First-half 2014 results

ORPEA

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September 2014

Agenda

1. Introduction
2. Development in China
3. ORPEA's development and network
4. First-half 2014 results
5. Openings and projects
6. Acquisition of Silver Care
7. Conclusion






Nursing Home in Brussels, Belgium

Introduction

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A European leader in global dependency care

1 Business: global dependency care

- Nursing homes
- Post-acute and rehabilitation hospitals
- Psychiatric care hospitals

2 25 years of expertise

- Expertise in high-quality dependency care (process, control, quality etc.)
- In-house expertise in designing, building and refurbishing facilities
- Expertise in recruitment, training and staff career development

3 A European network

- 524 facilities/ 52,078 beds
- 39% of the beds outside France
- Pipeline of 8,629 beds (53% outside France)

Quality at the heart of ORPEA's strategy

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- **Objective of the Quality approach adopted in 1998: consider all possible ways of enhancing and improving services provided to residents and patients**

Ethics Discussions among staff regarding the values that underpin our professional activities (willingness to listen, respect, mutual assistance, trust etc.)	**"Team commitments charter"** specific to each facility
Satisfaction Listening to the expectations of residents, patients and correspondents	Annual external satisfaction survey **Residents: general satisfaction score of 92.2% in 2013** Correspondents: general satisfaction score of 96.5% in 2013
Application Rigorous procedures and protocols at all stages of care	**Procedures reassessed on an ongoing basis**
Control Regular internal assessments	Every six months, **over 200 points assessed per facility**
Recognition External certification procedure	100% of post-acute, rehabilitation and psychiatric clinics HAS-certified 82 long-term care facilities SGS-certified
Pro-active training policy Train the largest possible number of staff and continually update their skills	**Over 250,000 hours of continuing training** provided in 2013 Ongoing program: 6 mini-training sessions (30-45 minutes) per month per facility

Recognition of the approach: 3 Awards to ORPEA at the Old Age Ceremony

H1 2014: combination of profitable growth and strong momentum from international acquisitions

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2 strategic acquisitions outside France

- **2 strategic acquisitions**: Senevita in Switzerland and Silver Care in Germany[1]
- **Network increased by 20%**: 8,256 beds (82 facilities)
- **Approx. €330m of additional revenue** at maturity on a full-year basis

Continued profitable growth

- Rapid pace of new openings: **1,369 beds**
- Solid revenue growth: **+13.8%**
- EBITDAR margin: **+50bp**

First project in China

- Rolling out the ORPEA model: recruitment, training, marketing etc.
- **First facility in Nanjing with 240 beds**
- Scheduled to open in Q2 2015

Job creation momentum

- Ongoing active recruitment efforts: **over 1,800 FTE staff**
- Including around **600 newly created jobs** related to new facilities
- Enhanced training policy

[1] Silver Care acquisition in Germany is effective 1 July 2014

Nursing Home in Nanjing, China

Development in China

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China and the challenge of population ageing

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温馨呵护・尊享人生

Sharp increase in the number of older people and neurodegenerative diseases

- **23 million people aged over 80 in 2013**: expected to double to 45 million by 2025
- **By 2030, around 30% of those aged 80+ will be suffering from Alzheimer's disease**, i.e. over 10 million people
- According to the *Chinese Center for Disease Control and Prevention*, the number of people suffering from Alzheimer's disease in China in 2050 will be the same as the number in all developed countries combined

Facilities unsuited to caring for highly dependent people

- Existing facilities mainly consist of **public-sector social retirement homes**
- **Recent development of private-sector facilities, mainly serviced residences, by Chinese developers and insurers**
- **Very limited offering in care for highly dependent people, despite requests from the Chinese authorities**

Strong, often-expressed political will

- **Authorisation granted to foreign private-sector companies** to develop nursing homes and hospitals that are wholly foreign-owned entities (WFOEs)
- Warmly welcomed by the various local and national authorities
- Healthcare and ageing: Chinese government's new priorities

Major development opportunity for a group with expertise in caring for highly dependent people

Creation of ORPEA's first nursing home in Nanjing

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Nanjing: a dynamic city

- Population of 8.2m inhabitants
- **Number of people aged over 80: 160,000,** set to rise five-fold to 800,000 by 2050
- City driven by new technologies, with high purchasing power

Located in a recently built, green district

- **A recently built, modern, leafy and residential district**
- Located on the site of the new, high-end, ultra-modern international hospital
- Building of around 20,000 m^2 on a leafy 2-hectare plot

L'hôpital de la Tour-du-Tambour, primé aux Awards de l'architecture.

DR

A high-quality, 240-bed facility

- **240 beds** to accommodate dependent residents
- **Mostly individual rooms** of 25-60 sqm in size
- **A high-end service offering**: spa, catering, etc.

Progress

- Fitting and decoration work underway
- **Opening scheduled in Q2 2015**

A high-end project

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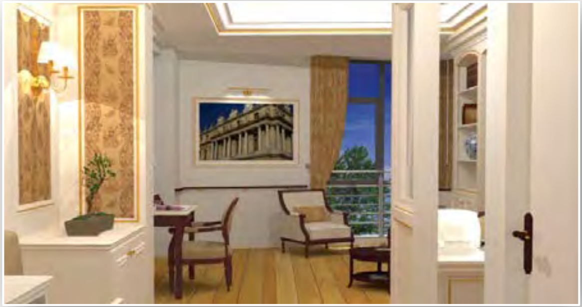
温馨呵护 · 尊享人生

Decoration plans

Chinese-style decoration	French-style decoration
	
	
	

Roll-out of the ORPEA offering to prepare for the Nanjing opening

Strengthened head-office teams

- **4 Managers recruited for key positions: HR, Development, Quality and Marketing/Communication**
- **Construction department led by an experienced ORPEA employee**
- **Gradual, cautious build-up phase**

Recruitment and training

- Partnership plans with nursing schools
- **Translation and adaptation of training materials**
- **Planned exchanges between France and China for medical teams**

Marketing and communication

- **Implementation of a communication/marketing plan**
- Objective: promote the concept of the high-end medical nursing home
- Using the internet, social media etc.

Requirement to prepare properly ahead of the opening

Post-acute Hospital in France

ORPEA's development and network

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Adjusting the organisation in line with the Group's international development

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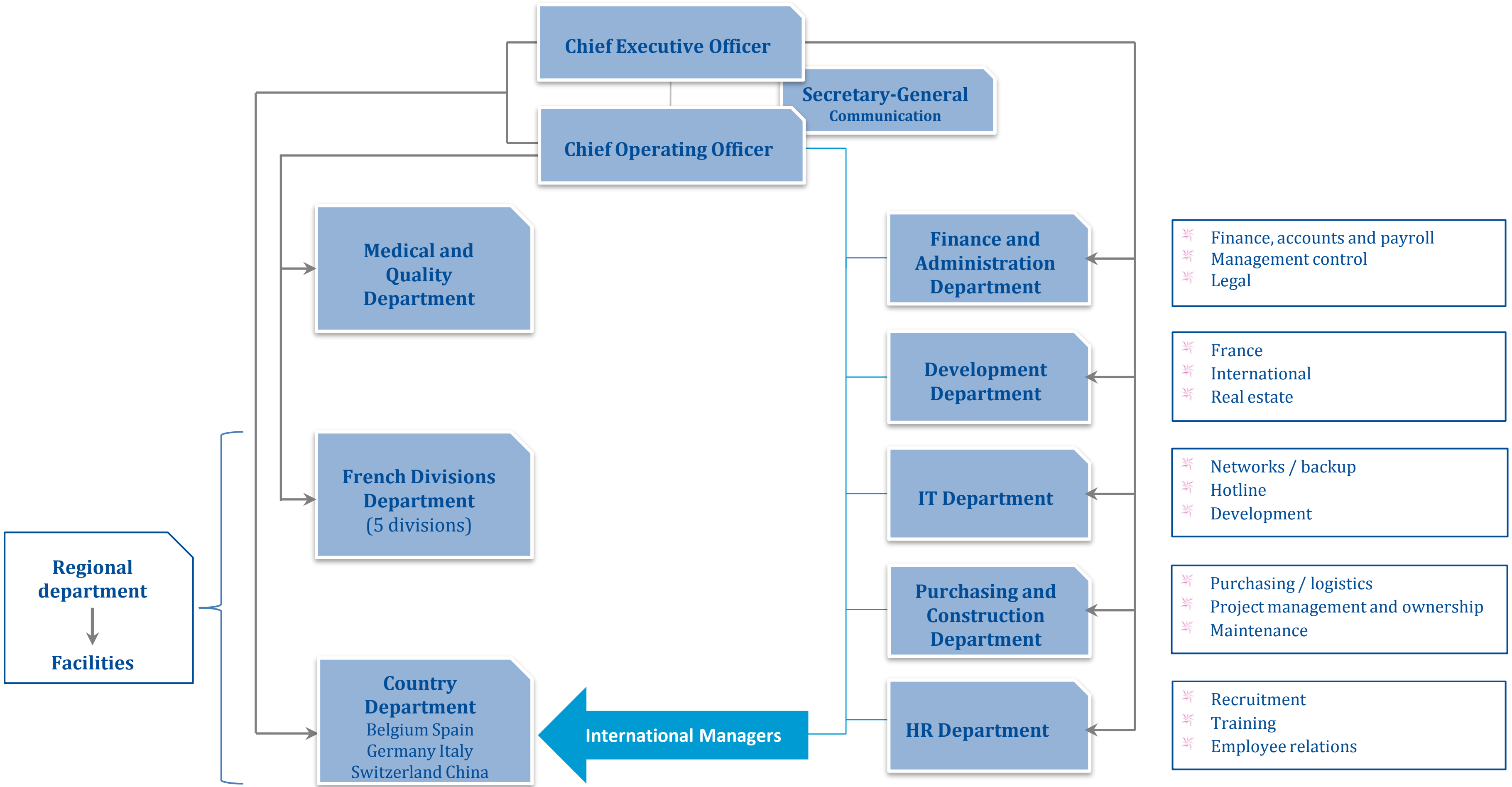
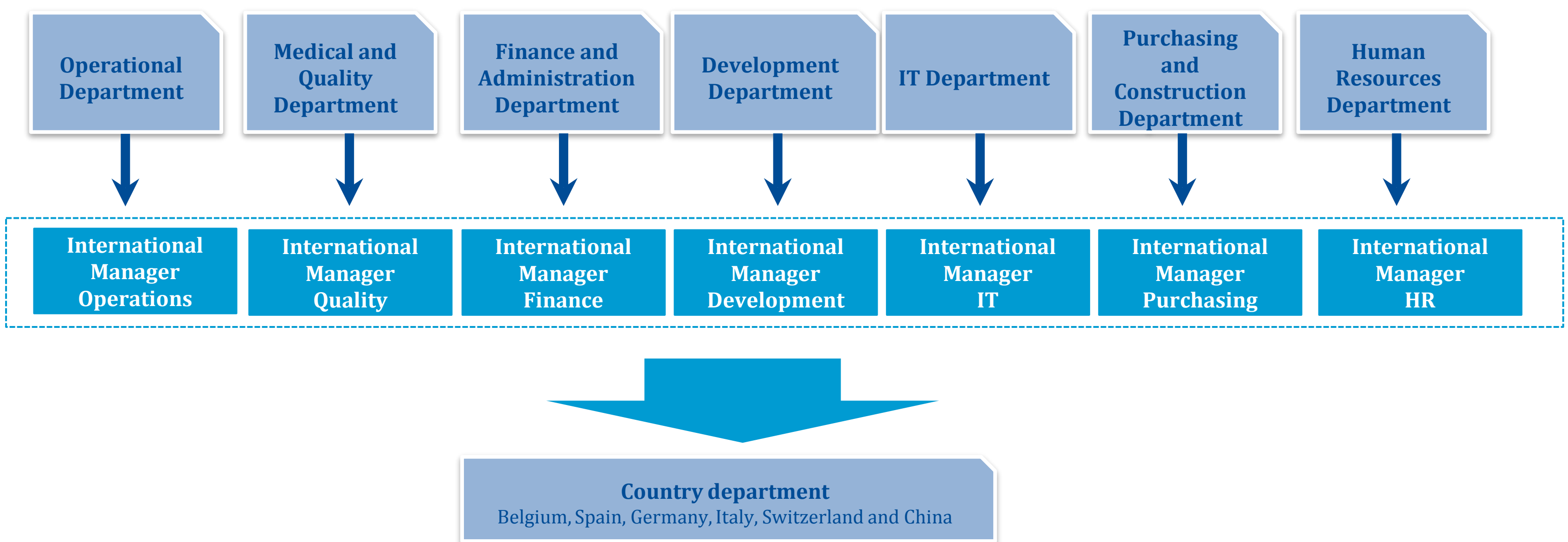
- Managing countries directly, jointly with the CEO and COO, to increase responsiveness
- 1 Manager per country with access to expertise and networks in his/her region
- Introduction of International Managers for central functions



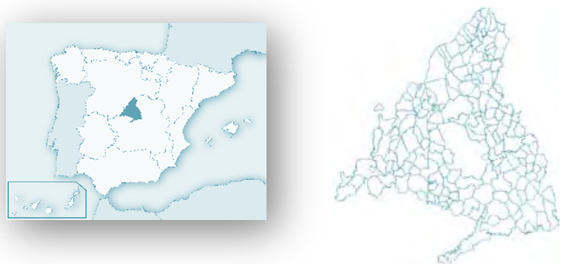
Role of International Managers

- **7 International Managers**: internal promotions (excellent knowledge of group processes) or recruitment of more International Managers with major expertise in their field
- **Role**: initiate, advise, monitor and check the application of group policies in each country for each area of expertise, while adjusting to local culture and legislation
- **Support** from a Project Manager in setting up specific action plans
- **Operational arrangements**: the International Manager reports to each head-office department, providing support to operational teams in the various countries and acting as a means of standardising practices according to the ORPEA model



Acquisition of 810 beds and 100 day care places in Spain

- **5 strategically located facilities in the Madrid region** (6.5m inhabitants)



Key aspects

- High-quality buildings
- Around 70% single rooms
- Excellent locations in the Madrid region
- Acquisition of operations and real estate for four facilities at an attractive price
- Major boost to the occupancy rate and profitability

A European network of 52,078 beds on 524 facilities

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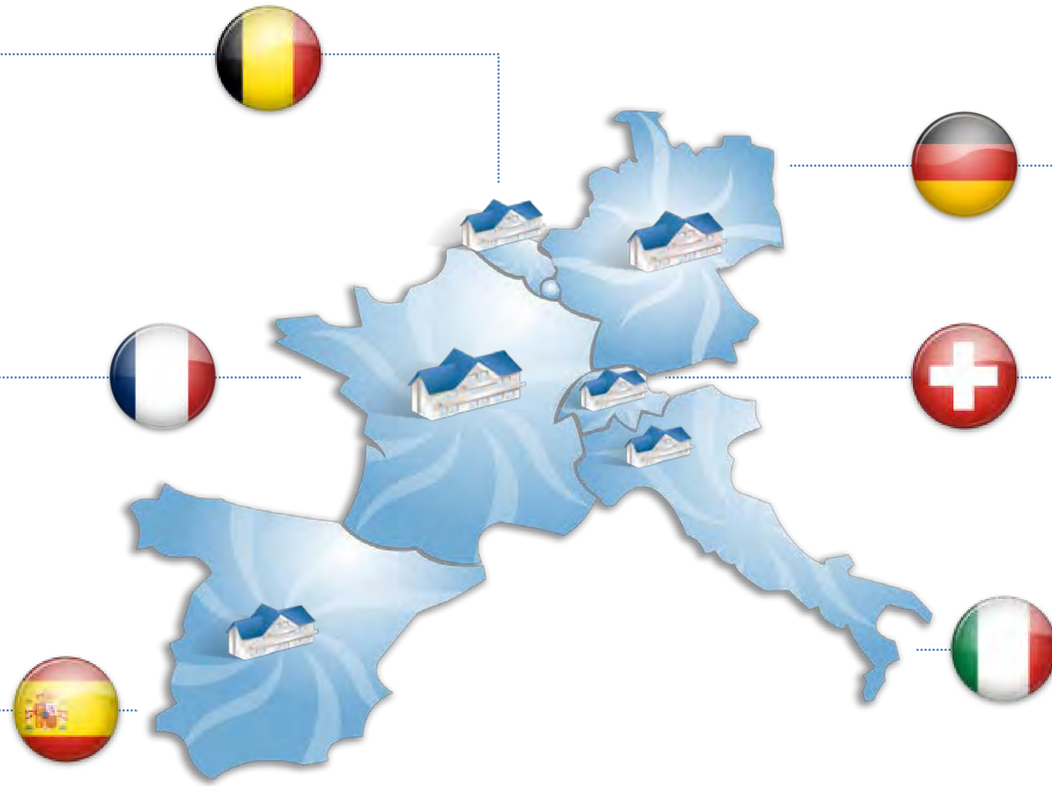

Belgium
58 facilities
6,765 beds

Germany
61 facilities
5,963 beds

France
345 facilities
31,871 beds

Switzerland
23 facilities
2,458 beds

Italy
15 facilities
1,553 beds

Spain
22 facilities
3,468 beds

Strong acceleration in international development:
2004 – 2012 (8 years): + 10,897 beds
2013 – 2014 (2 years): + 9,310 beds

A European growth reservoir of 8,629 beds

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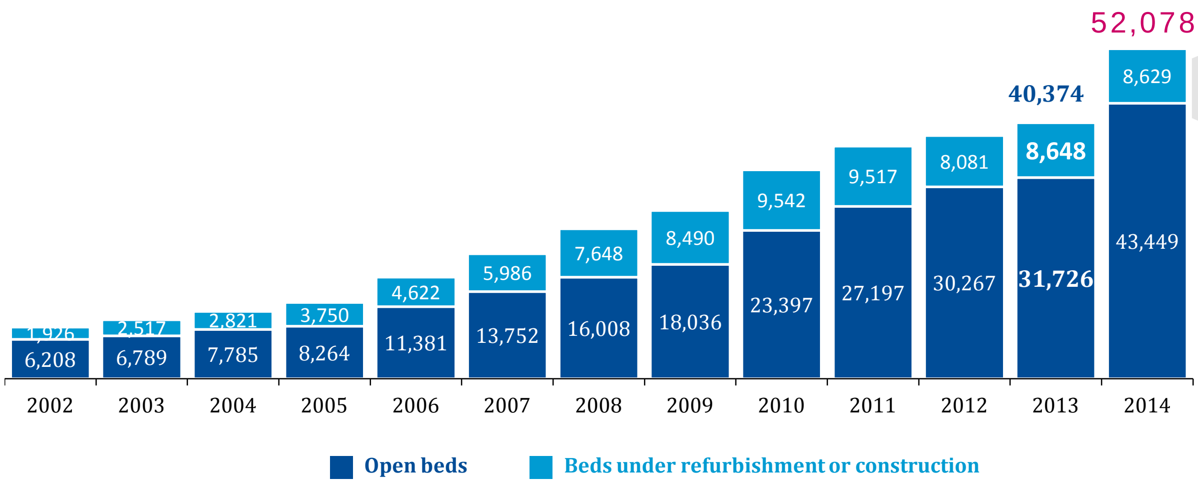
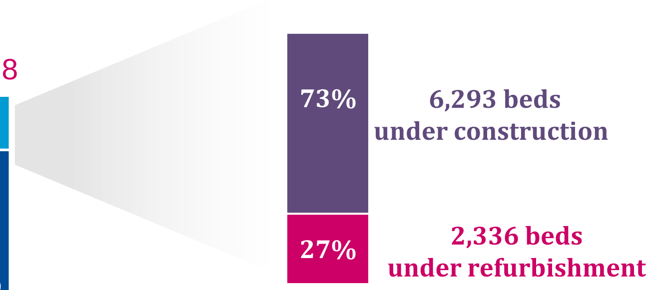
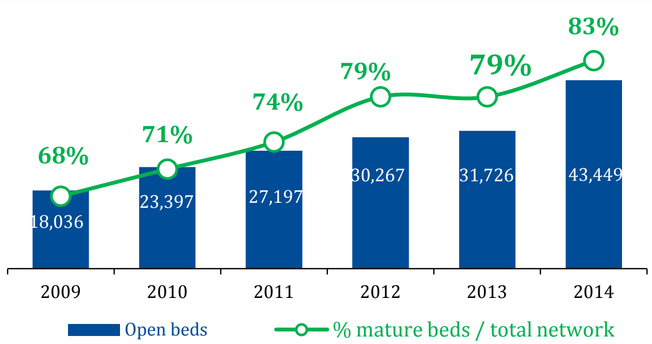
Historical development of the network
Annual growth = ~ 3,900 beds = +18%

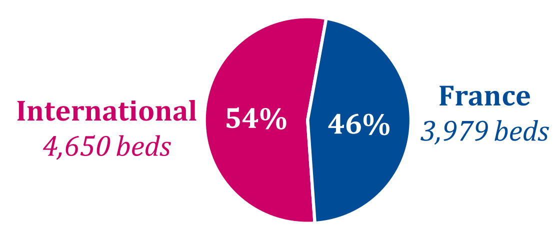




Ramp-up in mature facilities



A well-balanced pipeline between France and International markets



Strong development outside France: 40% of the network

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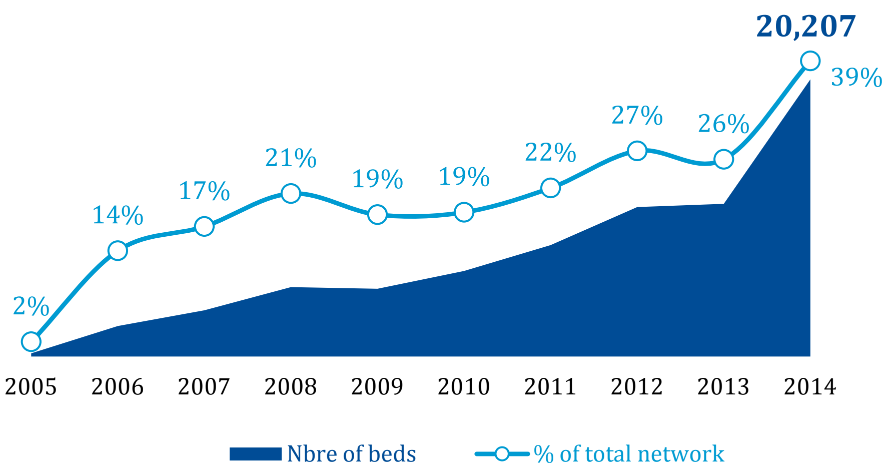
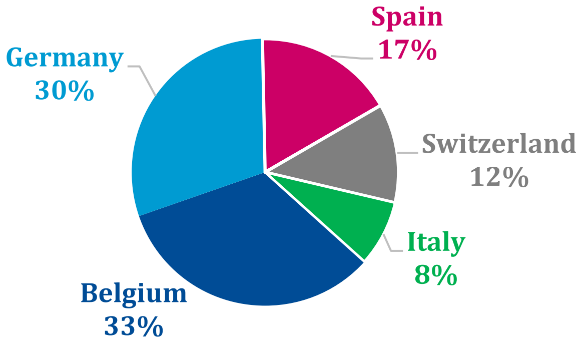
Strong acceleration in international development:
2004 – 2012 (8 years): + 10,897 beds
2013 – 2014 (2 years): + 9,310 beds

Growth of the network oustide France



Geographical breakdown of beds



A high quality network with strong upside

- Average size of the facilities: 113 beds
- From 70 to 80% of private individual bedrooms
- Sizeable growth reservoire: 4,650 beds under construction and refurbishment (23% of the network)

	Open beds	Beds under refurbish.	Beds under construction	Pipeline (% beds in dvlp)
France	27,892	1,582	2,397	***13%***
Belgium	4,008	694	2,063	***41%***
Spain	3,459	0	0	***0%***
Italy	1,061	60	432	***32%***
Switzerland	1,347	0	1,111	***45%***
Germany	5,673	0	290	***5%***

Nursing Home in Switzerland

First-half 2014 results

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H1 2014: full-year targets on track

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2014 INITIAL TARGETS	H1 2014 ACHIEVEMENTS
1 **Revenue: €1,770m (+10%)** *Before Swiss and German acquisitions*	**€891m** ***+13.8%***
2 **Solid organic growth**	***+6.3%***
3 **Higher operating profitability**	**EBITDAR margin: 27.4%** ***+50 bp***
4 **Decrease in average cost of debt**	**Average cost of debt: 4.10%** **- 20 bp**

A limited review by auditors is currently in progress

Solid growth in H1 2014 revenue: +13.8%

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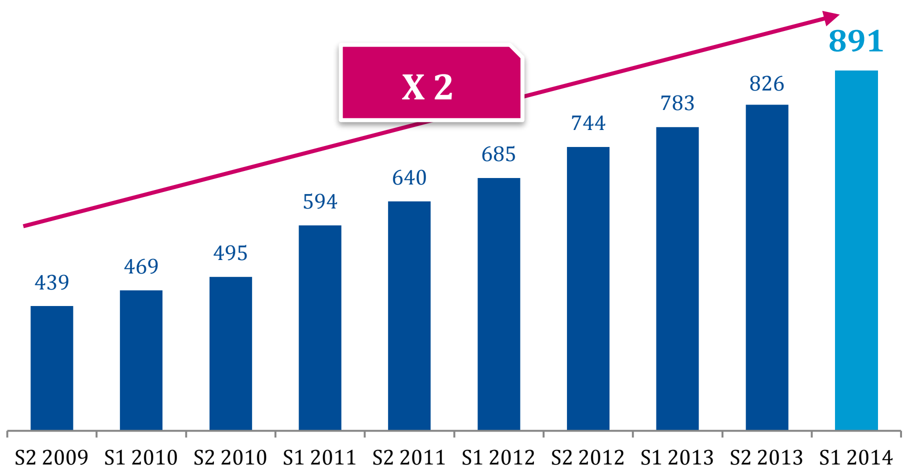
In €m	H1 2014	H1 2013	%
France	**733.0**	651.6	***+12.5%***
	82%	*83%*	
International	**157.7**	130.9	***+20.5%***
	18%	*17%*	
Belgium	82.3	78.0	
Spain	24.5	24.8	
Italy	20.1	18.8	
Switzerland	30.8	9.3	
Total	**890.7**	782.5	***+13.8%***

Organic growth

+6.3%

Historical growth of half-year revenues(€m):



First-half growth averaging

+8.2%

over 10 semestres

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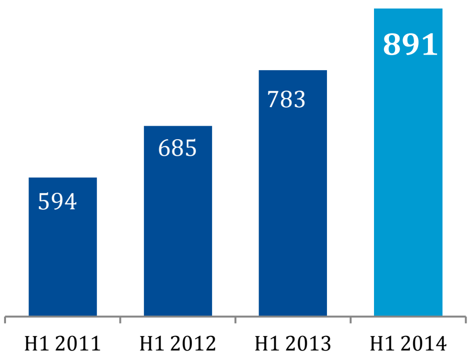
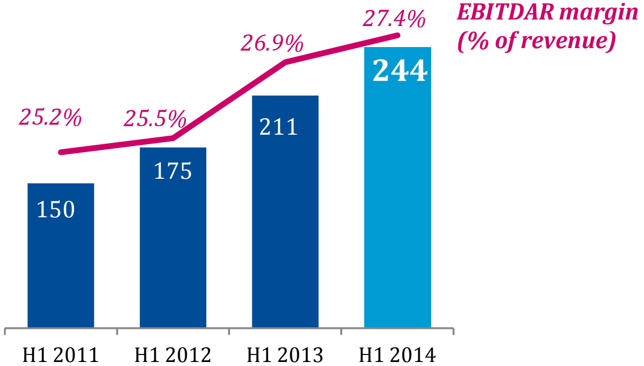
Continued profitable growth trend: strong growth between H1 2011 and H1 2014

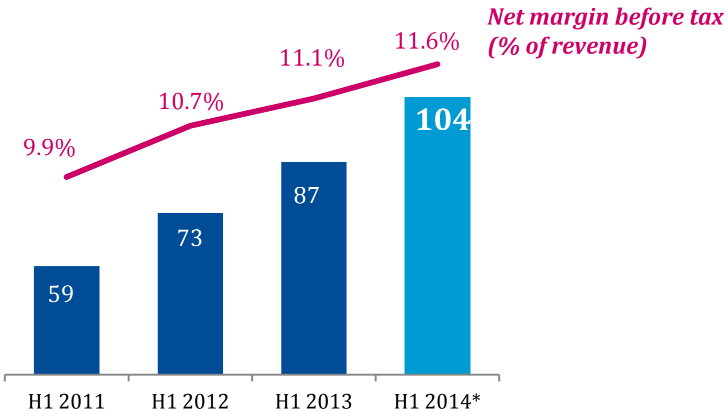
Revenue (€m): *+50%*



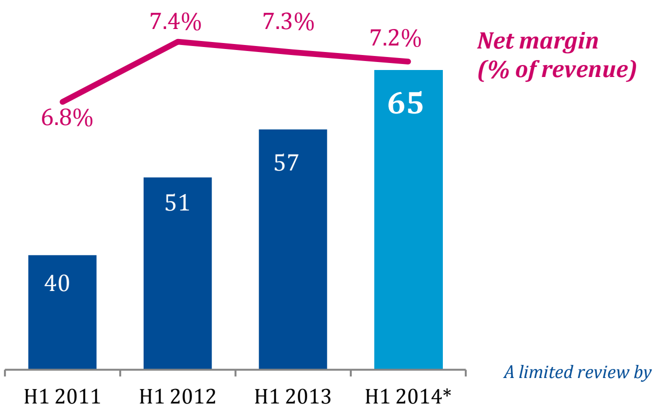
EBITDAR (€m): *+63%*



Profit before tax (€m): *+75%*



Net profit(€m): *+61%*



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** Excluding changes in the fair value of the right to the grant of shares embedded in the ORNANE*

Income statement

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In €m	H1 2014	H1 2013	%
Revenue	890.7	782.5	*+13.8%*
EBITDAR (Recurring EBITDA before rent)	243.8	210.7	*+15.7%*
Recurring EBITDA	163.9	145.2	*+12.8%*
Recurring EBIT	124.7	111.1	*+12.2%*
EBIT (Operating profit)	151.4	130.5	*+16.0%*
Net financial cost *	-47.9	-43.7	*(+9.6%)*
Profit before tax *	103.5	86.8	*+19.2%*
Income tax*	-39.6	-30.7	*(+29.1%)*
Net profit (group share) *	64.5	57.1	*+13.0%*

Attributable net profit after changes in the fair value of the right to the grant of shares embedded in the ORNANE: €50.2m

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** Excluding changes in the fair value of the right to the grant of shares embedded in the ORNANE*

Operating profitability

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In €m	**H1 2014**	**H1 2013**	**%**
Revenues	**890.7**	782.5	***+13.8%***
Staff costs	-440.5	-389.8	*+13.0%*
Expenses	-166.0	-143.7	*+15.5%*
Taxes and duties	-40.3	-38.0	*+6.2%*
Other income and expenses	-0.1	-0.3	*NA*
EBITDAR (Recurring EBITDA before rents)	**243.8**	210.7	***+15.7%***
% of revenues	***27.4%***	*26.9%*	
Rents	-79.9	-65.4	*+22.1%*
Recurring EBITDA	**163.9**	145.2	***+12.8%***
% of revenues	***18.4%***	*18.6%*	
Depreciation & Amortization	-39.2	-34.1	*+14.9%*
Recurring EBIT (Recurring Operating	**124.7**	111.1	***+12.2%***
% of revenues	***14.0%***	*14.2%*	
Non-recurring items	26.7	19.4	*NA*
EBIT (Operating Profit)	**151.4**	130.5	***+16.0%***

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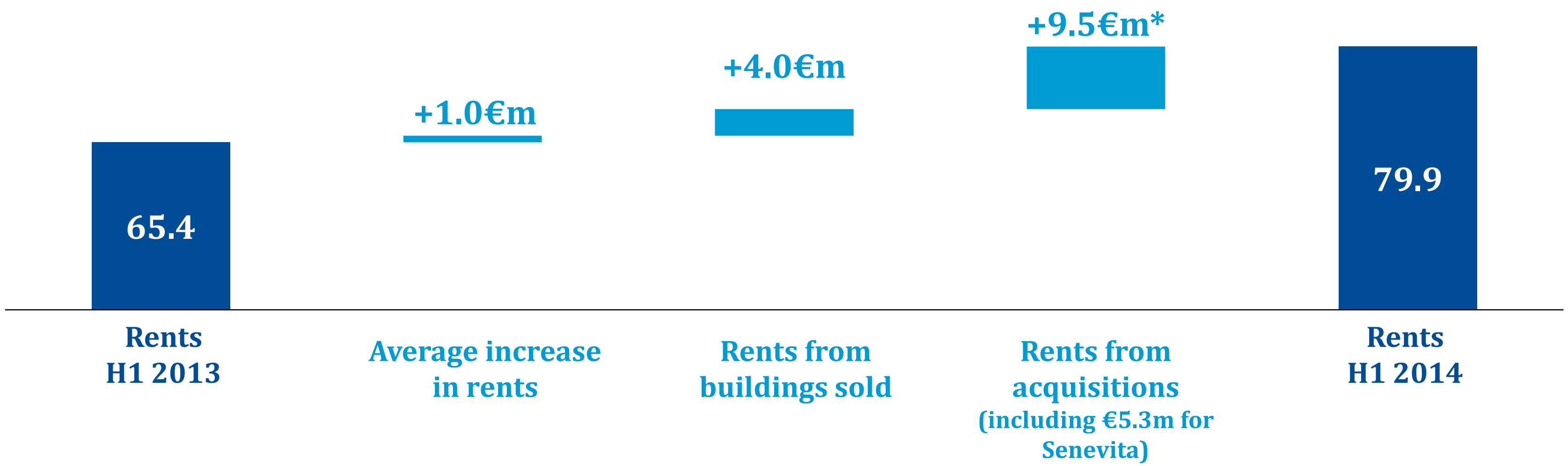
Change in rents

Rents in €m



Average annualized increase in rents: +1.5%

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Breakdown of profitability

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EBITDAR geographical breakdown

In €m	H1 2014			H1 2013			H1 2014/ H1 2013
	Revenue	EBITDAR	%Rev.	Revenue	EBITDAR	% Rev.	
France	**733.0**	**208.9**	***28.5%***	**651.6**	**182.9**	***28.1%***	***+ 40 bp***
Belgium	82.3	16.3	***19.8%***	78.0	17.3	*22.2%*	*- 240 bp*
Spain	24.5	5.9	***24.3%***	24.8	5.2	*21.1%*	*+ 320 bp*
Italy	20.1	3.1	***15.5%***	18.8	2.6	*14.1%*	*+140 bp*
Switzerland	30.8	9.6	***31.2%***	9.3	2.6	*28.1%*	*+310 bp*
International	**157.7**	**34.9**	***22.2%***	**130.9**	**27.8**	***21.2%***	***+ 100 bp***
Grand TOTAL	**890.7**	**243.8**	***27.4%***	**782.5**	**210.6**	***26.9%***	

EBITDAR activity breakdown

In €m	H1 2014		
	Revenue	EBITDAR	% Rev.
Facility	880.1	243.2	*27.6%*
Home care (Domidom)	10.6	0.6	*5.7%*
Grand TOTAL	**890.7**	**243.8**	***27.4%***

A limited review by auditors is currently in progress

Solid financial structure

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	In €m	30-June-14	31-Dec-13
ASSETS	**Non-current assets**	**4,783**	**4,503**
	Goodwill	479	398
	Intangible assets	1,594	1,440
	Property, plant & equipment and property under development	2,589	2,562
	Other non-current assets	120	103
	Current assets	**738**	**738**
	Of which cash, cash equivalent and marketable securities	*371*	*468*
	Assets held for sale	**220**	**210**
	TOTAL ASSETS	**5,741**	**5,452**
LIABILITIES	**Sh. Equity, Group share and permanent deferred taxes**	**1,866**	**1,825**
	Shareholders' equity Group share	1,407	1,412
	Deferred taxes on intangible assets (quasi equity)	459	412
	Non-controlling interests	**1**	**1**
	Non-current liabilities	**2,381**	**2,338**
	Other differed tax liabilities	320	345
	Provision for liabilities and charges	87	68
	Long-term financial debt	1,974	1,925
	Current liabilities	**1,273**	**1,078**
	Of which short-term debt (bridge loans)	*371*	*285*
	Debt linked to assets held for sale	**220**	**210**
	TOTAL LIABILITIES	**5,741**	**5,452**

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Financial flexibility

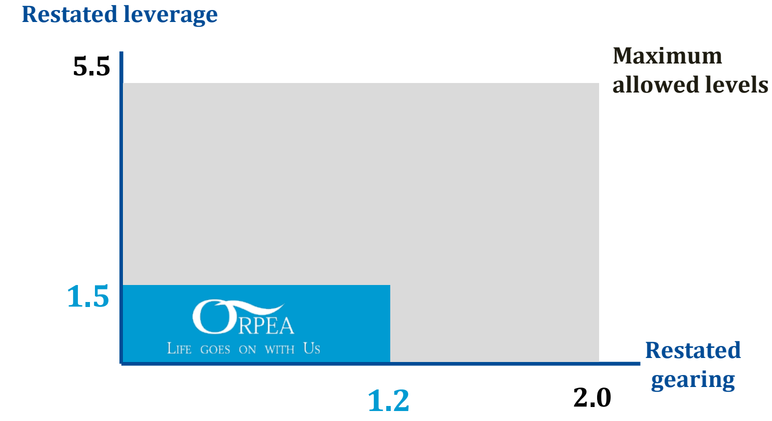
Indicators	30-June-2014	31-Dec-2013	30-June-2013
Net financial debt* (€m)	**1,974**	1,742	1,864
Restated leverage [1]	**1.5**	1.4	1.7
Restated gearing [2]	**1.2**	1.1	1.3

** Excluding debt associated with assets held for sale at €220m at 30-June-14*

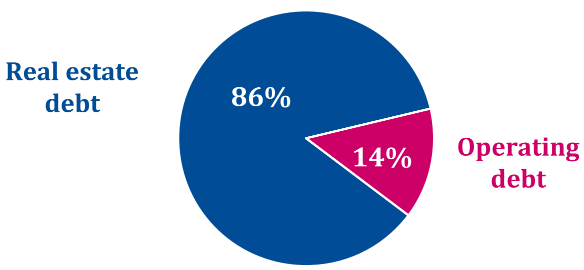
[1] $\frac{\text{Net Financial Debt – Real Estate Debt}}{\text{EBITDA – (6\% Real Estate Debt)}}$

[2] $\frac{\text{Net Financial Debt}}{\text{Equity + Near Equity}}$

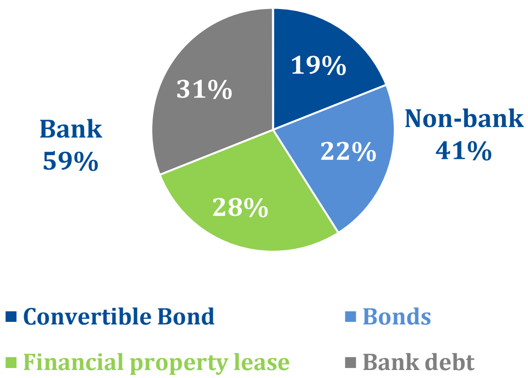
Wide respect to the covenants



Breakdown of net debt*



Diversification of net debt*



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Solid financial structure

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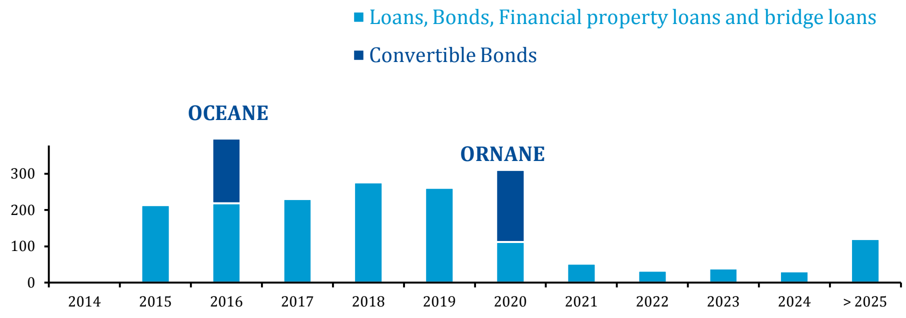
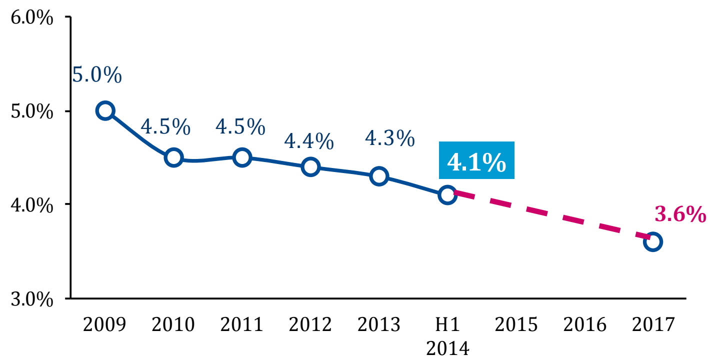
Net debt maturity schedule*
Average maturity = 5.4 years



AfterOCEANE 2016 conversion
Exercise price with adjusted parity = €39.42
Share price to force the conversion = €51.247

Net financial debt = €1,794m

Decrease in the cost of debt
(after hedging)



- **Around 95% of debt hedged at fixed rates between 2014 and 2018**
- **Faster decline in the cost of debt from 2014**
- **Prospect of an automatic decline in the average cost of debt to 3.6% in 2017 due to new transactions and hedging**

** Excluding debt associated with assets held for sale at €220m at 30-June-14*

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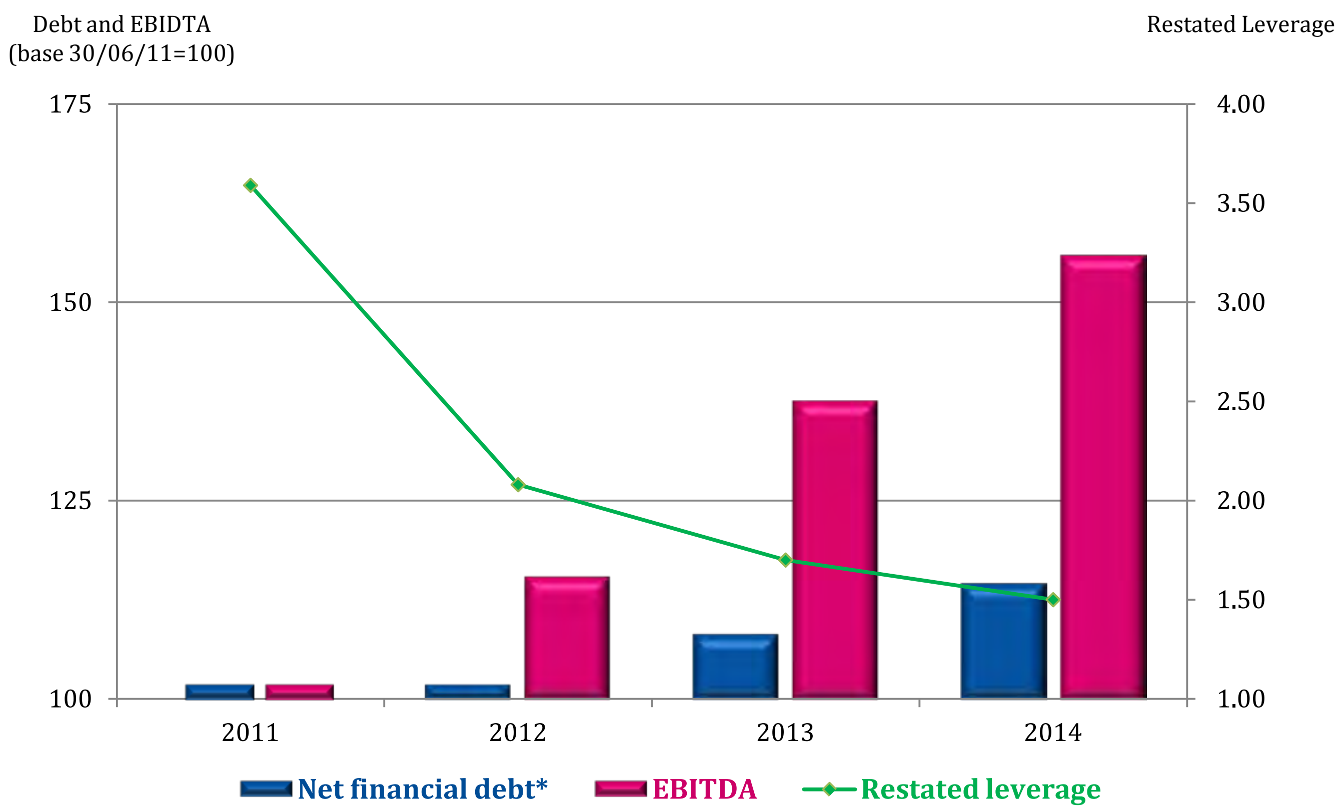
ORPEA's financial discipline

2011 – 2014 (base 2011=100)
Net financial debt*: +15%
EBITDA: +56%



** Excluding debt associated with assets held for sale*

A limited review is in progress

Further improvement in the financial position after 30 June

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Objectives

- Continue the strategy of diversifying financing sources that began in 2011
- Take advantage of the abundant liquidity available to high-quality companies
- Take advantage of exceptionally low interest rates
- Increase the average maturity of debt and reduce its cost

Euro PP issue
€52 million

- Issue of €52 million of bonds in the private market in July 2014
- Maturity: 7 years
- Fixed coupon: 3.327%

Highly successful Schuldschein
€203 million

- Schuldschein: German bond/loan instrument issued to institutional investors
- Initial size €75 million, increased to €203 million given the deal's success
- Various maturities: 5 / 6 / 7 / 10 years
- Diverse investors: Asian, German, European
- Very attractive terms: fixed and floating rates (e.g. 5-year rate of less than 2.80%)

→ **France's largest Schuldschein issue of 2014**

Real estate portfolio of €2.6bn

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- **Continuation of real estate strategy mixing ownership and rental**
  - Sale of €76m of assets on favourable rent and indexing terms
  - Acquisition of buildings in strategic locations
- **Stability of valuations of historic real estate portfolio**

Summary of real estate portfolio

	30-June-14	31-Dec-13
Total number of buildings	265	268
Of which buildings wholly-owned	136	140
Built surface area (in sqm)	880,000	874,000
Total value* (€m)	2,589	2,562

** Excluding the impact of €220m in assets held for sale at 30-June-14*

A valuable asset portfolio
Liquid assets increasing the Group's financial security
Securing long-term profitability

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Cash flow statement

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In €m	H1 2014	H1 2013
Recurring EBITDA	164	145
Net cash flow from operating activities	**102**	91
Net cash flow from internal investment [1]	**-52**	-37
Investment in construction	-128	-102
Property sale	76	65
Total internal cash flow [2]	**50**	54
Net cash flow from external investment	**-246**	-178
Acquisition of property	-86	-121
Acquistion of operating assets (intangible assets)	-160	-57
Net cash flow from financing activities	**99**	29
Change in cash during period	**-97**	-95

[1] Net cash flow from internal investment: investment in construction required for maintenance and to harness the pipeline, net of property sale and excluding acquisition

[2] Internal cash flow = net cash flow from operating activities + net cash flow from internal investments

A limited review by auditors is currently in progress


Nursing Home in France

Openings and projects

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New openings H1 2014: 1,300 beds, 45% oustide France

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Canton of Argovie (Switzerland) – 140 beds

Turin Richelmy (Italy) – 180 beds

Uccle – Brussels (Belgium) – 145 beds

Parmain (95), Nursing home – 81 beds

Annemasse (74), Post-acute hospital – 90 beds

Canton of Zurich (Switzerland) – 168 beds

Biganos (33), Nursing home – 88 beds

Leudeville (91), Nursing home–88 beds

Garenne Colombes (92), Nursing home– 113 beds

New openings H2 2014: 900 beds

Basel (Switzerland) – 119 beds

Verdello – Lombardy (Italy) – 100 beds

Ixelles – Brussels (Belgium) – 114 beds

Ötigheim - Bade-Wurtemberg (Germany) – 84 beds

Comontreuil (51), Post-acute hospital – 70 beds

Saint Omer (62), Nursing home – 80 beds

Rouen (76), Post-acute hospital – 80 beds

Joinville (94), Nursing home – 89 beds

Ollioules (83), Nursing home – 75 beds

Example of other added-value projects

Cannes (06), Nursing home – 95 beds

Les Lilas (93), Nursing home – 103 beds

Saint Raphaël (83), Post-acute hospital – 84 beds

Ostdende (Belgium), Nursing home – 84 beds

De Haan (Belgium), Nursing home – 80 beds

Knokke Le Zoute (Belgium), Nursing home – 125 beds

Presentation of Silver Care Group in Germany

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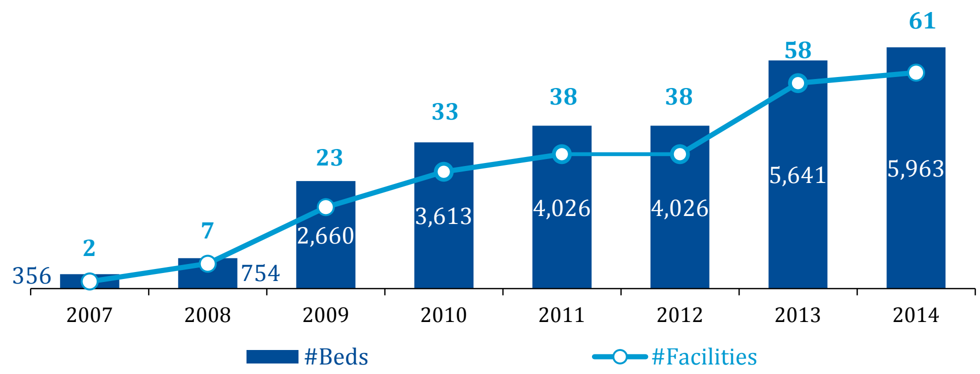
Silver Care Group: a leading nursing home provider in Germany

- Network: 5,963 beds / **61 nursing homes** for dependent elderly
- 2014 **revenue target: €200m**
- **Quality leader in Germany**: N°1 nursing home group in 2012, 2013 and 2014, in MKD rating, the reference national rating system
- **Attractive and modern facilities**: recent facilities in attractive locations with **80% of single rooms**
- Proven track record of development and growth: **CAGR 2009 -2013 +20%/year**
- **High quality and experienced management** in acquisition and integration of small groups and creation of new facilities

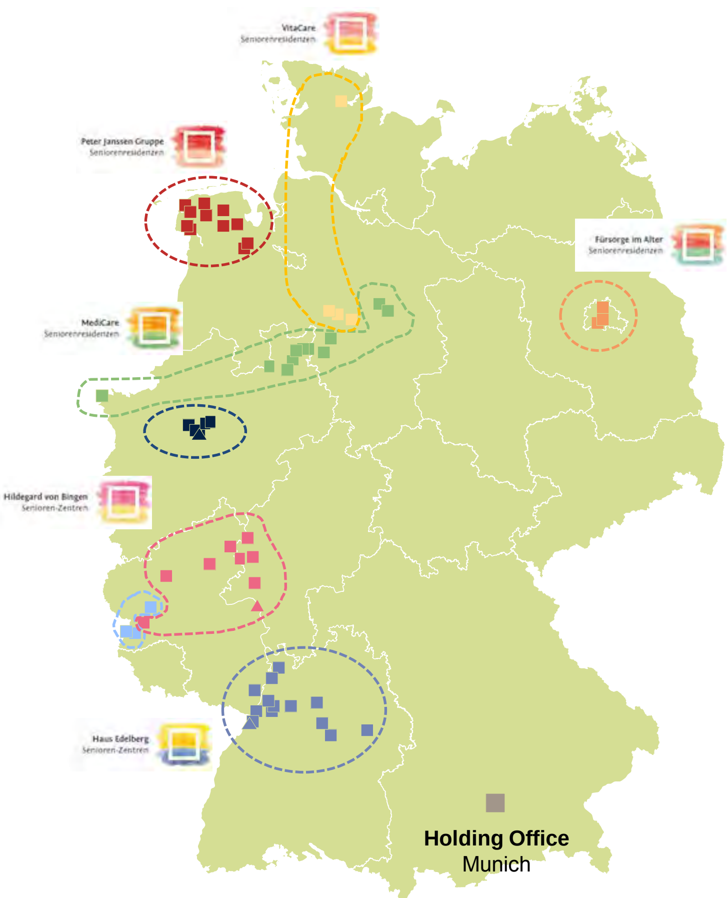
Excellent historic development

2006–2010	2011–2014
Foundation in 2006 Rapid growth based on the acquisition of single homes and larger portfolios Creation of the buy-and-build platform Acquisition by Chequers Capital in 2010	New top management team Initiation of the next growth phase



Silver Care, the highest quality platform in Germany ideally positioned to accelerate value created developments

A network with strong local clusters



A network of 61 facilities / 5,963 beds

- **Facilities currently in operation:** 58 facilities (5,673 beds)
- **2014 opening:** 3 facilities (290 beds)

Located in attractive Federal States

- Target high and growing demand states: Lower Saxony, Baden Württemberg , North Rhine-Westphalia, etc
- Selected locations in each city (close to city centre / doctors, ...)

An optimised organisation by local clusters

- Organisation by strong compact local clusters
- Local brands with a strong reputation
- Ideal consolidation platforms

Uniform network with an organization adapted to Germany

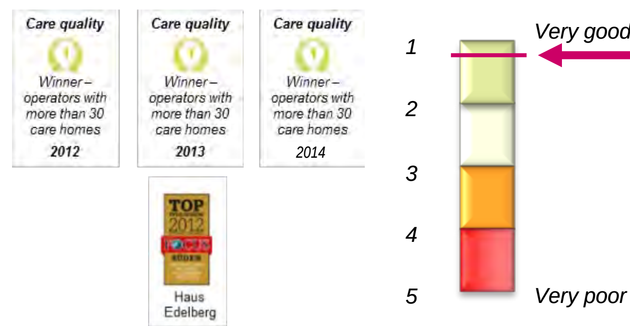
Quality leader in Germany

One of the highest single room ratio

- **80% of single rooms**
- Key success factor for the long term profitability by:
  - Answering a growing demand from customers
  - Keeping the business ahead of regulatory changes

Quality care leader in Germany

- **N°1 large nursing home group** in 2012, 2013 and 2014 on quality, according to the MDK national ranking system
- MDK: statutory health insurance authority, supervised by the Ministry of Social Affaires in each federal state
- The reference rating system in Germany



Continuous improvement of MDK ranking to an outstanding average of 1.04

Modern facilities

- Recent facilities with ongoing renovation
- Average size of the facility: approx. 100 beds
- Network adapted to potential new regulatory standards applicable from 2019

Good, qualified and motivated employees

- **3,000 full time** employees
- Internal promotion, motivation and training programs
- Low turnover

Modern and adapted facilities with friendly environment

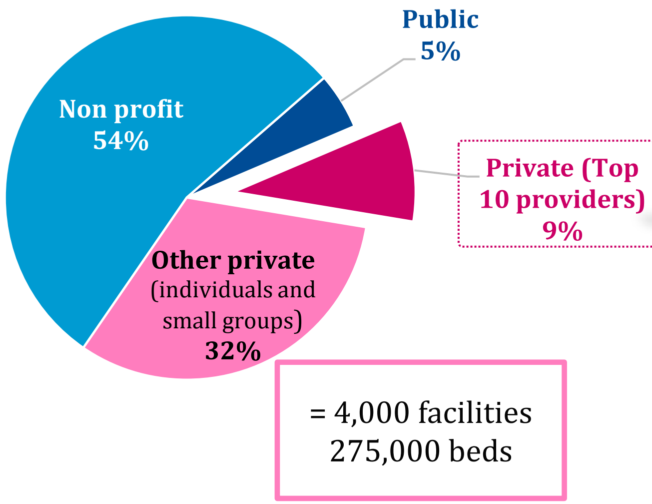




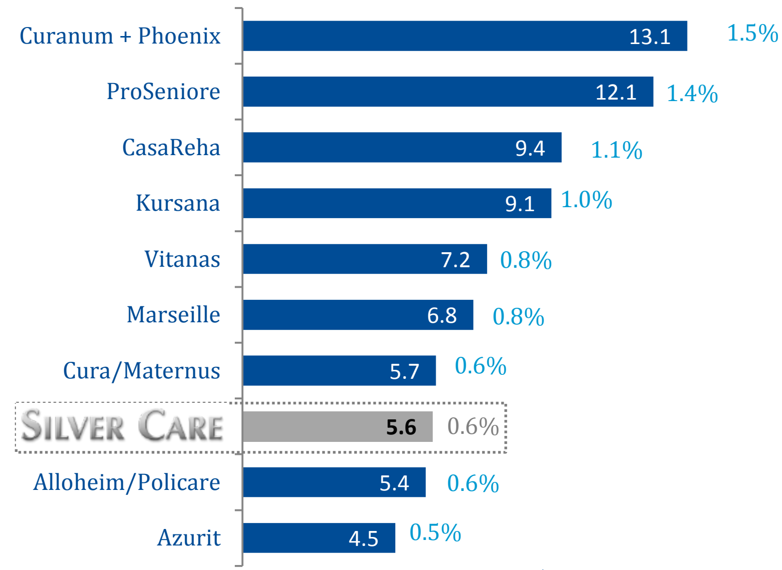



Highly fragmented market

Market share by type of operator



Top 10 private operators Nbr. of beds[1] ('000) and % of total market



[1] *Excl. apartments (assisted living)*

- The German nursing home market is highly fragmented – dominated by charity and publicly owned/operated players
- Non-profit and public operators have a limited ability to compete (budget constraints)
- **Many acquisition opportunities amongst the "other private" representing 275,000 beds for 4,000 facilities**

Source: Pflegestatistik 2011, Federal Bureau of Statistics, January 2013

A long term secure funding situation

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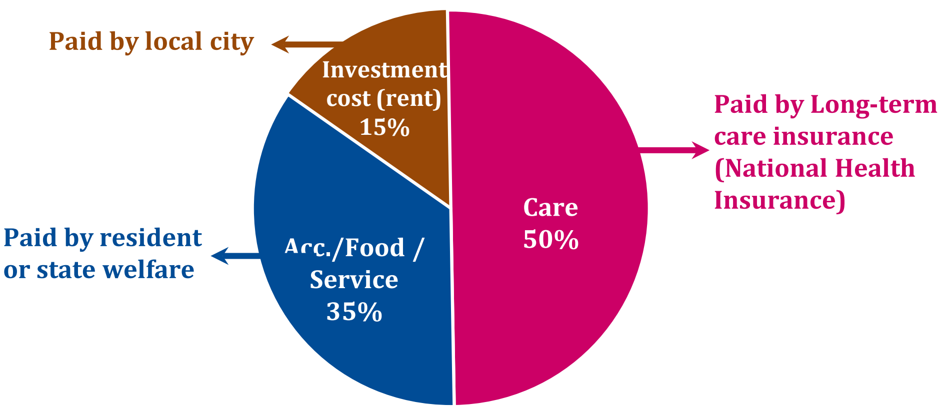
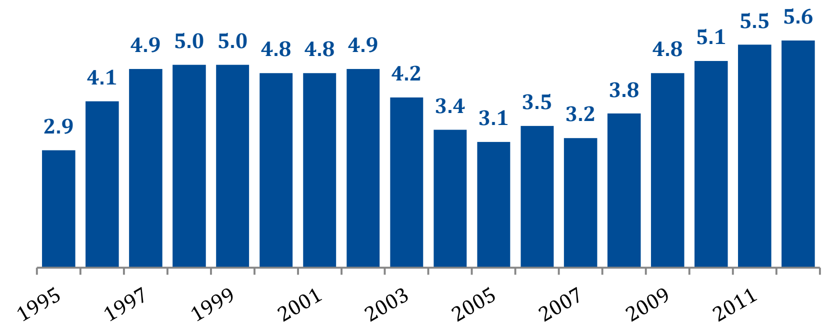
Average daily price setting



Average price per day: **€100**

Secure funding situation

Long-term care insurance fund surplus (€bn)



- Consistent positive funding balance over past 16 years
- Track record of contribution increases by German government:
  - **Jan-05:** Increase of 0.25% in contribution rate of childless persons
  - **Jul-08:** General increase of 0.25% to 1.95% and 2.2% respectively
  - **Jan-13:** Increase to 2.05% and 2.3% for childless persons
  - **Dec-13:** Planning of 0.5% increase until 2017, thereof 0.3% until Jan-15

- Strong interest of government to sustain sufficient funding as relevant age-group is growing
- Political willingness to secure solid funding of the long-term care insurance through increasing contributions if required

Germany: a highly attractive market that suits to ORPEA strategy

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1

A complex but favorable regionally fragmented regulatory environment

+

2

Strong growing elderly population with an insufficient, inadequate and fragmented offer

+

3

A secure funding system of Dependency

A stable tax and social environment

=

Strong needs of consolidation and creation of new facilities for highly dependent old people by experimented and specialised players

Nursing Home in Belgium

Conclusion

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Development strategy focused on international markets

Strong acceleration in international development:

2004 – 2012 (8 years): + 10,897 beds

2013 – 2014 (2 years): + 9,310 beds

Region	China	Spain, France, Belgium, Italy	Switzerland, Germany
Current developments	Opening the pilot project in Nanjing	Opening facilities under construction Optimising networks	Integrating Silver Care and Senevita
Growth strategy	Exclusively creating facilities	Authorisations Highly selective acquisitions in excellent locations	Creating facilities Acquiring independent players / groups depending on opportunities

Objectives: continuing profitable growth

1

2014 objectives

- Revenue growth = **€1,930m (+20%)**
- Solid operating margin

➡ Average growth in the last 10 years: 23% per year

2

Medium- to long-term objectives

- Solid revenue growth, both organic and from acquisitions
- Very sharp increase in the proportion of revenue coming from outside France
- Automatic reduction in the cost of debt: down 50bp to 3.6% by 2017
- Firm operating and net margins

Nursing Home in Switzerland

Appendices

IFRS rules for ORNANE conversion

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- Issue of ORNANE for €198m on 9 July 2013: premium of 27%, annual interest rate of 1.75% and maturity January 2020

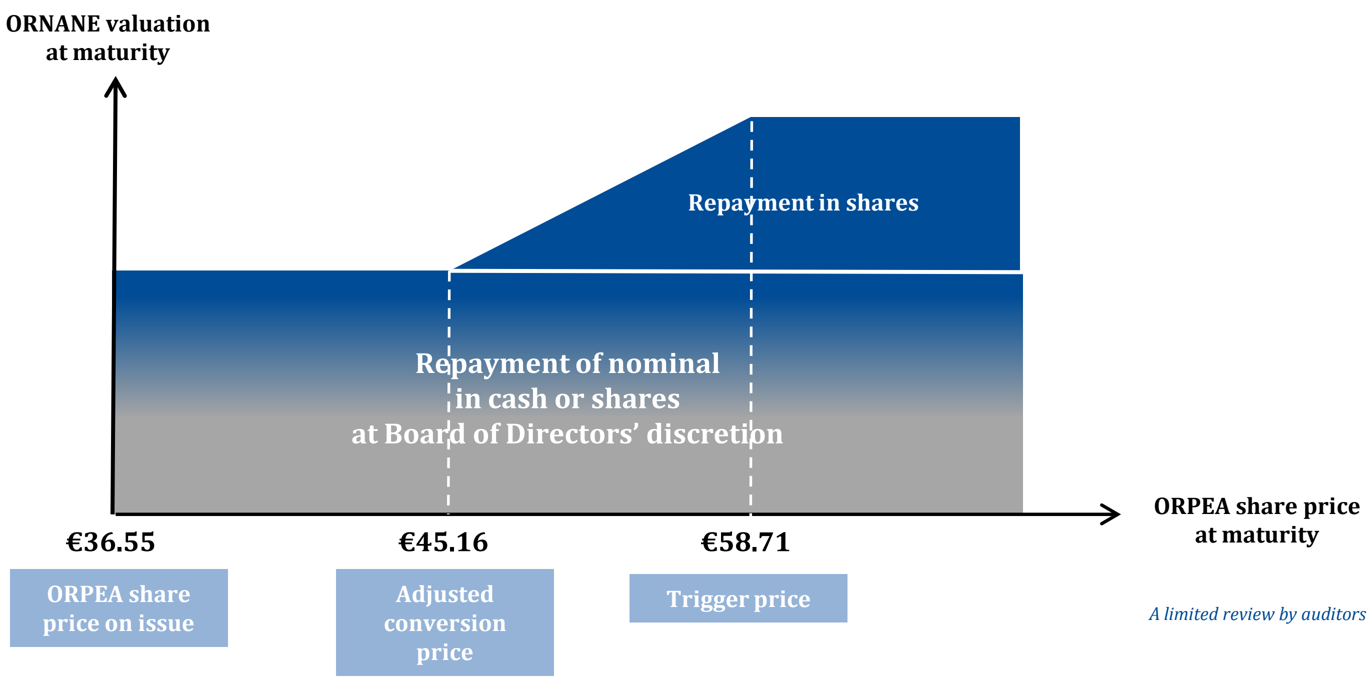
- **IFRS rules for treatment of convertible bonds:**
  - OCEANE: exact number of shares to be created in case of conversion is known => impact on shareholders' equity
  - ORNEANE: number of shares to be created not known at time of issue (because subject to decision by Board of Directors) => impact on income statement

    This impact is the inverse of the trend in the share price (non-cash charge if the share price rises, non-cash income if the share price falls).

    On maturity: neutral effect on shareholders' equity:
    - in the event of non-exercise, cancellation of previous income and charges
    - in the event of exercise, neutralisation by shareholders' equity

- The share price rose by 21%in the H1 2014, resulting in a mark-to-market net of tax of €14.2m

- Consolidated net income attributable to equity holders of the parent taking account of the fair value of the conversion option: €50.2m



A limited review by auditors is currently in progress

Determination of daily prices

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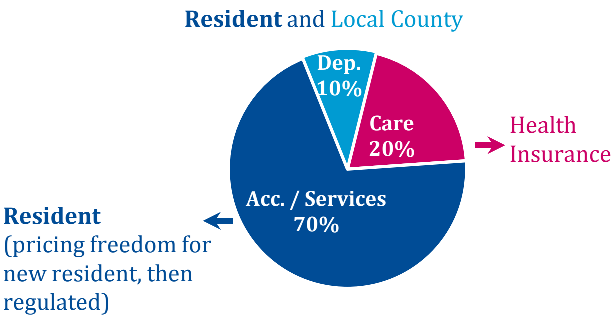
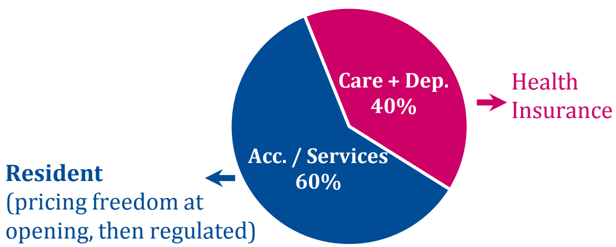
France



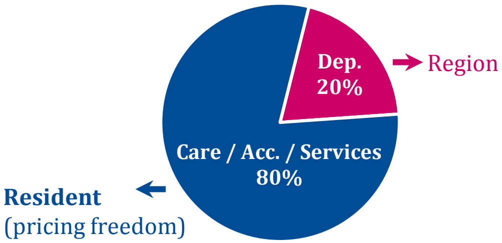
Average price per day: **€110**

Belgium



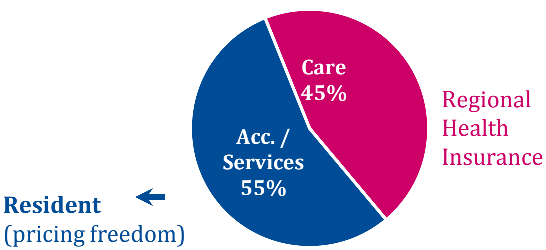
Average price per day: **€110**

Spain



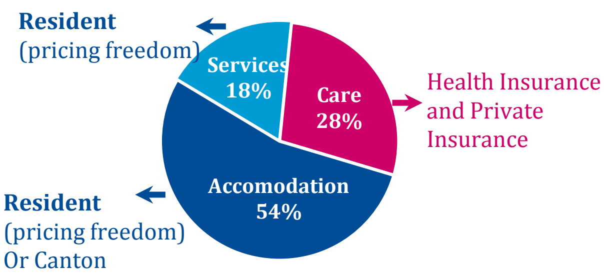
Average price per day: **€55**

Italy



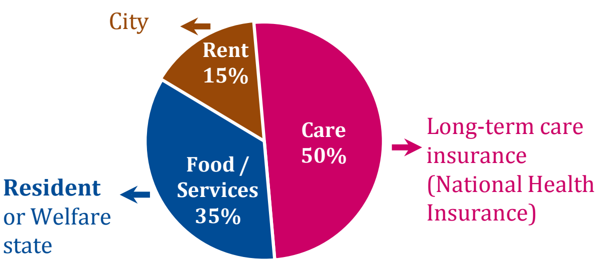
Average price per day: **€90**

Switzerland



Average price per day: **€170**

Germany

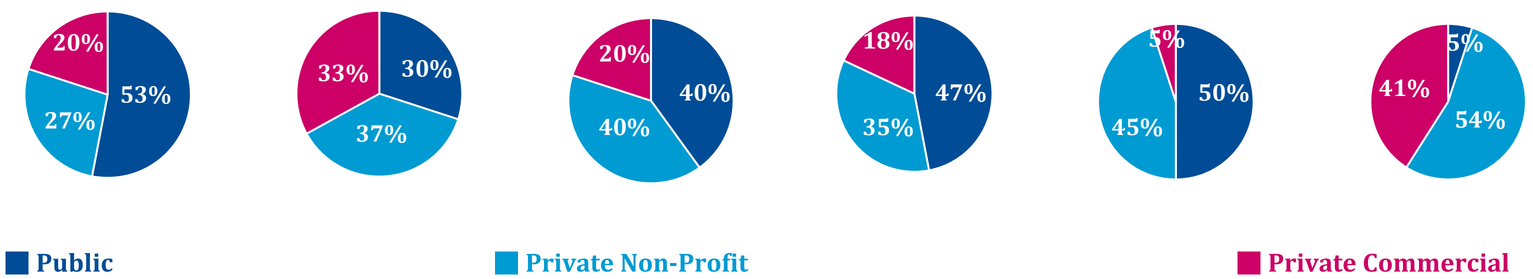


Average price per day: **€100**

Ageing population and nursing home sector in Europe

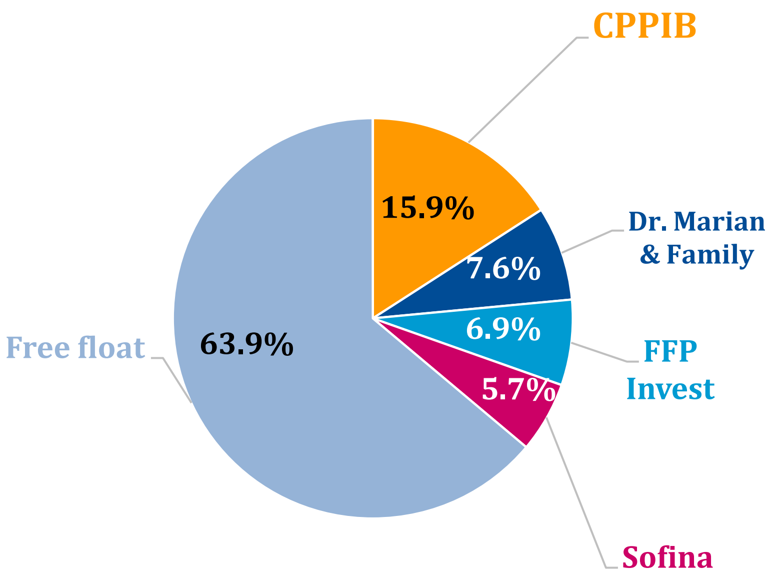
	FRANCE	BELGIUM	SPAIN	ITALY	SWITZERLAND	GERMANY
Ageing population between 2012 and 2040	85+ ***+117%*** (3.9m in 2040)	85+ ***+103%*** (0.5m in 2040)	85+ ***+172%*** (3.0m in 2040)	85+ ***+129%*** (3.9m in 2040)	80+ ***+122%*** (0.9m in 2040)	80+ ***+134%*** (10.3m in 2050)
Number of existing beds	593,000	137,000	350,000	340,000	93,500	875,000
ORPEA market share	3.1%	4.8%	1%	<1%	2.6%	<1%

Breakdow of the beds of nursing home



Shareholding structure and Board

Shareholders
% of share capital



A diversifed board with complementary skills

- **Board members**:
  - Dr Jean-Claude Marian – Chairman
  - Yves Le Masne – CEO
  - Brigitte Michel
  - Alexandre Malbasa
  - Jean Patrick Fortlacroix
  - FFP Invest (Thierry Mabille de Poncheville)
  - Sophie Malarme Lecloux, appointed on proposal by SOFINA
  - Alain Carrier, appointed on proposal by CPPIB
- **Board members bring specific expertise and new contacts for the development of the Group**

Stock market information

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Market data (last 12 months)

- Average daily volume: **91,905 shares (= €4.2m)**
- Price: **€50.69**
- High (12-month): **€53.70**
- Low (12-month): **€35.55**
- Turnover: **43% in 12 months**
- Market cap.: **€2,814m**
- Number of shares: **55,520,319**

Data as of 12 September 2014

Indices

- Compartment A of Euronext Paris
- **MSCI Small Cap Europe, STOXX Europe 600,** CAC Mid 60, SBF 120,
- Member of SRD

Contacts

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