ASCENDIS HEALTH LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2008/005856/06)

ISIN: ZAE000185005 JSE share code: ASC

("Ascendis" or "the Company")

ACQUISITION OF 100% OF CIPLA AGRIMED PROPRIETARY LIMITED AND CIPLA VET PROPRIETARY LIMITED

1. Introduction

Ascendis shareholders ("Shareholders") are advised that the Company has entered into an agreement on 4 March 2017 in terms of which Ascendis will acquire, directly or indirectly, the entire issued share capital of Cipla Agrimed Proprietary Limited ("Cipla Agrimed") and the entire issued share capital of Cipla Vet Proprietary Limited ("Cipla Vet") for a consideration of R375 million (with a potential adjustment to reflect a price band of R250 million and R500 million in relation to actual working capital, net debt and earnings before interest, tax, depreciation and amortisation ("EBITDA") achieved for the period ending 31 March 2017 as set out in paragraph 3 below) (the "Purchase Consideration"), from Inyanga Trading 386 Proprietary Limited, a fully owned subsidiary of Cipla Limited India ("Cipla") (the "Proposed Transaction").

Cipla Vet and Cipla Agrimed are collectively referred to as the "Acquisitions" for the purposes of this announcement.

The Acquisitions comprise the South African veterinary operations of Cipla, with operations as follows:

- Cipla Vet operates in the companion animal segment with sales to over 1,000 outlets via veterinary practices, veterinary shops, equine outlets and wholesalers. Cipla Vet has a strong presence in the South African market in antibiotics, endoparasitcides and ectoparasiticides, with leading positions in proton pump inhibitors, non-steroidal anti-inflammatory drugs (NSAIDs) and supplements. Cipla Vet focuses on niche areas to launch unique & differentiated products and has an attractive basket of registered scheduled medicines with over 45 SKUs and 75 approved marketing authorisations. Key brands include Triworm and Petcam.
- Cipla Agrimed operates in the commercial animals segment and sells unique Ivermectin, Doramectin and Moxidectin combinations with vitamins and minerals. It has a leading position in antimicrobials and endectocides in South Africa, as well as a growing presence in endoparasiticides and ectoparasiticides. The entity furthermore exports into sub-Saharan Africa, particularly to Namibia, Botswana, Zambia and Angola.

2. Strategic rationale

Ascendis' strategy is to create a synergistic group of health product brands that cover the value chain from imports of raw materials, manufacturing and distribution to consumers via retail and direct selling channels, spanning across human, plant and animal health.

The Acquisitions are an excellent strategic fit for the Phyto-Vet division of Ascendis as it offers a presence in therapeutic areas in which Ascendis did not previously have strong representation. Phyto-Vet is an integrated biosciences and veterinary science business, leveraging expertise in the areas of entomology, horticulture, agronomy and veterinary sciences to drive competitive advantage. Products are sold through veterinary practices, veterinary shops, equine outlets, wholesalers, distributors, independent retailers, dealers and co-operatives.

Key features of the Proposed Transaction include:

- Expansion into the veterinary pharma industry complements Ascendis' existing presence in the pharma industry and Phyto-Vet's existing Sub-Saharan African biosciences business;

- Phyto-Vet has plans to increase international revenue by opening new markets in Sub-Saharan Africa, supported by the Acquisitions' existing presence and Ascendis' existing distribution network;

- Strategic touch points with major players in the agricultural and animal health sectors through Phyto-Vet's involvement in agri-chemicals;

- Phyto-Vet has an ongoing programme of basic and applied research to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products, which would support the future pipeline of the Acquisitions.

3. Salient terms of the Proposed Transaction

The Purchase Consideration of between R250 million and R500 million will be settled out of existing cash and facilities as follows:

3.1 R325 million, plus interest accrued from the Effective Date to the closing date, which will be settled in cash by transfer to a Cipla designated bank account on closing,("Day 1 Payment");

3.2 A potential purchase price adjustment which will be settled approximately 2 months post closing and which will adjust the Day 1 Payment to reflect an amount between R200m and R450m based on the following:

3.2.1 A 7.5x EBITDA multiple will be applied to a maximum variance of up to R5 million in actual EBITDA achieved for the period ending 31 March 2017 versus the target EBITDA, resulting in a maximum increase or decrease in the Day 1 Payment of R37.5m; and

3.2.2 Actual working capital and net debt versus the target working capital and net debt may result in a maximum of the balancing variance in the Day 1 Payment; and

3.3 A deferred payment of R50 million which will be settled in cash on 2 July 2018.

At the date of this announcement the only outstanding significant condition precedent is the approval of the South African competition authorities.

The effective date for the Proposed Transaction is expected to be 1 April 2017 ("Effective Date").

4. **Financial Information**

The combined profit after tax of the Acquisitions was R31 million for the period ended 31 March 2016 and the combined net asset value of the Acquisitions was R138.3 million as at 31 March 2016.

5. **Categorisation of the Proposed Transaction**

The Proposed Transaction is categorised as a Category 2 transaction in terms of the JSE Limited Listings Requirements.

06 March 2017

Johannesburg

Arranger and Financial Advisor

Coast2Coast Capital Proprietary Limited

Sponsor

Investec Bank Limited