

ORPEA ANNOUNCES THE CONCLUSION OF A CONCILIATION PROTOCOL WITH ITS CORE BANKING POOL AND ITS APPROVAL BY THE NANTERRE COMMERCIAL COURT

Puteaux, 13 June 2022 (7:30 AM CEST)

In furtherance of the overhaul of the Group's financing strategy, ORPEA is pleased to announce the conclusion and approval of a conciliation protocol with its core banking pool under the key terms of the agreement in principle signed on 12 May 2022.

After having informed and consulted with the relevant employee representative bodies, ORPEA finalized a conciliation protocol on 3 June 2022 for the purposes of implementing the financing arrangements provided for in the agreement in principle signed on 12 May 2022. This protocol was initially signed subject to agreement on the finance and security documentation, which has since been reached with ORPEA's core banking pool.

The key commitments given by ORPEA and its core banking pool under the terms of the protocol and the finance and security documentation are summarized in the annex to this press release.

At ORPEA's request, the Nanterre Commercial Court, in its judgment dated 10 June 2022, approved the conciliation protocol and terminated the conciliation procedure opened in favor of ORPEA on 20 April 2022.

As previously indicated, the new facilities made available under the agreed documents will be made available to the Company incrementally until 31 December 2022 and will be subject to conditions precedent, with a first drawdown of EUR 250m in mid-June.

The financing arrangements under the protocol and credit documentation will enable the ORPEA Group to finance its business, repay existing finance arrangements on time (and without any change to their terms) and fund the necessary investments for its business. The agreement reached is therefore hugely beneficial to the ORPEA Group and to all its stakeholders, including in particular its 255,000 residents and patients, 71,676 employees and creditors.

In compliance with its legal and regulatory obligations, the Company will continue to inform the market of developments through its corporate communications.

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Annex

The key commitments on ORPEA and the Lenders under the conciliation agreement dated 3 June 2022 and the agreed finance and security documentation

▪ **Lenders’ key commitments**

ORPEA’s core banking pool (the “Lenders”) have agreed to the following main commitments:

➤ Provision of Credit

The Lenders have undertaken to finance the Group's cash flow requirements by making available the loans referred to as the A1 Loan, A2/A3 Loan, A4 Loan and B Loan in the form of a syndicated loan (together, the "Loans"), which will be signed subject to satisfaction of customary conditions precedent. The key terms of the Loans are summarized as follows:

	A1 Loan	A2/A3 Loan	A4 Loan	B Loan	C1/C2 Loan
<i>Purpose of proceeds</i>	To finance or refinance (directly or indirectly), (i) the general corporate purposes of the Group (including, without limitation, debt service and capital expenditure) and (ii) all fees, costs and expenses relating to the Loans.			(i) finance or refinance, (directly or indirectly) the payments due in respect of the ORPEA Group's existing unsecured financings (excluding any bond financing) with the Lenders in the second half of 2022 or their Affiliates and (ii) finance all fees, costs and expenses relating to the Loans.	directly or indirectly, (i) refinance any of the ORPEA Group's existing unsecured financing (excluding any bond financing) and (ii) finance all related fees, costs and expenses
<i>Principal amount (€)</i>	700m	600m	200m	229,389,198.48	A maximum of 1.5bn
<i>Amortisation profile</i>	<i>One repayment at maturity</i>	EUR 100m repayable on 30/06/2024	<i>One repayment at maturity</i>	<i>One repayment at maturity</i>	<i>One repayment at maturity</i>

		EUR 100m repayable on 31/12/2024 EUR 100m repayable on 30/06/2025 The remainder repayable on 31/12/2025			
Permitted drawdowns	Maximum of two	Two (A2 et A3 Loan)	One only	Based on the existing debt to be refinanced	To be defined in the Credit Agreement
Final maturity date	31 December 2023	31 December 2025	30 June 2023	31 December 2025	31 December 2026
Availability period	From the Completion Date to 30 September 2022	A2 Loan: 1-30 September 2022 A3 Loan: from the Completion Date to 31 December 2022	From the Completion Date to 31 December 2022	From the Completion Date to 31 December 2022	From the Completion Date to 31 December 2022
Annual margin	4.00 % to increase by 2.00 % from 1 January 2024	4.00 %	3.50 % to increase by 1.00% from 1 July 2023	4.00 %	5.00%
Security interests and privileges	Security interests and conciliation privilege (<i>privilege de conciliation</i>) under article L. 611-11 of the French Commercial Code				(i) Security Interests ¹ and (ii) Second Ranking Pledges ² , as defined below.

The Credit Agreement will contain customary events of default (subject to the usual materiality thresholds and cure periods as the case may be), including in particular:

- Any non-payment default under the Loans;
- Breach of the minimum consolidated cash commitment described below;
- Default and cross-acceleration above a cumulative threshold of EUR 40m;

¹ For Lenders and their affiliates, as well as for third party creditors participating in A Loans for the C1 Loan.

² For third party creditors participating in C Loans only.

- Insolvency and collective proceedings;
- Enforcement proceedings from a cumulative threshold of EUR 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 (as described below).

▪ **Orpea's Key Commitments**

In particular, ORPEA has agreed to the following key commitments:

➤ Commitments relating to the disposal of operating and property assets

- allocate, as a priority, the net proceeds from the sale of operating assets, up to an aggregate net proceeds amount of EUR 1.2bn in order to reimburse the A1 Loan, the A2/A3 Loan and the B Loan;
- dispose of real estate assets for an aggregate gross asset value (excluding rights) of (i) EUR 1bn by 31 December 2023 ; (ii) increasing to EUR 1.5bn by 31 December 2024 ; et (iii) increasing to EUR 2bn by 31 December 2025 ; et
- allocate the net proceeds from the disposal of real estate assets to repayment of the A4 Loan, the A2/A3 Loan and the B Loan.

➤ Commitment to use certain net proceeds from disposals and subscriptions for the repayment of Loans

ORPEA has also undertaken to allocate certain net proceeds from disposals and subscriptions to compulsory early repayment of the Loans in certain limited circumstances, including:

- net proceeds from disposals in the event of any capital increase in its subsidiary Niort 94 ;
- net subscription proceeds in the event of new debt issuances on the capital markets; and
- net proceeds in the event of obtaining certain financing from the French State or Bpifrance.

➤ Commitments to provide security to secure repayment obligations under the Loans

As a guarantee for the *pari passu* repayment of the amounts due under the Loans, ORPEA has undertaken to grant the following security interests from the first drawdown of one of the Loans:

- a 'Daily' assignment of intra-Group loans financed by drawing on the Loans;
- first-ranking pledges on :
 - 100 % of the share capital of CEECSH (the "**CEECSH Pledge**"); and
 - 100 % of the share capital of ORESC 25 S.à.r.l ("**ORESC Pledge**") to which the Company will contribute, at the latest on the date of the second drawdown under the Loans

(i.e. excluding the first drawdown of a maximum amount of EUR 250m under the A1 Loan), 100% of the shares of its subsidiary Clinea (the “**ORESC Pledge**”, and together with the CEECSH Pledge, the “**Pledges**”) (the assets being pledged as security representing 25% and 32% of the Group’s turnover, respectively). Following certain reorganisations to be carried out within the Group, the pledges over Clinea France and the Group’s business in Germany will represent 25% and 16% of consolidated turnover respectively.

The security documentation will most notably provide that in the event of the syndication of C Loans to third party creditors who are participating solely in C Loans, such creditors will benefit as second-ranking creditors under the Daily assignment and will benefit from a second ranking pledge on (i) 100% of the shares of CEECSH and (ii) 100% of the shares of ORESC (the “**Second Ranking Pledges**”).

The security interests (and in particular the first ranking Pledges) will become enforceable if any of the following events of default occur under the Credit Agreement:

- 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) :
 - 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 EUR 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.

- 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):
 - Non-payment under the Loans;
 - Insolvency and collective proceedings.

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).

➤ Initiate discussions to support the Group's financing plan

ORPEA has undertaken to enter into discussions with all third party creditors with a view to seeking their support for the Group's financing plan, and in particular their participation in the provision of the C Loans.

➤ Commitment to maintain a consolidated Group cash level

ORPEA has undertaken to maintain a consolidated cash level for the Group of at least EUR 300m on the last day of each quarter beginning on 30 June 2023.

About ORPEA (www.ORPEA-corp.com)

Founded in 1989, ORPEA is one of the world leaders in Dependency care (nursing homes, assisted living, post-acute and rehabilitation hospitals, mental health hospitals, home care services)

ORPEA is listed on Euronext Paris (ISIN code: 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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