

# Real estate Valuer report

## 1. Terms of Instruction

### Context

In accordance with our valuation contract, we have been asked by Korian Group (“**the Company**”) to value its consolidated real estate portfolio as at **31 December 2022**.

This report, which summarises the conditions under our valuations have been carried out, has been prepared to be part of the Company Management Report

In conducting this assessment, we have acted with complete independence.

The Valuation has been undertaken by suitably qualified valuers, who have the knowledge, skills and understanding to undertake the Valuation competently and who have acted as "External Valuer(s)" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

We are not aware of any potential conflict of interest in accepting the instruction.

We can confirm that our fee income from Korian does not exceed 5% of our overall revenue.

### Our appointment

We have undertaken the valuation of the Real Estate Propeties (“Murs”) of all the assets comprised in the Korian European Portfolio as at 31 December 2022, whether they are held freehold or subject to French financial leases. We have considered that the assets subject to a financial lease agreement (French “crédit-bail immobilier”) are held Freehold.

### Information provided

Our assignment has been carried out on the basis of the information provided by Korian regarding all the factors that could affect property Fair Values. We assume that the information provided is both complete and accurate.

### Compliance with Valuation Standard, status of valuer and Conflict of Interest

We confirm that the Valuation has been undertaken in accordance with the Charte en Expertise Immobilière, the appropriate sections of the current edition of the RICS Valuation – Global Standards which incorporate the International Valuation Standards (“IVS”) and the RICS Valuation Standards (the “RICS Red Book”). In this context “current edition” means the version in force at the Valuation Date. The RICS Valuation Standards reflect the principles to be followed in the context of valuations carried out for Financial Statements meeting IFRS standards.

C&W have in-depth knowledge of the real estate markets in which Korian is active and have the necessary, recognised professional qualifications to perform this assessment.

The assets in question in the context of this assessment constitute a type of asset which is subject of transactions between independent players. The healthcare real estate market is an active market identified and characterized by a significant number of market comparables over the last years in Europe.

## Valuation methodology

We have considered the income approach for our valuation (capitalisation method and Discounted Cash Flow method). We have then ensured the ratios generated were relevant in comparison with the market-observed prices (approach by Market Comparables).

In particular, for properties under development ('IPUC') as at Valuation Date, we have considered the Discounted Cash Flow (DCF) method in order to take into account the construction period and the ramp-up phase after completion date.

## 2. Fair Value in total share as at 31 December 2022

The Cumulative Fair Value in total share corresponds to the sum of the unit values of each asset.

Taking into account the above assumptions, the cumulative Net Fair Value of Korian real estate portfolio as at 31 December 2022 is estimated at EUR 3,454,943,000 excluding transfer costs (three billion four hundred and fifty-four million nine hundred and forty-three thousand euros). On this basis, the capitalisation rate (Rents excl. / Net Fair Value excl. transfer costs + Capex excl. transfer costs) amounts 5.36%.

Taking into account the above assumptions, the cumulative Gross Fair Value of Korian real estate portfolio as at 31 December 2022 is estimated at EUR 3,638,132,438 (Three billion six hundred and thirty-eight million one hundred and thirty-two thousand four hundred and thirty-eight euros). On this basis, the net initial yield (Rents excl. / Gross Fair Value including transfer costs + Capex) amounts 5.10%.

The Korian real estate portfolio is broken down by country as follows:

| Country         | # assets   | Gross Fair Value incl. EUR | Transfer costs | Net Fair Value EUR   | Cap rate <sup>(1)</sup> 31 12 2022 <sup>(***)</sup> | NIY <sup>(2)</sup> 31 12 2022 <sup>(***)</sup> |
|-----------------|------------|----------------------------|----------------|----------------------|---|--|
| France*         | 268        | 1 764 987 091              | 5,25%          | 1 676 930 000        | 5,02%   | 4,78%  |
| Germany**       | 44         | 652 300 750                | 7,39%          | 607 400 000          | 4,79%   | 4,47%  |
| Italy           | 46         | 469 354 000                | 4,74%          | 448 100 000          | 7,32%   | 6,99%  |
| Belgium         | 30         | 339 584 000                | 1,76%          | 333 700 000          | 5,12%   | 5,03%  |
| The Netherlands | 13         | 60 625 810                 | 8,16%          | 56 050 000           | 5,54%   | 5,12%  |
| Spain           | 25         | 119 704 810                | 3,35%          | 115 830 000          | 6,81%   | 6,59%  |
| United Kingdom  | 10         | 231 575 978                | 6,75%          | 216 933 000          | 5,12%   | 4,79%  |
| <b>Total</b>    | <b>436</b> | <b>3 638 132 438</b>       | <b>5,30%</b>   | <b>3 454 943 000</b> | <b>5,36%</b>  | <b>5,10%</b>                                   |

\* France: 268 assets, including 167 community care units "Ages et Vie", for a value as of today equal to EUR 299,160 million excluding transfer costs.

\*\* Germany: The asset located in Altenburg (Germany) has been assumed to be held freehold.

\*\*\* The 7 following assets : Le Pontet, Chambéry, Montvert, Labarthe sur Lèze, the land in Neuilly Plaisance (France), Altenburg (Germany) and the land in Vleuten (Netherlands) are not included in the calculation of the Cap rate (1) and the NIY (2)

<sup>(1)</sup> Cap rate - CAPEX assumed paid = Current or Market Rent / (Net Fair Value excl. + Capex excl. transfer costs)

<sup>(2)</sup> Net Initial Yield - CAPEX assumed paid = Current or Market Rent / (Gross Fair Value incl. + Capex)

The Korian real estate portfolio is broken down by segment as follows:

| Type of asset          | # assets   | Gross Fair Value incl. EUR | Transfer costs | Net Fair Value EUR   | Cap rate <sup>(1)</sup> 31 12 2022 <sup>(****)</sup> | NIY <sup>(2)</sup> 31 12 2022 <sup>(****)</sup> |
|------------------------|------------|----------------------------|----------------|----------------------|--|---|
| Long term senior care* | 180        | 2 261 776 140              | 5,83%          | 2 137 213 000        | 5,17%  | 4,89%   |
| Medical care services  | 79         | 1 034 485 233              | 5,27%          | 982 740 000          | 5,91%  | 5,62%   |
| Community care**       | 169        | 319 683 330                | 1,79%          | 314 060 000          | 5,04%  | 4,95%   |
| Other                  | 8          | 22 187 735                 | 6,01%          | 20 930 000           | 4,84%  | 4,51%   |
| <b>Total</b>           | <b>436</b> | <b>3 638 132 438</b>       | <b>5,30%</b>   | <b>3 454 943 000</b> | <b>5,36%</b>   | <b>5,10%</b>                                    |

\* Long term senior care : The asset located in Altenburg (Germany) has been assumed to be held freehold.

\*\* Community care : 169 assets, including 167 community care units "Ages et Vie", for a value as of today equal to EUR 299,160 million excluding transfer costs.

\*\*\* The 7 following assets : Le Pontet, Chambéry, Montvert, Labarthe sur Lèze, the land in Neuilly Plaisance (France), Altenburg (Germany) and the land in Vleuten (Netherlands) are not included in the calculation of the Cap rate (1) and the NIY (2)

(1) Cap rate - CAPEX assumed paid = Current or Market Rent / (Net Fair Value excl. + Capex excl. transfer costs)

(2) Net Initial Yield - CAPEX assumed paid = Current or Market Rent / (Gross Fair Value incl. + Capex)

### Market conditions explanatory note : Conflict in Ukraine

Despite the initial recovery of the economy from the pandemic, European countries are currently experiencing heightened uncertainty due to the wider global impacts from the war in Ukraine, increased inflationary pressures with inflation having increased significantly, employees in several sectors threatening industrial action in response to the higher costs of living expenses. We have noticed in European countries an increase in interest rates in response to inflation resulting in higher borrowing costs.

These factors are impacting on growth and consumer confidence. In recognition of the potential for market conditions to move rapidly in response to wider economic and political changes, we highlight the importance of the valuation date as it is important to understand the market context under which the valuation opinion was prepared.

### Additional comment

This report cannot be read separately from all the valuation deliverables carried out as part of the Korian valuation instruction as at 31 December 2022.



**Jean-Philippe Carmarans, MRICS**

Chair EMEA Valuation & Advisory

International Partner

**CUSHMAN & WAKEFIELD VALUATION FRANCE SA**