

ORPEA PUBLISHES ITS FINANCIAL RESULTS FOR THE 1ST HALF OF 2022

Decline in operating profitability and net income at -€269m significantly impacted by asset impairments

Puteaux (France), 28 September 2022 (6:15 pm CEST)

The ORPEA Group reports its consolidated results, reviewed by the statutory auditors, for the six months ended 30 June 2022, which were approved today by the Board of Directors.

Laurent Guillot, Chief Executive Officer, said: *"ORPEA has strong assets: first and foremost, 71,000 professionals who are as committed as ever to our residents and patients; its care protocols, which have always been one of the pillars of the Group; and its dense network of facilities with leading positions in its main countries. As a result, turnover for the first half of 2022 is up by more than 10%.*

However, the company has been severely affected by the unethical behaviour of its former managers and by its rapid international and real estate development, which have weakened ORPEA's financial situation. The net result is thus strongly affected by assets depreciation.

In this context, I took a first series of very concrete measures this summer. These include the launch of an ambitious recruitment plan, greater autonomy for facility managers to hire and improve quality of care, and more dialogue with families, as evidenced by the results of the "Etats Généraux du Grand Age" held in France. This is a first step that will be followed by a transformation plan to be presented in the autumn, paving the way for the definition of a new model, bringing more trust and more transparency in the support of the most fragile people."

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1. Consolidated income statement

(€m) – including IFRS16 impact	2021	H1 2021	H1 2022	Chg. H1 2022 vs. H1 2021
Revenue	4 299	2,070	2,295	+10.9%
EBITDAR	1 070	515	427	-17.1%
<i>EBITDAR margin</i>	<i>24,9%</i>	<i>24.9%</i>	18.6%	-628 bps
EBITDA	1 041	499	415	-16.9%
<i>EBITDA margin</i>	<i>24,2%</i>	<i>24.1%</i>	18.1%	-605 bps
Recurring Operating Profit	396	231	82	-64.6%
<i>Recurring operating margin</i>	<i>9,2%</i>	<i>11.1%</i>	3.6%	-758 bps
Non current items	-41	12	-251	
Operating Profit (Loss)	355	242	-170	
Net Finance cost	-249	-109	-96	
Result before tax	106	133	-266	
Net Result – Group share	65	102	-269	

Rental income not deducted from EBITDA under IFRS16 was €171 million in H1 2021 and €202m in H1 2022 (the increase being mainly due to the development of the Group). EBITDA excluding the impact of IFRS16 was €682m for the full year 2021, €326 million for H1 2021 and €209 million for H1 2022.

Revenue for the first half of 2022 amounted to €2,295m, up 10.9%, of which 6.4% was organic. Activity was characterised by good overall momentum in clinics both in France and internationally, and in retirement homes outside France. In France, the nursing home activity was affected by the crisis faced by the Company (5-point decrease in occupancy rate between January and April 2022 followed by a gradual recovery). Revenue for the period benefited from the contribution of acquisitions made in 2021 and changes in scope in 2022.

EBITDAR was €426.7m in H1 2022, representing a margin of 18.6%, compared with 24.9% in H1 2022. This decline, totalling around 628 bps, is mainly attributable:

- for approximately 190 bps, to the substantial reduction in Covid-related compensations received in its various countries (net impact: €40m), which the increase in the Group's occupancy rate between the two periods did not offset;
- for approximately 190 bps, to the recording of sizeable specific income, totalling €40m (reversal of provisions, reduction of social security contributions and VAT credits) in the first half of 2021 that did not recur in 2022;
- for approximately 213 bps, to an increase in other costs in a highly inflationary environment for purchases, whereas the rates charged to patients and residents remained virtually stable in the short term. The most marked inflationary effects were on catering and especially on energy. As a result of the hedging policy decisions made in 2021, the company's energy purchases for 2022 are only partially hedged, and there is no hedging on electricity in France in particular. As a result, the Group's energy costs as a percentage of revenue in the first half of 2022 stood at 2.9%, compared with 1.9% in the first half of 2021.

EBITDA amounted to €414.9m, representing a margin of 18.1% of sales.

Recurring Operating Profit (after depreciation and provisions) was €81.8m, which compares to €230.7m in H1 2021.

Depreciation, amortisation and provisions amounted to €333.2m, compared with €268.7m in the first half of 2021. This change includes the increase in depreciation and amortisation linked to the increase in the number of facilities operated, as well as an additional allocation to the provisions of €83.2m that had been booked at 31 December 2021 following the joint IGF-IGAS (France's Inspectorate General for Finance and Inspectorate General for Social Affairs) mission's report. The latter was increased to €100.8 million at 30 June 2022, an increase of €17.6m. This change includes the estimated surplus of €14.3m for the first half of 2022 (compared to €41m for the whole of 2021) and an additional €3.3m following the notification received from the CNSA ("Caisse Nationale de Solidarité pour l'Autonomie").

Indeed, on 29 July 2022, the CNSA notified ORPEA S.A. that it intended, following the report of the joint IGF-IGAS audit dated March 2022, to request the return of unduly received funding in the amount of €55.8m.

In its reply dated 29 August 2022, ORPEA undertook to reimburse a sum of €25.6m, corresponding to:

- the territorial economic contribution (CET) and the social solidarity contribution (C3S), for €19.6m. For the record, these amounts had not been provisioned at the close of the 2021 accounts;
- amounts corresponding to end-of-year discounts that would have been received from our suppliers for purchases financed by the "care" section, for €5.6m;
- expenses related to the cost of taking out civil liability insurance policies, for €0.5m.

The Company has reallocated its provision lines to be consistent with the amounts requested and has made additional provisions of €3.3 million. On the other hand, ORPEA has not made any provision for the staff costs demanded with regard to the life auxiliaries "filling in" as assistant nurses, corresponding to an amount of €30.2m.

The table below summarises the evolution of the provisions mentioned above:

in €m	Provisions as of 31 December 2021	Charges to provisions H1 2022	Reversal of provisions H1 2022	Provisions as of 30 June 2022
2017-2020 surpluses (*)	19.8			19.8
2021 surpluses (before validation of statement of income and expenditure (**))	41.1			41.1
H1 2022 surpluses (estimate)		14.3		14.3
Total provisions related to surpluses	60.9	14.3	-	75.2
Provisions for repayment of charges linked to Care and Dependency	22.3	3.3		25.6
Total provisions	83.2	17.6	-	100.8

(*) The surpluses correspond to the unused part of the public subsidies for activities related to care and dependency

(**) "ERRD" (Etats Réalisés des Recettes et des Dépenses / statement of provisional income and expenses) are made annually by all dependency care operators and validated by Authorities

The net finance cost was -€96.1m, including a positive effect of €24m provision on interest rate hedging instruments, with no impact on the Company's cash position.

Non-current items amounted to -€251.4m. They include €20m of costs related to the management of the crisis and €186m of asset depreciations. These impairments, unrelated to the crisis faced by the Group in France, concern intangible assets, €79m to goodwill in Brazil (on Brazil Senior Living and on the Group's historical activities whose development prospects are slower than expected) and €49m to the valuation of operating licences. In addition, an impairment of €58m was recognised on receivables from related parties, mainly in Belgium.

The net result for the first half of 2022 was a loss of €269.4m.

It is specified that the accounts at 30/06/2022 do not include the potential accounting implications of the ongoing strategic review, nor the outcome of negotiations currently being conducted with the Group's historical partners:

- For the June 2022 financial statements, asset impairments have been made for specific assets partially impaired at the end of 2021 or for assets for which an indication of potential impairment has been identified for subsequent years. The other "Cash Generating Units" (CGUs) were not tested for the June closing as the Group has initiated the preparation of a strategic review of the CGUs and its property assets. This strategic plan will form the basis for updating the annual impairment of goodwill and intangible assets across all CGUs as of 31 December 2022, the annual valuation of property assets and the monitoring of the Group's compliance with the commitments made under the financing obtained in June 2022.
- Advances granted by the ORPEA Group to associates and joint ventures amounted to €478m at 30 June 2022. Advances granted by the ORPEA Group to other companies amounted to €220m. A significant part of these receivables concerns a single partner. ORPEA has entered into negotiations with this partner to unwind the partnerships and recover the real estate assets in exchange for the receivables. To date, and without prejudging the outcome of these negotiations in the second half of the year, the Group does not anticipate significant future losses on these receivables given the value of the underlying real estate assets.

2. Main balances of the consolidated balance sheet

(€m)	31 Dec. 2021	30 June 2022
Net tangible assets	8,069	8,475
Net intangible assets	3,076	3,065
Shareholder's equity	3,811	3,703
Gross financial debt	8,863	9,476
<i>Including financial liabilities maturing within one year</i>	<i>1,856</i>	<i>1,842</i>
Cash	952	1,133
Net financial debt	7,910	8,343
Lease commitments (IFRS16)	3,265	3,557

At 30 June 2022, the value of **tangible assets** amounted to €8,475m, an increase of €406m, mainly as a result of construction projects.

Intangible assets amounted to €3,065m.

Net debt amounted to €8,343m, up €433m.

Cash amounted to €1,133m, an increase of €181m compared with the end of 2021. This increase was due to drawdowns undertaken within the framework of the financing agreement.

3. Covenants as of 30 June 2022

The Company reminds readers that bilateral bank loans as well as borrowings made under German law, *Schuldschein*, for a total amount of c. €4.1bn as of 30 June 2022, are subject to the following contractually agreed covenants, tested on a half-yearly basis:

R1 =
$$\frac{\text{consolidated net financial debt (excluding net real estate debt)}}{\text{(consolidated EBITDA excluding IFRS16}^1 - 6\% \times \text{net real estate debt)}}$$
, and

R2 =
$$\frac{\text{consolidated net financial debt}}{\text{Equity + quasi equity}^2}$$

As of 30 June 2022, these two ratios stood at 3,58 and 1,87 respectively, within the required limits of 5.5x for R1 and 2.0x for R2 at 30 June 2022. The components of the calculation are shown in the table below:

(€m)	31 December 2021	30 June 2022
Consolidated net financial debt (1)	7,910	8,343
<i>o.w debt allocated to real estate (*)</i>	87.7%	96.5%
Net real estate debt (2) (**)	6,937	8,047
EBITDA excluding IFRS16 (3) [last twelve months]	682	565
Equity + quasi equity (4)	4,574	4,470
R1 ratio = [(1)-(2) / [(3)-6% x (2)]	3.66	3.58
R2 ratio = (1) / (4)	1.73	1.87

(*) Starting from the calculation made in June 2022, the approach has been redefined to better reflect the allocation of debt to real estate. This allocation is now carried out in detail on a line-by-line basis. (**) This figure is used only for the calculation of R1 ratio

¹At the end of June, calculation based on last twelve months

² Deferred tax liabilities linked to the valuation of intangible operating assets under IFRS in the consolidated financial statements

Update on the Financing Agreement announced on 13 June 2022

The Group has started to overhaul its financing strategy, with a first step based on the Financing Agreement announced on 13 June 2022, which was the subject of a conciliation protocol approved by the Nanterre Commercial Court on 10 June 2022.

This syndicated loan of €1.729 billion (comprising several A1, A2, A3, A4 and B loans) is to be made available progressively until 31 December 2022, subject to conditions precedent. It is associated with an optional refinancing facility of up to €1.5 billion (C1 and C2 loans), which is intended to refinance any existing financing (excluding any bonds, Euro PP or *Schuldschein*) of the ORPEA Group that is not secured. Details of the Terms and Conditions of these credit facilities are available in the presentation attached to this Press Release.

The status of the drawdowns on these various financing lines is summarized in the table below:

Loans	A1	A2/A3	A4	B	TOTAL	C (C1+C2) ⁽³⁾
Principal (€m) ⁽¹⁾	700	600	200	229	1 729	1 500
Situation as of 30/06/2022						
Drawings	689	198	0	0	887	0
Undrawn amount	11	402	200	229	842	0
Situation as of 27/09/2022						
Drawings	700	600	0	155	1454	796
Undrawn amount	0	0	200	74 ⁽²⁾	274	704 ⁽⁴⁾

(1) As presented in the Press Release dated 13 June 2022

(2) Remainder to be drawn at the end of each month until 31 December 2022 to refinance the core banking group contractual bilateral debt instalments

(3) New financing facilities used to refinance existing unsecured debt (excluding bonds and *Schuldschein*)

(4) Rest of the envelop (€704m) could be proposed, as appropriate, to bilateral unsecured creditors outside the core banking group excluding EuroPP and *Schuldschein*

Under the terms of the Financing Agreement, the Company has made a number of commitments, including a commitment to maintain a consolidated cash level of €300m at the end of each quarter, starting on 30 June 2023 (only financial ratio commitment to comply with), commitments to dispose of property assets³ for an amount of €1bn by 31 December 2023, increased to €1,5bn by December 2024 and to €2bn before the end of 2025, of which, and commitments to allocate net proceeds from the disposal of operating assets⁴ for a cumulative amount of €1.2bn. As at 27 September 2022, a gross value of €94m of property assets had been sold as part of the transaction in the Netherlands announced on 28 July 2022. ORPEA remains fully committed to implementing the commitments made in the framework of this financing but remains exposed to the risk of not being able to respect the terms of this Agreement. As security for the repayment of the amounts due under the syndicated loan agreement, ORPEA has granted first ranking pledges on certain of its assets representing 25% and 32% of the Group's revenues respectively. The collateral will be enforceable in the event of certain events of

³ Real estate assets disposal commitments do not prevent the group from becoming tenant for these assets

⁴ Operating asset means any member of the Group or goodwill (whether taken alone or together with other members of the Group and goodwill subject to the same disposal) that is not a property asset (as defined below). Property Asset means any property asset or any member of the Group (if applicable, together with the other assets and members of the Group subject to the same disposal) more than 50% of whose assets consist of property assets or property rights, provided that such property assets are not operated by such member of the Group (or any member of the Group subject to the same disposal).

default under these agreements (in particular in the event of a breach of covenants or cross default on other debts in excess of €100m).

The repayment schedule of the gross financial debt as of 30 June 2022, pro forma of the drawdowns made until 27 September 2022, is presented in Appendix 2 of this press release. In addition, a description of the main terms and conditions of these credit facilities is set out in Appendix 3.

Outlook

As indicated in the press release published on 12 September 2022, the downward trend in the financial performance of the business observed in the first half of 2022 could be amplified in the second half of the year due to the additional volatility observed in energy prices.

In this context, and depending on the recovery of the occupancy rate, the Group's EBITDAR margin in the second half of 2022 could be lower than in the first half of 2022, which would require ORPEA to approach the relevant creditors in order to renegotiate these financial covenants (for a description of the Group's financing, see slides 19 to 21 of the presentation attached to this Press release). Such a step would only be taken in the event of a proven risk of non-compliance with a ratio, with a view to preserving the Group's financial structure.

Web Conference

ORPEA invites you to a conference call in English on Wednesday 28 September 2022 at 7:00 pm (CEST – Paris time) hosted by Laurent Guillot, Chief Executive Officer and Laurent Lemaire, Chief Financial Officer.

The conference call will be accessible via webcast. Participants can register by clicking on the following link: https://channel.royalcast.com/landingpage/orpeaeng/20220928_1/

Communication

The half year results are also described in the presentation material which forms part of this press release and is available on the company's website.

Financial calendar

ORPEA will announce its Q3 2022 revenues on 8 November 2022 after market close.

About ORPEA

ORPEA is a leading global player, expert in the care of all types of frailty. The Group operates in 22 countries and covers three core businesses: care for the elderly (nursing homes, assisted living, home care), post-acute and rehabilitation care and mental health care (specialised clinics). It has more than 71,000 employees and welcomes more than 255,000 patients and residents each year.

<https://www.orpea-group.com/>

ORPEA is listed on Euronext Paris (ISIN: FR0000184798) and is a member of the SBF 120, STOXX 600 Europe, MSCI Small Cap Europe and CAC Mid 60 indices.

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DISCLAIMER

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions. Any forward-looking statements made in this document are statements about the Company's beliefs and expectations and should be evaluated as such. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the Company's Universal Registration Document available on the company's website and on the French financial markets regulator, AMF's website (www.amf-france.org), and in the Half-Year 2022 financial report which will be published in French version on 30 September 2022.

Appendix 1 – Consolidated accounts at June 2022

Consolidated income statement		
in €m	H1 2021	H1 2022
REVENUE	2,070	2,295
Staff costs	(1,276)	(1,439)
Purchases used and other external expenses	(347)	(438)
Taxes and duties	(27)	(44)
Depreciation, amortisation and charges to provision	(269)	(333)
Other recurring operating income and expenses	80	41
Recurring operating profit	231	82
Other non-recurring operating income and expenses	12	(251)
OPERATING PROFIT	242	(170)
Net financial expense	(109)	(96)
PROFIT BEFORE TAX	133	(266)
Income tax expense	(31)	(6)
Share in profit (loss) of associates and JV	(0)	3
Profit (loss) attributable to non-controlling interest	0	(1)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	102	(269)
Consolidated balance sheet - in €m		
	31-Dec-21	30-Jun-22
Non-current assets	16,181	16,830
Goodwill	1,669	1,679
Net intangible assets	3,076	3,065
Net tangible assets and real estate under development	8,069	8,475
Right of use assets	3,073	3,342
Other non-current assets	294	269
Current assets	2,415	2,671
Cash and short-term investments	952	1,133
Assets held for sale	388	280
TOTAL ASSETS	18,984	19,781
Equity and indefinitely deferred taxes (*)	4,417	4,296
Non-current liabilities	11,026	11,905
Non-current financial liabilities excluding bridging loans	7,007	7,565
Long-term bridging loans	0	68
Long-term lease commitments	2,968	3,232
Provisions for liabilities and charges	223	239
Deferred tax liabilities and other non-current liabilities	828	800
Current liabilities	3,541	3,579
Current financial liabilities excluding bridging loans	1,305	1,182
Short-term bridging loans	551	660
Short-term lease commitments	297	325
Provisions	22	23
Trade payables	335	372
Tax and payroll liabilities	329	380
Current income tax liabilities	69	43
Other payables, accruals and prepayments	633	594
TOTAL LIABILITIES	18,984	19,780

(*) incl. indefinitely deferred taxes on intangibles assets, of €606m at December 2021 and €594m at June 2022

Cash Flows - in €m (including IFRS16)	H1 2021	H1 2022
Cash-flow from operations	445	338
Change in working capital	(51)	14
Net cash from operating activities	394	352
Capex (including construction)	(296)	(473)
Acquisition of real estate	(158)	(2)
Disposals of real estate	29	5
Net investments in operating assets and equity investments	(378)	(48)
Net cash from financing activities	470	347
<i>Change in cash over the period</i>	<i>60</i>	<i>181</i>
Cash at the end of the period	949	1,133

In accordance with IFRS16, lease payments made under long-term leases (€171m in H1 2021 and €202m in H1 2022) are not deducted from EBITDA and EBITDA and therefore from operating cash flow but are classified as financing flows.

Appendix 2 – Gross financial debt maturity profile

Maturity profile of gross debt (€m) as of 30/06/2022							
	H2 2022	2023	2024	2025	2026	2027	Post 2027
Financial Leases & Mortgage	126	249	233	194	165	141	906
Bank Loans	679	1,113	755	270	340	50	78
Private Placements	228	385	502	345	551	230	452
Bonds	-	-	-	400	-	500	500
Total	1,032	1,747	1,490	1,210	1,056	922	1,937

Maturity profile of gross debt (€m) as of 30/06/2022 PF of drawings made up to 27/09/2022							
	H2 2022	2023	2024	2025	2026	2027	Post 2027
Financial Leases & Mortgage	126	249	233	194	165	141	906
Bank Loans	522	929	427	681	1,035	26	78
Private Placements	228	385	502	345	551	230	452
Bonds	-	-	-	400	-	500	500
Total	876	1,563	1,162	1,620	1,750	898	1,936

(*) excluding factoring program with €128m drawn as at 30 June 2022 and issuance costs for €46m. Repayment of the RCF considered as the final maturity dates of the committed facilities.

Appendix 3 – Summary Terms and Conditions of the Financing Agreement dated June 2022

	A1 Loan	A2/A3 Loans	A4 Loan	B Loan	C1/C2 Loans
Use of proceeds	<ul style="list-style-type: none"> General corporate purposes of the Group and costs related to the financing 			<ul style="list-style-type: none"> Refinance the payments due in respect of the unsecured existing financing with the core banking group excluding any bonds and Schuldschein for the second half of 2022 and related costs 	<ul style="list-style-type: none"> Refinance other existing unsecured financing (excluding any bonds and Schuldschein) and related costs
Principal amount (€m)	€700m	€600m	€200m	€229m	A maximum of €1,500m
Drawings	<ul style="list-style-type: none"> €689m drawn as of 30/06/22 €700m drawn as of 27/09/22 	<ul style="list-style-type: none"> €198m drawn as of 30/06/22 €600m drawn as of 27/09/22 	Undrawn	€155m drawn as of 27/09/22	C1: €796m drawn as of 27/09/22
Amortisation profile	<ul style="list-style-type: none"> One repayment at maturity 	<ul style="list-style-type: none"> €100m on 30/06/24 €100m on 31/12/24 €100m on 30/06/25 The remainder on 31/12/25 	<ul style="list-style-type: none"> One repayment at maturity 	<ul style="list-style-type: none"> One repayment at maturity 	<ul style="list-style-type: none"> One repayment at maturity
Permitted drawdowns	<ul style="list-style-type: none"> Maximum of two 	<ul style="list-style-type: none"> Two (A2 and A3 Loan) 	<ul style="list-style-type: none"> One only⁽²⁾ 	<ul style="list-style-type: none"> Monthly based on existing debt to be refinanced (as the case maybe with simultaneous drawings for the C1 loan) 	<ul style="list-style-type: none"> Based on confirmations of commitment
Final maturity date	31/12/23 or 30/06/24 ⁽¹⁾	31/12/25	30/06/23 or 31/12/23 ⁽³⁾	31/12/25	31/12/26
Availability period	<ul style="list-style-type: none"> From 13/06/22 to 30/09/22 	<ul style="list-style-type: none"> A2 Loan: 1-30/09/22 A3 Loan : From 13/06/22 to 31/12/22 	<ul style="list-style-type: none"> 13/06/22 and until 31/12/22 	<ul style="list-style-type: none"> 13/06/22 and until 31/12/22 	<ul style="list-style-type: none"> 13/06/22 and until 31/12/22
Annual margin	<ul style="list-style-type: none"> 4.00% to increase by 2.00% from 01/01/24 	<ul style="list-style-type: none"> 4.00% 	<ul style="list-style-type: none"> 3.50% to increase by 1.00% from 01/07/23 	<ul style="list-style-type: none"> 4.00% 	<ul style="list-style-type: none"> 5.00%
Security interests and privileges	<ul style="list-style-type: none"> A 'Daily' assignment of intra-Group loans financed by drawing on the Loans First-ranking pledges on: <ul style="list-style-type: none"> 100 % of the share capital of CEECSH (the "CEECSH") 100 % of the share capital of ORESC 25 S.à.r.l ("ORESC") 				<ul style="list-style-type: none"> (i) Security interests equivalent to A Loans for C1 Loan and (ii) Second ranking pledges for the C2 Loan

	A1 Loan	A2/A3 Loans	A4 Loan	B Loan	C1/C2 Loans
Commitments relating to the disposal of operating and real estate assets	<ul style="list-style-type: none"> Implement a program of disposal of operational assets for a minimum cumulative net proceeds of €1bn Disposal of real estate assets for a cumulative amount in gross asset value (excluding rights) of (i) €1bn by 31/12/23; (ii) increased to €1.5bn by 31/12/24; and (iii) increased to €2bn by 31/12/25⁽⁴⁾ 				
Commitments relating to the early repayment of loans	<ul style="list-style-type: none"> Allocate 100% of the net proceeds from the disposal of real estate assets covered by the MoU to repay the A4 loan Allocate 25% of the net proceeds from the disposal of real estate assets (subject to the preceding paragraph) in excess of a cumulative amount of €1,270m (including those referred to in the preceding paragraph) to repayment of the A2/A3 and B loans⁽⁵⁾ Allocate the net proceeds from the sale of operating assets, up to a limit of €1.2bn, to repayment of the A1 loan, and then (up to 50% of said proceeds, i.e. €250m) to the A2/A3 and B loans Allocate 25% of the net proceeds from the sale or subscription in the event of the opening of the capital of its subsidiary Niort 94, in repayment of the A2/A3 and B loans (within the limit of a repayment amount of €150m) Allocate 25% (for proceeds up to €1m and 50% (above) of the net proceeds from new debt issues on the capital markets (subject to customary exceptions), to repayment of the A2/A3 and B loans Allocate the net proceeds received from any financing from the State or from Bpifrance, in repayment of the A3 loan 				
Other commitment	<ul style="list-style-type: none"> From 30/06/23, a minimum cash level of €300m (tested quarterly) The Loans do not contain other financial covenants 				

	A1 Loan	A2/A3 Loans	A4 Loan	B Loan	C1/C2 Loans
Security interests enforcement	<p>As long as the original lenders under the Credit Agreement and any subsequent lenders on an agreed list of potential lenders (in each case together with their affiliates) hold more than 66.2/3% of the outstanding and undrawn commitments at that date under the Loans (other than the C2 Loan):</p> <ul style="list-style-type: none"> Non-payment under the Loans Breach of the minimum consolidated cash commitment described below Insolvency and collective proceedings Non-compliance with commitments relating to (i) the disposal or operating and real estate assets described above; or (ii) preservation of assets provided as security Default and acceleration (cross-default) above a cumulative threshold of €100m Refusal by the statutory auditors to certify the ORPEA Group's consolidated financial statements or the existence of reserves on the group's continuity of operations <p>If the original lenders under the credit agreement and any subsequent lenders on an agreed list of potential lenders (in each case together with their affiliates) hold more than 66.2/3% of the commitments under the credit agreement hold less than 66.2/3% of the outstanding and undrawn commitments at that date under the Loans (other than the C2 Loan):</p> <ul style="list-style-type: none"> Non-payment under the Loans Insolvency and collective proceedings <p>The Second Ranking Pledges will only be discharged once the A1, A2/A3, A4, B and C1 Loans have been repaid in the same circumstances (by reference to the commitments under the C2 Loan)</p>				
Events of defaults (subject to the usual materiality thresholds and cure periods as the case may be)	<ul style="list-style-type: none"> Any non-payment default under the Loans; Breach of the minimum consolidated cash level for the Group of at least €300m on the last day of each quarter from 30/06/2023 Default and cross-acceleration above a cumulative threshold of €40m; Insolvency and collective proceedings; Enforcement proceedings from a cumulative threshold of €40m; Refusal of certification by auditors of the ORPEA Group's consolidated accounts; Administrative, arbitral, governmental or regulatory disputes that would reasonably be expected to (i) have a material adverse effect or (ii) impact the commitments relating to the disposal of operating and real assets 				

Notes to the table of Appendix 3:

- (1) In the event of receiving one or more indicative offers for the sale of operating assets for aggregate net proceeds of €1bn
- (2) Drawing conditional on the delivery of memorandum of understanding relating to the sale of real estate assets for €200m (the « MoU »).
- (3) In the event of signature of a MOU to sell real estate assets for net proceeds of €200m
- (4) As of September, 27th 2022, €94m of gross asset value disposals have been achieved
- (5) Real estate assets disposal commitments do not prevent the group from becoming tenant for these assets