INTERIM FINANCIAL REPORT

Six-month period from 1 January 2020 to 30 June 2020

This financial report has been prepared in accordance with Articles L.451-1-2 of the French Monetary and Financial Code and 222-4 to 222-6 of the AMF's General Regulation.

It will be distributed in line with the standards in force. It is available on the Company's website at www.orpea-corp.com.

CONTENTS

1. INTERIM BUSINESS REPORT

1.1 HIGHLIGHTS

Management of Covid-19

The end of Q1 and all of Q2 were affected by the Covid-19 pandemic which has had a major impact on the global economy as a whole, as well as on the operation of healthcare facilities.

During H1, the Group employed all of its human and financial means in the fight against Covid-19, across all the countries in which it operates, to protect its residents, patients and employees to the best of its ability:

- very early implementation of strong protection measures to avoid the virus entering facilities;
- close and permanent cooperation with the supervisory authorities, public and private facilities across all countries;
- restocking as of January of personal protective equipment (PPE) and real-time inventory management. ORPEA was thus able to meet the needs of its French facilities and optimise redistribution to its European sites;
- permanent adaptation of hygiene protocols, and dedicated training for all employees with a team of more than 40 doctors and nurses specialised in Hospital Hygiene;
- creation of a Group psychological support unit for employees worldwide;
- creation of a scientific committee dedicated to understanding this new virus and the daily scientific monitoring of its evolution;
- reinforcement of cooperation between nursing homes and post-acute and rehabilitation hospitals, with the creation of Covid units within these hospitals;
- appropriate and clear communication to families, employees and the supervisory authorities.

The Group has managed to limit the impact of this unprecedented crisis thanks, first and foremost, to the extraordinary commitment and solidarity of its 65,000 employees worldwide. To thank and support them, they were paid a recognition bonus.

The Group therefore dedicated all of its experience, contacts and means to ensure, when appropriate, according to the country and the local circulation of the virus, a very gradual easing of lockdown measures starting in May, with the priority remaining the safety and quality of care of its residents, patients and employees.

Development

During H1 2020, ORPEA continued to pursue its globalisation strategy via its five regional clusters coupled with the “premiumisation” of its offering and network. The Group thus completed the acquisition of the Sinoué group during H1 2020, a key player in mental healthcare in France. The Group also extended its presence to Ireland, with the acquisition of TLC, a major nursing home player in County Dublin. Moreover, ORPEA continued to grow its regional coverage in smaller countries, always targeting prime locations, in particular in Mexico and Latvia.

Acquisition of the Sinoué group in psychiatry

In line with its strategy to strengthen its premium positioning, ORPEA acquired the Sinoué group, a key player in mental healthcare in France.

Founded in 1998 by a team of psychiatrists and led by its Chairman, Dr Philippe Cléry-Melin, the Sinoué group is recognised for its cutting-edge expertise in psychosocial care and rehabilitation, coupled with an excellent standard of accommodation services. It successfully manages a diverse and innovative mental healthcare offering, treating all types of psychiatric disorders such as depression, addiction, bipolar disorder and sleeping disorders.

The Sinoué group operates six psychiatric facilities (592 beds), located in prime locations and which were recently renovated or built, all of which enjoy a first-class reputation, in particular:

- a hospital in Meudon one of the best-known Parisian facilities of its kind, founded 150 years ago;
- a new 140-bed hospital in Grenoble;
- the prestigious hospital located in Garches, west of Paris;
- the Nightingale hospital in London, a private psychiatric facility located in the Marylebone district in the heart of London.

This transaction, which began eight years ago with a 40% stake, then 45%, perfectly highlights ORPEA's long-term development strategy.
In April 2020, ORPEA thus acquired the remaining 55% stake in the Sinoué group, which generated revenue of €65 million in 2018.

Acquisition of TLC in Ireland
As part of its selective expansion strategy, ORPEA extended its presence to Ireland, in County Dublin, with the acquisition of TLC Group, a major nursing home player in Ireland.

The long-term care sector in Ireland boasts healthy growth prospects:

- the Republic of Ireland has one of the strongest economic growth rates in the eurozone (GDP growth of +6.7% in 2018)[1];
- the number of people over 80 should increase by +3% per year until 2046[2];
- the private nursing home sector is highly fragmented, with the top 10 representing just 25% of the market[2];
- 7,500 beds must be added by 2026 to meet demand[2].

Founded in 2004, TLC is one of the leading nursing home operators in Ireland and is recognised for the quality of its offering by the Health Authorities (HIQA). TLC owns a network of five facilities (674 beds) all of which are recent and located in County Dublin. The group owns 100% of its real estate and has an experienced management team. TLC posted revenue of €40 million in 2019.

This development is in line with ORPEA's premiumisation strategy which targets prime locations, as well as the quality of both its offering and accommodation.

Other developments
The Group also continued its targeted acquisition policy of independent facilities, notably with the acquisition of a nursing home in Mexico and in Riga, Latvia.
These targeted developments are part of the Group's strategy for creating value.

[1] Source: WorldHealthRankings
[2] Source: WorldHealthRankings, Cushman & Wakefield presentation, Bank of Ireland

1.2 BUSINESS GROWTH

	H1 2020	H1 2019	*Chg.*
France Benelux	**1,136.6**	**1,093.2**	***+4.0%***
Central Europe	**499.6**	**473.9**	***+5.4%***
Eastern Europe	**170.0**	**175.7**	***-3.2%***
Iberian peninsula and Latam	**96.4**	**96.5**	***0.0%***
Rest of the world	**1.5**	**1.4**	***n/a***
Total revenue	**1,904.2**	**1,840.6**	***+3.5%***
Of which organic growth[3]			***-0.9%***

Clusters' composition:
- France Benelux: France, Belgium, the Netherlands, Ireland, the UK;
- Central Europe: Germany, Italy, Switzerland;
- Eastern Europe: Austria, Poland, the Czech Republic, Slovenia, Latvia;
- Iberian peninsula and Latam: Spain, Portugal, Brazil, Uruguay, Mexico;
- Rest of the world: China.

The ORPEA Group, the world leader in long-term care (nursing homes, post-acute and rehabilitation hospitals, psychiatric hospitals, and home care services), posted a 3.5% improvement in revenue during the H1 2020.

The Group's business was hit hard in H1 2020 by the Covid-19 pandemic. Faced with exceptional circumstances, ORPEA managed to achieve revenue growth of +3.5% thanks to strong external growth of +4.4% with the acquisitions, in particular, of TLC in Ireland, SIS in Latin America and Sinoué in France. The decline in organic growth remained limited at -0.9%, thanks to the remarkable commitment of the Group's 65,000 employees. The Group's healthcare facilities (post-acute and rehabilitation hospitals and psychiatric hospitals) were particularly affected by closures for the whole of Q2 in Austria, and a marked slowdown in France and Germany due to the sudden suspension of surgery.

⌘ FRANCE BENELUX REGION

The France Benelux region includes operations in France, Belgium, the Netherlands and Ireland. Revenue growth in this region reached +4.0% at €1,136.6 million. This improvement was due to the contribution of TLC in Ireland and of Sinoué in France, which have been

[3] The Group's organic revenue growth includes: 1. The year-on-year change in the revenue of existing facilities as a result of changes in their occupancy rates and per diem rates; 2. The year-on-year change in the revenue of redeveloped facilities or those where capacity has been increased in the current or year-earlier period; 3. Revenue generated in the current period by facilities created during the current or year-earlier period, and the change in revenue of recently acquired facilities by comparison with the previous equivalent period.

consolidated since 1 January 2020 and 1 April 2020 respectively. At the same time, the Group's healthcare facilities in France were particularly affected by the pandemic.
This cluster represents 60% of the Group's business.

- **Central Europe region**

The Central Europe region encompasses operations in Germany, Switzerland and Italy. This region saw a marked increase of +5.4% in revenue to €499.6 million, reflecting the resilience of its business, notably in Switzerland and Germany.
Central Europe is the Group's second-largest cluster in terms of revenue and represented 26% of the Group's business during H1 2020.

- **Eastern Europe region**

The Eastern Europe region is made up of operations in Austria, Poland, the Czech Republic, Slovenia and Latvia. At €170.0 million, the -3.2% decline in revenue for this region was solely due to the closure of post-acute and rehabilitation hospitals in Austria. This cluster represents 9% of the Group's business.

- **Iberian Peninsula and Latam region**

The Iberian Peninsula and Latam region includes business in Spain, Portugal, Brazil, Mexico and Uruguay. Revenue for this region remained stable at €96.4 million, despite the severe impact of Covid-19 on facilities in Madrid and Barcelona. This decline in business was offset in particular by the acquisition of joint ventures with SIS in Brazil and Portugal.
This cluster represents 5% of the Group's business at the end of H1 2020.

- **Rest of the world region**

Operations in China make up the Rest of the world region, with €1.5 million in revenue deriving from the facility in Nanjing.

1.3 H1 2020 FINANCIAL RESULTS

In €m	H1 2020	H1 2019	*Chg. H1 2020/ H1 2019*	H1 2020 Restated for IFRS 16	H1 2019 restated for IFRS 16
Revenue	**1,904.2**	**1,840.6**	***+3.5%***	**1,904.2**	**1,840.6**
Purchases used and other external expenses	-342.7	-323.7	*+5.9%*	-342.7	-323.7
Staff costs	-1,080.0	-986.5	*+9.5%*	-1,080.0	-986.5
Taxes other than on income	-72.3	-61.7	*+17.2%*	-72.3	-61.7
Other recurring operating income and expense	44.3	11.0	*N/A*	44.3	11.0
EBITDAR	**453.4**	**479.7**	***-5.5%***	**453.4**	**479.7**
Rental expenses	-14.4	-15.2	*-5.3%*	-169.5	-162.1
EBITDA	**439.0**	**464.5**	***-5.5%***	**283.9**	**317.6**
Depreciation, amortisation and charges to provisions	-242.3	-220.4	*+9.9%*	-112.6	-98.8
Recurring operating profit	**196.8**	**244.1**	***-19.4%***	**171.3**	**218.8**
Other non-recurring operating income and expense	15.3	15.4	*N/A*	15.3	15.0
Operating profit	**212.1**	**259.5**	***-18.3%***	**186.6**	**233.8**
Net interest expense	-113.3	-106.3	*+6.5%*	-79.8	-73.7
Profit before tax	**98.8**	**153.2**	***-35.5%***	**106.8**	**160.1**
Income tax expense	-28.3	-42.6	*-33.5%*	-30.2	-44.1
Share in profit/(loss) of associates and joint ventures	1.8	4.1	*N/A*	1.8	4.1
Attributable to non-controlling interest	-0.8	0.0	*N/A*	-0.8	0.0
Net profit attributable to ORPEA's shareholders	**73.0**	114.6	***-36.3%***	79.1	120.1

RECURRING OPERATING PROFIT

EBITDAR (EBITDA before rental expenses) was down -5.5% to €453.4 million, representing a margin of 23.8% of revenue. The decline of -230 basis points compared with H1 2019 was due to the impact of the Covid-19 pandemic which totalled a gross amount of €147 million (loss of activity, additional costs relating to personal protective equipment and staff bonuses). Taking into account compensation received, net cost stood at €53 million. This compensation is recognised as recurring profit, either under other income for compensation relating to loss of activity, or as a reduction in expenses for compensation for additional costs relating to personal protective equipment and payroll costs.

The most affected geographical regions were:

- Eastern Europe, due to the temporary closure of Austrian clinics: the EBITDAR margin was 10.7% for H1 2020, compared with 16.8% for H1 2019;
- the Iberian peninsula and Latam region, due to the intensity of the Covid-19 pandemic in Madrid: the EBITDAR margin was 10.1% for H1 2020, compared with 25.3% for H1 2019.

Conversely, the France Benelux and Central Europe regions proved resilient, with limited declines:

- France Benelux: EBITDAR margin down -140 basis points at 27.0%;
- Central Europe: EBITDAR margin down -50 basis points at 23.9%.

EBITDA for H1 2020 declined by -5.5% to €439.0 million, representing a margin of 23.1% of revenue.
The EBITDA margin, restated for IFRS 16, stood at 14.9%— factoring in external rental expenses of €169.5 million — compared with 17.3% for H1 2019.

Recurring operating profit for H1 2020 stood at €196.8 million (down -19.4%) after depreciation, amortisation and charges to provisions of €242.3 million (+9.9%) reflecting the growth of the real-estate portfolio held by the Group.

Operating profit

Net non-recurring gains were stable at €15.3 million, compared with €15.4 million in H1 2019. These notably included the impact of business combinations during the period in the amount of €29 million. Operating profit was €212.1 million, compared with €259.5 million in H1 2019, representing a decline of -18.3%.

Net interest expense

Net interest expense reached €113.3 million, representing a limited increase of +6.6% due to sustained investment.

Profit before tax

Profit before tax totalled €98.8 million, down -35.5% from €153.2 million in H1 2019.

Net profit

Consolidated companies' income tax expense came to €28.3 million.
Lastly, ORPEA's share in the profit/(loss) of associates contributed income of €1.8 million in H1, compared with €4.1 million in the previous half.
Net profit attributable to ORPEA's shareholders was down -36.3% compared with H1 2019 at €73.0 million.

1.4 BALANCE SHEET, DEBT AND REAL-ESTATE PORTFOLIO

At 30 June 2020, Group equity attributable to ORPEA's shareholders was €3,009 million, compared with €3,014 million at 31 December 2019.

Net financial debt climbed +€423 million to €5,958 million[4] compared with 31 December 2019, against a backdrop of strong growth with investments in both real estate and operations, notably TLC in Ireland and Sinoué in France.

At 30 June 2020, the Group's two principal debt ratios were below the authorised limits:

- financial leverage restated for real estate assets (restated for IFRS 16) = 2.8 versus 2.3 at 31 December 2019, with a cap at 5.5;
- restated gearing (restated for IFRS 16) = 1.7 versus 1.6 at 31 December 2019, with a cap at 2.0.

Ratios in the majority of loan agreements signed over the past two years are restated for IFRS 16. Both ratios, factoring in the impact of IFRS 16, stood at 1.4 for restated financial leverage and 1.8 for restated gearing and were therefore below the authorised cap.

The proportion of net debt accounted for by real estate debt now stands at close to 87%. That strengthens ORPEA's balance sheet, as this debt is backed by high-quality and low-volatility real-estate assets operated by the Group.

The average cost of financial debt stood at 2.40% over H1 2020, -30 basis points lower than at 31 December 2019. Net debt is still fully hedged against the risk of an increase in interest rates.

During H1 2020, ORPEA continued its strategy of holding real-estate assets in the best locations, notably with the acquisition of buildings in Dublin, Riga and the Netherlands.
At 30 June 2020, the real-estate portfolio was valued at €6,249 million[5], i.e. an increase of +€232 million over H1 alone, and had a total surface area of 2.2 million sq m.
The real estate ownership rate was stable compared with 31 December 2019, at 49%.

The application of IFRS 16 led to the recognition on the balance sheet of rights-of-use relating to current leases in the amount of €2,387 million compared with €2,334 million at 31 December 2019, whereas on the liabilities side of the balance sheet, the discounted value of future rental expenses stood at €2,562 million, of which €2,320 million maturing in more than one year and €242 million in less than one year.

1.5 CASH FLOWS

In H1 2020, ORPEA's cash flow generated by operating activities came to €406 million, compared with €364 million in H1 2019.
Net cash used in investing activities, which includes investments in construction projects and maintenance, acquisitions of real-estate assets and intangible assets, net of real estate and intangible asset disposals, was negative and totalled €660 million, compared with €606 million in H1 2019. Real estate investments (construction projects or acquisitions of buildings) accounted for 55% of these investments.

[4] Excluding €475 million in liabilities associated with assets held for sale.
[5] Excluding the impact of €415 million in real-estate assets held for sale.

Net cash generated by financing activities was positive at €317 million, compared with €421 million in H1 2019.

ORPEA held €902 million in cash at 30 June 2020, compared with €839 million at 31 December 2019.

1.6 THE ORPEA GROUP'S SHORT- AND MEDIUM-TERM OUTLOOK

- **SUBSEQUENT EVENTS:**

Further optimisation of the balance sheet
As every year, ORPEA went ahead with a Schuldschein issue in July 2020. The €184 million raised from the 5- to 7-year maturities will be devoted to funding future development and will help extend the maturity of its debt through the redemption of shorter maturities.
ORPEA also issued a €40 million private placement maturing in 12 years.

Acquisition of the Clinipsy Group
Clinipsy is a private independent group of psychiatric hospitals, founded in 2009 by Doctors Frédéric Lefebvre and Laurent Morasz.
In 12 years, the group has become a key mental healthcare player in France and enjoys leading expertise in the opening of new facilities, innovation, research and committed public-private partnerships.
At 1 July 2020, ORPEA had acquired nine facilities with a total of 907 beds and places, of which 50% have been opened recently or are scheduled to be opened during the next few years. All of the facilities are recent (average age of five years), are mainly located in large towns or cities in the North and East of France, and in regions that are in need of improved healthcare offerings.
In 2019, Clinipsy's nine facilities, which are consolidated from 1 July 2020, generated revenue of almost €40 million.

Acquisition of 50% of Brindley Healthcare
Following the acquisition of the TLC Group in January 2020, ORPEA has stepped up its presence in Ireland with the acquisition of 50% of the fourth largest national nursing home operator, Brindley Healthcare. ORPEA has an option to buy the remaining 50% by 2022.
Founded in 2000, Brindley Healthcare operates 10 facilities (574 beds) across six counties which are complementary to County Dublin where TLC operates. In 2019, the group generated revenue of almost €25 million. As ORPEA does not own a controlling stake, Brindley Healthcare will be consolidated using the equity method.

Management of Covid-19
The ORPEA Group and its teams remain extremely cautious in terms of its management of the Covid-19 public health crisis. Since the end of H1, ORPEA continues to apply strict barrier measures across all sites (wearing of masks, physical distancing, heightened hygiene measures etc.) while restarting social interactions within its facilities (meals in the restaurant, family visits, events and entertainment etc.).
In addition to barrier measures, the Group also applies its test policy in the event of any suspected cases or contact cases by testing everybody present within the facility (residents, patients and employees). In the event one person tests positive, certain temporary restrictions may be reintroduced as a precautionary measure, such as dividing mealtimes at the restaurant into small groups or limiting visits to patients' and residents' rooms.

The Group’s aim is to provide a graduated response, adapted to each facility, as close to the ground as possible, which focuses on safety and maintaining the social interaction of residents (families, employees, external service providers).
The public health situation within the network was under control at 15 September 2020: the number of positive cases remained low (0.4% of residents and patients at 15 September 2020) and more than 90% of these positive cases were asymptomatic. More than 97% of the Group’s facilities therefore currently have no Covid-19 cases.

Cyber attack
The ORPEA Group detected the intrusion of malware on some of its servers during the night of 17 September. The IT security teams were fully mobilised and took immediate action to secure the systems, isolate the affected servers (less than 1% of all servers) and temporarily shut down the entire network, thus preventing the spread of the malware.

This voluntary shutdown caused disruptions to the IT systems but in no way affected the continuity of care and social interactions within the facilities.

Following analysis by recognised cybersecurity experts and thanks to the responsiveness and proper functioning of the security systems, all backups are intact and no data was destroyed or transferred. The Group's IT infrastructure, software and applications and all data have been secured and have not suffered any damage.

The IT teams and external cybersecurity experts actively worked to gradually restart all servers and applications. Executive management requested that this process be carried out step-by-step with extreme care and that all the necessary precautions were taken. The smooth running of both the facilities and administrative services was ensured.

The ORPEA Group informed the relevant authorities of this malicious act.

STRATEGY AND OUTLOOK

The Group’s strategy remains firmly focused on the quality of care and services provided to its residents and patients, as well as the safety and well-being of its employees. ORPEA therefore continues to develop in its five geographical regions, by favouring value-creating acquisitions and the opening of new facilities in prime locations in major European and Latin American towns and cities.
Since the beginning of H2, business across all facilities has picked up significantly:

- at post-acute and rehabilitation hospitals and at psychiatric hospitals, occupancy rates have almost returned to pre-Covid-19 levels;
- the momentum of new admissions for nursing homes is also strong and their occupancy rates in most countries are expected to return to almost pre-Covid-19 levels within the next six months, barring any deterioration in current public health conditions.

The Group will present its new 2020 revenue target, which it had temporarily suspended on 5 May 2020, during the publication of its Q3 revenue.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks remain identical to those presented on pages 69 to 86 in Chapter 3 of the 2019 Universal Registration Document filed with the Autorité des Marchés Financiers on 12 May 2020 under no. D.20-0455.
We are not aware of any significant disputes or litigation liable to affect the Group’s financial position at the date of the financial statements.

RELATED PARTIES

There have been no significant changes to the information presented on pages 196 to 198 in Chapter 5.8.3 of the Company’s 2019 Universal Registration Document.
Please also refer to Note 3.25 to the interim consolidated financial statements in this report.

2. FINANCIAL STATEMENTS

ORPEA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

SA ORPEA *Société Anonyme* (public limited company) with share capital of €80,769,796

Registered on the Nanterre Trade and Companies Registry under no. 401 251 566/APE Code 853 D

Registered office: 12 rue Jean Jaurès - CS 10032 - 92813 Puteaux Cedex, France

Consolidated income statement

(in thousands of euros)	Notes	30-Jun-20	30-Jun-19
REVENUE		**1,904,154**	**1,840,585**
Purchases used and other external expenses		(357,126)	(338,873)
Staff costs		(1,079,957)	(986,506)
Taxes other than on income		(72,324)	(61,693)
Depreciation, amortisation and charges to provisions		(242,250)	(220,401)
Other recurring operating income		47,670	15,581
Other recurring operating expense		(3,407)	(4,629)
Recurring operating profit	3.22	**196,759**	**244,066**
Other non-recurring operating income		63,447	44,744
Other non-recurring operating expense		(48,143)	(29,325)
OPERATING PROFIT	3.23	**212,063**	**259,485**
Financial income		7,478	7,109
Financial expense		(120,734)	(113,431)
Net finance cost	3.24	**(113,257)**	**(106,322)**
PROFIT BEFORE TAX		**98,806**	**153,162**
Income tax expense	3.25	(28,330)	(42,583)
Share in profit/(loss) of associates and joint ventures	3.6	1,775	4,067
CONSOLIDATED NET PROFIT		**72,251**	**114,646**
Attributable to non-controlling interest		(767)	13
Attributable to Orpea's shareholders		**73,018**	**114,633**

Number of shares	64,615,837	64,615,837
Basic earnings per share (€)	1.13	1.77
Diluted earnings per share (€)	1.12	1.77

The accompanying notes are an integral part of the financial statements

Statement of comprehensive income

(in thousands of euros)		30-Jun-20	30-Jun-19
Net profit for the year	*a*	**73,018**	**114,633**
Change in exchange differences		(52,232)	592
Available-for-sale financial assets			
Cash flow hedges		(33,416)	(49,728)
Extended income/(loss) from equity accounted entities			
Tax effect on items that may be reclassified as income		8,630	12,842
Total items that may be reclassified as income	*b*	(77,018)	(36,293)
Comprehensive income net of items that may be reclassified as income	*a+b*	**-4,000**	**78,340**
Actuarial gains/(losses)			
Revaluation of property assets			
Tax effect on items that will not be reclassified as income		0	0
Total items that will not be reclassified as income	*c*	0	0
Comprehensive income after items that will not be reclassified as income	*a+b+c*	**-4,000**	**78,340**
Other comprehensive income (net of tax)	*b+c*	**(77,018)**	**(36,293)**
Comprehensive income	*a+b+c*	**(4,000)**	**78,340**

Consolidated balance sheet

(in thousands of euros)	*Notes*	30-Jun-20	31-Dec-19
Assets			
Goodwill	*3.1*	1,337,690	1,298,972
Intangible assets, net	*3.2*	2,668,111	2,469,080
Property, plant and equipment, net	*3.4*	5,550,091	5,421,534
Property under construction	*3.4*	699,295	595,123
Right of use of assets	*3.5*	2,406,749	2,334,315
Investments in associates and joint ventures	*3.6*	193,252	166,853
Non-current financial assets	*3.7*	85,231	60,365
Deferred tax assets	*3.25*	101,867	93,983
Non-current assets		**13,042,286**	**12,440,225**
Inventories		14,363	12,513
Trade receivables	*3.8*	254,219	263,482
Other assets, accruals and prepayments	*3.9*	770,879	584,060
Cash and cash equivalents	*3.14*	901,754	838,741
Current assets		**1,941,215**	**1,698,796**
Assets held for sale		**475,380**	**400,000**
TOTAL ASSETS		**15,458,880**	**14,539,021**

Liabilities and equity			
Share capital		80,770	80,770
Consolidated reserves		2,327,542	2,147,260
Revaluation reserves		527,235	552,021
Net profit for the year		73,018	233,990
Equity attributable to ORPEA's shareholders	*3.11*	**3,008,565**	**3,014,041**
Non-controlling interests		-3,055	-2,918
Total consolidated equity		**3,005,510**	**3,011,123**
Non-current financial liabilities	*3.14*	6,300,952	5,858,457
Long-term lease commitments	*3.16*	2,328,001	2,262,279
Provisions	*3.13*	114,451	111,760
Post-employment and related benefit obligations	*3.13*	89,590	87,347
Deferred tax liabilities	*3.25*	1,072,726	1,027,865
Non-current liabilities		**9,905,721**	**9,347,708**
Current financial liabilities	*3.14*	558,230	514,945
Short-term lease commitments	*3.16*	242,096	237,597
Provisions	*3.13*	27,299	27,253
Trade payables	*3.17*	291,590	253,782
Tax and payroll liabilities	*3.18*	328,553	237,878
Current income tax liabilities		12,361	22,988
Other financial liabilities, accruals and prepayments	*3.19*	612,139	485,747
Current liabilities		**2,072,268**	**1,780,190**
Liabilities associated with assets held for sale		**475,380**	**400,000**
TOTAL EQUITY AND LIABILITIES		**15,458,880**	**14,539,021**

The accompanying notes are an integral part of the financial statements

Consolidated cash flow statement

(in thousands of euros)	*Notes*	30-Jun-20	30-Jun-19
Cash flow from operating activities			
• Net profit of consolidated companies		73,018	114,633
• Elimination of non-cash income and expense related to operating activities (*)		202,640	188,072
Net finance cost	*3.24*	113,257	106,322
• Gains on asset disposals not related to operating activities, net of tax		0	0
Gross cash flow from operations generated by consolidated companies		**388,915**	**409,027**
• Change in the operating working capital requirement			
- Inventories		(1,850)	(405)
- Trade receivables	*3.8*	9,263	(39,844)
- Other receivables	*3.9*	(109,982)	48,937
- Tax and payroll liabilities	*3.18*	58,569	902
- Trade payables	*3.17*	28,937	(2,975)
- Other financial liabilities	*3.19*	31,896	(51,852)
Net cash generated by/(used in) operating activities		**405,748**	**363,790**
Cash flow from investing and development activities			
• Real estate investments		(362,093)	(380,033)
• Disposals of real estate		1,123	0
• Acquisition of other non-current assets used in operations		(293,144)	(225,702)
• Current accounts and other movements		(5,971)	116
Net cash generated/(used by) investing activities		**(660,085)**	**(605,619)**
Net cash generated/(used by) financing activities			
• Net cash inflows/(outflows) related to bridging loans and bank overdrafts	*3.14*	260,965	53,606
• Proceeds from new finance leases	*3.14*	48,566	56,979
• Proceeds from other borrowings	*3.14*	679,721	1,090,959
• Repayments of lease liabilities		(127,142)	(119,751)
• Repayments of other borrowings	*3.14*	(355,640)	(434,453)
• Repayments under finance leases	*3.14*	(75,863)	(119,891)
• Net finance cost and other changes	*3.24*	(113,257)	(106,322)
Net cash generated/(used by) financing activities		**317,350**	**421,127**
Change in cash and cash equivalents		**63,013**	**179,298**
Cash and cash equivalents at beginning of period		838,741	767,987
Cash and cash equivalents at end of period		**901,754**	**947,286**
Analysis of cash and cash equivalents at end of period		**901,754**	**947,286**
• Cash equivalents	*3.14*	12,260	123,946
• Cash	*3.14*	889,494	823,340

The accompanying notes are an integral part of the financial statements

(*) Of which mainly depreciation, amortisation and charges to provisions, deferred taxes, share in income of associates, excess of fair value of assets and liabilities acquired, redevelopment costs, non-recurring expenses arising from the acquisition of facilities, IFRS 16 income and expenses

Statement of changes in consolidated equity

(in thousands of euros) except for the number of shares	Number of shares	Share capital	Share premiums	Revaluation reserves	Other reserves	Profit (loss)	Total attributable to Orpea's shareholders	Non-controlling interests	Total
31-Dec-18	**64,586,323**	**80,733**	**950,642**	**557,720**	**1,159,796**	**220,391**	**2,969,283**	**1,392**	**2,970,675**
Change in value of real estate				58,973			58,973		58,973
Post-employment benefit obligations				233			233		233
Financial instruments				(64,905)			(64,905)		(64,905)
Exchange differences					(3,515)		(3,515)		(3,515)
Impact of the measurement of deferred taxes							0		0
Change in value recognised directly in equity		**0**	**0**	**(5,699)**	**(3,515)**	**0**	**(9,214)**	**0**	**(9,214)**
Reclassifications									
Appropriation of net profit					142,852	(220,391)	(77,539)		(77,539)
Profit or loss at 31 December 2019						233,990	233,990	(1,222)	232,768
							0		0
OCEANE					51,839		51,839		51,839
Other					(477)		(477)	(3,088)	(3,565)
Other					(7,664)		(7,664)		(7,664)
Other (IFRS 16)					(145,582)		(145,582)		(145,582)
Bonus share allotment plan	29,514	37	(37)		(596)		(596)		(596)
Cancellation of treasury shares							0		0
31-Dec-19	**64,615,837**	**80,770**	**950,605**	**552,021**	**1,196,655**	**233,990**	**3,014,041**	**(2,918)**	**3,011,123**
Change in value of real estate							0		0
Post-employment benefit obligations							0		0
Financial instruments				(24,786)			(24,786)		(24,786)
Exchange differences					(52,232)		(52,232)		(52,232)
Impact of the measurement of deferred taxes							0		0
Change in value recognised directly in equity		**0**	**0**	**(24,786)**	**(52,232)**	**0**	**(77,018)**	**0**	**(77,018)**
Reclassifications									
Appropriation of net profit					233,990	(233,990)	0		0
Profit or loss at 30 June 2020						73,018	73,018	(767)	72,251
OCEANE					(2,573)		(2,573)		(2,573)
Other					3		3	630	633
Bonus share allotment plan					1,094		1,094		1,094
Cancellation of treasury shares							0		0
30-Jun-20	**64,615,837**	**80,770**	**950,605**	**527,235**	**1,376,937**	**73,018**	**3,008,565**	**(3,055)**	**3,005,510**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

Table of contents

Notes to the condensed consolidated financial statements

Amounts are stated in thousands of euros unless otherwise stated

The ORPEA Group's interim condensed consolidated financial statements for H1 2020 were approved by the Board of Directors on 22 September 2020.

1. SIGNIFICANT ACCOUNTING POLICIES

ORPEA S.A. is a French company that has its registered office at 12 rue Jean Jaurès, 92800 Puteaux, France. It is the parent company of a group that operates in the temporary and permanent care sector, primarily through nursing homes for the elderly, post-acute and psychiatric hospitals, and home care.

1.1 - Accounting standards

In accordance with EC Regulation 1606/2002 of 19 July 2002, the ORPEA Group has prepared its 2020 interim condensed consolidated financial statements in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and mandatory at the reporting date of these financial statements.

They include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), all of which are available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The interim condensed consolidated financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with IAS 34 — Interim Financial Reporting, which allows a selection of notes to the financial statements to be presented. These condensed consolidated financial statements must be read together with the consolidated financial statements for financial year 2019.

The accounting methods presented below have been applied consistently to all the periods presented in the consolidated financial statements.

The accounting principles used to prepare the interim condensed consolidated financial statements of the ORPEA Group are identical to those used to prepare the consolidated financial statements for the financial year ended 31 December 2019 and presented in the consolidated financial statements for that period.

The new mandatory standards and interpretations for periods beginning on or after 1 January 2020 and applicable to the ORPEA Group are:

- Amendment to IFRS 3: Definition of a Business;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to IFRS 9 and IFRS 7: Interest Rate Benchmark Reform;
- Amendment to IFRS 16: Covid-19-Related Rent Concessions (applicable as of 1 June 2020).

These amendments did not have a material impact on the Group's consolidated financial statements.

The Group did not apply any of the new standards or interpretations that were not mandatory at 1 January 2020. These standards include:

Standards not yet adopted by the European Union (application date subject to adoption by the EU):

- Annual Improvements to IFRS Standards 2018-2020 Various provisions (1 January 2022);
- Amendments to IFRS 3: Business Combinations - Reference to the Conceptual Framework (1 January 2022);

- Amendments to IAS 16: Property, Plant and Equipment — Proceeds before Intended Use (1 January 2022);
- Amendments to IAS 37: Provisions, contingent liabilities and contingent assets (1 January 2022);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current (1 January 2022);
- IFRS 17: Insurance contracts.

A detailed analysis of these standards and amendments is under way, but it is not expected to have a material impact on the Group's financial statements.

The only seasonal effect is the number of business days, which is slightly lower in H1 of each calendar year than in H2.

The consolidated financial statements and notes thereto are presented in euros.

1.2 - Use of estimates

The preparation of Financial Statements in accordance with IFRS requires estimates and assumptions to be made which have an impact on the amounts appearing in these Financial Statements. These estimates are based on an assumption of going concern and are established according to the information available at the time. Estimates may be revised if the circumstances on which they were based change or in the event new information comes to light. Actual results may differ to these estimates.

The interim condensed consolidated financial statements for the period were prepared by reference to the current environment, notably in regard the estimates presented below:
- future cash flow and discount rate assumptions used for the impairment testing of goodwill, intangible assets, and property, plant and equipment (IAS 36);
- the valuation of share-based payments (IFRS 2);
- the measurement of provisions (IAS 37);
- the assessment of post-employment benefit obligations (IAS 19);
- the estimate of lease terms and the discount rate for future rent (IFRS 16);
- the valuation of certain financial instruments at fair value (IFRS 9);
- the remeasurement of real-estate assets at fair value (IAS 16).

Due to the current public health crisis, the Group has carried out an in-depth review of these assumptions and estimates.

2. HIGHLIGHTS OF THE PERIOD

2.1 - Covid-19 pandemic context

Despite the pandemic and thanks to its resilience, the Group has maintained its level of business on the whole (see 2.2 below).

Additional costs (personal protective equipment, staff bonuses etc.) were incurred and partly offset by the various financial support schemes implemented by local governments. (See 3.22 below).

Over the period, the most affected geographical regions were Eastern Europe (due to the temporary closure of Austrian clinics) and the Iberian Peninsula (and Madrid in Spain in particular) and Latam.
Conversely, the France Benelux and Central Europe regions proved resilient, with limited declines in business.

2.2 - Scope of consolidation

ORPEA's H1 2020 revenue rose +3.5% compared with H1 2019, representing an increase of +€63.6 million.

Organic revenue growth stood at -0.9% for the period.

During the first six months of the year, ORPEA opened several facilities after completing construction and redevelopment projects launched in prior financial years. It also pushed ahead with its strategy of expanding through acquisitions of facilities in operation or at the project development stage.

Lastly, the Group purchased, directly or via companies, specific assets necessary for its expansion, such as intangible rights and operating properties. It also sold a number of facilities and properties.

Based on provisional estimates of the fair value of assets acquired and liabilities assumed, the total investment at their acquisition date breaks down as follows:

H1 2020	Goodwill (in €m)	Intangible assets used in operations (in €m)	Properties (in €m)	Contingent liabilities (in €m)	Other assets & other liabilities (1) (in €m)	Deferred taxes (in €m)	Cost (in €m)	H1 2020 revenue	H1 2020 income
France Benelux	0	173	115	-3	1	-46	205	53	8
Central Europe	37	12	0	-1	-22	-2	24	13	1
Iberian peninsula, Latam	6	0	7	-1	-1	-1	11	1	0
Eastern Europe	1	3	19	-1	-5	-2	14	3	0
Other	0	0	0	0	0	0	0	0	0
Total	**45**	**187**	**142**	**-7**	**-27**	**-50**	**253**	**69**	**10**

(1) Of which intangible concession assets, where applicable

The Group carries out regular acquisitions as part of its external growth strategy.

The Group completed the following transactions during the half year: acquisition of a 100% stake in psychiatric and post-acute hospitals in France (SINOUE Group), post-acute hospitals in Germany (Medaktiv), nursing homes in Mexico (Villazul), Latvia (Senior Baltic), Slovenia (Socni Dom) and Ireland (TLC Group).

The presentation of the geographical region for the France/Benelux operating segments now includes Ireland in addition to France, Belgium, Luxembourg and the Netherlands.

Other non-recurring income and expense relating to acquisitions as part of business combinations are presented in Note 3.23.

In H1 2019, total investments at the date of their first-time consolidation were:

H1 2019	Goodwill (in €m)	Intangible assets used in operations (in €m)	Properties (in €m)	Contingent liabilities (in €m)	Other assets & other liabilities (1) (in €m)	Deferred taxes (in €m)	Cost (in €m)
France Benelux	29	99	30	-2	-46	-24	78
Central Europe	57	42	24	-4	-6	-8	93
Iberian peninsula, Latam	15	0	3	0	1	0	19
Eastern Europe	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	**100**	**141**	**57**	**-6**	**-51**	**-31**	**190**

(1) Of which intangible concession assets, where applicable

3. COMMENTARY ON THE FINANCIAL STATEMENTS

3.1 Goodwill

The main movements during the period were as follows:

	Total
Net goodwill at beginning of period	1,298,972
Business combinations	44,681
Previous goodwill adjustments and deconsolidations	26
Exchange differences	(5,989)
Goodwill on assets held for sale	0
Net goodwill at end of period (*)	**1,337,690**

(*) Excluding goodwill on assets held for sale €58,133 thousand

Business combinations include the provisional allocation of the goodwill arising on the acquisition of the MEDAKTIV German sub-group.

The following groups of cash-generating units (CGUs) account for significant goodwill:

	30-Jun-20	**31-Dec-19**
MEDITER MIEUX VIVRE sub-group acquired in 2010	87,010	87,010
SENEVITA sub-group	61,482	58,280
Existing operations in Germany	341,649	341,649
DAGELIJKS LEVEN sub-group	76,735	76,735
AXION sub-group	83,084	83,084
Brazilian sub-group	71,147	74,950
Other	616,583	577,264
Net goodwill at end of period	**1,337,690**	**1,298,972**

No other group of CGUs accounted for more than 5% of total goodwill at the end of the period.

3.2 Intangible assets

Gross intangible assets and accumulated amortisation break down as follows:

	6/30/2020			12/31/2019		
	Gross	Dep. Amort. Prov.	Net	Gross	Dep. Amort. Prov.	Net
Operating intangible assets	2,598,884	23,562	2,575,322	2,418,543	29,624	2,388,919
Advances and down payments	5,970	15	5,955	303		303
Other intangible assets	225,824	135,155	90,669	205,389	121,696	83,693
Intangible assets held for sale	-3,835		-3,835	-3,835		-3,835
Total	2,826,843	158,732	**2,668,111**	2,620,400	151,320	2,469,080

At 30 June 2020, the intangible assets used in operations item includes non-amortisable operating licences as well as a brand acquired as part of the SINOUE Group business combination.

In the event of business acquisitions, operating licences which meet IAS 38 requirements are recognised at fair value at the acquisition date. The approach used to measure fair value is based on recent transactions and commonly used valuation models.

Intangible assets held for sale correspond to operating licences held for facilities earmarked for sale within 12 months.

Groups of CGUs with material operating licences are as follows:

	30-Jun-20	**31-Dec-19**
MEDITER MIEUX VIVRE sub-group acquired in 2010	187,125	187,125
SINOUE sub-group	128,325	
SENEVITA sub-group	116,337	116,337
SENECURA sub-group	123,989	123,989
Other	2,019,545	1,961,467
Net operating licences at end of period	**2,575,322**	**2,388,919**

No other group of CGUs accounted for more than 5% of the total for the operating licences item at the end of the period.

Amortisation of other intangible assets is recognised in the income statement under depreciation, amortisation and charges to provisions.

Any impairment losses are recognised in other non-recurring operating expense.

The following table shows movements in intangible assets (net) by category:

	Operating licences	Advances and down payments	Other	Intangible assets held for sale	Total
At 31 December 2018	**2,172,295**	**8,978**	**79,232**	**(3,835)**	**2,256,670**
Increase	4,853	(1,342)	4,287		7,798
Decrease	(2,844)	(0)	414		(2,430)
Depreciation, amortisation and charges to provisions	(2,803)		(6,762)		(9,566)
Reclassifications and other	1,926	(7,333)	4,754		(652)
Changes in scope	215,491	0	1,768		217,259
At 31 December 2019	**2,388,919**	**303**	**83,693**	**(3,835)**	**2,469,080**
Increase	6,839	5,429	4,262		16,530
Decrease					0
Depreciation, amortisation and charges to provisions	(762)	1	(4,273)		(5,033)
Reclassifications and other	(6,624)		6,624		0
Changes in scope	186,948	222	364		187,534
At 30 June 2020	**2,575,322**	**5,955**	**90,669**	**(3,835)**	**2,668,111**

Changes in scope of consolidation are mainly related to acquisitions in France/Benelux (€173 million) and Central Europe (€12 million).

Advances and down payments recognised in intangible assets mainly comprise advances and down payments made in connection with contractually agreed acquisitions of operating licences.

Other intangible assets include €72 million in intangible concession assets in Spain.

3.3 Periodic impairment testing

In accordance with IAS 36, cash generating units are tested for impairment each financial year, including goodwill, intangible assets with an indefinite useful life and property, plant & equipment.

Due to the exceptional circumstances related to the Covid-19 pandemic, impairment tests carried out at 31 December 2019 were updated to take into account the decline in business observed over H1 2020 as well as the gradual recovery in occupancy rates which began across all facilities at the beginning of H2.

As a result, as long-term business forecasts remained unchanged for all CGUs, these tests did not identify any impairment losses at 30 June 2020.

3.4 Property, plant and equipment

3.4.1 - Change in property, plant and equipment and assets under construction

Gross property, plant and equipment, including property under construction, and accumulated amortisation break down as follows:

	6/30/2020			12/31/2019		
	Gross	Dep. Amort. Prov.	Net	Gross	Dep. Amort. Prov.	Net
Land	2,002,523	4,592	1,997,931	1,950,670	4,433	1,946,237
Buildings	4,668,481	1,201,088	3,467,393	4,481,417	1,122,624	3,358,793
Technical installations	747,204	427,836	319,368	678,619	388,650	289,969
Property under construction	699,357	62	699,295	596,375	1,251	595,123
Other property, plant and equipment	420,599	241,788	178,811	390,806	226,239	164,567
Assets held for sale	-413,412		-413,412	-338,032		-338,032
Total	8,124,752	1,875,366	6,249,386	7,759,855	1,743,197	6,016,657

Depreciation is recognised in the income statement under depreciation, amortisation and charges to provisions.
Any impairment losses are recognised in other non-recurring operating expense.

Movements in the net carrying amount of property, plant and equipment break down by category of asset as follows:

	Land	Buildings	Technical installations	Assets under construction	Other	Property, plant and equipment held for sale	Total
At 31 December 2018	**1,704,802**	**3,336,867**	**193,562**	**445,627**	**176,960**	**(144,525)**	**5,713,294**
Acquisitions	127,462	195,935	126,128	185,827	(4,484)		630,864
Change in value	79,505						79,505
Disposals and retirements		(7,655)	(1,539)	(7,037)	(2,440)		(18,672)
Depreciation, amortisation and charges to provisions	(168)	(126,701)	(71,164)		908		(197,124)
Reclassifications and other	28,785	(109,854)	41,038	(29,567)	(9,398)	(193,507)	(272,503)
Changes in scope	5,850	70,202	1,944	274	3,019		81,290
At 31 December 2019	**1,946,237**	**3,358,793**	**289,969**	**595,124**	**164,567**	**(338,032)**	**6,016,657**
Acquisitions	21,278	64,801	56,282	121,711	15,324		279,396
Change in value							0
Disposals and retirements		(722)	(4)	(2,643)	(56)		(3,426)
Depreciation, amortisation and charges to provisions	(76)	(59,187)	(30,022)	1,189	(12,737)		(100,833)
Reclassifications and other	(10,298)	3,045	(431)	(18,919)	10,731	(75,380)	(91,251)
Changes in scope	40,790	100,663	3,576	2,833	982		148,843
At 30 June 2020	**1,997,931**	**3,467,393**	**319,368**	**699,295**	**178,811**	**(413,412)**	**6,249,386**

The principal changes in H1 2020 include:

- Changes in scope of consolidation;
- Investments necessary for the continuing operation of the facilities, investments in new buildings or extensions, as well as properties and other items of property, plant and equipment acquired during the period through business combinations and those under construction.

At 30 June 2020, the amount of fixed assets financed through finance leases was €1,527,060 thousand, of which €270,325 thousand was for land and €1,256,735 thousand for buildings.

3.4.2 - Revaluation of operating properties

The impact of the revaluation of operating properties in accordance with IAS 16 was as follows:

Impact of IAS 16 measurement at fair value			
	30-Jun-20	31-Dec-19	Change
Gross revaluation reserves	941,384	941,384	0
Depreciation and amortisation	-17,439	-17,439	0
Net revaluation reserves	**923,945**	**923,945**	**0**

Fair value is measured for each facility based on the location of assets and their level of activity. Fair value is measured in accordance with the provisions set out in IFRS 13 based on operating data for each facility, market comparables and commonly used valuation models. This corresponds to level 3 fair value in the IFRS 13 hierarchy due to the use of non-published data such as operating data.

3.4.3 - Operating leases

Rental costs break down as follows:

	30-Jun-20	30-Jun-19
Rental expenses	14,387	15,239
Total rental costs	**14,387**	**15,239**

Pursuant to the application of IFRS 16, since 1 January 2019 rental payments now only include renewable leases with a duration of twelve months or less or on low-value assets.

3.5 Right of use of assets

At 30 June 2020, pursuant to the application of IFRS 16, the Group recognised, under assets, rights of use relating to leases in the amount of €2,406,749 thousand.

3.6 Investments in associates and joint ventures

At 30 June 2020, investments in associates and joint ventures break down as follows:

Associates and joint ventures	Percentage ownership at 30 June 2020	Carrying amount of investments (in thousands of euros)
IDS (real estate company)	49.9%	13,210
DANUVIUS KLINIK (psychiatric care)	49.0%	6,941
BRAZIL SENIOR LIVING	50.0%	71,763
SENIOR SUITES	50.0%	16,624
EXELUS	28.0%	2,024
DAKI	30.0%	7,115
INTORP	30.0%	3,757
COTPT8	50.0%	15,807
COMPARTIJN DL	49.0%	8,363
Other	28%- to 49.9%-owned	26,447
	Total	172,050
Equity accounted income in previous financial years		19,428
Equity accounted income in current period		1,775
Investments in associates and joint ventures		193,252

In light of the value of the individual investments, existing cash flows with these companies and the ORPEA Group’s global strategy in and outside France, the Group's management considers that these interests are not significant taken individually.

At 30 June 2020, the main aggregates related to associates and joint ventures, presented based on the Group's percentage ownership, break down as follows:

	(in thousands of euros)
Non-current assets	207,742
Current assets	52,246
Equity	45,956
Non-current liabilities	179,256
Current liabilities	33,002
Revenue	33,156
Equity accounted income	1,775
Other comprehensive income	
Net comprehensive income	1,775

3.7 Non-current financial assets

Non-current financial assets break down as follows:

	30-Jun-20 Net	31-Dec-19 Net
Unconsolidated investments	7,111	11,367
Loans	36,675	34,560
Security deposits and guarantees	41,445	14,437
Total	**85,231**	**60,365**

Unconsolidated securities are made up of investments in companies over which the Group does not have significant influence as well as investments in mutual banks.

Loans mainly consist of current construction loans arranged by French subsidiaries.

The security deposits and guarantees item includes all types of security deposits and guarantees that the Group may be called upon to provide in the normal course of its business.

3.8 Trade receivables

	30-Jun-20	31-Dec-19
Trade receivables	254,219	263,482
Trade receivables	**254,219**	**263,482**

The maturity of financial assets at 30 June 2020 breaks down as follows:

	30-Jun-20	Receivables not yet due	Receivables due between 0 and 6 months	Receivables due between 7 and 12 months	Receivables due between 1 and 2 years	Receivables due more than 2 years
Trade receivables	305,312	95,525	152,378	3,815	36,908	16,686
Impairments	-51,093	(75)	(4,139)	(2,259)	(32,339)	(12,281)
Total	**254,219**	**95,450**	**148,239**	**1,556**	**4,569**	**4,405**

The Group has not identified any major default risk among its customers and, in this regard, has not recognised any additional material impairment for expected losses on its trade receivables pursuant to the application of IFRS 9.

3.9 Other assets, accruals and prepayments

	30-Jun-20	31-Dec-19
Development-related receivables	210,821	186,024
Receivables related to disposals of real estate	37,702	20,339
VAT receivables	98,370	74,456
Advances and down payments made	7,339	3,061
Current accounts (associates and related parties)	230,074	197,548
Interest rate derivatives	2,673	5,292
Miscellaneous receivables	94,155	35,952
Receivables from suppliers	43,346	28,350
Prepaid operating expenses	46,399	33,039
Total	**770,879**	**584,060**

Development-related receivables mainly comprise amounts paid on acquisitions of companies, operating licences for hospital or nursing home beds, or during the construction of new properties.

VAT receivables arise mainly from real estate construction projects under the Group’s growth strategy.

3.10 Assets held for sale

Assets held for sale comprise €413 million in properties that the Group decided to sell in a block or in lots to investors.

3.11 Equity

3.11.1 - Share capital

	30-Jun-20	31-Dec-19
Total number of shares	64,615,837	64,615,837
Number of shares in issue	64,615,837	64,615,837
Nominal value of the share (€)	1.25	1.25
Share capital (€)	80,769,796	80,769,796
Treasury shares	51,698	45,142

Since 31 December 2018, the exercise of stock options has had the following impact on share capital and share premiums:

(in thousands of euros)	Total number of shares	Share capital	Share premiums
Share capital at 31/12/2018	**64,586,323**	**80,733**	**950,642**
Appropriation of 2018 net profit			
OCEANE			
Capital increase	29,514	37	(37)
Share capital at 31/12/2019	**64,615,837**	**80,770**	**950,605**
Appropriation of 2019 net profit			
Exercise of share warrants			
OCEANE			
Capital increase		0	0
Share capital at 30/06/2020	**64,615,837**	**80,770**	**950,605**

3.11.2 - Earnings per share

Weighted average number of shares in issue

	30-Jun-20		30-Jun-19	
	Basic	Diluted	Basic	Diluted
Ordinary shares	64,615,837	64,615,837	64,595,781	64,595,781
Other shares		211,484		
Treasury shares	6,556	6,556	6,774	6,774
Shares related to the conversion of OCEANE bonds		3,450,512		848,528
Weighted average number of shares	**64,622,393**	**68,284,389**	**64,602,555**	**65,451,083**

Basic earnings per share

(in euros)	30-Jun-20		30-Jun-19	
	Basic	Diluted	Basic	Diluted
Net profit attributable to ORPEA's shareholders	**1.13**	**1.12**	**1.77**	**1.77**

3.11.3 - Treasury shares

The Annual General Meeting authorised a share repurchase programme.

This programme has a number of aims, including to allow ORPEA to maintain the liquidity of and stimulate trading in its shares, to optimise its capital management and to grant shares to employees including under bonus share allotment plans.

At 30 June 2020, the Group held 51,698 shares in treasury.

On 4 May 2017, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 29,514 shares. The allotment vested definitively on 4 May 2019, subject to the satisfaction of performance criteria, and the shares will be covered by a two-year lock-up period.

On 13 December 2017, the Board of Directors approved the introduction of two other bonus share allotment plans for certain employees of ORPEA or its affiliated companies covering a total of 26,000 shares. The allotment will vest definitively on 13 December 2020 for plan A employees and on 13 December 2021 for plan B employees, provided in both cases that the employees are still with the Group at those dates. A one-year lock-up period will apply to both plans.

On 28 June 2018, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 44,701 shares. The allotment will vest definitively on 28 June 2021 subject to the satisfaction of performance criteria.

On 2 February 2019, the Chief Executive Officer, duly empowered for this purpose by the Board of Directors in their meeting on 28 June 2018, approved the introduction of two other bonus share allotment plans for certain employees of ORPEA or its affiliated companies covering a total of 67,130 shares. The allotment will vest definitively on 02 May 2022 subject to the satisfaction of performance criteria.

On 27 June 2019, the Board of Directors approved the introduction of a new bonus share allotment plan for corporate officers covering a total of 45,279 shares. The allotment will vest definitively on 27 June 2022 subject to the satisfaction of performance criteria.

On 23 June 2020, the Board of Directors approved the introduction of a new bonus share allotment plan for executive corporate officers covering a total of 28,374 shares. The allotment will vest definitively on 23 June 2023 subject to the satisfaction of performance criteria.

For each plan, the fair value of the benefits provided to the grantees under IFRS 2 was measured by an actuary. This takes into account the market value of the shares granted, less a discount to reflect the fact that no dividend is paid until the end of the vesting period and that shares may not be sold for two years following the vesting date. The total expense is then calculated taking into account the probability that grantees will remain with the Group and the probable number of shares that they will be granted according to whether the performance criteria are satisfied.

The fair value of the plans (excluding social security contributions) under IFRS 2 was €16 million. The amount expensed in H1 2020 was €1.1 million (excluding social security contributions).

3.12 Dividend payments

At the initiative of Executive Management, the ORPEA Group's Board of Directors, at its 23 April 2020 meeting, decided, on an exceptional basis, not to propose the payment of a dividend in respect of the 2019 financial year due to the current situation relating to the Covid-19 pandemic.

3.13 Provisions

Provisions break down as follows:

(in thousands of euros)	31-Dec-19	Changes in scope and other	Equity	Reclassification	Additions during period	Reversals during period: Provisions used	Reversals during period: Provisions not used	30-Jun-20
Prov. for liabilities and charges	47,334	2,179	52	(127)	4,816	(2,712)	(1,654)	49,887
Prov. for restructuring	91,679	4,357	(685)	127	70	(3,660)	(26)	91,863
Total	**139,012**	**6,535**	**(633)**	**0**	**4,886**	**(6,372)**	**(1,680)**	**141,750**
Post-employ. benefit oblig.	87,347		578		1,696	(32)		89,590

ORPEA and CLINEA, as well as some of the Group's subsidiaries, are undergoing tax audits. Most of the reassessments notified by the tax authorities have been challenged by these companies, and so no provisions have been set aside for these reassessments. Tax reassessments that are not challenged are recognised in the financial year in which they are received.

The current portion of provisions (i.e. due in less than one year) at 30 June 2020 totalled €27 million, breaking down into €19 million for labour disputes and €8 million for restructuring.

The provision for post-employment benefit obligations breaks down as follows:

(in thousands of euros)	**30-Jun-20**	**31-Dec-19**
France	40,809	40,739
International	48,781	46,608
Total	**89,590**	**87,347**

The main actuarial assumptions adopted at 30 June 2020 are as follows:

	30-Jun-20		31-Dec-19	
	France	International	France	International
Discount rate	0.77%	between 0.85% and 1.20%	0.77%	between 0.85% and 1.20%
Annual rate of salary increase taking account of inflation	2.00%	between 1.25% and 1.75%	2.00%	between 1.25% and 1.75%
Expected rate of return on plan assets	n/a	between 1% and 1.20%	n/a	between 1% and 1.20%
Retirement age	65 years	65 years	65 years	65 years
Social security contribution rate	average actual rate		average actual rate	

3.14 Financial liabilities and cash

ORPEA's net debt breaks down as follows:

(in thousands of euros)	**Net 30 June 2020**	**Net 31 December 2019**
Bond issues	1,285,387	1,273,121
Finance lease liabilities	911,803	928,109
Bridging loans	670,555	409,589
Other borrowings and financial liabilities	4,466,817	4,162,583
Total gross debt (*)	**7,334,562**	**6,773,402**
Cash	(889,494)	(827,871)
Cash equivalents	(12,260)	(10,870)
Total net debt (*)	**6,432,808**	**5,934,661**

(*) o/w liabilities associated with assets held for sale

Movements in financial liabilities in H1 2020 were as follows:

(in thousands of euros)	31-Dec-19	Increase	Decrease	Changes in scope	30-Jun-20
Bond issues	1,273,121	12,266			**1,285,387**
Finance lease liabilities	928,109	48,566	(75,863)	10,992	**911,803**
Bridging loans	409,589	372,365	(111,400)		**670,555**
Other borrowings and financial liabilities	4,162,583	617,088	(355,640)	42,787	**4,466,817**
Total gross debt (*)	6,773,402	1,050,285	(542,903)	53,779	**7,334,562**
Cash and cash equivalents	(838,741)	(63,013)			**(901,754)**
Total net debt (*)	**5,934,661**	987,272	(542,903)	53,779	**6,432,808**
Liabilities associated with assets held for sale	(400,000)	(75,380)			**(475,380)**
Net debt excluding liabilities associated with assets held for sale	5,534,661	911,892	(542,903)	53,779	**5,957,428**

(*) o/w liabilities associated with assets held for sale.

Debt net of cash breaks down by maturity as follows:

	30-Jun-20	Less than 1 year (*)	1 to 5 years	Over 5 years
Bond issues	1,285,387	17,283	730,960	537,145
Finance lease liabilities	911,803	164,740	462,933	284,130
Bridging loans	670,555	143,744	453,334	73,477
Other borrowings and financial liabilities	4,466,817	707,843	2,661,036	1,097,938
Total gross debt (*)	**7,334,562**	1,033,610	4,308,263	1,992,690
Cash and cash equivalents	(901,754)	(901,754)		
Total net debt (*)	**6,432,808**	131,856	4,308,263	1,992,690

(*) o/w liabilities associated with assets held for sale.

Debt maturing in more than one year and less than five breaks down as follows:

	1 to 5 years	2021-2022	2022-2023	2023-2024	2024-2025
Bond issues	730,960	0	70,000	0	660,960
Finance lease liabilities	462,933	71,364	131,955	121,530	138,084
Bridging loans	453,334	290,901	29,499	25,767	107,167
Other borrowings and financial liabilities	2,661,036	572,139	761,165	665,585	662,147
Total gross debt per year	**4,308,263**	934,404	992,619	812,882	1,568,358

The Group's financing policy

The Group's growth is driven by operating investments and real estate investments.

These investments are partly financed by diversified external resources:

- bilateral bank loans repayable over five, six or seven years, for the acquisition of facilities in service, operating licences, stakes in operating companies etc.;
- real estate bridging loans comprising financing lines dedicated to a specific project as well as general bank credit lines to pre-finance properties recently acquired or under redevelopment or construction while awaiting refinancing;
- real estate finance leases and mortgage loans repayable over 12 to 15 years to finance or refinance dedicated property transactions;
- public and private bonds, as well as Schuldscheindarlehen the proceeds of which are generally allocated to real estate investments.

To finance its growth, the Group also sells properties to investors including real estate companies and real estate funds.

Bank covenants

Since 31 December 2006, certain loans arranged by the Group are subject to the following contractually agreed covenants based on the following ratios:

$$R1 = \frac{\text{consolidated net debt (excluding real-estate debt)}}{\text{consolidated EBITDA - 6\% of real estate debt}}$$

and

$$R2 = \frac{\text{consolidated net debt}}{\text{Equity + quasi equity (i.e. deferred tax liabilities linked to the measurement of intangible assets used in operations under IFRS in the consolidated financial statements)}}$$

At 30 June 2020, these two ratios were at 1.4 and 1.8 respectively, within the required limits of 5.5 for R1 and 2.0 for R2.

After the impact of IFRS 16 was neutralised, the R1 and R2 ratios stood at 2.8 and 1.7.

Bond debt

In 2018, the Group completed an inaugural public seven-year bond issue of €400 million (due in March 2025), with an annual fixed-rate coupon of 2.625%.

In May 2019, ORPEA issued €500 million of bonds convertible into new or existing shares (OCEANEs) maturing in eight years (May 2027), with an annual fixed-rate coupon of 0.375%.

Mortgage debt

In 2019, the ORPEA Group took out mortgage loans in the amount of €308 million, maturing in 12 years and with an LTV of 75%.

Cash

At 30 June 2020, ORPEA's cash and cash equivalents consisted of €12,260 thousand in short-term investments in non-speculative time deposit accounts with prime financial institutions and €889,494 thousand in cash at bank.

3.15 Financial instruments

3.4.1 Interest rate risk

Interest rate risk management strategy:

Most of the Group's debt consists of domestic debt carrying floating rates of interest, and so it is exposed to the risk of an increase in short-term rates in the euro zone.

The Group's strategy is to hedge a very large proportion of its floating rate-consolidated net debt against the risk of fluctuations in interest rates. To do so, it uses financial instruments to hedge its floating-rate financial liabilities. These financial instruments include:

- interest rate swaps under which the counterparty receives mainly the three-month Euribor rate and pays a fixed rate specific to each contract; and
- interest rate options (caps, collars etc.)

The Group applies hedge accounting under IFRS 9, and these transactions qualify as future cash flow hedges. Unrealised capital gains or losses on the market value of these derivatives are recognised in equity at the end of the financial year, except for the original time value of the options which is amortised in the income statement across the effective lifetime of these instruments, in line with the "cost of hedging" approach set out in the standard.

The use of these hedges to curb interest rate risk exposes the Group to counterparty risk. Counterparty risk is the risk of having to replace a hedge at going market rates should a counterparty default. The Group's analysis did not identify any material impact arising from this risk given the first-rate counterparties with which the Group subscribed to these instruments.

Interest rate derivatives:

At 30 June 2020, the derivatives portfolio included fixed for floating (mainly 3-month Euribor) interest rate swaps and interest rate options (caps). These derivatives have either a constant or decreasing nominal profile.

At the end of H1 2020, the maturity profile of the interest rate derivatives was as follows:

	Maturity profile				
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Average notional amount (in €m)	3,261	3,517	3,507	3,507	3,239
Interest rate	0.7%	0.6%	0.6%	0.8%	1.0%

At the end of 2019, the maturity profile of the interest rate derivatives was as follows:

	Maturity profile				
	2020	2021	2022	2023	2024
Average notional amount (in €m)	3,017	3,515	3,515	3,502	3,508
Interest rate	0.7%	0.6%	0.6%	0.7%	0.9%

Accumulated changes in the fair value of these hedging derivatives, which came to -€196.9 million at 30 June 2020, were recognised under interest rate hedging reserves in equity for an amount of -€197.2 million and in financial expense for an amount of -€0.3 million.

Accumulated changes in the fair value of these hedging derivatives, which came to -€164.8 million at 31 December 2019, were recognised under interest rate hedging reserves in equity for an amount of -€164.3 million and in financial expense for an amount of -€0.5 million.

Analysis of sensitivity of the Group's position to interest rates fluctuations:

The impact of an upward and downward shift in the yield curve would lead respectively to:
- an increase or decrease in interest flows related to the floating-rate debt;
- a correlated increase or decrease in the fair value of its derivatives.

The fair value of the derivatives is sensitive to changes in the yield curve and trends in volatility. Volatility is assumed to remain unchanged for the purposes of this analysis.

At 30 June 2020, Group net debt amounted to €6,433 million, of which about 43% was originally contracted at fixed rates, and the remainder at floating rates.

Including the impact of hedging arrangements:
- the impact of a +1% (+100 basis point) rise in the yield curve would decrease the Group's financial expense (before tax and capitalisation of borrowing costs) by -€3.3 million;
- a -0.1% (-10 basis point) decrease would increase financial expense by +€1.4 million.

Movements in the cash flow hedging reserve:

(in thousands of euros)	30-Jun-20
Revaluation reserve at beginning of period	(143,389)
New instruments	
Impact on net profit	(1,244)
Change in equity	(33,416)
Revaluation reserve at end of period	**(178,049)**

3.4.2 Currency risk

The Group uses forward currency purchases and sales to hedge its future transactions in foreign currencies. To this end, forward currency agreements were entered into with leading counterparties under which euro sums are swapped for an amount in a foreign currency (Swiss franc, Polish zloty or Czech koruna) at a pre-agreed rate and date.

The Group decided not to qualify these transactions as a hedging relationship.

The principal characteristics of these instruments are as follows:

	Notional (in thousands of currency)	Market value at 30/06/2020 (in thousands of euros)
Currency forwards (CHF)	153,550	(516)
Currency forwards (CZK)	1,343,170	(407)
Currency forwards (PLN)	133,700	(315)
Currency forwards (RUB)	40,000	13
Currency forwards (SGD)	400	0
Total		**(1,225)**

All these currency hedging instruments have a maturity date in Q4 2020.

3.4.3 Value of non-derivative financial instruments

(in thousands of euros)	30-Jun-20	31-Dec-19
Investments in unconsolidated subsidiaries	7,111	11,367
Other non-current financial assets	36,675	34,560
Cash equivalents	12,260	10,870
Non-derivative financial instruments	**56,046**	**56,797**

3.16 Lease commitments

The breakdown of lease commitments by maturity is as follows:

	30-Jun-20	Less than 1 year	1 to 5 years	Over 5 years
IFRS 16 lease commitments	2,570,097	242,096	867,394	1,460,607
Total	**2,570,097**	**242,096**	**867,394**	**1,460,607**

3.17 Trade payables

	30-Jun-20	**31-Dec-19**
Trade payables	291,590	253,782
Total	**291,590**	**253,782**

3.18 Tax and payroll liabilities

The increase in tax and payroll liabilities reflects the Group's robust expansion.

3.19 Other financial liabilities, accruals and prepayments

	30-Jun-20	**31-Dec-19**
Development-related liabilities	210,366	161,085
Security deposits	55,397	58,795
Commitments to carry out work on buildings sold	204	600
Customer accounts in credit	14,012	7,723
Other prepaid income	30,592	29,893
Interest rate derivatives	208,898	170,050
Currency derivatives	884	3,242
Advances and down payments received on orders in progress	29,160	21,755
Current accounts (associates and related parties)	663	3,233
Miscellaneous expenses	61,962	29,371
Total	**612,139**	**485,747**

Growth-related debt includes earn-outs on put options on the non-controlling interests of DAGELIJKS LEVEN and INOGES and additional sums on stakes in AXION, ALLERZORG and SEPTEMBER.

Security deposits mainly comprise the sums paid by residents at the beginning of their stay.

3.20 Liabilities associated with assets held for sale

Liabilities associated with assets held for sale reflect the debt financing for these assets.

3.21 Segment reporting

	30-Jun-20	30-Jun-19
Revenue		
France Benelux	1,136,671	1,093,210
Central Europe	499,569	473,881
Eastern Europe	169,998	175,691
Iberian peninsula / Latam	96,417	96,452
Other	1,499	1,352
Total	**1,904,154**	**1,840,585**
Recurring operating profit before rental income and charges for depreciation, amortisation and provisions		
France Benelux	306,486	310,829
Central Europe	119,470	115,718
Eastern Europe	18,113	29,644
Iberian peninsula / Latam	9,770	24,356
Other	(443)	(841)
Total	**453,397**	**479,706**
Assets		
France Benelux	12,112,586	9,825,196
Outside France Benelux	3,346,294	4,495,451
Total	**15,458,880**	**14,320,647**
Liabilities excluding equity		
France Benelux	9,305,695	7,180,329
Outside France Benelux	3,147,675	4,228,567
Total	**12,453,370**	**11,408,896**

The costs of acquiring segment assets are disclosed in Note 2.

3.22 Recurring operating profit

Recurring operating profit breaks down as follows:

(in thousands of euros)	30-Jun-20	30-Jun-19
Revenue	1,904,154	1,840,585
Purchases used and other external expenses before rental payments	(342,739)	(323,634)
Staff costs	(1,079,957)	(986,506)
Taxes other than on income	(72,324)	(61,693)
Other recurring operating income	47,670	15,581
Other recurring operating expense	(3,407)	(4,629)
Recurring operating profit before rental payments and depreciation, amortisation and charges to provisions	**453,397**	**479,706**
Rental expenses	(14,387)	(15,239)
Depreciation, amortisation and charges to provisions	(242,250)	(220,401)
Recurring operating profit	**196,759**	**244,066**

Against the backdrop of the Covid-19 pandemic, the Group recognised compensation relating to a decline in business in the amount of €40,944 thousand.
This compensation was recognised as Other recurring operating income.

Compensation relating to the additional costs born was recognised under Purchases used and other external expenses and Staff costs in relation to said additional costs described below:

(in thousands of euros)	Additional costs	Compensation	Total
Compensation for additional PPE costs	(22,020)	15,107	(6,913)
Compensation for addition payroll and bonus costs	(58,017)	38,062	(19,955)
Total	**(80,037)**	**53,169**	**(26,868)**

3.23 Other non-recurring operating income and expense

(in thousands of euros)	30-Jun-20	30-Jun-19
Income from real estate transactions	14,065	912
Expenses on real estate transactions	(14,069)	(1,108)
Reversals of provisions	1,715	2,127
Charges to provisions	(740)	(3,211)
Other income	47,667	41,705
Other expenses	(33,334)	(25,006)
Other non-recurring operating income and expense	**15,304**	**15,419**

Other non-recurring income and expense mainly comprises €29 million in net gains and (losses) related to acquisitions as part of business combinations and -€15 million in expenses associated with the redevelopment of recently acquired facilities and other development costs, plus €1 million in miscellaneous income.

3.24 Net finance cost

	30-Jun-20	30-Jun-19
Interest on bank debt and other financial liabilities	(73,166)	(66,443)
Net losses on interest rate derivatives	(14,112)	(14,407)
Financial expense on lease commitment	(33,456)	(32,581)
Expense arising from early redemption of the ORNANE bonds		
Financial expense	**(120,734)**	**(113,431)**
Interest income	222	146
Capitalised financial expenses (*)	7,256	6,963
Net income on interest rate derivatives		
Financial income	**7,478**	**7,109**
Net finance cost	**(113,257)**	**(106,322)**

(*) Based on a rate of 3.20% at 30 June 2020 as in 2019.

3.25 Income tax expense

ORPEA SA has elected to form a tax consolidation group with its French subsidiaries that are held at more than 95%. All subsidiaries that meet this condition are included in the tax consolidation group except for those acquired during H1 2020.

(in thousands of euros)	30-Jun-20	30-Jun-19
Current income tax	(24,885)	(37,781)
Deferred taxes	(3,445)	(4,802)
Total	**(28,330)**	**(42,583)**

Deferred tax assets/(liabilities) break down by type of temporary difference as follows:

(in thousands of euros)	30-Jun-20	31-Dec-19
Fair value of intangible assets	(537,477)	(499,187)
Fair value of property, plant and equipment (*)	(436,131)	(428,914)
Capitalisation of finance leases	(147,547)	(138,835)
Temporary differences	(7,695)	(6,043)
Tax loss carryforwards	60,021	54,881
Deferral of capital gains on disposals	117	135
Employee benefits	10,927	10,927
CVAE deferred tax (**)	(4,002)	(4,002)
Financial instruments and other	90,928	77,156
Total	**(970,859)**	**(933,882)**

(*) Of which €244 million in deferred taxes related to the revaluation of real estate (see 3.4.2)

(**) Deferred tax recognised in accordance with IAS 12 on property, plant and equipment and intangible assets with a finite useful life of French companies subject to the CVAE value-added levy on businesses with effect from 1 January 2010

Deferred taxes calculated based on the IFRS measurement of intangible assets used in operations came to €537 million at 30 June 2020. These intangible assets are not held for sale.

The deferred taxes recognised on the balance sheet break down as follows:

(in thousands of euros)	30-Jun-20	31-Dec-19
Assets	101,867	93,983
Liabilities and equity	(1,072,726)	(1,027,865)
Net	**(970,859)**	**(933,882)**

The difference between the statutory tax rate, i.e. 32.02% in 2020, and the effective tax rate in the income statement breaks down as follows:

(in thousands of euros)	30-Jun-20	30-Jun-19
Effective tax rate:	**28.17%**	**27.08%**
- Permanent differences	-2.39%	-3.39%
- Business combinations	11.22%	7.95%
- Impact of the reduced rate	-1.44%	-0.32%
- Impact of associates	0.56%	0.88%
- Impact of foreign companies	2.10%	2.81%
- Other	-0.27%	0.66%
- CVAE value-added levy on businesses	-5.93%	-3.65%
Statutory rate	**32.02%**	**32.02%**

3.26 Commitments and contingent liabilities

3.4.4 Off-balance sheet commitments

Debt-related commitments

(in thousands of euros)	30-Jun-20	31-Dec-19
Contractual obligations	2,239,313	2,069,900
Contractual obligations	**2,239,313**	**2,069,900**

Pledges, mortgages, security deposits and other collateral account for most of the debt-related commitments.

Commitments relating to the Group's operating activities

Commitments on equity associates

The following respective commitments have been entered into concerning the potential acquisition of a 100% interest in 50%-held Brazil Senior Living:

- ORPEA has received a promise from the other shareholders to sell and has given a promise to buy out the other shareholders following the 2023 account closing and subject to conditions;
- ORPEA has received a promise from the other shareholders to sell and has given a promise to buy out the other shareholders following the 2024 account closing.

The following respective commitments have been entered into concerning the potential acquisition of a 100% interest in 50%-held Senior Suites:

- ORPEA has received a promise from the other shareholders to sell, up until 31 July 2024;
- ORPEA has given a promise to buy out the other shareholders between 1 January and 31 July 2024;
- ORPEA has given a promise to buy out the other shareholders between 1 August 2024 and 31 July 2025.

ORPEA has granted Belgian company INTORP, a lease payment guarantee covering four properties leased by its Belgian subsidiaries.

Commitments on controlled companies

The following respective commitments have been entered into concerning the potential acquisition of the remaining 25% interest in 74.9%-held INOGES:

- ORPEA has received a promise from the other shareholders to sell between 30 August 2020 and 31 October 2020;
- ORPEA has given a promise to buy out the other shareholders between 30 April 2020 and 30 June 2020.

The following respective commitments have been entered into concerning the potential acquisition of the remaining 25% interest in 75%-held Dagelijks Leven:

- ORPEA has received a promise from the other shareholders to sell in instalments as of 2019;
- ORPEA has given a promise to buy out the other shareholders in instalments between 1 January and 15 February 2020 and 2021 if the minority shareholders have not exercised their right themselves, then as of 2022.

Commitments received

It also holds options to buy real-estate assets currently leased in Belgium.

3.4.5 Contingent liabilities

Overall, management believes that the provisions recognised in the balance sheet for disputes involving the Group of which it is aware should be sufficient to cover its exposure to risks.

3.27 Analysis of financial assets and liabilities in accordance with IFRS 7

Financial assets and liabilities recognised under IFRS 7 break down as follows:

			Carrying amount		Fair value	
(in thousands of euros)	Classification	Level (*)	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
HELD-TO MATURITY INVESTMENTS			**0**	**0**	**0**	**0**
Bonds and negotiable debt securities	Cash and cash equivalents					
LOANS AND RECEIVABLES			**1,100,545**	**891,247**	**1,100,545**	**891,247**
Short-term loans	Short-term loans					
Long-term loans	Non-current financial assets	2	36,675	34,560	36,675	34,560
Receivables related to asset disposals	Non-current financial assets	2	37,702	20,339	37,702	20,339
Security deposits and guarantees	Receivables related to asset disposals in the short term		41,445	14,437	41,445	14,437
Other receivables	Other receivables	2	730,504	558,429	730,504	558,429
Trade receivables	Trade receivables	2	254,219	263,482	254,219	263,482
AVAILABLE-FOR-SALE FINANCIAL ASSETS			**0**	**0**	**0**	**0**
Investments in unconsolidated subsidiaries	Non-current financial assets					
Other						
FINANCIAL ASSETS AT FAIR VALUE			**904,427**	**844,033**	**904,427**	**844,033**
Interest rate derivatives	Other receivables	2	2,673	5,292	2,673	5,292
Currency derivatives	Other receivables	2			0	
Open-ended investment funds and mutual funds	Cash and cash equivalents	1	12,260	10,870	12,260	10,870
CASH	Cash and cash equivalents	1	889,494	827,871	889,494	827,871
FINANCIAL ASSETS			**2,894,466**	**1,735,280**	**2,894,466**	**1,735,280**

(*) Level 1: for financial assets and liabilities quoted on an active market, where fair value is the listed price.

(*) Level 2: for financial assets and liabilities which are not quoted in an active market and for which observable market data exists which the Group can use to measure fair value.

(*) Level 3: for financial assets and liabilities quoted in an active market, for which observable market data to measure fair value does not exist.

(in thousands of euros)	Classification	Level (*)	Carrying amount 30-Jun-20	Carrying amount 31-Dec-19	Fair value 30-Jun-20	Fair value 31-Dec-19
FINANCIAL LIABILITIES AT FAIR VALUE			**209,782**	**173,292**	**209,782**	**173,292**
Currency derivatives	Other liabilities		884	3,242	884	3,242
Interest rate derivatives	Other liabilities	2	208,898	170,050	208,898	170,050
Change in the fair value of the conversion right embedded in the ORNANE bonds		2	0	0	0	0
Other bonds	Other liabilities					
FINANCIAL LIABILITIES AT AMORTISED COST			**8,028,509**	**7,339,639**	**8,095,722**	**7,419,118**
Bonds convertible into, exchangeable for or redeemable in shares	Non-current and current financial liabilities	1	1,285,387	1,273,121	1,352,600	1,352,600
Bank borrowings	Non-current and current financial liabilities	2	5,137,372	4,572,172	5,137,372	4,572,172
Finance lease obligations	Non-current and current financial liabilities	2	911,803	928,109	911,803	928,109
Other liabilities	Current liabilities	2	402,357	312,455	402,357	312,455
Trade payables	Trade payables	2	291,590	253,782	291,590	253,782
FINANCIAL LIABILITIES			**8,238,291**	**7,512,931**	**8,305,504**	**7,592,410**

(*) Level 1: for financial assets and liabilities quoted on an active market, where fair value is the listed price.
(*) Level 2: for financial assets and liabilities which are not quoted in an active market and for which observable market data exists which the Group can use to measure fair value.
(*) Level 3: for financial assets and liabilities quoted in an active market, for which observable market data to measure fair value does not exist.

3.28 Related-party transactions

Related-party transactions

In the normal course of its business, the ORPEA Group enters into various transactions with related parties as defined by IAS 24.

During the period, the main impacts were as follows:

- advances granted by the ORPEA Group to its associates and joint ventures and to related parties amounted to €230.1 million at 30 June 2020;
- advances received by the ORPEA Group from its associates and joint ventures and related parties amounted to €0.7 million at 30 June 2020;
- the ORPEA Group leases certain operating premises from related parties within the meaning of IAS 24 - Related Party Disclosures. Lease payments invoiced over the period amounted to €5 million.

3.29 Subsequent events

Since 1 July 2020, the Group has continued its expansion with, in particular, the acquisition of the Clinipsy Group in France and of a 50% stake in Brindley Healthcare in Ireland.

- Clinipsy is a group of nine psychiatric hospitals which operates 907 beds, most of which are located in the North and East of France.
- Brindley Healthcare is a group of ten nursing homes which operates 574 beds in locations which are complementary to those of TLC.

On 21 July 2020, the Group and real estate company ICADE Santé signed promises to sell eight real-estate assets composed of nursing homes for the elderly in Germany and a nursing home in Marseilles, France, for a total amount of €145 million.

During the night of 17 September, the ORPEA Group detected a malware intrusion on some of its severs. The IT security teams were fully mobilised and took immediate action to secure the systems, isolate the affected servers (less than 1% of all servers) and temporarily shut down the entire network, thus preventing the spread of the malware.
This voluntary shutdown caused disruptions to the IT systems, but in no way affected the continuity of care and social interactions within the facilities, or the Group's accounting and finance systems.

At 22 September 2020, ORPEA continues, overall, across its network of facilities to manage the Covid-19 pandemic.
Due to the uncertainty surrounding the length of the pandemic, it is nonetheless too early to measure its possible impact on the Group's future financial results.
Regardless of this, based on its estimates, ORPEA does not forecast a material impairment loss on its assets or a revaluation of its liabilities.

3.30 Scope of consolidation at 30 June 2020

The main companies involved in the ORPEA Group's activities and management of its real-estate portfolio are:

Consolidated companies	Pourcentage control	Pourcentage ownership	Method of consolidation
SA ORPEA	100%	100%	Parent
SAS CLINEA	100%	100%	Full
SARL NIORT 94	100%	100%	Full
DOMIDOM - ADHAP	100%	100%	Full
SA ORPEA BELGIUM	100%	100%	Full
ORPIMMO	100%	100%	Full
ORPEA ITALIA SRL	100%	100%	Full
CASAMIA IMMOBILIARE	100%	100%	Full
ORPEA IBERICA	100%	100%	Full
SL DINMORPEA	100%	100%	Full
SENEVITA AG	100%	100%	Full
ORPEA DEUTSCHLAND	100%	100%	Full
ORPEA NETHERLAND	100%	100%	Full
CELENUS	100%	100%	Full
SENECURA	100%	100%	Full
MEDISYSTEM	100%	100%	Full
CEESCH	100%	100%	Full
GCSE	100%	100%	Full
ORPEA LATAM	100%	100%	Full
NIORPEA	100%	100%	Full
ARTHOPODA LIMITED	100%	100%	Full
SENIOR BALTIC	100%	100%	Full

3 - STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

To the best of my knowledge, I certify that the condensed consolidated financial statements for the six-month period now ended have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and profit or loss of the Company and all consolidated companies, and that the interim business report presents a true and fair view of the major events that occurred during the first six months of the financial year, their impact on the financial statements, the main related-party transactions, and describes the main risks and uncertainties related to the remaining six months of the financial year.

Puteaux, 9 October 2020.

Yves Le Masne
Chief Executive Officer

4 – STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' review report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' review report also includes information relating to the specific verification of information in the group management report.
The statutory auditors' review report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

Saint-Honoré BK&A
140 rue du Faubourg Saint-Honoré
75008 Paris, France

Deloitte & Associés
6 place de la Pyramide
92908 Paris La Défense Cedex, France

ORPEA
Société Anonyme (public limited company)
12 rue Jean Jaurès
92813 Puteaux Cedex, France

Statutory Auditors' report
on the interim financial reporting

Six-month period from 1 January 2020 to 30 June 2020

To ORPEA's shareholders,

In accordance with the assignment entrusted to us by the Annual General Meeting, and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a review of the accompanying interim condensed consolidated financial statements of ORPEA for the period from 1 January 2020 to 30 June 2020;
- verified the information provided in the interim business report.

These interim consolidated financial statements were prepared under the responsibility of the Board of Directors on 22 September 2020 based on information available at this date against a backdrop of a changing crisis due to the Covid-19 pandemic and the resulting difficulties in measuring its impact and the outlook for the future. Our role is to express a conclusion on those financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and on applying analytical procedures. These tasks are less extensive than those required for an audit in accordance with the professional standards applicable in France. Accordingly, the assurance that the financial statements taken as a whole do not contain any material misstatements in connection with a review is a limited assurance. This level of assurance is lower than that obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements have not been prepared in all material respects in accordance with IAS 34 under IFRS as adopted by the European Union applicable to interim financial reporting.

Specific verifications

We have also verified the information provided in the interim business report, prepared on 8 October 2020, commenting on the interim condensed consolidated financial statements covered by our review. We have nothing to report concerning the fairness and consistency of this information with the interim condensed consolidated financial statements.

Paris and Paris-La Défense, 8 October 2020
The Statutory Auditors

Saint-Honoré BK&A	Deloitte & Associés
Xavier Groslin	Jean-Marie Le Guiner