



KORIAN

€67,500,000 4.625 per cent. Notes due 2 August 2019

Issue Price: 99.36 per cent.

The €67,500,000 4.625 per cent. notes due 2 August 2019 (the "**Notes**") of Korian S.A. (the "**Issuer**") will be issued on 2 August 2013 (the "**Issue Date**").

Interest on the Notes will accrue from, and including, the Issue Date at the rate of 4.625 per cent. *per annum*, payable annually in arrear on 2 August in each year, and for the first time on 2 August 2014 for the period from (and including) the Issue Date to (but excluding) 2 August 2014, as further described in "Terms and Conditions of the Notes — Interest".

Unless previously redeemed or purchased and cancelled, in accordance with the terms and conditions of the Notes, the Notes will be redeemed at their principal amount on 2 August 2019 (the "**Maturity Date**"). Notes may, and in certain circumstances shall, be redeemed before the 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 "Terms and Conditions of the Notes — Redemption and purchase — Redemption for taxation reasons"). Noteholders (as defined in "Terms and Conditions of the Notes") will be entitled, in the event of a Change of Control (as defined in "Terms and Conditions of the Notes") of the Issuer, to request the Issuer to redeem their Notes at their principal amount, together with any accrued interest thereon (see "Terms and Conditions of the Notes — Redemption and purchase — Redemption following a Change of Control"). In addition, the Issuer may redeem all, but not some only, of the then outstanding Notes at any time prior to the Maturity Date at their relevant Make-whole Redemption Amount (see "Terms and Conditions of the Notes — Redemption and purchase — Early redemption at the Make-whole Redemption Amount").

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 Holders**" 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 listed and 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.

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 office of the Issuer and of the Fiscal Agent during normal business hours and will be available on the websites of the Issuer (www.groupe-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 *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the *Autorité des marchés financiers* ("AMF") has granted to this Prospectus the visa n°13-441 on 31 July 2013.

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 *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.

Joint Lead Managers

BNP Paribas

**Crédit Agricole Corporate and
Investment Bank**

The Royal Bank of Scotland



*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.

*BNP Paribas, Crédit Agricole Corporate and Investment Bank, and The Royal Bank of Scotland plc (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 in this Prospectus. Any information or representation not so contained 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.*

This Prospectus and any other information relating to the Issuer or the Notes should not be considered as an offer, an invitation or a recommendation by any of the Issuer or the Joint Lead Managers to subscribe or purchase the Notes. 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 U.S. persons (as defined in Regulation S).

In connection with the issue of the Notes, BNP Paribas (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) calendar days after the Issue Date of the Notes and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included 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.

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 (signed in Rome on 25 March 1957), as amended.

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1. 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.

Paris, 31 July 2013

Mr. Louis Guyot, *Directeur Général Finances et International* of Korian S.A.

2. DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with:

- the French language 2011 registration document of the Issuer filed with the *Autorité des marchés financiers* (the "AMF") on 24 April 2012 under number D.12-0395 (the "**2011 Registration Document**"),
- the French language 2012 registration document of the Issuer filed with the AMF on 24 April 2013 under number D.13-0422 (the "**2012 Registration Document**"),

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

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

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.

<i>Information incorporated by reference</i> <i>(Annex IX of the European Regulation 809/2004, as amended)</i>	Pages of the 2011 Registration Document	Pages of the 2012 Registration Document
1. Persons responsible	N/A	N/A
2. Statutory auditors	N/A	N/A
3. Risk factors	N/A	29 to 43
4. Information about the Issuer		
4.1 History and development of the Issuer		
4.1.1 Legal and commercial name	N/A	3
4.1.2 Place of registration and registration number	N/A	N/A

4.1.3 Date of incorporation and term	N/A	3
4.1.4 Domicile, legal form, jurisdictions governing its activities, country of incorporation, address and telephone number	N/A	3 and 128
4.1.5 Recent events particular to the issuer	N/A	N/A
5. Business overview		
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5.1.2 Competitive position of the Issuer	N/A	6 to 19
6. Organizational structure		
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6.2 Dependence upon other entities within the group	N/A	N/A
7. Trend information	N/A	28
8. Profit forecast and estimate	N/A	N/A
9. Administrative, management and supervisory bodies		
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10. Major shareholders		
10.1 Ownership and control	N/A	171
10.2 Description of arrangements which may result in a change of control	N/A	N/A

11. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses		
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- Income statement	91	85, 86
- Accounting policies and explanatory notes	94 to 137	89 to 135
- Auditors' report	86, 87	135, 136
<i>Unaudited half-year consolidated accounts</i>	N/A	N/A
11.2 Financial statements	141 to 162	137 to 159
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11.3.2 Other audited information	N/A	N/A
11.4 Age of latest financial information	90	84
11.5 Legal and arbitration proceedings	N/A	42
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12. Material contracts	N/A	N/A
13. Third party information	N/A	N/A
14. Documents on display	N/A	N/A

3. 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 fulfill 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 Notes" section of this Prospectus shall have the same meaning where used below.

3.1 Risks related to the Issuer

The risk factors relating to the Issuer and its business are set out in particular in the 2012 Registration Document incorporated by reference into this Prospectus, as set out in section "Documents Incorporated by Reference", of this Prospectus and include the following:

- Risks associated with obtaining and maintaining operating licenses and subsequent agreements (page 29 of the 2012 Registration Document)
- Risks associated with changes in applicable rates and social policy (page 30)
- Labor risks (page 31)
- Infection risks associated with care activities (page 32)

- Risks associated with buildings (page 34)
- Climate risks (page 36)
- Business risks (page 37)
- Public counterparty risks (page 37)
- Other risks associated with operations (page 37)
- Risk of dependence on key executives (page 40)
- Risks associated with the acquisition of new facilities (page 40)
- Real estate risks (page 40)
- Risks associated with information systems (page 40)
- Legal and tax-related risks (page 42)
- Risks associated with the Korian Group's debt (page 42)
- Interest-rate risk and hedging policy (page 42)
- Risks associated with off-balance-sheet commitments (page 43)
- Currency and equity risks (page 43)

Investors should carefully read the risk factors section contained in the 2012 Registration Document before investing in the Notes.

3.2 Risks related to the Notes

3.2.1 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.

3.2.2 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.

3.2.3 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 Notes which would be redeemed prior to their stated maturity.

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 4.7 of the Terms and Conditions of the Notes, 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 then outstanding Notes at any time prior to their maturity date, at their relevant make-whole redemption amount, as provided in Condition 4.5.3 of the Terms and Conditions of the Notes.

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.

3.2.4 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.

3.2.5 Change of control — Put option

In the event of a Change of Control of the Issuer (as defined in Condition 4.5.4 of the Terms and Conditions of the Notes), 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. 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.

3.2.6 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

Apart from clauses relating to a Change of Control of the Issuer or Condition 4.9(e), certain financial covenants and a negative pledge undertaking that prohibits the Issuer and its Material Subsidiaries (as defined in Condition 4.3 of the Terms and Conditions of the Notes) in certain circumstances from creating security over assets, but subject to certain exceptions, there are no 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 and 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 ratably 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.

3.2.7 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.

3.2.8 Modification of the Terms and Conditions of the Notes

Noteholders will be grouped automatically for the defense of their common interests in a *Masse* (as defined in Condition 4.12 of the Terms and Conditions of the Notes) and a general meeting of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases to bind Noteholders, 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 Noteholders may deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, notably on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were subject of judicial decisions.

3.2.9 Change in current legislation

The Terms and Conditions of the Notes 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.

3.2.10 French Insolvency Law

Noteholders will be grouped automatically for the defense of their common interests in a *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* or *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 (*projet de plan de sauvegarde* or *projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de 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 Terms and Conditions of the Notes 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.

3.2.11 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 summary 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.

3.2.12 EU Directive on the taxation of savings income

The EC Council directive 2003/48/EC dated 3 June 2003 on taxation of savings income (the "**Directive**") requires each Member State to provide to the tax authorities of another Member State details of any payment of interest or other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to, or under certain circumstances collected for the immediate benefit of, a beneficial owner (within the meaning of the Directive), resident in that other Member State. However, for a transitional period Luxembourg and Austria impose, instead of the exchange of information referred to above, a withholding tax on all interest payments within the meaning of the Directive, unless the beneficiary of interest payment elects for the exchange of information. The rate of this withholding tax is 35% since 1 July 2011, and will remain so until the end of the transitional period.

The European Commission has suggested some amendments to the Directive, which might, if they are implemented, amend or broaden the scope of certain requirements described above.

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.

3.2.13 Absence of rating

The Notes 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.

3.3 Risks related to the market

3.3.1 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 market interest and interest rates.

The value of the Notes depends 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, the value of the Notes may also decrease and Noteholders selling their Notes prior to maturity may lose all or part of their investment.

3.3.2 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 maturity. As of the date of this Prospectus, there is no existing market for the Notes, and 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 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.

3.3.3 Exchange rate risks

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.

3.3.4 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 bond 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.

4. TERMS AND CONDITIONS OF THE NOTES

The issue by Korian (the "**Issuer**") of its €67,500,000 4.625 per cent. notes due 2 August 2019 (the "**Notes**") was authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 20 June 2013 and a decision of Mr. Yann Coléou, Chief Executive Officer (*Directeur Général*) of the Issuer, dated 26 July 2013.

A fiscal agency agreement relating to the Notes (the "**Fiscal Agency Agreement**") will be entered into on 2 August 2013 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 holders of the Notes. References below to "**Conditions**" are to the numbered paragraphs below.

4.1 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.

4.2 Status

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4.3) 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.

4.3 Negative Pledge

So long as any of the Notes remains outstanding (as defined below), 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 (as defined below) 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 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 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 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 subparagraphs (e), (f), (g) (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 remains satisfied; and
- (k) which are established with the prior consent of the *Masse* (as defined in Condition 4.12).

For the purposes of these Conditions:

"Consolidated EBITDA" means for any period and for the Issuer, the operating profit (*résultat opérationnel consolidé*) of the Issuer and its Subsidiaries for such period, determined on a consolidated basis:

- (i) after deducting the amounts booked for such period in connection with employee profit-sharing and incentive schemes (*participation et intéressement des salariés*) if not already taken into account in the operating profit of the Group;
- (ii) after adding back the net amount attributable to any amortization, depreciation or impairment of assets for such period;
- (iii) 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 ;
- (iv) after adding back the dividends paid of 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 ;
- (v) after deducting or adding back the 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,

and adjusted as follows :

the EBITDA of the target companies acquired by the Group during a given fiscal year will be taken into account as if the acquisition of said company had been completed on the first calendar day of that fiscal year;

the effects of any corporate restructuring completed during a given fiscal year and involving a target company acquired by the Group during that fiscal year will be deemed to have been completed on the first calendar day of that fiscal year, up to an amount not exceeding five per cent. (5%) of the Consolidated EBITDA.

"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 rules, (iii) financial leases and (iv)

factoring arrangements or sale of receivables (with recourse) booked as indebtedness pursuant to IFRS rules.

"**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 IAS Regulation 160/2002 to the extent applicable to the relevant financial statements.

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

"**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 4.8 and (iii) those which have been purchased and cancelled in accordance with the Conditions.

"**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.

4.4 Interest

The Notes bear interest from (and including) 2 August 2013 (the "**Issue Date**") to (but excluding) 2 August 2019 (the "**Maturity Date**"), at the rate of 4.625 per cent. *per annum* payable annually in arrear on 2 August in each year. The first payment of interest will be made on 2 August 2014 for the period from (and including) the Issue Date to (but excluding) 2 August 2014.

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 4.625 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.

4.5 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 4.5 or Condition 4.9.

4.5.1 Redemption at maturity

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

4.5.2 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 4.7, 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 4.11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their principal amount, together with accrued interest 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 4.7, 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 4.11 (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.

4.5.3 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 4.11 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 then outstanding Notes at any time prior to their Maturity Date (the "**Optional Make-whole Redemption Date**") at their relevant Make-whole Redemption Amount.

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 together with any accrued and unpaid interest up to their effective redemption date and (including any additional amount referred to in Condition 4.7) and (y) the sum of the then present values on the Optional Make-whole Redemption Date of (i) the principal amount of the Notes together with any accrued and unpaid interest up to their effective redemption date (including any additional amount referred to in Condition 4.7) and (ii) the remaining scheduled payments of interest on such Note for the remaining term of such Note (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.

"**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 4.25 per cent. *per annum* and maturing on April 2019.

"**Reference Dealers**" means each of the four banks (that may include the Lead Manager) 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.

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.

4.5.4 Redemption 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 all or part of its Notes on the Optional Redemption Date 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 4.11, 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 of all or part of its Notes during the period between the date falling thirty (30) business days following the delivery of the Change of Control Notice and the date falling forty five (45) business days following the delivery of said 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 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 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 4.11, given within thirty calendar (30) days after the Optional Redemption Date, redeem the remaining Notes, in whole but not in part, at their principal amount, together with accrued interest 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 the aggregate percentages held directly or indirectly by Batipart, Batipart Invest (formerly Monroe), Crédit Agricole Assurances, ACM, MACSF and Malakoff Mederic (together with any company controlled by or under the same control as any of these companies within the meaning of Article L.233-3 of the French Code de commerce) as determined after taking into account the effects of any existing or potential dilution, cease to represent more than 50.01 per cent. of the issued share capital of the Issuer or of the voting rights exercisable at a general meeting 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 the paragraph above "**acting in concert**" has the meaning given in Article L.233-10 of the French *Code de commerce*.

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

4.5.5 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.

All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held 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* to promote 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*.

4.5.6 Cancellation

Notes purchased for cancellation purposes 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.

4.6 Payments

4.6.1 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. In these Conditions, "**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer System (known as TARGET2) or any succeeding 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 4.7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

4.6.2 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.

In the preceding paragraph, "**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 and on which the TARGET System is operating.

4.6.3 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 — BP 81236

44312 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 4.11, 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 4.11.

4.7 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 and is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 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 4.7.

4.8 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.

4.9 Events of default

The Representative (as defined in Condition 4.12), 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 accrued interest to (but excluding) their actual redemption date, if any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) the Issuer defaults in any payment of principal or interest under any Note (including any additional amount referred to in Condition 4.7) when the same shall become due and payable and such default is not remedied within ten (10) business days from such due date;
- (b) 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 4.10) and such default has not been remedied within thirty (30) business days after the receipt by the Issuer of a written notice of such default;
- (c) (i) the Issuer or any of its Material Subsidiaries defaults in any payment for an amount in excess of €10,000,000 (ten 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);
- (d) (i) the Issuer or any of its Material Subsidiaries applies to enter into a conciliation procedure (*procédure de conciliation*) or is subject to such application, (ii) 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, (iii) 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 (iv) 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).

4.10 Financial Covenants

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

- (i) the Debt Ratio, 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**").

So long as any of the Notes is outstanding, the Issuer shall deliver annually to the Put 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 authorized 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 Put Agent shall promptly deliver the Compliance Certificate to the Noteholders in accordance with Condition 4.11.

So long as any of the Notes is outstanding and in accordance with Condition 4.11, the Put 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:

"**Cash and Cash Equivalents**" (*Trésorerie*) means for any period and in respect of the Group, determined on a consolidated basis, (i) freely available cash at bank; and (ii) non speculative short term investments the maturity of which should not exceed 3 months, in each case owned by the Issuer or its Subsidiaries.

"**Consolidated Debt**" (*Endettement*) 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 from banks, financial institutions or financial creditors and (ii) vendor loans and earn-out arrangements under acquisitions booked as indebtedness pursuant to IFRS rules.

"**Debt Ratio**" means the ratio of (Net Debt less Real Estate Debt) to (Consolidated EBITDA less (0.07 x Real Estate Debt)).

"**Net Debt**" (*Endettement Net*) means for any period (i) Consolidated Debt, less (ii) Cash and Cash Equivalents.

"**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*).

"**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 less Secured Debt) to Unsecured Debt.

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

"**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.

4.11 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 published on different dates, on the date of the first publication.

4.12 Representation of the Noteholders

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

The *Masse* will be governed by the provisions of Articles L.228-46 *et seq.* of the French *Code de commerce*. The initial representative of the Masse (the "**Representative**") shall be:

Association de représentation des masses de titulaires de valeurs mobilières

TS 69079
44918 Nantes Cedex 9
France

In the event of incompatibility, resignation or revocation of the Representative, such Representative will be replaced by an alternative Representative. The alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the alternative Representative, a replacement will be elected by the general meeting of Noteholders.

The Representative will receive a remuneration of €1,000 per year for its services. Should the alternative Representative replace the initial Representative, the alternate Representative shall only be entitled to the remuneration of €1,000 per year from the first day of his acting in such capacity.

All interested Noteholders may at all times obtain the names and addresses of the initial Representative and the alternative Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in general meetings of Noteholders will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the relevant general meeting of Noteholders.

The place where a general meeting of Noteholders shall be held will be set out in the notice convening such general meeting of Noteholders.

4.13 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 defense 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.

4.14 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 competent courts within the jurisdiction of the *Cour d'appel de Paris*.

5. USE OF PROCEEDS

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

6. DESCRIPTION OF THE ISSUER

The description of the Issuer and the Group is included in the 2012 Registration Document which is incorporated by reference in the Prospectus (please refer to the section “Documents Incorporated by Reference”).

The Issuer is a French company, incorporated 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.

7. RECENT DEVELOPMENTS

7.1 Press release dated 3 April 2013

“Korian has entered into exclusive negotiations with Inicea for the sale of its entire psychiatry division, comprising a total of 690 beds and 49 day care places across seven facilities.

The sale should be completed by the end of the first half of 2013. This planned sale is part of the Korian First strategic plan.

Paris, 3 April 2013

Yann Coléou, CEO of Korian:

“Korian has embarked on a transformation. The nursing home and follow-up care & rehabilitation sectors are currently undergoing a period of radical change. Korian acknowledges that, from now on, it must develop a new strategy in order to respond to future demands and to anticipate developments. By focusing on two complementary sectors – nursing homes and follow-up care & rehabilitation clinics – Korian is taking the necessary steps to achieve its ambitions of moving forward and aiming for a leading position. The planned sale of the psychiatry division forms part of this new business plan and represents a significant phase in the transformation process.”

About Korian

The Korian Group, founded in 2001, is a European market leader in comprehensive care. A Group employing close to 26,000 people, Korian is established in France, Germany and Italy. The Group has 35,000 beds in Europe, including 58% internationally.

The company has been listed on Euronext Paris Eurolist Compartment B since November 2006.

About Inicea

The Inicea Group was established in 1982 by its founders, Gilles Briquet and Dr Alain Perroud. The Group runs two clinics and a day care centre and has become a benchmark player for the treatment of general psychiatric conditions, distinguishing itself by the quality of its care services. In order to further its development, in 2010 Inicea received the backing of the investment group LFPI, with a view to establishing ambitious organic growth projects through the creation of new psycho-social and geropsychiatry rehabilitation units.

About LFPI

The LFPI Group is a major European player in private equity investment. With capital of around €3 billion, the LFPI Group specialises in investing in medium-sized French and European companies through transmission operations, capital development and mezzanine financing. In 2012, the LFPI Group launched the LFPI Résilience venture capital mutual fund dedicated to investing in companies in the healthcare sector, primarily those specialising in providing care for dependants.”

7.2 Press release dated 15 May 2013

“KORIAN shows strong performance for the first quarter of 2013:

- **Revenues climbed to €304 million, up by 11.7%** compared with 2012 and boosted by 95% occupancy rates across all of the group’s mature facilities
- **The international business confirmed its status as a focus for growth**, with an increase of 31.2%

Two important developments marked the roll-out of the new corporate initiative, KORIAN FIRST, during the first quarter:

- **Supporting the initiative’s development driver: the takeover of Curanum has now been finalised** and was incorporated into Korian’s accounts as of 1 March 2013. In the last six months, the Group has also opened four facilities in France and one in Germany, representing a total of 523 beds.
- **Supporting the initiative’s performance driver: In France, Korian confirms a renewed focus on its most strategic assets, nursing homes and follow-up care and rehabilitation facilities further to signature of the transfer agreement for the psychiatry division, on 30 April 2013.** Subject to specific preconditions, the transfer is expected to complete by the end of the first half of 2013.”

Paris, 15 May 2013

Yann Coléou, CEO of Korian, commented:

Korian marked the start of the year with new drive, electing to respond to changes in the market with ‘Korian First’, a corporate transformation initiative. A number of major key actions have already been accomplished as part of this initiative: acquisition of the German market leader, Curanum; thorough review and enhancement of our processes for improved economic performance; and the disposal of the psychiatry business, enabling us to refocus our business model on our most strategic assets – nursing homes and follow-up care and rehabilitation facilities.

In the weeks ahead, we will be launching an important step in the Group’s innovation process, one of Korian First’s four strategic drivers, by holding the very first meeting of the Executive Committee of Korian’s Institut de Bien Vieillir [institute for healthy ageing]. Founded in 2013, the institute will combine the complementary expertise of distinguished Committee members, providing the Group with a tremendous tool for nurturing innovative thinking and devising the products and services of the future.

In €M	Quarterly figures*		
	Q1 2013	Q1 2012	□13/12
France	192.8	187.4	2.9%
% total revenues	63%	69%	
International	111.4	84.9	31.2%
% total revenues	37%	31%	
Germany	65.2	37.0	76.3%
Italy	46.2	47.9	-3.6%
Group total	304.2	272.4	11.7%

*unaudited figures

About KORIAN

The Korian Group, founded in 2001, is the European market leader in comprehensive care. Korian has the facilities to accommodate more than 34,000 residents and patients in Europe (France, Germany and Italy) and employs over 26,000 staff. The group manages 270 nursing homes and

50 specialist clinics, has over 2,200 beds in assisted living facilities and provides homecare services for over 9,000 people.

The company has been listed on Euronext Paris Eurolist Compartment B since November 2006.”

7.3 Press release dated 17 July 2013

“The Korian Group reports strong growth in the first half of 2013:

- Revenues totalled €663.1 million (up 21%), driven by organic growth of 3.4% (4.5% for Q2 2013) and the integration of Curanum on 1 March 2013.
- International business represents close to 50% of the Group’s activities and confirms its role as a driver of growth, with an increase of 88.4%.

In addition, the Group is continuing to implement its strategic plan, Korian First, through its four drivers:

1. **The Performance Driver:** Korian First’s action plans and processes are delivering the desired results. In addition, Korian is nearing the completion of its realignment towards its most strategic assets with the sale of five psychiatric clinics under the transfer agreement signed with INICEA and a nursing home in Pau on 30 June. The two remaining psychiatric clinics will be sold off before the end of the year,
2. **The Development Driver:** following the success of the Curanum acquisition, integration is progressing according to plan with the contribution of Phönix’s shares to Curanum scheduled for 1 September, which will in turn allow the first German synergies to be established,
3. **The Innovation Driver:** on 2 July, the committee of Korian’s Institut du Bien Vieillir [institute for healthy ageing] held its first meeting. The committee brings together the complementary expertise of its distinguished members and represents a fantastic resource for the Group that will enable it to enhance its work in Innovation,
4. **The Humans/Teams Driver:** the first opinion poll of employees in France was launched in June with a great success. Furthermore, Korian is the first company in the sector to have negotiated a Generation contract agreement with the aim of promoting the recruitment of young people, with around 550 job opportunities opened up each year, while also maintaining the proportion of staff aged 57 or over.

Paris, 17 July 2013

Yann Coléou, CEO of Korian:

“The first half of the year marks an important stage in Korian’s transformation. We have laid the foundations of our Korian First business plan by creating a group that is the joint-leader in Europe and the leader in Germany, homogenising our key processes to improve our performance, refocusing on our strategic activities following the sale of the psychiatry division, and establishing the Korian Institut du Bien Vieillir.

Because the transformation of the Group is taking place within our facilities and support from the managers is fundamental, we wanted to launch Korian First face-to-face to almost 1,000 managers, who were invited to find out about and work on the project with the Executive

Management for a day.

The positive results achieved over the first half of the year confirm our outlook for 2013, as stated at the beginning of the year, namely revenues in excess of €1.3 billion, increased profitability with a target EBITDAR margin of over 26%, and stable financial leverage.”

In €M	Quarterly figures*			Half-yearly figures*		
	Q2 2013	Q2 2012	□13/12	2013	2012	□13/12
France	195.3	188.7	3.5%	388.2	376.2	3.2%
% total revenues	54%	68%		59%	69%	
International	163.5	86.8	88.4%	274.9	171.7	60.1%
% total revenues	46%	32%		41%	31%	
Germany	115.2	38.6	198.2%	180.4	75.6	138.6%
Italy	48.3	48.1	0.3%	94.5	96.1	-1.6%
Group total	358.8	275.5	30.3%	663.1	547.9	21.0%

*unaudited figures

About Korian

The Korian Group, founded in 2001, is one of the European market leaders in comprehensive care. Korian has the facilities to accommodate more than 34,000 residents and patients in Europe (France, Germany and Italy) and employs over 26,000 staff. The group manages 270 nursing homes and 50 specialist follow-up care and rehabilitation clinics, has over 2,200 beds in assisted living facilities and provides homecare services for over 9,000 people. The company has been listed on Euronext Paris Eurolist Compartment B since November 2006.

Next announcement: 12 September 2013 before start of trading - 2013 half-year results

7.4 Change in the corporate name of a reference shareholder of the Company

On 24 June 2013, Monroe SA, a reference shareholder and a board member of the Company, changed its corporate name in “Batipart Invest S.A.”.

7.5 Share capital increase of the Company dated 23 July 2013

In accordance with the decision of the shareholders’ meeting of the Company held on 20 June 2013, an option for the payment of the annual dividend in kind (in new shares of the Company) has been proposed to the shareholders. The subscription end date for the payment in kind was fixed to 16 July 2013. Following such subscription period, upon decision of the *Directeur Général* of the Company dated 23 July 2013, 798,785 new shares were issued.

The share capital of the Company now amounts to €174,198,065, divided into 34,839,613 ordinary shares with a par value of €5 each. The new shares are admitted to trading on the Euronext Paris regulated market since 26 July 2013.

8. 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.

8.1 EU directive on the taxation of savings income

Under EC Council Directive 2003/48/EC on the taxation of savings income dated 3 June 2003 (the "**Directive**"), each Member State is required to provide to the tax authorities of another Member State details of any payment of interest or similar income paid by a paying agent within its jurisdiction to, or under certain circumstances collected for, a beneficial owner (within the meaning of the Directive) resident in that other Member State. However, for a transitional period, Austria and Luxembourg impose, instead of such exchange of information, a withholding tax on all payments of interest within the meaning of the Directive unless the beneficiary of interest payment elects for the exchange of information. The rate of this withholding tax is 35% since 1 July 2011, and will remain so until the end of the transitional period. This transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also since 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding tax) in relation to payments made by a paying agent within its jurisdiction to, or under certain circumstances collected for, a beneficial owner (within the meaning of the Directive) resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or under certain circumstances collected for, a beneficial owner (within the meaning of the Directive) resident in one of those territories. The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

8.2 France

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 favorable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Notwithstanding the foregoing, the 75% withholding tax will not 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 official regulation (*Bulletin Officiel des Finances Publiques-Impôts*) published by French tax authorities on 12 September 2012, BOI-INT-DG-20-50, Section No. 990, 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 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.

The Notes being, as from their Issue Date, admitted to the clearing operations of a duly authorized central depository, payments of interest and other revenues made by, of for the account of, the Issuer under the Notes are not subject to the withholding tax set out under 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 will no longer be 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%.

However, neither the non-deductibility set out under article 238 A of the French *Code général des impôts* nor the withholding tax set out in article 119 *bis* 2 of the French *Code général des impôts* will apply in respect of the issue of the Notes if the Issuer can prove that it can benefit from the Exception and that the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount.

9. SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 31 July 2013, the Joint Lead Managers agreed with the Issuer, subject to the satisfaction of certain conditions, to procure the subscription and payment, failing which to subscribe and pay, for the Notes at an issue price equal to 99.36 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.

9.1 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.

Each of the Joint Lead Managers has represented and agreed that it has complied and will comply, to the fullest extent possible, with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material and the Issuer shall have responsibility for such actions.

9.2 France

Each of the Joint Lead Managers has represented and agreed that, in connection with their initial distribution, it has 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 it has 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*.

9.3 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 (as defined Regulation S under the

Securities Act ("**Regulation S**") except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

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

Each of the Joint Lead Managers has represented and agreed that it has 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 (as defined in Regulation S).

9.4 United Kingdom

Each of the Joint Lead Managers has represented and agreed that:

- (a) it has 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 (the "**FSMA**")) received by it 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) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving, the United Kingdom.

10. 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 095702562. The ISIN code for the Notes is FR0011544964.
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 a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 20 June 2013 and a decision of Mr. Yann Coléou, Chief Executive Officer (*Directeur Général*) of the Issuer, dated 26 July 2013.
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.13-441 dated 31 July 2013.
4. The total expenses related to the admission to trading of the Notes are estimated to €7,250 (including the AMF fees).
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 yield of the Notes is 4.75 per cent. per annum, as calculated at the Issue Date on the basis of the issue price of the Notes. It 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 (1/2, place des Saisons - 92400 Courbevoie - Paris La Défense 1 - France) and Mazars (Tour Exaltis, 61 Rue Henri Regnault - 92175 Paris La Défense - France). They have audited and rendered audit reports on the financial statements of the Issuer for each of the financial years ended 31 December 2011 and 31 December 2012. 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 this Prospectus (see pages 1, 2, 28 and 127 of the 2012 Registration Document), there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2012.
9. There has been no material adverse change in the prospects of the Issuer since 31 December 2012.
10. Except as disclosed in this Prospectus (see Section 3.5.5 page 42 of the 2012 Registration Document), 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 office of the Issuer and of the Fiscal Agent during normal business hours. This Prospectus, together with the 2011 Registration Document and 2012 Registration Document, are also available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.groupe-korian.com).

Issuer

KORIAN

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Joint Lead Managers

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Fiscal Agent, Paying Agent, Calculation Agent and Put Agent

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to the Issuer

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to the Joint Lead Managers

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Statutory Auditors

ERNST & YOUNG ET AUTRES

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MAZARS

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