CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020

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1. Consolidated financial statements

Unless otherwise stated, the consolidated financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. Rounding differences may therefore occur in the financial statements presented.

Consolidated income statement

(in millions of euros)	Notes	2020	2019
Gross rental income	**8.1.**	**284.7**	**269.5**
Outside services		(20.3)	(17.0)
Taxes, duties and similar payments		(0.7)	(0.6)
Other operating expenses		(0.2)	(2.9)
Expenses from operating activities		**(21.1)**	**(20.5)**
EBITDA		**263.5**	**249.1**
Depreciation charges net of government investment grants	5.1.	(118.4)	(113.9)
Charges and reversals related to impairment of tangible, financial and other current assets	5.3.2.	(3.1)	(3.8)
Profit/(loss) from acquisitions		(0.2)	(2.7)
Profit/(loss) on asset disposals		0.0	(2.4)
OPERATING PROFIT/(LOSS)		**141.9**	**126.2**
Cost of net financial liabilities		(32.9)	(32.3)
Other finance income and expenses		(26.1)	(2.0)
FINANCE INCOME/(EXPENSE)	**6.1.4.**	**(58.9)**	**(34.2)**
Tax expense	9.1.	(2.9)	(2.7)
NET PROFIT/(LOSS)		**80.0**	**89.3**
- Including net profit/(loss) attributable to the Group		**80.0**	**89.3**
Net profit/(loss) attributable to the Group per share (in €)	7.3.	**€2.13**	**€2.41**

Consolidated statement of comprehensive income

(in millions of euros)	2020	2019
NET PROFIT/(LOSS) FOR THE PERIOD	**80.0**	**89.3**
Other comprehensive income:		
Recyclable to the income statement: cash flow hedges	**(9.5)**	**(12.8)**
- Changes in fair value	(8.9)	(12.4)
- Recycling to the income statement	(0.7)	(0.4)
Total comprehensive income recognised in equity	**(9.5)**	**(12.8)**
Including transfer to net profit/(loss)	(0.7)	(0.4)
COMPREHENSIVE INCOME FOR THE PERIOD	**70.5**	**76.5**
- Including comprehensive income attributable to the Group	**70.5**	**76.5**

Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	12/31/2020	12/31/2019
Investment property	5.1.	3,539.5	3,487.0
Financial assets at fair value through profit or loss	6.1.5.	0.1	0.0
Financial assets at amortised cost	6.1.5.	1.1	1.1
Derivative assets	6.1.3.	-	0.2
NON-CURRENT ASSETS		3,540.7	3,488.3
Accounts receivable	8.2.1.	10.3	9.7
Tax receivables	9.	3.2	-
Miscellaneous receivables	8.2.2.	9.8	6.1
Financial assets at amortised cost		-	0.0
Cash and cash equivalents	6.1.6.	471.0	427.9
CURRENT ASSETS		494.2	443.6
TOTAL ASSETS		**4,034.9**	**3,932.0**

LIABILITIES

(in millions of euros)	Notes	12/31/2020	12/31/2019
Share capital	7.1.	577.4	575.5
Share premium		898.7	986.3
Revaluation reserves	6.1.3.	(34.5)	(24.9)
Other reserves		113.4	101.0
Net profit/(loss) attributable to the Group		80.0	89.3
Equity attributable to the Group		**1,635.1**	**1,727.2**
EQUITY		1,635.1	1,727.2
Provisions	10.1.	0.1	0.1
Financial liabilities at amortised cost	6.1.1.	2,167.2	1,993.3
Lease liabilities	8.3.	1.8	1.9
Tax liabilities	9.	10.5	15.0
Other financial liabilities	6.1.5.	7.9	7.4
Derivative liabilities	6.1.3.	35.7	27.2
NON-CURRENT LIABILITIES		2,223.2	2,044.7
Financial liabilities at amortised cost	6.1.1.	110.6	94.0
Lease liabilities	8.3.	0.0	0.0
Tax liabilities	9.	12.3	15.7
Accounts payable		6.7	7.4
Miscellaneous payables	8.2.2.	46.3	42.2
Derivative liabilities	6.1.3.	0.7	0.8
CURRENT LIABILITIES		176.5	160.2
TOTAL LIABILITIES AND EQUITY		**4,034.9**	**3,932.0**

Consolidated cash flow statement

(in millions of euros)	Notes	2020	2019
I) OPERATING ACTIVITIES			
Net profit/(loss)		**80.0**	**89.3**
Net depreciation and provision charges		121.7	120.6
Unrealised gains and losses due to changes in fair value		(0.8)	(0.3)
Other non-cash income and expenses		1.3	(1.7)
Capital gains or losses on asset disposals		(0.0)	2.3
Cash flow from operating activities after cost of net financial liabilities and tax		**202.2**	**210.0**
Cost of net financial liabilities		30.2	27.0
Tax expense		2.9	2.7
Cash flow from operating activities before cost of net financial liabilities and tax		**235.3**	**239.8**
Interest paid		(34.4)	(34.7)
Tax paid (a)		(19.1)	(14.4)
Change in working capital requirement related to operating activities		(5.5)	(3.2)
NET CASH FLOW FROM OPERATING ACTIVITIES		**176.3**	**187.5**
II) INVESTING ACTIVITIES			
Tangible and intangible fixed assets and investment property			
- acquisitions		(134.6)	(231.4)
- disposals		0.2	18.3
Change in security deposits paid and received		0.6	1.1
Operating investments		**(133.8)**	**(212.0)**
Fully consolidated companies			
- acquisitions		(19.4)	(226.8)
- impact of changes in scope of consolidation		0.1	95.5
Financial investments		**(19.3)**	**(131.2)**
NET CASH FLOW FROM INVESTING ACTIVITIES		**(153.1)**	**(343.2)**
III) FINANCING ACTIVITIES			
Amounts received from shareholders on capital increases:			
- paid by Icade Santé shareholders		90.0	120.0
Final and interim dividends paid to Icade Santé shareholders	7.2.	(172.9)	(153.1)
Repurchase of treasury shares		(79.7)	-
Change in cash from capital activities		**(162.6)**	**(33.2)**
Bond issues and new financial liabilities		645.1	808.2
Repayments of lease liabilities		(0.0)	(0.1)
Bond redemptions and repayments of financial liabilities		(53.6)	(224.7)
Acquisitions and disposals of current financial assets and liabilities		(408.6)	(42.8)
Change in cash from financing activities	6.1.1.	**182.9**	**540.7**
NET CASH FLOW FROM FINANCING ACTIVITIES		**20.3**	**507.5**
NET CHANGE IN CASH (I) + (II) + (III)		**43.6**	**351.8**
OPENING NET CASH		**427.3**	**75.5**
CLOSING NET CASH		**470.8**	**427.3**
Cash and cash equivalents (excluding interest accrued but not due)		471.0	427.9
Bank overdrafts (excluding interest accrued but not due)		(0.1)	(0.6)
NET CASH		**470.8**	**427.3**

(a) Tax paid primarily includes the exit tax and the company value-added contribution (CVAE).

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premium	Treasury shares	Revaluation reserves	Other reserves and net profit/(loss) attributable to the Group	Equity attributable to the Group	Total equity
EQUITY AS OF 01/01/2019	**552.0**	**992.2**		**(12.2)**	**151.8**	**1,683.8**	**1,683.8**
Net profit/(loss)					89.3	**89.3**	**89.3**
Other comprehensive income:							
Cash flow hedges							
- Changes in value				(12.4)		**(12.4)**	**(12.4)**
- Recycling to the income statement				(0.4)		**(0.4)**	**(0.4)**
Comprehensive income for the financial year				**(12.8)**	**89.3**	**76.5**	**76.5**
Dividends paid		(102.3)			(50.8)	**(153.1)**	**(153.1)**
Capital increases	23.5	96.4				**120.0**	**120.0**
Impact of mergers into the Company					(0.0)	**(0.0)**	**(0.0)**
EQUITY AS OF 12/31/2019	**575.5**	**986.3**		**(24.9)**	**190.2**	**1,727.2**	**1,727.2**
Net profit/(loss)					80.0	**80.0**	**80.0**
Other comprehensive income:							
Cash flow hedges							
- Changes in value				(8.9)		**(8.9)**	**(8.9)**
- Recycling to the income statement				(0.7)		**(0.7)**	**(0.7)**
Comprehensive income for the financial year				**(9.5)**	**80.0**	**70.5**	**70.5**
Dividends paid		(96.1)			(76.8)	**(172.9)**	**(172.9)**
Capital increases (a)	16.3	73.7				**90.0**	**90.0**
Acquisition of own shares from a shareholder (b)			(79.7)			**(79.7)**	**(79.7)**
Capital reduction through the cancellation of own shares (b)	(14.4)	(65.3)	79.7				
Other					(0.0)	**(0.0)**	**(0.0)**
EQUITY AS OF 12/31/2020	**577.4**	**898.7**		**(34.5)**	**193.5**	**1,635.1**	**1,635.1**

(a) The share capital was increased by issuing 1,069,069 new shares (see note 2.4).
(b) Icade Santé acquired 946,744 own shares from a shareholder for €79.7 million and immediately cancelled them as part of a capital reduction (see note 2.4).

2. Notes to the consolidated financial statements

Note 1 . General principles

1.1. General information

Icade Santé ("the Company") is a French simplified joint-stock company (SAS, *société par actions simplifiée*). Its registered office is situated at 27 rue Camille Desmoulins, 92130 Issy-les-Moulineaux, France. As of December 31, 2020, it was 58.30% owned by the company Icade SA (56.84% as of December 31, 2019). It is fully consolidated in Icade SA's consolidated financial statements.

The Company's consolidated financial statements for the period ended December 31, 2020 reflect the financial position and profits and losses of the Company and its subsidiaries ("the Group"). They were prepared in euros, which is the Company's functional currency.

As of December 31, 2020, the Group consisted of 16 consolidated entities vs. 17 as of December 31, 2019. It operates as a property investor, assisting healthcare and senior services providers with the ownership and development of healthcare properties across France.

1.2. Accounting standards

The Group's consolidated financial statements as of December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2020, pursuant to European Regulation No. 1606/2002 dated July 19, 2002, and include comparative information as of December 31, 2019 prepared in accordance with the IFRS applicable at the reporting date.

The international accounting standards are issued by the IASB (International Accounting Standards Board) and have been adopted by the European Union. They include the IFRS, the IAS (International Accounting Standards) and their interpretations. These standards are available for viewing on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting methods and measurement bases used by the Group in preparing the consolidated financial statements as of December 31, 2020 are identical to those used for the first consolidated financial statements as of December 31, 2019, except for those mandatory standards, interpretations and amendments to be applied for annual periods beginning on or after January 1, 2020, which are detailed in note 1.2.1 below.

These consolidated financial statements were approved by the Chairman on February 18, 2021.

Standards, amendments and interpretations

1.2.1.Standards, amendments and interpretations adopted by the European Union which became effective for annual periods beginning on or after January 1, 2020

- Amendment to IFRS 3 – New definition of a business

On April 21, 2020, the European Union adopted an amendment to IFRS 3 that revises the definition of a business. To be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

In practice, this amendment narrows the definition of the term "business" to focus on goods and services provided to customers, introduces an optional concentration test (to determine whether substantially all of the fair value of the assets acquired is concentrated in a single asset) and assesses whether an acquired process is substantive. In addition, there is no longer the presumption that goodwill arising from an acquisition signifies the existence of a business. Two conditions that previously had to be met for an acquisition to be considered a business have also been removed (namely market participants being able to replace an input or a process and the integrated set being able to provide lower costs to the acquirer).

The application of this amendment has had no material impact on the Group's consolidated financial statements as of December 31, 2020.

- Amendments to IAS 39, IFRS 7 and IFRS 9 – Interest Rate Benchmark (IBOR) Reform – Phases 1 and 2

On September 26, 2019, the IASB published an amendment to IFRS 9 and IAS 39 with respect to the reform of interest rate benchmarks, which are used to value many financial instruments. This amendment is divided into two phases:

- In preparing its consolidated financial statements as of December 31, 2019, the Group early adopted Phase 1, whose application became mandatory for annual periods beginning on or after January 1, 2020;
- In preparing its consolidated financial statements as of December 31, 2020, the Group did not early adopt Phase 2, whose retrospective application became mandatory for annual periods beginning on or after January 1, 2021 with earlier application permitted (subject to endorsement by the European Union).

This amendment was prepared against the backdrop of interbank offered rates (IBOR) being replaced with new benchmarks worldwide. In Europe, the main rates affected include EONIA and EURIBOR which have been replaced by ESTER and a hybrid EURIBOR respectively.

The main consequences of the reform relate to the possible discontinuation of hedge accounting, the modification or derecognition of certain contracts and the recognition of gains or losses resulting from the modification of certain contracts.

Phase 1 of the reform deals solely with the effect on hedge accounting before new interest rate benchmarks came into effect. For the Group, Phase 1 applies to interest rate swaps as described in note 6.1.3 that are considered cash flow hedges with maturities starting after January 1, 2022, the date at which EURIBOR will no longer be published.

Phase 2 of the reform introduces practical expedients on accounting for contractual modifications of financial instruments as a result of the interest rate benchmark reform. Under Phase 2, any changes in the basis for determining contractual cash flows arising from the IBOR reform are applied prospectively by revising the effective interest rate, with no impact on net income. This practical expedient only applies when the change:

- is a direct consequence of the IBOR reform
- is made on an economically equivalent basis

In 2020, the Group continued the work started in 2019 on amending hedging contracts and hedged debt alongside its banking partners. This work is scheduled for completion by 2022. The application of Phase 1 of this amendment has had no material impact on the Group's consolidated financial statements as of December 31, 2019 and 2020. Furthermore, the Group did not early adopt Phase 2 of the IBOR reform in its 2020 consolidated financial statements and does not expect the adoption of this amendment, which became mandatory for annual periods beginning on or after January 1, 2021, to have a material impact on its financial statements as of December 31, 2021.

♦ Amendment to IFRS 16 – Covid-19-related rent concessions

On October 9, 2020, the European Union endorsed an amendment on Covid-19-related rent concessions, effective for annual reporting periods beginning on or after June 1, 2020, with no requirement to restate comparative periods.

It provides lessees with the option to apply an exemption from the requirement to determine whether a Covid-19-related rent concession is a lease modification and enables them to account for these concessions as if they were not lease modifications.

As the Group has received no rent concessions, this amendment is not relevant to its operations.

Other standards, interpretations, amendments and decisions issued by the IFRS Interpretations Committee (IFRS IC)

♦ IFRS IC decision on IFRS 16 – Leases

In November 2019, the IFRS IC reached a final decision on determining lease terms and specifically on determining (i) the enforceable period of the lease and (ii) the useful life of any related non-removable leasehold improvements.

According to the IASB,

- The lease term should reflect an entity's reasonable expectation of the period during which the underlying asset will be used. The enforceability of the contract should therefore be assessed from both an economic and legal standpoint;
- The useful life of any related non-removable leasehold improvements should be assessed from an economic standpoint and aligned with the lease term.

The application of this amendment has had no impact on the Group's consolidated financial statements as of December 31, 2020. The accounting principles used by the Group with respect to determining the reasonably certain lease term are described in note 5.1.

♦ Amendments to IAS 1 and IAS 8 – Revised definition of material.
♦ Amendments to references to the Conceptual Framework in IFRS Standards.

The application of these guidelines has had no impact on the Group's consolidated financial statements.

1.2.2.Standards, amendments and interpretations issued by the IASB but not adopted by the European Union

Effective from January 1, 2022:

♦ Amendment to IFRS 3 – Updating references to the Conceptual Framework
♦ Annual improvements to IFRS Standards – 2018-2020 Cycle (IFRS 1, IFRS 9, IAS 41, IFRS 16)
♦ Amendment to IAS 16 – Proceeds before intended use
♦ Amendment to IAS 37 – Onerous contracts – Cost of fulfilling a contract

Effective from January 1, 2023:

♦ Amendment to IAS 1 – Classification of liabilities as current or non-current

♦ IFRS 17 – Insurance contracts. Originally issued with a mandatory effective date of January 1, 2021, the IASB decided in March 2020 to defer the effective date of this standard to January 1, 2023. It applies to any company that writes insurance contracts, reinsurance contracts or investment contracts with discretionary participation features. It is not applicable to the Group.

1.3. Basis of preparation and presentation of the consolidated financial statements

1.3.1.Measurement bases

The consolidated financial statements have been prepared according to the amortised cost method, with the exception of certain financial assets and liabilities measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 – Fair value measurement utilises a fair value hierarchy across three levels:

- Level 1: fair value measured based on unadjusted prices quoted in active markets for identical assets or liabilities;
- Level 2: fair value measured based on models using observable data, either directly (i.e. prices), or indirectly (i.e. data derived from prices);
- Level 3: fair value measured based on market data not directly observable.

According to the principle of relevance and the ensuing materiality notion, only information deemed relevant and useful to the users' understanding of the consolidated financial statements is reported.

The Group does not employ staff. It has delegated the management of its property assets as well as advisory and assistance work to its parent company Icade SA. All these services are detailed in note 11.1 to these consolidated financial statements.

1.3.2.Use of judgement and estimates

The preparation of consolidated financial statements requires the Group's management to use estimates and assumptions to determine the carrying amount of certain assets, liabilities, income and expenses, as well as for the information provided in the notes to the consolidated financial statements.

The accounting estimates used to prepare the financial statements as of December 31, 2020 were made amid a health and economic crisis (the "Covid-19 crisis") that generated considerable uncertainty about the economic and financial outlook. In this context of high uncertainty for the financial year, the Group considered the reliable information at its disposal with respect to the impact of this crisis. The main estimates made by the Group related to the following:

- Recoverable amounts, in particular in the valuation of property assets carried out by independent property valuers (see note 5.2);
- Measurement of credit risk arising from accounts receivable (see note 2.1).

Due to the uncertainties inherent in any measurement process, the Group revises its estimates on the basis of regularly updated information. The future results of the operations concerned may differ from the estimates made.

In addition to using estimates, the Group's management uses its judgement to define the appropriate accounting treatment for certain operations and transactions where current IFRS and their interpretations do not specifically address the accounting issues raised. In particular, management has exercised its judgement in:

- Determining useful life for investment property (see note 5.1);
- Determining the classification of leases in which the Group is the lessor between operating and finance leases;
- Determining whether acquisitions qualified as business combinations in accordance with the new definition of a business introduced in 2020 by an amendment to the revised IFRS 3 (see note 1.2.1).

Note 2 . Financial year highlights

2.1. Covid-19 crisis

In March 2020, the World Health Organization declared the Covid-19 infectious respiratory disease to be a global pandemic. The pandemic (hereinafter the "Covid-19 crisis") has had a significant impact on the world economy, with a sharp economic slowdown in almost all sectors, particularly during the lockdown periods. The Group took a series of emergency measures as soon as the lockdown was announced in France in order to ensure it could continue its activities to the greatest extent possible, maintaining its strong financial position and preserving its liquidity requirements. As of December 31, 2020, the Group's financial structure and liquidity position remained very solid:

- The impairment tests performed on investment property as of December 31, 2020 did not result in the recognition of any significant impairment losses (see specific section below on the impairment tests performed on investment property);
- In this uncertain market environment, unrealised capital gains on the property portfolio increased by €169.4 million as of December 31, 2020 compared to December 31, 2019;
- The Group's net cash stood at €471.0 million as of December 31, 2020, reflecting its financial strength;
- Rent deferrals were granted in Q2 2020 and the new payment plan was adhered to. As of December 31, 2020, no new risks of tenant default resulting from the Covid-19 crisis had been identified by the Group.

The Covid-19 crisis had no material impact on the Group's 2020 financial statements. The estimates used were made in accordance with note 1.3.2 "Use of judgement and estimates".

Given the nature of its properties, the Group's rental income for the period was not impacted. The main effects of the Covid-19 crisis on the income statement and financial position as of December 31, 2020 are described below:

- Tenant receivables
  The Group allowed some of its tenants to defer Q2 advance rent payments by making them payable in arrears. All outstanding deferred rent was paid in H2 (see note 8.2.1).
  The Group has maintained its policy on the impairment of receivables. As at each reporting date, a case-by-case analysis was carried out to assess the risk of non-payment of receivables and to impair, where appropriate, receivables from tenants at risk of default. As of December 31, 2020, the Group did not identify any heightened risk of default from its tenants that benefited from rent deferrals during the year.

- Projects under development
  Delays in the completion of development projects due to the Covid-19 crisis had no material impact on the financial statements as of December 31, 2020.

- Valuation of investment properties
  As at each reporting date, investment property was valued by independent property valuers based on the methods and considering the market environment as described in note 5.2.

2.2. Investments and disposals completed

The Group's most significant investments related to the following acquisitions, which totalled €99.2 million:

- In June 2020: a nursing home operated by Korian in Carcassonne (Aude);
- In September 2020: a nursing home operated by Orpéa in Marseille (Bouches-du-Rhône);
- In October 2020: the real estate of the Navarre polyclinic operated by Groupe Bordeaux Nord Aquitaine (GBNA) in Pau (Pyrénées-Atlantiques);
- In December 2020: four nursing homes operated by Korian in Beaune (Côte-d'Or), Thise (Doubs), Saint-Saturnin-du-Bois (Charente-Maritime) and Saint-Georges-de-Didonne (Charente-Maritime).

See note 5. "Property portfolio and fair value" for further information about investments and disposals carried out by the Group for the periods presented.

2.3. Finance and changes in net financial liabilities

The Group's most significant financing transactions were as follows:

- A €600 million inaugural social bond issued maturing in 2030 with a fixed coupon of 1.375%. These funds were raised with a 155-bp spread over the reference rate;
- The early repayment of three loans to Icade SA for a total of €360.0 million.

See note 6 "Finance and financial instruments" for further information about the Group's funding sources for the periods presented.

2.4. Changes in share capital

In the financial year 2020, Icade Santé completed several transactions affecting its share capital:

- In September, the acquisition of 946,744 own shares from a minority shareholder for €79.7 million. The shares were immediately cancelled as part of a capital reduction. Following this transaction, the share capital and share premiums decreased by €14.4 million and €65.3 million, respectively.
- In December, a capital increase through the issue of 1,069,069 new shares for a total of €90.0 million including €16.3 million of share capital and €73.7 million of share premium.

2.5. Dividend distribution

Dividends distributed by the Group to its shareholders amounted to €172.9 million in 2020 (€153.1 million in 2019), i.e. €4.58 per share (€4.34 per share in 2019). See note 7.2. "Dividends" for further information about the dividends paid out by the Group.

Note 3 . Scope of consolidation

ACCOUNTING PRINCIPLES

Consolidation principles

The consolidated financial statements include the financial statements of fully consolidated companies. The Group does not hold any interests in joint ventures or associates, or any other entities in which it does not have direct, indirect or joint control, or significant influence over their financial and operating policies. The consolidation method is determined in accordance with the degree of control by the Group.

♦ Subsidiaries

A subsidiary is an entity that is directly or indirectly controlled by the Group. Control exists when the Group:

- Has power over the entity in terms of voting rights;
- Has rights to variable returns from its involvement with the entity;
- Has the ability to use its power to affect the amount of these returns.

Potential voting rights as well as the power to govern the financial and operating policies of the entity are also among the factors taken into account by the Group in order to assess control.

Subsidiaries are fully consolidated from the date the Group acquires control over them until the date that such control ceases.

All intragroup transactions and balances between the Group's subsidiaries are eliminated on consolidation.

Non-controlling interests represent the share of interest which is not directly or indirectly attributable to the Group. These are presented in equity as "Non-controlling interests" and in the income statement as "Net profit/(loss) attributable to non-controlling interests".

For the financial years presented, Icade Santé had full control over all its subsidiaries.

Business combinations

To determine whether a transaction is a business combination under the revised IFRS 3, the Group analyses whether an integrated set of activities and assets has been acquired and not just property and whether this integrated set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The consideration transferred must include any contingent consideration, which must be measured at fair value.

According to the acquisition method, the acquirer must, at the acquisition date, recognise the identifiable assets, liabilities and contingent liabilities of the acquiree at fair value at that date.

Goodwill is measured as the difference between, on the one hand, the fair value of the consideration transferred and, on the other hand, the net of the acquisition-date amounts of the identifiable assets and liabilities assumed measured at fair value. If positive, goodwill is accounted for on the asset side of the balance sheet. If negative, goodwill may be referred to as "negative goodwill" or "badwill" or "bargain purchase gain" (arising as a result of a bargain purchase) and is recognised immediately in the income statement under the heading "Profit/(loss) from acquisitions".

Costs of business acquisitions are recorded as expenses in "Profit/(loss) from acquisitions" in the consolidated income statement.

Changes in scope of consolidation during the financial year primarily resulted from equity investments made in entities owning healthcare facilities and mergers of legal entities during the period.

The companies included in the scope of consolidation are listed in note 11.5.

Note 4 . Segment reporting

ACCOUNTING PRINCIPLES

In accordance with IFRS 8 – Operating segments, segment information must be structured according to the operating segments for which results are regularly reviewed by the chief operating decision maker in order to assess their performance and make decisions about resources to be allocated to such segments. Segment information must be consistent with internal reporting to the chief operating decision maker.

The Group's business activities consist in assisting healthcare and senior services providers with the ownership and development of healthcare properties across France. These properties include short- and medium-term care facilities (private hospitals, rehabilitation centres) as well as long-term facilities (nursing homes).

During the financial years covered by these consolidated financial statements, the Group measured the performance of its operations taken as a whole.

As a result, it only reports on one operating segment.

Note 5 . Property portfolio and fair value

5.1. Property portfolio

ACCOUNTING PRINCIPLES

IAS 40 – Investment property defines investment property as property held by the owner to earn rentals or for capital appreciation or both. This category of property cannot be held for use in the production or supply of goods or services or for administrative purposes. Furthermore, the existence of building rights, leasehold rights or building leases also falls within the definition of investment property.

Property that is being developed for future use as investment property is classified as investment property.

In accordance with the option offered by IAS 40, investment property is carried at cost less accumulated depreciation and less any accumulated impairment losses (see note 5.3.2).

Investment property excluding right-of-use assets relating to building leases

The cost of investment property consists of:

- The purchase price stated in the deed of acquisition or the construction costs, including non-refundable taxes, after deducting any trade discounts, rebates or cash discounts;
- The cost of restoration work;
- All directly attributable costs incurred in order to put the investment property in a condition to be leased in accordance with the use intended by management. Thus, transfer duties, fees, commissions and fixed legal expenses related to the acquisition, and commissions related to leasing are included in the cost;
- Costs of bringing the property into compliance with safety and environmental regulations;
- Capitalised borrowing costs.

Any government investment grants received are deducted from the value of the corresponding assets. These grants are therefore recognised as income over the useful life of the asset depreciable by way of a reduced depreciation charge.

The gross value of an investment property is split into separate components which each have their own useful lives.

Investment property is depreciated using the straight-line method over periods which correspond to their expected useful life. Land is not depreciated. The depreciation periods used by the Group (in years) are as follows:

Components	Healthcare facilities
Roads, networks, distribution	80
Structural works	80
External structures	20 - 40
General and technical equipment	20 - 35
Internal fittings	10 - 20
Specific equipment	20 - 35

Useful lives are revised at each reporting date, particularly in respect of investment property which is the subject of a restoration decision.

The methods and assumptions used to value the property portfolio are described in note 5.2.

The fair values shown in note 5.3 are appraised values excluding duties, except for those assets acquired at the end of the year whose fair value is defined in note 5.2.1.

Borrowing costs

Borrowing costs directly attributable to the construction or production of an asset are included in the cost of that asset until work is completed.

Capitalised borrowing costs are determined as follows:

- Where funds are borrowed in order to build a specific asset, the borrowing costs that are eligible for capitalisation are the costs actually incurred over the financial year less any investment income on the temporary investment of those borrowings;
- Where the borrowed funds are used to build several assets, the borrowing costs that are eligible for capitalisation are determined by applying a capitalisation rate to the construction costs. This capitalisation rate is equal to the weighted average of current borrowing costs for the financial year other than those of borrowings taken out for the purpose of building specific assets. The capitalised amount may not exceed the amount of costs actually borne.

Right-of-use assets relating to building leases

- In the consolidated statement of financial position, “Investment property” includes right-of-use assets relating to building leases;
- In the consolidated income statement, “Depreciation charges net of government investment grants” includes depreciation charges on these assets.

Right-of-use assets relating to building leases are measured initially at cost, which includes the following amounts:

- Lease liabilities measured as described in note 8.3;
- Prepaid lease payments.

These assets are depreciated on a straight-line basis over the course of the reasonably certain lease term.

Right-of-use assets relating to building leases may be remeasured over the reasonably certain lease term in any of the following circumstances:

- Lease modification;
- An increase or decrease in the assessment of the lease term;
- An increase or decrease in the assessment of lease payments linked to an index or a rate;
- Impairment losses.

<u>Reasonably certain lease term</u>

For each lease falling within the scope of IFRS 16, the lease term is assessed by management in accordance with the procedures provided for under the standard.

The reasonably certain lease term is the non-cancellable period of a lease adjusted for the following items:

- Any option to early terminate the lease if the Group is reasonably certain not to exercise that option;
- Any option to extend the lease if the Group is reasonably certain to exercise that option.

Impairment test for investment property

In accordance with IAS 36, investment property is tested for impairment if there is an indication of impairment. The procedures for carrying out impairment tests are described below:

Indications of impairment include:

- An event causing a significant decline in the asset’s market value;
- A change in the market environment (technological, economic or legal).

The test is performed for each asset or group of assets based on the net carrying amount recorded in “Investment property” less, as the case may be, the lease liability relating to building leases. If this individual net carrying amount becomes higher than the recoverable amount, the difference between those two amounts is recognised as an impairment loss. The recoverable amount is defined as the market value excluding duties, determined by independent property valuers (see note 5.2).

Recognising an impairment loss entails a review of the depreciable amount and, as the case may be, of the depreciation schedule for the investment property concerned.

If there is an indication that an impairment loss no longer exists and the recoverable amount again becomes higher than the net carrying amount, impairment losses recognised in previous financial years are reversed. This reversal is limited to the impairment amount initially recognised less any additional depreciation that may have been recorded if the depreciable amount and depreciation schedule have been reviewed.

Although carried out by independent property valuers, valuing a property asset is a complex estimation exercise, which is also subject from one half-year to the next to the changing economic climate and the volatility of some of the market parameters used, particularly yields and discount rates.

Therefore, in order to take into account the inherent difficulties of valuing a property asset and to avoid recognising an impairment loss that might need to be fully or partially reversed in the next financial statements, the Group only recognises an impairment loss if the unrealised capital loss is more than 5% of the net carrying amount before impairment. If this threshold is exceeded, the impairment loss recognised is the total amount of the unrealised capital loss.

This impairment loss is adjusted upwards or downwards at each reporting date to reflect changes in the value of the property asset or group of assets and its net carrying amount, remembering that if the impairment loss is less than 5% of the net carrying amount before impairment, the previously recognised impairment loss is reversed.

For properties acquired less than three months before the reporting date and recognised in the financial statements at their acquisition price including transfer taxes, the unrealised capital loss corresponding to transfer taxes and other acquisition costs is not recognised as an impairment loss.

The Group's property portfolio consists of investment property. It is valued as described in note 5.2 and its fair value is presented in note 5.3. Investments made in 2020 added up to €174.2 million, bringing the net value of the Group's property portfolio to €3,537.7 million:

(in millions of euros)	12/31/2019	Acquisitions, construction work and impact of changes in scope of consolidation (a)	Disposals	Net depreciation charges	Net change in impairment losses	Other changes (b)	12/31/2020
Net value of investment property	3,487.0	174.2	(0.2)	(118.4)	(3.1)	0.0	3,539.5
Liabilities relating to investment property (c)	(1.9)	-	-	-	-	0.0	(1.9)
TOTAL PROPERTY PORTFOLIO	**3,485.1**	**174.2**	**(0.2)**	**(118.4)**	**(3.1)**	**0.0**	**3,537.7**

(a) Including capitalised finance costs for €0.6 million.
(b) Other changes related to repayments of lease liabilities.
(c) Liabilities relating to investment property consist of lease liabilities relating to building leases.

Investments (acquisitions, construction work and impact of changes in scope of consolidation) amounted to €174.2 million during the period and primarily included the following:

- The acquisition of several nursing homes and a polyclinic for €99.8 million. These assets are located in Pau (Pyrénées-Atlantiques), Marseille (Bouches-du-Rhône), Carcassonne (Aude), Beaune (Côte-d'Or), Saint-Georges-de-Didonne (Charente-Maritime), Thise (Doubs) and Saint-Saturnin-du-Bois (Charente-Maritime). These facilities are operated by Groupe Bordeaux Nord Aquitaine, Orpéa and Korian;
- Development projects for €49.9 million including healthcare facility projects in Montredon-des-Corbières (Aude), Caen (Calvados), Lunel (Hérault), Saintes (Charente-Maritime), Perpignan (Pyrénées-Orientales), La Roche-sur-Yon (Vendée), Blagnac (Haute-Garonne), Cabestany (Pyrénées-Orientales) and Le Perreux-sur-Marne (Val-de-Marne);
- Other capital expenditures for €24.5 million.

There were no significant **disposals** during the financial year.

Breakdown of the net value of investment property

In the consolidated financial statements, investment property consists of owned property, property held under finance leases and right-of-use assets relating to building leases.

The carrying amount of investment property is broken down as follows based on how it is held:

(in millions of euros)	Owned property	Property held under finance leases	Right-of-use asset	TOTAL
Gross value	3,659.1	535.9	2.0	4,196.9
Depreciation	(626.5)	(78.6)	(0.0)	(705.1)
Impairment losses	(4.8)	-	-	(4.8)
NET CARRYING AMOUNT AS OF 12/31/2019	**3,027.8**	**457.3**	**1.9**	**3,487.0**
Acquisitions, construction work and impact of changes in scope of consolidation	114.6	59.6	-	174.2
Disposals	(0.2)	-	-	(0.2)
Net depreciation charges	(106.3)	(12.1)	(0.0)	(118.4)
Net impairment losses	(3.1)	-	-	(3.1)
Options exercised	0.0	(0.0)	0.0	0.0
NET CARRYING AMOUNT AS OF 12/31/2020	**3,032.9**	**504.8**	**1.9**	**3,539.5**
Including gross amount	3,773.5	595.5	2.0	4,371.0
Including depreciation	(732.8)	(90.7)	(0.1)	(823.6)
Including impairment	(7.9)	-	-	(7.9)

5.2. Valuation of the property portfolio: methods and assumptions

5.2.1.Valuation assignments

The Group's property assets are valued twice a year by independent property valuers according to a framework consistent with the SIIC Code of Ethics (*sociétés d'investissement immobilier cotées*, French listed real estate investment companies) published in July 2008 by the French Federation of Real Estate Companies (*Fédération des sociétés immobilières et foncières*).

Property valuations were entrusted to Jones Lang LaSalle Expertises and Catella Valuation.

The valuers are selected through competitive bidding. The property valuers consulted are selected from among members of AFREXIM (*Association française des sociétés d'expertise immobilière*, French Association of Property Valuation Companies).

In accordance with the SIIC Code of Ethics, after seven years the Group shall ensure that there is an internal turnover of the teams responsible for the valuation of its assets in the selected property valuation company. The valuer signing the valuation may not be appointed for more than two consecutive terms of four years except where the valuer has met the requirement with regard to the internal turnover of the teams.

Property valuation fees are billed to the Group on the basis of a fixed service fee that takes into account the specificities of the properties and that is not based on the value of the assets.

The assignments of the property valuers, whose main valuation methods and conclusions are presented hereafter, are performed according to professional standards, in particular:

- The Property Valuation Charter (*Charte de l'expertise en évaluation immobilière*), fifth edition, published in March 2017;
- The Barthès de Ruyter report from the French Securities and Exchange Commission (COB), which is part of the French Financial Markets Authority (AMF), dated February 3, 2000, on the valuation of the property assets of publicly traded companies;
- On an international level, the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations), published in April 2009 in the Blue Book, as well as the Red Book standards of the Royal Institution of Chartered Surveyors (RICS).

These various texts specify the required qualifications for the property valuers, a code of conduct and ethics, and the main definitions (values, floor areas, rates and main valuation methods).

During each valuation session and when valuers submit their valuation reports, the Group makes sure that the methods used by the different property valuers to value its assets are consistent.

Valuations are presented both inclusive and exclusive of duties, the values excluding duties being net of duties and fixed legal expenses calculated by the property valuers.

On-site inspections are systematically conducted by the property valuers for all new assets added to the portfolio. Further on-site inspections are then organised according to a multi-year schedule or each time that a specific event in the life of the building requires it (occurrence of significant changes in its structure or environment). It should be noted that inspections initially scheduled between March and June 2020 were exceptionally postponed to H2 2020 due to the Covid-19 health crisis and only the exterior parts of some nursing homes could be inspected for valuation purposes.

All the assets, including the land bank and projects under development, were valued as of December 31, 2020 according to the procedures currently in place within the Group, with the exception of:

- Properties subject to a preliminary sale agreement as of the end of the reporting period or those for which an offer has been received and that are valued based on the price indicated in the agreement excluding duties;
- Properties acquired less than three months before the end of the annual reporting period, which are valued at their acquisition price excluding duties.

The Group also has in place a process of internal valuation by its asset management teams in order to verify the asset values obtained by the property valuers and to gain a better understanding of the future performance of the portfolio on the basis of the business plans defined. This process is updated on a yearly basis. However, assets whose business plan changes materially are subject to a half-yearly update.

5.2.2.Methods used by the property valuers

The methods used by the property valuers are identical to those used for the previous financial year. They take into account changes in the market environment due to the health and economic crisis.

As of the valuation date, the property valuers considered market evidence to be sufficient and relevant, allowing them to form an opinion of value for the appraised properties.

Private hospitals and other healthcare properties are valued by property valuers, typically based on the mean of the values obtained using the rent capitalisation method (also known as "estimated rental value" method) and the discounted cash flow method.

The market value of a healthcare facility is essentially dependent on its operation and its ability to generate sufficient revenue to provide a reasonable return on the property investment. These buildings fall under the category of single-use buildings and their value determined by the property valuer is totally related to their operation and consequently to the value of the underlying business. Also, since these premises are unsuitable for any other use without substantial conversion works, they are not subject to rent ceilings upon lease renewals or rent reviews or to the traditional rules for determining the estimated rental value.

The estimated rental value used by the property valuers thus takes into account a share of the average revenue or average EBITDA that the facility has generated during the last years of operation, with or without adjustment for category, administrative environment, quality of operating structure (price positioning, hospital fee agreement with the French Social Security, income statement, etc.) and competitive position. Alternatively, the healthcare property can be valued by capitalisation of the gross rental income reported by the Group.

5.2.3.Main valuation assumptions for investment property

Asset types	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	4.9% - 6.8%	4.8% - 6.7%	4.5% - 6.2%
France outside the Paris region	Capitalisation and DCF	4.7% - 8.6%	4.4% - 8.3%	4.2% - 7.6%

5.3. Fair value of the property portfolio

5.3.1.Unrealised capital gains on the property portfolio

Unrealised capital gains increased by €169.4 million to €1,666.6 million as of December 31, 2020.

(in millions of euros)	12/31/2020	12/31/2019	Chg. 2020 - 2019
Fair value	5,204.2	4,982.3	221.9
Net carrying amount	3,537.7	3,485.1	52.6
UNREALISED CAPITAL GAINS	**1,666.6**	**1,497.2**	**169.4**

5.3.2.Impact of impairment losses on the income statement

The impact of impairment losses on the income statement is shown under the heading "Charges and reversals related to impairment of tangible, financial and other current assets" of the consolidated income statement.
A net impairment loss of €3.1 million was recognised.

5.3.3.Sensitivity of the net carrying amounts of appraised assets to potential changes in fair value

The sensitivity of the net carrying amounts of appraised assets to potential changes in fair value ranging from -5.00% to +5.00% is shown in the table below:

Impact on net carrying amounts	Changes in fair value of investment property			
(in millions of euros)	(5.00)%	(2.50)%	+ 2.50%	+ 5.00%
Total as of 12/31/2019	(19.0)	(13.4)	1.8	1.8
Total as of 12/31/2020	**(16.7)**	**(2.9)**	**0.2**	**0.5**

Note 6 . Finance and financial instruments

6.1. Financial structure and contribution to profit/(loss)

6.1.1. Change in net financial liabilities

ACCOUNTING PRINCIPLES

Financial liabilities

Borrowings and other interest-bearing financial liabilities are valued, after their initial recognition, according to the amortised cost method using the effective interest rate of the borrowings. Issue costs and premiums affect the opening value and are spread over the life of the borrowings using the effective interest rate.

For financial liabilities resulting from the recognition of finance leases, the financial liability recognised as the corresponding entry of the asset is initially carried at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

Hedging instruments

The Group uses financial derivatives to hedge its exposure to market risk stemming from interest rate fluctuations. Derivatives are used as part of a policy implemented by the Group on interest rate risk management. The financial risk management strategies and methods used to determine the fair value of financial derivatives are set out in notes 6.2.2 and 6.3.

Financial derivatives are recorded at fair value in the consolidated statement of financial position.

The Group uses derivatives to hedge its fixed or variable rate debt against interest rate risk (cash flow hedging) and applies hedge accounting where documentation requirements are met. In this case, changes in fair value of the financial derivative are recognised net of tax in "Other items" in the consolidated statement of comprehensive income until the hedged transaction occurs in respect of the effective portion of the hedge. The ineffective portion is recognised immediately in the income statement for the period. Gains and losses accumulated in equity are reclassified to the income statement under the same heading as the hedged item for the same periods as those during which the hedged cash flow has an impact on the income statement.

Where financial derivatives do not qualify for hedge accounting under the standard, they are classified under the category of trading instruments and any changes in their fair value are recognised directly in the income statement for the period.

The fair value of derivatives is measured using commonly accepted models (discounted cash flow method, Black and Scholes model, etc.) and based on market data.

Breakdown of net financial liabilities at end of period

Net financial liabilities broke down as follows:

			Cash flow from financing activities		Fair value adjustments and other changes (a)	
(in millions of euros)		12/31/2019	New financial liabilities	Repayments		12/31/2020
Bonds		500.0	600.0			1,100.0
Borrowings from credit institutions		781.3		(29.5)	11.4	763.2
Finance lease liabilities		196.7	45.1	(21.6)	0.0	220.2
Other borrowings and similar liabilities		52.3		(2.4)	0.0	49.8
Total borrowings		**1,530.2**	**645.1**	**(53.6)**	**11.4**	**2,133.1**
Payables associated with equity investments (b)		558.5		(408.4)	(0.0)	150.0
Bank overdrafts		0.6			(0.5)	0.1
TOTAL GROSS INTEREST-BEARING FINANCIAL LIABILITIES		**2,089.3**	**645.1**	**(462.0)**	**10.9**	**2,283.3**
Interest accrued and amortised issue costs		(2.0)			(3.4)	(5.4)
GROSS FINANCIAL LIABILITIES (c)	**6.1.2.**	**2,087.3**	**645.1**	**(462.0)**	**7.5**	**2,277.8**
Interest rate derivatives	6.1.3.	27.7			8.7	36.4
Financial assets (d)	6.1.5.	(0.0)			(0.0)	(0.1)
Cash and cash equivalents (e)	6.1.6.	(428.0)			(42.9)	(471.0)
NET FINANCIAL LIABILITIES		**1,686.9**	**645.1**	**(462.0)**	**(26.8)**	**1,843.2**

(a) Other changes related to changes in scope of consolidation, cash flow from bank overdrafts and cash and cash equivalents.

(b) Liabilities to Icade SA, which amounted to €557.4 million as of December 31, 2019, made up the entirety of payables associated with equity investments as of December 31, 2020.

(c) Gross financial liabilities included €2,167.2 million of non-current financial liabilities and €110.6 million of current financial liabilities.

(d) Excluding security deposits paid.

(e) Cash includes a cash pooling current account with Icade SA totalling €459.0 million as of December 31, 2020 (€371.8 million as of December 31, 2019).

The change in gross debt (excluding derivatives) for the period mainly resulted from:

- The issue of a €600.0 million social bond;

- The prepayment of three loans to Icade SA for €360.0 million resulting in a €24.9 million prepayment penalty being paid during the financial year;
- A €45.1 million increase in finance lease liabilities and an €11.4 million increase in borrowings from credit institutions as a result of acquisitions during the period, with a finance lease entered into for €49.0 million (including €38.5 million drawn down) for the construction of the Greater Narbonne Private Hospital in Montredon-des-Corbières (Aude);
- The normal amortisation of borrowings from credit institutions for €29.5 million, finance lease liabilities for €21.6 million, liabilities to Icade SA for €47.4 million and other borrowings for €2.4 million.

6.1.2.Components of financial liabilities

Gross financial liabilities: type of rate, maturity and fair value

Gross interest-bearing financial liabilities (gross financial liabilities excluding interest accrued and issue costs amortised using the effective interest method) stood at €2,283.3 million as of December 31, 2020. They broke down as follows:

		Current	Non-current					
	Balance sheet value as of 12/31/2020	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Fair value as of 12/31/2020
Bonds	1,100.0	-	-	-	-	-	1,100.0	1,146.4
Borrowings from credit institutions	8.6	3.0	3.1	2.4	0.0	-	-	9.1
Finance lease liabilities	91.1	14.2	8.2	8.4	8.6	15.1	36.6	100.0
Liabilities to Icade SA	150.0	50.0	50.0	-	-	50.0	-	156.3
Fixed rate debt	**1,349.7**	**67.2**	**61.3**	**10.8**	**8.7**	**65.1**	**1,136.6**	**1,411.8**
Borrowings from credit institutions	754.6	14.4	14.6	14.9	165.8	118.1	426.8	769.1
Finance lease liabilities	129.1	19.7	8.1	43.7	18.4	11.7	27.5	131.7
Other borrowings and similar liabilities	49.8	2.5	2.5	2.6	2.6	2.7	36.9	57.0
Bank overdrafts	0.1	0.1	-	-	-	-	-	0.1
Variable rate debt	**933.6**	**36.7**	**25.3**	**61.2**	**186.8**	**132.4**	**491.2**	**958.0**
TOTAL GROSS INTEREST-BEARING FINANCIAL LIABILITIES	**2,283.3**	**104.0**	**86.6**	**71.9**	**195.5**	**197.5**	**1,627.8**	**2,369.8**

The average debt maturity was 6.8 years as of December 31, 2020 vs. 6.1 years as of December 31, 2019, a 0.7-year increase.

Characteristics of the bonds

ISIN code	*Issue date*	*Maturity date*	*Nominal value on the issue date*	*Rate*	*Repayment profile*	*Nominal value as of 12/31/2019*	*Increase*	*Decrease*	*Nominal value as of 12/31/2020*
FR0013457967	11/04/2019	11/04/2029	500.0	Fixed rate 0.875%	Interest only	500.0	-	-	500.0
FR0013535150	09/17/2020	09/17/2030	600.0	Fixed rate 1.375%	Interest only	-	600.0	-	600.0
Bonds						**500.0**	**600.0**	**-**	**1,100.0**

6.1.3.Derivative instruments

Presentation of derivatives in the consolidated statement of financial position

Derivative liabilities primarily consisted of interest rate derivatives designated as cash flow hedges for €36.4 million as of December 31, 2020 vs. €27.7 million as of December 31, 2019.
Detailed changes in fair value of derivative instruments were as follows:

(in millions of euros)	12/31/2019 (1)	Disposals (2)	Payments for guarantee (3)	Changes in fair value recognised in the income statement (4)	Changes in fair value recognised in equity (5)	12/31/2020 (6) = (1) to (5) inclusive
Interest rate swaps – fixed-rate payer	(27.7)	-	-	0.2	(8.9)	(36.4)
TOTAL INTEREST RATE DERIVATIVES	(27.7)	-	-	0.2	(8.9)	(36.4)
Including derivative assets	0.2	-	-	(0.1)	(0.1)	(0.0)
Including derivative liabilities	(27.9)	-	-	0.2	(8.7)	(36.4)

Changes in hedge reserves

Hedge reserves consist exclusively of fair value adjustments to financial instruments used by the Group for interest rate hedging purposes (effective portion). Changes in hedge reserves for the periods presented are detailed in the table below:

(in millions of euros)	12/31/2019	Recycling to the income statement	Changes in value recognised in equity	12/31/2020
Revaluation reserves – CFH reserves – Interest rate swaps	(24.9)	(0.7)	(8.9)	**(34.5)**

Derivatives: analysis of notional amounts by maturity

The derivative portfolio as of December 31, 2020 was as follows:

		< 1 year	> 1 year and < 5 years	> 5 years
(in millions of euros)	Total	Amount	Amount	Amount
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	757.9	15.5	301.9	440.5
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2020	**757.9**	**15.5**	**301.9**	**440.5**

These derivatives are used as part of the Group's interest rate hedging policy (see note 6.2.2).

6.1.4.Finance income/(expense)

Finance income/(expense) consists primarily of:

- Cost of net financial liabilities, primarily including interest expenses on financial liabilities and derivatives;
- Other finance income and expenses, primarily including restructuring costs for financial liabilities and commitment fees.

The Group recorded a net finance expense of €58.9 million for the financial year 2020 (vs. €34.2 million for 2019). It mainly consisted of interest expenses on financial liabilities and derivatives.

(in millions of euros)	2020	2019
Interest expenses on financial liabilities	(17.5)	(12.7)
Interest expenses on derivatives	(7.1)	(6.6)
Recycling to the income statement of interest rate hedging instruments	0.7	0.8
Expenses on loans and advances from Icade	(8.9)	(13.7)
COST OF NET FINANCIAL LIABILITIES	(32.9)	(32.3)
Change in fair value of derivatives recognised in the income statement	0.1	(0.0)
Commitment fees	(0.8)	(0.6)
Restructuring costs for financial liabilities (a)	(24.9)	(0.6)
Finance income/(expense) from lease liabilities	(0.1)	(0.2)
Other finance income and expenses	(0.4)	(0.6)
Total other finance income and expenses	**(26.1)**	**(2.0)**
FINANCE INCOME/(EXPENSE)	**(58.9)**	**(34.2)**

(a) Restructuring costs for financial liabilities relate to prepayment penalties for financial liabilities which were paid to Icade SA.

6.1.5.Financial assets and liabilities

ACCOUNTING PRINCIPLES

Under IFRS 9, financial assets are classified and measured either at amortised cost or fair value. In order to determine how best to classify and measure financial assets, the Group has taken into consideration its business model for managing such assets and analysed the characteristics of their contractual cash flows. The Group's financial assets fall into two categories:

- Financial assets carried at fair value through profit or loss:

These assets relate to investments in unconsolidated companies carried at fair value through profit or loss at the end of the reporting period. Fair value is determined using recognised valuation techniques (reference to recent market transactions, discounted cash flows, net asset value, quoted price if available, etc.).

- Financial assets carried at amortised cost:

They consist primarily of receivables associated with equity investments, loans, deposits and guarantees paid, contract assets and accounts receivable carried at amortised cost at the reporting date.

In accordance with IFRS 9, the Group applies the expected loss model for financial assets that requires, where applicable, expected losses and changes in such losses to be accounted for as soon as the financial asset is recognised at each reporting date to reflect the change in credit risk since initial recognition.

Financial liabilities related to deposits and guarantees received from tenants for €7.9 million as of December 31, 2020 and €7.4 million as of December 31, 2019. As of December 31, 2020, deposits and guarantees received from tenants maturing within 5 years and those maturing after 5 years represented €1.3 million and €6.6 million, respectively.

Financial assets consisted primarily of deposits and guarantees paid. They were stable year-on-year at €1.1 million as of December 31, 2020. They had residual maturities of 2 to 5 years.

6.1.6.Cash and cash equivalents

ACCOUNTING PRINCIPLES

Cash includes current bank accounts and demand deposits.

Overdrafts are excluded from cash and cash equivalents and are recognised as current financial liabilities.

(in millions of euros)	12/31/2020	12/31/2019
Cash equivalents (term deposit accounts)	10.0	5.0
Cash on hand and demand deposits (including bank interest receivable) (a)	461.0	422.9
CASH AND CASH EQUIVALENTS	**471.0**	**427.9**

(a) Cash mainly consisted of a cash pooling current account with Icade SA totalling €459.0 million as of December 31, 2020 (€371.8 million as of December 31, 2019).

6.2. Management of financial risks

6.2.1.Liquidity risk

The emergence of the Covid-19 crisis in H1 2020 has roiled financial markets, impacting the liquidity of companies. However, the intervention of the European Central Bank through France's central bank (Banque de France) enabled the market to gradually get back to business.

During the crisis, the daily oversight of the Group's liquidity was stepped up, with continued disciplined management of cash and short-term investments. As of December 31, 2020, the Group's net cash stood at €471.0 million. As of December 31, 2020 and December 31, 2019, the Group also had undrawn amounts of short- and medium-term credit lines totalling €200.0 million, which were fully available. As a result, debt principal and interest payments are covered for over 18 months. Throughout 2020, Icade Santé had no need to draw down on its credit lines and thus still has the entire undrawn amount at its disposal. The Group has continued to access liquidity on favourable terms and is still fully able to raise more funds if necessary.

Besides, the Group ensures disciplined management and monitoring of the maturities of its main credit lines as shown in the table below. Future interest payments on borrowings and financial derivatives are determined based on anticipated market interest rates.

(in millions of euros)	12/31/2020										
	< 1 year		> 1 year and < 3 years		> 3 years and < 5 years		> 5 years		Total principal	Total interest	Grand total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
Bonds	-	12.7	-	25.5	-	25.5	1,100.0	59.3	1,100.0	123.1	1,223.1
Borrowings from credit institutions	17.4	4.3	35.1	8.2	283.9	7.5	426.8	4.3	763.2	24.2	787.4
Finance lease liabilities	33.9	3.3	68.3	5.2	53.8	3.6	64.2	2.5	220.2	14.6	234.8
Other borrowings and similar liabilities	2.5	0.9	5.1	1.7	5.3	1.5	36.9	4.6	49.8	8.7	58.5
Liabilities to Icade SA	50.0	3.2	50.0	2.7	50.0	1.2	-	-	150.0	7.1	157.1
Bank overdrafts	0.1	-	-	-	-	-	-	-	0.1	-	0.1
Total gross interest-bearing financial liabilities	**104.0**	**24.4**	**158.5**	**43.3**	**393.0**	**39.2**	**1,627.8**	**70.7**	**2,283.3**	**177.7**	**2,460.9**
Financial derivatives		7.8		13.6		9.2		5.4		36.0	36.0
Lease liabilities	0.0	0.1	0.1	0.3	0.1	0.3	1.7	3.6	1.9	4.3	6.2
Accounts payable and tax liabilities	18.9		10.5		-		-		29.4		29.4
TOTAL	**122.9**	**32.4**	**169.0**	**57.1**	**393.1**	**48.8**	**1,629.5**	**79.8**	**2,314.5**	**218.0**	**2,532.6**

6.2.2.Interest rate risk

Interest rate risk includes, in the event of increased interest rates, the risk of increased finance expenses related to variable rate financial liabilities and, in the event of reduced interest rates, the risk of reduced finance income related to variable rate financial assets.

(in millions of euros)		12/31/2020		
		Fixed rate	Variable rate	Total
Bonds		1,100.0	-	1,100.0
Borrowings from credit institutions		8.6	754.6	763.2
Finance lease liabilities		91.1	129.1	220.2
Other borrowings and similar liabilities		-	49.8	49.8
Bank overdrafts		-	0.1	0.1
BREAKDOWN OF BORROWINGS		**1,199.7**	**933.6**	**2,133.3**
Breakdown of borrowings (in %)		**56%**	**44%**	**100%**
Impact of interest rate hedges (a)		757.9	(757.9)	-
BREAKDOWN AFTER HEDGING	**6.1.3.**	**1,957.5**	**175.7**	**2,133.3**
Breakdown after hedging (in %)		**92%**	**8%**	**100%**

(a) Taking into account interest rate hedges entered into by the Group (see note 6.1.3.).

To finance its investments, the Group may use variable rate debt, thus remaining able to prepay loans without penalty.

As of December 31, 2020, the Group's total debt, consisting of 56% fixed rate debt and 44% variable rate debt, was 92% hedged against interest rate risk.

The average maturity of variable rate debt was 5.1 years and that of the associated hedges was 4.8 years.

The Group has continued its prudent debt management policy, maintaining limited exposure to interest rate risk while taking advantage of low interest rates, by entering into appropriate hedging contracts.

Finally, the Group favours classifying its hedging instruments as "cash flow hedges" according to IFRS 9; therefore, any changes in fair value of such instruments are recognised in equity (for the effective portion).

Due to the Group's hedging structure and the trend in interest rates in the last few financial years, changes in fair value of hedging instruments had a negative impact on other comprehensive income of €8.9 million as of December 31, 2020.

The accounting impact of a -1% or +1% change in interest rates on the value of derivatives is described below:

(in millions of euros)	12/31/2020	
	Impact on equity before tax	Impact on the income statement before tax
Impact of a +1% change in interest rates	34.8	0.2
Impact of a -1% change in interest rates	(37.3)	(0.2)

6.2.3.Currency risk

Since the Group does not enter into any foreign currency transactions, it is not exposed to currency risk.

6.2.4.Credit risk

In the course of its business, the Group is exposed to two major types of counterparties: financial institutions and its tenants. Regarding financial institutions, credit and/or counterparty risk relates to cash and cash equivalents, and to the banks where they are deposited. The investments chosen have maturities of less than one year with a very low risk profile. They are monitored daily and a regular review of authorised investments complements the control process. Additionally, in order to limit its counterparty risk, the Group only deals in interest rate derivatives with banking institutions which help fund its expansion. Furthermore, the Group only enters into financial transactions with major banking institutions and applies a principle of risk dispersion, avoiding concentration of exposure to any single counterparty.
These principles are set out in the Bank Counterparty Risk Policy managed by the Group's Finance Department.

The Group's exposure to credit risk corresponds primarily to the net carrying amount of receivables less deposits received from tenants. As of December 31, 2020, credit risk totalled €2.3 million.

6.2.5.Covenants and financial ratios

In addition, the Group is required to comply with the financial covenants listed below, which are covered by the Group's financial risk monitoring and management processes.

		Covenants	12/31/2020
LTV bank covenant	Maximum	< 60%	35.4%
ICR	Minimum	> 2	8.0x
Value of the property portfolio	Minimum	> €2bn	€5.2bn
Security interests in assets	Maximum	< 30% of portfolio value	7.4%

Loans taken out by the Group may be subject to covenants based on financial ratios (loan-to-value [LTV] ratio and interest coverage ratio [ICR]). All covenants were met as of December 31, 2020.

LTV bank covenant

The LTV (loan-to-value) bank covenant, which is the ratio of net financial liabilities to the latest valuation of the property portfolio excluding duties, stood at 35.4% as of December 31, 2020 and 33.9% as of December 31, 2019.

The maximum covenant level was increased from 52% to 60% at the end of 2020 through amendments to the agreements of all of the Company's unsecured bank loans.

Interest coverage ratio (ICR) bank covenant

The interest coverage ratio, which is the ratio of EBITDA to the interest expense for the period, was 8.0x for the financial year 2020 (7.7x in 2019). The ratio remains at a high level, demonstrating the Group's ability to comfortably comply with its bank covenants.

6.3. Fair value of financial assets and liabilities

6.3.1.Reconciliation of the net carrying amount and fair value of financial assets and liabilities

Below is the reconciliation of the net carrying amount and fair value of financial assets and liabilities as of the end of the financial years presented:

(in millions of euros)	Carrying amount as of 12/31/2020	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 12/31/2020
ASSETS					
Financial assets	1.1	1.1	-	0.1	1.1
Derivative instruments	(0.0)	(0.0)	-	-	(0.0)
Accounts receivable	10.3	10.3	-	-	10.3
Other operating receivables (a)	6.0	6.0	-	-	6.0
Cash equivalents	10.0	-	-	10.0	10.0
TOTAL FINANCIAL ASSETS	**27.4**	**17.4**		**10.1**	**27.4**
LIABILITIES					
Financial liabilities	2,277.8	2,277.8	-	-	2,369.8
Lease liabilities	1.9	1.9	-	-	1.9
Other financial liabilities	7.9	7.9	-	-	7.9
Derivative instruments	36.4	-	36.4	-	36.4
Accounts payable	6.7	6.7	-	-	6.7
Other operating payables (a)	41.4	41.4	-	-	41.4
TOTAL FINANCIAL LIABILITIES	**2,372.1**	**2,335.7**	**36.4**	**-**	**2,464.1**

(a) Excluding prepaid expenses and income, and excluding social security and tax receivables and payables.

6.3.2.Fair value hierarchy of financial instruments

The three levels in the fair value hierarchy of financial instruments which are used by the Group in accordance with IFRS 13 are presented in note 1.3.1 on measurement bases.

The financial instruments whose fair value is determined using a valuation technique based on non-observable data are investments in unconsolidated, unlisted companies.

As of December 31, 2020, the Group's financial instruments consisted of:
- Derivative assets and liabilities measured based on observable data (level 2 of the fair value hierarchy);
- Financial assets at fair value through profit or loss, measured based on market data not directly observable (level 3 of the fair value hierarchy).

These values appear directly in the consolidated statement of financial position.

As of December 31, 2020, the Group did not hold any financial instruments measured based on unadjusted prices quoted in active markets for identical assets or liabilities (level 1 of the fair value hierarchy).

Note 7 . Equity and earnings per share

7.1. Share capital and shareholding structure

7.1.1.Share capital

Changes in the number of shares and share capital between December 31, 2019 and December 31, 2020 were as follows:

	Number	Capital in €m
SHARE CAPITAL AS OF 12/31/2019	37,740,836	575.5
Capital reduction	(946,744)	(14.4)
Capital increase	1,069,009	16.3
SHARE CAPITAL AS OF 12/31/2020	**37,863,101**	**577.4**

As of December 31, 2020, share capital consisted of 37,863,101 ordinary shares with a par value of €15.25 each. All the shares issued are fully paid up.

7.1.2.Shareholding structure

As of December 31, 2020, the Company's shareholding structure, in terms of both number of shares and percentage ownership, was as follows:

	12/31/2020		12/31/2019	
	Number of shares	% ownership	Number of shares	% ownership
Icade SA	22,073,377	58.30%	21,450,167	56.84%
Messidor	6,411,566	16.93%	6,230,545	16.51%
Sogecapimmo	3,905,953	10.32%	3,795,674	10.06%
C Santé	3,462,051	9.14%	3,364,305	8.91%
Holdipierre	2,010,154	5.31%	1,953,401	5.18%
MF Santé (a)			946,744	2.51%
Total	**37,863,101**	**100.00%**	**37,740,836**	**100.00%**

(a) Icade Santé acquired the shares held by MF Santé in its own capital and immediately cancelled them (see note 2.4).

7.2. Dividends

Dividends per share distributed in 2020 and 2019 in respect of profits for the financial years 2019 and 2018, respectively, were as follows:

(in millions of euros)	12/31/2020	12/31/2019
Payment to Icade Santé shareholders	172.9	153.1
Total	**172.9**	**153.1**
Number of shares	37,740,836	35,281,593
DIVIDEND PER SHARE (IN €)	**€4.58**	**€4.34**

Dividends distributed by the Company to its shareholders in 2020 in respect of profit for the financial year 2019 totalled €172.9 million, i.e. €4.58 per share. Dividends distributed in 2019 in respect of profit for the financial year 2018 amounted to €153.1 million, i.e. €4.34 per share.

7.3. Earnings per share

ACCOUNTING PRINCIPLES

Basic earnings per share are equal to net profit/(loss) for the period attributable to holders of the Company's ordinary shares divided by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the average number of ordinary shares outstanding at the beginning of the financial year, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

In calculating diluted earnings per share, the average number of shares outstanding is adjusted to take into account the diluting effect of equity instruments issued by the Company and likely to increase the number of shares outstanding.

The Group issued no equity instruments likely to increase the number of shares outstanding. As a result, diluted earnings per share were the same as basic earnings per share and were as follows for the financial years 2019 and 2020:

(in millions of euros)		12/31/2020	12/31/2019
Net profit/(loss) attributable to the Group from continuing operations		80.0	89.3
Net profit/(loss) attributable to the Group	**(A)**	**80.0**	**89.3**
Opening number of shares		37,740,836	36,198,224
Increase in the average number of shares as a result of a capital increase or reduction		**(226,497)**	899,857
Average undiluted number of shares	(B)	37,514,339	37,098,081
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP PER SHARE (in euros)	**(A/B)**	**€2.13**	**€2.41**

Note 8 . Operational information

8.1. Gross rental income

ACCOUNTING PRINCIPLES

Gross rental income includes rents and other ancillary income from leases in which the Group is the lessor. This income includes rents from healthcare facilities.

Lease income is recorded using the straight-line method over the shorter of the entire lease term and the period to the next break option. Consequently, any specific clauses and incentives specified in the leases (rent-free periods, progressive rent) are recognised over the shorter of the entire lease term and the period to the next break option, without taking index-linked rent reviews into account. The reference period used is the shorter of the entire lease term and the period to the next break option.

Any expenses directly incurred and paid to third parties to set up a lease are recorded as assets under the item “Investment property”, and depreciated over the shorter of the entire lease term and the period to the next break option.

Uncollected lease income as of the end of the financial year is recognised in accounts receivable and is tested for impairment in accordance with IFRS 9 as described in note 8.2.1.

Service charges are contractually recharged to tenants. To this end, the Group acts as principal since it controls service charges prior to passing them on to the tenants. As a result, the Group recognises such recharges as income in the “Outside services” line of the consolidated income statement.

The Group assists major operators of healthcare and senior services facilities with the ownership and development of healthcare properties. Leases are signed on a facility-by-facility basis. Gross rental income by operator broke down as follows:

(in millions of euros)	12/31/2020		12/31/2019	
Elsan group	152.2	53.5%	149.7	55.5%
Ramsay Santé group	71.7	25.2%	72.4	26.9%
Other operators	60.7	21.3%	47.4	17.6%
GROSS RENTAL INCOME	**284.7**	**100.0%**	**269.5**	**100.0%**

In 2020, the Group generated gross rental income of €284.7 million (€269.5 million in 2019), a 5.6% increase year-on-year.

No individual tenant operating a healthcare facility accounts for more than 10% of total gross rental income.

Service charges recharged to tenants included in the “Outside services” line of the consolidated income statement amounted to €24.7 million as of December 31, 2020 and €24.6 million as of December 31, 2019.

8.2. Components of the working capital requirement

The working capital requirement consists primarily of the following items:
- Accounts receivable and miscellaneous receivables on the asset side of the consolidated statement of financial position;
- Miscellaneous payables on the liability side of the consolidated statement of financial position.

8.2.1.Accounts receivable

ACCOUNTING PRINCIPLES

Accounts receivable are measured at amortised cost in accordance with IFRS 9. They are initially recognised at the invoice amount and tested for impairment. See note 6.2.4 for further information on the Group’s exposure to credit risk.

Changes in accounts receivable were as follows:

(in millions of euros)	12/31/2019	Change for the period	Net change in impairment losses recognised in the income statement	12/31/2020
Accounts receivable – Gross value	12.6	0.8	-	13.4
Accounts receivable – Impairment	(3.0)	-	(0.2)	(3.1)
ACCOUNTS RECEIVABLE – NET VALUE	**9.7**	**0.8**	**(0.2)**	**10.3**

Below is a maturity analysis of accounts receivable net of impairment as of December 31, 2019 and 2020:

			Due				
(in millions of euros)	Total	Not yet due	< 30 days	30 < X < 60 days	60 < X < 90 days	90 < X < 120 days	> 120 days
Net value of accounts receivable as of 12/31/2019	**9.7**	**6.7**	**0.4**	**0.0**	**1.2**	**0.6**	**0.7**
Gross value of accounts receivable	13.4	9.0	0.9	0.1	-	2.8	0.6
Impairment loss on accounts receivable	(3.1)	-	-	-	-	(2.5)	(0.6)
Net value of accounts receivable as of 12/31/2020	**10.3**	**9.0**	**0.9**	**0.1**	**-**	**0.3**	**0.0**

The Group has maintained its policy on the impairment of receivables. As at each reporting date, a case-by-case analysis was carried out to assess the risk of non-payment of receivables and to impair, where appropriate, receivables from tenants at risk of default. As of December 31, 2020, the Group did not identify any heightened risk of default from its tenants that benefited from rent deferrals in Q2 2020.

8.2.2.Miscellaneous receivables and payables

Miscellaneous receivables consist mainly of tax and social security receivables, advances and down payments to suppliers and prepaid expenses. Miscellaneous payables consist mainly of payables on investment property acquisitions, tax and social security payables, advances from customers and prepaid income.

Miscellaneous receivables broke down as follows:

(in millions of euros)	12/31/2020	12/31/2019
Advances to suppliers	5.2	0.4
Prepaid expenses	0.7	0.4
Social security and tax receivables	3.1	3.7
Other receivables	0.8	1.5
TOTAL MISCELLANEOUS RECEIVABLES	**9.8**	**6.1**

No impairment losses were recognised at the end of the financial years presented. As a result, the gross values of miscellaneous receivables were equal to the net values.

Miscellaneous payables broke down as follows:

(in millions of euros)	12/31/2020	12/31/2019
Advances from customers	3.1	1.8
Payables on asset acquisitions	35.2	24.6
Prepaid income	2.5	3.5
Tax and social security payables excluding income taxes	2.4	10.8
Other payables	3.1	1.6
TOTAL MISCELLANEOUS PAYABLES	**46.3**	**42.2**

8.3. Lease liabilities

ACCOUNTING PRINCIPLES

In accordance with IFRS 16:

- In the consolidated statement of financial position, "Lease liabilities" (current and non-current liabilities) refers to lease commitments under building leases;
- In the consolidated income statement, "Other finance income and expenses" includes interest expenses arising from lease liabilities;
- Within the "Financing activities" section of the consolidated cash flow statement, "Repayments of lease liabilities" comprises principal repayments on lease liabilities. Within the "Operating activities" section of the consolidated cash flow statement, "Interest paid" includes interest payments on lease liabilities.

The lease liability is initially measured at the present value of future lease payments. These future lease payments include:

- Fixed lease payments less any lease incentives provided by the lessor;
- Variable lease payments that depend on an index or a rate;
- Residual value guarantees;
- The price of any purchase options where management is reasonably certain that they will be exercised;
- Early termination penalties where management is reasonably certain that an early termination option entailing significant penalties will be exercised.

The present value of future lease payments is obtained using the Group's incremental borrowing rate, which varies depending on the remaining lease term.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. In practice, lease liabilities are determined at their net carrying amount plus any interest and less any lease payments made.

Lease liabilities may be remeasured in the course of the reasonably certain lease term in any of the following circumstances:

- Lease modification;
- An increase or decrease in the assessment of the lease term;
- An increase or decrease in the assessment of lease payments linked to an index or a rate.

(in millions of euros)	Lease liabilities
12/31/2019	**1.9**
Finance expense for the period	0.1
Repayment of liabilities (a)	(0.0)
Interest paid (a)	(0.1)
12/31/2020	**1.9**
< 1 year	0.0
> 1 year and < 5 years	0.1
> 5 years	1.7

(a) Lease payments for the financial year amounted to €0.2 million.

Lease expenses from leases not recognised in accordance with the practical expedients offered under IFRS 16 were not significant for the year 2020.

Note 9 . Income tax

ACCOUNTING PRINCIPLES

Eligible companies of the Group benefit from the specific tax regime for French listed real estate investment companies (SIICs). Ordinary tax rules apply to the other companies of the Group.

The tax expense for the financial year includes:

- The current exit tax expense for entities under the SIIC tax regime;
- The current tax expense at the standard rate;
- The company value-added contribution (CVAE).

SIIC tax regime

Icade Santé SAS and its eligible subsidiaries have opted for the SIIC tax regime, which provides for:

- A SIIC segment exempt from tax on current income from leasing activities, capital gains on disposals and dividends received from subsidiaries which have opted for the SIIC tax status;
- A segment that is taxable under ordinary tax rules in respect of other operations.

Entities to which the SIIC tax regime applies must pay out:

- 95% of profits from leasing activities;
- 70% of capital gains on disposals;
- 100% of dividends paid by subsidiaries which have opted for the SIIC tax regime.

Entry into the SIIC tax regime

At the time of entry into the SIIC tax regime, an exit tax of 19% is levied on any unrealised capital gains relating to investment property and partnerships not subject to corporate tax. A quarter of the tax amount is payable from December 15 of the financial year on which the company begins to apply the tax regime and the remainder is spread over the following three financial years.

The exit tax liability is discounted according to its payment schedule on the basis of a market rate plus a premium.

The impact of discounting is deducted from the tax liability and the tax expense initially recognised. At the end of each reporting period until maturity, a finance expense is recognised as an offsetting entry for the unwinding of the discount on the tax liability.

9.1. Tax expense

The tax expense for the financial years 2019 and 2020 broke down as follows:

(in millions of euros)	2020	2019
Current and deferred tax expense	(0.1)	-
Company value-added contribution (CVAE)	(2.8)	(2.7)
TAX EXPENSE RECOGNISED IN THE INCOME STATEMENT	**(2.9)**	**(2.7)**

As of December 31, 2020, current and non-current tax payables related to the exit tax and tax receivables related to advance tax payments by the company NCN Associés prior to its merger into Icade Santé.

9.2. Reconciliation of the theoretical tax rate and the effective tax rate

The theoretical tax expense is calculated by applying the estimated tax rate in France as of the end of the reporting period under consideration to profit/(loss) before tax. The reconciliation of the theoretical tax expense and the effective tax expense is detailed in the table below:

(in millions of euros)	2020
NET PROFIT/(LOSS)	80.0
Tax expense	2.9
Company value-added contribution (CVAE)	(2.8)
PROFIT/(LOSS) BEFORE TAX AND AFTER CVAE	80.2
Theoretical tax rate	**32.0%**
THEORETICAL TAX EXPENSE	(25.7)
Impact on the theoretical tax expense of:	
Permanent differences (a)	0.6
Tax-exempt segment under the SIIC regime	25.2
Other impacts (including exit tax, provision for taxes, etc.)	(0.1)
EFFECTIVE TAX EXPENSE (b)	(0.1)
Effective tax rate	**0.2%**

(a) Permanent differences mainly relate to differences between the consolidated income and the taxable "fiscal" income from companies benefiting from the SIIC tax regime.

(b) The effective tax expense is the tax expense recognised in the income statement excluding CVAE.

Note 10 . Provisions

10.1. Provisions

ACCOUNTING PRINCIPLES

A provision is recognised if the Group has a present obligation to a third party that arises from past events, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits and the value of which can be estimated reliably.

If the settlement date of that obligation is expected to be in more than one year, the present value of the provision is calculated and the effects of such calculation are recorded as finance income/(expense).

Identified risks of any kind, particularly operational and financial risks, are monitored on a regular basis, which makes it possible to determine the amount of provisions deemed necessary.

As of December 31, 2019 and 2020, the amount of provisions for liabilities and charges recognised by the Group was not material.

10.2. Contingent liabilities

ACCOUNTING PRINCIPLES

A contingent liability is a possible obligation arising from past events where the outcome is uncertain or a present obligation arising from past events whose amount cannot be estimated reliably. Contingent liabilities are not recognised in the consolidated statement of financial position.

As of December 31, 2019 and 2020, the Group was aware of no contingent liabilities likely to have a material effect on the Group's profits, financial position, assets or business.

Note 11 . Other information

11.1. Related parties

ACCOUNTING PRINCIPLES

In accordance with IAS 24 – Related party disclosures, a related party is a person or entity that is related to the Company. This may include:

- A person or a close member of that person's family if that person:
  - Has control, or joint control of, or significant influence over the Company;
  - Is a member of the key management personnel of the Company or of a parent of the Company.

- An entity is related to the Company if any of the following conditions applies:
  - The entity and the Company are members of the same Group;
  - The entity is a joint venture or associate of the Company;
  - The entity is jointly controlled or owned by a member of the key management personnel of the Group;
  - The entity provides key management personnel services to the Company.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party.

11.1.1. Related parties identified by the Company

Related parties identified by the Company include:
- The parent company of the Icade Santé Group, Icade SA, and its subsidiaries not included in the scope of consolidation of the Icade Santé Group;
- The subsidiaries of the Icade Santé Group;
- The CEO of Icade SA: Icade SA, which a legal person acting as Chairman of Icade Santé SAS, is represented by the CEO of Icade SA, who is a natural person.

11.1.2. Related party transactions

Transactions have been concluded under normal market conditions, i.e. comparable to those that would usually take place between independent parties.

Transactions with the parent company Icade SA

The Company has entered into the following contracts and agreements with Icade SA, its parent company.

- **Property management agreement**

The Company, which has no employees, entered into a property management agreement with its parent company Icade SA on February 23, 2012. The agreement covers the rental, building, administrative, financial and accounting management of the healthcare facilities owned by the Company.

In exchange, Icade SA receives remuneration equal to a percentage of the rental income excluding tax collected annually by the Company.

The agreement was entered into for a period of four years as from January 1, 2012. It is tacitly renewable for further periods of four years up to two successive terms.

- **Analysis, assistance and advisory agreement in connection with valuations, investments and disposals**

On February 23, 2012, the Company entered into an analysis, assistance and advisory agreement with Icade SA in connection with valuations, investments and disposals. The purpose of the agreement is to obtain Icade SA's support in optimising the management of the healthcare facilities owned by the Company, making real estate investments and implementing an acquisition and disposal strategy for the healthcare facilities.

In addition, the agreement provides for a number of additional services including:
- Drafting and updating a business plan;
- Licence to use the "Icade" trademark throughout the duration of the agreement;
- Services with regard to functional/operational communication, financial control, insurance, information systems, audit and risks, sustainable development, professional ethics and anti-money laundering;
- Additional services in the following areas: accounting, financial control, legal and tax matters, cash management, investments and financing.

In exchange, Icade SA receives remuneration equal to a percentage of the rental income excluding tax collected annually by the Company. In addition, for the provision of assistance in making real estate investments and implementing an acquisition and disposal strategy for the

healthcare facilities, Icade SA receives additional remuneration, once the asset has been bought or sold with its assistance, equal to a percentage of the price, excluding duties, of the acquisition (or sale).
The agreement was entered into for a period of 13 years as from January 1, 2012.

- **Long-term intra-group loan agreements**

The Company entered into the following long-term intra-group loan agreements with Icade SA:

Signing date (a)	Maturity	Repayment	Rate	Outstanding as of 12/31/2019	Increase	Prepayment (b)	Repayment	Outstanding as of 12/31/2020
06/28/2018	06/28/2025	interest only	fixed annual rate of 1.40%	50.0	-	-	-	50.0
10/15/2015	10/15/2025	interest only	fixed annual rate of 3.11%	110.0	-	(110.0)	-	-
10/01/2015	10/01/2022	interest only	fixed annual rate of 2.54%	200.0	-	(150.0)	-	50.0
10/01/2015	10/01/2025	interest only	fixed annual rate of 3.11%	100.0	-	(100.0)	-	-
10/01/2015	10/01/2020	interest only	3-month Euribor published two business days prior plus 146 bps	37.4	-	-	(37.4)	-
11/28/2014	10/01/2021	amortising	fixed annual rate of 2.29%	60.0	-	-	(10.0)	50.0
Total				**557.4**	**-**	**(360.0)**	**(47.4)**	**150.0**

(a) The agreement comes into effect on the date of disbursement.

(b) Prepayments resulted in penalty payments. See note 6.1.4. "Finance income/(expense)".

- **Cash advance agreements**

The Company entered into the following cash advance agreements with Icade SA:

- On June 30, 2020, a second amendment to the agreement entered into on April 1, 2018 was signed to extend the maturity to June 30, 2025. Now the interest rate for the cash advance is the average 3-month Euribor published one month prior plus 157 bps;
- On September 30, 2019, a first amendment to the agreement entered into on April 1, 2018 to extend its term to 39 months, thereby extending its maturity to June 30, 2021;
- On April 1, 2018, an agreement to advance a maximum amount of €200.0 million in cash, superseding in its entirety the previous cash advance agreement for €200.0 million for a period up to and including March 31, 2020. The interest rate for the cash advance is the average 3-month Euribor published one month prior plus 90 bps.

Transactions with SASU Icade Promotion and its subsidiaries

SASU Icade Promotion is wholly owned by Icade SA.
In connection with its property development projects, the Company has entered into delegated project management contracts, property development contracts and off-plan sale contracts with Icade Promotion and its subsidiaries. The main characteristics of these contracts are set out below.

- **Delegated project management contracts**

The purpose of delegated project management contracts is to transfer the management of real estate projects as project owner to Icade Promotion in order for this company to draft and manage contractor agreements and oversee technical inspectors and health and safety coordinators. In addition, Icade Promotion must carry out technical, administrative, legal, accounting and financial assignments relating to the contract.

- **Property development contracts**

Property development contracts awarded to Icade Promotion or its subsidiaries allow them to act as project manager and/or property developer on construction projects. By way of consideration, Icade Promotion or its subsidiaries will receive a fixed fee as provided for in the contract.

- **Off-plan sale contracts**

The purpose of off-plan sale contracts is to assign the construction of a project to a property developer. Such property developers ensure buyers that construction will be completed. Ownership of the property is transferred to the buyer as each stage of the work is completed. The property developer remains the project manager until construction is completed. By way of consideration, the property developer will be paid in tranches set out in the contract as each stage of the work is completed.

Transactions with Group subsidiaries

Transactions between Icade Santé SAS and its subsidiaries have been eliminated in the consolidated financial statements and are not itemised in this note.

Remuneration and other benefits granted to members of the Company's administrative and management bodies

Members of the administrative and management bodies receive no remuneration from the Company for performing their duties.

11.1.3.Impact on the consolidated financial statements

The amounts of related party transactions in the consolidated income statements for the financial years presented were as follows:

(in millions of euros)	12/31/2020	12/31/2019
Purchases used	(0.0)	(2.9)
Outside services	(14.9)	(14.8)
EBITDA	**(14.9)**	**(17.7)**
Acquisition costs of investments in consolidated companies	(0.0)	(1.0)
Other costs and expenses related to investment property disposals	(0.0)	(0.1)
Operating profit/(loss)	**(15.0)**	**(18.8)**
Interest expenses on liabilities to Icade SA	(9.6)	(14.6)
Prepayment penalties for financial liabilities to Icade SA	(24.9)	-
Commitment fees	(0.8)	(0.6)
Finance income/(expense)	**(35.3)**	**(15.3)**

Cash and liabilities in the consolidated statement of financial position associated with related party transactions were as follows:

(in millions of euros)	12/31/2020	12/31/2019
Miscellaneous receivables (a)	4.5	-
Cash and cash equivalents (b)	459.0	371.8
TOTAL ASSETS	**463.4**	**371.8**
Liabilities to Icade SA	150.8	561.0
Accounts payable	0.4	1.3
Miscellaneous payables (c)	3.4	2.3
TOTAL LIABILITIES	**154.5**	**564.6**

(a) Miscellaneous receivables consist of debit balances in "suppliers of fixed assets" accounts.

(b) Cash and cash equivalents relate to a cash pooling current account with Icade SA.

(c) Miscellaneous payables relate to payables on investment property acquisitions.

Off-balance sheet commitments with related parties were as follows:

(in millions of euros)	12/31/2020	12/31/2019
Residual commitments in construction, property development and off-plan sale contracts	32.5	5.8
Commitments made	**32.5**	**5.8**
Unused credit lines	200.0	200.0
Sureties and guarantees received in respect of financing	21.0	23.6
Property development and off-plan sale contracts – Property under construction or refurbishment	32.2	5.8
Commitments received	**229.3**	**229.3**

11.2. Off-balance sheet commitments

ACCOUNTING PRINCIPLES

Off-balance sheet commitments made and received by the Group represent unfulfilled contractual obligations that are contingent on conditions being met or transactions being carried out after the current financial year.

The Group has three types of commitments: commitments relating to the scope of consolidation, commitments relating to financing activities (mortgages, promises to mortgage property and assignments of claims) and commitments relating to operating activities (security deposits received for rent payments).

Off-balance sheet commitments received by the Group also include future lease payments receivable under operating leases in which the Group is the lessor and minimum lease payments receivable under finance leases in which the Group is the lessor.

11.2.1.Off-balance sheet commitments

Commitments made

Off-balance sheet commitments made by the Group as of December 31, 2019 and 2020 broke down as follows:

(in millions of euros)	12/31/2020	12/31/2019
COMMITMENTS RELATING TO THE SCOPE OF CONSOLIDATION	-	4.5
Equity investment commitments	-	4.5
COMMITMENTS RELATING TO FINANCING ACTIVITIES	352.0	375.7
Mortgages	164.3	178.0
Lender's liens	0.8	0.8
Promises to mortgage property and assignments of claims	186.8	196.9
COMMITMENTS RELATING TO OPERATING ACTIVITIES	98.8	94.7
Commitments relating to business development and asset disposals and acquisitions		
Residual commitments in construction, property development and off-plan sale contracts	81.9	81.4
Other commitments relating to business development and asset disposals and acquisitions	1.8	3.0
Other commitments made:		
Other commitments made	15.1	10.3

Commitments received

Off-balance sheet commitments received by the Group as of December 31, 2019 and 2020 broke down as follows (by type and maturity):

(in millions of euros)	12/31/2020	12/31/2019
COMMITMENTS RELATING TO THE SCOPE OF CONSOLIDATION	10.6	13.7
Equity investment commitments	-	4.5
'No undisclosed liabilities' warranties	10.6	9.2
COMMITMENTS RELATING TO FINANCING ACTIVITIES	242.5	231.2
Unused credit lines	221.4	207.7
Sureties and guarantees received	21.0	23.6
COMMITMENTS RELATING TO OPERATING ACTIVITIES	2,017.5	2,158.9
Commitments relating to business development and asset disposals and acquisitions		
Property development and off-plan sale contracts – Property under construction or refurbishment	-	5.4
Commitments to purchase investment property	-	3.0
Security deposits received for rents	1,950.3	2,092.6
Off-plan lease contracts	66.4	57.9
Other commitments received relating to operating activities:		
Other commitments received	0.8	-

11.2.2.Information on leases

The breakdown of minimum lease payments receivable by the Group under operating leases was as follows:

(in millions of euros)	12/31/2020	12/31/2019
Not later than one year	271.3	276.5
Later than one year and not later than five years	1,013.3	1,022.5
Later than five years	665.7	807.3
MINIMUM LEASE PAYMENTS RECEIVABLE UNDER OPERATING LEASES	1,950.3	2,106.3

11.3. Events after the reporting period

None.

11.4. Statutory Auditors' fees

	MAZARS				PWC			
	€m		*in %*		*€m*		*in %*	
	2020	2019	2020	2019	2020	2019	2020	2019
Audit								
Audit, audit opinion, review of separate and consolidated financial statements								
– Issuer	0.1	0.1	36%	36%	0.1	0.1	94%	94%
Services other than the audit of financial statements								
– Issuer	0.1	0.1	64%	64%	0.0	0.0	6%	6%
TOTAL	**0.2**	**0.2**	**100%**	**100%**	**0.1**	**0.1**	**100%**	**100%**

Services other than the audit of financial statements provided by the Board of Statutory Auditors to Icade Santé and its subsidiaries primarily include formalities relating to the provision of various certificates with respect to accounting data, and work performed in the context of bond issues.

11.5. Scope of consolidation

The companies included in the scope of consolidation as of December 31, 2020 and December 31, 2019 are listed in the table below. All the companies in the scope of consolidation are fully consolidated into Icade Santé's financial statements.

		2020	2019
	Legal form	2020 % ownership	2019 % ownership
ICADE SANTÉ	SAS	Parent company	Parent company
SA NCN ASSOCIÉS	SA	Merger	100%
SCI SOCIÉTÉ DU CONFLUENT	SCI	Merger	100%
SCI TONNAY INVEST	SCI	100%	100%
SCI PONT DU CHÂTEAU INVEST	SCI	100%	100%
SNC SEOLANES INVEST	SNC	100%	100%
SCI SAINT AUGUSTINVEST	SCI	100%	100%
SCI CHAZAL INVEST	SCI	100%	100%
SCI DIJON INVEST	SCI	100%	100%
SCI COURCHELETTES INVEST	SCI	100%	100%
SCI ORLÉANS INVEST	SCI	100%	100%
SCI MARSEILLE LE ROVE INVEST	SCI	100%	100%
SCI GRAND BATAILLER INVEST	SCI	100%	100%
SCI SAINT CIERS INVEST	SCI	100%	100%
SCI SAINT SAVEST	SCI	100%	100%
SCI BONNET INVEST	SCI	100%	100%
SCI GOULAINE INVEST	SCI	100%	100%
SCI CLUB SANTÉ CBI	SCI		Acquisition and merger
SAS LE CHÂTEAU	SAS	Acquisition and merger	
SCI HAUTERIVE	SCI	100%	