



A MAJOR STRATEGIC ACQUISITION⁽¹⁾: + 4,866 BEDS IN EUROPE

ORPEA CONFIRMS ITS POSITION AS A KEY EUROPEAN PLAYER IN LONG-TERM CARE (NURSING HOMES), POST-ACUTE CARE AND PSYCHIATRIC CARE

POTENTIAL REVENUE⁽²⁾ ASSOCIATED WITH THE ACQUISITION: €250 TO 280 MILLION

2011 REVENUE TARGET INCREASED TO €1.210 BILLION

Puteaux, 19th October 2010

Strategic acquisition of 4,866 beds in Europe

ORPEA announces the signature of a protocol agreement⁽¹⁾ that will enable it to carry out a major acquisition.

The Group is thus playing an active role in the professionalisation and consolidation movement within the dependency care sector (nursing homes, post-acute care and psychiatric care), with:

- the acquisition of 100% of the MEDITER group (which has a majority stake in the MIEUX VIVRE group),
- the acquisition of a 49% stake in the MEDIBELGE group, with an option to acquire the remaining stake (exercising this option would enable it to acquire an additional 1,100 beds corresponding to 51% of MEDIBELGE).

These assets are being divested by holding companies belonging to Philippe Austruy, well known professional within the sector who was behind the creation of GENERALE DE SANTE and MEDIDEP.

This acquisition represents 4,866 beds on 57 sites, including 3,810 beds in France and 1,056 beds in Belgium (corresponding to the 49% stake x 2,156 MEDIBELGE beds), broken down as follows:

- 3,263 operational beds, with a number of very recent facilities still in ramp-up phase;
- 667 beds to be renovated;
- 936 beds to be built.

As well as beds that are already operational, this acquisition represents considerable potential for growth in terms of both revenue and profitability and in terms of value creation, with facilities being renovated and other facilities to be built.

ORPEA's acknowledged ability to renovate or build health and medico-social facilities quickly and economically thanks to its engineering division, which will enable it to boost and optimise the potential of the acquired beds, thereby rapidly achieving synergies.

In time, potential revenue⁽²⁾ could total between €250 and 280 million. The ramp-up will be gradual, and will not penalise the Group's current solid profitability levels in any way.

(1) Protocol agreement for the acquisition signed subject to the usual conditions precedent, including approval from antitrust authorities.

(2) Once all the beds being renovated or under construction are operational, and assuming the option to purchase these beds is exercised

Financed by a reserved capital increase and monetary compensation

This acquisition, totalling €129m, will be paid for as follows: €113.8m via the creation of 3,500,923 new ORPEA SA shares on the basis of a price of €32.50 per share (NB: the average share price over the last 60 days was €31.60), and the remainder in cash. Following this operation, which should be finalised at the end of 2010, Philippe Austruy, via his holding companies, will hold an 8.3% stake in ORPEA SA.

This operation will be carried out within the framework of a delegation of powers granted to the Board of Directors by the AGM of 26th June 2009⁽³⁾.

This financing, essentially carried out by the allocation of ORPEA shares, is particularly advantageous for the Group and its shareholders. Firstly, it shows the confidence the seller has in the value and potential upside of ORPEA shares. Secondly, it allows ORPEA to strengthen its shareholders' equity and to improve the Group's financial flexibility.

Philippe Austruy joins the Board of Directors

The ORPEA SA Board of Directors has asked Philippe Austruy to join it so that the Group can benefit from his experience and his strategic vision of the sector.

Philippe Austruy commented: *"I am very pleased that our facilities are joining forces with those of ORPEA. Given ORPEA's renowned capacity for integration, I am very confident about a fast and efficient merger between the two groups. Thanks to this acquisition, ORPEA now has a unique position in Europe to pursue its development, and I would be very happy to participate in this as a Director."*

Leading European positioning with almost 33,000 beds

Thus, at 1st January 2011, the Group's European network will include **32,939 beds on 356 sites**, broken down as follows:

	Total network			France		International	
	At 01.01.11	At 01.03.10	Δ	At 01.01.11	At 01.03.10	At 01.01.11	At 01.03.10
Operational beds	27,123	22,556	+20%	22,058	18,351	5,065	4,205
<i>of which beds being renovated</i>	3,726	3,362	+11%	3,052	2,854	674	508
Beds under construction	5,816	5,517	+5%	4,644	4,541	1,172	976
Total number of beds	32,939	28,073	+17%	26,702	22,892	6,237	5,181
Number of sites	356	300	+19%	298	252	58	48

⁽³⁾ 11th resolution: delegation of powers to enable the implementation of a capital increase of up to 10% to pay for shares or securities contributed by companies acquired by the Group.

Increase in the growth reservoir to 9,542 beds

Thanks to this acquisition, and with the Group having opened numerous facilities in 2010, ORPEA is further increasing its already substantial growth reservoir, by more than 650 beds, giving it the sector's largest growth reservoir by far at 9,542 beds.

Changes in governance

Within the framework of an optimisation of corporate governance rules, the next Board meeting will be asked to approve the separation of the functions of Chairman and Chief Executive Officer, which will henceforth be exercised by Doctor Jean Claude Marian and Yves le Masne respectively.

At the same time, Jean-Claude Brdenk, the Group's current Chief Operating Officer, will be appointed Deputy CEO in charge of Operations.

2011 revenue target revised up

Yves Le Masne, the Group's Deputy CEO, commented: *"This acquisition was a unique opportunity within the sector, and its size made it the 5th largest French group. Hence, for 2011, ORPEA's revenue target has been revised up to €1.210 billion, versus €1.100 billion initially forecast, whilst maintaining solid profitability."*

A highly value-creating operation

Doctor Jean-Claude Marian, Chairman and CEO, added: *"This strategic acquisition marks a key milestone in ORPEA's development, and shows the Group's ability to seize significant and controlled growth opportunities whilst respecting its solid profitability criteria."*

**Next press release: revenue for the 3rd quarter of 2010
9th November 2010, before market opening**

About ORPEA (www.orpea.com): Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, ORPEA is a leading player in the Long-Term Care and Post-Acute Care sectors. At 1st January 2011, the Group will have a unique network of healthcare facilities with 32,939 beds (27,123 of which are operational) across 356 sites, including:

- 26,702 beds in France: 22,058 operational (including 3,052 being renovated) + 4,644 under construction, spread across 298 sites,
- 6,237 beds elsewhere in Europe (Spain, Belgium Italy and Switzerland): 5,065 operational (including 674 being renovated) + 1,172 under construction, spread across 58 sites.

Listed on Euronext Paris Compartment A of NYSE Euronext
Member of the **SBF 120 index** and **SRD**
ISIN: FR0000184798- Reuters: **ORP.PA** - Bloomberg: **ORP FP**



Investor Relations:

NewCap.
Emmanuel Huynh / Steve Grobet
Tel: +33 (0)1 44 71 94 94
orpea@newcap.fr

ORPEA
Yves Le Masne
Deputy CEO
Tel: +33 (0)1 47 75 78 07