

Puteaux, France, 14 February 2023 (9:00 AM CET)

SIGNATURE OF THE LOCK-UP AGREEMENT RELATING TO THE FINANCIAL RESTRUCTURING PLAN

A further new important step in the financial restructuring of ORPEA S.A. (the “**Company**”) has been achieved with the signing of an agreement that crystallizes the commitment of the parties to the agreement in principle announced on 1st February (the “**Agreement in Principle**”) to support and proceed with the actions required for the implementation of the financial restructuring of the Company.

Therefore, the Company announces that it has concluded such agreement, entitled lock-up agreement (the “**Lock-Up Agreement**”) with, on one hand, a group of French long-term investors led by the Caisse des Dépôts et Consignations, accompanied by CNP Assurances, and also including MAIF, accompanied by MACSF (together the “**Groupement**”), and on the other hand, the five main institutions (the “**SteerCo**”) coordinating a larger group of unsecured financial creditors of ORPEA S.A.

On this occasion, the parties have reiterated their support to the management and the Refoundation Plan of the Group, as presented by the Company in its press release dated 15 November 2022.

The terms and conditions of the Lock-Up Agreement are common and include, in particular, the undertaking of the signatory creditors to support the financial restructuring of the Company in accordance with the principles agreed in the Agreement in Principle and accordingly, sign the required contractual documentation. These provisions authorize the signatories, until the completion date of the restructuring of the Company, to transfer the debt of the Company they hold provided that the assignee is bound in the same terms by the Lock-Up Agreement. Unsecured creditors who are not signatories to this agreement will be able to access it under the conditions set out in paragraph 2.



1. Details on the contemplated transactions – possibility of transferring unsecured debt unconverted to an *ad hoc* vehicle

Details on the contemplated transactions

In accordance with the provisions of the Lock-Up Agreement, the members of the Groupement and of the SteerCo have notably undertaken to subscribe, each as far as they are concerned, to three successive capital increases, as the case may be in the form of a backstop commitment, which will allow a significant reduction in the Group's net financial debt¹.

By way of reminder, these transactions include (for more details, see the press release published on 1 February 2023):

- i. The conversion in equity of the unsecured financial indebtedness of ORPEA S.A., corresponding to a decrease of the gross indebtedness of the Group of approximately 3.8 billion euros, through a first capital increase with maintenance of the preferential subscription rights of existing shareholders, of approximately EUR 3.8 billion, guaranteed by all the unsecured financial creditors of ORPEA S.A. who subscribe, as the case may be, by way of set-off with their existing claims; and
- ii. The equity injection in cash (new money equity) of EUR 1.55 billion, via two capital increases that would be subscribed by the Groupement for around EUR 1,355 million in total, and a backstop for the balance up to 195 million euros, provided by the SteerCo.

As mentioned by the Company in its previous communications, the implementation of the contemplated capital increases, which should be completed in the course of the second semester of 2023, will result in a massive dilution for existing shareholders, which, on the basis of the financial parameters disclosed by the Company on 1st February 2023 and the valuation of the Company's equity retained by the parties for the purposes of these transactions, would reflect issue prices significantly lower than the current market price of ORPEA's shares and a theoretical value of the shares post-transactions below €0.20 per share.

In particular:

- i. the first capital increase of the Company², which would lead the existing shareholders to hold approximately 1% maximum³ of the Company's share capital (in the case where no existing shareholders would subscribe thereto), would result in the issuance of

¹ It is specified, with regard to unsecured financial creditors, that only the members of the SteerCo, which are the initial signatories of the Lock-Up Agreement, undertake to backstop the capital increases concerned. Unsecured financial creditors who adhere to the Lock-Up Agreement after its signature will not be concerned by this backstop commitment.

² Capital increase with preferential subscriptions rights of existing shareholders, for an amount of approximately 3.8 billion euros, backstopped by all unsecured financial creditors of ORPEA S.A., who subscribe, as the case may be, by way of set-off with their existing claims.

³ Assuming that the shareholders, meeting as a class of affected parties, vote in favor of the financial restructuring plan at a two-third majority.



approximately 6.4 billion new shares for an issue amount of approximately 3.8 billion euros, reflecting a theoretical issue price for the new shares of approximately 0.59 euro per share,

- ii. the second capital increase of the Company⁴, by allowing the Groupement to hold approximately 50.2% of the Company's share capital, would result in the issuance of approximately 6.5 billion new shares for an issue amount of approximately 1.16 billion euros, reflecting a theoretical issue price of approximately 0.18 euro per share,
- iii. the third capital increase of the Company⁵, to which the members of the Groupement undertake to subscribe on an irreducible basis for 0.2 billion euros by exercising their preferential subscription rights, and backstopped for the balance by members of the SteerCo for the portion not subscribed by shareholders, as the case may be⁶, as a result of which the existing shareholders would hold approximately 0.4% maximum⁴ of the Company's share capital (in the case where no existing shareholders would subscribe to the capital increases), with the issuance of approximately 2.9 billion new shares for an issue amount of approximately 0.4 billion euros, reflecting a theoretical issue price of approximately 0.13 euro per share.

Thus, following the contemplated transactions, the existing shareholders, if they decide not to participate in the capital increases opened to them, would hold only about 0.4% maximum⁴ of the capital of Company, while the Groupement would hold about 50.2% of the capital of Company and the unsecured financial creditors would hold about 49.4% of the capital of the Company.

In addition, after completion of the transactions, and on the basis of the valuation of Company's equity retained by the parties for the purposes of these transactions, the unsecured financial creditors which are parties to, or would accede to, the Lock-Up Agreement, could recover about 30% of the nominal amount of their claims (including the Support Fee referred to in paragraph 2 below), converted into capital as part of the first capital increase described above.

Possibility of transferring unsecured debt unconverted to an ad hoc vehicle

To the extent that certain unsecured financial creditors approving the restructuring plan could not, or would decide not to hold new shares under this first capital increase, these unsecured financial

⁴ Capital increase in cash without preferential subscription rights to allow the Groupement to subscribe to it for approximately €1.16 billion. Depending on the definitive terms of the Plan, a priority right for initial shareholders and/or the new shareholders could be envisaged; the parameters described could be adjusted, as the case may be.

⁵ Capital increase in cash with preferential subscription rights of existing shareholders for an amount of approximately €0.4 billion.

⁶ In return for their commitment to backstop or subscribe to the third capital increase, a remuneration would be perceived by the SteerCo members and the Groupement members, via the issuance of share warrants to the sole benefit of the the SteerCo and the Groupement members (the "Warrants"). The Warrants will give the right, to the Groupement and the SteerCo members only, to subscribe in the aggregate to 1.45% of the capital of the Company (on a fully diluted basis) at the exercise price of 0.01 euro per share of the Company. In the absence of the attribution of Warrants pursuant to the conditions set out in the Agreement in Principle, such remuneration would be paid through an equivalent amount in cash of approximately €39 million.



creditors would be offered the possibility of transferring their unsecured debt at its nominal value to an *ad hoc* vehicle (*special purpose vehicle* - the "SPV"), in exchange for debt instruments issued by the SPV. The SPV would subscribe to the first capital increase, by way of conversion of the unsecured debt transferred to the SPV, and would then hold itself shares of the Company.

This possibility of transferring debt to the SPV will be limited to a maximum subscription corresponding to 25 % of all unsecured financial creditors (i.e. a principal amount of unsecured debt of approximately EUR 942 million), it being specified that this percentage could be increased if the members of the Groupement, the members of the SteerCo and the Company agree on a different percentage.

The main terms of the mandate of the SPV, which would be specifically responsible for selling its equity stake in the Company, would notably include provisions relating to the orderly sale of the securities on the market or the non-transferability of the shares for a certain period of time.

2. Accession to the Lock-Up Agreement

Creditors holding the unsecured debt of ORPEA S.A., described in Annex 1 to this press release, will have the opportunity to accede to the Lock-Up Agreement as of 14 February 2023 by contacting Kroll, acting as agent for the Lock-Up (the "Agent") (Attn: Victor Parzyjagla and/or Thomas Choquet, orpea@is.kroll.com), subject to compliance with the terms and conditions of the Lock-Up Agreement.

In consideration for the undertakings made under the Lock Up Agreement, SteerCo members and unsecured financial creditors who have acceded to the Lock Up Agreement and accepted the terms and conditions thereof (the "Participating Unsecured Creditors") will receive, under the conditions set out in the Lock-Up Agreement, a support fee of 75 basis points calculated on the nominal value of the relevant amounts of the unsecured debt they hold (the "Support Fee"). This fee will be paid in cash by the Company on or around the completion date of the financial restructuring of ORPEA S.A.

The last accession date to accede to the Lock-up Agreement is set at the earliest of: (i) the end of the second Business Day (closing of the Paris Stock Exchange) before the hearing to initiate the accelerated safeguard procedure before the Nanterre Commercial Court and (ii) 31 March 2023 (with a possible extension of this period subject to the prior approval of the SteerCo Members and the Company) (the "Last Accession Date").

It is however reminded that it is envisaged that the opening of the accelerated safeguard procedure could happen in the coming weeks, in which case the Last Accession Date would occur before 31 March 2023.

The procedures for accessing information relating to the transaction for unsecured financial creditors wishing to accede to the Lock-Up Agreement are described in Annex 2 to this press release.



3. Next steps

The Company intends to continue its discussions with the unsecured financial creditors who are not yet parties to the Lock-Up Agreement in order to obtain their adherence to it, and to present, within the deadline of the current conciliation procedure, a request for the initiation of an accelerated safeguard procedure in the course of March to enable the implementation of the Agreement in Principle. The Company will keep the market informed of the next steps of its financial restructuring⁷.

In parallel, the Company is continuing its discussions with its secured bank creditors under tranches A, B and C of the June 2022 Financing Agreement in order to, in particular, finance its Refoundation Plan and make the existing contractual documentation compatible with its financial structure.

In addition, the Group intends to initiate discussions with the other lenders of the Group which are parties to financing agreements not affected by the conversion of unsecured debt into equity, in particular in order to obtain the necessary approvals regarding the potential change of control and to make, when necessary, the provisions of the documentation of these existing financings (“R1” and “R2” financial ratios in particular), compatible with the new financial and shareholding structure of the Group as it will be established after the implementation of the financial restructuring plan.

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The Company confirms that information that could be qualified as inside information within the meaning of Regulation No. 596/2014 of 16 April 2014 on market abuse and that may have been given on a confidential basis to the various stakeholders in the context of the negotiations has indeed been published to the market, either in the past or in the context of this press release, with the aim of re-establishing equal access to information relating to the Group between the investors.

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⁷ In particular regarding the conditions (in terms of dilution of shareholders in particular) of a potential cross-class cram down against the shareholders, in the case where they would not approve the plan at a 2/3 majority.



About ORPEA

ORPEA is a leading global player, expert in the care of all types of frailty. The Group operates in 22 countries and covers three core businesses: care for the elderly (nursing homes, assisted living, home care), post-acute and rehabilitation care and mental health care (specialized clinics). It has more than 72,000 employees and welcomes more than 255,000 patients and residents each year.

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

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

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ANNEX 1

Unsecured debt of ORPEA S.A.

The unsecured debt of ORPEA S.A. whose holders are concerned by the procedures for acceding to the Lock-Up Agreement described in paragraph 2 of this press release includes the following debt:

Bonds

EUR 20 million 2.568% Bonds due 22 December 2022 (ISIN FR0013080173)
EUR 150 million 2.1300% Bonds due 3 July 2024 (ISIN FR0013262987)
EUR 63 million 2.200% Bonds due 15 December 2024 (ISIN FR0013301942)
EUR 50 million 2.300% Bonds due 6 March 2025 (ISIN FR0013240827)
EUR 400 million 2.6250% Bonds due 10 March 2025 (ISIN FR0013322187)
EUR 32 million 3.1440% Bonds due 22 December 2025 (ISIN FR0013080207)
EUR 77 million 2.5640% Bonds due 30 November 2027 (ISIN FR0014000T41)
EUR 500 million 2.0000% Bonds due 1 April 2028 (ISIN FR0014002O10)
EUR 60 million 2.71000% Bonds due 18 December 2028 (ISIN FR00140011S0)
EUR 48 million 2.0000% Bonds due 9 August 2029 (ISIN FR0014004Y16)
EUR 15 million 3.0100% Bonds due 18 December 2030 (ISIN FR00140011R2)
EUR 40 million 3.0000% Bonds due 11 August 2032 (ISIN FR0013481660)
EUR 60 million 2.7500% Bonds due 3 June 2033 (ISIN FR0014003P42)
EUR 32.5 million at 3.0000% Bonds due 25 November 2041 (ISIN FR0014006MC2)

Convertible bonds

EUR 500 million Bonds convertible into new shares and/or exchangeable for existing shares of the Company due 17 May 2027 (ISIN FR0013418795) (OCEANEs)

Unsecured bank loans

Bilateral unsecured bank loans, unionized unsecured bank loans and unsecured credit lines underwritten by ORPEA S.A.

Partial Secured Euro PP Bonds

EUR 90 million 5.250% Bonds due 4 December 2026 (ISIN FR0011365634), secured debt at 35% of its principal amount and unsecured debt for the balance

Schuldschein

Schuldschein loans under German law



NSV

Namenschuldverschreibung loans under German law

ANNEX 2

Procedures for unsecured financial creditors wishing to join the Lock-Up Agreement

Transaction website access

In order to access the documents made available on the transaction website: <https://deals.is.kroll.com/orpea>, creditors holding Bonds, Convertible Bonds and Partial Secured Euro PP Bonds (as these terms are defined in annex 1 of this press release) (together, the “**Debt Instruments**”, identified as such in annex 1 of this press release) will need to provide a satisfactory evidence of their holding of the Debt Instruments on the basis of a certificate or other statement delivered by their custodian or a prime broker acting as Direct Participant (as defined below), which is not older than 2 days at the time they request access to the transaction website to the Agent by email to orpea@is.kroll.com. The Agent shall have absolute discretion as to whether creditors holding Debt Instruments are permitted access to the transaction website.

For creditors who are lenders, and not creditors holding Debt Instruments, only lender of records, who appear as lender on the register maintained by the Company or the relevant agents on its behalf, will be given access to the transaction website.

Creditors holding Debt Instruments through Euroclear or Clearstream

For Debt Instruments held through Euroclear or Clearstream, in accordance with their usual procedures, Euroclear and Clearstream will initially distribute the information related to the Lock-Up Agreement to the direct participants of Euroclear or Clearstream (“**EC/CS Direct Participants**” and, together with indirect participants of Euroclear or Clearstream “**EC/CS Participants**”). Each relevant EC/CS Direct Participant, after receiving the information related to the Lock-Up Agreement, will contact each creditor holding Debt Instruments, directly or through other EC/CS Participants, with regards to such information. All creditors holding Debt Instruments should comply with the requirements of Euroclear or Clearstream, as applicable, and deliver electronic instructions by the Last Accession Date to receive the Support Fee due to them.

By submitting, or arranging for the submission of electronic instructions in respect of the Debt Instruments, the holder of these Debt Instruments hereby authorizes Euroclear or Clearstream to block such Debt Instruments and maintain such Debt Instruments blocked from the date of the relevant electronic instruction (inclusive) until the Last Accession Date (as defined in paragraph 2 of the press release) (inclusive).

Creditors holding Debt Instruments through Euroclear France outside Euroclear or Clearstream

For Debt Instruments held through Euroclear France, Euroclear France will distribute the information related to the Lock-Up Agreement to direct participants of Euroclear France (the “**Euroclear France Direct Participants**” and, together with indirect participants of Euroclear France, the “**Euroclear France Participants**”), who will then send, directly or through other Euroclear France Participants, such information to the relevant holders of Debt Instruments. Each holder of Debt Instruments held through Euroclear France outside Euroclear or Clearstream must provide (if the holder is a Euroclear France Direct Participant) or request a Euroclear France Direct Participant to provide, the Euroclear France Direct Participant’s evidence of the aggregate amount, in principal or units (as applicable), of the applicable Debt Instruments blocked by a Euroclear France Direct Participant on or before the Last Accession Date, in the form of a book entry certificate (book entry certificate available from the Agent) from the Euroclear France Direct Participant. Each Euroclear France Direct Participant acting on behalf of several holders of Debt Instruments must also provide, in the form of a spreadsheet attached to the submitted form (spreadsheet available from the Agent), a list of the amounts in principal amount or units of Debt Instruments, the names, addresses, email addresses and telephone numbers of the holders of Debt Instruments.

Lender creditors

Accessions of lenders creditors (including in particular bank lenders or *Schuldschein* lenders, or more generally creditors which are not holders of Debt Instruments) to the Lock-Up Agreement will be validated based on the registers of lenders of record produced by the Company or the relevant agents on its behalf as at the Last Accession Date. Only lenders of record will be authorised to accede to the Lock-Up Agreement.