319
Weighted Average number of shares (‘000)	78 370	328 370	319
Trading Gearing (%)	88	40	55

Notes:

1. The "Before the Rights Offer" column is based on the reviewed condensed consolidated provisional financial statements of York for the year ended 30 June 2009.
2. The "After the Rights Offer" column has been adjusted to take into account the issue of the Rights Offer Shares.
3. The financial effects are calculated based on the following assumptions:
 - York raises R500 million in terms of the Rights Offer;
 - directly attributable transaction costs of R4.3million and underwriting fees of R4.4million have been applied against share premium;
 - the cash proceeds were received and the Rights Offer Shares issued on 1 July 2008 for income statement purposes;
 - R450 million of the proceeds from the Rights Offer were used to repay debt facilities, resulting in a 43% interest savings and an adjustment of R78.1 million; and
 - the cash proceeds were received and the Rights Offer shares issued on 30 June 2009 for balance sheet purposes.

6. Conditions precedent

The implementation of the Rights Offer is subject to the following conditions precedent being fulfilled on or about Friday, 6 November 2009.

- approval being obtained from the JSE Limited ("JSE") for the Rights Offer circular;
- approval being obtained from the JSE for the application for listing in terms of the Letters of Allocation and the application for listing of the Rights Offer Shares; and
- the necessary approvals and registrations being obtained for the Rights Offer circular and form of instruction from the Companies and Intellectual Property Registration Office of South Africa.

7. Salient dates and times

2009

Last day to trade in shares in order to settle trades by the record date for the Rights Offer and to qualify to participate in the Rights Offer (*cum* rights)

Friday, 13 November

Listing and trading of letters of allocation on the JSE while shares trade ex-rights commences at 09h00 on

Monday, 16 November

Record date for the Rights Offer for purposes of determining shareholders entitled to participate in the

Rights Offer at the close of business on	Friday ,20 November
Rights Offer circular and revised listing particulars posted to shareholders	Monday, 23 November
Rights Offer opens at 09h00 on	Monday, 23 November
Dematerialised shareholders will have their accounts at their CSDP or broker automatically credited with their letters of allocation	Monday, 23 November
Certificated shareholders will have their letters of allocation credited to an electronic register at the transfer secretaries	Monday, 23 November
Last day to trade in letters of allocation in order to settle trades by the close of the Rights Offer and participate in the Rights Offer at the close of business	Friday, 4 December
Last day for forms of instruction of certificated shareholders wishing to sell all or part of their entitlement to be lodged with the transfer secretaries by 12h00 on	Friday, 4 December
Listing of the maximum number and trading of Rights Offer shares on the JSE commences at 09h00 on	Monday, 7 December
Record date for letters of allocation	Friday, 11 December
Rights Offer closes at 12h00 and payment to be made and forms of instruction lodged by certificated shareholders with the transfer secretaries by 12h00 on	Friday, 11 December
CSDP/Broker accounts credited with Rights Offer shares and debited with any payments due in respect of dematerialised Rights Offer shares	Monday, 14 December
Rights Offer share certificates posted to certificated shareholders on or about	Monday, 14 December
Results of Rights Offer released on SENS	Monday, 14 December
Results of Rights Offer published in the press	Tuesday, 15 December
Refund cheques, if applicable, posted to certificated shareholders, if applicable, in respect of excess applications, on or about	Tuesday, 15 December

Note:

- i. No share certificates may be dematerialised or rematerialised between Monday, 16 November 2009 and Friday, 20 November 2009, both days inclusive.
- ii. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their acceptance of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Shareholder and his/her CSDP or broker.
- iii. The CSDP or broker accounts of dematerialised Shareholders will be automatically credited with Rights Offer Shares to the extent to which they have accepted the Rights Offer. York share certificates will be posted, by registered post at the Shareholder's risk, to certificated Shareholders in respect of the Rights Offer Shares which have been accepted.
- iv. CSDPs effect payment in respect of dematerialised Shareholders on a delivery versus payment basis.
- v. Any material variation of the above dates and times will be approved by the JSE, released on SENS and published in the South African press.

8. Jurisdiction

The Rights Offer Shares will not be registered for purposes of the Rights Offer with the Securities and Exchange Commission, Washington D.C., the Canadian Provincial Securities Commission, or the Australian Securities Commission under the Australian Corporation Law, as amended. Accordingly, the Rights Offer will not be made to or be open for acceptance by persons with registered addresses in the United States of America or any of its territories, dependencies, possessions or commonwealths or in the District of Columbia or in the Dominion of Canada or in the Commonwealth of Australia, its states, territories or possessions. The CSDP or broker will ensure that where such persons are holding York shares in dematerialised form they adhere to the above restrictions.

9. Posting of Rights Offer circular

Shareholders are advised that a circular containing full details of the terms of the Rights Offer and incorporating Revised Listing Particulars and a form of instruction in respect of a Letter of Allocation will be posted to all Shareholders registered on the record date for the Rights Offer on or about Monday, 23 November 2009.

10. Withdrawal of cautionary announcement and finalisation announcement

As details of the Rights Offer have been communicated to Shareholders, the cautionary announcement is hereby withdrawn and Shareholders are no longer required to exercise caution when dealing in their York shares.

It is anticipated that the finalisation announcement for the Rights Offer will be released on SENS on or about Friday, 6 November 2009 and published in the South African press on Monday, 9 November 2009.

Sabie
30 October 2009

Merchant Bank
RAND MERCHANT BANK (a division of FirstRand Bank Limited)_

Legal Advisor
Prinsloo, Tindle & Andropoulos Inc

Sponsor
Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited

Reporting Accountants
KPMG Inc.