

ASCENDIS HEALTH LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2008/005856/06)
JSE share code: ASC ISIN: ZAE000185005
("Ascendis" or "the Company")

Coast2Coast facilitates a R200 million Broad Based Black Economic Empowerment ("BBBEE") Transaction for Ascendis Health

The Chairman, on behalf of the Ascendis Health Board of Directors (the "**Board**"), wishes to notify the Company's shareholders of the intended rationale behind the separately sanctioned directors' dealing involving Coast2Coast Investments Proprietary Limited ("**C2C**"), Ascendis' majority shareholder.

Highlights:

- The C2C directors' dealing (the "**Transaction**") concluded with the MIC Investment Holdings Proprietary Limited will increase the BEE ownership in Ascendis from [R165m] currently to a potential [R365m] over a three year period, excluding any further investment or disposal by existing or new BEE shareholders.
- BEE remains a strategic imperative in the ongoing transformation of Ascendis and is essential for a listed company operating in the private and public healthcare sector in South Africa.
- MIC (Mineworkers Investment Company) is a highly respected BBBEE partner and is committed to contributing meaningfully to the continued success and transformation of Ascendis.
- This transaction will have no earnings dilution or cost for Ascendis shareholders (excluding C2C).

1. Transaction Overview

The Transaction involves C2C and does not initially incorporate Ascendis (refer separately to the C2C directors' dealing announcement). Indirectly, and over a three year period from the date of the Transaction, MIC becomes a meaningful Ascendis BEE shareholder, hence this communication to shareholders.

C2C (in which Gary Shayne and Crispian Dillon have a 100% beneficial interest), does not form part of the Ascendis group of companies, and has entered into a separate agreement (the "**Debenture Agreement**") with the MIC Investment Holdings, dated 30 June 2014, whereby C2C has issued the MIC Investment Holdings a fixed coupon, convertible, redeemable debenture at a face value of R200 million, convertible in three tranches into Ascendis shares which are owned by C2C:

- Tranche 1: R30 million mandatory convertible debenture at a fixed coupon rate of 15%.
- Tranche 2: R30 million optional convertible debenture at a fixed coupon rate of 15%.
- Tranche 3: R140 million optional convertible debenture at a fixed coupon rate of 13%.

The coupon and the cost of the discount applied to the respective volume weighted average share price of Ascendis, upon the annual conversion of the convertible debenture, will be borne entirely by C2C.

2. Background to MIC

The MIC Investment Holdings is a subsidiary of the MIC, a 100% Black-owned Investment Company established in 1995 by the Mineworkers Investment Trust ("**MIT**") to create a sustainable

asset base for the benefit of mine, energy and construction workers and their dependants. MIC has a net asset value of over R4.15 billion and over the past 19 years has disbursed over R390 million to the MIT, which has in turn advanced the money to fund its social development programmes.

3. Rationale for the Transaction

BEE remains a strategic imperative for Ascendis. Accordingly, Ascendis with the help of its BEE partners, now including MIC, intends augmenting its BEE initiatives on an ongoing basis.

Given the early stage of Ascendis' track record as a listed company, an issue of further Ascendis securities would be dilutive to existing shareholders. Therefore the Board, together with C2C as majority shareholder, is currently opposed to the issue of new securities by Ascendis until such time as the Ascendis share price correctly reflects the Company's underlying normalised earnings. A discounted issue of Ascendis securities is therefore not considered appropriate or optimal at this stage.

Furthermore, the weighted average cost of funding for Ascendis is materially below the minimum pre-tax coupon of the Debenture Agreement. Ascendis therefore does not have the flexibility or the capacity to extend vendor finance to a BEE partner on the same terms as the Debenture Agreement, the cost of which would directly impact Ascendis' earnings.

Notwithstanding the funding challenges presented above, C2C as the majority shareholder is committed to protecting its investment in Ascendis and recognises its social responsibility as a committed South African corporate citizen. BEE is a prerequisite for sustainable growth, particularly within the healthcare industry and accordingly, C2C has concluded the Debenture Agreement arrangement with MIC Investment Holdings, which C2C believes will be beneficial to all Ascendis shareholders.

The terms and benefits of the Debenture Agreement are separately disclosed in the Ascendis directors' dealing notice.

4. Financial effects of the transaction

This transaction will have no earnings dilution or impact for Ascendis shareholders.

26 June 2014

Johannesburg

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