ORPEA

LA VIE CONTINUE AVEC NOUS




2011 FIRST-HALF RESULTS

Dr Jean-Claude MARIAN, *Chairman*

Yves LE MASNE, *CEO*

Jean-Claude BRDENK , *COO*

September 2011

ORP LISTED NYSE EURONEXT

CONTENTS

ORPEA: European leader in dependency care

Business

- Long-term care facilities
- Post-acute and rehabilitation care facilities
- Pyschiatric care facilities
- 364 sites – 33,700 beds across Europe

Mission

- Offer a high quality of care, accommodation and services
- Ensure the well-being of residents and patients

Resources

- Over 22,000 loyal, motivated and trained employees
- Quality department permanently looking to improve
- High quality property portfolio

A high-growth and high-visibility sector

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- **Very strong growth in requirements in coming years, due to:**
  - ✓ An explosion in the number of very old people (mechanical demographic effect)
  - ✓ An insufficient number of beds
  - ✓ The insufficient quality of many existing beds: increase in medicalisation the number of private single rooms, etc.

  ➔ **A sector with secure growth in the coming 20 or 30 years**

- **Unique visibility**
  - ✓ No risks of delocalisation
  - ✓ No sensitivity to euro/dollar
  - ✓ Very little sensitivity to increases in oil and commodity prices

  ➔ **A defensive sector with little sensitivity to the economic situation**

- **Substantial barriers to entry in the countries in which ORPEA operates**
  - ✓ US, UK, Germany: the sector is open with substantial competition and no authorisation needed to open a home
  - ✓ France, Spain, Italy, Belgium and Switzerland: heavily regulated sector with a *numerus closus*

One of the few sectors able to combine strong growth, visibility and entry barriers

1 FIRST-HALF 2011 HIGHLIGHTS

Grasse (06), Post-acute care clinic

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Regulatory developments

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1	**Competitive bidding**	► Several projects announced in the Paris region ► Starting of process in 2012 across France ► Assumptions: 7,500 beds in 2012
2	**Reform of dependency care financing**	► Reform deferred to early 2012 ► Continuing development of dependency care insurance policies with the creation of a label
3	**"T2A" (Fee-for-care basis) payment system for post-acute and rehab care facilities**	► Reform deferred to 2013/14 ► Advantage for specialist post-acute and rehabilitation care facilities

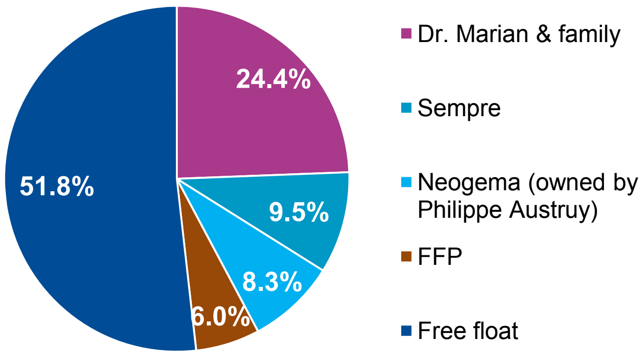
Few major changes to be expected during this half-year period and in the medium term

Changes to shareholding structure: entry of FFP

- **Investment of €88m representing 6% of ORPEA's equity**

- **FFP: a prestigious shareholder making a long-term commitment**
  - ✓ A family-owned investment company majority owned by *Établissements Peugeot Frères*
  - ✓ Investment philosophy: long-term minority stakes in companies presenting a solid growth outlook
  - ✓ Highly selective approach to investments

Shareholding structure (% of equity owned)



- **A real opportunity for ORPEA**
  - ✓ Convergence of strategy and corporate values
  - ✓ Strengthening of ORPEA's shareholding structure
  - ✓ Development of the Board's expertise with the addition of a representative of FFP

Long-term partnership enabling ORPEA to pursue actively its expansion policy

Openings and developments

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► Openings from 1st January: 4 facilities, 367 beds

Montélimar
(26)
Long-term care facility:
77 beds

Italy
Casier (Venice area)
Nursing home: 104 beds

Sigoulès
(24)
Long-term care facility:
80 beds

Mareuil-lès-Meaux
(77)
Post-acute care clinic:
106 beds

► Reminder of the developments announced in March 2011: 761 beds (=8 facilities + extensions)

- ✓ **502 operational beds + 55 beds to be renovated + 204 beds to be constructed**
- ✓ **More than 50% of the development abroad (Belgium and psychiatric clinic in Turin)**

A leading European player in the dependency care sector

33,700 beds across 364 facilities in 5 countries

including 24,512 beds in operation (excluding those under redevelopment)

France
27,014 beds
302 facilities

Beds in operation: 19,588
Beds under redevelopment: 2,859
Beds under construction: 4,567

Belgium
3,523 beds
32 facilities

Beds in operation: 2,190
Beds under redevelopment: 491
Beds under construction: 842

Spain
1,776 beds
16 facilities

Beds in operation: 1,776
Beds under redevelopment: 0
Beds under construction: 0

Italy
1,222 beds
12 facilities

Beds in operation: 883
Beds under redevelopment: 0
Beds under construction: 339

Switzerland
165 beds
2 facilities

Beds in operation: 75
Beds under redevelopment: 0
Beds under construction: 90

The biggest growth reserves in the sector

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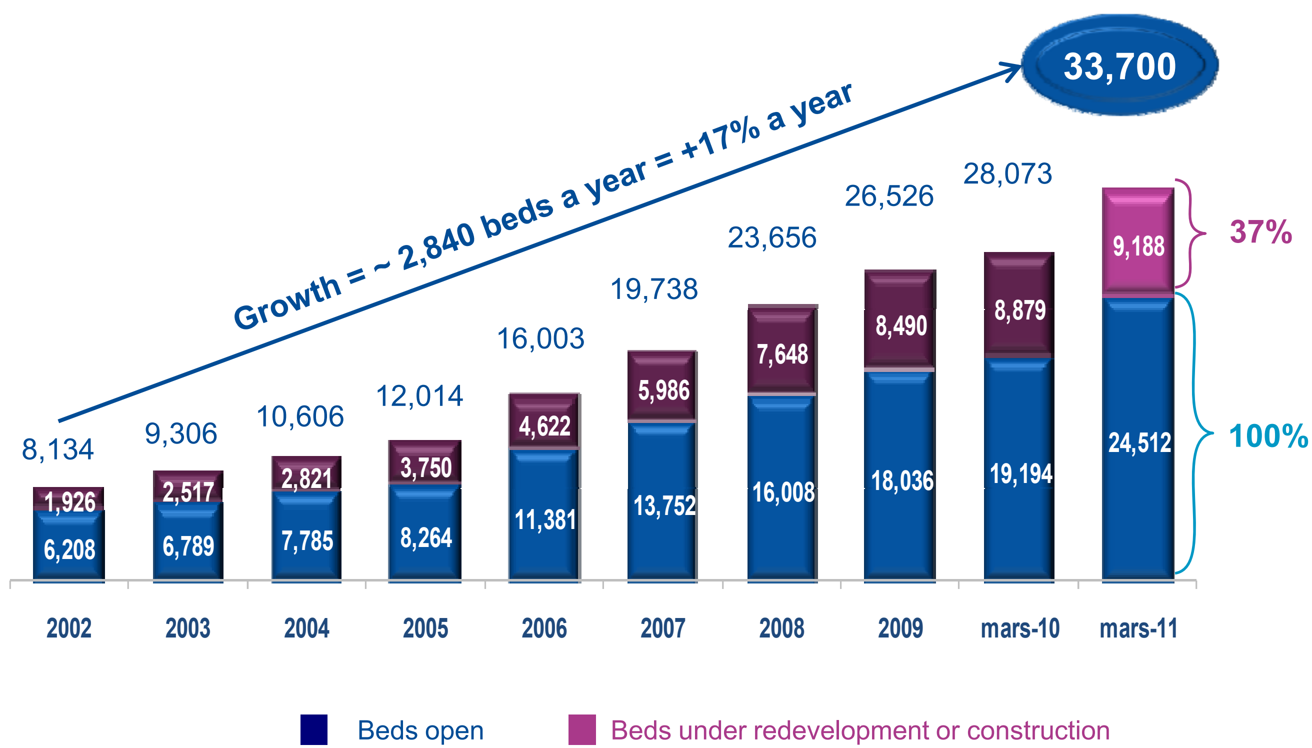
Network doubled in 4 years: +17,697 beds



9,188 beds under construction or redevelopment

Successful integration of Mediter Group

- Roll-out of Orpea procedures at facilities opened from 1st quarter of 2011
  - ✓ Quality control procedures and care protocols
  - ✓ Management and budget monitoring tools
  - ✓ Centralisation of support functions
- Training and integration of employees
- Faster than expected ramp-up of recently opened facilities
  - ✓ E.g.: Bouliac long-term care facility, Paris Belleville post-acute and rehabilitation care facility
- Return to monitoring of facility construction projects
- Start of projects to combine facilities with fewer than 80 beds
  - ✓ Projects identified and contact initiated with supervisory authorities
  - ✓ E.g.: 3 facilities in the Var region

A challenge that has been largely overcome: integrate 2 years of growth in 6 months

2 ORPEA's best practices in care services

Douarnenez (87), Post-acute care clinic

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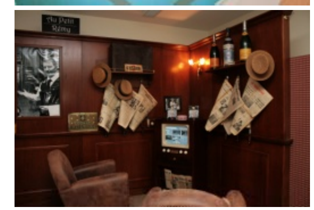
Alzheimer's care

- **Development of units, concepts, equipment and training specifically for Alzheimer's care**

- **Protected units with 10-15 beds at nearly all of the Group's long-term care facilities**

- **Active involvement in the Alzheimer mission's development and calls for projects**
  - ✓ **Enhanced Accommodation Unit**
  - ✓ **Activities and Adapted Care Area**

- **Roll-out of innovative concepts and equipment**
  - ✓ **Snoezelen rooms**: space providing stimulation for primary senses in a relaxing atmosphere
  - ✓ **Reminiscence areas**: room providing reminders of past events in the life of a patient
  - ✓ **Balneotherapy, adapted furniture**



Innovative and dedicated care

Development of specialisation in post-acute and rehabilitation care

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- **Specialisations in post-acute and rehabilitation care beds**
  - ✓ 9 specialisations recognised by supervisory authorities (Post-acute care decree 2008)

- **Choice of specialisations at the ORPEA Group**
  - ✓ **Geriatrics**: operating business unit to improve continuum of care provided for the elderly
  - ✓ **Occupational therapy**: Orpea’s core business line with highly effective technical platforms (11 facilities)
  - ✓ **Cardiovascular rehabilitation** (7 facilities)
  - ✓ **Oncology** (3 hospitalisation services)
  - ✓ **Persistent vegetative states** (4 hospitalisation services)

- **Aims of roll-out of specialisations**
  - ✓ Develop the reputation and visibility of facilities
  - ✓ Capitalise on the skills of medical teams and attract talented staff
  - ✓ Prepare for the transition to the “*T2A*” (fee-for-care basis) payment system (2013/14)
  - ✓ Different day price with regard to specialisation

Result to date: 55% of post-acute care beds are specialised

Psychiatry: care for children and young adults aged 11-25

- **Child psychiatry: a not very well developed speciality area with considerable needs**
  - ✓ Total number of beds open in France: just over 2,000
  - ✓ Considerable needs with the development of pathologies specific to children and young adults

- **Roll-out of child/psychiatric units at a number of the Group's facilities**
  - ✓ Sévrier, Saint Victoret, Vésinet, Montpellier etc.

- **Creation of a group of experts specific to ORPEA**

- **Targets of this roll-out**
  - ✓ Make the Group's facilities more attractive
  - ✓ Capitalise on the skills of medical teams and develop their reputation
  - ✓ Enhance day prices by specific care, equipment and nursing staff





Development of in-depth expertise to be able to respond to growing needs

Development of scientific and medical research

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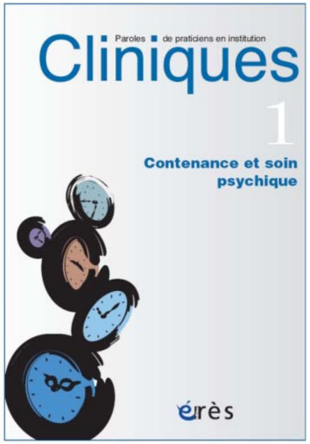
- **Targets:**
  - ✓ Enhance the Group's reputation
  - ✓ Capitalise on the skills of Group staff
  - ✓ Participate in the development of new approaches in dependency care



- **Creation of a Research and Medical Publications unit**

- **Publication of a *Collège des Psychologues* review every year since 2006**
  - ✓ Principle: explore a variety of clinical issues from the angle of practice at institutions

- **Study published in *La Revue Francophone de Gériatrie et de Gérontologie***
  - ✓ Need to pool the energy and skills of staff at the Group's post-acute and rehabilitation care facilities and long-term care facilities


La Revue Francophone de
GERIATRIE et de
GERONTOLOGIE
Votre revue de formation médicale continue en gériatrie

ÉTUDE COMMENTÉE

Dépistage précoce des démences en SSR

P. PORTE[1], K. LAHMI[2], J.-M. AUQUE[3], Y. CARNET[4], A. GALLIOU[5], P.-M. PREUX[6], M. LABOURDETTE[7], P. ZAWIEJA[8], P. MÉTAIS[9]

1. MÉDECIN GÉRIATRE, CLINIQUE PIERRE DE BRANTÔME (ORPÉA/CLINÉA) LES BALANS 24130 BRANTÔME.
2. MÉDECIN GÉRIATRE, CLINIQUE DU PONT DE SÈVRES (ORPÉA/CLINÉA) 76-78 RUE DE SILLY 92513 BOULOGNE-BILLANCOURT.
3. MÉDECIN GÉRIATRE, CLINIQUE DE L'OLIVERAIE DES CAYRONS (ORPÉA/CLINÉA) 275 CHEMIN DE LA TOUR 06140 VENCE.
4. MÉDECIN GÉRIATRE, CLINIQUE VILLA MARIE-LOUISE (ORPÉA/CLINÉA) 19 RUE JEAN BONAL 92250 LA GARENNE-COLOMBES.
5. MÉDECIN GÉRIATRE, CLINIQUE DES GLÉNAN (ORPÉA/CLINÉA) CHEMIN DE KERSALÉ BP 55 29950 BÉNODET.
6. INSTITUT D'ÉPIDÉMIOLOGIE NEUROLOGIQUE ET DE NEUROLOGIE TROPICALE, FACULTÉ DE MÉDECINE 87025 LIMOGES CEDEX.
7. EISAI, TOUR MANHATTAN 5/6, PLACE DE L'IRIS 92095 PARIS LA DÉFENSE 2 CEDEX.
8. CHEF DE PROJET RECHERCHE, ORPÉA/CLINÉA 1-3 RUE BELLINI 92806 PUTEAUX CEDEX.
9. MÉDECIN GÉRIATRE, COORDINATEUR DE L'ENQUÊTE, ORPÉA/CLINÉA 1-3 RUE BELLINI 92806 PUTEAUX CEDEX.

Cette étude a été réalisée dans le cadre d'une collaboration entre le groupe Orpéa-Clinéa et les laboratoires Eisai.

Enhancing the Group's brand image

Defibrillators installed across ORPEA's network

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- **Out-of-hospital cardiac arrests: a major public health issue**
  - ✓ 40,000 deaths a year in France (Source: INSERM, May 2005)
  - ✓ Rapid intervention thanks to defibrillator and cardiac massage: saves 10,000 lives a year
  - ✓ Need to extend roll-out of defibrillators in public areas, businesses etc.

- **161 defibrillators installed in ORPEA's Long-Term Care facilities**
  - ✓ Places where residents live and pass through
  - ✓ "Help us to save lives" partnership with RMC/BFM
  - ✓ Listed on the "Defibrillators in France" iPhone application

- **Targets**
  - ✓ Improve facilities' local presence and ties with the community
  - ✓ Provide even more protection for residents

- **Already used more than 15 times in less than 6 months**

Orpea: committed to public health issues

3 2011 FIRST-HALF RESULTS

Asnières-sur-Seine (92), Post-acute care clinic

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H1 2011: new HY of profitable growth

2011 INITIAL TARGETS	H1 2011 ACHIEVEMENTS
Sales: €1,210M **+25,5%**	**€594.2M** **+26.6%**
Strong organic growth	***+8.5%***
Maintain a high level of profitability	**EBITDAR margin: 25.2%** ***+100 bp***
Up-ramping of recent facilities	**Recurring operating margin of ORPEA excluding MEDITER*** **14.2%**

**Scope of Mediter and Mieux Vivre facilities acquired at 31.12.2010*

The limited examination procedure are currently underway

Strong growth of sales in H1 2011

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In €m	H1 2011	H1 2010	▲ %
France	**525,7** *88%*	413,3 *88%*	***+27,2%***
International	**68,5** *12%*	55,8 *12%*	***+22,8%***
Belgium	33,5	27,1	
Spain	15,2	14,7	
Italy	12,0	8,6	
Switzerland	7,8	5,4	
Total	**594,2**	469,2	***+26,6%***

Sales

€594.2M
+26.7%

Strong organic growth

+8.5%

Half-year average growth over 5 years

+11.8%

Half-year sales(€m) over 5 years:

The limited examination procedures are currently underway

Sustained increase in profitability

In €m	H1 2011	H1 2010	▲ %
Sales	594.2	469.2	+26.6%
EBITDAR (EBITDA before rents)	150.0	113.4	+32.3%
Recurring EBITDA	105.6	83.3	+26.8%
Recurring EBIT (Rec. Ope. Profit)	78.1	62.6	+24.8%
EBIT (Operating Profit)	90.8	72.3	+25.6%
Financial result	(31.7)	(25.3)	(+25.3%)
Net profit (Group share)	40.3	32.5	+24.1%

Solid profitability considering the MEDITER integration and 30% of network in development

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Sound profitability in H1 2011

In €m	H1 2011	H1 2010	▲ %
Sales	**594.2**	469.2	**+26.6%**
Staff costs	(297.8)	(237.9)	+25.2%
Expenses	(117.5)	(93.3)	+25.9%
Taxes and duties	(26.8)	(22.5)	+19.1%
Other income and expenses	(2.2)	(2.1)	N.S.
EBITDAR (EBITDA before rents)	**150.0**	113.4	**+32.3%**
	25.2%	*24.2%*	
Rents	(44.4)	(30.1)	+47.5%
Reccuring EBITDA	**105.6**	83.3	**+26.8%**
Amortisation and depreciation	(27.5)	(20.6)	+33.3%
Reccuring EBIT (Rec. Ope. Profit)	**78.1**	62.6	**+24.8%**
	13.1%	*13.3%*	
Non-reccuring items	12.7	9.7	N.S.
EBIT (Operating Profit)	**90.8**	72.3	**+25.6%**
	15.3%	*15.4%*	

EBITDAR Margin

25.2%
+100 bp

Operating margin

15.3%

The limited examination procedures are currently underway

Change in rents

Average increase in rents: +1.7%

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Significant improvement in profitability

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In €m	H1 2011 MEDITER	H1 2011 ORPEA (excluding MEDITER)	H1 2010 ORPEA	
Sales	68.0	**526.2**	469.2	
EBITDAR (EBITDA before rent)	15.0	**135.0**	113.4	
	22.1%	*25.7%*	*24.2%*	**+ 150 bp**
Rents	(8.8)	(35.6)	(30.1)	
Recurring EBITDA	6.2	**99.4**	83.3	
	9.1%	*18.9%*	*17.8%*	**+ 110 bp**
Depreciation and amortisation	(2.5)	(25.0)	(20.6)	
EBIT (Operating profit)	3.7	**74.4**	62.6	
	5.4%	*14.1%*	*13.3%*	**+ 80 bp**

Significant improvement in ORPEA's profitability with upramping of MEDITER

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Geographical breakdown of profitability

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In €m	H1 2011			H1 2010		
	Sales	Recur. EBITDA	% Sales	Sales	Recur. EBITDA	% Sales
France	525.7	97.7	*18.6%*	413.3	76.7	*18.5%*
Spain	15.2	0.9		14.7	0.6	
Belgium	24.3	4.7		20.1	3.4	
Italy	9.9	1.7		6.6	1.4	
Switzerland	7.8	2.4		5.4	1.6	
International, excluding heavy restructuring	57.2	9.5	*16.6%*	46.9	7.2	*15.3%*
SUBTOTAL	582.9	107.2	*18.4%*	460.2	83.9	*18.2%*

International, restructuring and development						
Belgium (9 sites)	9.2	(0.7)	-8%	7.0	(0.3)	
Italy (3 sites)	2.1	(0.9)	-43%	1.9	(0.5)	
TOTAL	594.2	105.6	*17.8%*	469.1	83.2	*17.7%*

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Sound financial structure

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	In €m	30 June 2011	31 Dec. 2010
ASSETS	**Fixed assets**	**3,440**	**3,234**
	Goodwill	274	431
	Intangible assets	1,065	835
	Tangible assets & property assets under development	2,021	1,911
	Other non-current assets	80	57
	Current assets	**372**	**527**
	Of which cash and cash equivalent & marketable securities	*119*	*277*
	Assets held for sale	*141*	*120*
	TOTAL ASSETS	**3,953**	**3,880**
LIABILITIES	**Shareholders' equity Group share and perpetual deferred tax**	**1,166**	**1,104**
	Shareholders' equity Group share	906	865
	Deferred tax (Quasi shareholders equity)	260	239
	Minority interests	**27**	**29**
	Fixed liabilities	**1,832**	**1,760**
	Other deffered tax liabilities	294	266
	Provisions for liabilities and charges	37	36
	Long-term financial debt	1,500	1,459
	Passif Courant	**787**	**867**
	Of which short-term debt (bridging loans and property refinancing)	*342*	*389*
	Debt linked to assets held to sale	*141*	*120*
	TOTAL LIABILITIES	**3,953**	**3,880**

The limited examination procedures are currently underway

Debt ratios and financial flexibility

Indicators	30 June 2011	31 Dec. 2010
Net financial debt*	1,723	1,571
Restated financial leverage [1]	3.59	3.3
Restated gearing [2]	1.56	1.5

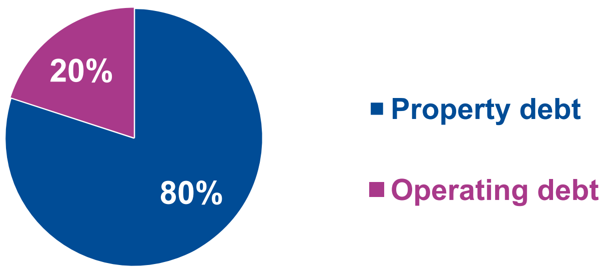
** excluding the effect of assets currently being divested for €141M*

1 $$\frac{\text{Net financial debt} - \text{Property debt}}{\text{EBITDA} - (6\%\ \text{Property debt})}$$

2 $$\frac{\text{Net financial debt}}{\text{Shareholders' equity} + \text{quasi equity}}$$

Wide respect of banking covenants

Breakdown of the debt



The limited examination procedures are currently underway

Net debt structure and cost

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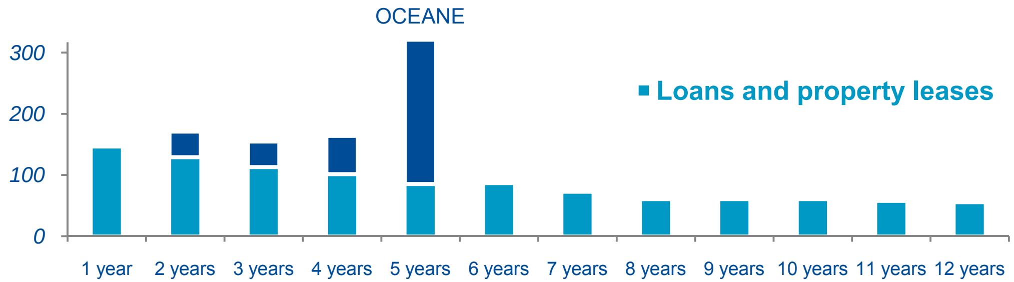
Medium and long-term debt, property leases and convertible bonds

✓ Maturity schedule



Bridge loans = financing for property under construction

✓ €344m over 4 years

✓ Converted into:
- Property lease if owner
- Cash if asset sold to property investors

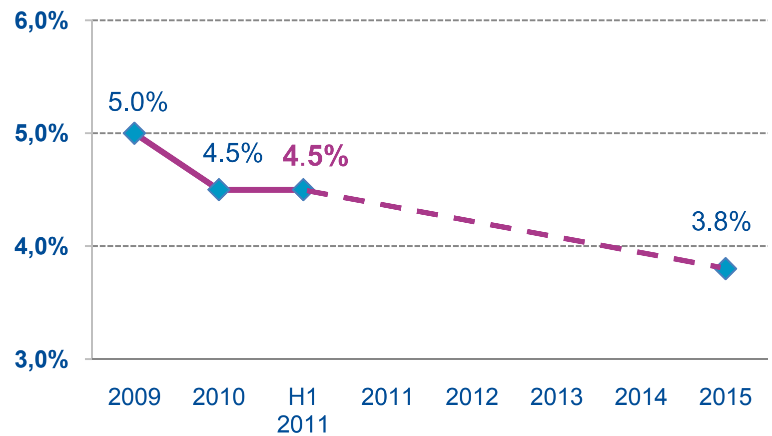
✓ €81m cash inflow in H1 2011 from lease financing and property sales, prospect of higher figures in H2 2011

Debt hedging

Proportion of debt hedged at fixed rate:

- ***75%*** in 2011
- ***More than 80%*** in 2012
- ***More than 90%*** **from** 2013 to 2015

Change in cost of debt (after hedging)



The limited examination procedures are currently underway

Operations: securing future growth

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Assets

- Network of 33,700 beds
  - ✓ 24,512 operational
  - ✓ 3,350 operational but to be renovated
  - ✓ 5,838 under construction

Value of intangible assets:

€1,065m

Liabilities

- Financing by medium-term 5 to 7-year loans
- No significant maturity: loans progressively repaid
- Hedged by derivatives: fixed-rate swaps

Net operating debt:

€379m

Network of high-potential beds, partially valued as assets

The obtained authorisations are not incorporated in the Balance

The limited examination procedures are currently underway

Real estate: securing future profitability

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Total property assets*
€2,021m

Net property debt*
€1,344m

Operating property: €1,510m

- ✓ **Value in the balance sheet: +6% in 6 months** (acquisitions and end of construction)
- ✓ 745 000 sqm on more than 1 million sqm of land
- ✓ **226** buildings, of which 82 are partly owned
- ✓ Strategic locations and age of less than 10 years

Financing secured in the long term

- ✓ Finance lease and long-term loan (12-15 years)
- ✓ Yearly repayment on a straight-line basis
- ✓ No bullet loans
- ✓ No refinancing payments due

+

Property under development: €511m

- ✓ Properties under construction or land
- ✓ **Value in the balance sheet: +5% in 6 months**

+

Variety of sources of financing

- ✓ Property lease if ORPEA remains owner
- ✓ Sold to individual investors via furnished professional leases, furnished non-professional leases, Scellier scheme
- ✓ Sold to family offices, institutional investors or REITs

Solid and defensive property portfolio, ensuring future profitability and backed by lasting financing

The limited examination procedures are currently underway * Excluding assets and liabilities held for sale: €141m

Ambitious investments for a secured growth

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In €m	H1 2011	H1 2010	▲ %
Recurring EBITDA	**106**	83	*+27%*
Net cash flow from operating activities	**66**	44	*+50%*
Net investment cash flow	**(198)**	(160)	*+24%*
Property investments	(186)	(131)	
Property sales	40	15	
Acquisitions	(24)	(32)	
Others	(29)	(12)	
Net financing cash flow	**(26)**	30	*n.s.*
Change in cash position (30 June)	**+119**	+49	

Cash flow from operating activities

+52%

Investments

€198m

Investments dedicated to a strong sustainable growth of EBITDA:
Change on 5 years (H1 2011 / H1 2006): +193%

The limited examination procedures are currently underway

4 OUTLOOK AND TARGETS

Douarnenez (29), *Post-acute care clinic*

Next 6 months openings: 1,500 beds

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Sainte Maxime
(83)
Long-term care facility
90 beds

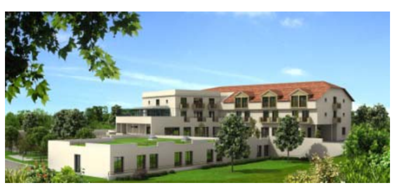
Osny
(95)
Post-acute care clinic
60 beds

Roquebrune Cap Martin
(06)
Long-term care facility
110 beds

Toulon
(83)
Psychiatric clinic
160 beds

Boulogne
(92)
Long-term care facility
110 beds

Messigny Dijon
(21)
Long-term care facility
88 beds



Boussy Saint Anoine
(91)
Long-term care facility
84 beds

Saint Maur des Fossés
(94)
Long-term care facility
80 beds

Saint Laurent du Var
(06)
Long-term care facility

Nîmes
(30)
Long-term care facility
81 beds

Paris Mechain
(75)
Post-acute care clinic
105 beds

Other development projects

Clichy Batignolles
(75)
Long-term care facility

La Garenne Colombes
(92)
Long-term care facility

Cannes Montfleury
(06)
Long-term care facility

Chamalières
(63)
Post-acute care clinic

Nantes
(44)
Long-term care facility

Brasles
(02)
Long-term care facility

Berlaimont
(59)
Long-term care facility

Meyzieux
(69)
Post-acute care clinic

Marseille
(13)
Post-acute care clinic

Le Cateau Cambresis
(59)
Long-term care facility

Development of the Group's governance

- **Reinforcing* the expertise of the Board of Directors with two proposed new directors**
  - ✓ **FFP, represented by Mr Thierry Mabille de Poncheville,** shareholder since July 2011, will provide its vision as a long-term investor and its expertise
  - ✓ **NEO-GEMA, represented by Mr Philippe Austruy,** shareholder since December 2010, will provide its experience and expertise in dependency care

- **A Board of Directors made up of 7experienced members supporting the Group's development in a variety of ways**

Board of directors

7 members

Dr. Jean-Claude Marian – Chairman

Yves Le Masne – CEO

Thierry Mabille de Poncheville – FFP

Philippe Austruy – NEO-GEMA

Brigitte Michel

Alexandre Malbasa

Jean Patrick Fortlacroix - Independent

Audit committee

Compensation committee

Classic governance best practice

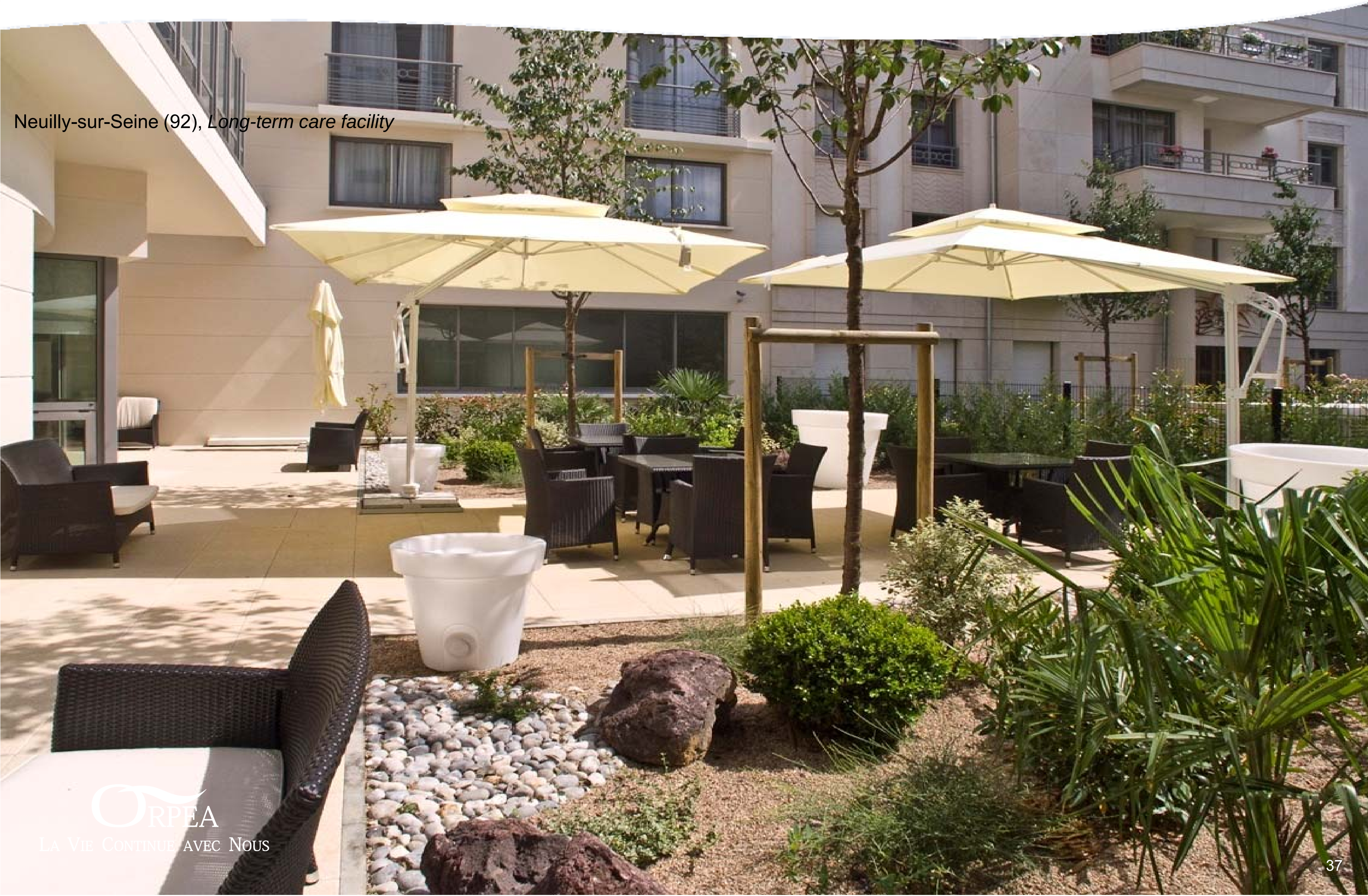
* Subject to approval at the general shareholders' meeting of 17 October 2011

Pursuance of a profitable growth strategy

Sales	Profitability and cash flow	Development	Real Estate	Financial flexibility
▶ Integration of 9,188 beds under redevelopment or construction, including MEDITER beds	▶ Constant growth of mature facilities ▶ Ramp up on new facilities	▶ New authorisations ▶ Selective acquisitions ▶ International	▶ Ownership of 50% of facilities ▶ Divestment by letting of furnish property, direct sales to Family offices, Reits, …	▶ Growth of the number of facilities at maturity
2011 sales at €1,230m +27,6%	**Growth in profits**	**~ 3,000 beds per year**	**Growth of the protfolio**	**Improvement of debt ratios**

Profitable growth dynamic

APPENDICES



Neuilly-sur-Seine (92), *Long-term care facility*

Sector fundamentals in France: demand growing faster than supply

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Trends in resident profile

- People aged over 85: 15% go to nursing homes
- People aged over 90: 25% go to nursing homes
- **Increase in average age**: 86
- **Decrease in length of stay :** 18 to 24 months
- Increasingly heavy dependency

Needs growing rapidly

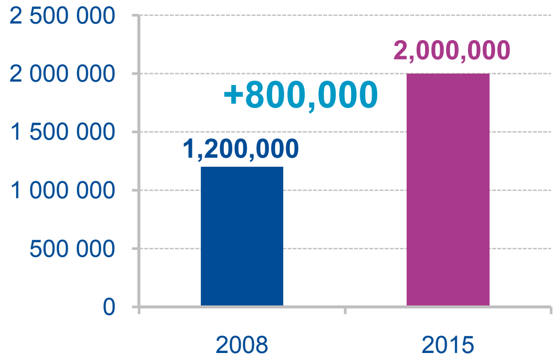
- People aged over 85: +66% from 2008 to 2015
- Increase in **disorientation** problems (60% of people in homes)
- 225,000 new cases of neurodegenerative illnesses diagnosed each year

Insufficient and inadequate supply

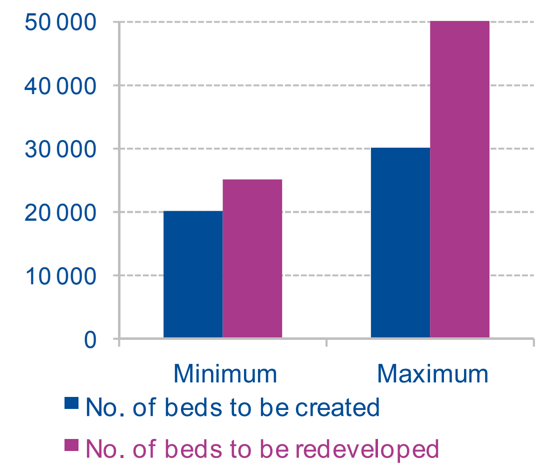
- 20,000 to 30,000 more beds will be needed by 2015 (200-350 per *département – French county*)
- 5 to 10% of existing beds are "inadequate“: 25,000 to 50,000 beds to rebuild
- High occupancy rate in care facilities: 96%
- Very few new authorisations granted in 2011

Fundamentals will drive growth

Trends in the number of people aged 85+



Trends in the number of new or redeveloped beds in the next 5 to 10 years



Major financing issues for the public authorities

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Construction budget to find for the sector in the next 5 to 10 years

- ✓ Average construction (or redevelopment) cost: €90,000 per bed (€80,000 for private sector, €100,000 for public) (without cost of land)
- ✓ Number of beds:
  - to be created (bids 2011-2015): 20,000 to 35,000*
  - to be built: 25,000 to 50,000 existing "inadequate" beds

➔ **€4.05 to €7.2 billion** (without cost of land)

Operating budget under Tripartite Agreements

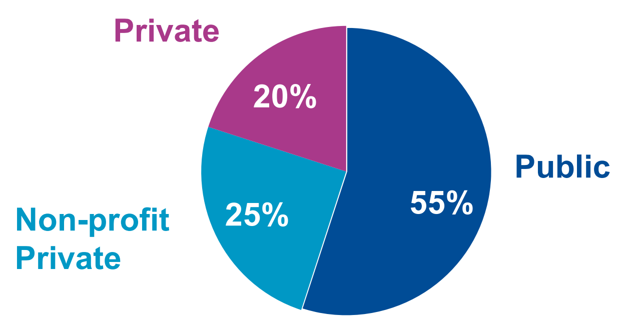
- ✓ Care allowance (paid by the national health service): €17 to €27 per day
- ✓ Dependency allowance (paid by the local authority): €5 to €7 per day
- ✓ No profit margin for facilities (euro-for-euro reimbursement)

➔ **€230 to €375m per year**

Low market share of Private sector (20% of beds)

- ✓ Number of long-term care beds in France: 540,0000
- ✓ Given the state of national, regional and local public finances, the Public and Non-profit Private sectors have limited investment capacity

Breakdown of care beds



Private sector: growing role linked to its investment capacity

* This figure is not high impact: 540,000 existing beds, therefore 20,000 to 35,000 beds only represent 4% to 7% more than the existing network

Increase in elderly revenues

Comparison of nursing home cost vs. wealth

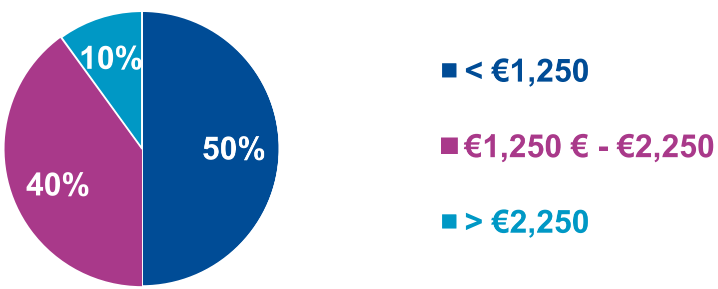
Average cost of care for a resident	€46,200
	Assumptions: ▶ Average room cost: €2,200 per month ▶ Average length of stay: 21 months

Average wealth of people aged 85+	€135,000

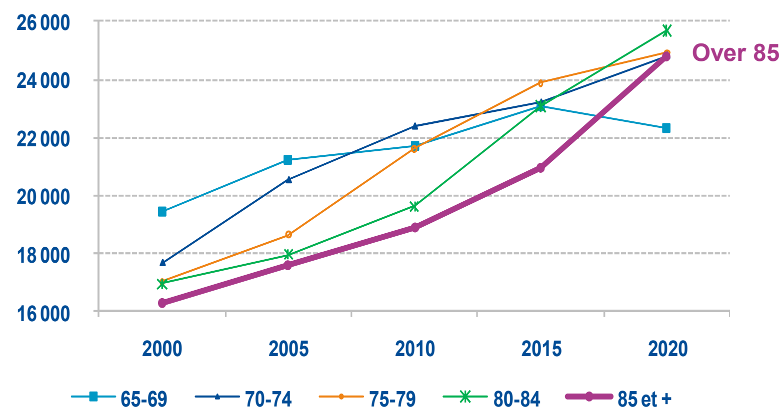
Source: IGAS 2010 report: €110,000 to €160,000

Income of the elderly

Average pension (excluding other income)**:**
€1,300 per month with wide disparities



Trends in income of the elderly by age bracket
(in € 2,000 per consumption unit)



Source: Report by Jean De Kervasdoué, Professor of Health Services Economics and Management, CNAM

A sector that remains fragmented in France

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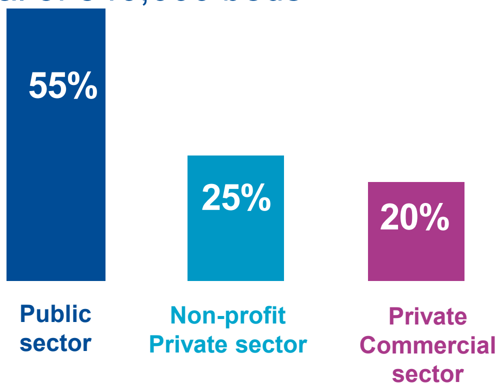
► **Low representativity** of the private commercial sector:

Out of a total of 540,000 beds



2001-2005 changes:

- ✓ Public sector: -1.5%
- ✓ Non-profit Private sector: +3.5%
- ✓ Private Commercial sector: +7.0%

As a reminder:

- ✓ UK: 70% for Private Commercial sector
- ✓ Spain: 50% for Private Commercial sector

► **A Private Commercial sector is still highly fragmented**

✓ **4 major groups (> 4,000 beds)**

Group	Number of beds in France	Number of beds abroad	Total
ORPEA	**16,417**	**4,040**	***20,457***
DOMUS VI / DOLCEA	16,511	1,989	*18,500*
KORIAN	10,699	6,668	*17,367*
MEDICA	8,785	1,522	*10,307*

*Source:"Mensuel des Maisons de Retraite," (Monthly Professional Newspaper) January 2011**

- ✓ 15 mid-sized groups (between 500 and 4,000 beds)
- ✓ 800 individual owners (including 700 with between 5 and 40 beds)

Per diem price setting

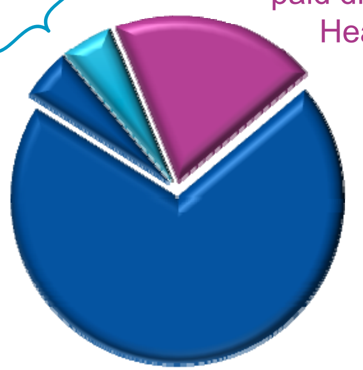
► Long-Term Care facilities

Direct reimbursement of costs:
no profit margin

Dépendance : 10%

- ✓ Dependent on the level of dependency and resources
- ✓ Mostly paid by the Local Authority ("APA") with a small portion paid by the resident

Care: 20%
paid directly by National Health Insurance



Accommodation:

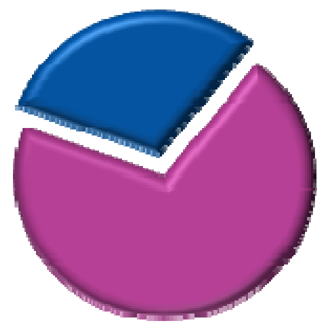
- ✓ **70% paid directly by the residents**

Average per diem price for accommodation in a French facility: €70 (outside Paris and Paris area)

► Post-Acute Care and Psychiatric clinics

Single room sup.:

- ✓ 30% paid directly by patients and/or private health insurance



Care & accommodation (in a double bedroom)**:**

- ✓ 70% paid directly by National Health Insurance

IFRS: amendment to IAS 17 on leases

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Principle

- Accounting treatment of property leases
- Capitalisation at present value of lease payments for all the length of the lease contracts

Objectives and timeframe

- Strengthen transparency and clarity
- Facilitate comparability of financial statements independently of property strategy
- Implementation due in 2014 with proforma statements in 2013

Impacts

- Balance sheet:
  - ↗ Liability
  - ↗ Non-current asset representing the right to use the leased item (right-of-use asset)
- Earnings:
  - ↗ EBITDA
  - ↗ Amortisation
  - ↗ Financial expense
- Strategy: less interest in off-balance sheet financing in debt reduction strategies

➡ **Reform favourable to companies that already have a large property portfolio, encouraging them to keep and develop it to increase wealth in the longer term**

Stock market information

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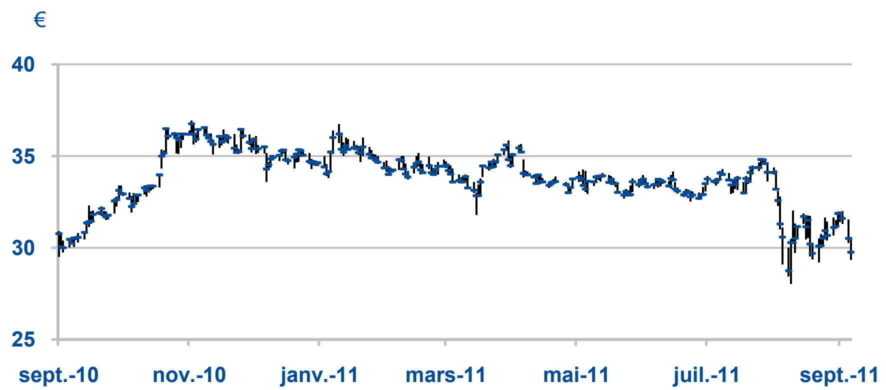
Market data (last 12 months):

- ✓ **Average daily volume:** 56,905 shares
- ✓ **Price:** €29.275
- ✓ **High (12 months):** €36.94
- ✓ **Low (12 months):** €28.03
- ✓ **Turnover:** 35% in 12 months
- ✓ **Mkt Cap:** €1,239m
- ✓ **Nb of shares:** 42,352,795



Data at 12th September, 2011

Indices:

- ✓ **Compartment A of Euronext Paris by NYSE Euronext**
- ✓ **Member of MID CAC 60 and SBF 120**
- ✓ **Member of SRD**

ORP LISTED NYSE EURONEXT

Financial calendar*:

- ✓ **Revenue for the 3rd quarter 2011: 09.11.2011 (before market opening)**

Contacts:

- ✓ **ORPEA** - Yves Le Masne – CEO

  Steve Grobet, Investor Relations, Tél. : +33 (0)1 47 75 74 66, s.grobet@orpea.net

- ✓ **New***Cap*. - Financial Communications & Investors Relations - Tel.: +33 (0)1 44 71 94 94 - orpea@newcap.fr

**Subject to change*