

NATRACEUTICAL, S.A. ("Natraceutical") and LABORATORIO REIG JOFRE, S.A. ("LRJ"), pursuant to the provisions of Article 82 of Law 24/1988 of July 28, on the Securities Market, by means of this letter communicate to the National Securities Market Commission and the public, the following

RELEVANT FACT

APPROVAL OF THE MERGER BETWEEN **NATRACEUTICAL SA AND LABORATORIO REIG JOFRE SA** **BY THE RESPECTIVE BOARDS OF DIRECTORS**

The respective Boards of Directors of Natraceutical and LRJ have today approved the joint project for the merger between Natraceutical and LRJ, a Spanish public limited company, with registered offices in Carrer del Gran Capita, 10, 08970 Sant Joan Despi, and holder of Tax Identification Number (*N.I.F.*) A-08259111, registered in the Mercantile Registry of Barcelona, Page B-69.118, Volume 43.191, Leaf 98.

The text of the joint merger project is attached to this communication¹ and states the following:

- (a) The exchange ratio will be 935,570,462 Natraceutical shares, with a par value of 0.10 Euros each, for 411 shares, with par value of 7,212.15 Euros each, representing the share capital of LRJ, owned by the LRJ shareholder (NATRACEUTICAL will be the company resulting from the merger by means of the absorption of LRJ).

In accordance with the above, 2,276,327.1581509 Natraceutical shares will be delivered for each (1) LRJ share. LRJ has a sole shareholder, Reig Jofre Investments Ltd. Therefore, all the 935,570,462 newly created shares in Natraceutical will be delivered to Reig Jofre Investments SL

- (b) The exchange ratio specified in section (a) above is the result of applying the two valuation methods that the Boards have considered for the same, taking into account the dividend of 800,000 Euros pending distribution by LRJ; firstly, the valuation method based on comparable multiples of listed companies using historical economic data from both companies and beginning with the 2013 balance, without taking into consideration future projections, resulting in the valuation of Natraceutical at 49.073 million Euros and LRJ at 137.54 million

¹ The merger project is only available in Spanish, attached to the Spanish Relevant Fact.

Euros and, secondly, the valuation method based on the discount of cash flows from both companies' future business plans, resulting in a valuation of Natraceutical at 85.59 million Euros and LRJ at 251.65 million Euros.

- (c) In accordance with sections (a) and (b) above, Natraceutical's share capital following the completion of the merger will be distributed as shown below:

Shareholder	Ownership interest
Reig Jofre Investments SL	74.00%
Natra SA (1)	12.99%
Other Natraceutical shareholders	13.01%
Total	100.00%

- (1) Natra SA's interest includes the 1% interest corresponding to the ownership interest which the company communicated to the National Securities Market Commission as an indirect Natra SA interest through Carafal Investment SL, adjusted following the merger.

None of the shareholders of Reig Jofre Investments SL exercises control over Reig Jofre Investments SL, under any shareholders' agreement or under any other agreement of any other nature (verbal or written) between the shareholders of Reig Jofre Investments SL or with any third parties. As such, no individuals or companies exercise control over Reig Jofre Investments SL. Likewise: (i) the Board of Directors of Reig Jofre Investments SL consists of three (3) proprietary directors and (ii) none of the above directors, under any agreement, exercises, individually or jointly, control over the Board of Directors of Reig Jofre Investments SL.

- (d) Regarding the composition of the Board of Directors of the company resulting from the merger, it has been agreed to propose the following to the General Shareholders' Meetings which are to approve the merger:
- (i) At least 50% of members of the Board of Directors of the company resulting from the merger will be independent directors, in accordance with the terms specified in section (iii).
 - (ii) The Board of Directors of the company resulting from the merger will have between 9 and 11 directors;
 - (iii) The composition of the Board of Directors must maintain the balance between independent and nominee directors set forth below, for a minimum period of two (2) years as of the date of registration of the merger in the Mercantile Register. Thus, the initial composition of the Board will be as follows:
 - A. 5 independent directors;

- B. 3 proprietary directors appointed at the proposal of the current sole shareholder of LRJ, Reig Jofre Investments SL; and
- C. 1 proprietary director appointed on the proposal of the current major shareholder of Natraceutical, NATRA, SA;

Notwithstanding the above, if it were not possible to qualify any of the scheduled independent directors as such due to their meriting the qualification of "other external director", it is expected that at least one of them may join the Board in this condition, with the addition of a new independent director (bringing the total number of directors to ten (10), with independent directors representing 50%) or two independent directors (bringing the total number of directors to eleven, with independent directors representing more than 50%).

- (iv) The Board of Directors shall also appoint a secretary and, where appropriate, an assistant secretary, who will not be directors. These posts are to be held by independent external professionals of recognised prestige.
- (v) The Board Committees (Audit Committee and Appointments and Remuneration Committee) will be entirely composed of non-executive directors. Independent directors are to be appointed as chairmen of each of the committees, and the parties will assume the commitment that, at least in the Appointments and Remuneration Committee, there will be a majority of independent directors and, in the Audit Committee, at least one third of independent directors.
- (vi) Initially, the Audit Committee will have 3 members, 2 of which may be proprietary directors and 1, at least, an independent director.
- (vii) The Appointments and Remuneration Committee shall initially also have three (3) members, of which one (1) is to be a proprietary director and the remaining two (2) members independent directors.

Likewise, the major shareholders of the companies involved in the merger, NATRA SA, as major shareholder in Natraceutical, and Reig Jofre Investments Ltd., as major shareholder in LRJ, have agreed to increase, within the twenty-four (24) months as of the date on which the new Natraceutical shares created within the framework of the merger have been admitted to trading, the diffusion of Natraceutical shares among the public in such a manner that the free float of the company resulting from the merger represents at least 25% of the share capital, either through the orderly sale of shares or through new capital issues, providing that the market conditions allow the shareholders to undertake such orderly sales or capital increase operations.

Natraceutical's free float, excluding shares held by members of the board of directors and significant shareholders, is currently 38.237% which, upon the completion of the proposed merger (assuming no further transfers of significant holdings as of the present date) will represent 13.01% of the share capital of the company resulting from the merger.

Notwithstanding the above-mentioned commitments, Natraceutical will sign a liquidity contract relative to its shares, in accordance with the provisions of Circular 3/2007, of December 19, of the National Securities Market Commission.

Reig Jofre Investments SL has agreed not to increase its ownership in Natraceutical during the 24 months as of the date on which the new Natraceutical shares created under the merger have been admitted to trading.

The terms agreed upon for the execution of the merger are conditioned, inter alia, by the National Securities Market Commission's granting Reig Jofre Investments SL an exemption to make a takeover bid under Article 8. (G) Royal Decree 1066/2007 of July 27, Securities Takeover Bids.

In Valencia and Barcelona, June 26, 2014.

Maria Jose Busutil Santos
Board Secretary,
Natraceutical, SA

Ignasi Biosca Reig
CEO, Laboratorio Reig
Jofre, SA

