



**SUSTAINABILITY
FINANCING
FRAMEWORK**

AUGUST 2023

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ABOUT **PRAEMIA** **HEALTHCARE**

1

1.1 OVERVIEW OF PRAEMIA HEALTHCARE

Praemia HEALTHCARE (also referred to as the “Company”) has been building a property portfolio since 2007 which totalled 160 healthcare assets as of end of June 2023. Most of the assets are located in France and specialised in acute and medium-term care. At the end of June 2023 the portfolio is valued at €6.2 billion.

Praemia HEALTHCARE is managed under (i) an asset and fund management agreement with Primonial REIM France and (ii) a property management agreement with Primonial REIM Care.

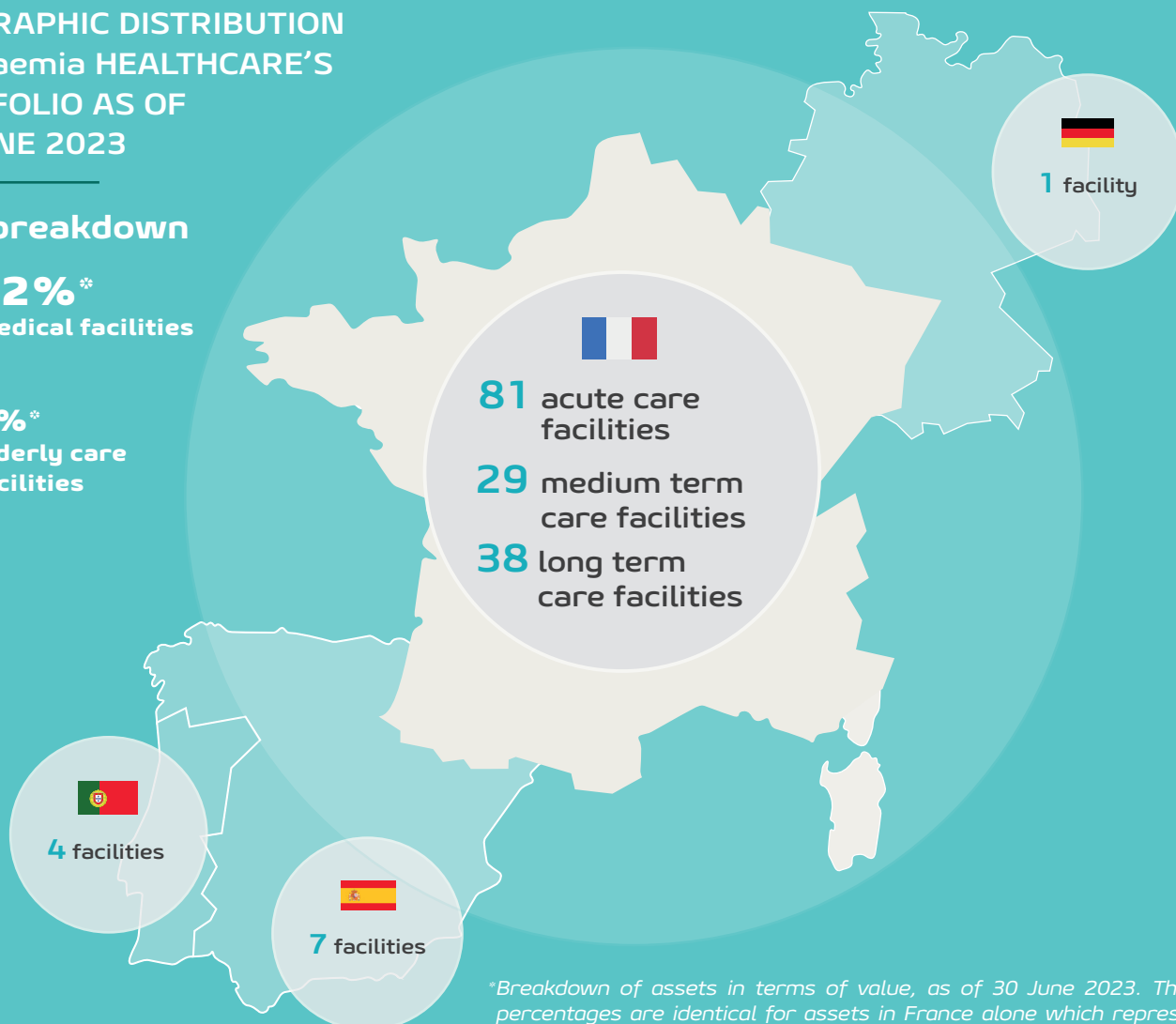
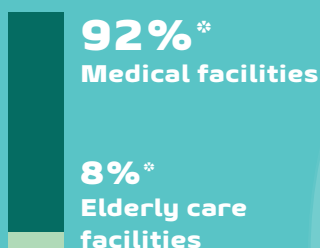
Primonial REIM Care advises Primonial REIM France’s teams on the asset management and fund management of Praemia HEALTHCARE.

Primonial REIM Care includes all the teams in France that were formerly part of Praemia HEALTHCARE (ex Icade Santé). It is responsible for the day-to-day operational management of the property assets owned by Praemia HEALTHCARE and assists the company’s healthcare operators to successfully implement their sale-and-leaseback and property development strategies. Primonial REIM Care’s teams have wide-ranging expertise in real estate investment and complex project management as well as in-depth knowledge of the challenges facing the healthcare sector.

As of 30 June 2023, Praemia HEALTHCARE’s total property portfolio was worth €6.2bn with a total of 160 assets (mostly located in France).

GEOGRAPHIC DISTRIBUTION OF Praemia HEALTHCARE’S PORTFOLIO AS OF 30 JUNE 2023

GAV breakdown



*Breakdown of assets in terms of value, as of 30 June 2023. These percentages are identical for assets in France alone which represent 95% of the value of Praemia HEALTHCARE’s portfolio.

Praemia HEALTHCARE operates as a property investor, assisting healthcare operators and senior care providers by owning and developing healthcare properties across Europe. As such, its main activities include the acquisition, construction, refurbishment and extension of healthcare facilities.

Praemia HEALTHCARE is not responsible for operating the facilities. They are solely run by their operators and Praemia HEALTHCARE's revenue is not directly linked to that of the operators. Through long-term partnerships, it helps healthcare operators develop their business, modernise their facilities and meet local needs. This support focuses on the well-being of residents, patients and employees as well as environmental performance and innovation.

Praemia HEALTHCARE's main objective is to develop and assert its role as a leading platform for healthcare real estate mainly located in France.

Through its acute care facilities and medium-term care facilities in addition to its nursing homes, Praemia HEALTHCARE helps to provide care to people at different stages of their lives.

Healthcare facilities are single-use properties that can be divided into two main categories:

- **Medical facilities** make up most of Praemia HEALTHCARE's portfolio and include: acute care facilities (medicine, surgery and obstetrics) with extensive space featuring cutting-edge equipment; mental health facilities, post-acute care facilities and disability care homes.
- **Elderly care facilities**, which include nursing homes, dedicated to dependent elderly people. Some of these facilities may also provide accommodation in an assisted-living setting.

Long-term relationships with healthcare operators

Praemia HEALTHCARE has become a preferred partner for private healthcare operators, with which it seeks to establish a strategic dialogue through its Partnership Committees and ESG and Innovation Committees. These are a forum for exchanging information on development projects and new healthcare trends.

- Partnership Committees¹ define how to optimise the facilities in the best interest of both the Company and its partner operators.
- ESG and Innovation Committees¹ co-develop action plans in favour of innovation, patient well-being and the energy performance of the facilities in order to assist healthcare operators in adopting an integrated approach to ESG issues.

¹The decisions and initiatives of these Committees are consistent with the governance procedures applicable to Praemia HEALTHCARE and its subsidiaries.



PRAEMIA HEALTHCARE, PLACES THAT CARE FOR PEOPLE THROUGHOUT THEIR LIVES....

The following infographic shows figures for assets in France only.



Population served

34 million people : 50% of the French population

20 000 patients and residents in 2021

Acute care facilities

Medium and long-term care facilities



Geographic distribution of the facilities*



50% Large cities



39% Small and medium-sized cities



11% Rural area

ACUTE CARE

1 537 964 sq.m

80 ACUTE CARE FACILITIES

18 253 beds and places

1 151 operating rooms



47 000 births each year**



Medical and surgical services include: dialysis, cardiology, paediatrics, oncology... Surgery is performed on an outpatient or in-patient basis, depending on the length of stay required.

Obstetrics deals with pregnancy and birth; some maternity hospitals have neonatal wards and specialise in premature births.

2 000 000 stays each year***

MEDIUM-TERM CARE

164 206 sq.m

20 POST-ACUTE CARE FACILITIES

2 474 beds and places

7 MENTAL HEALTH FACILITIES

632 beds and places

These facilities provide care for patients suffering from depression, addiction, cognitive disorders, etc.

Following a hospitalisation, some patients may require post-acute care. Such care refers to the rehabilitation that patients receive in order to achieve complete or partial recovery and the assistance allowing them to adjust to their new situation and regain as much as possible their former quality of life.



Breakdown of beds and places per facility type

1%
disability care homes

3%
mental health facilities

10%
post-acute care facilities



73%
acute care facilities

13%
nursing homes

LONG-TERM CARE

157 333 sq.m

2 DISABILITY CARE HOMES

146 beds and places

Disability care homes provide permanent accommodation for dependent adults with disabilities who need assistance with everyday activities.



36 NURSING HOMES

3 211 beds and places

27 dementia special care units

Nursing homes are long-term residential care facilities that provide medical care to dependent elderly people who need assistance with day-to-day activities. Some facilities have special Alzheimer's or dementia special care units that provide living environments suitable for residents with neurodegenerative diseases.

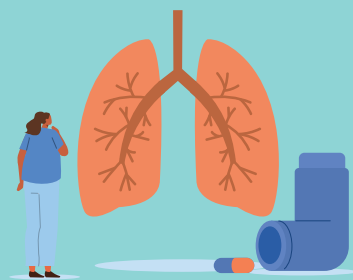
...TO MEET GROWING HEALTH NEEDS

2050
11,2%

2020
6,2%



Proportion of people over 80 in France



36%

Proportion of people with a chronic disease in France****

*According to the "Grille communale de densité" defined by INSEE comprising three categories : "Communes densément peuplées", "Communes de densité intermédiaire", "Communes rurales"

**2021 data in acute care facilities owned by Praemia HEALTHCARE

***2020 data in acute care and medium-term care facilities owned by Praemia HEALTHCARE

****On average in 2019

Sources: Praemia HEALTHCARE's Q2 2023 French portfolio figures - operating assets; French Annual Healthcare Facilities Statistics (SAE) in 2019 and 2021; OECD; DREES; INSEE;

1.2 Praemia HEALTHCARE'S ESG STRATEGY

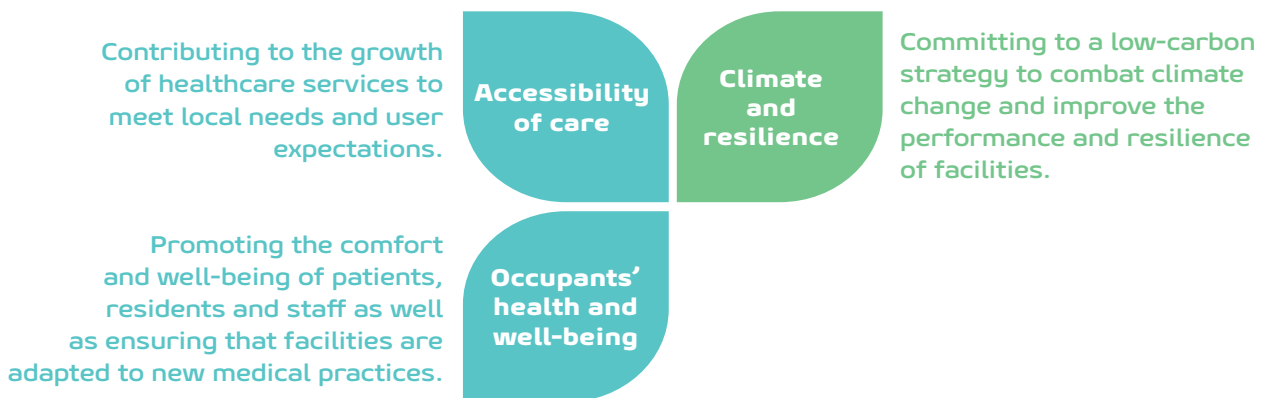
Praemia HEALTHCARE has made ESG central to its growth strategy, convinced that investing and making strong commitments in this area creates value for its stakeholders. These include its tenants and their residents, patients and employees, in addition to its partners, local communities and shareholders.

Through dedicated tools and initiatives, Praemia HEALTHCARE helps its healthcare partners to reduce their environmental footprint, build resilience and have an even greater positive impact on society.

An ambitious ESG strategy in line with stakeholder expectations

Praemia HEALTHCARE's ESG strategy is intended to meet the expectations of its industry and stakeholders. To achieve this, Praemia HEALTHCARE maintains a regular and constructive dialogue with its key stakeholders in a number of ways. For example, a materiality assessment has been conducted to identify the main challenges facing the ESG strategy.

This strategy has been updated and strengthened in 2023 to adhere to Primonial REIM France's new management framework. It focuses on three priority issues which are broken down into commitments:



ESG commitments and associated results are available on Praemia HEALTHCARE's ESG page:
<https://www.praemia-healthcare.fr/en/esg>.

In addition to the priorities presented below, Praemia HEALTHCARE is committed to a number of additional issues such as sustainable mobility, responsible purchasing, circular economy, etc. The Company's material environmental, societal and social issues have been clearly identified and prioritised based on its materiality assessment.



1.2.1 Accessibility of care

Praemia HEALTHCARE aims to contribute through its investments to the growth of healthcare services in order to meet local needs and user expectations. It is committed to carefully monitoring the impact of its portfolio (including acquisition, refurbishment, etc.) on healthcare accessibility.

In France for example, private for-profit facilities make up a substantial part of the hospital and nursing home sectors, accounting for 33% of hospitals, 25% of hospital beds² and 24% of nursing home beds (see Section 2 for more detailed information on France's healthcare system). Private hospitals in Praemia HEALTHCARE's property portfolio account for approximately one-fifth of the for-profit private sector's capacity, serving about half of the country's population. These private facilities are heavily regulated in France and fall under the "Assurance Maladie" universal healthcare system, which ensure limited cost for patients and affordability of care.

This illustrates the crucial role played by Praemia HEALTHCARE in providing access to medical and elderly care in France, including for underserved populations.

1.2.2 Occupants' health and well-being

Creating a positive social impact is an integral part of Praemia HEALTHCARE's business. As a property investor under long-term partnerships with healthcare operators, Praemia HEALTHCARE contributes to the development of exemplary healthcare services and the quality of elderly care in the areas in which it operates. Praemia HEALTHCARE works alongside operators to assist in updating facilities to address changing medical practices and patient care. As a result, refurbishments and extensions are frequently carried out. Primonial REIM Care's project management teams, which also have expertise in legal and financial engineering, are responsible for planning and supervising any such work.

Praemia HEALTHCARE is also committed to investing in facilities that meet the highest ESG standards and supporting healthcare operators in improving the quality of care, comfort and well-being of occupants in their facilities:

- In collaboration with AFNOR³, Praemia HEALTHCARE has drafted a Quality of Life in Nursing Homes Charter⁴ which sets out its values for its investments in this asset class. It includes an internal framework encompassing over 100 criteria related to well-being, quality of living environments and resident safety and care. This framework has been used since 2020 as part of acquisition audits in France and has been implemented in other countries since early 2022. All nursing home acquisitions are assessed based on this framework. This framework is regularly updated to ensure that it remains as relevant as possible. It was last updated in 2022.
- Since 2019, Praemia HEALTHCARE has provided on-site audits to assess the ability of the existing medical facilities to accommodate new medical practices. These audits make it possible to identify new solutions for adapting the properties to optimise their quality of care and accommodation as well as the well-being of patients and caregivers alike.

² <https://drees.solidarites-sante.gouv.fr/sites/default/files/2022-07/Fiche%20001%20-%20Les%20grandes%20cat%C3%A9gories%20d%E2%80%99%C3%A9tablissements%20de%20sant%C3%A9.pdf>

³ AFNOR (Agence Française de Normalisation) : French Standardisation Association

⁴ Quality of Life in Nursing Homes Charter (available on Praemia HEALTHCARE's ESG page)



Praemia HEALTHCARE implements a patronage policy around the theme of “living well in healthcare facilities” to support projects led by institutions and associations that contribute to improving the experience and well-being of patients and residents in healthcare and medico-social facilities. In 2022, a total of €100,000 was divided between thirteen projects selected by Praemia HEALTHCARE’s Patronage Committee that includes qualified representatives from the healthcare and medico-social sectors.

1.2.3 Climate and resilience

Committing to a low-carbon strategy to combat global warming

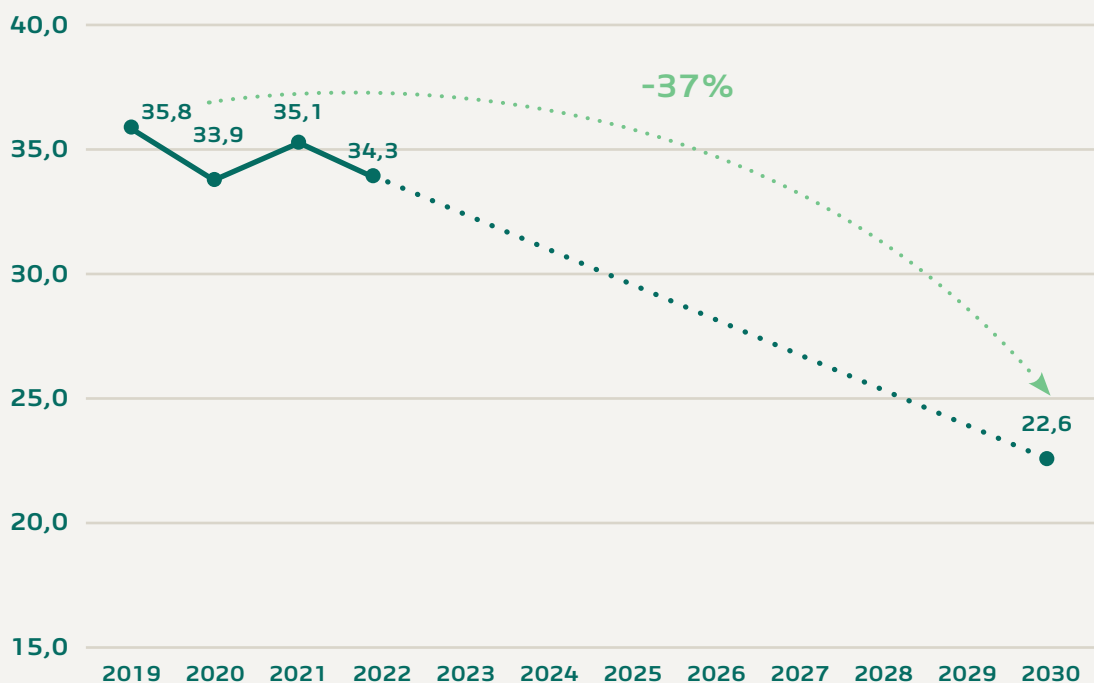
The real estate sector is responsible for 25% of greenhouse gas emissions in France and therefore has a major part to play in the fight against climate change. Praemia HEALTHCARE has made reducing carbon emissions the top priority of its ESG strategy.

Within the real estate sector, healthcare facilities have significant and specific energy requirements. Acute care facilities, for example, operate long hours throughout the year and use energy-intensive equipment (e.g. operating theatres, MRIs, CT scanners, robots, etc.). Similarly, although they require less equipment than acute care facilities, nursing homes, post-acute care facilities and mental health facilities cater to individuals with specific needs. For example, nursing homes must provide access to air-conditioned areas to ensure the comfort of residents in summer. In addition, post-acute care facilities may provide specific equipment, such as for balneotherapy purposes, to better treat their patients.

As a result, measures to improve energy and carbon performance must be tailored to these specific asset classes and implemented in such a way as to contribute to the comfort of patients, residents and healthcare staff.

In 2021, Praemia HEALTHCARE defined its pathway to reduce the carbon intensity of its assets in France, with a target reduction of 37% between 2019 and 2030.

GHG emissions of Praemia HEALTHCARE’s assets in France
(in kgCO₂e/sq.m/year)



An estimated €120 million has been budgeted over 10 years to help attain this goal by financing building envelope improvements among other things. Praemia HEALTHCARE invests in insulating roofs and façades and replacing woodwork at its facilities. Innovative passive solutions are used to make these improvements. For example, Praemia HEALTHCARE has already used low-carbon joinery and white roof cladding in some facilities to reflect the sun's rays and improve summer comfort.

Under Praemia HEALTHCARE's leases, responsibility for improving energy performance is shared with the operators. They have a major role to play in meeting energy consumption and carbon emission reduction targets, notably by installing energy-efficient equipment (e.g. by replacing boilers) and using less carbon-intensive energy sources.

Praemia HEALTHCARE and its operators regularly discuss ways to implement action plans. These discussions ensure that actions are coordinated to optimise energy and carbon gains, adhere to the carbon reduction pathway and implement the energy consumption reduction target under *Éco Énergie Tertiaire*⁵, France's energy efficiency initiative for service sector properties, with which both Praemia HEALTHCARE and its tenants must comply.

Since 2017, Praemia HEALTHCARE has provided its tenants with a tool for monitoring and reporting on the energy and carbon performance of assets covering 91% of its portfolio in France in 2022. Praemia HEALTHCARE has stepped up its support in 2023 by committing to ensuring that 100% of the assets in this portfolio requiring an energy audit have one by 2030, and that this audit is shared with the tenant.

More generally, Praemia HEALTHCARE assists its tenants with all ESG issues by organising ESG and Innovation committees⁶. They provide an opportunity for joint reflection on the challenges facing healthcare facilities and how to respond effectively.

Praemia HEALTHCARE is also committed to building to the highest environmental standards. It has worked with healthcare operators to initiate the implementation of certification in the healthcare property sector. Completed in 2016 and operated by Ramsay Santé, Domont private hospital is Praemia HEALTHCARE's first HQE-certified building. It is the first facility entirely dedicated to outpatient care in the Paris region. Since 2021, Praemia HEALTHCARE has set an environmental certification objective for its construction projects over 4,000 sq.m by defining a minimum rating to be obtained (HQE Very Good or equivalent), thus ensuring the construction of facilities meeting the highest standards for quality and comfort. The certification covers a wide range of ESG topics (e.g. energy, water and waste management; hygrothermal, acoustic, visual and olfactory comfort; indoor air quality), and helps to ensure that buildings are energy efficient and resilient over the long term. Primonial REIM Care's teams strive to keep pace with changes in quality standards and notably worked with Certivea to develop the new HQE standard applicable to healthcare facilities issued in 2023.

Lastly, while HQE certification takes a holistic approach and ensures a high level of quality and comfort, Praemia HEALTHCARE also aims to obtain the E+C- label for pilot projects in France, enabling them to achieve the highest levels of energy and carbon performance. This label aims to control the carbon emissions associated with new buildings over their entire life cycle.

In addition, Praemia HEALTHCARE is committed to developing renewable energies (solar, geothermal, etc.) in new facilities and is working with operators to implement them in existing ones by installing solar panels or connecting to a low-carbon heating network for example, with the aim of decarbonising their energy mix.

Improving the resilience of facilities in the face of climate change

Praemia HEALTHCARE also takes into account the physical risks associated with climate change which may disrupt its business operations and strives to make its buildings more resilient and comfortable. Praemia HEALTHCARE is committed to assessing the vulnerability of all of its existing assets and future construction projects to climate change. For risks considered material, an audit is undertaken that models the impact of climate change on the asset and its surrounding area. The major possible hazards identified in the portfolio are heat waves, due to the particular vulnerability of occupants, drought, as well as inland and coastal flooding. Praemia HEALTHCARE also pledges to identify responsive solutions and adapt its assets most exposed to climate risks, with priority given to heatwaves as well as inland and coastal flooding by 2030.

For example, Praemia HEALTHCARE is conducting a three-stage risk analysis of inland and coastal flooding. The first step involves conducting a risk analysis of the entire portfolio using a mapping tool. If a major risk is identified at a facility, a preliminary evaluation is made by a consultancy firm to assess the materiality of the risk. If deemed material, a full on-site assessment is carried out to identify areas of vulnerability and recommend specific adaptation measures.

Promoting biodiversity and reducing land take

Praemia HEALTHCARE's action plan is mainly focused on financing the restoration of the most fragile ecosystems. For instance, since 2017, 100% of the land area developed in France by Praemia HEALTHCARE as part of new-build projects has resulted in the restoration of an equivalent area of natural habitat in partnership with Nature 2050, i.e. more than 50,000 sq.m. To promote biodiversity and user comfort, Praemia HEALTHCARE is also committed to prioritising green spaces and reducing soil sealing in its construction projects, which is also one of the key levers for improving the resilience of the facilities to the effects of climate change (water cycle, reduction of heat islands, etc.).

⁵ Decree No. 2019-771 of July 23, 2019 on obligations to take action to reduce energy consumption in service-sector buildings – *Légifrance (legifrance.gouv.fr)*

⁶ The decisions and initiatives of these Committees are consistent with the governance procedures applicable to Praemia HEALTHCARE and its subsidiaries.

1.3 ESG STRATEGY: GOVERNANCE AND RATINGS

1.3.1 ESG governance

Praemia HEALTHCARE’s Board of Directors defines the Company’s ESG strategy (in compliance with Primonial REIM France’s overall ESG policy in its capacity as asset manager) taking into consideration the social and environmental issues relevant to the business.

Primonial REIM Care’s ESG Department monitors commitments and puts in place action plans to implement the Company’s ESG strategy under the supervision of Primonial REIM France’s teams and partners.




Primonial REIM Care’s Head of ESG ensures that Praemia HEALTHCARE’s ESG policy, which is in line with the overall ESG policy defined by Primonial REIM France acting as asset manager, is applied, particularly to:

- Portfolio management, with all facilities included in the overall policy. This commitment is evidenced by the very high coverage rate of ESG data on the portfolio and the fact that ESG and innovation committees⁷ with healthcare operators covered 94% of the healthcare property portfolio in 2022.
- Potential acquisitions, thanks to an ESG assessment. This assessment measures the contribution of potential acquisitions to the Company’s environmental and social impact such as quality of life in its facilities, quality of care, carbon footprint, resilience to climate change, etc.

Primonial REIM Care’s employees, managers and Executive Committee members are also given an ESG objective as part of their annual objectives. The variable remuneration of all managers is linked to achieving their ESG objectives.

1.3.2 ESG ratings

Praemia HEALTHCARE’s ESG performance is also reflected in its ESG ratings⁸. Sustainalytics assessed its exposure to ESG risks as negligible (the best possible rating) and ranked it 65th out of 1,044 real estate companies. Praemia HEALTHCARE also improved its Moody’s ESG score, obtaining an A1 rating in July 2022 based on an overall score of 64/100 (vs. 63/100 in 2021). Lastly, the Global Real Estate Sustainability Benchmark (GRESB) assigned the scores of 68/100 on standing investments and 88/100 on development.

	REAL ESTATE	GENERALISTS	
			
Standing Investments	<p>68/100</p> <p>Western Europe ranking Healthcare Core Tenant Controlled 7/10</p>	<p>9.8/100 (inverted scale): Negligible risk</p> <p>65/1044 real estate ranking</p>	<p>64/100</p> <p>Rating A1, corresponding to the rating obtained by the top 5 % of the highest-ranking companies in the “Financial Services – Real Estate Europe” sector.</p>
Development	<p>88/100</p> <p>Europe ranking Healthcare Non-listed 2/6</p>		

⁷ The decisions and initiatives of these Committees are consistent with the governance procedures applicable to Praemia HEALTHCARE and its subsidiaries.

⁸ GRESB and Moody’s ESG Solutions’ ratings were issued in 2022 and Sustainalytics’s rating was issued in 2023, under Icade’s governance and include the assets of the former Icade Santé and Icade Healthcare Europe.

1.3.3 Contribution to the UN Sustainable Development Goals

One of the ways the ESG issues are prioritised is by analysing the 17 UN Sustainable Development Goals (SDGs). Praemia HEALTHCARE has compared its activity and ESG strategy against these major goals to establish a link between the 169 SDG targets and its own objectives, actions and issues that are relevant to its business. This analysis made it possible to identify relevant targets corresponding to 14 SDGs to which Praemia HEALTHCARE can make a major contribution through its own activities and as a subsidiary of Primonial REIM by implementing Group-wide policies.

The selected goals were classified based on three priority levels, depending on the degree of Praemia HEALTHCARE's potential contribution to each of them:

- Core SDGs for Praemia HEALTHCARE as they specifically relate to its business activities, i.e. its investments in healthcare facilities and the healthcare services that are provided by its tenants. Three goals are considered as core SDGs.
- Priority SDGs: these are goals which Praemia HEALTHCARE has prioritised and already integrated into its solutions. Three goals are considered a priority.
- Significant SDGs: these are goals that are relevant to Praemia HEALTHCARE's activities and that are also integrated into its strategy. Eight goals are considered significant.



Résidence Valmy (21) - DomusVi

CORE GOALS



3

Good health and well-being



10

Reduced inequalities



17

Partnerships for the goals

Praemia HEALTHCARE contributes substantially to SDG 3 and targets 3.4 (Non-communicable diseases) and 3.8 (Universal health coverage) through its investments in healthcare facilities, as well as through the health services provided by operators, notably in acute, post-acute, disability, mental health and elderly care.

In addition, Praemia HEALTHCARE contributes substantially to SDG 10 and target 10.2 (Empowerment and integration) by developing healthcare infrastructure and facilities, ensuring equal access to healthcare services and promoting inclusion in the areas in which it operates.

Praemia HEALTHCARE also substantially contributes to SDG 17 and target 17.17 (Multi-stakeholder partnerships) through its partnerships with healthcare operators and SDG 3 by innovating and helping healthcare operators provide cutting-edge and quality care.

PRIORITY GOALS



7

Affordable and clean energy



11

Sustainable cities and communities



13

Climate action

SIGNIFICANT GOALS



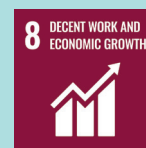
4 Quality education



5 Gender equality



6 Clean water and sanitation



8 Decent work and economic growth



9 Industry, innovation and infrastructure



12 Responsible consumption and production



15 Life on land



16 Peace, justice and strong institutions



Praemia HEALTHCARE's full contribution to the SDG is detailed on its website⁹

⁹ <https://www.praemia-healthcare.fr/en/>

**FRANCE: A HIGHLY
REGULATED PUBLIC
AND PRIVATE HEALTHCARE
SYSTEM GUARANTEEING
ACCESS TO CARE
WHICH NEEDS TO BE
STRENGTHENED IN THE FUTURE
TO MEET CHANGING NEEDS**

2

2.1 ABOUT THE FRENCH HEALTHCARE SYSTEM

The French healthcare system is based on a strong model with clearly established regulations for the provision and financing of healthcare. It covers the healthcare expenditure of patients in both the public and private sectors ensuring access to care.

The French healthcare sector (public, private not-for-profit and for-profit) falls under the French Social Security scheme and more specifically under the "Assurance Maladie" universal healthcare system which guarantees coverage of healthcare expenses for all individuals who are working or have been residing in France on a stable and ongoing basis for at least three months.

The sector is heavily regulated by public authorities. The main regulators are the Regional Health Agencies (ARSs or "Agences Régionales de Santé"). These agencies regulate primary care (including ambulatory care), secondary care (hospital care) and long-term care (for the elderly and people with disabilities) in the public and private sectors. Each ARS is responsible for implementing public health policies and regulating the provision of healthcare in its respective region¹⁰. ARSs coordinate care and allocate the operating budget of public and private hospitals, healthcare centres, and facilities for seniors, people with disabilities and dependent people. Regardless of the status of the provider (public or private), the ARS ensures the proper geographic distribution of doctors and care as well as the optimisation of resources and health expenditure.

¹⁰ <https://www.ars.sante.fr/>



2.1.1 Medical facilities

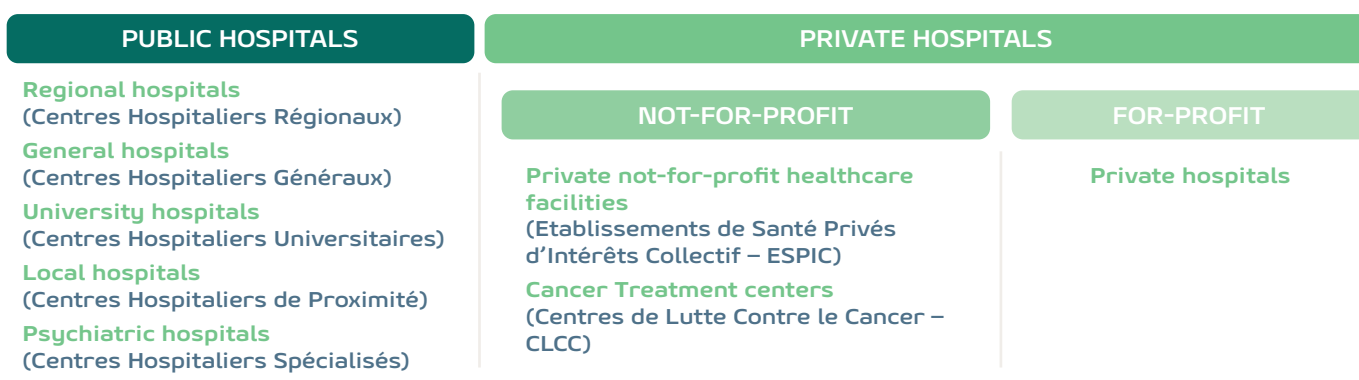
About the sector

Medical facilities are tasked with carrying out a mission of general interest as defined by the French Public Health Code (Code de la Santé Publique).

The French medical sector (both public and private) is responsible for providing services in the following areas:

- **Acute care** (medicine, surgery, obstetrics and odontology – “Médecine, Chirurgie, Obstétrique, Odontologie”). Provision of acute hospital care or for serious conditions during their acute phase in medicine, surgery, obstetrics and dentistry.
- **Mental health** (“Établissements de Santé Mentale”). Provision of specialised care in the treatment of mental disorders.
- **Post-Acute Care** (“Soins de Suite et de Réadaptation”). Provision of care (including rehabilitation) for the treatment or medical supervision of patients requiring ongoing care before returning home.

The French hospital sector has three types of service providers:

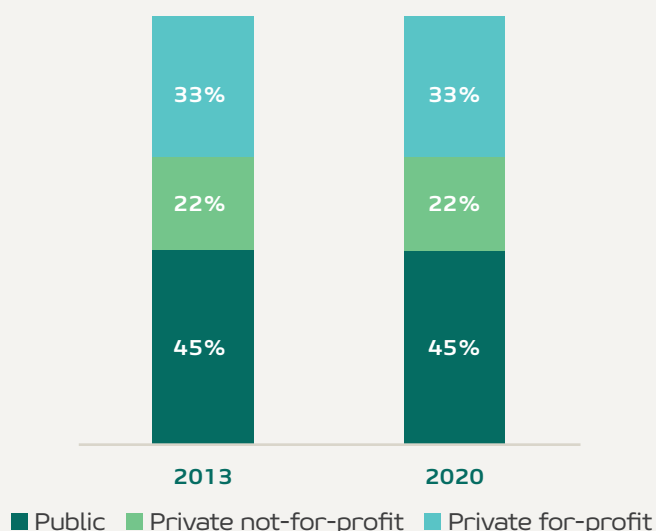


As of December 31, 2020, there was a total of 2,989 hospitals across France with 387,000 beds (in-patient capacity) and 80,000 places (outpatient capacity)¹¹.

In the French healthcare sector, public and **private-sector facilities** have always coexisted, with the latter accounting for up to **33% of the total** (as detailed below) and c. **25% of the number of beds and places** (as detailed below), with no noticeable changes from 2013.

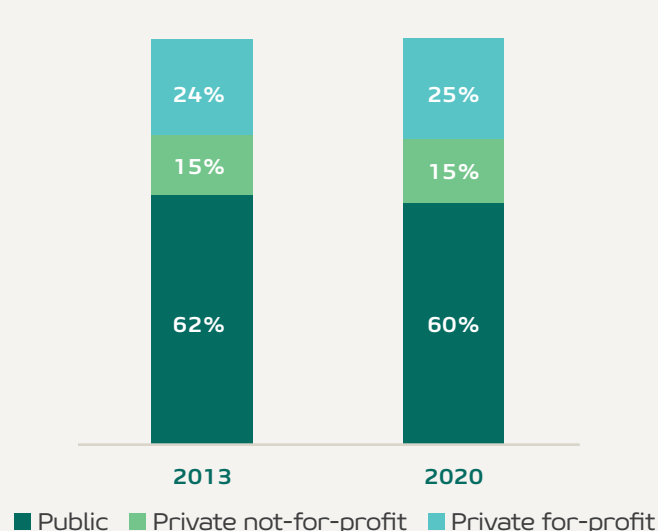
The proportion of private hospitals in the French hospital sector has remained stable, with the addition of new facilities, beds and places strictly regulated by Regional Health Agencies (ARSs).

Split of number of hospitals by service providers



Source: DREES, Les établissements de santé, 2022

Split of number of beds and places by service providers



Source: DREES, Les établissements de santé, 2022

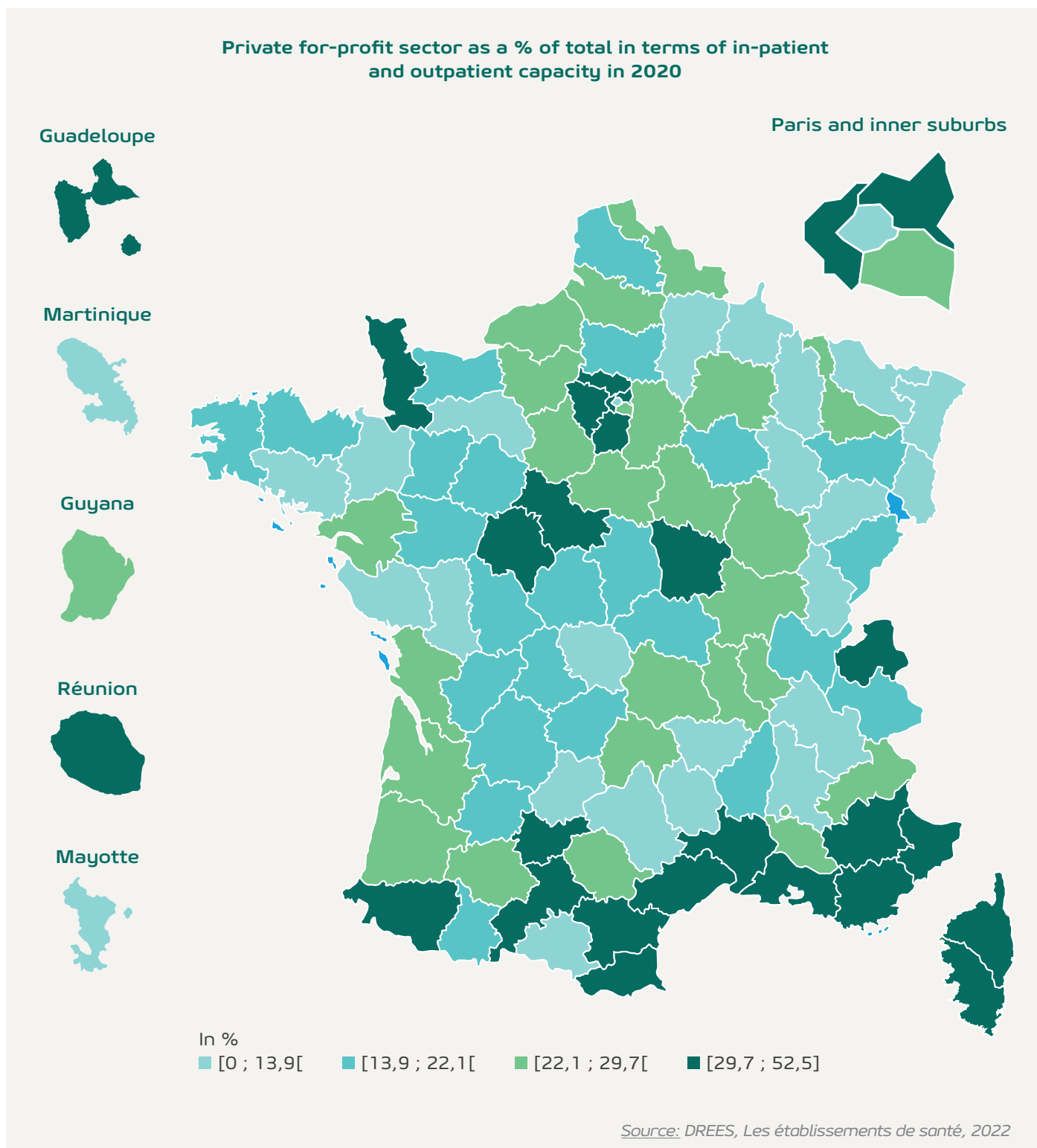
¹¹ Les établissements de santé – 2022 edition – DREES

The historical co-existence of public and private facilities in the French healthcare system continues up until today. For instance, **c. 65% of outpatient surgery in France is performed in private facilities**¹². In some places and for specific services such as routine surgical procedures where private facilities are able to deliver outstanding results through repetition and organisation, public-private health partnerships (GCS or “Groupement de Coopération Sanitaire”) can be set up. These partnerships allow public and private facilities to coordinate the provision of care based on their particular areas of expertise. Praemia HEALTHCARE has such facilities in its portfolio.

Geographic breakdown

The geographic distribution of French hospitals is managed by the French government through dedicated agencies, with one for each administrative region, i.e. Regional Health Agencies (ARSs).

In terms of geographic distribution, there are private for-profit hospitals all over France, with a greater concentration in some areas (up to 30% to 50% of the available hospital capacity):



¹² Les établissements de santé – 2022 edition – DREES by number of procedures

There is a large number of private for-profit facilities across France in large and medium-sized cities as well as less populated areas. The private hospital sector accounts for a significant proportion of the total available supply of healthcare services in France. The fact that there are both public and private facilities in France helps to ensure easy and rapid access to healthcare for the French population. In 2021, the number of hospital beds available per 1,000 inhabitants was 5.7 in France, compared with an average of 4.7 in Europe and 4.3 in OECD countries¹³.

Praemia HEALTHCARE's medical assets provide about one-fifth of the number of beds and places available in France's private hospital sector. They contribute to the overall capacity of this sector and ensure the care of patients across the country.

Treatment costs

As mentioned in the introduction to this section, the French healthcare sector, through the French Social Security scheme¹⁴ and Assurance Maladie¹⁵, guarantees broad protection to individuals from the consequences of various medical events or situations. It more specifically guarantees coverage of healthcare expenses for all individuals who are working, or have been residing in France on a stable and ongoing basis for at least three months. The Assurance Maladie national scheme covers most of the costs incurred by patients for medical services for all types of healthcare service providers: public, private not-for-profit and private for-profit (when covered by an agreement with Assurance Maladie, see more information below).

In 2021, **French Social Security covered 93.3% of costs in the hospital sector (public and private combined)**¹⁶.

Out-of-pocket hospital expenses (public and private sector combined) **represented 1.8%**¹⁷ on average as **supplementary health insurance** also covered some of the expenses.

Supplementary health insurance in France (often referred to as mutual insurance) is specifically designed to reimburse costs exceeding the amount covered by Assurance Maladie. The amount reimbursed is calculated the same way whether the cost is incurred in the public or private sector. Supplementary health insurance is widely available in France as a vast majority of employers must provide it to employees in accordance with strict requirements that include minimum reimbursement coverage plans.

In addition, French solidarity supplementary health insurance (Complémentaire Santé Solidaire – CSS, former CMU-C) allows individuals who cannot afford supplementary health insurance (under a certain income threshold defined by law) to benefit from healthcare services without any upfront costs. It applies to both public and private healthcare service providers in France.

Private for-profit hospitals comprise two types of facilities:

- **Private facilities covered by an agreement with Assurance Maladie**, which make up the vast majority of all private facilities in France. These facilities operate similarly to public hospitals which are also covered by Assurance Maladie. In some instances and under the supervision of the relevant Regional Health Agency (ARS), they can even assume the role of public hospitals for a given area¹⁸. In private facilities covered by an agreement with Assurance Maladie, patients only pay the out-of-pocket portion of medical costs, if any, after receiving medical care and are informed of any potential out-of-pocket expenses beforehand. The French Social Security system covers almost 90% of the cost of hospitalisation in private facilities, with the remainder covered by complementary private health insurance, complementary state health insurance (formerly Couverture Maladie Universelle Complémentaire) and patients. All of the facilities owned by Praemia HEALTHCARE fall into this category.
- **Private facilities having no agreement with Assurance Maladie**: there are very few private facilities in France not covered by an agreement with Assurance Maladie and Praemia HEALTHCARE does not own any such facilities. In these facilities, medical costs must be paid upfront by patients and Assurance Maladie will subsequently reimburse patients for 80% of the accommodation and medical fees as set out in the official fee schedule. As private facilities having no agreement with Assurance Maladie charge higher fees, the costs to be borne by patients can be very high.

¹³ <https://stats.oecd.org/Index.aspx?ThemeTreeId=9#>

¹⁴ https://www.cleiss.fr/docs/regimes/regime_france/an_0.html

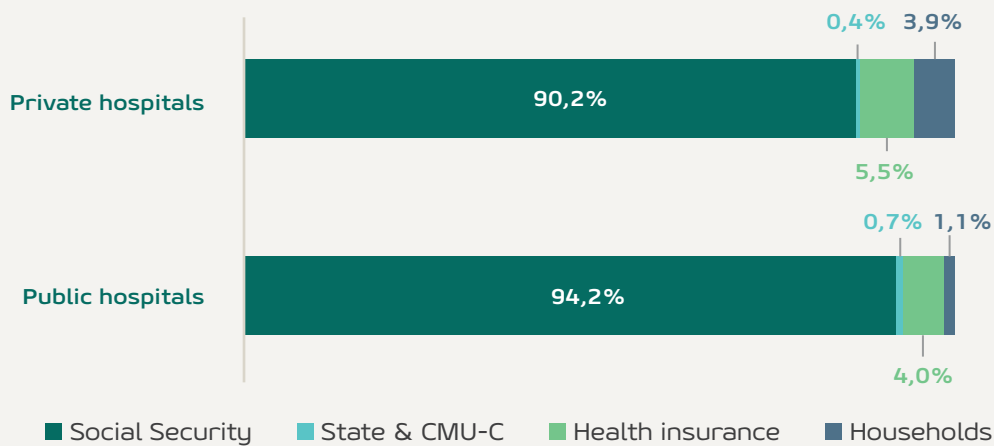
¹⁵ https://www.cleiss.fr/docs/regimes/regime_france/an_1.html

¹⁶ Les dépenses de santé en 2021 – 2022 edition – DREES

¹⁷ Les dépenses de santé en 2021 – 2022 edition – DREES

¹⁸ Art. L. 6112-3 of the French Public Health Code (“Code de la Santé Publique”)

How France's public and private for-profit hospitals were funded in 2021¹⁹



Source: DREES, *Les dépenses de santé*, 2022

The cost of medical services and procedures is heavily regulated. Acute care facilities operate under a fee-for-service payment model (TZA or “Tarification à l’activité”) which sets a nationwide reimbursement rate for each service for all public and private hospitals. As a result, private for-profit hospitals covered by an agreement with Assurance Maladie (as are all the tenants in facilities owned by Praemia HEALTHCARE) may not freely set the prices for their medical services or charge patients above the government-approved fee schedule for a given procedure.

The cost of treatment may differ between public and private for-profit hospitals due to two factors:

- **Accommodation and administrative costs**, such as private rooms or specific services and features. The difference in price between a private room in a private hospital and one in a public hospital is not significant but the patient may incur an additional charge.
 - Praemia HEALTHCARE is not involved in setting the prices charged by operators for accommodation and services.
- **Excess fees charged by medical practitioners.** Medical practitioners may charge fees above the fee schedule defined by law. Fees charged by practitioners who are covered by a “medical agreement” entered into between independent medical practitioners’ unions and Assurance Maladie are subject to regulation²⁰. The exact amount of excess fees must be disclosed to patients before any procedure is performed²¹. Excess fees are often covered by supplementary health insurance but patients may have to pay out of pocket for a portion of the fees if they exceed a certain amount. In any case, patients insured by CSS are exempt from paying any excess fees.
 - As medical practitioners operating in private for-profit hospitals are self-employed professionals having no contractual relationship with Praemia HEALTHCARE but one with its tenants, Praemia HEALTHCARE does not negotiate caps on excess fees for medical services with the operators of its facilities. Nevertheless, some operators may choose to cap the excess fees that medical practitioners may charge for certain procedures.

Authorisation issuance and quality monitoring

In the same way as public facilities, private for-profit facilities must obtain a license issued by the ARS responsible for their area in order to operate. They are also frequently inspected by the French National Authority for Health (Haute Autorité de Santé, HAS) to obtain HAS certification.

Public, private not-for-profit and for-profit facilities must enter into comprehensive multi-year agreements setting out targets and resources (CPOM or “Contrats Pluriannuels d’Objectifs et de Moyens”) with their respective ARS. These agreements detail the type of care the facilities are authorised to provide, the financing they receive as well as their public service missions.

¹⁹ *Les dépenses de santé en 2021 – 2022 edition – DREES*

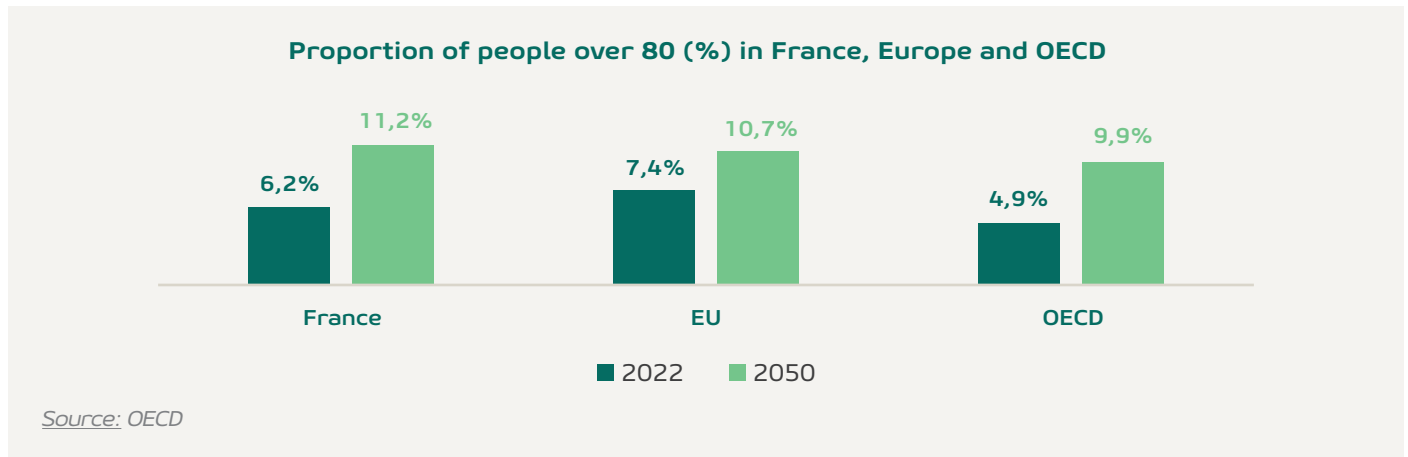
²⁰ *Le règlement arbitral, la convention et ses avenants – Assurance Maladie*

²¹ *Information du patient sur les tarifs des consultations et actes médicaux (service-public.fr)*

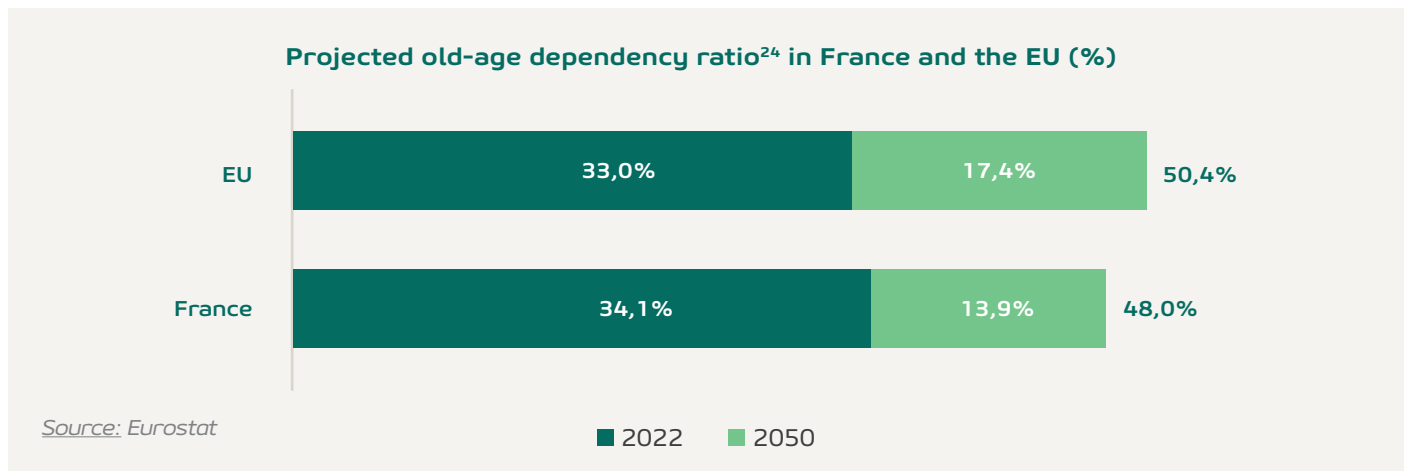
2.1.2 Nursing homes

About the sector

The availability of beds in nursing homes is an important issue in France as the proportion of people over 80 is expected to reach 11.2% by 2050 versus 6.2% in 2020²².



As a consequence, demand for nursing homes has been consistently increasing throughout France and will continue to do so. What's more, the old-age dependency ratio will reach almost 50% over the same timeframe²³.



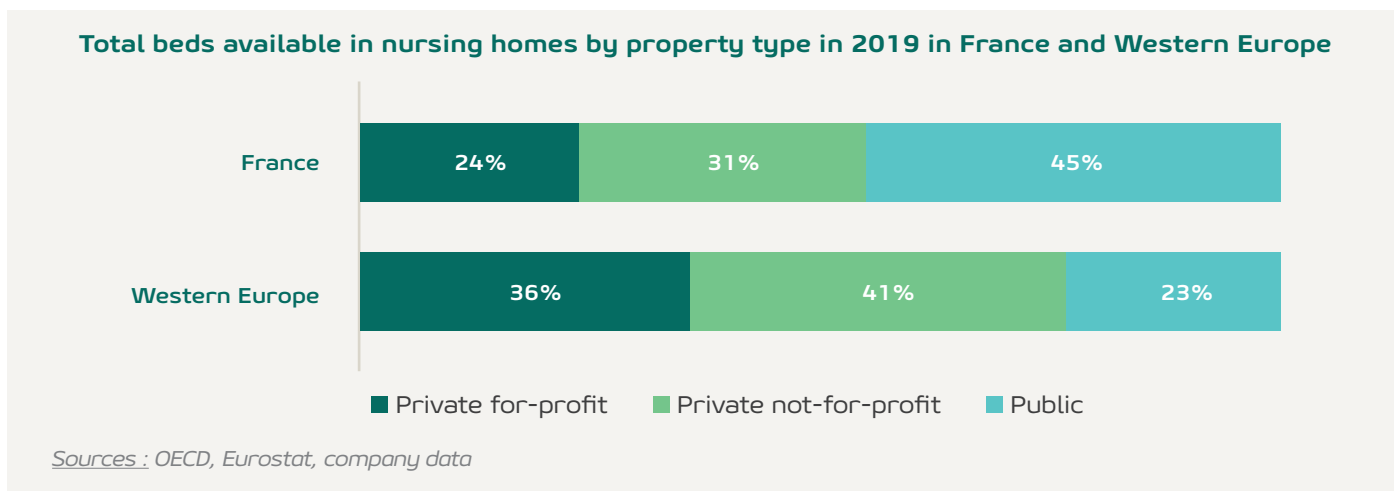
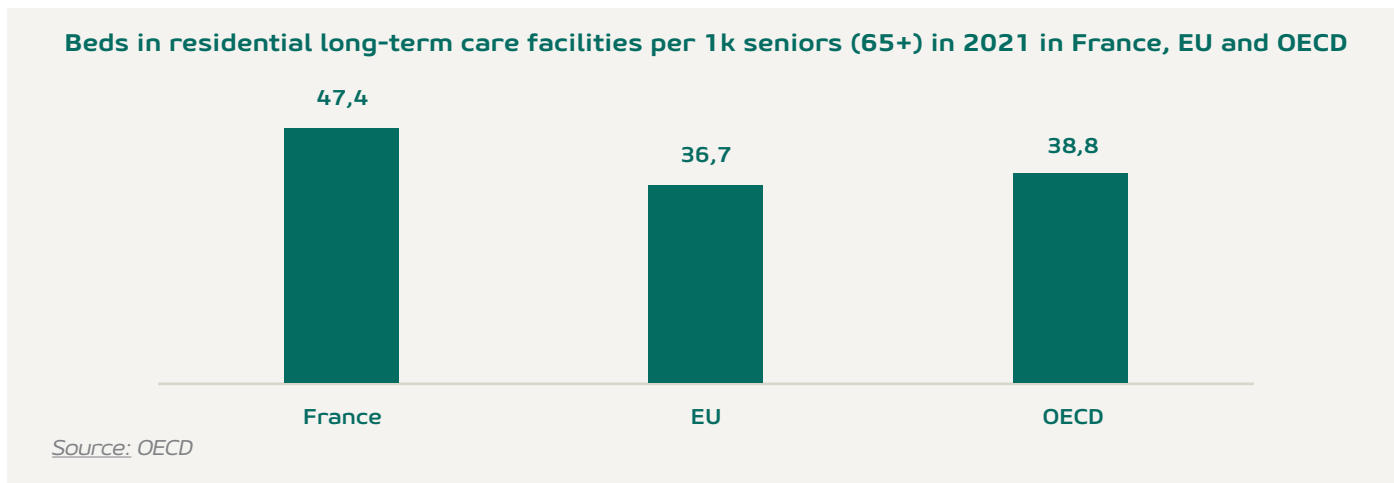
²² <https://stats.oecd.org/Index> ; <https://www.oecd-ilibrary.org/sites/>

²³ <https://ec.europa.eu/eurostat/databrowser/view/>

²⁴ defined as the ratio of the number of elderly people (aged 65 years and over) compared with the number of people of working age (15-64 years).



To meet this challenge, it is essential that public and private players mobilise to guarantee access to quality healthcare and solutions that address an ageing population.



Præmia HEALTHCARE invests in nursing homes dedicated to dependent elderly people (Accommodation Facilities for Dependent Elderly Persons or “Établissements d’Hébergement pour Personnes Âgées Dépendantes”, EHPAD).

In France, elderly care facilities are categorised based on the degree of independence of residents (measured by GIR or “Groupe Iso-Ressource”) on a scale from 1 to 6:

- **GIR 1 to 2:** completely or severely dependent;
- **GIR 3 to 4:** mildly to moderately dependent;
- **GIR 5:** almost independent;
- **GIR 6:** completely independent.

Elderly people with a GIR between 1 and 4 are eligible for admission into a nursing home of any type.

There are three different types of nursing homes in France: public, private not-for-profit and private for-profit.

In 2019, there were 612,277 nursing home beds available in France²⁵, including 24% in private for-profit facilities.

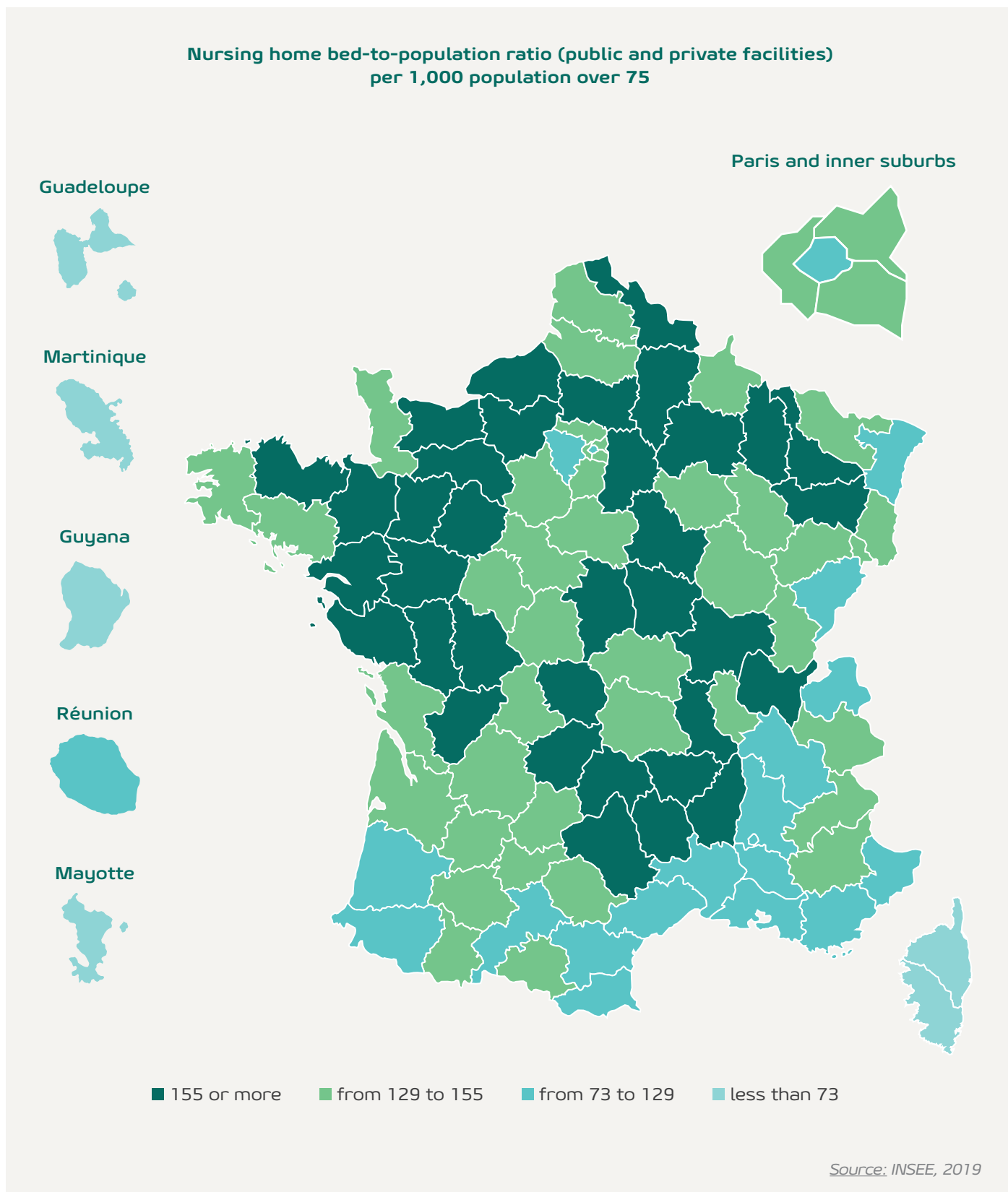


The private sector already makes a significant contribution to the provision of elderly care throughout the country and will play a key role in the future in developing the infrastructure needed to meet the increase in demand. Elderly care properties are an important part of this equation. Real estate supply will have to expand to meet the demand for new beds.

²⁵ Capacité d’accueil des personnes âgées selon la catégorie d’établissement au 31 décembre 2019 | Insee

Geographic breakdown

ARSs are responsible for ensuring the provision and distribution of healthcare in their respective region²⁶. The addition of new beds is decided by public authorities and awarded through a competitive selection process under the relevant ARS's strict control.



Praemia HEALTHCARE is fully committed to meeting the future needs of the French population. Praemia HEALTHCARE has adopted a population-based approach for its investments in nursing homes through the monitoring of indicators such as the bed-to-population ratio and the number of beds already available.

²⁶ <https://www.ars.sante.fr/>

Treatment costs

Nursing home fees consist of three main components, i.e. healthcare, dependency, which are both regulated by public authorities, and accommodation²⁷.

- **Healthcare costs** (around 20% of daily costs). They are entirely covered by the French Social Security System (except some exceptional costs such as dental expenses);
- **Dependency costs** (around 10% of daily costs). They are mostly covered by departmental councils. They include all costs related to the assistance necessary to help dependent persons in their daily lives. Dependent elderly persons can be eligible for a Personal Independence Allowance (“Allocation Personnalisée d’Autonomie”, APA) which is the contribution from the French Social Security System (“Assurance Vieillesse”) to cover part of the costs associated with this daily care. Those costs are set depending on the elderly person’s GIR score and by departmental councils for a period of one year for all types of nursing home operators;
- **Accommodation costs** (around 70% of daily costs). They include all costs related to housekeeping, meals, maintenance and more generally to the leisure activities and entertainment offered. Those costs are to be borne by the resident, with potential assistance available for dependent elderly persons under a certain income threshold. Facilities can also sign social assistance agreements and reserve a share of the beds for social assistance recipients who cannot meet the accommodation costs themselves (lower rates and subsidies granted by local authorities). In 2019, 44% of private for-profit nursing homes had signed an agreement to accommodate social assistance recipients²⁸.

The amount of accommodation costs must be set out in the accommodation agreement signed by the elderly person when they enter the facility. This amount cannot change during the year and is reviewed every year. Increases in accommodation costs charged to residents are strictly regulated.

Accommodation costs differ depending on whether beds are reserved for social assistance recipients or not:

- For **beds reserved for social assistance recipients**, the departmental council sets and regularly reviews the amount of accommodation costs. Percentage increases may not exceed a certain level as defined by decree each year²⁹;
- For **beds not reserved for social assistance recipients**, accommodation costs are reviewed based on a percentage annual increase set by ministerial order each year. For example, the authorised percentage increase was set at 1.25% in 2019. In 2020, it was set at 1.08%.³⁰

In 2018, the accommodation costs per day were on average €66. This cost ranges from €57 for beds in the public sector, €64 for beds in the private not-for-profit sector and €89 for beds in the private for-profit sector³¹.

The difference in cost between public and private for-profit facilities can be explained by a number of factors, particularly by real estate aspects and accommodation features.

For example, in 2019, 11% of beds in public nursing homes were in shared rooms, compared with 7% in the private for-profit sector.

In addition, 25% of bedrooms in public nursing homes do not have a private shower, compared with 4% in the private for-profit sector³².

Healthcare real estate plays an important role in adapting care to the needs of residents, depending on their level of independence and expectations in terms of accessibility, quality, comfort and the range of available services. It also contributes to the quality of working life for healthcare professionals and consequently to the quality of care.

Authorisation issuance and quality monitoring

The French system requires that private facilities obtain authorisation issued jointly by the relevant ARS and departmental council in order to operate.

²⁷ <https://www.lesmaisonsderetraite.fr/maisons-de-retraite/la-tarifcation-des-ehpad.htm>

²⁸ <https://drees.solidarites-sante.gouv.fr/sites/default/files/2022-12/AAS2022.pdf>

²⁹ https://sante.gouv.fr/IMG/pdf/rapport_grand_age_autonomie.pdf

³⁰ https://sante.gouv.fr/IMG/pdf/rapport_grand_age_autonomie.pdf

³¹ Financement des établissements d’hébergement pour les personnes âgées dépendantes (sécurité sociale)

³² Rapport d’information n° 771 (2021-2022) sur le contrôle des EHPAD - Sénat (<https://www.senat.fr/rap/r21-771/r21-77110.html>)

In March 2022, the French Government adopted a series of measures³³ aimed at reinforcing the medical support offered in nursing homes in order to better respond to the needs of residents and caregivers and to take into account feedback received during the Covid-19 crisis.

The French government has taken a three-pronged approach to updating the nursing home model by investing:

- €2.1 billion in buildings, equipment and digital technology to meet the daily needs of residents and make nursing homes more humane and open to the outside world;
- €500 million to carry out an action plan to improve medical care in the coming years by funding 20,000 nursing staff hires;
- €2.8 billion to increase salaries to make nursing home jobs more attractive and ensure that the teams working alongside residents and their families are motivated. This will be achieved by increasing the salaries of all nursing home professionals by €183 net per month and implementing a jobs plan in conjunction with the Ministry of Labour to promote training, recognise prior experiential learning and make hiring easier.

The French government is also now committed to stepping up the supervision and transparency of the facilities as well as the quality of assistance provided to elderly people and their relatives.

Measures were announced that aim to increase the presence of healthcare professionals in nursing homes and to help reassure residents and their families, relieve teams under stress, and reduce avoidable hospitalisations.

In addition, the government commits to higher quality care as well as greater supervision and transparency in nursing homes (e.g. more inspections, more training, better medication, etc.).

In 2022, the French National Authority for Health (HAS) developed a system for assessing the quality of social and medico-social facilities and services³⁴. This assessment focuses on the quality of the support provided to residents and covers three aspects, namely the individual, the professionals, as well as the facility and its governance. Frequent assessments and an annual review of the steps taken will ensure that practices continuously improve. Improvement will be measured based on evaluation objectives and criteria developed jointly at the national level with professionals and those receiving care. Assessments provide industry players with a framework enabling them to compare themselves against objective criteria, while taking into account the specific features of each facility, and to define long-term goals for improvement. All of Praemia HEALTHCARE's nursing homes and disability care homes will be assessed, with the first assessments scheduled for the end of 2023.

Praemia HEALTHCARE is not involved in the healthcare activity provided by nursing home operators which will be assessed. Praemia HEALTHCARE is nonetheless very attentive to these issues, as demonstrated by the roll-out in 2020 of the internal framework established by its Quality of Life in Nursing Homes Charter used as part of all acquisition audits.

³³ *Grand âge : le Gouvernement engagé en faveur du bien vieillir à domicile et en établissement | Ministère des Solidarités et des Familles (solidarites.gouv.fr)*

³⁴ *Haute Autorité de Santé – Mettre en œuvre l'évaluation des ESSMS (has-sante.fr)*



2.2 EVOLVING HEALTHCARE NEEDS

A rapidly ageing population

The global population is getting older, with declining birth rates in the Western world and increasing life expectancy. Europe, the oldest continent, is driving this trend as people have been living longer and having fewer children over recent decades. The trend is expected to persist particularly over the medium term, according to the United Nations' forecast.

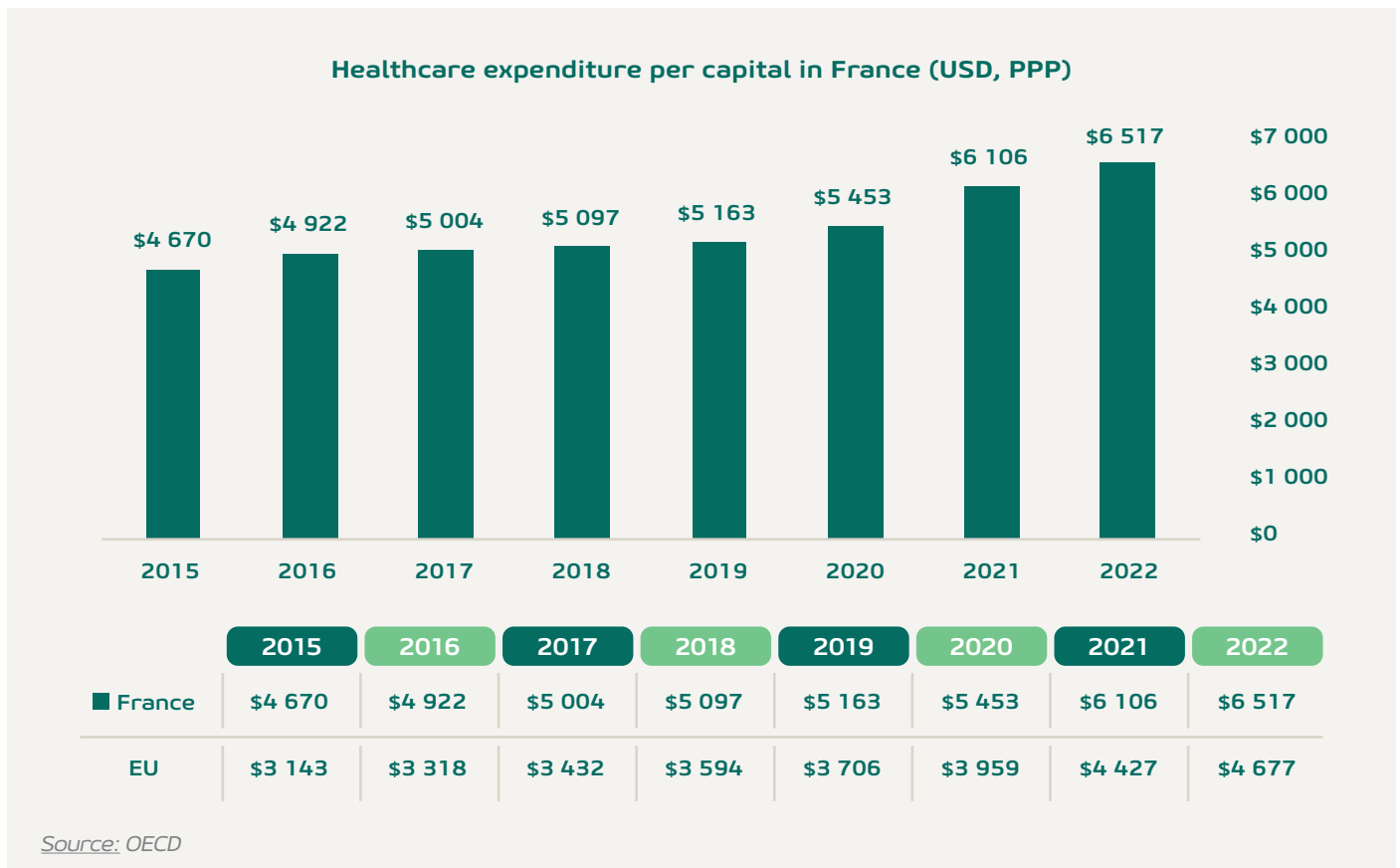
As France's population ages, major investments will be required in healthcare infrastructure to meet the growing need for healthcare and dependent care.

Substantial investment will also be needed to cope with the increase in neurodegenerative diseases, chronic illnesses, cancers, obesity, diabetes, pollution-related illnesses, etc., as a result of longer life expectancy and societal behaviour (accelerated urbanisation and more sedentary lifestyles).

Higher healthcare expenditure over the long term

At the same time, technological advances will lead to an overall increase in healthcare costs, as new treatments emerge, detection techniques improve and healthcare regulations are tightened.

All these demographic and technological factors have led to an increase in overall healthcare expenditure in recent years (+28% in France over the 2015-2022 period vs. +33% in Europe over the same period).



All these changes mean that healthcare is a major public issue in which we need to invest today if we are to meet the needs of the entire population tomorrow. Real estate makes up one component of this response and, in support of and in conjunction with healthcare operators, will enable us to provide facilities that meet the needs of each community.

SUSTAINABILITY FINANCING FRAMEWORK



3

Rationale for the Sustainability Financing Framework

Praemia HEALTHCARE is committed to supporting the development of sustainable finance as an issuer of Green, Social and/or Sustainability Financing Instruments while remaining a leader in terms of sustainability. Given its involvement in the healthcare sector, its impact on the population and its efforts to create a more sustainable and resilient portfolio, Praemia HEALTHCARE believes that issuing Green, Social and/or Sustainability Financing Instruments is consistent with its overall strategy.

Praemia HEALTHCARE's Sustainability Financing Framework (the "Framework") is in line with Praemia HEALTHCARE's strategy. This Framework also makes it possible for Praemia HEALTHCARE to contribute to UN Sustainable Development Goals (SDGs) as defined in its investment and sustainability policies³⁵.

Praemia HEALTHCARE has designed the Framework to align with today's best market practices. The Framework is consistent with Green Bond Principles (2021), Social Bond Principles (2023) and Sustainability Bond Guidelines (2021) administered by the International Capital Market Association ("ICMA") as well as Green Loan Principles (2023) and Social Loan Principles (2023) administered by the Loan Market Association ("LMA"), Asia-Pacific Loan Market Association ("APLMA"), and Loan Syndications and Trading Association ("LSTA").

In addition, Praemia HEALTHCARE has defined its Eligible Green Criteria in line with best market standards, including a criteria based on the HQE Construction certification and a criteria based on the one set out in the EU Taxonomy for climate change mitigation³⁶.

This Sustainability Financing Framework is designed to serve as a reference document for future Green, Social and/or Sustainability Financing Instruments, including but not limited to public bond issues, privately placed debt, commercial paper and loans.

The Framework may be further updated or expanded from time to time to reflect best market practices, the evolving regulatory landscape, such as the final report on Social Taxonomy of the EU Platform on Sustainable Finance³⁷, the final European Green Bond Standard when available³⁷ and developments in Praemia HEALTHCARE's business activities. These potential changes will either maintain or improve the current levels of transparency and reporting described in the Framework.

3.1 USE OF PROCEEDS

An amount equal to the net proceeds of Praemia HEALTHCARE's Social, Green or Sustainability instruments will be allocated to the financing and/or refinancing, in whole or in part, of an Eligible Portfolio ("Eligible Portfolio"), that comprises Eligible Green and/or Social Assets.

Prior to issuance of Green, Social and/or Sustainability Instruments, Praemia HEALTHCARE commits on a best-effort basis to provide the expected allocation of proceeds per Eligible Category as well as the estimated proportion of financing versus re-financing.

3.1.1 Eligible Assets

Eligible Assets must relate to assets:

- **Located in France**, where healthcare needs and the number of elderly people are expected to significantly rise (as outlined in Section 2 of this Framework);
- That **comply with applicable regulations and have obtained the required authorisations and licenses**;
- **Not subject to a proved controversy**: potential controversies are first identified using an artificial intelligence tool adapted to Praemia HEALTHCARE's portfolio and then analysed by a dedicated Controversy Monitoring Committee³⁹ to determine materiality;
- **Falling within at least one of the Eligible Green or Social Categories described below**;

³⁵ <https://www.praemia-healthcare.fr/en/esg>

³⁶ As defined by EU Taxonomy Appendix 1 of the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852

³⁷ Final report on Social Taxonomy of the EU Platform on Sustainable Finance


³⁸ European Commission's proposal for a European Green Bond Standard (europa.eu)

³⁹ The decisions and initiatives of these Committees are consistent with the governance procedures applicable to Praemia HEALTHCARE and its subsidiaries.



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Eligible Social Categories

ELIGIBLE SOCIAL CATEGORY	ELIGIBLE SOCIAL CRITERIA	TARGET POPULATION	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
<p>Access to essential services</p> <p>- Health -</p>	<p>Medical facilities (i.e. acute care, mental health, post-acute care, disability care) that comply with all the following criteria:</p> <ul style="list-style-type: none"> • Quality criteria: facilities achieving A or B level issued by the French National Authority for Health (HAS) based on the 2014 framework or equivalent on the new 2021 framework • Affordability: facilities located in France where everyone has access to publicly funded care in public and private facilities eligible for Assurance Maladie reimbursement (see section 2) <hr/> <p>Elderly care facilities (i.e. nursing homes) that comply with all the following criteria:</p> <ul style="list-style-type: none"> • Quality: to obtain a score equivalent to or higher than the standard of quality and comfort defined in Praemia HEALTHCARE's internal framework established by the Quality of Life in Nursing Homes Charter or obtain a positive opinion on the new quality of life assessment established by the HAS, specific to social and medico-social facilities and services • Affordability: accommodation cost should not be above the median local accommodation cost⁴⁰ in private-for-profit nursing homes⁴¹ 	<p>People in need of medical care and support</p> <hr/> <p>Dependent elderly people⁴²</p>	




Regarding the quality criteria, disability care homes are assessed based on the new HAS framework for social and medico-social facilities and services.

⁴⁰ Accommodation cost for a single room not accredited to receive the "Aide Sociale à l'Hébergement" or ASH

⁴¹ Analyse des tarifs des EHPAD en 2019 - CNSA

⁴² "Dependent elderly people" refer to people who need assistance in performing basic daily activities or require regular supervision, who qualify as being "dependent" as defined by the health authorities or insurance scheme in the relevant country (Groupe Iso-Ressource (GIR) in France or equivalent) and aged 65 or over.

Eligible Green Categories

ELIGIBLE GREEN CATEGORY	EU TAXONOMY ECONOMIC ACTIVITY	ELIGIBLE GREEN CRITERIA	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
Green Buildings	7.7	<p>Acquisition and ownership of a medical facility or elderly care facility that complies with any of the following criteria:</p> <ul style="list-style-type: none"> • Technical screening criteria of the EU Taxonomy including substantial contribution criteria for climate change mitigation, do no significant harm criteria (DNSH) and minimum social safeguards (MSS) • Obtain HQE Construction certification upon completion with a minimum rating of Very Good, and Efficient in the energy management sub-category⁴³; or any equivalent environmental certification 	  

3.1.2 Lookback Period

Eligible Assets will be included in the Eligible Portfolio at their appraisal value and without a specific lookback period.

3.2 PROJECT EVALUATION AND SELECTION PROCESS

3.2.1 Overview of Praemia HEALTHCARE’s policies and procedures

In addition to the Eligible Criteria defined in section 3.1, Eligible Assets must:

- Comply with **applicable laws and recognised environmental and social standards**;
- Undergo an **ESG assessment** for acquisitions and developments starting in 2021. The ESG assessment aims to assess the contribution of potential acquisitions and developments to Praemia HEALTHCARE’s environmental and social impact such as quality of life in its facilities, quality of care, carbon footprint, resilience to climate change, etc.
- Be in line with **Praemia HEALTHCARE’s investments and sustainability policies**, which rely on a robust process to identify and mitigate environmental and social risks. Depending on the size of the investment being considered, the final decision is made by Primonial REIM France or Praemia HEALTHCARE’s Board of Directors, with the collaboration of Primonial REIM Care, based on an investment strategy that considers location and demographics. Before making an investment decision, certain information is examined including the health catchment area where the facility is located (size, population growth and ageing trends), the existing bed-/place-to-population ratio in the area in question, and the ability of the facility to attract practitioners. Factors associated with the operators’ pricing policy are also taken into consideration. A number of environmental and social criteria are also weighed when selecting projects as per the ESG strategy developed by Praemia HEALTHCARE.
 - Once acquired, **the way the facilities are run and any ensuing controversies are monitored by Primonial REIM Care**. Potential controversies are monitored using a tool adapted to Praemia HEALTHCARE’s portfolio. Using artificial intelligence, reports relating to the facilities and operators are sent to the ESG team at Primonial REIM Care with an indicative severity index. A dedicated committee (see section 3.1.1) analyses these controversies and their materiality and defines the steps to be taken if necessary.
 - A **“Quality of Life in Nursing Homes”** Charter which sets out commitments and criteria with respect to investments in nursing homes has also been established. It has been drafted with the help of the French standardisation agency AFNOR, and includes an internal framework encompassing over 100 criteria related to well-being, quality of living environments, resident safety and care.
 - In addition, a responsible procurement charter has been systematically included since 2019 in works contracts in France.
 - Finally, Primonial has implemented a **business ethics policy** and **Code of Ethics** which is supervised by its Compliance Department and includes measures to prevent and fight against corruption, money laundering and the financing of terrorism, tax evasion and fraud. A specific policy is also in place for protecting personal data and monitoring compliance with rules of professional conduct. The Code of Ethics has been made available to all employees and temporary staff and helps to build a culture of compliance, ethics and integrity. A **secure online whistleblowing system is available** for any employee wishing to confidentially report any risk of non-compliance. Primonial to ensure that no employee is discriminated or retaliated against for having reported a violation.

⁴³ Based on HQE construction certification for healthcare facilities version 2008 or equivalent level in the 2023 version

3.2.2 Sustainability Financing Committee

Praemia HEALTHCARE has set up a Sustainability Financing Committee comprising the Chairman and CEO of Praemia HEALTHCARE, Chairman of the Management Board of Primonial REIM France (if the latter is not also Chairman and CEO of Praemia HEALTHCARE), Deputy CEO of Praemia HEALTHCARE, CFO of Primonial REIM Care, Head of ESG of Primonial REIM Care and Head of Operations for France of Primonial REIM Care. Other departments may be called in to participate as necessary. The decisions and initiatives of the Sustainability Financing Committee will comply with the governance applicable to Praemia HEALTHCARE and its subsidiaries.

The Sustainability Financing Committee is in charge of supervising the Sustainability Financing Framework and meets at least once a year, as long as any Green, Social and Sustainability Instrument is outstanding. It is responsible for the following:

- Allocating the net proceeds of Green, Social and/or Sustainability Instruments to the Eligible Portfolio;
- Monitoring and validating the Eligible Portfolio, including ensuring that it meets the criteria outlined under section 3.1 of the Framework, and monitoring appraisal values;
- Factoring in the Controversy Monitoring Committee's conclusions regarding the materiality of controversies, if any;
- Updating the Sustainability Financing Framework;
- Monitoring external reviews (Second Party Opinion and Independent Verifier);
- Reviewing and approving the annual report;
- Addressing any changes to the list of Eligible Assets allocated to the Eligible Portfolio and putting forward potential alternative eligible expenditures;
- Monitoring changes to sustainable finance regulations on a best effort basis, in order to potentially update the Framework as required.

Eligible Assets financed and/or refinanced in whole or in part through the net proceeds of the Green, Social and/or Sustainability Instruments will be evaluated and selected by the Sustainability Financing Committee. The project team will assess the portfolio's assets against the eligibility criteria and report back to the Sustainability Financing Committee, which will then be responsible for selecting the Eligible Assets and verifying that the Eligible Portfolio complies with the Use of Proceeds section of the Sustainability Financing Framework and will keep track of the decisions made during each committee meeting.

3.2.3 Specific considerations for Eligible Green Assets qualifying under EU Taxonomy alignment criteria

Praemia HEALTHCARE assesses the alignment of its revenue against the EU Taxonomy and will report on this in its annual report, including a review by a qualified independent third party of the results and underlying methodology.

The alignment of Eligible Green Assets with EU Taxonomy is determined based on relevant Substantial Contribution, DNSH and MSS criteria.

With regards to DNSH criteria, Praemia HEALTHCARE's Eligible Green Assets will be assessed to ensure they do not cause significant harm to any of the EU Taxonomy's other environmental objectives.

Alignment with MSS defined under Article 18 of the EU Taxonomy regulation can be assumed in the case of companies based in jurisdictions with mandatory human rights and environmental due diligence laws in place (i.e. France) as demonstrated in the Final Report on Minimum Safeguards published by the European Platform on Sustainable Finance in October 2022⁴⁴.

3.3 MANAGEMENT OF PROCEEDS

An amount equal to the net proceeds of the Green, Social or Sustainability Instruments will be credited to Praemia HEALTHCARE's Treasury liquidity portfolio and allocated to the financing of new or ongoing Eligible Assets and/or the refinancing of existing Eligible Assets in line with the Use of Proceeds and Project Evaluation and Selection Process sections of the Sustainability Financing Framework based on a **portfolio approach**.

Praemia HEALTHCARE will track the proceeds in its internal accounting systems and monitor their allocation. Praemia HEALTHCARE aims to rapidly **allocate the proceeds of Green, Social and/or Sustainability Instruments to the Eligible Portfolio after their issuance, within 24 months** of being issued.

The allocation of the net proceeds of Green, Social and Sustainability Instruments will be **monitored by the Sustainability Financing Committee** which will approve the allocation of proceeds to the Eligible Portfolio on a yearly basis.

⁴⁴ Final Report on Minimum Safeguards (europa.eu)

Praemia HEALTHCARE plans to **maintain an aggregate amount of Eligible Assets in the Eligible Portfolio that is at least equal to the outstanding net proceeds of any Green, Social and Sustainability Instruments**. If for any reason an Eligible Asset is no longer eligible, the Sustainability Financing Committee will substitute such Eligible Asset with other Eligible Assets for an amount at least equivalent, as soon as practical once an appropriate substitution option has been identified and, in any case, within 24 months after the Eligible Asset is no longer eligible.

Pending the allocation to the Eligible Portfolio, unallocated proceeds will temporarily be invested in accordance with Praemia HEALTHCARE's investment guidelines in cash, deposits and money market instruments or any other liquid short-term marketable instruments and excluding any investments towards environmentally or socially harmful activities. Praemia HEALTHCARE could consider allocating the balance of unallocated proceeds to money market funds managed following a responsible investment approach on a best effort basis.

Where Eligible Assets included in the Eligible Portfolio are subject to a joint investment or joint venture, Praemia HEALTHCARE will only consider its share of the investment in the Eligible Portfolio. Additionally, for Eligible Assets that are partially financed by subsidised loans (such as EIB) or dedicated financings (mortgage, lease financing, etc.), an amount equal to the outstanding loan principal will be deducted from the Eligible Portfolio.

3.4 REPORTING

Within one year of issuing any Green, Social and/or Sustainability Instrument and annually thereafter, Praemia HEALTHCARE undertakes to **publish an annual report on the allocation of the proceeds and associated social and environmental impact metrics, as long as Green, Social and/or Sustainability Instruments are outstanding**, and as necessary in the event of material changes to the Eligible Portfolio thereafter.

The report will be published as a standalone report on Praemia HEALTHCARE's website at: <https://www.praemia-healthcare.fr/en/esg>

The information may be presented in generic form or aggregated by Eligible Category. However, when feasible, Praemia HEALTHCARE's annual report will include case studies.

The **report will also include the publication of an external third-party assurance on the satisfactory allocation of the net proceeds** in line with the External Review section of the Sustainability Financing Framework.

3.4.1 Allocation report

The allocation report will include:

- An overview of the Green, Social and Sustainability Instruments outstanding under the Framework including the nature of such instruments (such as Bond(s), Loan(s) or Commercial Paper);
- The size of the Eligible Portfolio, including a breakdown of Eligible Assets by Eligible Category;
- The proportion of financing vs. refinancing;
- Praemia HEALTHCARE's share of joint investments,
- The balance of unallocated proceeds, if any, and the type of temporary investments,
- The share of proceeds that are fully aligned with the EU Taxonomy.

Praemia HEALTHCARE may include some detailed examples of Eligible Assets, including their description, date of investment, geographical location, current status of the project and expected potential social and environmental outcomes.

3.4.2 Impact report

The impact report will include qualitative and, where feasible, quantitative information on the social and environmental outcomes of the Eligible Assets as detailed in the table of indicative indicators provided below. The methodology used for the indicators will be detailed in the annual report. For the sake of clarity, it should be noted that regardless of the category under which an Asset is eligible, Praemia HEALTHCARE commits to report on both the environmental and social impact of the Eligible Portfolio.

Praemia HEALTHCARE's impact reporting process may be based on relevant internal expertise or publicly available data obtained from external data providers.

Praemia HEALTHCARE aims to align its reporting with the model proposed by the Harmonized Frameworks for Impact Reporting as published by the International Capital Markets Association (ICMA)⁴⁵.

⁴⁵ *Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf (icmagroup.org) / Harmonised-framework-for-impact-reporting-for-social-bonds-June-2023-220623.pdf (icmagroup.org)*

Table: Examples of indicators

ELIGIBLE CATEGORIES	OUTPUT/OUTCOME INDICATORS	IMPACT INDICATORS
<p>Medical facilities</p> <p>Elderly care facilities</p> <p>Acquisition and ownership of Green Buildings</p>	<ul style="list-style-type: none"> • Number of beds and places • Population served, meaning the catchment area of the facilities and/or the number of patients and residents • Breakdown of beds and places by type of facility (acute care, mental health, post-acute care, disability, nursing homes) • Carbon intensity (<i>in kgCO₂e/sq.m/yr</i>) • Energy intensity (<i>in kWh/sq.m/yr</i>) • Green building certification levels 	<ul style="list-style-type: none"> • Reduction in emissions in kgCO₂e/sq.m compared to baseline

3.5 EXTERNAL REVIEW

3.5.1 Second Party Opinion

Moody’s Investors Service was commissioned as Second Party Opinion Provider to evaluate Praemia HEALTHCARE’s Sustainability Financing Framework, its transparency and governance as well as its alignment with Green Bond Principles (2021), Social Bond Principles (2023) and Sustainability Bond Guidelines (2021) administered by ICMA as well as Green Loan Principles (2023) and Social Loan Principles (2023) administered by LMA, APLMA and LSTA.

The Second Party Opinion will be available on Praemia HEALTHCARE’s website at: <https://www.praemia-healthcare.fr/en/esg>

Any material changes⁴⁶ to Praemia HEALTHCARE’s Sustainability Financing Framework will be subject to review by the Second Party Opinion Provider and the updated Second Party Opinion will be published on the above website.

3.5.2 Post-issuance external review

Praemia HEALTHCARE’s annual report will also be reviewed by an external auditor, as long as Green, Social and/or Sustainability Instruments are outstanding and in the event of material changes to the Eligible Portfolio thereafter.

The auditor will review:

- Compliance of the Eligible Portfolio with the eligibility criteria defined in the Use of Proceeds section of the Framework;
- The amounts allocated to the Eligible Portfolio financed by the Green, Social and Sustainability Instruments;
- The management of proceeds and the amount of unallocated proceeds; and
- The reported output/outcome or impact indicators.

The external auditor’s assurance reports will be of limited assurance and included in the annual report as disclosed on Praemia HEALTHCARE’s website in the following section: <https://www.praemia-healthcare.fr/en/esg>

⁴⁶ Material changes do not include any modifications of the introductory sections (i.e. Sections 1 and 2)

ABOUT PRIMONIAL REIM

Primonial REIM employs over 450 people in France, Germany, Luxembourg, Italy, Singapore and the United Kingdom. The company applies its values of conviction and commitment as well as its European expertise to design and manage real estate funds for its national and international clients, both private individuals and institutions. As of the 5th of July 2023, Primonial REIM has more than €42 billion in assets under management. Its assets allocation breaks down into: 47% healthcare/education, 35% offices, 8% residential, 5% retail, 4% hotels and 1% logistics. Its pan-European platform manages 61 funds and has over 80,000 investor clients, 45% of whom are private individuals and 55% institutional investors. Its real estate portfolio comprises more than 1,500 properties, spread across the main asset classes and located in 10 European countries.

 **PRIMONIAL**
REIM CARE

praemia
HEALTHCARE

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