

York Timber Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 1916/004890/06

JSE share code: YRK

ISIN: ZAE000133450

("York" or the "Company")

ACQUISITION OF A NEW BUSINESS

1. Introduction

York shareholders ("**Shareholders**") are referred to the trading and operational update announcement published on SENS on 16 October 2020, advising Shareholders that, *inter alia*, pursuant to York's strategy to diversify earnings, York will establish its first high yield soft citrus crop during the ensuing quarter and that it envisages concluding the acquisition of an adjacent farm to support its strategy in this regard.

Accordingly, Shareholders are advised that today, 15 December 2020, York Agri Proprietary Limited ("**York Agri**" or the "**Purchaser**"), a wholly owned subsidiary of the Company, entered into a sale of business agreement with PVT Timber Products Proprietary Limited, Twycross Farms Proprietary Limited and Twycross Packers Proprietary Limited (collectively referred to as the "**Sellers**"), (collectively, the "**Parties**"), in terms of which York Agri agreed to acquire the integrated business activities conducted by the Sellers, as a going concern (the "**Business**"), with effect from 1 February 2021 (the "**Effective Date**"), as more fully set out below (the "**Acquisition**").

2. Overview of the Business and rationale for the Acquisition

The Sellers are in the business of sawmilling and pallet making, farming of avocados and macadamias and the fruit packing facility.

The acquisition of the Business encompasses the purchase and assumption by the Purchaser of certain assets ("**Sale Assets**") and liabilities ("**Sale Liabilities**"), respectively. The Sale Assets comprise of, *inter alia*, certain immovable property and fixed assets, water rights, contracts, irrigation systems, goodwill, vehicles and stock. The Sale Liabilities consist of leave pay and certain other payments that have accrued to the employees of the Sellers ("**Employee Liabilities**").

The net value and profit attributable to the net assets of the Business for the year ended 29 February 2020, as per the reviewed annual financial statements of the Sellers, is R35 743 364 and R2 942 181, respectively, which were prepared in terms of International Financial Reporting Standards for Small and Medium-sized Entities.

The Acquisition supports York's strategy to diversify earnings and to utilise York's assets to return value to Shareholders.

3. Purchase Consideration

The purchase consideration payable amounts to a total cash consideration of R62,181,600, less an amount of R54,667 in respect of the Employee Liabilities, plus a maximum amount of

R8,000,000 in respect of the stock of the Business as at the Effective Date (“**Purchase Consideration**”).

The Purchase Consideration will be settled, by way of a loan obtained by the Purchaser (“**Loan**”), which shall be paid on the Effective Date and against transfer of the Business.

4. Conditions precedent

The implementation of the Acquisition is subject to the fulfilment of, *inter alia*, the following conditions precedent:

- by 20 December 2020, the receipt of all approvals from shareholders of each of the Sellers to such Sellers to sell the Business in accordance with the requirements of section 112 read with section 115 of the Companies Act, No. 71 of 2008;
- by 27 January 2021:
 - the Purchaser entering into a written agreement with certain third parties granting the Purchaser the licence to grow and harvest the specific variety of avocado trees that form part of the Sale Assets;
 - the issuance of guarantees to the conveyancers by the commercial bank providing the Loan, against registration of transfer;
 - the issuance of various findings letters in respect of the supply of water and storage of the water to certain of the Sale Assets;
 - the Parties, as well as all affected persons, entering into an agreement of access, continued use, supply of water, and storage of the water in respect of certain of the Sale Assets; and
 - the receipt of certain confirmations from the regional land claims commissioner, in respect of the immovable property forming part of the Sale Assets.

The Parties may, by agreement in writing, extend the date for fulfilment of any of the conditions precedent before the date of fulfilment of the relevant conditions precedent.

5. Categorisation

The Acquisition is categorised as a Category 2 transaction as contemplated in the JSE Limited Listings Requirements.

Sabie, Mpumalanga
15 December 2020

Sponsor
One Capital