COMBINED ANNUAL GENERAL MEETING OF 28 JULY 2022

Puteaux, 27 July 2022

Is there an asset disposal plan under way or in the pipeline ?

As mentioned in the press release of 13 May 2022, which primarily announced a new financing agreement with its core banking pool, ORPEA has decided to conduct a strategic review of the Group's assets, under the aegis of the new CEO, in order to progressively deleverage the Group's balance sheet.
As part of this, ORPEA intends to complete more than €3bn of disposals by the end of 2025, of which at least €1bn by the end of 2023, predominantly in real estate in the form of sale and leasebacks.
At 31 December 2021, the Group's real-estate portfolio had an estimated value of over €8bn.

Borrowing costs are rising sharply (Euribor +3.9% for new facilities). While there is no liquidity problem in the short term, is this viable in the medium-term?

The additional financial costs incurred as a result of the new financing are approximately €70 million over a full-year period, which is less than 7% of EBITDAR. This places no stress on liquidity or solvency. Moreover, the new financing agreement that ORPEA has negotiated with its core banking pool, as described in the press release of 13 June 2022, includes a medium-term development plan along with commitments such as maintaining a minimum cash level of €300m from June 2023.

Regarding labour costs, what is the amount of the 10 highest salaries and how does their annual increase compare with the other salaries? What about the ratio between the highest and lowest salaries? How has that changed in recent years?

The 10 highest salaries in 2021, as outlined in the relevant certificate were up by 35% compared to the previous year. Excluding Jean-Claude Brdenk's severance payment, which is a non-recurring item, this is an increase of 3%. The 10 lowest salaries increased by 1.8%.
The CEO's annual remuneration was 55 times higher than the average employee remuneration in 2021. The change in this ratio since 2017 is described on page 212 of the 2021 Universal Registration Document.

Regarding overheads, what is the ratio of head-office costs to total facility revenue?

In 2021, these costs were 5% of revenue.

Does the SYNERPA[1] have common management cost indicators for the purpose of identifying median values and comparing different organisations according to their type and certain characteristics (whether they are for-profit public limited companies, foundations, public bodies etc; where they are located, how many beds they manage etc.)?

As the French professional union for private nursing homes, the SYNERPA is responsible for establishing ongoing dialogue, particularly with public and elected authorities, regarding the specific constraints of private operators in the sector. As such, the SYNERPA has management cost indicators for comparing commercial, non-profit and public nursing homes based on data published elsewhere. Amongst other things, these indicators have brought about changes to care and long-term care pricing, taking the specific constraints of the private sector into account.

How much were total loan repayments in 2021 and what will they be over the period 2023–2025? Given the new financing plan agreed in the wake of access to the bond market being closed off, how will repayments as a share of revenue change over the period 2022–2025?

In 2021, the company repaid €1,152m. The repayment schedule as at 31 December 2021 appears on page 23 of the presentation given during the 2022 Annual General Meeting. Since the optional C facility of up to €1.5bn, which refinances future payments, is yet to be syndicated, we do not at this stage know the schedule that will result from the June 2022 refinancing (more information on the known due dates can be found in the 13 June press release). Once the syndication has been finalised, we will know the 2023–2025 due dates inclusive of the refinancing and communicate them to the market.

The cash level is low: €952 million, or 103 days of recurring expenses. There has been a sharp increase in trade receivables, which is hugely detrimental to the working capital requirement. How can we ensure more prosperous times ahead given the extent of the risks that were described as "major" in the 2021 URD and the new constraints imposed by banks, all while facing an extremely difficult situation in terms of operations and financial structure?

The first stage of our plan involved addressing the Group's financial situation by signing a financing agreement in June (a syndicated loan of €1.729bn and €1.5bn of optional refinancing) and then announcing that this plan would be accompanied by significant asset disposals (at least €3bn by the end of 2025, of which €1bn by the end of 2023).
The second stage is based on drawing up a strategic plan that has been in the development phase since the arrival of the new CEO, Laurent Guillot. This plan will be unveiled in the autumn of 2022. The measures aimed at managing refinancing risk are described on page 69 of the 2021 Universal Registration Document.

How many complaints have been filed since the release of the book *"Les Fossoyeurs"* [The Gravediggers], and how much does the Group expect to set aside in its 2022 accounts?

At present, we are aware of complaints having been filed only through the press. We do not know how many complaints have been filed, let alone any details of the allegations they contain. In these circumstances, it is impossible for us to estimate any contingent liability.

[1] Professional union gathering private nursing homes operators in France

How did the occupancy rate in France evolve during H1 2022? How did the Group's occupancy rate evolve over the same period?

France:

- As mentioned by Philippe Charrier during the Senate hearing, the nursing home occupancy rate fell by around 4% since the start of the year in the wake of the crisis. The rate began to stabilise in May and has improved slightly since June.
- The clinic occupancy rate increased slightly between January and June 2022.

Group: The occupancy rate increased slightly between January and June. The decline observed in nursing homes across France was offset by solid performance from the rest of the Group's activities.

During more prosperous times, when the share price was at its highest, management was very centralised to deliver the best possible results and executive lifestyles. Isn't it hard to imagine a trend towards decentralisation when the very survival of ORPEA is now in question?

ORPEA's CEO has indeed announced an organisational shift to give more autonomy and resources to facility managers. Initial steps have already been taken to give more autonomy to our facility managers so they can recruit more easily, authorise overtime and carry out small amounts of capital expenditure to improve their facility. But, starting in September, we will have to do more. Decentralisation and accountability do not necessarily harm performance - quite the opposite, in fact.
As stated in the press release of 13 June 2022, ORPEA has entered into an agreement ("protocole de conciliation" under French law) with its main banking partners, which was approved by the Nanterre Commercial Court on 10 June 2022. The financing set out in the agreement and the credit documentation will enable the ORPEA Group to fund its business, meet existing maturity dates without changing their terms and finance the investments needed for its business.
As part of this, ORPEA has already made two drawdowns totalling €900m (see the press releases of 15 June and 4 July 2022).

Will ORPEA now record all its surpluses on care and long-term care packages in account 115 "Retained earnings from social and medical-social activity under controlled management", as per Article L. 312-1 of the French Family and Social Action Code (CASF)?

This code does not apply to commercial companies, which are governed instead by French GAAP and the French Commercial Code.
To date, there is no legal framework for applying this Article to private companies. This problem was raised during the investigation of the French general inspectorates for finance (IGF) and social affairs (IGAS), which stated in their report:
"The investigation notes, however, that the accounting framework (Article L. 312-1 of the CASF) is not fully consistent with the rules of common law laid down by the French Commercial Code, which may give rise to questions for private companies. In addition, the generally accepted accounting principles do not provide for the existence (let alone the functioning) of account 115"

This position has been confirmed by our statutory auditors.

Is the overhaul of ORPEA consistent with the Group's previous growth rate and profitability? What levels of profitability are compatible with a satisfactory quality of care and working conditions?

ORPEA's transformation plan is being developed alongside internal teams and will be presented in the autumn, once it has been approved by the Board of Directors. This is one of the questions that the Group will have to answer. On the one hand, it is clear that there is a shortage of staff in our facilities; on the other hand, there is scope for optimising certain operating expenses that are not related to care.

What changes are envisaged to the Board of Directors to endow it with more care sector experience? How many industry experts are expected to be appointed and when?

The nominees for the Board of Directors have skills that will prove crucial as the Group navigates its current crisis and faces up to the challenges of the coming years.
In terms of specific expertise, the nominee David Hale has significant experience in the health sector. One of the two independent directors expected to join the Board of Directors, once he is released from his current obligations, also has extensive experience in this area.
Lastly, it should be remembered that Pascale Richetta, who has been a Board member since June 2020, is a doctor and that Olivier Lecomte, a Director since November 2020, is a member of several committees within healthcare organisations.

What are the main corrective actions envisaged to strengthen internal audit and the Board's Audit Committee? Regarding the audit of the consolidated statement of non-financial performance by a statutory auditor, going forward do you aim to ask for a reasonable level of assurance about the key social indicators of that statement? If so, within what time frame?

Internal measures have been taken since the start of the crisis to strengthen the Group's internal control, and ORPEA has already embarked on a series of remedial measures to improve its internal processes and eradicate certain practices.
In addition, the improvement and transformation plan currently being developed by the CEO, which should enable ORPEA to carry out its mission as successfully as possible, and rise to the challenges of the healthcare and medico-social system, will contain other concrete measures.

When it adjusts the responsibilities of its committees, the new Board of Directors should entrust its Audit Committee with greater and more specific tasks, particularly with regard to risk management.

As for the statement of non-financial performance, the transition from a limited to a reasonable level of assurance may be considered once the improvement and transformation plan that will be unveiled in the autumn has been sufficiently implemented. In particular, this plan should make it possible to review quality control processes and define a new CSR strategy for the Group.

Making sure that the indicators in the statement of non-financial performance are reliable is one of the Group's core priorities.

What is the status of the Group's employee dialogue, particularly in the wake of the strike that took place in France in June and the legal action taken by three French unions against the Group? What caused the strike and how has the Group responded?

Some of the unions organised two days of action at ORPEA at the end of May and beginning of June 2022. These followed ORPEA's earnings announcement which, because of the calculation formula involved, contained no profit-sharing bonus for employees.

We quickly entered into negotiations with the unions, which resulted in the signing of an addendum to the profit-sharing agreement for 2022, on 29 June. This provides that most (60%) of the calculation formula criteria is based on non-financial criteria: lost-time accident rate, employees receiving training on the Ethics and CSR Code of Conduct, results of resident satisfaction surveys.

Further discussions with the unions will begin in September 2022.

The quality of employee dialogue is a top priority for the new CEO.

During the presentation of the 2021 results, you announced that a salary analysis by employment area was under way. What were the findings? How do ORPEA salaries for hard-to-fill positions compare to the averages in the private, public and not-for-profit sectors?

This analysis will begin in September 2022 when we set up a Compensation & Benefits department within the French HR division.

According to the AFEP-MEDEF code of corporate governance for listed companies, *"A company officer cannot be awarded [...] performance shares at the time of his or her departure"*. Why does the Board of Directors propose to go against this recommendation by awarding Philippe Charrier exceptional remuneration in the form of ORPEA shares? Were any exceptional bonuses awarded to employees in 2022 for similar reasons (helping to manage the crisis)?

The proposal to award ORPEA shares to Philippe Charrier is not to be considered within the framework of the performance share system; it concerns an exceptional bonus for his actions as Chairman and CEO, which enabled the Group to deal with significant financing challenges, and announce the conclusion and approval of an agreement with its core banking pool, thereby constituting the first stage of the Group's refinancing strategy and allowing it to secure new lines of credit. As well as conducting in-depth audits since February 2022, identifying and implementing initial corrective measures and organising the *Etats Généraux du Grand Age* consultations across France, Philippe Charrier successfully oversaw the process to recruit a new CEO amid an unprecedented and extremely uncertain climate. This remuneration is subject to shareholders' approval.

Nothing has yet been decided in relation to the payment of a similar bonus on a larger scale.

Do you plan to publish opinions about the upcoming strategic plan from representatives of the various stakeholders (social partners, employee representatives, social life councils, civil society representatives etc.)?

All the discussions from the *Etats Généraux du Grand Age* consultations will be collated in the autumn and used as the basis for the transformation and improvement plan. This plan will be developed and shared with our employees.

To ensure that the voices and expectations of individual shareholders are heard in the same way as those of other stakeholders, will ORPEA's management now follow the example of other large and mid-sized listed companies and create an advisory committee of individual shareholders?

As part of its transformation plan and beyond, ORPEA wants to foster constructive dialogue with all stakeholders, including its shareholders.
We will explore all options for establishing and maintaining constructive disclosure and dialogue.