



Korian

€28,000,000 2.966 per cent. Notes due 10 July 2022
(the "2022 Notes")

€135,000,000 3.306 per cent. Notes due 10 July 2023
(the "2023 Notes")

and

€16,000,000 3.740 per cent. Notes due 10 July 2025
(the "2025 Notes")

Issue Prices

100 per cent. of the aggregate principal amount of the 2022 Notes

100 per cent. of the aggregate principal amount of the 2023 Notes

100 per cent. of the aggregate principal amount of the 2025 Notes

The €28,000,000 2.966 per cent. Notes due 10 July 2022 (the "2022 Notes"), the €135,000,000 3.306 per cent. Notes due 10 July 2023 (the "2023 Notes") and the €16,000,000 3.740 per cent. Notes due 10 July 2025 (the "2025 Notes" and together with the 2022 Notes and the 2023 Notes, the "Notes") of Korian (formerly, Korian - Medica) (the "Issuer") will be issued on 10 July 2015 (the "Issue Date").

Interest on the 2022 Notes will accrue from, and including, the Issue Date at the rate of 2.966 per cent. *per annum*, payable annually in arrear on 10 July in each year, and for the first time on 10 July 2016 for the period from (and including) the Issue Date to (but excluding) 10 July 2016, as further described in "Terms and Conditions of the 2022 Notes — Interest".

Interest on the 2023 Notes will accrue from, and including, the Issue Date at the rate of 3.306 per cent. *per annum*, payable annually in arrear on 10 July in each year, and for the first time on 10 July 2016 for the period from (and including) the Issue Date to (but excluding) 10 July 2016, as further described in "Terms and Conditions of the 2023 Notes — Interest".

Interest on the 2025 Notes will accrue from, and including, the Issue Date at the rate of 3.740 per cent. *per annum*, payable annually in arrear on 10 July in each year, and for the first time on 10 July 2016 for the period from (and including) the Issue Date to (but excluding) 10 July 2016, as further described in "Terms and Conditions of the 2025 Notes — Interest".

Unless previously redeemed or purchased and cancelled, in accordance with the terms and conditions of the 2022 Notes (the "2022 Terms and Conditions"), the 2022 Notes will be redeemed at their principal amount on 10 July 2022. Unless previously redeemed or purchased and cancelled, in accordance with the terms and conditions of the 2023 Notes (the "2023 Terms and Conditions"), the 2023 Notes will be redeemed at their principal amount on 10 July 2023. Unless previously redeemed or purchased and cancelled, in accordance with the terms and conditions of the 2025 Notes (the "2025 Terms and Conditions"), the 2025 Notes will be redeemed at their principal amount on 10 July 2025. 2022 Notes, 2023 Notes and/or 2025 Notes may, and in certain circumstances shall, be redeemed before their respective maturity date, in whole only but not in part, at their principal amount, together with any accrued interest thereon, in the event that certain French taxes are imposed (see "2022 Terms and Conditions — Redemption and purchase — Redemption for taxation reasons", "2023 Terms and Conditions — Redemption and purchase — Redemption for taxation reasons" and "2025 Terms and Conditions — Redemption and purchase — Redemption for taxation reasons"). Noteholders (as defined respectively in "2022 Terms and Conditions", "2023 Terms and Conditions" and "2025 Terms and Conditions") will be entitled, in the event of a Change of Control (as defined respectively in "2022 Terms and Conditions", "2023 Terms and Conditions" and "2025 Terms and Conditions") of the Issuer, to request the Issuer to redeem all or part of their 2022 Notes, 2023 Notes and/or 2025 Notes at their principal amount, together with any accrued interest thereon (see "2022 Terms and Conditions — Redemption and purchase — Redemption or purchase following a Change of Control", "2023 Terms and Conditions — Redemption and purchase — Redemption or purchase following a Change of Control" and "2025 Terms and Conditions — Redemption and purchase — Redemption or purchase following a Change of Control"). In addition, the Issuer may redeem all, but not some only, of the 2022 Notes, 2023 Notes and/or 2025 Notes then outstanding (i) at any time prior to their respective maturity date at their relevant Make-whole Redemption Amount (see "2022 Terms and Conditions — Redemption and purchase — Early redemption at the Make-whole Redemption Amount", "2023 Terms and Conditions — Redemption and purchase — Early redemption at the Make-whole Redemption Amount" and/or "2025 Terms and Conditions — Redemption and purchase — Early redemption at the Make-whole Redemption Amount") or (ii) no earlier than three months before their respective maturity date at their principal amount, together with interest accrued to, but excluding the date fixed for

redemption (see "2022 Terms and Conditions – Redemption and purchase – Residual maturity call option", "2023 Terms and Conditions – Redemption and purchase – Residual maturity call option" and/or "2025 Terms and Conditions – Redemption and purchase – Residual maturity call option").

The Notes will be issued in dematerialised bearer form in the denomination of €100,000 each. Title to the Notes will be evidenced by book entries in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, Luxembourg.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and the Council dated 4 November 2003, as amended. Application has been made for the Notes to be admitted to trading on Euronext Paris as from the Issue Date. Euronext Paris is a regulated market within the meaning of the Directive 2004/39/EC of the European Parliament and the Council dated 21 April 2004, as amended.

Neither the Notes nor the long-term debt of the Issuer has been rated.

So long as any of the Notes is outstanding, copies of this Prospectus and the documents incorporated by reference herein will be available and obtainable, free of charge, at the specified offices of the Issuer (21-25, rue Balzac – 75008 Paris – France) and of the Fiscal Agent (32, rue du Champ de Tir – CS 30812 – 44308 Nantes Cedex 3 – France) during normal business hours and will be available on the websites of the Issuer (www.korian.com) and the AMF (www.amf-france.org).

See the "Risk Factors" section for a description of certain factors which should be considered by prospective investors prior to any investment in the Notes.



AUTORITÉ
DES MARCHÉS FINANCIERS

In accordance with Articles L.412-1 et L.621-8 of the French *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the *Autorité des marchés financiers* (the "**AMF**") has granted to this Prospectus the visa n°15-349 on 7 July 2015.

This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1 of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

Global Coordinators and Joint Lead Managers

Crédit Agricole Corporate and Investment Bank

Société Générale Corporate & Investment Banking

Joint Lead Manager

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This Prospectus has been prepared for the purpose of giving information with respect to the Issuer, the Issuer and its subsidiaries taken as a whole (the "Group") and the Notes, which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit, losses and prospects of the Issuer as well as the rights attached to the Notes.

This Prospectus is to be read and construed in conjunction with all the documents which are incorporated by reference herein (see "Documents incorporated by reference"). The Issuer accepts responsibility for the information contained or incorporated by reference herein. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Crédit Agricole Corporate and Investment Bank, ING Bank N.V. Belgian Branch and Société Générale (the "Joint Lead Managers") have not separately verified the information contained or incorporated by reference in this Prospectus. The Joint Lead Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by, or on behalf of, any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.

No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Notes not contained or incorporated by reference in this Prospectus. Any information or representation not so contained or incorporated by reference herein must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers. The delivery of this Prospectus or any offering or sale of Notes at any time does not imply (i) that there has been no change with respect to the Issuer or the Group since the date hereof and (ii) that the information contained or incorporated by reference in it is correct as at any time subsequent to its date.

Each prospective investor of Notes should determine for itself the relevance of the information contained or incorporated by reference in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The Joint Lead Managers do not undertake to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Notes of any information coming to its attention. Investors should review, inter alia, the documents incorporated by reference into this Prospectus when deciding whether or not to subscribe for or to purchase the Notes. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, its business, its financial condition and the issued Notes and consult their own financial or legal advisers about risks associated with an investment in the Notes and the suitability of such an investment in light of their particular circumstances. Prospective investors should read carefully the section entitled "Risk Factors" set out in this Prospectus before making a decision to invest in the Notes.

The distribution of this Prospectus and the offering or the sale of the Notes in certain jurisdictions may be restricted by law or regulation. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution, offering or sale. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Prospectus and of any other offering material relating to the Notes, see "Subscription and Sale" below.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Notes are being offered outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons (as defined in Regulation S).

In this Prospectus, references to "€", "EURO", "EUR" or to "euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

FORWARD-LOOKING STATEMENTS

This Prospectus includes or incorporates by reference forward-looking statements. All statements other than statements of historical facts included or incorporated by reference in this Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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RISK FACTORS

The Issuer considers that the risk factors described below are important to make an investment decision in the Notes and/or may alter its ability to fulfil its obligations under the Notes towards investors. All of these factors are contingencies which are unpredictable and may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or to any of its subsidiaries.

The following describes the main risk factors relating to the Issuer and the Notes that the Issuer considers, as of the date hereof, material with respect to the Notes. The risks described below are not the only risks the Issuer faces and they do not describe all of the risks of an investment in the Notes. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations or on an investment in the Notes.

Prior to making an investment decision in the Notes, prospective investors should consider carefully all the information contained or incorporated by reference in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Notes must make their own analysis and assessment of all the risks associated to the Notes and the risks related to the Issuer, its activities and its financial position. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Notes and the suitability of such an investment in light of their particular circumstances.

The Notes should only be purchased by investors who are financial institutions or other professional investors who are able to assess the specific risks implied by an investment in the Notes, or who act on the advice of financial institutions.

The order in which the following risk factors are presented is not an indication of the likelihood of their occurrence.

Terms defined in the "Terms and Conditions of the 2022 Notes", "Terms and Conditions of the 2023 Notes" and "Terms and Conditions of the 2025 Notes" sections of this Prospectus shall have the same meaning where used below.

1. RISKS RELATED TO THE ISSUER

The risk factors relating to the Issuer and its business are set out on pages 52 to 56 of the 2014 Registration Document incorporated by reference into this Prospectus, as set out in section "Documents Incorporated by Reference" of this Prospectus, and include the following:

- Regulatory risk involved in obtaining and maintaining operating permits and subsequent agreements;
- Risks associated with changes in rates and social policies;
- Employee-related risks;
- Commercial risks;
- Climate risks;
- Risks of epidemic;
- Risks to the safety of people and property;
- Risks of infection - hygiene;
- Risk of medication error;
- Risk of abuse;
- Real estate risks;
- Risks relating to information systems;
- Development-related risks;
- Risk of dependency on key management;

- Legal and tax risks;
- Risks related to the Group's indebtedness;
- Interest rate risk and hedging policy;
- Market risks (currency and equity);
- Financial co-option risk; and
- Outsourcing and supplier risks.

Investors should carefully read the risk factors section contained in the 2014 Registration Document before investing in the Notes.

2. RISKS RELATED TO THE NOTES

An investment in the Notes might not be suitable for all investors

Each prospective investor must determine based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and conditions, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to properly assess the Notes, the merits and risks of investing in such Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to and knowledge of appropriate analytical tools to evaluate, in the context of its particular financial situation and sensitivity to the risk, an investment in the Notes and the impact the Notes might have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Notes, including any currency exchange risk when the currency in which payment of principal or interests is to be made is different from that of the prospective investor;
- (iv) understand thoroughly the terms of the Notes and related risks and be familiar with the behaviour of the financial markets and any relevant indices;
- (v) be able to assess (either alone or with the help of a financial adviser) possible changes in the economy, rates of interest or in other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

In addition, some prospective investors are subject to restricting investment regulations. These prospective investors should consult their legal counsel in order to determine whether an investment in the Notes is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them.

Legality of purchase

Neither the Issuer, the Joint Lead Managers, nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates, or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

The Notes might be redeemed or purchased by the Issuer prior to their stated maturity

The Issuer reserves the right to purchase Notes in the open market or otherwise at any price in accordance with applicable regulations. Such transactions shall have no impact on the normal repayment schedule of outstanding Notes, but they decrease the yield of the Notes so purchased and then redeemed by the Issuer prior to their stated maturity and potentially reduce the liquidity of the Notes.

In the event that the Issuer would be obliged to pay additional amounts in respect of any Note due to any withholding as provided in Condition 7 of the Terms and Conditions of the 2022 Notes (the "**2022 Terms and Conditions**"), the Terms and Conditions of the 2023 Notes (the "**2023 Terms and Conditions**") and

the Terms and Conditions of the 2025 Notes (the "**2025 Terms and Conditions**"), the Issuer may, and in certain circumstances shall, redeem all of the Notes then outstanding in accordance with such Condition.

In addition, the Issuer may redeem all, but not some only, of the 2022 Notes, 2023 Notes and/or 2025 Notes then outstanding (i) at any time prior to their stated maturity, at their relevant Make-Whole Redemption Amount, as provided in Condition 5.3 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions or (ii) no earlier than three months before the Maturity Date, at their principal amount, together with interest accrued to, but excluding the date fixed for redemption, as provided in Condition 5.4 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions.

Any early redemption of the Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional — domestic or foreign — parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Change of control — Put option

In the event of a Change of Control of the Issuer, each Noteholder will have the right to request the Issuer to redeem all or part of its Notes at their principal amount, together with any accrued interest thereon (as more fully described in Condition 5.5 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions). In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid.

Any early redemption of the Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

The Notes may not be protected by restrictive covenants, and do not prevent the Issuer from incurring additional indebtedness, including indebtedness that would come prior to or rank equally with the Notes

The 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions contain respectively Financial Covenants; however, these Financial Covenants are not applicable to the Issuer if, and for so long as, an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer and no event of default has occurred and is continuing (as more fully described in Condition 10 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions).

In addition, in accordance with Condition 3 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions, on the Issue Date, a negative pledge undertaking prohibits the Issuer and its Material Subsidiaries from creating security over assets securing any indebtedness for borrowed money, but subject to certain exceptions (as more fully described in Condition 3.1 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions); however, if, and for so long as, an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer, an amended negative pledge undertaking that is less restrictive on the Issuer may become applicable (as more fully described in Condition 3.2 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions).

The 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions do not contain any specific restrictions on the payment of dividends, the incurrence of unsecured indebtedness or the issuance or repurchase of securities by the Issuer or any of its subsidiaries. As a result, it is possible that the Issuer could enter into or be the subject of transactions that are disadvantageous to the Noteholders.

Subject to the above mentioned restrictions with respect to compliance with the Financial Covenants, the negative pledge and the restrictions existing in its other debt instruments, the Issuer and its subsidiaries may incur significant additional debt that could be considered before or rank equally with the Notes. Although

these restrictions are significant, they are subject to a number of important exceptions, and debt incurred in compliance with these restrictions could be substantial. If the Issuer incurs significant additional debt ranking equally with the Notes, it will increase the number of claims that would be entitled to share rateably with Noteholders in any proceeds distributed in connection with an insolvency, bankruptcy or similar proceeding. If the Issuer or its subsidiaries incur significant additional debt that is structurally senior or that would otherwise come prior to the Notes, it could intensify the risks of Noteholders as compared with the holders of such instruments.

Potential Conflicts of Interest

The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in the ordinary course of business, in investment banking, commercial banking transactions and/or other financial advisory dealings with, and may perform services for, the Issuer and its affiliates and in relation to securities issued by the Issuer. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Potential conflicts of interest may arise between the Calculation Agent for the Notes and the Noteholders, including with respect to certain discretionary determinations and judgements that the Calculation Agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes.

Credit risk

Noteholders are exposed to the credit risk of the Issuer. Credit risk refers to the risk that the Issuer may be unable to meet its financial obligations under the Notes, thus creating a loss for the investor.

Modification of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions

Holders of the 2022 Notes (the "**2022 Noteholders**"), holders of the 2023 Notes (the "**2023 Noteholders**") and holders of the 2025 Notes (the "**2025 Noteholders**") will respectively be grouped automatically for the defence of their common interests in a *Masse* (as defined in Condition 12 of the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions) and a general meeting of respectively 2022 Noteholders, 2023 Noteholders and 2025 Noteholders can be held. The 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions permit in certain cases defined majorities to bind respectively all 2022 Noteholders, all 2023 Noteholders or all 2025 Noteholders, as applicable, including those who did not attend or vote at the relevant general meeting or those who voted in a manner contrary to the majority.

In addition, the general meeting of 2022 Noteholders, 2023 Noteholders or 2025 Noteholders may deliberate on any proposal relating to the modification of the 2022 Terms and Conditions, 2023 Terms and Conditions or 2025 Terms and Conditions, as applicable, notably on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were subject of judicial decisions.

Change in current legislation

The 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change to French law, regulation or administrative practice (or to the interpretation thereto) after the date of this Prospectus.

French insolvency law

2022 Noteholders, 2023 Noteholders and 2025 Noteholders will be grouped automatically for the defence of their common interests respectively in a 2022 *Masse*, 2023 *Masse* and a 2025 *Masse*. However, under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") if a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*plan de sauvegarde*), accelerated safeguard plan (*plan de sauvegarde accélérée*), accelerated financial safeguard plan (*plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling payments which are due and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third (2/3) majority (calculated as a proportion of the amount of debt securities held by the holders which have cast a vote at such Assembly). No quorum is required to hold the Assembly.

The procedures, as described above or, as they will, or may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the 2022 Terms and Conditions, 2023 Terms and Conditions and 2025 Terms and Conditions set out in this Prospectus will not be applicable with respect to the Assembly to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

Taxation

Prospective purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or of other jurisdictions. In some jurisdictions, no official statements of the tax authorities nor court decisions are available for securities such as the Notes. Prospective investors are advised not to rely upon the tax overview contained in this Prospectus but to ask for their own tax adviser's advice based on their individual situation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the prospective investor. These investment considerations should be read in connection with the "Taxation" section of this Prospectus.

EU Directive on the taxation of savings income

The EC Council directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interests payments (the "**Savings Directive**") requires each Member State of the European Union (a "**Member State**") to provide to the tax authorities of another Member State details of payments of interest or similar income within the meaning of the Savings Directive made by a paying agent within its jurisdiction to, or under certain circumstances to the benefit of, an individual resident in that other Member State or to certain types of entities established in that other Member State.

However, for a transitional period Austria instead imposes a thirty-five per cent. (35%) withholding tax on any interest payments within the meaning of the Savings Directive (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of this transitional period is dependent upon the conclusion of some other agreements relating to the exchange of information with some other countries. Several countries and territories not members of the European Union, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and if an amount of, or in respect of a tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

On 24 March 2014, the Council of the European Union adopted a directive amending the Savings Directive (the "**Amending Directive**"), which, when implemented into national law, will amend and broaden the scope of the Savings Directive notably to cover new types of savings income and products that generate interest or equivalent income and requiring paying agents to take additional steps to identify the beneficiary of interest payments by using a "look-through approach". The Member States have until 1 January 2016 to implement the Amending Directive and are required to apply these new requirements as from 1 January 2017.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation. Member States must apply the provisions of the amended Council Directive 2011/16/EU from 1 January 2016 and to start exchanging information by September 2017. Austria received a derogation and is allowed to start applying the amended Council Directive 2011/16/EU one year later than the other Member States, but announced that it would not make full use of the derogation and, in certain circumstances, would also start exchanging information by September 2017.

Prospective investors should inform themselves of, and where appropriate take advice from tax advisers on, the impact of the Savings Directive and the Amending Directive prior to taking an investment decision in the Notes.

The proposed financial transactions tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") implementing a strengthened cooperation in the field of financial transactions which, if adopted, could impose a tax on the financial transactions in respect of the Notes issued (the "**Tax**"). According to the Draft Directive, the Tax shall be implemented in eleven (11) EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia (the "**Participating Member States**" and each a "**Participating Member State**").

Under current proposals, the Tax could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, the Draft Directive shall apply to all financial transactions, on the condition that at least one party to the transaction is established in the territory of a Participating Member State and that a financial institution established in the territory of a Participating Member State is party to the transaction, acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction. A party may be deemed to be "established" in a Participating Member State in a broad range of circumstances, including (a) if its seat is there, (b) if it is acting via a branch in that Member State (as regards branch transactions), or (c) where the financial instrument which is the subject of the transaction is issued in a Participating Member State. In addition to these cases, a financial institution may also be, or be deemed to be, "established" in a Participating Member State in other circumstances, including (a) by transacting with a person established in a Participating Member State or (b) if it is authorized in that Member State (as regards authorized transactions).

The Tax shall, however, not apply to primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 of the Commission of 10 August 2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. The rates of the Tax shall be fixed by each Participating Member State but shall amount for transactions involving financial instruments other than derivatives to at least 0.1 per cent. of the taxable amount.

Each prospective investor should therefore note that any sale, purchase or exchange of the Notes would be subject to the Tax at a minimum rate of 0.1 per cent. provided the above mentioned prerequisites are met. The investor may be liable to itself pay this charge or reimburse a financial institution for the charge. In addition, the Tax may affect the value of the Notes and the liquidity of the market for the Notes may be diminished.

The Proposed Directive is still being discussed by the Participating Member States. It may therefore be modified at any time prior to any implementation the timing of which remains uncertain. Additional EU Member States may decide to participate. A joint statement issued on 27 January 2015 by ten (10) of the eleven (11) Participating Member States stated the Participating Member States' intention to implement the Tax no later than 1 January 2016 with the widest possible base and low rates.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the Tax.

Absence of rating

The Notes or the long term debt of the Issuer not being rated, the assessment of the Issuer's ability to comply with its payment obligations under the Notes is made more complex for investors.

One or more independent credit rating agencies may assign credit ratings to the Notes on an unsolicited basis. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

3. RISKS RELATED TO THE MARKET

Market value of the Notes

The market value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors, including economic and market conditions, interest rates, currency exchange rates and inflation rates in other countries.

The value and the volatility of the Notes depend on a number of interrelated factors, including economic, financial or political events in France or elsewhere, or factors affecting capital markets generally and the market on which the Notes are admitted to trading. The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder. If the creditworthiness of the Issuer deteriorates or if economic and market conditions decline, the value of the Notes may also decrease and Noteholders selling their Notes prior to maturity may lose all or part of their investment.

A secondary market for the Notes might not develop nor be liquid

An investment in the Notes should be considered primarily with a view to holding them until their stated maturity. As of the date of this Prospectus, there is no existing market for the Notes, and although the Notes will be admitted to trading on Euronext Paris, there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes in the secondary market, in which case the market or trading price and liquidity of the Notes may be adversely affected. Noteholders may be unable to sell their Notes easily or within satisfactory price conditions, in particular in respect of the yield available in similar investments with a secondary market. The sale price of the Notes prior to maturity will be equal to their market price, which may entail either a gain or a loss for the selling Noteholders.

The liquidity of any market for the Notes will depend upon the number of Noteholders (which could be very limited), the amount of Notes outstanding at any time, the market for similar securities, the interest of securities dealers in making a market, general economic conditions and the Issuer's financial condition, performance, prospects and other factors. Historically, the market for indebtedness with characteristics similar to the Notes has not been consistently liquid and has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for the Notes will not be subject to similar disruptions. Any such disruptions may have an adverse effect on Noteholders. In addition, market making activity in the Notes, if any, will be subject to limits imposed by applicable laws and regulations. As a result, the Issuer cannot assure Noteholders that an active trading market will develop for the Notes.

Exchange rate risks and exchange controls

Principal and interest on the Notes will be paid in Euro, which may present certain risks if a Noteholder's financial activities are denominated principally in a currency or currency unit other than Euro (the "**Investor's Currency**"). These include the risk that exchange rates may significantly change (notably due to depreciation of Euro or appreciation of the Investor's Currency). As a result, Noteholders may receive less interest or principal than expected. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Government and monetary authorities with jurisdiction over the Investor's Currency may impose (as some have done in the past) exchange controls or modify their exchange control. Such exchange controls could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Fixed interest rate

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is determined during the term of such note or within a given period of time, the market interest rate (the "**Market Interest Rate**") typically varies on a daily basis. As the Market Interest Rate changes, the price of the note varies in the opposite direction. If the Market Interest Rate increases, the price of the note typically decreases, until the yield of the note equals approximately the Market Interest Rate. If the Market Interest Rate decreases, the price of a fixed-rate note typically increases, until the yield of the note equals approximately the Market Interest Rate.

Noteholders should be aware that movements of the Market Interest Rate can adversely affect the price of the Notes and can lead to losses for Noteholders if they sell Notes during the period in which the Market Interest Rate exceeds the fixed rate of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with:

- the French language 2013 registration document of the Issuer (formerly, Korian - Medica) filed with the *Autorité des marchés financiers* (the "AMF") on 30 April 2014 under number D.14-0454, as amended on 5 May 2014 (the "**2013 Registration Document**"); and
- the French language 2014 registration document of the Issuer (formerly, Korian - Medica) filed with the AMF on 28 April 2015 under number D.15-0417 (the "**2014 Registration Document**"),

which are incorporated by reference in, and shall be deemed to form part of, this Prospectus.

So long as any of the 2022 Notes, 2023 Notes and 2025 Notes is outstanding, as described in respectively "Terms and Conditions of the 2022 Notes", "Terms and Conditions of the 2023 Notes" and "Terms and Conditions of the 2025 Notes" below, copies of the documents incorporated by reference will be available without charge on the websites of the Issuer (www.korian.com) and of the AMF (www.amf-france.org) and, upon request, at the principal offices of the Issuer or the Fiscal Agent during normal business hours.

Free translations in the English language of the 2013 Registration Document and the 2014 Registration Document are available on the Issuer's website (www.korian.com) for information purpose only. Only the French language versions of the 2013 Registration Document and the 2014 Registration Document are binding.

The information incorporated by reference in this Prospectus shall be read in connection with the cross reference list below. Any information not listed in the following cross-reference list but included in the documents incorporated by reference in this Prospectus is given for information purposes only and shall not be deemed to be incorporated, and to form part of, this Prospectus. Any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise); any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

INFORMATION INCORPORATED BY REFERENCE		REFERENCE	
Annex IX of the European Regulation 809/2004/EC, as amended			
		2013 Registration Document	2014 Registration Document
1.	PERSONS RESPONSIBLE		
1.1.	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.		N/A
1.2.	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that		N/A

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC, as amended		REFERENCE	
		2013 Registration Document	2014 Registration Document
	such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.		
2.	STATUTORY AUDITORS		
2.1.	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).		267
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.		N/A
3.	RISK FACTORS		
3.1	Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".		51 to 56
4.	INFORMATION ABOUT THE ISSUER		
4.1	<u>History and development of the Issuer:</u>		
4.1.1	The legal and commercial name of the issuer;		1, 3 and 6 to 7
4.1.2	the place of registration of the issuer and its registration number;		N/A
4.1.3	the date of incorporation and the length of life of the issuer, except where indefinite;		6
4.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);		N/A
4.1.5	any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.		3 to 4 and 50 to 51
5.	BUSINESS OVERVIEW		

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC, as amended		REFERENCE	
		2013 Registration Document	2014 Registration Document
5.1.	Principal activities:		
5.1.1	A brief description of the issuer's principal activities stating the main categories of product sold and/or services performed.		12 to 16
5.1.2	Basis for any statements made by the issuer regarding its competitive position.		13 to 37
6.	ORGANISATIONAL STRUCTURE		
6.1	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.		7 to 10
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.		N/A
7.	TREND INFORMATION		
7.1.	Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements. In the event that the issuer is unable to make such a statement, provide details of this material adverse change.		N/A
8.	PROFIT FORECASTS OR ESTIMATES		
8.1.	A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.		N/A
8.2.	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the		N/A

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC, as amended		REFERENCE	
		2013 Registration Document	2014 Registration Document
	accounting policies of the issuer.		
8.3.	The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.		N/A
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.		113 to 124
9.2	Administrative, Management, and Supervisory bodies conflicts of interests Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect.		141 to 142
10.	MAJOR SHAREHOLDERS		
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.		240 and 263 to 264
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.		N/A
11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
11.1	<u>Historical Financial Information</u> Audited historical financial information covering the latest two financial years (or such shorter period that the issuer has been in	142 to 203 Balance sheet: 142 Income statement:	166 to 225 Balance sheet: 166 Income statement:

INFORMATION INCORPORATED BY REFERENCE		REFERENCE	
Annex IX of the European Regulation 809/2004/EC, as amended			
		2013 Registration Document	2014 Registration Document
	<p>operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community.</p> <p>This historical financial information must be audited.</p> <p>If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:</p> <p>(a) the balance sheet;</p> <p>(b) the income statement;</p> <p>(c) the accounting policies and explanatory notes.</p> <p>The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.</p>	<p>143</p> <p>Accounting policies and explanatory notes: 148 to 201</p>	<p>167</p> <p>Accounting policies and explanatory notes: 171 to 223</p>
11.2	<p><u>Financial statements</u></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	<p>205 to 228</p> <p>Balance sheet: 205</p> <p>Income statement: 206</p> <p>Accounting policies and explanatory notes: 207 to 226</p>	<p>227 to 250</p> <p>Balance sheet: 227</p> <p>Income statement: 228</p> <p>Accounting policies and explanatory notes: 229 to 248</p>
11.3	<p><u>Auditing of historical annual financial information</u></p>		
11.3.1	<p>A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.</p>	<p>202 to 203 and 227 to 228</p>	<p>224 to 225 and 249 to 250</p>
11.3.2	<p>An indication of other information in the registration document which has been audited by the auditors.</p>	<p>202 to 203 and 227 to 228</p>	<p>224 to 225 and 249 to 250</p>

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC, as amended		REFERENCE	
		2013 Registration Document	2014 Registration Document
11.3.3.	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	N/A	N/A
11.4.	<u>Age of latest financial information</u>		
11.4.1.	The last year of audited financial information may not be older than 18 months from the date of the registration document.		N/A
11.5.	<u>Legal and arbitration proceedings</u> Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.		N/A
11.6.	Significant change in the issuer's financial or trading position A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.		N/A
12.	MATERIAL CONTRACTS A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.		N/A
13.	THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST		
13.1	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and		N/A

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC, as amended		REFERENCE	
		2013 Registration Document	2014 Registration Document
	material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the Registration Document.		
13.2	<p>THIRD PARTY INFORMATION</p> <p>Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.</p>		N/A
14.	<p>DOCUMENTS ON DISPLAY</p> <p>A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:</p> <p>(a) the memorandum and articles of association of the issuer;</p> <p>(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;</p> <p>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</p> <p>An indication of where the documents on display may be inspected, by physical or electronic means.</p>		269 to 270

TERMS AND CONDITIONS OF THE 2022 NOTES

The issue by Korian (the "**Issuer**") of its €28,000,000 2.966 per cent. notes due 10 July 2022 (the "**Notes**") was authorised pursuant to resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 25 March 2015 and 25 June 2015 and a decision of Yann Coléou, *Directeur Général* of the Issuer, dated 2 July 2015.

A fiscal agency agreement relating to the Notes (the "**Fiscal Agency Agreement**") will be entered into on 10 July 2015 between the Issuer and Société Générale, as fiscal agent, paying agent, calculation agent and put agent (the "**Fiscal Agent**", "**Paying Agent**", "**Calculation Agent**" and "**Put Agent**" which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent, calculation agent or put agent, as the case may be).

References below to the "**Noteholders**" are to the persons whose name appears in the account of the relevant Account Holder (as defined below) as being holders of such Notes. References below to "**Conditions**" are to the numbered paragraphs below.

1. Form, denomination and title

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced by book-entries (*inscription en compte*) in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**").

Title to the Notes shall be evidenced by entries in the books of Account Holders and transfer of Notes may only be effected through registration of the transfer in such books, and only in the denomination of €100,000.

Pursuant to Article L.228-2 of the French *Code de commerce*, the Issuer may require the identification of all or any of the Noteholders.

2. Status

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and rank, and will at all times rank, *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. Negative pledge

Condition 3.1 will apply in respect of the Notes from the Issue Date (as defined below) for so long as any of the Notes remains outstanding (as defined below) unless an Investment Grade Rating (as defined below) is assigned to the Issuer and/or to the long term debt of the Issuer.

If an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer, Condition 3.1 will no longer apply and Condition 3.2 will apply in respect of the Notes from the date of assignment of such Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer.

If, following the assignment of an Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer, an Investment Grade Rating is no longer assigned to the Issuer or to the long term debt of the Issuer, Condition 3.2 will no longer apply and Condition 3.1 will apply in respect of the Notes, except with respect to Security Interests (as defined below) that may have been granted during the period when Condition 3.2 was applicable.

3.1 Original negative pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that it will not, and will ensure that none of its Material Subsidiaries (as defined below) will, grant or permit to subsist any Security Interest upon any of their respective assets, rights or revenues, present or future, to secure any Financial Indebtedness (as defined below) incurred or guaranteed by the Issuer or any of its Material Subsidiaries (whether before or after the issuance of the Notes), unless, at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith, except:

- (a) Security Interests arising by operation of law or incidental to the normal business of the Issuer or any Material Subsidiary;
- (b) Security Interests arising in respect of unpaid taxes or assessments or other governmental charges or levies, to the extent that payment of such taxes or assessments or other governmental charges or levies has been contested in good faith or adequately provided against;
- (c) Security Interests created by or resulting from any litigation or legal proceeding that is currently being contested in good faith by appropriate proceedings;
- (d) Security Interests over cash, negotiable instruments, securities, deposit accounts or other cash equivalents to secure any hedging transaction;
- (e) Security Interests:
 - (i) over or affecting any asset (including shares) acquired, developed or improved by the Issuer or any of its Subsidiaries (as defined below) after the Issue Date for the sole purpose of financing that acquisition, development or improvement and securing a principal capital or nominal amount not exceeding one hundred per cent. (100%) of the cost of that acquisition, development or improvement, and provided that such security is created contemporaneously with or within 120 calendar days after such acquisition or the completion of such development or improvement; or
 - (ii) over any asset existing at the time of acquisition thereof whether or not the Financial Indebtedness secured thereby is assumed by the Issuer or any of its Subsidiaries, provided that (x) the aggregate principal amount of Financial Indebtedness or other obligations secured by all such security interests in respect of any such asset shall not exceed the value (equal to the greater of net book value or fair value) of such asset (or rights relating thereto) at the time of incurrence of such Financial Indebtedness or other obligations, and (y) no such security interest shall extend to or cover any other asset of the Issuer or such Subsidiaries;
- (f) Security Interests in existence as at the Issue Date;
- (g) Security Interests securing Financial Indebtedness due from one Material Subsidiary to another Material Subsidiary or the Issuer or from a Material Subsidiary to the Issuer;
- (h) Security Interests on assets of any entity existing at the time such entity becomes a Subsidiary of the Issuer, provided that (i) such security is not created or has not been increased in contemplation of such event, (ii) remains confined to such asset and (iii) the principal amount secured has not been increased in contemplation of such event;
- (i) the extension, renewal or replacement of any Security Interest permitted by sub-paragraphs (e), (f), (g) or (h) in respect of the same property and without increase of the principal amount of the debt secured (including through a refinancing or a renewal of the debt secured by such Security Interest);
- (j) any Security Interest which would otherwise not be permitted by the foregoing clauses, provided that immediately after giving effect thereto the Secured Debt Ratio (as defined below) exceeds the threshold referred to in Condition 10 (ii); and
- (k) Security Interests which are established with the prior consent of the *Masse* (as defined in Condition 12).

3.2 Amended negative pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that it will not, and will ensure that none of its Material Subsidiaries will, grant or permit to subsist any Security Interest upon any of their respective assets, rights or revenues, present or future, to secure any Relevant Debt (as defined below) incurred or guaranteed by the Issuer or any of its Material Subsidiaries (whether before or after the issuance of the Notes) unless, at the same time or prior thereto, the Issuer's obligations under the Notes (x) are equally and rateably secured therewith or (y) are given the benefit of such Security Interest as shall be approved by the *Masse* of the Noteholders.

3.3 Definitions

For the purposes of these Conditions:

"Financial Indebtedness" means for any period (i) the amount of financial borrowings and financial debt with a maturity of less or more than one year, under bonds or borrowed money from banks, financial institutions or financial creditors, (ii) vendor loans and earn out arrangements under acquisitions booked as indebtedness pursuant to IFRS (as defined below) rules, (iii) financial leases and (iv) factoring arrangements or sale of receivables (with recourse) booked as indebtedness pursuant to IFRS rules. It is specified that any operating lease contract accounted for in the balance sheet in accordance with norm IAS 17 will not be considered as Financial Indebtedness.

"Fitch" means Fitch Ratings Limited or any of its successors or affiliates.

"GAAP" means in relation to the Issuer, generally accepted accounting principles in France, including IFRS.

"Group" means the Issuer and its Subsidiaries.

"IFRS" means international accounting standards within the meaning of the Regulation (EC) No 1606/2002, as amended to the extent applicable to the relevant financial statements.

"Investment Grade Rating" means (i) a rating of at least BBB- by S&P (as defined below), Baa3 by Moody's (as defined below) or BBB- by Fitch, and provided that (ii) no rating assigned is below BBB- by S&P, Baa3 by Moody's or BBB- by Fitch.

"Material Subsidiary" means any Subsidiary of the Issuer whose turnover (*chiffre d'affaires*) and operating result (*résultat d'exploitation*) exceeds five per cent. (5%) of the consolidated turnover and operating result of the Issuer.

"Moody's" means Moody's Investors Service Inc. or any of its successors or affiliates.

"outstanding" means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which claims have been prescribed under Condition 8 and (iii) those which have been purchased and cancelled in accordance with the Conditions.

"Relevant Debt" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*), notes or other debt securities (*titres de créances*, excluding, for the avoidance of doubt, *titres de créances négociables*) which are for the time being, are to be, or are capable of being, quoted, admitted to trading, listed or ordinarily dealt in on any stock exchange, multilateral trading facility, over-the-counter market or other securities market.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies or any of its successors or affiliates.

"Secured Debt" means Financial Indebtedness which is secured by any mortgage, lien, charge, pledge, right or other form of security interest upon any of the assets of the Group which would constitute a *sûreté réelle* or its equivalent under any applicable legislation.

"Secured Debt Ratio" means the ratio of (Total Assets (as defined below) less Secured Debt) to Unsecured Debt (as defined below).

"Security Interest" means mortgage, charge, pledge or other form of security interest (*sûreté réelle*) including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

"Subsidiary" means, in relation to any company, another company which is controlled by it within the meaning of article L.233-3 of the French *Code de commerce*.

"Total Assets" means the aggregate value of the non-current assets of the Group, being the sum of:

- (1) fixed assets (property, plant and equipment, investment property, goodwill, intangible assets other than goodwill); plus
- (2) financial assets (investment accounted for using equity method, other non-current financial assets); plus
- (3) other long-term assets (trade and other non-current receivables, non-current inventories, deferred tax assets, other non-current non-financial assets),

all as set out in the respective balance sheet items (and any items equivalent thereto pursuant to applicable IFRS GAAP as may be amended from time to time) in the relevant Issuer's annual audited consolidated financial statements.

"Unsecured Debt" means all Financial Indebtedness which is not a Secured Debt.

4. Interest

The Notes bear interest from (and including) 10 July 2015 (the "**Issue Date**") to (but excluding) 10 July 2022 (the "**Maturity Date**"), at the rate of 2.966 per cent. *per annum* payable annually in arrear on 10 July in each year. The first payment of interest will be made on 10 July 2016 for the period from (and including) the Issue Date to (but excluding) 10 July 2016.

Each Note will cease to bear interest from their due date for redemption, unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the rate of 2.966 per cent. *per annum* (both before and after judgment) until the calendar day (included) on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one year, it shall be calculated on the basis of the number of calendar days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of calendar days in the period of interest in which the relevant period falls (including the first but excluding the last day of such period). Where interest is to be calculated in respect of a period which is more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

5. Redemption and purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 5 or Condition 9.

5.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.

5.2 Redemption for taxation reasons

- (i) If, by reason of a change in any law or regulation of France, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts (whether in respect of some of, or all, the Notes) as specified in Condition 7, the Issuer may at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount, together with interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

5.3 Early redemption at the Make-whole Redemption Amount

The Issuer will, subject to compliance with all relevant laws and regulations and having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Calculation Agent (which notices

shall be irrevocable), have the option to redeem all, but not some only, of the Notes then outstanding at any time prior to their Maturity Date (the "**Optional Make-whole Redemption Date**") at their relevant Make-whole Redemption Amount, together with interest accrued up to their effective redemption date.

On or no later than the Business Day immediately following the date on which the Make-Whole Redemption Amount is calculated by the Calculation Agent, the Calculation Agent shall notify the Issuer, the Fiscal Agent and the Noteholders of the Make-Whole Redemption Amount.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

The "**Make-whole Redemption Amount**" will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) the principal amount of the Notes and (y) the sum of the then present values on the Optional Make-whole Redemption Date of (i) the principal amount of the Notes and (ii) the remaining scheduled payments of interest on such Notes for their remaining term (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make-whole Redemption Date), discounted to the Optional Make-whole Redemption Date on an annual basis (Actual / Actual ICMA) at the Early Redemption Rate plus an Early Redemption Margin.

For the purposes of these Conditions:

"**Business Day**" means any day (not being a Saturday or Sunday) on which commercial banks and foreign exchange markets are opened for general business in Paris, on which the TARGET System (as defined below) is operating and on which Euroclear France is open for general business.

"**Early Redemption Margin**" means + 0.50 per cent. *per annum*.

"**Early Redemption Rate**" means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth Business Day in Paris preceding the Optional Make-whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth Business Day in Paris preceding the Optional Make-whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

"**Reference Benchmark Security**" means the French government bond (*Obligations Assimilables du Trésor — OAT*) bearing interest at a rate of 3 per cent. *per annum* and maturing on 25 April 2022.

"**Reference Dealers**" means each of the four banks (that may include the Joint Lead Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Similar Security**" means a reference bond or reference bonds issued by the French Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer System (known as TARGET2) or any succeeding system.

5.4 Residual maturity call option

The Issuer will, subject to compliance with all relevant laws and regulations and having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent (which notices shall be irrevocable), have the option to redeem all, but not some only, of the Notes then outstanding, at their principal amount together with interest accrued to (but excluding) the date fixed for redemption, which shall be no earlier than three (3) months before the Maturity Date.

5.5 Redemption or purchase following a Change of Control

If, at any time while any of the Notes is outstanding, a Change of Control (as defined below) occurs, each Noteholder will have the option (the "**Put Option**") to require the Issuer to redeem or, at the

Issuer's option, to procure the purchase of, all or part of its Notes on the Optional Redemption Date (as defined below) at their principal amount, together with interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware of the occurrence of a Change of Control, the Issuer shall give notice to the Noteholders in accordance with Condition 11, specifying the nature of the Change of Control, the circumstances giving rise to it and the procedure for exercising the Put Option (the "**Change of Control Notice**").

Each Noteholder will have the right to require the redemption or, at the Issuer's option, the purchase of all or part of its Notes during the period of forty five (45) Business Days following the delivery of the Change of Control Notice (the "**Put Period**"). To exercise the Put Option, the Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Put Agent (details of which are specified in the Change of Control Notice) for the account of the Issuer within the Put Period together with a duly signed and completed notice of exercise in the then current form obtainable from the Put Agent (a "**Put Option Notice**") and in which the Noteholder may specify an account denominated in euro to which payment is to be made under this Condition. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

Following the Put Option Notice, the Issuer shall redeem or, at the Issuer's option, procure the purchase of, the Notes tendered as provided above on the Optional Redemption Date.

If ninety (90) per cent. or more of the Notes have been redeemed or purchased pursuant to the provisions of this Condition, the Issuer may, at its option and subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, given within thirty (30) calendar days after the Optional Redemption Date, redeem the remaining Notes, in whole but not in part, at their principal amount, together with interest accrued to (but excluding) the date of such redemption.

For the purposes of these Conditions, a "**Change of Control**" shall be deemed to have occurred each time a person or group of persons acting in concert acquires control of the Issuer as a result of the acquisition of shares in the Issuer, provided that no Change of Control shall be deemed to have occurred in the event that Batipart, Batipart Invest (formerly Monroe), Crédit Agricole Assurances, MACSF, Covéa – MAAF Assurances, ACM and/or Malakoff Mederic (together with any company controlled by, or under the same control as, any of these companies) acting in concert or individually acquire the control of the Issuer.

As of the Issue Date, and to the Issuer's best knowledge, the shareholders of the Issuer mentioned above are not acting in concert.

For the purpose of this Condition "**acting in concert**" has the meaning given in Article L.233-10 of the French *Code de commerce* and "**control**" has the meaning given in Article L.233-3 of the French *Code de commerce*.

"**Optional Redemption Date**" is the seventh (7th) Business Day following the expiration of the Put Period.

5.6 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise (including by way of tender or exchange offers) at any price in accordance with applicable laws and regulations (notably articles 238-2 and 238-2-1 of the *Règlement Général* of the *Autorité des marchés financiers*).

All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

Notes purchased by the Issuer may be held by it in accordance with Article L.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes, it being specified that the Issuer may not hold Notes for more than one (1) year after their purchase date pursuant to Article D.213-1 A of the French *Code monétaire et financier*.

5.7 Cancellation

Notes purchased for cancellation pursuant to Condition 5.6 will be cancelled by transfer on an account in accordance with the rules and procedures of Euroclear France. Notes so cancelled may not be re-issued or re-sold.

6. Payments

6.1 Method of payment

Payment of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account on which credits or transfers may be made in Euro) as specified by the beneficiary in a city where banks have access to the TARGET System.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear France, Euroclear and Clearstream, Luxembourg).

Payments will be subject in all cases to any tax or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

6.2 Payments on Business Days

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and shall not be entitled to any interest or other additional sums in respect of such postponed payment.

6.3 Fiscal Agent, Paying Agent, Calculation Agent and Put Agent

The initial Fiscal Agent, Paying Agent, Calculation Agent and Put Agent and its specified office are as follows:

Société Générale
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Calculation Agent or Put Agent and/or appoint another Fiscal Agent, Paying Agent, Calculation Agent or Put Agent or additional Paying Agents or Put Agents, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, and as long as there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) a leading investment bank active on the market acting as Calculation Agent and (iii) so long as the Notes are admitted to trading on Euronext Paris, a Paying Agent having a specified office in a European city and ensuring the financial service in France.

Any change of Fiscal Agent, Paying Agent, Calculation Agent or Put Agent will be notified to the Noteholders in accordance with the provisions of Condition 11.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder or beneficial owner (*ayant droit*):

- (i) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with France other than the mere holding of such Note; or
- (ii) where such deduction or withholding is imposed on a payment to an individual or an entity pursuant to European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (as amended by the EU Council Directive 2014/48/UE adopted by the Council on 24 March 2014) and is required to be made pursuant to such Directive or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26 and 27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings

income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Prescription

All claims against the Issuer for the payment of principal or interest in respect of the Notes shall lapse after ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

9. Events of Default

The Representative (as defined in Condition 12), acting upon request of any Noteholder may, upon written notice given to the Issuer (copy to the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of the Notes to become immediately due and payable, at their principal amount, together with interest accrued to (but excluding) their actual redemption date, if any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) **Non-payment:** the Issuer defaults in any payment of principal or interest under any Note (including any additional amount referred to in Condition 7) when the same shall become due and payable and such default is not remedied within ten (10) Business Days from such due date;
- (b) **Breach of other obligations:** the Issuer defaults in the performance of, or compliance with, any of its other obligations under the Notes (including the requirement to comply with the Financial Covenants referred to in Condition 10) and such default has not been remedied within fifteen (15) Business Days after the receipt by the Issuer of a written notice of such default;
- (c) **Cross-default:** the Issuer or any of its Material Subsidiaries defaults in any payment for an amount in excess of €20,000,000 (twenty million euros) (or its equivalent in any other currency) with respect to any present or future Financial Indebtedness of the Issuer or of any of its Material Subsidiaries, other than the Notes, on its due date, or, as the case may be, after any applicable grace period, unless the Issuer or such Material Subsidiary, as the case may be, is disputing in good faith by appropriate proceedings that such indebtedness is due and payable, in which case such event shall not constitute an Event of Default hereunder so long as the dispute shall not have been adjudicated by a court order in first instance proceedings (to the extent such court order has become finally binding on the Issuer or such Material Subsidiary as the case may be); or
- (d) **Insolvency:** (i) a judgment is rendered for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Material Subsidiaries, as the case may be, (ii) the Issuer or any of its Material Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (iii) the Issuer or any of its Material Subsidiaries is subject to any insolvency or bankruptcy proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Material Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (d).

So long as any of the Notes is outstanding, the Issuer shall, promptly upon becoming aware of the occurrence of any Event of Default specified in this Condition 9, give notice of such occurrence to the Noteholders in accordance with Condition 11.

10. Financial Covenants

So long as any of the Notes is outstanding, the Issuer shall at all times procure that:

- (i) the Debt Ratio (as defined below), calculated on the basis of its latest annual audited consolidated financial statements, shall at all times be less than or equal to 4.5, and
- (ii) the Secured Debt Ratio, calculated on the basis of its latest annual audited consolidated financial statements, shall at all times exceed 1.50,

(each, a "**Financial Covenant**")¹.

So long as any of the Notes is outstanding, the Issuer shall (x) give notice to the Fiscal Agent, as soon as practicable, each year, of the date of publication of the latest Issuer's annual audited consolidated financial statements and (y) deliver annually to the Fiscal Agent, within forty (40) calendar days of the publication of the latest Issuer's annual audited consolidated financial statements, a certificate signed by a duly authorised representative of the Issuer (a "**Compliance Certificate**") certifying that the Financial Covenants are complied with on the basis of such financial statements. Upon receipt of the Compliance Certificate, the Fiscal Agent shall promptly deliver the Compliance Certificate to the Noteholders in accordance with Condition 11.

If an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer and no Event of Default has occurred and is continuing, then for so long as an Investment Grade Rating continues to be assigned to the Issuer and/or to the long term debt of the Issuer and no Event of Default occurs, the Financial Covenants shall be suspended and shall not be applicable to the Notes and the Issuer shall not be required to deliver any Compliance Certificate.

If following the assignment of an Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer, an Investment Grade Rating is no longer assigned to the Issuer and/or to the long term debt of the Issuer, the Financial Covenants and the requirement to deliver a Compliance Certificate shall again apply.

So long as any of the Notes is outstanding and in accordance with Condition 11, the Fiscal Agent shall promptly deliver a notice to the Noteholders, if for any reason whatsoever, it did not receive such Compliance Certificate from the Issuer.

For the purposes of these Conditions:

"**Consolidated EBITDA**" means, for any period, the aggregate of the figures appearing in the then most recent consolidated income statement (*compte de résultat consolidé*) of the Issuer set out opposite the following items: operating income (*résultat opérationnel*)

- (a) after adding back the net amount attributable to any amortization, depreciation or impairment of assets for such period;
- (b) after deducting or adding back other expenses or gains taken into account for the purpose of determining the operating profit of the Group to the extent they have no impact of the cash position of the Group;
- (c) after adding back the dividends paid to companies outside of the consolidated group (*sociétés non consolidées en intégration globale*) to the extent the operating profit of the entities is partially or entirely taken into account when determining the consolidated operating profit of the Issuer;
- (d) after deducting or adding back the amounts booked under "*autres produits et charges opérationnels*" and "*résultat sur cession des participations consolidées*" taken into account when determining the consolidated operating profit of the Issuer;

if such figures do not appear in the relevant consolidated income statements of the Issuer, a compliance certificate from the Issuer's auditors and delivered to the Fiscal Agent setting out Consolidated EBITDA shall, in the absence of manifest error, be conclusive evidence of Consolidated EBITDA.

It is specified that the Consolidated EBITDA calculation shall be adjusted so that:

- the EBITDA of companies or businesses acquired by the Group during a given fiscal year shall be taken into account as if such acquisition had been completed on the first day of such fiscal year;
- the benefit of all restructurings which implementation has been initiated by the Group on the acquired companies during a given fiscal year shall be taken into account as if such restructurings had been realised as at the first day of such fiscal year and up to a maximum aggregate amount equal to five per cent. (5%) of the Consolidated EBITDA.

¹ As at 31 December 2014, the level of the Debt Ratio is equal to 2.9 and the level of the Secured Debt Ratio is equal to 3.3.

The Issuer shall provide reasonable details with respect to such adjustments.

The auditors shall not be required to cover such adjustments in connection with the certifications provided for purposes thereof.

"Debt Ratio" means the ratio of (Net Debt (as defined below) less Real Estate Debt (as defined below)) to (Consolidated EBITDA less (6.5 per cent. x Real Estate Debt)).

"Net Debt" (*Endettement Net*) means, at any time, the aggregate of the figures appearing in the then most recent consolidated balance sheet (*bilan consolidé*) of the Issuer set out opposite the following items: non-current borrowings (*emprunts et dettes financières à long terme*) plus current borrowings (*emprunts et dettes financières à court terme*) less cash and cash equivalents (*trésorerie et équivalents de trésorerie*), as all such figures are described in the relevant consolidated financial statements, or, if such figures do not appear in the relevant consolidated balance sheet of the Issuer, a compliance certificate from the Issuer's auditors setting out Net Debt and delivered to the Fiscal Agent shall, in the absence of manifest error, be conclusive evidence of Net Debt. It is specified that any operating lease contract accounted for in the balance sheet in accordance with norm IAS17 will not be considered as Net Debt.

"Real Estate Debt" means, on a given date, for the Issuer or any Subsidiary, the amount of Net Debt the sole purpose of which is to finance or refinance the acquisition, development and/or the implementation of real estate transactions, including without limitation bridge loans (*crédit-relais*), mid-term or long-term loans or credit facilities and real estate financial leases (*credits-bails immobiliers*).

11. Notices

Any notice to the Noteholders will be duly given if delivered to Euroclear France and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such market so require, published on the website of Euronext Paris (www.euronext.fr).

Any notice to the Noteholders shall be deemed to have been given on the date of such delivery or publication or if delivered or published on different dates, on the date of the first delivery or publication.

12. Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of articles L.228-48, L.228-59, R.228-63, R.228-67, R.228-69 and R.228-72 and subject to the provisions below:

12.1 Legal personality

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

12.2 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (a) the Issuer, the members of its board of directors (*conseil d'administration*), its chief executive officers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (b) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), chief executive officers (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (c) companies holding directly ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The Representative shall be:

Association de représentation des masses de titulaires de valeurs mobilières

Centre Jacques Ferronnière
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3

Noteholders' attention is drawn to the fact that the members of the *Association de représentation des masses de titulaires de valeurs mobilières* are also employees of Société Générale.

The Representative will receive a remuneration of €500 per year for its services.

All interested Noteholders may at all times obtain the name and address of the Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

12.3 Powers of Representative

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided under the French *Code monétaire et financier*) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative shall not be involved in the management of the affairs of the Issuer.

12.4 General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 11 not less than fifteen (15) calendar days prior to the date of the General Meeting on the first convocation and not less than ten (10) calendar days on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by correspondence or by proxy. Each Note carries the right to one vote.

General Meetings may deliberate validly on first (1st) convocation only if Noteholders present or represented hold at least a fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight Paris time on the second (2nd) Paris Business Day preceding the date set for the relevant General Meeting.

12.5 Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 11.

12.6 Information to Noteholders

Each Noteholder or Representative thereof will have the right, as from the date specified in the notice of the General Meeting, to consult or make a copy of the text of the resolutions which will be

proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

12.7 Expenses

The Issuer will pay all expenses relating to the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

For the avoidance of doubt, in this Condition 12, the term "outstanding" shall not include those Notes purchased by the Issuer in accordance with article L.213-1 A of the French *Code monétaire et financier* that are held by it and not cancelled.

13. Further issues

The Issuer may from time to time, without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry identical rights in all respects (or in all respects except for the issue price and the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the case of such assimilation, the holders of such further notes and the Noteholders will be grouped in a single masse for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

14. Governing law and jurisdiction

The Notes are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Notes will be submitted to the jurisdiction of the competent courts in Paris.

TERMS AND CONDITIONS OF THE 2023 NOTES

The issue by Korian (the "**Issuer**") of its €135,000,000 3.306 per cent. notes due 10 July 2023 (the "**Notes**") was authorised pursuant to resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 25 March 2015 and 25 June 2015 and the decisions of Yann Coléou, *Directeur Général* of the Issuer, dated 2 July 2015 and 6 July 2015.

A fiscal agency agreement relating to the Notes (the "**Fiscal Agency Agreement**") will be entered into on 10 July 2015 between the Issuer and Société Générale, as fiscal agent, paying agent, calculation agent and put agent (the "**Fiscal Agent**", "**Paying Agent**", "**Calculation Agent**" and "**Put Agent**" which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent, calculation agent or put agent, as the case may be).

References below to the "**Noteholders**" are to the persons whose name appears in the account of the relevant Account Holder (as defined below) as being holders of such Notes. References below to "**Conditions**" are to the numbered paragraphs below.

1. Form, denomination and title

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced by book-entries (*inscription en compte*) in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**").

Title to the Notes shall be evidenced by entries in the books of Account Holders and transfer of Notes may only be effected through registration of the transfer in such books, and only in the denomination of €100,000.

Pursuant to Article L.228-2 of the French *Code de commerce*, the Issuer may require the identification of all or any of the Noteholders.

2. Status

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and rank, and will at all times rank, *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. Negative pledge

Condition 3.1 will apply in respect of the Notes from the Issue Date (as defined below) for so long as any of the Notes remains outstanding (as defined below) unless an Investment Grade Rating (as defined below) is assigned to the Issuer and/or to the long term debt of the Issuer.

If an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer, Condition 3.1 will no longer apply and Condition 3.2 will apply in respect of the Notes from the date of assignment of such Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer.

If, following the assignment of an Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer, an Investment Grade Rating is no longer assigned to the Issuer or to the long term debt of the Issuer, Condition 3.2 will no longer apply and Condition 3.1 will apply in respect of the Notes, except with respect to Security Interests (as defined below) that may have been granted during the period when Condition 3.2 was applicable.

3.1 Original negative pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that it will not, and will ensure that none of its Material Subsidiaries (as defined below) will, grant or permit to subsist any Security Interest upon any of their respective assets, rights or revenues, present or future, to secure any Financial Indebtedness (as defined below) incurred or guaranteed by the Issuer or any of its Material Subsidiaries (whether before or after the issuance of the Notes), unless, at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith, except:

- (a) Security Interests arising by operation of law or incidental to the normal business of the Issuer or any Material Subsidiary;
- (b) Security Interests arising in respect of unpaid taxes or assessments or other governmental charges or levies, to the extent that payment of such taxes or assessments or other governmental charges or levies has been contested in good faith or adequately provided against;
- (c) Security Interests created by or resulting from any litigation or legal proceeding that is currently being contested in good faith by appropriate proceedings;
- (d) Security Interests over cash, negotiable instruments, securities, deposit accounts or other cash equivalents to secure any hedging transaction;
- (e) Security Interests:
 - (i) over or affecting any asset (including shares) acquired, developed or improved by the Issuer or any of its Subsidiaries (as defined below) after the Issue Date for the sole purpose of financing that acquisition, development or improvement and securing a principal capital or nominal amount not exceeding one hundred per cent. (100%) of the cost of that acquisition, development or improvement, and provided that such security is created contemporaneously with or within 120 calendar days after such acquisition or the completion of such development or improvement; or
 - (ii) over any asset existing at the time of acquisition thereof whether or not the Financial Indebtedness secured thereby is assumed by the Issuer or any of its Subsidiaries, provided that (x) the aggregate principal amount of Financial Indebtedness or other obligations secured by all such security interests in respect of any such asset shall not exceed the value (equal to the greater of net book value or fair value) of such asset (or rights relating thereto) at the time of incurrence of such Financial Indebtedness or other obligations, and (y) no such security interest shall extend to or cover any other asset of the Issuer or such Subsidiaries;
- (f) Security Interests in existence as at the Issue Date;
- (g) Security Interests securing Financial Indebtedness due from one Material Subsidiary to another Material Subsidiary or the Issuer or from a Material Subsidiary to the Issuer;
- (h) Security Interests on assets of any entity existing at the time such entity becomes a Subsidiary of the Issuer, provided that (i) such security is not created or has not been increased in contemplation of such event, (ii) remains confined to such asset and (iii) the principal amount secured has not been increased in contemplation of such event;
- (i) the extension, renewal or replacement of any Security Interest permitted by sub-paragraphs (e), (f), (g) or (h) in respect of the same property and without increase of the principal amount of the debt secured (including through a refinancing or a renewal of the debt secured by such Security Interest);
- (j) any Security Interest which would otherwise not be permitted by the foregoing clauses, provided that immediately after giving effect thereto the Secured Debt Ratio (as defined below) exceeds the threshold referred to in Condition 10 (ii); and
- (k) Security Interests which are established with the prior consent of the *Masse* (as defined in Condition 12).

3.2 Amended negative pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that it will not, and will ensure that none of its Material Subsidiaries will, grant or permit to subsist any Security Interest upon any of their respective assets, rights or revenues, present or future, to secure any Relevant Debt (as defined below) incurred or guaranteed by the Issuer or any of its Material Subsidiaries (whether before or after the issuance of the Notes) unless, at the same time or prior thereto, the Issuer's obligations under the Notes (x) are equally and rateably secured therewith or (y) are given the benefit of such Security Interest as shall be approved by the *Masse* of the Noteholders.

3.3 Definitions

For the purposes of these Conditions:

"Financial Indebtedness" means for any period (i) the amount of financial borrowings and financial debt with a maturity of less or more than one year, under bonds or borrowed money from banks, financial institutions or financial creditors, (ii) vendor loans and earn out arrangements under acquisitions booked as indebtedness pursuant to IFRS (as defined below) rules, (iii) financial leases and (iv) factoring arrangements or sale of receivables (with recourse) booked as indebtedness pursuant to IFRS rules. It is specified that any operating lease contract accounted for in the balance sheet in accordance with norm IAS 17 will not be considered as Financial Indebtedness.

"Fitch" means Fitch Ratings Limited or any of its successors or affiliates.

"GAAP" means in relation to the Issuer, generally accepted accounting principles in France, including IFRS.

"Group" means the Issuer and its Subsidiaries.

"IFRS" means international accounting standards within the meaning of the Regulation (EC) No 1606/2002, as amended to the extent applicable to the relevant financial statements.

"Investment Grade Rating" means (i) a rating of at least BBB- by S&P (as defined below), Baa3 by Moody's (as defined below) or BBB- by Fitch, and provided that (ii) no rating assigned is below BBB- by S&P, Baa3 by Moody's or BBB- by Fitch.

"Material Subsidiary" means any Subsidiary of the Issuer whose turnover (*chiffre d'affaires*) and operating result (*résultat d'exploitation*) exceeds five per cent. (5%) of the consolidated turnover and operating result of the Issuer.

"Moody's" means Moody's Investors Service Inc. or any of its successors or affiliates.

"outstanding" means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which claims have been prescribed under Condition 8 and (iii) those which have been purchased and cancelled in accordance with the Conditions.

"Relevant Debt" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*), notes or other debt securities (*titres de créances*, excluding, for the avoidance of doubt, *titres de créances négociables*) which are for the time being, are to be, or are capable of being, quoted, admitted to trading, listed or ordinarily dealt in on any stock exchange, multilateral trading facility, over-the-counter market or other securities market.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies or any of its successors or affiliates.

"Secured Debt" means Financial Indebtedness which is secured by any mortgage, lien, charge, pledge, right or other form of security interest upon any of the assets of the Group which would constitute a *sûreté réelle* or its equivalent under any applicable legislation.

"Secured Debt Ratio" means the ratio of (Total Assets (as defined below) less Secured Debt) to Unsecured Debt (as defined below).

"Security Interest" means mortgage, charge, pledge or other form of security interest (*sûreté réelle*) including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

"Subsidiary" means, in relation to any company, another company which is controlled by it within the meaning of article L.233-3 of the French *Code de commerce*.

"Total Assets" means the aggregate value of the non-current assets of the Group, being the sum of:

- (1) fixed assets (property, plant and equipment, investment property, goodwill, intangible assets other than goodwill); plus
- (2) financial assets (investment accounted for using equity method, other non-current financial assets); plus
- (3) other long-term assets (trade and other non-current receivables, non-current inventories, deferred tax assets, other non-current non-financial assets),

all as set out in the respective balance sheet items (and any items equivalent thereto pursuant to applicable IFRS GAAP as may be amended from time to time) in the relevant Issuer's annual audited consolidated financial statements.

"**Unsecured Debt**" means all Financial Indebtedness which is not a Secured Debt.

4. Interest

The Notes bear interest from (and including) 10 July 2015 (the "**Issue Date**") to (but excluding) 10 July 2023 (the "**Maturity Date**"), at the rate of 3.306 per cent. *per annum* payable annually in arrear on 10 July in each year. The first payment of interest will be made on 10 July 2016 for the period from (and including) the Issue Date to (but excluding) 10 July 2016.

Each Note will cease to bear interest from their due date for redemption, unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the rate of 3.306 per cent. *per annum* (both before and after judgment) until the calendar day (included) on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one year, it shall be calculated on the basis of the number of calendar days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of calendar days in the period of interest in which the relevant period falls (including the first but excluding the last day of such period). Where interest is to be calculated in respect of a period which is more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

5. Redemption and purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 5 or Condition 9.

5.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.

5.2 Redemption for taxation reasons

- (i) If, by reason of a change in any law or regulation of France, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts (whether in respect of some of, or all, the Notes) as specified in Condition 7, the Issuer may at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount, together with interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

5.3 Early redemption at the Make-whole Redemption Amount

The Issuer will, subject to compliance with all relevant laws and regulations and having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Calculation Agent (which notices

shall be irrevocable), have the option to redeem all, but not some only, of the Notes then outstanding at any time prior to their Maturity Date (the "**Optional Make-whole Redemption Date**") at their relevant Make-whole Redemption Amount, together with interest accrued up to their effective redemption date.

On or no later than the Business Day immediately following the date on which the Make-Whole Redemption Amount is calculated by the Calculation Agent, the Calculation Agent shall notify the Issuer, the Fiscal Agent and the Noteholders of the Make-Whole Redemption Amount.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

The "**Make-whole Redemption Amount**" will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) the principal amount of the Notes and (y) the sum of the then present values on the Optional Make-whole Redemption Date of (i) the principal amount of the Notes and (ii) the remaining scheduled payments of interest on such Notes for their remaining term (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make-whole Redemption Date), discounted to the Optional Make-whole Redemption Date on an annual basis (Actual / Actual ICMA) at the Early Redemption Rate plus an Early Redemption Margin.

For the purposes of these Conditions:

"**Business Day**" means any day (not being a Saturday or Sunday) on which commercial banks and foreign exchange markets are opened for general business in Paris, on which the TARGET System (as defined below) is operating and on which Euroclear France is open for general business.

"**Early Redemption Margin**" means + 0.50 per cent. *per annum*.

"**Early Redemption Rate**" means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth Business Day in Paris preceding the Optional Make-whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth Business Day in Paris preceding the Optional Make-whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

"**Reference Benchmark Security**" means the French government bond (*Obligations Assimilables du Trésor — OAT*) bearing interest at a rate of 1.75 per cent. *per annum* and maturing on 25 May 2023.

"**Reference Dealers**" means each of the four banks (that may include the Joint Lead Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Similar Security**" means a reference bond or reference bonds issued by the French Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer System (known as TARGET2) or any succeeding system.

5.4 Residual maturity call option

The Issuer will, subject to compliance with all relevant laws and regulations and having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent (which notices shall be irrevocable), have the option to redeem all, but not some only, of the Notes then outstanding, at their principal amount together with interest accrued to (but excluding) the date fixed for redemption, which shall be no earlier than three (3) months before the Maturity Date.

5.5 Redemption or purchase following a Change of Control

If, at any time while any of the Notes is outstanding, a Change of Control (as defined below) occurs, each Noteholder will have the option (the "**Put Option**") to require the Issuer to redeem or, at the

Issuer's option, to procure the purchase of, all or part of its Notes on the Optional Redemption Date (as defined below) at their principal amount, together with interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware of the occurrence of a Change of Control, the Issuer shall give notice to the Noteholders in accordance with Condition 11, specifying the nature of the Change of Control, the circumstances giving rise to it and the procedure for exercising the Put Option (the "**Change of Control Notice**").

Each Noteholder will have the right to require the redemption or, at the Issuer's option, the purchase of all or part of its Notes during the period of forty five (45) Business Days following the delivery of the Change of Control Notice (the "**Put Period**"). To exercise the Put Option, the Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Put Agent (details of which are specified in the Change of Control Notice) for the account of the Issuer within the Put Period together with a duly signed and completed notice of exercise in the then current form obtainable from the Put Agent (a "**Put Option Notice**") and in which the Noteholder may specify an account denominated in euro to which payment is to be made under this Condition. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

Following the Put Option Notice, the Issuer shall redeem or, at the Issuer's option, procure the purchase of, the Notes tendered as provided above on the Optional Redemption Date.

If ninety (90) per cent. or more of the Notes have been redeemed or purchased pursuant to the provisions of this Condition, the Issuer may, at its option and subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, given within thirty (30) calendar days after the Optional Redemption Date, redeem the remaining Notes, in whole but not in part, at their principal amount, together with interest accrued to (but excluding) the date of such redemption.

For the purposes of these Conditions, a "**Change of Control**" shall be deemed to have occurred each time a person or group of persons acting in concert acquires control of the Issuer as a result of the acquisition of shares in the Issuer, provided that no Change of Control shall be deemed to have occurred in the event that Batipart, Batipart Invest (formerly Monroe), Crédit Agricole Assurances, MACSF, Covéa – MAAF Assurances, ACM and/or Malakoff Mederic (together with any company controlled by, or under the same control as, any of these companies) acting in concert or individually acquire the control of the Issuer.

As of the Issue Date, and to the Issuer's best knowledge, the shareholders of the Issuer mentioned above are not acting in concert.

For the purpose of this Condition "**acting in concert**" has the meaning given in Article L.233-10 of the French *Code de commerce* and "**control**" has the meaning given in Article L.233-3 of the French *Code de commerce*.

"**Optional Redemption Date**" is the seventh (7th) Business Day following the expiration of the Put Period.

5.6 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise (including by way of tender or exchange offers) at any price in accordance with applicable laws and regulations (notably articles 238-2 and 238-2-1 of the *Règlement Général* of the *Autorité des marchés financiers*).

All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

Notes purchased by the Issuer may be held by it in accordance with Article L.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes, it being specified that the Issuer may not hold Notes for more than one (1) year after their purchase date pursuant to Article D.213-1 A of the French *Code monétaire et financier*.

5.7 Cancellation

Notes purchased for cancellation pursuant to Condition 5.6 will be cancelled by transfer on an account in accordance with the rules and procedures of Euroclear France. Notes so cancelled may not be re-issued or re-sold.

6. Payments

6.1 Method of payment

Payment of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account on which credits or transfers may be made in Euro) as specified by the beneficiary in a city where banks have access to the TARGET System.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear France, Euroclear and Clearstream, Luxembourg).

Payments will be subject in all cases to any tax or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

6.2 Payments on Business Days

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and shall not be entitled to any interest or other additional sums in respect of such postponed payment.

6.3 Fiscal Agent, Paying Agent, Calculation Agent and Put Agent

The initial Fiscal Agent, Paying Agent, Calculation Agent and Put Agent and its specified office are as follows:

Société Générale
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Calculation Agent or Put Agent and/or appoint another Fiscal Agent, Paying Agent, Calculation Agent or Put Agent or additional Paying Agents or Put Agents, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, and as long as there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) a leading investment bank active on the market acting as Calculation Agent and (iii) so long as the Notes are admitted to trading on Euronext Paris, a Paying Agent having a specified office in a European city and ensuring the financial service in France.

Any change of Fiscal Agent, Paying Agent, Calculation Agent or Put Agent will be notified to the Noteholders in accordance with the provisions of Condition 11.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder or beneficial owner (*ayant droit*):

- (i) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with France other than the mere holding of such Note; or
- (ii) where such deduction or withholding is imposed on a payment to an individual or an entity pursuant to European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (as amended by the EU Council Directive 2014/48/UE adopted by the Council on 24 March 2014) and is required to be made pursuant to such Directive or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26 and 27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings

income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Prescription

All claims against the Issuer for the payment of principal or interest in respect of the Notes shall lapse after ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

9. Events of Default

The Representative (as defined in Condition 12), acting upon request of any Noteholder may, upon written notice given to the Issuer (copy to the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of the Notes to become immediately due and payable, at their principal amount, together with interest accrued to (but excluding) their actual redemption date, if any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) **Non-payment:** the Issuer defaults in any payment of principal or interest under any Note (including any additional amount referred to in Condition 7) when the same shall become due and payable and such default is not remedied within ten (10) Business Days from such due date;
- (b) **Breach of other obligations:** the Issuer defaults in the performance of, or compliance with, any of its other obligations under the Notes (including the requirement to comply with the Financial Covenants referred to in Condition 10) and such default has not been remedied within fifteen (15) Business Days after the receipt by the Issuer of a written notice of such default;
- (c) **Cross-default:** the Issuer or any of its Material Subsidiaries defaults in any payment for an amount in excess of €20,000,000 (twenty million euros) (or its equivalent in any other currency) with respect to any present or future Financial Indebtedness of the Issuer or of any of its Material Subsidiaries, other than the Notes, on its due date, or, as the case may be, after any applicable grace period, unless the Issuer or such Material Subsidiary, as the case may be, is disputing in good faith by appropriate proceedings that such indebtedness is due and payable, in which case such event shall not constitute an Event of Default hereunder so long as the dispute shall not have been adjudicated by a court order in first instance proceedings (to the extent such court order has become finally binding on the Issuer or such Material Subsidiary as the case may be); or
- (d) **Insolvency:** (i) a judgment is rendered for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Material Subsidiaries, as the case may be, (ii) the Issuer or any of its Material Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (iii) the Issuer or any of its Material Subsidiaries is subject to any insolvency or bankruptcy proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Material Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (d).

So long as any of the Notes is outstanding, the Issuer shall, promptly upon becoming aware of the occurrence of any Event of Default specified in this Condition 9, give notice of such occurrence to the Noteholders in accordance with Condition 11.

10. Financial Covenants

So long as any of the Notes is outstanding, the Issuer shall at all times procure that:

- (i) the Debt Ratio (as defined below), calculated on the basis of its latest annual audited consolidated financial statements, shall at all times be less than or equal to 4.5, and
- (ii) the Secured Debt Ratio, calculated on the basis of its latest annual audited consolidated financial statements, shall at all times exceed 1.50,

(each, a "**Financial Covenant**")¹.

So long as any of the Notes is outstanding, the Issuer shall (x) give notice to the Fiscal Agent, as soon as practicable, each year, of the date of publication of the latest Issuer's annual audited consolidated financial statements and (y) deliver annually to the Fiscal Agent, within forty (40) calendar days of the publication of the latest Issuer's annual audited consolidated financial statements, a certificate signed by a duly authorised representative of the Issuer (a "**Compliance Certificate**") certifying that the Financial Covenants are complied with on the basis of such financial statements. Upon receipt of the Compliance Certificate, the Fiscal Agent shall promptly deliver the Compliance Certificate to the Noteholders in accordance with Condition 11.

If an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer and no Event of Default has occurred and is continuing, then for so long as an Investment Grade Rating continues to be assigned to the Issuer and/or to the long term debt of the Issuer and no Event of Default occurs, the Financial Covenants shall be suspended and shall not be applicable to the Notes and the Issuer shall not be required to deliver any Compliance Certificate.

If following the assignment of an Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer, an Investment Grade Rating is no longer assigned to the Issuer and/or to the long term debt of the Issuer, the Financial Covenants and the requirement to deliver a Compliance Certificate shall again apply.

So long as any of the Notes is outstanding and in accordance with Condition 11, the Fiscal Agent shall promptly deliver a notice to the Noteholders, if for any reason whatsoever, it did not receive such Compliance Certificate from the Issuer.

For the purposes of these Conditions:

"**Consolidated EBITDA**" means, for any period, the aggregate of the figures appearing in the then most recent consolidated income statement (*compte de résultat consolidé*) of the Issuer set out opposite the following items: operating income (*résultat opérationnel*)

- (a) after adding back the net amount attributable to any amortization, depreciation or impairment of assets for such period;
- (b) after deducting or adding back other expenses or gains taken into account for the purpose of determining the operating profit of the Group to the extent they have no impact of the cash position of the Group;
- (c) after adding back the dividends paid to companies outside of the consolidated group (*sociétés non consolidées en intégration globale*) to the extent the operating profit of the entities is partially or entirely taken into account when determining the consolidated operating profit of the Issuer;
- (d) after deducting or adding back the amounts booked under "*autres produits et charges opérationnels*" and "*résultat sur cession des participations consolidées*" taken into account when determining the consolidated operating profit of the Issuer;

if such figures do not appear in the relevant consolidated income statements of the Issuer, a compliance certificate from the Issuer's auditors and delivered to the Fiscal Agent setting out Consolidated EBITDA shall, in the absence of manifest error, be conclusive evidence of Consolidated EBITDA.

It is specified that the Consolidated EBITDA calculation shall be adjusted so that:

- the EBITDA of companies or businesses acquired by the Group during a given fiscal year shall be taken into account as if such acquisition had been completed on the first day of such fiscal year;
- the benefit of all restructurings which implementation has been initiated by the Group on the acquired companies during a given fiscal year shall be taken into account as if such restructurings had been realised as at the first day of such fiscal year and up to a maximum aggregate amount equal to five per cent. (5%) of the Consolidated EBITDA.

¹ As at 31 December 2014, the level of the Debt Ratio is equal to 2.9 and the level of the Secured Debt Ratio is equal to 3.3.

The Issuer shall provide reasonable details with respect to such adjustments.

The auditors shall not be required to cover such adjustments in connection with the certifications provided for purposes thereof.

"Debt Ratio" means the ratio of (Net Debt (as defined below) less Real Estate Debt (as defined below)) to (Consolidated EBITDA less (6.5 per cent. x Real Estate Debt)).

"Net Debt" (*Endettement Net*) means, at any time, the aggregate of the figures appearing in the then most recent consolidated balance sheet (*bilan consolidé*) of the Issuer set out opposite the following items: non-current borrowings (*emprunts et dettes financières à long terme*) plus current borrowings (*emprunts et dettes financières à court terme*) less cash and cash equivalents (*trésorerie et équivalents de trésorerie*), as all such figures are described in the relevant consolidated financial statements, or, if such figures do not appear in the relevant consolidated balance sheet of the Issuer, a compliance certificate from the Issuer's auditors setting out Net Debt and delivered to the Fiscal Agent shall, in the absence of manifest error, be conclusive evidence of Net Debt. It is specified that any operating lease contract accounted for in the balance sheet in accordance with norm IAS17 will not be considered as Net Debt.

"Real Estate Debt" means, on a given date, for the Issuer or any Subsidiary, the amount of Net Debt the sole purpose of which is to finance or refinance the acquisition, development and/or the implementation of real estate transactions, including without limitation bridge loans (*crédit-relais*), mid-term or long-term loans or credit facilities and real estate financial leases (*credits-bails immobiliers*).

11. Notices

Any notice to the Noteholders will be duly given if delivered to Euroclear France and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such market so require, published on the website of Euronext Paris (www.euronext.fr).

Any notice to the Noteholders shall be deemed to have been given on the date of such delivery or publication or if delivered or published on different dates, on the date of the first delivery or publication.

12. Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of articles L.228-48, L.228-59, R.228-63, R.228-67, R.228-69 and R.228-72 and subject to the provisions below:

12.1 Legal personality

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

12.2 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (a) the Issuer, the members of its board of directors (*conseil d'administration*), its chief executive officers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (b) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), chief executive officers (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (c) companies holding directly ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The Representative shall be:

Association de représentation des masses de titulaires de valeurs mobilières

Centre Jacques Ferronnière
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3

Noteholders' attention is drawn to the fact that the members of the *Association de représentation des masses de titulaires de valeurs mobilières* are also employees of Société Générale.

The Representative will receive a remuneration of €500 per year for its services.

All interested Noteholders may at all times obtain the name and address of the Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

12.3 Powers of Representative

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided under the French *Code monétaire et financier*) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative shall not be involved in the management of the affairs of the Issuer.

12.4 General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 11 not less than fifteen (15) calendar days prior to the date of the General Meeting on the first convocation and not less than ten (10) calendar days on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by correspondence or by proxy. Each Note carries the right to one vote.

General Meetings may deliberate validly on first (1st) convocation only if Noteholders present or represented hold at least a fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight Paris time on the second (2nd) Paris Business Day preceding the date set for the relevant General Meeting.

12.5 Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 11.

12.6 Information to Noteholders

Each Noteholder or Representative thereof will have the right, as from the date specified in the notice of the General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be

available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

12.7 Expenses

The Issuer will pay all expenses relating to the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

For the avoidance of doubt, in this Condition 12, the term "outstanding" shall not include those Notes purchased by the Issuer in accordance with article L.213-1 A of the French *Code monétaire et financier* that are held by it and not cancelled.

13. Further issues

The Issuer may from time to time, without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry identical rights in all respects (or in all respects except for the issue price and the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the case of such assimilation, the holders of such further notes and the Noteholders will be grouped in a single *masse* for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

14. Governing law and jurisdiction

The Notes are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Notes will be submitted to the jurisdiction of the competent courts in Paris.

TERMS AND CONDITIONS OF THE 2025 NOTES

The issue by Korian (the "**Issuer**") of its €16,000,000 3.740 per cent. notes due 10 July 2025 (the "**Notes**") was authorised pursuant to resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 25 March 2015 and 25 June 2015 and a decision of Yann Coléou, *Directeur Général* of the Issuer, dated 2 July 2015.

A fiscal agency agreement relating to the Notes (the "**Fiscal Agency Agreement**") will be entered into on 10 July 2015 between the Issuer and Société Générale, as fiscal agent, paying agent, calculation agent and put agent (the "**Fiscal Agent**", "**Paying Agent**", "**Calculation Agent**" and "**Put Agent**" which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent, calculation agent or put agent, as the case may be).

References below to the "**Noteholders**" are to the persons whose name appears in the account of the relevant Account Holder (as defined below) as being holders of such Notes. References below to "**Conditions**" are to the numbered paragraphs below.

1. Form, denomination and title

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced by book-entries (*inscription en compte*) in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**").

Title to the Notes shall be evidenced by entries in the books of Account Holders and transfer of Notes may only be effected through registration of the transfer in such books, and only in the denomination of €100,000.

Pursuant to Article L.228-2 of the French *Code de commerce*, the Issuer may require the identification of all or any of the Noteholders.

2. Status

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and rank, and will at all times rank, *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. Negative pledge

Condition 3.1 will apply in respect of the Notes from the Issue Date (as defined below) for so long as any of the Notes remains outstanding (as defined below) unless an Investment Grade Rating (as defined below) is assigned to the Issuer and/or to the long term debt of the Issuer.

If an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer, Condition 3.1 will no longer apply and Condition 3.2 will apply in respect of the Notes from the date of assignment of such Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer.

If, following the assignment of an Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer, an Investment Grade Rating is no longer assigned to the Issuer or to the long term debt of the Issuer, Condition 3.2 will no longer apply and Condition 3.1 will apply in respect of the Notes, except with respect to Security Interests (as defined below) that may have been granted during the period when Condition 3.2 was applicable.

3.1 Original negative pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that it will not, and will ensure that none of its Material Subsidiaries (as defined below) will, grant or permit to subsist any Security Interest upon any of their respective assets, rights or revenues, present or future, to secure any Financial Indebtedness (as defined below) incurred or guaranteed by the Issuer or any of its Material Subsidiaries (whether before or after the issuance of the Notes), unless, at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith, except:

- (a) Security Interests arising by operation of law or incidental to the normal business of the Issuer or any Material Subsidiary;
- (b) Security Interests arising in respect of unpaid taxes or assessments or other governmental charges or levies, to the extent that payment of such taxes or assessments or other governmental charges or levies has been contested in good faith or adequately provided against;
- (c) Security Interests created by or resulting from any litigation or legal proceeding that is currently being contested in good faith by appropriate proceedings;
- (d) Security Interests over cash, negotiable instruments, securities, deposit accounts or other cash equivalents to secure any hedging transaction;
- (e) Security Interests:
 - (i) over or affecting any asset (including shares) acquired, developed or improved by the Issuer or any of its Subsidiaries (as defined below) after the Issue Date for the sole purpose of financing that acquisition, development or improvement and securing a principal capital or nominal amount not exceeding one hundred per cent. (100%) of the cost of that acquisition, development or improvement, and provided that such security is created contemporaneously with or within 120 calendar days after such acquisition or the completion of such development or improvement; or
 - (ii) over any asset existing at the time of acquisition thereof whether or not the Financial Indebtedness secured thereby is assumed by the Issuer or any of its Subsidiaries, provided that (x) the aggregate principal amount of Financial Indebtedness or other obligations secured by all such security interests in respect of any such asset shall not exceed the value (equal to the greater of net book value or fair value) of such asset (or rights relating thereto) at the time of incurrence of such Financial Indebtedness or other obligations, and (y) no such security interest shall extend to or cover any other asset of the Issuer or such Subsidiaries;
- (f) Security Interests in existence as at the Issue Date;
- (g) Security Interests securing Financial Indebtedness due from one Material Subsidiary to another Material Subsidiary or the Issuer or from a Material Subsidiary to the Issuer;
- (h) Security Interests on assets of any entity existing at the time such entity becomes a Subsidiary of the Issuer, provided that (i) such security is not created or has not been increased in contemplation of such event, (ii) remains confined to such asset and (iii) the principal amount secured has not been increased in contemplation of such event;
- (i) the extension, renewal or replacement of any Security Interest permitted by sub-paragraphs (e), (f), (g) or (h) in respect of the same property and without increase of the principal amount of the debt secured (including through a refinancing or a renewal of the debt secured by such Security Interest);
- (j) any Security Interest which would otherwise not be permitted by the foregoing clauses, provided that immediately after giving effect thereto the Secured Debt Ratio (as defined below) exceeds the threshold referred to in Condition 10 (ii); and
- (k) Security Interests which are established with the prior consent of the *Masse* (as defined in Condition 12).

3.2 Amended negative pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that it will not, and will ensure that none of its Material Subsidiaries will, grant or permit to subsist any Security Interest upon any of their respective assets, rights or revenues, present or future, to secure any Relevant Debt (as defined below) incurred or guaranteed by the Issuer or any of its Material Subsidiaries (whether before or after the issuance of the Notes) unless, at the same time or prior thereto, the Issuer's obligations under the Notes (x) are equally and rateably secured therewith or (y) are given the benefit of such Security Interest as shall be approved by the *Masse* of the Noteholders.

3.3 Definitions

For the purposes of these Conditions:

"Financial Indebtedness" means for any period (i) the amount of financial borrowings and financial debt with a maturity of less or more than one year, under bonds or borrowed money from banks, financial institutions or financial creditors, (ii) vendor loans and earn out arrangements under acquisitions booked as indebtedness pursuant to IFRS (as defined below) rules, (iii) financial leases and (iv) factoring arrangements or sale of receivables (with recourse) booked as indebtedness pursuant to IFRS rules. It is specified that any operating lease contract accounted for in the balance sheet in accordance with norm IAS 17 will not be considered as Financial Indebtedness.

"Fitch" means Fitch Ratings Limited or any of its successors or affiliates.

"GAAP" means in relation to the Issuer, generally accepted accounting principles in France, including IFRS.

"Group" means the Issuer and its Subsidiaries.

"IFRS" means international accounting standards within the meaning of the Regulation (EC) No 1606/2002, as amended to the extent applicable to the relevant financial statements.

"Investment Grade Rating" means (i) a rating of at least BBB- by S&P (as defined below), Baa3 by Moody's (as defined below) or BBB- by Fitch, and provided that (ii) no rating assigned is below BBB- by S&P, Baa3 by Moody's or BBB- by Fitch.

"Material Subsidiary" means any Subsidiary of the Issuer whose turnover (*chiffre d'affaires*) and operating result (*résultat d'exploitation*) exceeds five per cent. (5%) of the consolidated turnover and operating result of the Issuer.

"Moody's" means Moody's Investors Service Inc. or any of its successors or affiliates.

"outstanding" means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which claims have been prescribed under Condition 8 and (iii) those which have been purchased and cancelled in accordance with the Conditions.

"Relevant Debt" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*), notes or other debt securities (*titres de créances*, excluding, for the avoidance of doubt, *titres de créances négociables*) which are for the time being, are to be, or are capable of being, quoted, admitted to trading, listed or ordinarily dealt in on any stock exchange, multilateral trading facility, over-the-counter market or other securities market.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies or any of its successors or affiliates.

"Secured Debt" means Financial Indebtedness which is secured by any mortgage, lien, charge, pledge, right or other form of security interest upon any of the assets of the Group which would constitute a *sûreté réelle* or its equivalent under any applicable legislation.

"Secured Debt Ratio" means the ratio of (Total Assets (as defined below) less Secured Debt) to Unsecured Debt (as defined below).

"Security Interest" means mortgage, charge, pledge or other form of security interest (*sûreté réelle*) including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

"Subsidiary" means, in relation to any company, another company which is controlled by it within the meaning of article L.233-3 of the French *Code de commerce*.

"Total Assets" means the aggregate value of the non-current assets of the Group, being the sum of:

- (1) fixed assets (property, plant and equipment, investment property, goodwill, intangible assets other than goodwill); plus
- (2) financial assets (investment accounted for using equity method, other non-current financial assets); plus
- (3) other long-term assets (trade and other non-current receivables, non-current inventories, deferred tax assets, other non-current non-financial assets),

all as set out in the respective balance sheet items (and any items equivalent thereto pursuant to applicable IFRS GAAP as may be amended from time to time) in the relevant Issuer's annual audited consolidated financial statements.

"Unsecured Debt" means all Financial Indebtedness which is not a Secured Debt.

4. Interest

The Notes bear interest from (and including) 10 July 2015 (the "**Issue Date**") to (but excluding) 10 July 2025 (the "**Maturity Date**"), at the rate of 3.740 per cent. *per annum* payable annually in arrear on 10 July in each year. The first payment of interest will be made on 10 July 2016 for the period from (and including) the Issue Date to (but excluding) 10 July 2016.

Each Note will cease to bear interest from their due date for redemption, unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the rate of 3.740 per cent. *per annum* (both before and after judgment) until the calendar day (included) on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one year, it shall be calculated on the basis of the number of calendar days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of calendar days in the period of interest in which the relevant period falls (including the first but excluding the last day of such period). Where interest is to be calculated in respect of a period which is more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

5. Redemption and purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 5 or Condition 9.

5.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date.

5.2 Redemption for taxation reasons

- (i) If, by reason of a change in any law or regulation of France, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts (whether in respect of some of, or all, the Notes) as specified in Condition 7, the Issuer may at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount, together with interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

5.3 Early redemption at the Make-whole Redemption Amount

The Issuer will, subject to compliance with all relevant laws and regulations and having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Calculation Agent (which notices

shall be irrevocable), have the option to redeem all, but not some only, of the Notes then outstanding at any time prior to their Maturity Date (the "**Optional Make-whole Redemption Date**") at their relevant Make-whole Redemption Amount, together with interest accrued up to their effective redemption date.

On or no later than the Business Day immediately following the date on which the Make-Whole Redemption Amount is calculated by the Calculation Agent, the Calculation Agent shall notify the Issuer, the Fiscal Agent and the Noteholders of the Make-Whole Redemption Amount.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

The "**Make-whole Redemption Amount**" will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) the principal amount of the Notes and (y) the sum of the then present values on the Optional Make-whole Redemption Date of (i) the principal amount of the Notes and (ii) the remaining scheduled payments of interest on such Notes for their remaining term (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make-whole Redemption Date), discounted to the Optional Make-whole Redemption Date on an annual basis (Actual / Actual ICMA) at the Early Redemption Rate plus an Early Redemption Margin.

For the purposes of these Conditions:

"**Business Day**" means any day (not being a Saturday or Sunday) on which commercial banks and foreign exchange markets are opened for general business in Paris, on which the TARGET System (as defined below) is operating and on which Euroclear France is open for general business.

"**Early Redemption Margin**" means + 0.50 per cent. *per annum*.

"**Early Redemption Rate**" means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth Business Day in Paris preceding the Optional Make-whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth Business Day in Paris preceding the Optional Make-whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

"**Reference Benchmark Security**" means the French government bond (*Obligations Assimilables du Trésor — OAT*) bearing interest at a rate of 0.50 per cent. *per annum* and maturing on 25 May 2025.

"**Reference Dealers**" means each of the four banks (that may include the Joint Lead Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Similar Security**" means a reference bond or reference bonds issued by the French Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer System (known as TARGET2) or any succeeding system.

5.4 Residual maturity call option

The Issuer will, subject to compliance with all relevant laws and regulations and having given (i) not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 and (ii) not less than fifteen (15) calendar days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent (which notices shall be irrevocable), have the option to redeem all, but not some only, of the Notes then outstanding, at their principal amount together with interest accrued to (but excluding) the date fixed for redemption, which shall be no earlier than three (3) months before the Maturity Date.

5.5 Redemption or purchase following a Change of Control

If, at any time while any of the Notes is outstanding, a Change of Control (as defined below) occurs, each Noteholder will have the option (the "**Put Option**") to require the Issuer to redeem or, at the

Issuer's option, to procure the purchase of, all or part of its Notes on the Optional Redemption Date (as defined below) at their principal amount, together with interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware of the occurrence of a Change of Control, the Issuer shall give notice to the Noteholders in accordance with Condition 11, specifying the nature of the Change of Control, the circumstances giving rise to it and the procedure for exercising the Put Option (the "**Change of Control Notice**").

Each Noteholder will have the right to require the redemption or, at the Issuer's option, the purchase of all or part of its Notes during the period of forty five (45) Business Days following the delivery of the Change of Control Notice (the "**Put Period**"). To exercise the Put Option, the Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Put Agent (details of which are specified in the Change of Control Notice) for the account of the Issuer within the Put Period together with a duly signed and completed notice of exercise in the then current form obtainable from the Put Agent (a "**Put Option Notice**") and in which the Noteholder may specify an account denominated in euro to which payment is to be made under this Condition. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

Following the Put Option Notice, the Issuer shall redeem or, at the Issuer's option, procure the purchase of, the Notes tendered as provided above on the Optional Redemption Date.

If ninety (90) per cent. or more of the Notes have been redeemed or purchased pursuant to the provisions of this Condition, the Issuer may, at its option and subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, given within thirty (30) calendar days after the Optional Redemption Date, redeem the remaining Notes, in whole but not in part, at their principal amount, together with interest accrued to (but excluding) the date of such redemption.

For the purposes of these Conditions, a "**Change of Control**" shall be deemed to have occurred each time a person or group of persons acting in concert acquires control of the Issuer as a result of the acquisition of shares in the Issuer, provided that no Change of Control shall be deemed to have occurred in the event that Batipart, Batipart Invest (formerly Monroe), Crédit Agricole Assurances, MACSF, Covéa – MAAF Assurances, ACM and/or Malakoff Mederic (together with any company controlled by, or under the same control as, any of these companies) acting in concert or individually acquire the control of the Issuer.

As of the Issue Date, and to the Issuer's best knowledge, the shareholders of the Issuer mentioned above are not acting in concert.

For the purpose of this Condition "**acting in concert**" has the meaning given in Article L.233-10 of the French *Code de commerce* and "**control**" has the meaning given in Article L.233-3 of the French *Code de commerce*.

"**Optional Redemption Date**" is the seventh (7th) Business Day following the expiration of the Put Period.

5.6 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise (including by way of tender or exchange offers) at any price in accordance with applicable laws and regulations (notably articles 238-2 and 238-2-1 of the *Règlement Général* of the *Autorité des marchés financiers*).

All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

Notes purchased by the Issuer may be held by it in accordance with Article L.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes, it being specified that the Issuer may not hold Notes for more than one (1) year after their purchase date pursuant to Article D.213-1 A of the French *Code monétaire et financier*.

5.7 Cancellation

Notes purchased for cancellation pursuant to Condition 5.6 will be cancelled by transfer on an account in accordance with the rules and procedures of Euroclear France. Notes so cancelled may not be re-issued or re-sold.

6. Payments

6.1 Method of payment

Payment of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account on which credits or transfers may be made in Euro) as specified by the beneficiary in a city where banks have access to the TARGET System.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear France, Euroclear and Clearstream, Luxembourg).

Payments will be subject in all cases to any tax or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

6.2 Payments on Business Days

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and shall not be entitled to any interest or other additional sums in respect of such postponed payment.

6.3 Fiscal Agent, Paying Agent, Calculation Agent and Put Agent

The initial Fiscal Agent, Paying Agent, Calculation Agent and Put Agent and its specified office are as follows:

Société Générale
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Calculation Agent or Put Agent and/or appoint another Fiscal Agent, Paying Agent, Calculation Agent or Put Agent or additional Paying Agents or Put Agents, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, and as long as there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) a leading investment bank active on the market acting as Calculation Agent and (iii) so long as the Notes are admitted to trading on Euronext Paris, a Paying Agent having a specified office in a European city and ensuring the financial service in France.

Any change of Fiscal Agent, Paying Agent, Calculation Agent or Put Agent will be notified to the Noteholders in accordance with the provisions of Condition 11.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder or beneficial owner (*ayant droit*):

- (iii) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with France other than the mere holding of such Note; or
- (iv) where such deduction or withholding is imposed on a payment to an individual or an entity pursuant to European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (as amended by the EU Council Directive 2014/48/UE adopted by the Council on 24 March 2014) and is required to be made pursuant to such Directive or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26 and 27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings

income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Prescription

All claims against the Issuer for the payment of principal or interest in respect of the Notes shall lapse after ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

9. Events of Default

The Representative (as defined in Condition 12), acting upon request of any Noteholder may, upon written notice given to the Issuer (copy to the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of the Notes to become immediately due and payable, at their principal amount, together with interest accrued to (but excluding) their actual redemption date, if any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) **Non-payment:** the Issuer defaults in any payment of principal or interest under any Note (including any additional amount referred to in Condition 7) when the same shall become due and payable and such default is not remedied within ten (10) Business Days from such due date;
- (b) **Breach of other obligations:** the Issuer defaults in the performance of, or compliance with, any of its other obligations under the Notes (including the requirement to comply with the Financial Covenants referred to in Condition 10) and such default has not been remedied within fifteen (15) Business Days after the receipt by the Issuer of a written notice of such default;
- (c) **Cross-default:** the Issuer or any of its Material Subsidiaries defaults in any payment for an amount in excess of €20,000,000 (twenty million euros) (or its equivalent in any other currency) with respect to any present or future Financial Indebtedness of the Issuer or of any of its Material Subsidiaries, other than the Notes, on its due date, or, as the case may be, after any applicable grace period, unless the Issuer or such Material Subsidiary, as the case may be, is disputing in good faith by appropriate proceedings that such indebtedness is due and payable, in which case such event shall not constitute an Event of Default hereunder so long as the dispute shall not have been adjudicated by a court order in first instance proceedings (to the extent such court order has become finally binding on the Issuer or such Material Subsidiary as the case may be); or
- (d) **Insolvency:** (i) a judgment is rendered for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Material Subsidiaries, as the case may be, (ii) the Issuer or any of its Material Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (iii) the Issuer or any of its Material Subsidiaries is subject to any insolvency or bankruptcy proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Material Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (d).

So long as any of the Notes is outstanding, the Issuer shall, promptly upon becoming aware of the occurrence of any Event of Default specified in this Condition 9, give notice of such occurrence to the Noteholders in accordance with Condition 11.

10. Financial Covenants

So long as any of the Notes is outstanding, the Issuer shall at all times procure that:

- (i) the Debt Ratio (as defined below), calculated on the basis of its latest annual audited consolidated financial statements, shall at all times be less than or equal to 4.5, and
- (ii) the Secured Debt Ratio, calculated on the basis of its latest annual audited consolidated financial statements, shall at all times exceed 1.50,

(each, a "**Financial Covenant**")¹.

So long as any of the Notes is outstanding, the Issuer shall (x) give notice to the Fiscal Agent, as soon as practicable, each year, of the date of publication of the latest Issuer's annual audited consolidated financial statements and (y) deliver annually to the Fiscal Agent, within forty (40) calendar days of the publication of the latest Issuer's annual audited consolidated financial statements, a certificate signed by a duly authorised representative of the Issuer (a "**Compliance Certificate**") certifying that the Financial Covenants are complied with on the basis of such financial statements. Upon receipt of the Compliance Certificate, the Fiscal Agent shall promptly deliver the Compliance Certificate to the Noteholders in accordance with Condition 11.

If an Investment Grade Rating is assigned to the Issuer and/or to the long term debt of the Issuer and no Event of Default has occurred and is continuing, then for so long as an Investment Grade Rating continues to be assigned to the Issuer and/or to the long term debt of the Issuer and no Event of Default occurs, the Financial Covenants shall be suspended and shall not be applicable to the Notes and the Issuer shall not be required to deliver any Compliance Certificate.

If following the assignment of an Investment Grade Rating to the Issuer and/or to the long term debt of the Issuer, an Investment Grade Rating is no longer assigned to the Issuer and/or to the long term debt of the Issuer, the Financial Covenants and the requirement to deliver a Compliance Certificate shall again apply.

So long as any of the Notes is outstanding and in accordance with Condition 11, the Fiscal Agent shall promptly deliver a notice to the Noteholders, if for any reason whatsoever, it did not receive such Compliance Certificate from the Issuer.

For the purposes of these Conditions:

"**Consolidated EBITDA**" means, for any period, the aggregate of the figures appearing in the then most recent consolidated income statement (*compte de résultat consolidé*) of the Issuer set out opposite the following items: operating income (*résultat opérationnel*)

- (a) after adding back the net amount attributable to any amortization, depreciation or impairment of assets for such period;
- (b) after deducting or adding back other expenses or gains taken into account for the purpose of determining the operating profit of the Group to the extent they have no impact of the cash position of the Group;
- (c) after adding back the dividends paid to companies outside of the consolidated group (*sociétés non consolidées en intégration globale*) to the extent the operating profit of the entities is partially or entirely taken into account when determining the consolidated operating profit of the Issuer;
- (d) after deducting or adding back the amounts booked under "*autres produits et charges opérationnels*" and "*résultat sur cession des participations consolidées*" taken into account when determining the consolidated operating profit of the Issuer;

if such figures do not appear in the relevant consolidated income statements of the Issuer, a compliance certificate from the Issuer's auditors and delivered to the Fiscal Agent setting out Consolidated EBITDA shall, in the absence of manifest error, be conclusive evidence of Consolidated EBITDA.

It is specified that the Consolidated EBITDA calculation shall be adjusted so that:

- the EBITDA of companies or businesses acquired by the Group during a given fiscal year shall be taken into account as if such acquisition had been completed on the first day of such fiscal year;
- the benefit of all restructurings which implementation has been initiated by the Group on the acquired companies during a given fiscal year shall be taken into account as if such restructurings had been realised as at the first day of such fiscal year and up to a maximum aggregate amount equal to five per cent. (5%) of the Consolidated EBITDA.

¹ As at 31 December 2014, the level of the Debt Ratio is equal to 2.9 and the level of the Secured Debt Ratio is equal to 3.3.

The Issuer shall provide reasonable details with respect to such adjustments.

The auditors shall not be required to cover such adjustments in connection with the certifications provided for purposes thereof.

"Debt Ratio" means the ratio of (Net Debt (as defined below) less Real Estate Debt (as defined below)) to (Consolidated EBITDA less (6.5 per cent. x Real Estate Debt)).

"Net Debt" (*Endettement Net*) means, at any time, the aggregate of the figures appearing in the then most recent consolidated balance sheet (*bilan consolidé*) of the Issuer set out opposite the following items: non-current borrowings (*emprunts et dettes financières à long terme*) plus current borrowings (*emprunts et dettes financières à court terme*) less cash and cash equivalents (*trésorerie et équivalents de trésorerie*), as all such figures are described in the relevant consolidated financial statements, or, if such figures do not appear in the relevant consolidated balance sheet of the Issuer, a compliance certificate from the Issuer's auditors setting out Net Debt and delivered to the Fiscal Agent shall, in the absence of manifest error, be conclusive evidence of Net Debt. It is specified that any operating lease contract accounted for in the balance sheet in accordance with norm IAS17 will not be considered as Net Debt.

"Real Estate Debt" means, on a given date, for the Issuer or any Subsidiary, the amount of Net Debt the sole purpose of which is to finance or refinance the acquisition, development and/or the implementation of real estate transactions, including without limitation bridge loans (*crédit-relais*), mid-term or long-term loans or credit facilities and real estate financial leases (*credits-bails immobiliers*).

11. Notices

Any notice to the Noteholders will be duly given if delivered to Euroclear France and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such market so require, published on the website of Euronext Paris (www.euronext.fr).

Any notice to the Noteholders shall be deemed to have been given on the date of such delivery or publication or if delivered or published on different dates, on the date of the first delivery or publication.

12. Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of articles L.228-48, L.228-59, R.228-63, R.228-67, R.228-69 and R.228-72 and subject to the provisions below:

12.1 Legal personality

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

12.2 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (a) the Issuer, the members of its board of directors (*conseil d'administration*), its chief executive officers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (b) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), chief executive officers (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (c) companies holding directly ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The Representative shall be:

Association de représentation des masses de titulaires de valeurs mobilières

Centre Jacques Ferronnière
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3

Noteholders' attention is drawn to the fact that the members of the *Association de représentation des masses de titulaires de valeurs mobilières* are also employees of Société Générale.

The Representative will receive a remuneration of €500 per year for its services.

All interested Noteholders may at all times obtain the name and address of the Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

12.3 Powers of Representative

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided under the French *Code monétaire et financier*) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative shall not be involved in the management of the affairs of the Issuer.

12.4 General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 11 not less than fifteen (15) calendar days prior to the date of the General Meeting on the first convocation and not less than ten (10) calendar days on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by correspondence or by proxy. Each Note carries the right to one vote.

General Meetings may deliberate validly on first (1st) convocation only if Noteholders present or represented hold at least a fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight Paris time on the second (2nd) Paris Business Day preceding the date set for the relevant General Meeting.

12.5 Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 11.

12.6 Information to Noteholders

Each Noteholder or Representative thereof will have the right, as from the date specified in the notice of the General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be

available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

12.7 Expenses

The Issuer will pay all expenses relating to the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

For the avoidance of doubt, in this Condition 12, the term "outstanding" shall not include those Notes purchased by the Issuer in accordance with article L.213-1 A of the French *Code monétaire et financier* that are held by it and not cancelled.

13. Further issues

The Issuer may from time to time, without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry identical rights in all respects (or in all respects except for the issue price and the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the case of such assimilation, the holders of such further notes and the Noteholders will be grouped in a single *masse* for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

14. Governing law and jurisdiction

The Notes are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Notes will be submitted to the jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for general corporate purposes of the Issuer and the Group and financing of acquisitions.

DESCRIPTION OF THE ISSUER

The description of the Issuer and the Group is included in the 2014 Registration Document which is incorporated by reference in the Prospectus (please refer to the section "Documents Incorporated by Reference").

The Issuer is a *société anonyme*, incorporated under the laws of France on 25 March 2003 for a 99-year period, ending on 24 March 2102. The Issuer is registered in the commercial registry of Paris under number 447 800 475. Its phone number is: +33 1 55 37 52 00.

RECENT DEVELOPMENTS

1. Change in debt since 31 December 2014

Between 31 December 2014 and 31 March 2015, the financial liabilities of the Issuer excluding bank overdrafts and advances, as displayed in Note 17 - Financial liabilities ("*Dettes financières*") of the consolidated financial statements for the year ended 31 December 2014 included in the 2014 Registration Document, as compared with the amounts shown in the Issuer's consolidated statement of financial position as of 31 December 2014, did not increase by more than €15.000.000.

Between 31 December 2014 and 31 May 2015, the bank loans and other bonds of the Issuer as displayed in Note – Bank Loans ("*Dettes financières*") of the annual financial statements for the year ended 31 December 2014 included in the 2014 Registration Document, as compared with the amounts shown in the Issuer's non-consolidated statement of financial position as of 31 December 2014, did not increase by more than €30,000,000.

2. Q1 2015 revenue: €628 million - Confirmation of 2015 revenue objectives

On 6 May 2015, the Issuer published the following press release:

Korian - Medica, the European leader in Ageing Well, announces its revenue figures for the first quarter of 2015 today. Given the major changes in the scope of consolidation over Q1 2014, the Group is presenting both its consolidated revenue and its pro forma revenue.

CONSOLIDATED REVENUE¹

In millions of euros (IFRS data, not audited)	1 st quarter		
	2014	2015	Change
France	186.8	377.9	+102.3%
<i>as % of revenue</i>	<i>53.8%</i>	<i>60.2%</i>	
International	160.4	250.2	+56.0%
<i>as % of revenue</i>	<i>46.2%</i>	<i>39.8%</i>	
Germany	115.4	122.3	+5.9%
Italy	45.0	76.0	+69.0%
Belgium	-	51.9	-
Group total	347.2	628.0	+80.9%

Korian - Medica generated consolidated revenue of €628.0 million as at 31 March 2015, achieving growth of over 80%. This growth stemmed largely from Medica's incorporation into the Group's scope of consolidation from 1 April 2014. The turnover of international subsidiaries achieved more than €250 million, representing nearly 40% of Group sales.

Revenue increased by 2.8% on a pro forma basis. In the absence of beds opening in the first quarter 2015, the growth is the result of good control of both occupancy rate and average daily price.

¹ Consolidated financial statements: Incorporation of Medica into the scope of consolidation from 1 April 2014.

- France grew by 3.0% to reach revenue of €377.9 million, despite an episode of severe flu which slowed long-term care nursing home activities during the quarter.
- Germany recorded a significant increase in revenue at €122.3 million (+5.9%), reflecting the Group's momentum in this market and the impact of the Evergreen acquisition.
- Activity remained at a high level in Belgium, where growth will benefit from recent, bolt-on acquisitions.
- Lastly, revenue fell in Italy, following the exit of both Vado Ligure and Rozzano facilities. Without this impact, revenue would have been stable over the first quarter.

Yann Coléou, Chief Executive Officer of Korian - Medica, said: “*The successful merger had a significant impact on 2014 and laid a solid operational base in Europe. This strong foundation will now enable us to focus our efforts on development. The accelerated deployment of our strategy, which combines organic growth and targeted acquisitions, will enable us to reach our objective of €3 billion in revenue in 2017. In this context, I am satisfied with first quarter revenue that meets our objectives. I am very confident in our ability to meet our 2015 goal of around €2.6 billion in revenue, not including any other potential developments.*”

PRO FORMA REVENUE¹

In millions of euros (IFRS data, not audited)	1 st quarter		
	2014	2015	Change
France	366.7	377.9	+3.0%
<i>as % of revenue</i>	<i>60.0%</i>	<i>60.2%</i>	
International	244.3	250.2	+2.4%
<i>as % of revenue</i>	<i>40.0%</i>	<i>39.8%</i>	
Germany	115.4	122.3	+5.9%
Italy*	78.1	76.0	-2.7%
Belgium	50.8	51.9	+2.2%
Group total	611.1	628.0	+2.8%

* : Two facilities no more consolidated at the end of 2014 and in Q1 2015.

¹ The Korian - Medica *pro forma* financial statements have been prepared using the following assumptions:

- merger of the Korian and Medica groups on 1 January 2014;
- consolidation of 100% of Kinetika Sardegna on 1 January 2014. A 28% stake was held in Kinetika Sardegna's share capital until 30 June 2014. It was consolidated using the equity method for the first half of 2014.

TAXATION

The following is an overview limited to certain tax considerations in France relating to the Notes and is included herein solely for information purposes. It specifically contains information on taxes on the income from the securities withheld at source. This overview is based on the laws in force in France as of the date of this Prospectus and is subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

1. EU directive on the taxation of savings income

The EC Council directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interests payments (the "**Savings Directive**") requires each Member State of the European Union (a "**Member State**") to provide to the tax authorities of another Member State details of payments of interest or similar income within the meaning of the Savings Directive made by a paying agent within its jurisdiction to, or under certain circumstances to the benefit of, an individual resident in that other Member State or to certain types of entities established in that other Member State.

However, for a transitional period Austria instead imposes a thirty-five per cent. (35%) withholding tax on any interest payments within the meaning of the Savings Directive (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of this transitional period is dependent upon the conclusion of some other agreements relating to the exchange of information with some other countries. Several countries and territories not members of the European Union, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and if an amount of, or in respect of a tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

On 24 March 2014, the Council of the European Union adopted a directive amending the Savings Directive (the "**Amending Directive**"), which, when implemented into national law, will amend and broaden the scope of the Savings Directive notably to cover new types of savings income and products that generate interest or equivalent income and requiring paying agents to take additional steps to identify the beneficiary of interest payments by using a "look-through approach". The Member States have until 1 January 2016 to implement the Amending Directive and are required to apply these new requirements as from 1 January 2017.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation. Member States must apply the provisions of the amended Council Directive 2011/16/EU from 1 January 2016 and to start exchanging information by September 2017. Austria received a derogation and is allowed to start applying the amended Council Directive 2011/16/EU one year later than the other Member States, but announced that it would not make full use of the derogation and, in certain circumstances, would also start exchanging information by September 2017.

2. France

The following is an overview of certain tax considerations that may be relevant to holders of Notes who do not concurrently hold shares of any Issuers or are not otherwise affiliated with the any of the Issuers within the meaning of Article 39,12 of the French Code général des impôts.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, pursuant to Article 238 A of the French *Code général des impôts*, interest and other revenues on the Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State, or paid in such a Non-Cooperative State. Under certain

conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30% or 75%, subject to the more favourable provisions of any applicable tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts*, nor, to the extent the relevant interest and other revenues relate to genuine transactions and are not in abnormal and exaggerated amounts, the non-deductibility of interest or other revenues pursuant to Article 238 A of the French *Code général des impôts* and the withholding tax set out under Article 119 *bis* of the French *Code général des impôts* which may be levied as a result of this non-deductibility, will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the *Bulletins officiels des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, Section No. 990, BOI-RPPM-RCM-30-10-20-40-20140211, Section No. 70, BOI-ANNX-000364-20120912, Section No. 20 and BOI-IR-DOMIC-10-20-20-60-20150320, Section No. 10 (the "**Administrative Guidelines**"), an issue of notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if such notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a French or foreign regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and that the operation of such market is carried out by a market operator or an investment service provider, or by such other similar foreign entity, provided further that such market operator, investment service provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

To the extent that the Notes qualify as debt securities under French commercial law and that they will be, as from their Issue Date, admitted to the clearing operations of a duly authorised central depository within the meaning of Article L.561-2 of the French *Code monétaire et financier* which is not located in a Non-Cooperative State, payments of interest and other revenues made by, or for the account of, the Issuer under the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and, to the extent they relate to genuine transactions and are not in abnormal and exaggerated amounts, will not be subject to the non-deductibility of interest or other revenues pursuant to Article 238 A of the French *Code général des impôts*.

Payments made to French resident individuals

Pursuant to articles 125 A and 125 D of the French *Code général des impôts* subject to certain limited exceptions, interest and other similar revenues received as from 1st January 2013 by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest and other similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

Other tax considerations - Savings Directive

The Savings Directive has been implemented into French law under article 242 *ter* of the French *Code général des impôts* and articles 49 I *ter* to 49 I *sexies* of Annex III to the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 7 July 2015, Crédit Agricole Corporate and Investment Bank, ING Bank N.V. Belgian Branch and Société Générale acting as joint lead managers (the "**Joint Lead Managers**") agreed with the Issuer, subject to the satisfaction of certain conditions, to make their best efforts to procure the subscription and payment for the 2022 Notes at an issue price equal to 100 per cent. of their aggregate principal amount, 2023 Notes at an issue price equal to 100 per cent. of their aggregate principal amount and 2025 Notes at an issue price equal to 100 per cent. of their aggregate principal amount, less the commissions agreed between the Issuer and the Joint Lead Managers for the benefit of the Joint Lead Managers. The Subscription Agreement entitles, in certain circumstances, the Joint Lead Managers to terminate it prior to payment being made to the Issuer.

1. General restrictions

No action has been or will be taken by the Joint Lead Managers in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any document, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

The Joint Lead Managers have represented and agreed that they have complied and will comply, to the fullest extent possible, with all relevant laws, regulations and directives in each jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute this Prospectus or any other offering material and the Issuer shall have responsibility for such actions.

2. France

The Joint Lead Managers have represented and agreed that, in connection with their initial distribution, they have not offered or sold or caused to be offered or sold, and will not offer or sell or cause to be offered or sold, directly or indirectly, any Notes to the public in France and they have not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France, directly or indirectly, this Prospectus or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

3. Belgium

The offer of the Notes, this Prospectus and any other offering material relating to the Notes are not intended to constitute a public offer in Belgium and may not be communicated to or distributed to investors in a way that would constitute a public offer as defined in the Law of 16 June 2006, as amended on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market. The offer of the Notes has not been and will not be notified to the Belgian Financial Services and Market Authority (the "**Belgian FSMA**") and the Belgian FSMA has neither reviewed nor approved these documents.

The Joint Lead Managers have represented and agreed that they will not offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market.

The offer of the Notes will only be made in Belgium to qualified investors as defined in Article 10 of the Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market.

4. United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Regulation S under the Securities Act ("**Regulation S**").

The Notes are only being offered and sold outside of the United States to non U.S. persons in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

The Joint Lead Managers have represented and agreed that they have not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Notes as part of their distribution at any time within the United States or to, or for the account or benefit of, U.S. persons.

5. United Kingdom

The Joint Lead Managers have represented and agreed that:

- (a) they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activities (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by them in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Notes in, from or otherwise involving, the United Kingdom.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear France (66, rue de la Victoire, 75009 Paris, France), Clearstream, Luxembourg (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg) and Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) with the common code 125883532 for the 2022 Notes, 125883885 for the 2023 Notes and 125883699 for the 2025 Notes. The International Securities Identification Number (ISIN) code is FR0012833796 for the 2022 Notes, FR0012833788 for the 2023 Notes and FR0012833804 for the 2025 Notes.
2. The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of the Notes. The issue of the Notes was authorised pursuant to resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 25 March 2015 and 25 June 2015 and the decisions of Yann Coléou, *Directeur Général* of the Issuer, dated 2 July 2015 and 6 July 2015.
3. For the purposes of the admission to trading of the Notes on Euronext Paris, and pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the *Autorité des marchés financiers* (the "AMF") and received visa No.15-349 dated 7 July 2015.
4. The total expenses (including the AMF fees) related to the admission to trading are estimated to €5,650 for the 2022 Notes, €10,250 for the 2023 Notes and €6,425 for the 2025 Notes.
5. Save for any fees payable to the Joint Lead Managers, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue.
6. The yields of the 2022 Notes, 2023 Notes and 2025 Notes are respectively 2.966 per cent. *per annum*, 3.306 per cent. *per annum* and 3.740 per cent. *per annum*, each being calculated at the Issue Date on the basis of their respective issue price. Each respective yield is not an indication of future yield.
7. The statutory auditors of the Issuer for the period covered by the historical financial information are Ernst & Young et Autres (Tour First – 1, place des Saisons – 92037 Paris La Défense - France) and Mazars (Tour Exaltis, 61, Rue Henri Regnault - 92175 Paris La Défense - France). They have audited and rendered audit reports on the consolidated financial statements of the Issuer for each of the financial years ended 31 December 2013 and 31 December 2014. Ernst & Young et Autres belongs to the *Compagnie Régionale des Commissaires aux Comptes de Versailles* and Mazars belongs to the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.
8. Except as disclosed in Section 4.1.5 ("*Information about the Issuer*") on page 14 (section "*Documents incorporated by reference*") of this Prospectus and on page 34 (section "*Recent developments*") of this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2014.
9. There has been no material adverse change in the prospects of the Issuer since 31 December 2014.
10. During the period of twelve (12) months prior to the date of this Prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability.
11. So long as any of the Notes is outstanding, copies of this Prospectus, the documents incorporated by reference in this Prospectus, the by-laws (*statuts*) of the Issuer, the most recent financial statements of the Issuer and, as the case may be, the audit reports with respect thereto will be available and obtainable, free of charge, at the specified offices of the Issuer and of the Fiscal Agent during normal business hours. This Prospectus, together with the documents incorporated by reference, are also available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.korian.com).

PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

Person assuming responsibility for the information contained in the Prospectus

After having taken all reasonable measures to ensure that such is the case, I hereby certify that the information contained or incorporated by reference in this Prospectus is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

The reports of the Issuer's statutory auditors and the annual and consolidated financial statements for the years ended 31 December 2013 and 31 December 2014 are incorporated by reference in this Prospectus. The report of the statutory auditors on the 2013 consolidated financial statements of the Issuer contains an emphasis of matter paragraph on page 202 of the 2013 Registration Document and the report of the statutory auditors on the 2014 consolidated financial statements of the Issuer contains an emphasis of matter paragraph on page 224 of the 2014 Registration Document.

Paris, 7 July 2015

Yann Coléou, *Directeur Général* of Korian

Issuer

Korian

21-25, rue Balzac
75008 Paris
France

Global Coordinators and Joint Lead Managers

Crédit Agricole Corporate and Investment Bank

9, quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

Société Générale

29, boulevard Haussmann
75009 Paris
France

Joint Lead Manager

ING Bank N.V. Belgian Branch

Avenue Marnix 24
B-1000 Brussels
Belgium

Fiscal Agent, Paying Agent, Calculation Agent and Put Agent

Société Générale

32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3
France

Legal Advisers

to the Issuer

Bredin Prat

130, rue du Faubourg Saint-Honoré
75008 Paris
France

to the Joint Lead Managers

CMS Bureau Francis Lefebvre

2, rue Ancelle
92522 Neuilly-sur-Seine Cedex
France

Statutory Auditors

Ernst & Young et Autres

Tour First
1, place des Saisons
92037 Paris La Défense
France

Mazars

Tour Exaltis, 61, Rue Henri Regnault
92175 Paris La Défense
France