PRESS RELEASE

2007: continued strong growth momentum

- **Revenue up 31.3%**
- **Recurring operating profit up 29.8%**
- **Net profit up 31.2% to €41.2 million**

Shareholders' equity brought up to €501.6 million

Partial outsourcing of property portfolio confirmed, effective as of H2-2008

Forecast expansion at a rate of about 3,000 beds a year

Minimum 2008 revenue target: €665 million

Puteaux, 23rd April 2008

The ORPEA group, a leading player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announced its consolidated annual results[1] for the financial year ended to 31st December 2007.

€ m IFRS	2007	2006	Δ
Revenue	**544.6**	414.9	*+31.3%*
EBITDAR (EBITDA before rents)	**134.3**	103.4	*+30.0%*
EBITDA	**97.2**	76.5	*+27.2%*
Recurring operating profit	**72.4**	55.8(*)	*+29.8%*
Operating profit	**81.6**	59.1(*)	*+38.1%*
Net profit	**41.2**	31.4(*)	*+31.2%*

(*) Restated for the measurement of properties at fair value adopted in 2007.

[1] Pending audit

A further year of strong growth

Yves Le Masne, Chief Operating Officer, commented: "*2007 results once again demonstrate the robustness and effectiveness of Orpea's business model. Earnings were up substantially while business continued to grow apace, with more than 3,000 beds authorised or acquired during the year. Growth in all financial indicators was driven by tight control over operating costs, an optimum real estate policy and strict financial management. Although one third of our network was under renovation or construction, putting some short-term pressure on the operating margin, net profit was nonetheless up 31.2% over the year."*

Robust recurring operating margin of 13.3%

EBITDA rose by 27.2% thanks to tight control over operating costs. Staff costs rose by 30.3% in line with revenue, reflecting Orpea's efficient human resources policy and its ability to provide and develop staff training and career management.
Rental expenses amounted to €37.1 million including €1.4 million for recently opened facilities and €5.1 million related to new acquisitions. On a like-for-like basis, rental expenses remained under control, rising by only 4.0%.
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The recurring operating margin was 13.3%, stable compared to the 2006 level of 13.4%, despite an acceleration in the pace of expansion, with 32% of beds under renovation or construction at end March 2008 compared to 28% at end March 2007. Orpea has thus demonstrated its ability to maintain a strong operating margin while continuing to lay the foundations for its future growth.

Net profit up sharply by 31.2%

Operating profit rose by 38.1% to €81.6 million, including €9.2 million in non-recurring items and mainly a €7.2 million capital gain on the sale of some plots of land owned by the Group which cannot be used for care projects.

Net financing costs amounted to €24.8m, reflecting the Group's sustained pace of development. Orpea enjoys optimum financing terms thanks to the quality of its assets, its track record in terms of visibility and financial robustness, and the highly buoyant outlook for its sector.
Despite the rise in net financing costs, net profit nonetheless rose by 31.2% to €41.2 million.

Real estate portfolio

At end 2007, Orpea's portfolio comprised 103 buildings, including 41 which are partially owned. These buildings, which mainly consist of single rooms, are recent or renovated and located in or near large towns.

The Group's properties were measured at their fair value in accordance with IAS 16, leading to a €198 million increase in shareholders' equity after tax. The revaluation was based on independent appraisals.

In total, the Group's property assets have a market value of €1.2 billion including €350 million in development stocks.

Real estate strategy

The excellent performance achieved during the year resulted from the real estate strategy implemented by the Group since its creation.

During the second half of 2008, Orpea will, as previously announced, partially outsource its large property portfolio. It now has the technical and fiscal expertise required for all the properties that might potentially be included in the outsourcing process.

The final choice will be between:

- Sale of some of the properties under construction to one or more investors and leased back to Orpea on a 12-year renewable lease (with rent increases limited to indexation).

- Contribution of some of the properties to a new property investment fund for qualified investors (OPCI RFA) of which Orpea would own a minimal stake of 60%.

- Direct sale of a number of properties.

This real estate optimisation strategy aims to maintain robust margins while controlling the impact of rents on operating performance, in order to pursue the Group's value creation policy. Rents proposed to investors will remain within the levels forecast in Orpea's business plan in order to preserve the Group's strong margins. A number of French and foreign investors have already expressed an interest in acquiring some of the Group's assets.

❑ Financing and financial flexibility

At 31 December 2007, shareholders' equity amounted to €501.6m.
Net financial debt stood at €880 million, comprising three separate components:

- Net operating debt of €238 million, hedged by derivative financial instruments. It is backed by the Group's network of 21,403 beds, which has a carrying value of €493 million excluding the authorisations obtained by the Group. These authorisations are not recognised in the financial statements.
- Property financing debt of €292 million, which in February 2008 was entirely swapped into fixed-rate debt for the next three years on the basis of a fixed 3-month Euribor rate of 3.87%. The loan to value ratio (LTV) therefore stands at 34% compared to generally accepted levels of 70%.
- Development debt of €350 million to finance property development projects.

The Group's financial ratios are below the covenants agreed by the banking pool, which gives it substantial financial flexibility to continue its expansion programme.

❑ Growth outlook

In 2008, Orpea will open 13 new facilities totalling about 1,200 beds.
The Group can look forward with confidence to a new year of growth in 2008 and to achieving its targets of at least €665 million in revenue coupled with continued robust margins.

In the medium-term, the nearly 7,000 beds currently under renovation or construction will increase the number of beds in operation by about 50% over the next three years.
The current portfolio of 21,403 beds already warrants potential revenue of €1 billion in 2011, without counting the revenue from additional authorisations or acquisitions obtained or made in the meantime.
The Group intends to maintain a sustained pace of expansion (authorisations and acquisitions) at about 3,000 new beds a year, while remaining attentive to its profitability and value creation criteria.

Dr. Jean-Claude Marian, Chairman and Chief Executive Officer, concluded: *"Our 2007 results are highly satisfying and further strengthen Orpea's business model in an increasingly buoyant sector with strong regulatory and business barriers to entry. In this context, Orpea has some substantial strengths:*
- *Solid experience and recognition of its expertise in total quality management;*
- *Unique skill in the renovation and construction of residential care facilities, with a specific team devoted exclusively to development;*
- *Ample financial capacity to continue its expansion;*
- *A track record of profitable growth.*

In a complex economic environment, Orpea's future growth is based on robust, sustainable fundamentals, giving the Group unique visibility for a steady strong growth, coupled with sustained margins, over the next five years."

Next Press Release:
2008 Q1 revenue: 6th May 2008 before market opening

About ORPEA (www.orpea.com): Listed on Euronext Paris since April 2002 and recently promoted to the Deferred Settlement Service, the ORPEA group is a leading player in the Long-Term Care and Post-Acute Care sectors. As of 1st March 2008, the Group has a unique European network of healthcare facilities, with 21,403 beds (17,283 of them operational) across 229 sites, including:

- 17,173 beds in France: 13,886 operational (including 2,440 being renovated) + 3,287 under construction, spread across 189 sites.
- 4,230 beds in Europe (Spain, Belgium, Italy and Switzerland): 3,483 operational (including 404 being renovated) + 747 under construction, spread across 40 sites.

Listed on Euronext Paris Compartment A of NYSE Euronext - ISIN: FR0000184798
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