



**ORPEA**

(a *société anonyme* incorporated in France)

**€90,000,000 5.25 per cent. Notes due December 2026**

**Issue Price: 100 per cent.**

This prospectus (the **Prospectus**) has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the **CSSF**), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (the **Prospectus Directive**), as a Prospectus for the purposes of Article 5.3 of the Prospectus Directive and the Luxembourg law of 10 July 2005 implementing the Prospectus Directive, as amended. The CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Law on prospectuses for securities.

The €90,000,000 5.25 per cent. Notes due December 2026 (the **Notes**) of ORPEA (the **Issuer** or **ORPEA**) will mature on 4 December 2026.

Interest on the Notes will accrue at the rate of 5.25 per cent. per annum from 4 December 2012 (the **Issue Date**) and will be payable in Euro annually in arrear on 4 December in each year, commencing on 4 December 2013. Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See "Terms and Conditions of the Notes – Taxation").

The Notes are initially unsecured and are intended to be partially secured as from the Mortgage Registration Date (as defined in, and in accordance with Condition 3 (See "Terms and Conditions of the Notes – Mortgage Covenant")).

Unless previously purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes may not be redeemed prior to 4 December 2026. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes – Redemption and Purchase").

If a Change of Control occurs, each Noteholder will have the option to require the Issuer to redeem (all but not some only) the Notes held by such Noteholder on the Optional Redemption Date at their principal amount together with interest accrued up to but excluding such date of redemption (all as defined and more fully described in "Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control").

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange (the **Official List**) and to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a **Regulated Market**).

The Notes will, upon issue on 4 December 2012, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, Denomination and Title") including Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

The Notes will be in dematerialised bearer form (*dématérialisé*) in the denomination of €100,000. The Notes will at all times be represented in book-entry form (*inscription en compte*) in the books of the Account Holders in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

Neither the Issuer nor the long term debt of the Issuer are currently rated.

Copies of this Prospectus and the documents incorporated by reference will be available for inspection free of charge, at the office of the Fiscal Agent and will be available on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Issuer ([www.orpea-corp.com](http://www.orpea-corp.com)). The documents incorporated by reference are all available in section "Documentation" and sub section "Rapports financiers" of the website of the Issuer and the English translation of the documents incorporated by reference are all available in section "Publications" and sub section "Financial Reports" of the website of the Issuer (investors must click on the French flag on the top right side to have the website in French language and click on the English flag on the top right side to have the website in English language).

**Prospective investors should have regard to the factors described in the section headed "Risk Factors" in this Prospectus.**

**Sole Lead Manager and Bookrunner  
Deutsche Bank**

*This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the **Group**) and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and an informed decision on whether to invest in the Notes.*

*This Prospectus is to be read and construed in conjunction with all the documents which are incorporated herein by reference (see "Documents Incorporated by Reference" below).*

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Sole Lead Manager (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Sole Lead Manager to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or of the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".*

*No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Sole Lead Manager. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*To the extent permitted by law, the Sole Lead Manager accepts no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer or the Group.*

*The Sole Lead Manager has not separately verified the information contained or incorporated by reference in this Prospectus in connection with the Issuer or the Group. The Sole Lead Manager makes no representation, express or implied, or accepts no responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus in connection with the Issuer or the Group. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer and the Sole Lead Manager that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Each potential purchaser of Notes should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. The Sole Lead Manager does not undertake to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Sole Lead Manager.*

*The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:*

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;*

- (iii) *have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;*
- (iv) *understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets;*
- (v) *be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks; and*
- (vi) *consult their legal advisers in relation to possible legal or fiscal risks that may be associated with any investment in the Notes.*

***See "Risk Factors" below for certain information relevant to an investment in the Notes.***

*In this Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "EUR" or "euro" or "€" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.*

#### ***FORWARD-LOOKING STATEMENTS***

*This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.*

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**PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS**

To the best knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. The Issuer accepts responsibility accordingly.

ORPEA

115, rue de la Santé

75013 Paris

France

Yves Le MASNE

Chief Executive Officer

## **RISK FACTORS**

*The following are certain risk factors of the offering of the Notes of which prospective investors should be aware. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*The terms defined in "Terms and Conditions of the Notes" shall have the same meaning where used below.*

### **Risks related to the Issuer and its business**

*The risks described below are those identified by the Issuer that could have an adverse effect on the Issuer's situation. Additional risks, which are either not currently known or not considered to be material as of today or likely to materialise, as at the date of this Prospectus may also exist, such additional risks could materially and adversely affect the Issuer's business, financial condition or the results of its operations. The occurrence of one or more of these risks could also have an adverse effect on the Issuer's situation.*

The risk factors relating to the Issuer and its business are incorporated by reference in the Prospectus (see Section "Documents Incorporated by Reference").

### **Risks related to the Notes**

#### ***The Notes may not be a suitable investment for all investors***

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) consult their legal advisers in relation to possible legal or fiscal risks that may be associated with any investment in the Notes.

### ***Independent Review and Advice***

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Sole Lead Manager or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowings and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules

### ***Legality of Purchase***

Neither the Issuer, the Sole Lead Manager nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

### ***A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The secondary market generally***

An investment in the Notes should be considered primarily with a view to holding them until their maturity (i.e. 4 December 2026). The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

#### ***The trading market for debt securities may be volatile and may be adversely impacted by many events***

The market for debt securities issued by the Issuers is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will

not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### *Credit risk*

The value of the Notes will also depend on the credit worthiness of the Issuer. If the credit worthiness of the Issuer deteriorates, the value of the Notes may decrease and investors may lose all or part of their investment.

#### ***Market value of the Notes***

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

#### ***Rating***

Neither the Notes nor the long-term debt of the Issuer are rated. One or more independent credit rating agencies may assign credit ratings to the Notes on an unsolicited basis. A credit rating may be revised or withdrawn by the rating agency at any time. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

#### ***The Notes may be redeemed prior to maturity***

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 5(b), the Issuer may redeem all outstanding Notes in accordance with such Terms and Conditions.

#### ***The Sole Lead Manager transacting with the Issuer***

The Sole Lead Manager (as defined in "Subscription and Sale" below) and its affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Sole Lead Manager or its affiliates that have a lending relationship with the Issuer routinely hedge its credit exposure to the Issuer consistent with its customary risk management policies. Typically, such Manager and its



affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued. Any such short positions could adversely affect future trading prices of Notes issued. The Sole Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### ***Change of law***

The Terms and Conditions of the Notes are based on the laws of France in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice or the official application or interpretation of French law after the date of this after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

### ***Modification and waiver***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***French insolvency law***

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation (*procédure de sauvegarde* or *procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) regardless of their governing law. The Assembly deliberates on the proposed safeguard (*projet de plan de sauvegarde* or *projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convene the Assembly.

The procedures, as described above or as they will or may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Prospectus in Condition 9 will not be applicable in these circumstances.

### ***Taxation***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes. Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

### ***EU Savings Directive***

On 3 June 2003, the European Council of Economic and Finance Ministers adopted a directive 2003/48/CE regarding the taxation of savings income in the form of interest payments (the **Savings Directive**). The Savings Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State (or certain limited types of entities established in that other Member State), except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information (see "Taxation").

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

### ***Restricted covenants***

The Notes do not restrict the Issuer or its subsidiaries from incurring additional debt. The Terms and Conditions of the Notes contain a negative pledge that prohibits the Issuer, but not its subsidiaries, in certain circumstances from creating security over assets, but only to the extent that such is used to secure certain indebtedness subject to specific exceptions. In addition, the Issuer has agreed to grant a Security (as defined in Condition 3) to the Noteholders as from the *Schuldschein* Maturity Date (as defined in Condition 3) and must comply with certain financial covenants as set out in Condition 8. The Terms and Conditions of the Notes do not contain any other covenants restricting the operations of the Issuer. The Issuer's subsidiaries are not bound by obligations of the Issuer under the Notes and are not guarantors of the Notes.

### ***Events of Default – Cross Acceleration***

Condition 8(d) provides for an event of default under the Notes if any indebtedness of the Issuer or its Material Subsidiaries (as defined below) for borrowed monies in excess of Euro 15,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes due prior to its stated maturity as a result of a default thereunder. The investors' attention is drawn to the fact that the Issuer or the relevant Material Subsidiaries may challenge in good faith such default before any competent court. Accordingly, in such circumstances, the early redemption of the Notes will be mandatory only if the court has decided on the merits of the case.

### ***Change of Control - put option***

In the event of a Change of Control of the Issuer (as more fully described in "Terms and Conditions of the Notes - Redemption at the option of the Noteholders following a Change of Control"), each Noteholder will have the right to request the Issuer to redeem of all of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. In addition, Noteholders having exercised their put option may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

### ***Risk factors relating to the Mortgage***

*The Notes are initially unsecured and are intended to be partially secured as from the Mortgage Registration Date*

The Issuer has undertaken - with effect as of the earlier of (i) the Schuldschein Maturity Date or (ii) the date on which the Schuldschein are early reimbursed - to commit to grant a Mortgage (as defined in Condition 3) only as from the Mortgage Registration Date (as defined in Condition 3). Accordingly, provided that the Issuer satisfies its obligations under Condition 3, investors should note that the Notes will be unsecured until this date.

Failure by the Issuer to grant a Mortgage as from the Mortgage Registration Date will constitute an event of default under the Notes pursuant to Condition 8.

*The Notes may cease to be partially secured after the Mortgage Registration Date*

As from the Mortgage Registration Date, the Notes are intended to be partially secured up to an amount representing 35 per cent. of the principal amount of the Notes (i.e. €31,500,000) and the satisfaction of the Mortgage Test (as defined in Condition 3) will be verified only on each Mortgage Test Date (as defined in Condition 3). If the Mortgage ceases to be valid, legal or binding after the Mortgage Registration Date, then the Notes become unsecured until the next Mortgage Test Date.

Failure by the Issuer to comply with the Mortgage Test on such next Mortgage Test Date will constitute an event of default under the Notes pursuant to Condition 8.

*Illiquid Secured Real Estate Assets*

All or part of the Secured Real Estate Assets may be illiquid and not easily realisable in certain market circumstances.

*No eligibility criteria*

The Issuer may freely determined the type of assets that will be subject to the Mortgage. Investors should note that the Issuer will freely determine inter alia, the type of assets, their quality and value. Ultimately this choice may significantly impact the value and liquidity of the assets subject to the Mortgage.

*Adjustments to Secured Real Estate Assets*

The Issuer may be required to deliver during the Mortgage Adjustment Period (as defined in Condition 3) additional Real Estate Assets such that immediately following such adjustment of Secured Real Estate Assets the Mortgage Test is satisfied. Investors, nevertheless, will be exposed to the difference between the Required Mortgage Value and the Mortgage Value prior to any such adjustment. The Issuer may not be in a position to increase the number of Real Estate Assets in the Mortgage notably if the Issuer has no real estate property available or such increase does not occur within the Mortgage Adjustment Period.

*Shortfall on Realisation of Secured Real Estate Assets*

The security provided for the Notes is limited to the Secured Real Estate Assets. The value realised for the Secured Real Estate Assets upon enforcement of the Mortgage will be less than the amounts due to Noteholders in respect of the Notes and as a result, investors may lose a substantial portion of their investment.

Investors should also note that the Secured Real Estate Assets may suffer a fall in value between the time (i) at which it is granted or (ii) at which the Mortgage becomes enforceable and the time at which the Secured Real Estate Assets are realised in full. In certain circumstances, the Secured Real Estate Assets available at the time at which the Mortgage becomes enforceable could lose all or a substantial proportion of their value by the time of realisation.

### *Market risks on enforcement*

In the event of enforcement of the Mortgage, it may be necessary to sell the Secured Real Estate Assets. Only the proceeds from enforcement of the Mortgage in respect of the Secured Real Estate Assets will be available for repayment of a portion of the Notes. Amounts received in respect of the Secured Real Estate Assets by way of proceeds following a sale could be lower than expected.

The liquidation value of any Secured Real Estate Assets may be adversely affected by risks generally incidental to interests in real property, including changes in political and economic conditions or in specific market sectors, declines in property rental or capital values, changes in rental terms, variations in supply of and demand for retail, industrial or (as appropriate) office space, competition, the ability of the owner to provide maintenance and control costs, prevailing yields and interest rates in France, declines in occupancy rates, changes in governmental rules, regulations and tax policies, terrorism and other factors which are beyond the control of the Issuer and any other party to the transaction.

### *Secured Real Estate Assets located in Ile-de-France region*

The Secured Real Estate Assets are required to include at least €18,000,000 of assets located in the Ile-de-France region. There is no assurance that the value of these assets will be higher or more liquid than the assets located in any other region.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following documents which have been filed with the CSSF in Luxembourg and which are incorporated in, and shall be deemed to form part of, this Prospectus:

- (a) the sections referred to in the table below included in the 2010 registration document of the Issuer in the French language (*document de référence 2010*) which was filed with the *Autorité des marchés financiers* (AMF) on 8 June 2011 under no. D.11-0549 (the **2010 Reference Document**) and which includes the statutory audited consolidated and non-consolidated financial statements of the Issuer;
- (b) the sections referred to in the table below included in the 2011 registration document of the Issuer in the French language (*document de référence 2011*) which was filed with the AMF on 24 May 2012 under no. D.12-0537 (the **2011 Reference Document**) and which includes the statutory audited consolidated and non-consolidated financial statements of the Issuer; and
- (c) the Interim Financial Report to 30 June 2012, which is reviewed by the statutory auditors of the Issuer (the **2012 Interim Financial Report**).

Any document incorporated by reference in this Prospectus may be obtained, without charge and upon request at the principal office of the Issuer or of the Fiscal Agent during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below. Such document will be published on the websites of (a) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (b) the Issuer ([www.orpea-corp.com](http://www.orpea-corp.com)). The 2010 Reference Document (*document de référence 2010*), the 2011 Reference Document (*document de référence 2011*), and the 2012 Interim Financial Report (*rapport financier semestriel 2012*) are all available in the French language section "*Documentation*" and sub section "*Rapports financiers*" of the website of the Issuer. In addition, the English translation of the documents incorporated by reference are all available in the English language section "*Publications*" and sub section "*Financial Reports*" of the website of the Issuer (investors must click on the French flag on the top right side to have the website in French language and click on the English flag on the top right side to have the website in English language).

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list below.

Rule	Prospectus Regulation – Annex IX	2010 Reference Document (page number and section)	2011 Reference Document (page number and section)	2012 Interim Financial Report (page number)
<b>2.</b>	<b>STATUTORY AUDITORS</b>			
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).		Not applicable	
<b>3.</b>	<b>RISK FACTORS</b>			
3.1	Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a Section headed "Risk Factors"		Chapter 4, Section 5, p. 123 to 146.	p. 8
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER</b>			

4.1	<b><u>History and development of the Issuer</u></b>		Chapter 3, Section 2.1, p 60 and 61	
4.1.1	The legal and commercial name of the issuer		Chapter 2, Section 1, p. 10	
4.1.2	The place of registration of the issuer and its registration number		Chapter 2, Section 1, p. 10	
4.1.3	The date of incorporation and the length of life of the issuer, except where indefinite		Chapter 2, Section 1, p. 10	
4.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office		Chapter 2, Section 1, p. 10	
4.1.5	Any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency		Not applicable	Not applicable
<b>5.</b>	<b>BUSINESS OVERVIEW</b>			
5.1	<b><u>Principal activities</u></b>		Chapter 3, p.58 to 104	
5.1.1	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed		Chapter 3, Section 1, p.58 and 59, Section 5 p.79 to 85	
5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position		Chapter 3, Section 8, p. 100 to 104	
<b>6.</b>	<b>ORGANISATIONAL STRUCTURE</b>			
6.1	If the issuer is part of a group, a brief description of the group and of the issuer's position within it		Chapter 3, Section 6, p. 86 to 88 and Chapter 3, Section 2 p.62 to 63	
6.2	If the Issuer is dependant upon other entities within the group, this must be clearly stated together with an explanation of this dependence.		Not Applicable	
<b>8.</b>	<b>PROFIT FORECAST OR ESTIMATES</b>		Not applicable	Not applicable
<b>9.</b>	<b>ADMINISTRATIVE, MANAGEMENT, AND</b>			

	<b>SUPERVISORY BODIES</b>			
9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.		Chapter 2, Section 2, p. 25 to 28	
9.2	Administrative, Management, and Supervisory bodies conflicts of interests		Chapter 2, Section 2, p. 29	
<b>10.</b>	<b>MAJOR SHAREHOLDERS</b>			
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused		Chapter 2, Section 1.14, p. 19 to 20	
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer		Chapter 2, Section 1.14.4, p. 21	
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>			
11.1	<b><u>Historical Financial Information</u></b> Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following: (a) the balance sheet (b) the income statement	Chapter 5, Consolidated financial statements, p.138 to 192  Chapter 6, Statutory financial statements, p. 193 to 223	Chapter 5, Consolidated financial statements, p.156 to 215  Chapter 6, Statutory financial statements, p. 216 to 245	Interim financial consolidated statement p.9 to 52

	(c) the accounting policies and explanatory notes			
11.2	<b><u>Financial statements</u></b> If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document	Chapter 5, Consolidated financial statements, p.138 to 192	Chapter 5, Consolidated financial statements, p.156 to 215	Interim financial consolidated statement p.9 to 52
11.3	<b><u>Auditing of historical annual financial information</u></b>			
11.3.1	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given	Chapter 5, Section 1, p. 138 to 139 Chapter 6, Section 1, p. 193 and 194	Chapter 5, Section 2, p. 214 and 215 Chapter 6, Section 2, p. 242 and 243	p. 51 and 52
11.3.2	An indication of other information in the registration document which has been audited by the auditors.	Not applicable	Not applicable	
11.4	<b><u>Interim and other financial information</u></b>			Not applicable
11.5	<b><u>Legal and arbitration proceedings</u></b> Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement		Not applicable	Not applicable
11.6	<b><u>Significant change in the issuer's financial or trading position</u></b> A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have		Not applicable	Not applicable



	been published, or an appropriate negative statement.			
<b>12</b>	<b>MATERIAL CONTRACTS</b>		Not applicable	Not applicable
<b>13</b>	<b>THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST</b>			
13.1	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the registration document.		Not applicable	Not applicable
13.2	<b><u>Third party information</u></b> Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.		Not applicable	Not applicable
<b>14</b>	<b>DOCUMENTS ON DISPLAY</b>			
	A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:  (a) the memorandum and articles of association of the issuer;  (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert	Chapter 10, p. 273 to 276	Chapter 10, p. 262 to 266	

	<p>at the issuer's request any part of which is included or referred to in the registration document;</p> <p>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</p> <p>An indication of where the documents on display may be inspected, by physical or electronic means.</p>			
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## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (the **Conditions**) will be as follows:*

The issue of €90,000,000 5.25 per cent. Notes due December 2026 (the **Notes**) of ORPEA (the **Issuer**) has been authorised by resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 17 October 2012 and 14 November 2012 and a decision of Mr. Yves Le MASNE, Chief Executive Officer (*Directeur Général*), of the Issuer dated 29 November 2012. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 4 December 2012 with BNP Paribas Securities Services, as fiscal agent, paying agent and put agent. The fiscal agent, paying agent and put agent for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Paying Agent** and the **Put Agent**, each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

### 1 Form, Denomination and Title

The Notes are issued on 4 December 2012 (the **Issue Date**) in dematerialised bearer form in the denomination of €100,000. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in book-entry form in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books and in denomination of €100,000.

### 2 Status and Negative Pledge

#### (a) Status of the Notes

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unconditional, unsubordinated and unsecured (subject to Condition 3) obligations of the Issuer (*engagements chirographaires*), and rank *pari passu* without any preference amongst themselves and with all other unsecured and unsubordinated indebtedness and guarantees (subject to exceptions imposed by French law), present or future, of the Issuer.

#### (b) Negative Pledge

The Issuer agrees that so long as any of the Notes remains outstanding, it will not create any mortgage, charge, pledge, lien or right or security interest which would constitute a *sûreté réelle* or its equivalent under any applicable legislation other than a Permitted Lien (as defined below) upon all or part of its business (*fonds de commerce*), assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) unless the obligations of the Issuer under the Notes are equally and rateably secured therewith so as to rank *pari passu* with such Relevant Indebtedness or the guarantee or indemnity thereof.

This undertaking relates exclusively to the incurrence of Relevant Indebtedness and in no way affects the Issuer's ability to dispose of its assets or to otherwise grant any security interest over or in respect of such assets in any other circumstances, without prejudice to Condition 3.

For this purpose of the Condition:

- (i) **outstanding** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 5 and (d) those in respect of which claims have become prescribed under Condition 11.
- (ii) **Relevant Indebtedness** means any present and future obligations of the Issuer under bank loans, bonds, loan agreements under the format of “Schuldschein”, registered debentures and dematerialised debt securities, that may be issued from time to time by the Issuer and are traded under a book-entry transfer system.
- (iii) **Permitted Lien** means encumbrances:
  - (a) which result from the operation of statutory provisions; or
  - (b) which result from the operation of provisions under standard business terms of banks or saving banks; or
  - (c) which existed at the time of the issue of the Notes; or
  - (d) which are established with the prior consent of the Noteholders; or
  - (e) including liens that fall under item c, which are granted or will be granted to banks, credit institutions, noteholders or lenders under a loan agreement or any other financing agreement or instrument provided that the Issuer maintains, an amount of tangible and intangible assets unpledged (except goodwill) (the **Free Unpledged Amount**) which equals at least 1.5 times the outstanding principal amount of the Notes. The Free Unpledged Amount means the Global Amount of Tangible and Intangible Assets Unpledged (except goodwill) less the Unsecured Net Financial Debt on the basis of the figures reported in the respective consolidated and condensed financial statements of ORPEA group (the **Financial Statements**).

**Global Amount of Tangible and Intangible Assets Unpledged (except goodwill)** means the sum of the amounts of "Net intangible assets (*immobilisations incorporelles nettes*)", "Net Real Estate, plant & equipment (*immobilisations corporelles nettes*)", "Real Estate under construction (*immobilisations en cours de construction*)" less the "Debt-related commitment (*engagements liés à la dette*)", all as set out in, or derived from, the respective balance sheet items of the Financial Statements, as amended from time to time;

**Financial Statements** means the latest consolidated financial statements of the Issuer (whether annual or semi-annual);

**Net Financial Debt** means "Non current liabilities (*dettes financières à long terme*)" plus "Current financial liabilities (*dettes financières à court terme*)" plus "Others liabilities such as liabilities associated with assets held for sale (*autres dettes telles que la dette associé à des actifs détenus en vue de la vente*)" less "Cash and Cash equivalents (*trésorerie et équivalents de trésorerie*)" as set out in the respective balance sheet items in the Financial Statements as amended from time to time; and

**Unsecured Net Financial Debt** means the Net financial Debt less the "Debt-related commitment (*engagements liés au financement*)" as set out in, or derived from, the respective balance sheet items of the Financial Statements as amended from time to time.

### 3 Mortgage Covenant

The Issuer has entered into a Mortgage commitment undertaking agreement (*engagement de promesse d'hypothèque*) dated as of 30 November 2012 with the Representative of the Masse acting in the name and on behalf of the Masse and the Noteholders according to which a Mortgage commitment (*promesse d'hypothèque*) of the Issuer will be effective as of the earlier of (i) the Schuldschein Maturity Date or (ii) the date on which the Schuldschein are early reimbursed. Pursuant to such Mortgage commitment (*promesse d'hypothèque*), the Issuer will undertake to grant the Mortgage to the Noteholders within 5 months as the earlier of (i) the Schuldschein Maturity Date or (ii) the date on which the Schuldschein are early reimbursed (the **Initial Mortgage Registration Date**) as security for the satisfaction by the Issuer of its payment obligations under the Notes.

The creation and registration of the Mortgage will be performed by the Issuer with the assistance of Jean-Marc ALEXANDRE (the **Notary**), a public notary (*notaire*) whose office is located at 3 rue Rossini, 75009 Paris which has been appointed by the Issuer in order for the Notary to draft and register the deeds relating to the Mortgage that may be necessary in order for the Issuer to satisfy its obligations under this Condition 3. The Issuer may appoint another Notary at any time.

The Issuer shall send no later than the thirtieth (30th) business day in Paris following the Initial Mortgage Registration Date, to the Representative of the Masse a copy of (i) the Mortgage and (ii) a certificate delivered by the Notary confirming the creation and registration of the Mortgage.

The Mortgage Test will have to be satisfied on each Mortgage Test Date so long as any Notes are outstanding.

The Issuer shall send, no later than the tenth (10th) business day in Paris following each Mortgage Test Date, to the Representative of the Masse a copy of the valuation of the Secured Real Estate Assets by the Expert. If the Mortgage Test is not satisfied on a Mortgage Test Date, the Issuer shall within the relevant Mortgage Adjustment Period increase the number of Secured Real Estate Assets in order to satisfy the Mortgage Test. Following such increase, the Issuer shall, no later than the ninetieth (90th) business days in Paris following the relevant Mortgage Adjustment Period, send to the Representative of the Masse a copy of a (i) certificate delivered by the Notary confirming the creation, registration and as the case may be, increase of the Mortgage, (ii) the valuation of the Secured Real Estate Assets and (iii) a certificate signed by the *Directeur Général* of the Issuer confirming that the Mortgage, satisfies the Mortgage Test on a day falling within the Mortgage Adjustment Period.

The Issuer shall not (unless otherwise agreed with the Representative of the Masse) substitute or replace any Secured Real Estate Assets from the Mortgage and accordingly no release of any Secured Real Estate Assets from the Mortgage will be granted by the Representative of the Masse.

In case of enforcement of the Mortgage, the Noteholders would be entitled to receive on a *pro-rata* basis a portion of the proceeds of the sale of the Real Estate Assets corresponding to the Required Mortgage Value.

The fees and expenses of the Notary, Expert and Representative of the Masse and any fees related to the Mortgage will be borne by the Issuer.

**Expert** means the real estate experts providing the valuations of the real estate assets for the purpose of establishing the financial statements in accordance with the IFRS rules being at the date of the prospectus, DTZ Eurexi (8, rue de l'Hôtel de Ville, 92522 Neuilly-sur-Seine Cedex, France) and Jones Lang LaSalle Expertises (40-42 rue La Boétie, 75008 Paris, France) or any successor appointed by the Issuer.

**Mortgage** means initial and additional duly registered first ranking mortgages (*hypothèques formalisées inscrites*) granted over Real Estate Assets. The Mortgage shall be governed by French law.

**Mortgage Adjustment Period** means the ninety (90) business days in Paris period following the Mortgage Test Date.

**Mortgage Test** means that the Mortgage Value is greater than or equal to the Required Mortgage Value.

**Mortgage Test Date** means the fifth day of the month of May following the closing of the financial statements by the board of directors in each year, starting in the year following the Initial Mortgage Registration Date (e.g. starting in 2018 if the Initial Mortgage Registration Date occurs in 2017).

**Mortgage Value** means the value of the Secured Real Estate Assets determined by the Expert.

**Real Estate Asset** means any real estate properties fully owned by the Issuer and free of any encumbrances at the time of granting the relevant Mortgage. For the avoidance of doubt, this may include real estate properties that the Issuer currently owns and/or those which the Issuer may purchase in the future.

**Required Mortgage Value** means €31,500,000.

**Schuldschein** means the Schuldschein loan agreements entered into between the Sole Lead Manager and the Issuer on 30 March 2012.

**Schuldschein Maturity Date** means the maturity date of the Schuldschein as initially agreed upon between the Issuer and the Sole Lead Manager being 30 March 2017.

**Secured Real Estate Assets** means the Real Estate Assets included in the Mortgage of which at least €18,000,000 shall be located in the Ile-de-France region.

#### 4 **Interest**

The Notes bear interest at the rate of 5.25 per cent. per annum, from and including 4 December 2012 (the **Interest Commencement Date**) payable annually in arrear on 4 December in each year (each an **Interest Payment Date**), commencing on 4 December 2013. The period commencing on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **Interest Period**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the Noteholders) in accordance with Condition 10 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first but excluding the last day of such period).

#### 5 **Redemption and Purchase**

The Notes may not be redeemed otherwise than in accordance with this Condition 5.

##### (a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 4 December 2026 (the **Maturity Date**).

##### (b) *Redemption for Taxation Reasons*

(i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the

occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may on any Interest Payment Date, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount plus any interest accrued to the date fixed for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

- (ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, and provided that this cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 10 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) *Redemption at the option of Noteholders following a Change of Control*

If a Change of Control (as defined below) occurs at any time while any Note remains outstanding, the holder of each Note will have the option to require the Issuer to redeem (all but not some only) the Notes held by such Noteholder (the **Put Option**) as described below.

The Notes will be redeemed at par, together with interest accrued since the last Interest Payment Date (or, if applicable, since the Issue Date).

If a Change of Control occurs, the Issuer shall promptly give notice to the Noteholders, through the publication of a notice (x) in a financial newspaper with general circulation in France (which is expected to be *Les Echos*) and (y) on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Such notice will specify that any Noteholder has the option to require the early redemption of its Notes, and will specify (i) the date fixed for the early redemption, which date shall be no earlier than twenty-five (25) business days in Paris and no later than thirty (30) business days in Paris from the date of publication of the notice in a financial newspaper with general circulation in France (which is expected to be *Les Echos*) and (ii) the period, of at least fifteen (15) business days in Paris, during which the Put Option and the relevant Notes must be received by the Put Agent (as defined in the Condition 6).

In order to exercise their Put Option, the Noteholders must send a request to the financial intermediary holding their Notes in a securities account. Any such request of redemption is irrevocable once received by the relevant financial intermediary.

The requests and the relevant Notes must be received by the Put Agent between the twentieth (20th) business day in Paris and the 5th business day in Paris preceding the early redemption date.

The date of the request of the early redemption will be the business day in Paris on which the last of the following conditions (1) and (2) have been satisfied, if satisfied by 5.00 p.m (Paris time) or the following business day in Paris if it is satisfied after 5.00 p.m (Paris time):

- (1) the Put Agent to have received the request of redemption forwarded by the financial intermediary in whose accounts the Notes are held;
- (2) the Notes to have been transferred to the Put Agent by the relevant financial intermediary.

For the purposes of this section, a **Change of Control** shall be deemed to have occurred each time that any Third Party acting alone or in concert shall come to acquire the control of the Issuer.

For the purpose of this definition:

**Affiliates** means:

- (A) in relation to a legal entity (*personne morale*), any subsidiary or parent of that legal entity, and any subsidiary of any such parent for the time being, where:
  - (1) a “subsidiary” is a company that is a directly or indirectly Controlled by that legal entity;
  - (2) a “parent” is a company that directly or indirectly Controls that legal entity; and
- (B) in relation to an individual (*personne physique*), a legal entity Controlled by such individual, as well as any subsidiary (as defined above) of any such legal entity.

**Control** means, with respect to a legal entity, holding (directly or indirectly, through companies themselves controlled by the relevant person(s)) (x) the majority of the voting rights attached to such legal entity's shares or (y) more than 40% of these voting rights if no other shareholder of such legal entity, acting alone or in concert, holds (directly or indirectly through companies controlled by such shareholder(s)) a greater percentage of voting rights.

**Main Shareholders** means the following shareholders:

- (i) Mr. Jean-Claude MARIAN, its Affiliates and his heirs (*ayants droits à titre universel*);
- (ii) SEMPRE and its Affiliates;
- (iii) NEOGEMA and its Affiliates; and
- (iv) FFP Invest and its Affiliates.

**Third Party** means any person other than the Main Shareholders.

(d) *Purchases*

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

(e) *Cancellation*

All Notes which are redeemed pursuant to paragraphs (a), (b), (c) or purchased for cancellation pursuant to paragraph (e) of this Condition will forthwith be cancelled and accordingly may not be reissued or sold.

## 6 **Payments**

(a) *Method of Payment*

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **TARGET System** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer and the Paying Agent, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.



(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day (as defined below) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition **Business Day** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) *Fiscal Agent, Put Agent and Paying Agent*

The name of the initial Agent and its specified office are set out below:

BNP Paribas Securities Services  
9, rue du Débarcadère  
93500 Pantin  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent or the Put Agent and/or appoint additional or other Paying Agent or Put Agent or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Paying Agent having a specified office in a European city that is not obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 10.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by, or on behalf of, the Issuer in accordance with Condition 10.

**7 Taxation**

(a) *Withholding Tax Exemption*

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If, pursuant to French laws or regulations, payments of principal or interest in respect of any Note become subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note;

- (ii) presented more than 30 days after the Relevant Date (as defined below), except to the extent that the Noteholder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or
- (iii) where such withholding or deduction is required to be made pursuant to any European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

For this purpose, the **Relevant Date** in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the monies payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given to Noteholders that such monies have been so received, notice to that effect shall have been duly published in accordance with Condition 10.

Any references to these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

## 8 Events of Default

The Representative of the Masse at the request of any Noteholder may, upon written notice to the Issuer, with a copy to the Fiscal Agent, cause all the Notes to become immediately due and payable at their principal amount, together with interest accrued since the last Interest Payment Date (or, if applicable, since the Issue Date) preceding the early redemption date and until the date of effective redemption, if any of the following events (each, an **Event of Default**) occurs:

- (a) if any amount of principal or interest on any Note shall not be paid by the Issuer on the due date thereof and such default shall not be remedied by the Issuer within a period of ten (10) business days in Paris from such due date; or
- (b) if the Issuer defaults in the due performance of any other obligation in respect of the Notes (including Condition 2) and such default continues for a period of fifteen (15) business days in Paris (unless such default is not curable in which case such period shall not apply) following receipt by the Issuer of a written notice of such default from the Representative of the Masse; or
- (c) if the Issuer defaults in the due performance of its obligation to (i) grant the Mortgage or (ii) increase the number of Secured Real Estate Assets in order to satisfy the Mortgage Test within the relevant Mortgage Adjustment Period, pursuant to Condition 3;
- (d) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries (as defined below) for borrowed monies in excess of Euro 15,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, following the expiry of any applicable grace period, due and demanded (*exigée*) prior to its stated maturity as a result of a default thereunder, unless the Issuer or the relevant Material Subsidiary challenges such default in good faith before a competent court, in which case an early redemption of the Notes will be mandatory only if the court has decided on the merits of the case; or
- (e) the Issuer or any Material Subsidiary (as defined below) (a) makes any proposal for a general moratorium or amicable settlement in relation to its debt with its main creditors to which the Noteholders are not party or applies for the appointment of a conciliator or an ad hoc representative (*mandataire ad hoc*), or (b) has applied to enter into a conciliation procedure (*procédure de conciliation*) with its principal creditors, or (c) a resolution is passed or a judgment is issued for the voluntary liquidation (*liquidation amiable*), winding-up, dissolution (*dissolution*), the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the

business (*cession totale de l'entreprise*) of the Issuer, or (d) to the extent permitted by law, the Issuer is subject to any other insolvency or bankruptcy proceedings under any applicable laws; or

- (f) the Issuer no longer holds, pursuant to a transfer to a Third Party including following merger, demerger or partial business transfer, the control (as defined in Articles L.233-1 and L.233-3 of the French *Code de commerce*) of one of its Material Subsidiary (as defined below) or undertakes to sell assets for aggregate amounts representing, for each financial year, more than 30% of the consolidated net assets (*actifs nets consolidés*) as set out in the most recent annual consolidated financial statements of the Issuer, it being specified that such clause shall not prevent the Issuer and the Material Subsidiaries to merge, demerge or transfer partial businesses within the Group; or
- (g) in the event that the Issuer no longer complies with one of the following financial covenants (the **Financial Covenants**):
  - maintain the R1 Ratio (as defined below) below or equal to 5.5 as at the 31st day of December in each year preceding the Maturity Date of the Notes; or
  - maintain the R2 Ratio (as defined below) below or equal to 2 as at the 31st day of December in each year preceding the Maturity Date of the Notes.

It being specified that if an Investment Grade Rating is assigned to the Issuer and no Event of Default has occurred and is continuing, then for so long as an Investment Grade Rating continues to be assigned to the Issuer and no Event of Default occurs, the Financial Covenants shall be suspended and shall not be applicable to the Notes and the Issuer shall not be required to deliver any compliance certificate or non-compliance certificate as contemplated above.

For the purposes of these Conditions:

**R1 Ratio** means:

$$\frac{\text{Adjusted Net Debt}}{\text{Adjusted EBITDA}}$$

**R2 Ratio** means:

$$\frac{\text{Consolidated Net Debt}}{\text{Consolidated Equity} + \text{Deffered Tax Liabilities arising on the Revaluatuion of Intangible Assets}}$$

**Adjusted Net Debt** means, on the basis of the consolidated financial statements of the Issuer, the Consolidated Net Debt, less the amount of the Real Estate Debt;

**Adjusted EBITDA** means the Consolidated EBITDA less 6% of the Real Estate Debt;

**Affiliates** means:

- (A) in relation to a body corporate (*personne morale*), any subsidiary or parent of that body corporate, and any subsidiary of any such parent for the time being, where:
  - (1) a “subsidiary” is a company that is a directly or indirectly Controlled by that body corporate;
  - (2) a “parent” is a company that directly or indirectly Controls that body corporate; and
- (B) in relation to an individual (*personne physique*), a body corporate Controlled by such individual, as well as any subsidiary (as defined above) of any such body corporate.

**Control** means, with respect to a legal entity, holding (directly or indirectly, through companies themselves controlled by the relevant person(s)) (x) the majority of the voting rights attached to such legal entity's shares or (y) more than 40% of these voting rights if no other shareholder of such legal

entity, acting alone or in concert, holds (directly or indirectly through companies controlled by such shareholder(s)) a greater percentage of voting rights.

**Consolidated EBITDA** means, on the basis of the consolidated financial statements of the Issuer, the EBIT plus the sum of:

- the allocations net of releases of operating provisions for assets and of operating provisions for liabilities and charges, and
- the allocations net of releases of amortization of intangible and tangible fixed assets (including, without limitation, depreciation relating to the adjustment in consolidation of financial leases and hire-purchase contract);

**Consolidated Equity** means, on the basis of the consolidated financial statements of the Issuer, "equity" (*capitaux propres*) plus "minority interests" (*intérêts minoritaires*) as shown in the consolidated financial statements of the Issuer, established pursuant to the international standards IFRS.

**Consolidated Net Debt** means, on the basis of the consolidated financial statements of the Issuer, the Financial Indebtedness, less the amount of "cash" (*disponibilités*) and "marketable securities" (*valeurs mobilières de placement*) and any items equivalent to the assets adjusted pursuant the IAS 7 standard;

**Deferred Tax Liabilities arising on the Revaluation of Intangible Assets** means, the deferred tax liabilities arising relating to the revaluation of intangible assets as shown in the consolidated financial statements of the Issuer.

**EBIT** means, on the basis of the consolidated financial statements of the Issuer, the outstanding operating profit (*résultat opérationnel courant*), as shown in the financial statements;

**Financial Indebtedness** means, on the basis of the consolidated financial statements of the Issuer, the sum of:

- (i) any short, mid and long term loans or indebtedness incurred with banks, credit institutions and other financial creditors,
- (ii) any loans or indebtedness related to any financial instruments (excluding shares, perpetual subordinated debt, deeply subordinated debt or any equivalent instruments qualifying as equity under IFRS) according to Article L.211-1 of the French *Code monétaire et financier*, governed by French or foreign law, including any indebtedness in relation to any currency or interest rate swap agreement or any hedging contract, excluding the fair value of the currency or interest rate swap agreements or any hedging contracts;
- (iii) any outstanding bank overdrafts, discounted bill not yet due, transferable receivables according to the Dailly law (*loi Dailly*) or any other form of assignment of some or all of the customer item (*poste client*) to the extent that such operations are without recourse on the Issuer and its related subsidiaries;
- (iv) any bonds or notes issued by the Issuer (excluding perpetual subordinated debt, deeply subordinated debt or any equivalent instruments qualifying as equity under IFRS);
- (v) any payment obligation incurred pursuant to any financial lease according to IAS 17;
- (vi) any debt incurred, in principal or ancillary, under any guarantee, endorsement or surety granted by the Issuer or its Subsidiaries, in order to secure the Financial Indebtedness incurred by a third party to the Group, any amount of money due in respect of any financial contracts (according to Article L.211-1 of the French *Code monétaire et financier*) it being specified that the net amount payable by the debtor will be taken into account to the extent that the contract includes a netting option; and
- (vii) any deferred payment obligation incurred in connection with the acquisition of any asset provided that such deferral payment is the method to finance this acquisition.

**Fitch** means Fitch Ratings or any of its successors or Affiliates.

**IFRS** means "International Financial Reporting Standards", being the international accounting standards that are applicable at the Issue Date as endorsed by the European Union. In the event of any changes in these accounting standards after the Issue Date, and if such new standards have an adverse impact on the consolidated financial statements of the Issuer, the consolidated financial statements used to conduct the compliance test with the above mentioned financial ratios will be adjusted on the basis of the IFRS accounting standards applicable at the Issue Date.

**Investment Grade Rating** means (i) a rating of at least BBB- by S&P, Baa3 by Moody's or BBB- by Fitch or any equivalent rating by any other rating agency generally recognized as such by banks, securities houses and investors in the euro-markets, and provided that (ii) no rating assigned is below BBB- for S&P, Baa3 for Moody's and BBB- for Fitch. S&P, Moody's and Fitch are established in the European Union, are registered under Regulation (EC) n° 1060/2009 on credit ratings agencies, as amended by Regulation (EU) n° 513/2011 (the **CRA Regulation**) and are included in the list of registered credit ratings agencies published on the website of the European Securities and Markets Authority (<http://www.esma.europa.eu/page/List-registered-and-certified>).

**Group** means the Issuer and its French and foreign subsidiaries within the meaning of Article L.233-3 of the French *Code de commerce*.

**Main Shareholders** means the following shareholders:

- (i) Mr. Jean-Claude MARIAN, his Affiliates and his heirs (*ayants droits à titre universel*);
- (ii) SEMPRE and its Affiliates;
- (iii) NEOGEMA and its Affiliates; and
- (iv) FFP Invest and its Affiliates.

**Material Subsidiary** means any consolidated subsidiary by global integration of which the Issuer, directly or indirectly, holds at least 40% of the voting rights (provided that no other shareholder holds, directly or indirectly, alone or in concert, a fraction of the voting rights greater than the Issuer) and which represented i) more than 10% of the consolidated turnover of the Issuer over the last financial year, or ii) more than 10% of the consolidated assets of the Issuer at the end of the last financial year or iii) more than 10% of the net profit before taxation of the Issuer at the end of the last financial year.

**Moody's** means Moody's Investors Service Inc. or any of its successors or Affiliates.

**Real Estate Debt** means, on the basis of the consolidated financial statements of the Issuer, the sum of:

- (i) Long-term loans and debts related to the housing stock (*Emprunts et dettes long-terme liés au parc immobilier*);
- (ii) Debts corresponding to real estate leasing agreements (*Dettes correspondants à des contrats de crédit bail immobilier*);
- (iii) Real estate property bridge loans (*Prêts relais immobiliers*); and
- (iv) Overdrafts related to real estate (*Découverts liés à l'immobilier*).

**S&P** means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies or any of its successors or Affiliates.

**Subsidiary** means any subsidiary (*filiale*) of the Issuer within the meaning of Article L.233-3 of the French *Code de commerce*.

**Third Party** means any person other than the Main Shareholders.

For the purpose of calculating the ratios set out in Condition 8(g), only consolidated data should be taken into account, as defined in the consolidated annual financial statements of the Issuer on the basis

of the rules and methods applicable to the accounting system of the Issuer at the Issue Date. In the event of a change in the accounting regulation applicable to the Issuer and its Subsidiaries, as described in the notes to the consolidated financial statements of the Issuer for the financial year ending 31 December 2011, the Issuer undertakes to renegotiate in good faith with the Masse of the Noteholders, that determines in general meeting the financial commitments and ratios calculation methods described in Condition 8(g).

The Issuer shall provide the Representative of the Masse within six months after the end of each financial year at the latest with (i) a compliance certificate signed by its statutory auditors evidencing the compliance with the ratios set out in Condition 8(g) and describing the details of their calculation, (ii) or, as the case may be, a non-compliance certificate.

Notwithstanding the provisions set out in Condition 8(g), if the Issuer proceeds to a significant external growth operation (defined as an operation resulting of a change of more than 25% of (i) the consolidated turnover of the Issuer over the last financial year, or (ii) the consolidated assets of the Issuer at the end of such financial year, or (iii) the net profit of the Issuer before tax at the end of this financial year, the above ratios R1 and R2 will be calculated on the basis of pro forma accounts, prepared in order to take into account the impacts of the acquisition and subject to a report from the auditors of the Issuer.

These derogatory provisions only will be applicable for the financial year in which the acquisition will take place. The above general provisions will be applicable for the following financial years.

## 9 Representation of the Noteholders

Noteholders will be grouped automatically for the defence of their common interests in a masse (the **Masse**). The Masse will be governed by the provisions of the French *Code de commerce* applicable to the Masse.

- (a) **Legal Personality:** The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through a general meeting of the Noteholders (the **General Meeting**).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

- (b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:
- (1) The Issuer, the members of its Board of Directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouses; or
  - (2) Companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*conseil d'administration*), Management Board (*directoire*) or Supervisory Board (*conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse;
  - (3) Companies holding ten per cent. or more of the share capital of the Issuer or companies having ten per cent. or more of their share capital held by the Issuer; or
  - (4) Persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following person is designated as Representative of the Masse:

Laurence MIARA BENADIBA  
4, square de l'Avenue du Bois  
75116 Paris  
France

The Issuer shall pay the Representative of the Masse an amount from approximately EUR 1,500 to EUR 4,000 per annum depending on the occurrence of General Meetings, commencing in December 2012, provided that the Notes remain outstanding at such time. In the event of dissolution, death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative, an alternate Representative will be elected by the General Meeting.

- (c) **General Meetings:** In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.
- (d) **Notice of Decisions:** Decisions of the meetings shall be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof and in accordance with the provisions of the French *Code de commerce*.

## 10 Notices

Any notice to the Noteholders pursuant to these Conditions will be valid if (i) delivered to Euroclear France, Euroclear and/or Clearstream, for so long as the Notes are cleared through such clearing systems or, if not so cleared, published in a leading English language daily newspaper having general circulation in Europe, (ii) for so long as the Notes are admitted to trading on the Official List published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (iii) published on the website of the Issuer ([www.orpea-corp.com](http://www.orpea-corp.com)). Any such notice shall be deemed to have been given on the date of such delivery or publication or, if delivered more than once or on different dates, on the first date on which such delivery or publication is made.

## 11 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

## 12 Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

## 13 Governing Law and Jurisdiction

The Notes are governed by the laws of France.

Any claim against the Issuer in connection with any Notes may be brought before any competent court of the jurisdiction of the *Cour d'Appel de Paris*.

### **USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be used by the Issuer mainly for diversification of its sources of funding and contribute to extending the maturity profile of its financial resources.



## DESCRIPTION OF THE ISSUER

The section below is a summary of the description of the Issuer which is included in the 2011 Reference Document and the 2012 Interim Financial Report incorporated by reference in the Prospectus and available on the website of the Issuer and on the website of the Luxembourg Stock Exchange.

### Administrative information

ORPEA is a *Société Anonyme (limited liability company)* with a Board of Directors governed by French law, with a share capital of EUR 66,247,577.50.

ISIN Code: FR0000184798 - Listed on segment A of NYSE Euronext Paris.

Business sector: operating structures of care dependency, either permanent or temporary.

ICB code: 4533, Health care provider.

APE code: 853 D.

### History

The ORPEA Group has been built up methodically in 23 years, making it the European leader in Dependency care with nursing homes for dependent people, multi-disciplinary and specialist post-acute and rehabilitation care facilities and general psychiatric clinics.

Founded in 1989 by the current Chairman, Dr Jean-Claude Marian MD, ORPEA expanded during 6 years through the creation of 46 facilities, representing 4,600 nursing home beds. In 1995, following a period of brisk expansion, ORPEA reorganised itself in order to optimise its management costs: creation of an administrative head office in Paris to organise and control the Group's accounting, financial and employee-related matters and standardisation of management methods.

In 1999, ORPEA started the development of a medium-term care offering with the creation and acquisition of post-acute and rehabilitation care and psychiatric care clinics.

In 2002, ORPEA was successfully floated on the Second Marché of Euronext Paris with a market capitalisation of €250m. The target of this IPO was to ensure strong growth and step up its capacity for expansion.

In 2004, ORPEA started its expansion into Europe with the opening of two facilities in Italy. The international development was accelerated in 2006 with acquisitions in Switzerland, Belgium and Spain.

In 2008 and 2009, ORPEA structured its presence in Europe by creating functional head offices in Belgium and Italy, and rolling out its quality policy at all of its facilities in Europe in order to replicate the French management model.

In 2010, ORPEA carried out its largest acquisition with Mediter, representing a total of 4,866 beds at 57 facilities.

In 2011, the Group continued to grow both in France and abroad, and strengthened its financial structure with a right issue of €203 million that was the largest capital increase in France in 2011.

On July 1, 2012 the ORPEA Group had 38,348 authorized beds over Europe allocated to 410 facilities (including 333 facilities in France and 77 facilities in Spain, Belgium, Italy and Switzerland). Over the last 10 years (from 2001 to 2012), ORPEA has multiplied by 5.5 the number of beds and in the same time, the Group has multiplied by 9.6 its sales (€1 234m in 2011).

## Corporate purpose

The ORPEA Group's purpose and business is to offer global dependency care in the form of long term care (nursing homes), post-acute and rehabilitation care and psychiatric care facilities.

With an ageing population and longer life expectancies, this global care provision responds to the needs of an ever-changing sector, characterised by the desire to create complementary care industries.

The corporate purpose of ORPEA is:

- Creating, developing, acquiring, managing and operating, directly or indirectly, all types of medical care facilities, medical and social care facilities and residential facilities for the elderly, all types of residential facilities for disabled people of any age, and all hotel, hotel-related and leisure accommodation facilities;
- Providing technical, commercial, administrative and financial assistance to all companies whose business activity is directly or indirectly related to the foregoing;
- Acquiring and subscribing to equity instruments in all existing or future companies and creating and managing all financial investments;
- Secondly, purchasing, enhancing the value of, exchanging and selling, after division and/or works where applicable, the property asset owned by the company.

## Overview of the Issuer's business

Thanks to the expertise acquired in France, ORPEA is able to offer structured and innovative care services with the same goal in each country in which it operates: to offer high-quality care services for the elderly.

Since it was founded, ORPEA has always aimed to optimise the quality of dependency care it provides. Offering services 24 hours a day, seven days a week, its awareness consists of acknowledging inevitable imperfections and the risk of error. The pro-active approach of ORPEA and all of its staff (18,382 employees) consists of thoroughly and regularly looking into all possible ways of optimising and improving the services given to residents and patients.

The ORPEA Group's activities are based on the following fundamentals:

- service values, professionalism and welcome shared by all employees;
- uniform facilities, allowing it to offer global and high quality dependency care;
- an organisational structure in place to satisfy residents, patients and employees;
- an on-the-ground operating framework, as close as possible to residents, patients and employees.

The ORPEA Group operates facilities in European countries where the sector is regulated in a very similar way to in France, namely Belgium, Spain, Italy and Switzerland. These countries have in common:

- strong regulation with a *numerus clausus* ("restricted numbers") system on the number of beds constituting a significant barrier to entry;
- a sharp increase in the number of elderly people;
- a supply of beds that is insufficient in both quantity and quality.

On July 1, 2012 the Group operates 38,348 beds spread over 410 facilities, including 8,081 beds under construction or refurbishment that represent the growth pipeline for the coming years. The network is split as followed:

- France: 28,819 beds spread into 333 facilities;
- Belgium: 5,204 beds spread into 41 facilities;
- Spain: 2,938 beds spread into 22 facilities;
- Italy: 1,222 beds spread into 12 facilities;
- Switzerland: 165 beds spread into 2 facilities.

For detailed information about ORPEA's network please refer to the table set out below (page 39).

The regulatory framework of ORPEA's business and the pricing are detailed in pages 68 to 78 of the 2011 Reference Document.

### **Business Model and strategy**

For the last 10 years, ORPEA Group has a very dynamic expansion strategy through a proven business model:

- Creation of new facilities in prime area with high quality standards in terms of care and accommodation, by getting some new authorizations;
- Value added and selected acquisitions where ORPEA has a real know-how for refurbishment and upgrade of the Quality of old facilities.

The real estate strategy is also strength of ORPEA model. For many years, ORPEA's real estate strategy has been to remain the owner of approximately 50% of its housing stock. The objective of this real estate policy is to:

- control its operation to provide the best quality service and maintain the flexibility to perform any work needed;
- increase the Group's net worth through acquiring new and well located assets;
- secure ORPEA's profitability in the medium and long term.

After 10 years of intense development, the ORPEA Group has strengthened its European leadership position in the global Dependency care sector and now has a solid base of mature facilities.

Henceforth, ORPEA has all the assets it requires to deploy a strategy based on increasing cash-flow generation, accompanied by a more selective and value added pace of external growth.

Thus, in 2012 and the following years, the Group expects:

- buoyant revenue growth, thanks to the gradual opening of its growth reservoir of over 8,000 beds currently under construction or being renovated, as well as only carrying out carefully-selected highly value-creating acquisitions;
- a regular increase in its operating profitability;
- substantial cash-flow growth;
- and a corresponding decrease in its debt level.

### **Organisation of the group**

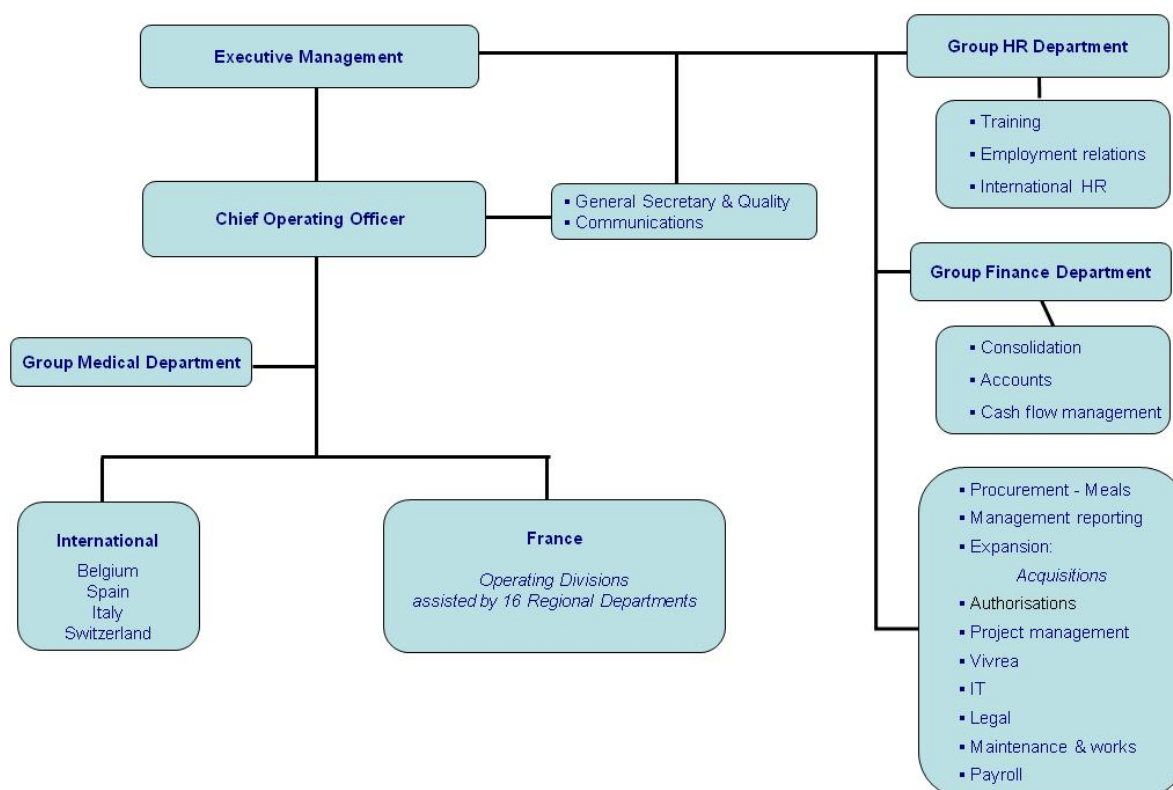
Thanks to a highly organised head office, facility directors are relieved of administrative duties and can therefore focus the majority of their efforts on helping residents and patients and in managing their teams.

This centralised system allows for the pooling of costs and optimisation of how facilities are run.

The head office also plays a supportive role, using the most up-to-date methods to devise and disseminate its various procedures and allowing directors and staff to focus their skills on residents and patients.

The Group's organisational structure is based on two main principles:

- centralisation of all general services at the head office (accounting, purchasing, payroll, legal, billing, etc.);
- an operating organisational structure suited to the responsiveness requirements of its business lines, as well as the Group's management reporting and quality monitoring demands.



## Corporate Governance

In the last years, the ORPEA's governance has changed.

Thus, the Board decided on 15 February 2011 to separate the roles of Chairman and CEO.

The Board of Directors was also extended when renewing the appointments of the directors at the general meeting convened to approve the financial statements for the year ended 31 December 2010. The term of office for directors was reduced from six years to four years and appointments were staggered to avoid a block renewal. Continuing the strengthening of the Board, two new directors were appointed by the Ordinary General Meeting of 17 October 2011.

On 14 November 2011 the Board of Directors adopted rules of procedure to improve its operations. The Board also set up two committees: the Audit Committee and the Appointments and Remuneration Committee. On this occasion, it reaffirmed its commitment to the AFEP/MEDEF Code.

The Company is managed by a Board of Directors, currently consisting of seven members, of whom three are from major shareholders. The composition of the Board reflects a diversity of professional backgrounds and expertise. This diversity enriches the debates and the strategic vision of the Board:

- Dr Jean-Claude Marian MD, Chairman and founder of ORPEA;
- Yves Le Masne, CEO of ORPEA;
- Brigitte Michel, Board member;
- Alexandre Malbasa, Board member;
- Jean-Patrick Fortlacroix, Independent board member;
- FFP Invest, represented by Thierry Mabilde de Poncheville, Independent board member;
- Neo Gema, represented by Philippe Austruy, Independent board member.

#### Shareholder structure as of 31.12.2011

Shareholder	No. of shares	% of share capital	No. of voting rights	% of voting rights
<i>JC Marian</i>	10,695,968	20.18%	20,507,814	30.21%
<i>SANTE FINANCE ET INVESTISSEMENT</i>	1,005,500	1.90%	1,005,500	1.48%
<i>Marian family</i>	533,482	1.01%	959,114	1.41%
<b>JC Marian and family</b>	<b>12,234,950</b>	<b>23.09%</b>	<b>22,472,428</b>	<b>33.11%</b>
Sempré	4,262,284	8.04%	8,181,660	12.05%
Neogema	4,348,783	8.21%	4,348,783	6.41%
FFP Invest	3,811,353	7.19%	3,811,353	5.61%
Treasury shares	25,483	0.05%		
Public sector	28,315,039	53.43%	29,065,692	42.82%
<b>Total</b>	<b>52,997,892</b>	<b>100.00%</b>	<b>67,879,916</b>	<b>100.00%</b>

In 2012, no declarations were made with respect to threshold crossings of share capital.

#### Outlook

For the full-year 2012, ORPEA remains confident in its ability to reach its target of a 15.5% increase in its revenues (to €1,425 million) (including organic and external growth) and to achieve further margin improvement. Growth in cash generated by operating activities, further real estate disposals and moderate investment will make for a continued reduction in the Group's debt ratios.

For the following years, ORPEA is set to continue pursuing its strategy of margin improvement, cash generation, debt reduction and controlled development creating substantial value. The Group benefits from all the strengths to execute this strategy: a unique reservoir of growth of 8,081 beds under construction or refurbishment, shoring up its solid growth prospects, the ramp-up in mature beds (beds under development account for 27% of operational beds at June 30, 2012 compared with 41% at the end of 2010) and, a high-quality property portfolio holding significant appeal for investors.

## Key financial items

### Condensed consolidated income statement

<i>(in millions of euros)</i>	<b>06.30.2012</b>	<b>06.30.2011</b>	<b>12.31.2011</b>	<b>12.31.2010</b>	<b>12.31.2009</b>
	<b>(limited review)</b>	<b>(limited review)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Sales	684.7	594.2	1,234.1	964.2	843.3
EBITDAR <sup>1</sup>	174.6	150.0	311.4	236.1	205.6
EBITDA <sup>2</sup>	121.9	105.6	218.2	172.3	151.4
Recurring Operating Profit	92.4	78.1	163.2	129.8	115.4
Operating Profit	110.0	90.8	190.0	151.1	134.5
Net financial cost	-36.8	- 31.7	-65.0	- 52.7	- 45.7
Tax	-22.8	- 20.5	-45.5	- 30.9	- 29.8
Consolidated net income	50.8	40.1	80.3	66.3	61.2
Net profit (Group share)	50.7	40.3	80.3	66.3	61.1

1 EBITDAR = recurring EBITDA before rents, including provisions relating to "external charges" and "staff costs".

2 EBITDA = recurring operating profit before net depreciation and amortization, including provisions relating to "external charges" and "staff costs".

### Cash-flow statement's key figures

<i>(in millions of euros)</i>	<b>06.30.2012</b>	<b>06.30.2011</b>	<b>12.31.2011</b>	<b>12.31.2010</b>	<b>12.31.2009</b>
	<b>(limited review)</b>	<b>(limited review)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Cash flow	103.0	93.2	184.2	137.2	107.8
Cash flow from operations	78.5	66.3	202.3	135.6	127.0
Cash flow from investing activities	-180.0	- 198.4	-349.5	-296.7	- 258.2
Cash flow from financial activities (including Financial Expenses)	12.8	- 25.6	180.2	302.3	213.0
Change in cash and cash equivalents	-88.8	- 157.7	32.9	141.2	81.7
Cash and cash equivalents at end of period	220.7	118.9	309.5	276.5	135.4

### Condensed consolidated balance sheet

<i>(in millions of euros)</i>	<b>06.30.2012</b>	<b>06.30.2011</b>	<b>12.31.2011</b>	<b>12.31.2010</b>	<b>12.31.2009</b>
	<b>(limited review)</b>	<b>(limited review)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Shareholders' equity	1,178	935	1,155	895	642
Non-current financial liabilities	1,500	1,488	1,462	1,459	1,180
Current financial liabilities	604	496	587	509	340
- Cash and cash equivalents	-221	- 119	-309	- 277	- 135
<b>Net debt</b>	<b>1,883</b>	<b>1,865</b>	<b>1,740</b>	<b>1,691</b>	<b>1,385</b>

Goodwill	342	314	323	431	204
Intangible assets	1,163	1,063	1,129	835	775
Property, plant and equipment	2,306	2,016	2,217	1,910	1,662
<b>Total assets</b>	<b>4,578</b>	<b>4,009</b>	<b>4,482</b>	<b>3,880</b>	<b>3,061</b>

*Breakdown of beds by geographical area and by type (in operation, under restructuring or under construction) as at July 1<sup>st</sup>, 2012, including 100% of Medibelge.*

	<b>TOTAL</b>	<b>France</b>	<b>Spain</b>	<b>Belgium</b>	<b>Italy</b>	<b>Switzerland</b>
Number of operating beds	33,317	25,340	2,938	4,117	847	75
<i>Including beds undergoing restructuring</i>	<i>3,050</i>	<i>2,296</i>	<i>0</i>	<i>724</i>	<i>30</i>	<i>0</i>
Number of beds under construction	5,031	3,479	0	1,087	375	90
<b>Total number of beds</b>	<b>38,348</b>	<b>28,819</b>	<b>2,938</b>	<b>5,204</b>	<b>1,222</b>	<b>165</b>
<b>Total number of facilities</b>	<b>410</b>	<b>333</b>	<b>22</b>	<b>41</b>	<b>12</b>	<b>2</b>

For the breakdown of beds in operation, undergoing restructuring and under construction by geographical area over the last three years, please refer to page 7 of the 2011 Reference Document.

#### About Medibelge

During the first-half of 2012, Medibelge was 49% owned and was therefore accounted for by equity method. Since July 1<sup>st</sup>, 2012, ORPEA holds 100% of Medibelge, following the purchase of the remaining 51% (the amount of this acquisition is not significant compared to the level of the development of the group; this transaction had no material impact on Orpea's financial statements). Medibelge is therefore fully consolidated in ORPEA's third quarter revenue and will be fully consolidated in ORPEA's second half financial statements.

## RECENT DEVELOPMENTS

On 18 July 2012, the Issuer published the following press release:

ORPEA, leading European player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announced its sales for the first half of 2012 to 30<sup>th</sup> June.

In €m IFRS	Quarterly			Half-Year		
	Q2 2012	Q2 2011	Var.	H1 2012	H1 2011	Var.
<b>France</b>	<b>303.2</b>	264.5	<b>+14.6%</b>	<b>601.9</b>	525.7	<b>+14.5%</b>
<i>% of total sales</i>	87%	88%		88%	88%	
<b>International</b>	<b>45.1</b>	36.7	<b>+22.9%</b>	<b>82.9</b>	68.5	<b>+21.0%</b>
<i>% of total sales</i>	13%	12%		12%	12%	
<b>Belgium</b>	17.9	17.2		36.4	33.6	
<b>Spain</b>	15.3	7.5		24.6	15.1	
<b>Italy</b>	7.1	7.0		14.2	12.0	
<b>Switzerland</b>	4.8	4.9		7.6	7.8	
<b>Total sales</b>	<b>348.3</b>	301.2	<b>+15.6%</b>	<b>684.8</b>	594.2	<b>+15.2%</b>
<i>Organic growth<sup>1</sup></i>			<b>+8.4%</b>			<b>+8.6%</b>

<sup>1</sup> Organic growth is the result of the following factors: creations of new facilities, extensions to or restructuring of existing facilities, as well as changes in occupancy rates and daily rates. Organic growth is analysed facility by facility. Growth incorporates improvements in sales compared to the previous equivalent period, for recently-acquired facilities.

Yves Le Masne, CEO of ORPEA, comments: "Continuing the trend of previous quarters, ORPEA has again benefitted from its historical development policy and recorded buoyant sales growth of +15.6% over the 2<sup>nd</sup> quarter of 2012.

This excellent performance is the result of its mixed growth strategy combining selective acquisitions and particularly strong organic growth over the first half (+8.6%).

Occupancy rates remain very high in all countries in which the Group is present, including countries whose economic environment is more uncertain, thanks to:

- considerable requirements associated with the growing number of very elderly people;
- the substantial appeal of ORPEA's facilities: modern buildings constructed by the Group in accordance with the highest Quality standards, in strategic locations and with a large number of individual private rooms.

With sales growth of +15.2% over the 1<sup>st</sup> half, with no contribution from Medibelge, ORPEA is confidently reaffirming its annual sales target of €1,425m for FY 2012, along with an improvement in profitability and cash flow, whilst continuing to pursue its very selective development policy based on value creation."

### **Further new facilities opened and jobs created**

The Group opened 4 new facilities during the 2<sup>nd</sup> quarter, and has opened a further 5 since early July, giving a total of 12 new facilities since the start of the year, representing around a thousand beds.

Thanks to these new openings, ORPEA has created over 600 long-term jobs since the start of the year. The Group is further strengthening its commitment as a local economic player and will continue to recruit staff throughout 2012.

### **Pursuance of the permanent innovation policy**

Within the framework of its permanent innovation policy, ORPEA has presented a telemedicine project to the Agence Régionale de Santé Ile de France regional health agency's request-for-proposals selection committee. 9 projects have been shortlisted from the 26 projects submitted, including ORPEA's.



The aim of this project is to further improve the terms and conditions of nursing home emergency treatment, by providing residents with remote access to a medical opinion thanks to the expertise of specialised medical teams from the Group's Post-Acute Care, Rehab. and Psychiatric Care clinics.

The results expected from this project are clear: reduce the need for residents to visit an external specialist and the time needed to obtain a medical opinion, limit hospital stays and help optimise Social Security expenditure whilst further improving the quality of care.

#### **Acquisition of the remaining 51% stake in Medibelge**

At 1<sup>st</sup> July 2012, ORPEA held 100% of Medibelge following the acquisition of the remaining 51% of the company. Medibelge will therefore be 100% consolidated within ORPEA's accounts from the 2<sup>nd</sup> half of 2012.

Medibelge has 2,156 beds (including 89 being renovated and 150 under construction) in 19 facilities mainly located in Brussels and the surrounding area.

This acquisition will allow ORPEA to strengthen its regional coverage, thus becoming a benchmark player in Belgium with a network of 4,899 beds across 43 sites, and also becoming the leading private player on this sector in Brussels.

The Belgian dependency care sector is similar to that of France (authorisation system, financing of care, etc) and there are considerable needs (estimated at a further 40,000 beds by 2030). Within this context, ORPEA will continue its development, notably in Flanders, which is a dynamic region with numerous opportunities, via both organic growth and external growth.

#### **Further property divestment for €55.5m**

In June 2012, a further asset disposal operation took place with BELFIUS INSURANCE SA, one of Belgium's leading insurance companies.

The €55.5m deal concerns 3 buildings either completed or under construction in Belgium.

The terms and conditions are similar to those of the operation carried out with Ethias at the start of the year.

This operation confirms the appeal of ORPEA's property assets, which provide long-term visibility, for institutional investors, and notably insurance companies.

This transaction reflects ORPEA's intention of benefitting, in tandem with the significant decrease in the return on financial products, from very attractive rental conditions.

**On 14 Novembre 2012**, the Issuer published the following press release:

ORPEA, leading European player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announced its revenues for the third quarter of 2012 to 30<sup>th</sup> September.

In €m IFRS	Quarterly			9-months		
	Q3 2012	Q3 2011	Var.	2012	2011	Var.
<b>France</b>	<b>307.2</b>	274.3	<b>+12.0%</b>	<b>909.1</b>	800.0	<b>+13.6%</b>
<i>% of total sales</i>	84%	88%		86%	88%	
<b>International</b>	<b>59.2</b>	37.4	<b>+58.4%</b>	<b>142.1</b>	105.9	<b>+34.2%</b>
<i>% of total sales</i>	16%	12%		14%	12%	
Belgium	34.7	17.4		71.1	51.1	
Spain	12.1	7.9		36.8	23.0	
Italy	8.7	8.0		22.9	20.0	
Switzerland	3.7	4.0		11.3	11.8	
<b>Total sales</b>	<b>366.4</b>	311.7	<b>+17.6%</b>	<b>1 051.2</b>	905.9	<b>+16.0%</b>
<i>Organic growth<sup>1</sup></i>			<b>+7.8%</b>			<b>+8.3%</b>

<sup>1</sup> Organic growth is the result of the following factors: creations of new facilities, extensions to or restructuring of existing facilities, as well as changes in occupancy rates and daily rates. Organic growth is analysed facility by facility. Growth incorporates improvements in sales compared to the previous equivalent period, for recently-acquired facilities.

Yves Le Masne, CEO of ORPEA, comments: *“The growth momentum achieved by ORPEA since the beginning of the year has continued and even accelerated during the third quarter. Sales advanced by 17.6% on the back of further brisk organic growth (7.8%) and a strong increase in international markets (58.4%) thanks in particular to the successful integration of Artevida in Spain and of Medibelge in Belgium.*

*Organic growth, which reached 8.3% over the first nine months of the year, was again underpinned by:*

- a high occupancy rate at mature facilities in all the European markets;*
- the ramp-up of facilities opened recently in strategic locations and offering a high standard of quality;*
- the opening of close to 900 new beds during the quarter, representing around ten facilities, lifting the total number opened since the beginning of 2012 to 1,900.*

*Through these accomplishments, ORPEA continues its commitment to the local economy, creating around 1,000 jobs since the beginning of the year.*

*With sales growth running at 16.0% over the first nine months of the year, ORPEA is confident in its ability to meet its full-year sales target of €1,425 million in 2012, together with improvement in its margins and cash flow.*

*Looking ahead to 2013 and subsequent years, ORPEA is very confident that it will be able to achieve solid growth in its sales and margins by tapping its pipeline of close to 8,000 beds and structural factors, including the ageing of the population.”*

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

### **EU Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**). Pursuant to the Savings Directive, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State (the **Disclosure of Information Method**).

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals or certain entities.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 35% until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the **OECD Model Agreement**) with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

### **France**

#### *Withholding Tax*

Following the introduction of the French *loi de finances rectificative pour 2009 n°3* (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable by virtue of Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30% or 55% (subject, if applicable, to the more favourable provisions of a tax treaty).

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to *Bulletin Officiel des Finances Publiques-Impôts* BOI-ANX-000364-20120912 and BOI-ANX-000366-20120912, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are:

- (i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (ii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion does not apply to such payments.

#### *EU Savings Directive*

The Savings Directive has been implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agent based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

#### **Luxembourg**

Luxembourg does not provide for a withholding tax on interest payments under the Notes unless the below exceptions apply.

#### *Luxembourg resident individuals*

Interest on holding, redemption and sale of the Notes falling into the scope of the Luxembourg law dated 23 December 2005, as modified, is subject to a 10% withholding tax, which is final if the individual acts within the scope of his own private wealth management, without further formalities. This law applies when the beneficial owner is an individual resident in Luxembourg who receives interest income from a paying agent in the meaning of the Directive located in Luxembourg. Interest that is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax.

In the event that the interest is paid to such individuals or to a residual entity securing the payment for the benefit of such individuals by a paying agent established in a EU Member State (other than Luxembourg) or one of the dependent and associated territories, the beneficiary may opt for the application of a 10% flat

taxation in accordance with the law dated 23 December 2005 as subsequently amended, which is final if the Luxembourg resident individual is acting in the context of the management of his private wealth.

The paying agent in the meaning of the Directive is responsible for the withholding tax levied in accordance with the above mentioned provisions.

*Luxembourg non-residents*

The Directive has been implemented into Luxembourg domestic law by the laws dated 21 June 2005 which entered into force on 1 July 2005 which also ratified agreements concluded with several dependent or associated territories providing for an exchange of information in this respect.

Based on the implementation of the Directive and of the above mentioned agreements into Luxembourg domestic law, the Luxembourg paying agent in the meaning of the Directive withholds, throughout the transitional period, an amount on interest in the meaning of the Directive paid to the immediate benefit of an individual or residual entity resident or established in another EU Member State or certain territories instead of using the disclosure of information methods, except if the beneficiaries of the interest payments opt for the disclosure of information methods. In this respect, Luxembourg law foresees two different disclosure of information methods by which the EU Member States (other than Luxembourg) resident individuals or individuals resident in certain dependent or associated territories, can opt either (i) to allow the Luxembourg paying agent in the meaning of the Directive to disclose information to the requesting tax authorities or (ii) to directly provide the Luxembourg paying agent in the meaning of the Directive with a certificate duly validated by his local tax authorities.

The rate of such withholding tax equals 35%.

Such transitional period will end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra) and when the Council of the European Union unanimously agrees that the United States is committed to use the Disclosure of Information Method with all EU Member States in relation to interest payments.

The paying agent in the meaning of the Directive is responsible for the taxes levied in accordance with the above mentioned provisions.

## SUBSCRIPTION AND SALE

### Subscription Agreement

Deutsche Bank AG, London Branch (the **Sole Lead Manager**) has, pursuant to a subscription agreement dated 30 November 2012 (the **Subscription Agreement**), agreed with the Issuer, subject to the satisfaction of certain conditions, to procure the subscription for the Notes at an issue price equal to 100 per cent. of the principal amount of the Notes, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Sole Lead Manager in connection with the issue of the Notes.

The Sole Lead Manager is entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Sole Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

### General Selling Restrictions

The Sole Lead Manager has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would, to the best of the Sole Lead Manager's knowledge, permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

### France

The Sole Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

### United Kingdom

The Sole Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

## GENERAL INFORMATION

### 1. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0011365634. The Common Code number for the Notes is 086157365.

The address of Euroclear France is 115, rue Réaumur, 75081 Paris Cedex 02, France. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42, avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

### 2. Listing and admission to trading

Application has been made to the CSSF to approve this document as a prospectus for the purposes of the Prospectus Directive. Application has been made for the Notes to be admitted to the Official List and traded on the Luxembourg Stock Exchange's regulated market on or about the Issue Date. The Luxembourg Stock Exchange regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

### 3. Corporate authorisations

The Issuer has obtained all necessary consents, approvals and authorizations in France in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 17 October 2012 and 14 November 2012 and a decision of Mr. Yves Le MASNE, Chief Executive Officer (*Directeur Général*) of the Issuer dated 29 November 2012.

### 4. Documents available

Copies of:

- (i) the *statuts* of the Issuer;
- (ii) the Fiscal Agency Agreement;
- (iii) this Prospectus; and
- (iv) the documents incorporated by reference in this Prospectus,
- (v) the Mortgage commitment undertaking agreement (*engagement de promesse d'hypothèque*), and
- (vi) the agreement appointing the Notary.

will be available for inspection during the usual business hours on any week day (except Saturdays, Sundays and public holidays) at the registered office of the Issuer.

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Issuer ([www.orpea-corp.com](http://www.orpea-corp.com)). The documents incorporated by reference are all available in section "*Documentation*" and sub section "*Rapports financiers*" of the website of the Issuer and the English translation of the documents incorporated by reference are all available in section "Publications" and sub section "Financial Reports" of the website of the Issuer (investors must click on the French flag on the top right side to have the website in French language and click on the English flag on the top right side to have the website in English language).

### 5. No material change

There has been no significant change in the financial or trading position of the Issuer and/or the Issuer and its subsidiaries, taken as a whole, since 30 June 2012 and no material adverse change in the prospects of the Issuer since 31 December 2011.



**6. Litigation**

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Issuer and its subsidiaries, taken as a whole.

**7. Auditors**

Burband Klinger & Associés and Deloitte & Associés are the statutory auditors of the Issuer and have audited, and rendered unqualified report on, the financial statements of the Issuer as at, and for the years ended, 31 December 2011 and 31 December 2010.

Deloitte & Associés are registered as *Commissaires aux Comptes* (members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Versailles*) and Burband Klinger & Associés as *Commissaires aux Comptes* (members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Paris*) and are regulated by the *Haut Conseil du Commissariat aux Comptes*.

**8. Listing fees**

The estimated costs for the admission to trading are € 2,500.

**9. Yield**

The yield in respect of the Notes is 5.25 per cent. per annum and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

**10. Interest material to the issue**

As far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue apart from the Sole Lead Manager.

**11. Conflict of interest**

As far as the Issuer is aware, there are no conflicts of interest which would be material to the issue or offer of the Notes between the duties of the members of the Board of Directors (*Conseil d'administration*) and their private interests and /or their other duties.

**REGISTERED OFFICE OF THE ISSUER**

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**SOLE LEAD MANAGER AND BOOKRUNNER**

**Deutsche Bank AG, London Branch**

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**Deloitte & Associés**  
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France

**FISCAL AGENT, PAYING AGENT AND PUT AGENT**

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**LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

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**LEGAL ADVISORS**

*To the Issuer*

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*To the Sole Lead Manager and Bookrunner*

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