nexity

Paris La Défense, Tuesday, May 12, 2009

Revenue and business activity in Q1 2009

- **Revenue: €566 million, down 7% compared to Q1 2008**
- **Residential division: 2,980 net reservations for new homes and subdivisions, an 8% increase in volume terms compared to Q1 2008.[1] €485 million including VAT of reservations for new homes and subdivisions, a 2% decrease in value terms compared to Q1 2008[1]**
- **Low level of unsold completed stock: 178 homes as of March 31, 2009**
- **Commercial division: no new orders during the quarter in a stagnant market**
- **Backlog as of March 31, 2009: €3.1 billion, equivalent to 18 months' development revenue[2]**

- **For 2009, market share target maintained at 10% in a residential property development market now estimated at between 75,000 and 80,000 units**
- **Consolidated revenue decline in 2009 expected to be contained under 10% compared to 2008**
- **2009 operating margin target of more than 7%**

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Nexity Group (NXI.PA) recorded consolidated revenue of €566m in the first quarter of 2009, representing a 7% decrease compared to the same period in 2008. The revenue decline for the Residential division was driven by the lower level of reservations in 2008. Revenue for the Residential division is down 22%. Revenue for the Commercial division was twice that of first quarter 2008, due to progress made on major construction projects. Revenue was stable for the Group's Services division, but was lower for its Distribution division.

Reservations recorded by the Residential division rose by 8% in volume terms compared to the first quarter of 2008.[1] The decline in mortgage rates, combined with measures introduced by the government to support new construction, helped to increase sales to first-time buyers and private investors under the Scellier scheme. Sales to social operators also made headway. The Group thus recorded a total of 2,980 reservations for new homes and subdivisions in the first quarter[1], an increase of 8%. In the Commercial division, the market was at a virtual standstill, resulting in an absence of new orders for the Group in the first quarter, following a record year in 2008 (order intake of €579m, Nexity share). The volume of business handled by the Services division was very stable.

The Group's order backlog is stable, amounting to €3,074m as of March 31, 2009, and represents 18 months of revenue from property development activities[2] (both residential and commercial).

1. Excluding Italy
2. Revenue basis - previous 12 month period

IN THE WORDS OF ALAIN DININ, CHAIRMAN AND CEO OF NEXITY:

"The improvement in sales of new homes during the first quarter is attributable, for Nexity, to an offer that is particularly well positioned to take advantage of the changes in our business environment: lower mortgage rates, favorable government measures. This development has led us to raise our forecast for the French new home market as a whole in 2009 to a level between 75,000 and 80,000 units, while maintaining our market share target at 10%. At the same time, we are careful not to be excessively optimistic: the economic recession and rapidly rising unemployment might break this momentum. Against this backdrop, the Group maintains its prudent policy with respect to project launches: keeping prices at the most competitive level, focusing development in urban areas, high levels of pre-commercialization prior to the start of construction work. The commercial investment market in France had a lackluster first quarter: lower take-up, downward oriented valuations, and downward pressure on rents explain the wait-and-see attitude on the part of investors and make it difficult to predict at what point a clear recovery will be seen in this market. In this contrasting and changing environment, our balanced business model, the recurring revenue provided by our services activities, the high visibility offered by our order backlog, and our sound financial position mean that we can look forward to the future with determination and serenity".

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Q1 2009 REVENUE*

€ millions	Q1 2009	Q1 2008	Change %
Residential real estate	329.0	421.0	-22%
Commercial real estate	123.7	60.3	x 2
Services & Distribution	112.4	128.5	-13%
Other activities	0.9	0.9	-
Group revenue	**566.0**	**610.7**	**-7%**

** Revenue generated by the Residential and Commercial divisions is calculated using the percentage-of-completion method, on the basis of notarized sales pro-rated to reflect committed construction costs. The revenue figure essentially mirrors the degree of completion of the various construction projects in progress.*

In the first quarter of 2009, revenue recorded by Nexity Group came to €566 million, representing a 7% decrease compared to the first quarter of 2008.

- The **Residential** division posted revenue of €329 million, a decrease of 22% compared to the first quarter of 2008. This decline mainly reflects the lower level of net reservations for new homes and subdivisions recorded in 2008 compared to 2007 (down 41% in value terms). Revenue from new home development operations (€304 million) fell by 22%, while the subdivision business reported revenue of €25 million, a drop of 13%.

- In the **Commercial** division, revenue came to €124 million, more than double that recorded during the same period in 2008. This considerable increase is due to progress made on major construction projects in France, such as the C1 building in Saint-Ouen, the trading-room building in La Défense, on which work began in mid-2008, and the Pointe Métro T1 building in Gennevilliers. It is also attributable to the increase in revenue generated outside France (€24m, up from €6m in first quarter 2008), as a result of progress made on ongoing construction projects in Barcelona and Milan.

- Revenue for the **Services and Distribution** division amounted to €112 million, 13% lower than the same period in 2008. This performance conceals two contrasting trends: revenue recorded by the Services business (€103m) was highly stable (decline of only 2%), whereas the Distribution business saw a significant drop in revenue in the first quarter to €9 million, compared to €23 million in 2008, due to decreased business from franchised real estate agencies and from Iselection. Iselection's revenue from new home operations fell sharply (€1m revenue compared to €10m in first quarter 2008) given the low levels of reservations recorded in the second half of 2008 and the decline in commercial offering.

BUSINESS ACTIVITY

Residential division

Net reservations recorded in France by Nexity Group in the first quarter of 2009 increased by 8% compared to the same period in 2008. The highly negative situation seen in the second half of 2008 began to improve in February 2009, although the crisis may certainly not be considered to be over, given the ongoing economic recession and rising unemployment.

- Lower mortgage rates and measures introduced by the government to support new construction account for the improvement observed. On average, rates fell by about 69 basis points beginning in November 2008,[1] thus increasing solvency for a significant portion of the Group's clientele. At the same time, the doubling of zero-interest loans for first-time buyers and the introduction of a new buy-to-let scheme involving tax incentives (enacted by the Scellier law) revived household interest in the housing market, in an environment characterized by structural demand for homes and low household debt.

  Joining these factors in the first quarter of 2009 was the return to a lower cancellation rate[2] (29%, thus identical to that recorded in the first quarter of 2008).

- **In France**, during the first quarter of 2009, the Group recorded a total of 2,980 reservations for new homes and subdivisions, an increase of 8% in volume terms compared to the same period in 2008. In value terms, reservations declined by 2% over the period.

New home and subdivision reservations (units and € millions)	**Q1 2009**	**Q1 2008**	**Change %**
New homes (number of units)	2,569	2,286	+12%
Subdivisions (number of units)	411	477	-14%
Total new home and subdivision reservations (number of units)	**2,980**	**2,763**	**+8%**
New home reservations (€m incl. VAT)	466	459	+2%
Subdivision reservations (€m incl. VAT)	19	37	-49%
Total new home and subdivision reservations (€m incl. VAT)	**485**	**496**	**-2%**

1. Source: Crédit Logement – average rates observed in March 2009 vs November 2008
2. Reservation data communicated for a specific period is always presented net of all cancellations recorded for that period

- The number of **new home** reservations came to 2,569 units, up 12% compared to the first quarter of 2008.

  Sales to first-time buyers, encouraged by the doubling of zero-interest loans, saw robust growth compared to the first quarter of 2008 (+26%) and especially when compared to the fourth quarter of 2008 (4x higher). The segment consisting of second-time buyers and second home buyers was sharply lower once again (-51%), affected by the stagnant resale market. Sales to private investors increased by 8% year-on-year, and achieved a significant turnaround compared to the fourth quarter of 2008 (6x higher).

Change in new home reservations by client	Q1 2009	Q1 2008	Change %
Home buyers (number of units)	845	937	-10%
o/w: - first-time buyers	*634*	*502*	*+26%*
- other home buyers	*211*	*435*	*-51%*
Private investors (number of units)	1,098	1,020	+8%
Institutional investors (number of units)	626	329	+90%
Total new home reservations (number of units)	**2,569**	**2,286**	**+12%**

In value terms, new home reservations totaled €466 million, representing a 2% increase. The average price of new homes sold, excluding block sales to institutional investors and Iselection sales, was €193 thousand, 8% lower than the average price recorded in the first quarter of 2008.

Average sale price & floor area	Q1 2009	Q1 2008	Change
Average price of new homes per sq.m (€ incl. VAT)*	3,336	3,445	
Average size of new homes (sq.m)*	57.8	60.6	
Average price of new homes (per unit, €k incl. VAT)*	**192.7**	**208.8**	**-8%**

* Excluding block sales and Iselection

The drop in the average price of new homes including VAT is due in part to changes in the mix of homes sold (product categories, applicable VAT rates). For instance, sales to first-time buyers, at competitive average prices (around €195 thousand including VAT), represented 25% of total sales in Q1 2009 versus 22% in Q1 2008. However, sales to second-time buyers and sales of second homes, at higher prices (in the region of €265 thousand including VAT), represented only 8% of the total, compared to 19% a year earlier. Lastly, block sales to institutional investors, the major portion of which benefit from VAT at 5.5% rather than 19.6%, represented 24% of the total in Q1 2009, compared to 14% in Q1 2008. Adaptive sales measures, combined with the level of sales achieved in the first quarter, helped to maintain unsold completed stock at a very low level (178 new homes as of March 31, 2009).

Breakdown of new home reservations by client	Q1 2009	Q1 2008
Home buyers (number of units)	33%	41%
o/w: - first-time buyers	*25%*	*22%*
- other home buyers	*8%*	*19%*
Private investors (number of units)	43%	45%
Institutional investors (number of units)	24%	14%
Total new home reservations (number of units)	**100%**	**100%**

In the period under review, the level of pre-commercialization recorded at the time work was launched remained high (69% on average).

- **Subdivision** reservations came to 411 units, down 14% compared to the first quarter of 2008. Sales to private individuals grew 11% year-on-year, while net grouped sales to developers resulted in a negative balance (-35 units), as cancellations exceeded new reservations. The average price of net reservations was €52 thousand, versus €78 thousand a year earlier, due to the price decrease applied and a negative impact of cancellations.

- In northern **Italy,** Nexity Residenziale continued its development started in 2008. Since its first operations were initiated, eight projects have been rolled out, mainly in the regions of Milan and Turin, representing a total supply of 462 new homes. In the first quarter of 2009, 23 options to purchase (*proposte d'acquista*) and 30 purchase agreements (*compromessi*) were recorded, corresponding to total revenue figures including VAT of €5 million and €7 million, respectively.

Commercial division

- The overall context of the commercial investment market in France worsened further in the first quarter of 2009. Total investment amounted to only €670 million,[1] the worst quarterly performance in the last 10 years. No transaction in excess of €80 million was concluded, and more than 80% of investments were under €15 million. There was a massive exodus of international investors from the French market during the period, with French investors now representing 78% of the total investment.

  Prime yields continued to rise, now ranging from 6.25% to 6.50% for Paris CBD.[1]

  The total take-up of office space in the Paris region amounted to 440,000 sq.m in the first quarter, down 25% compared to the same period in 2008.[1] However, the vacancy rate remains very low (5.6% in the Paris region), with an immediate supply of 3.0 million sq.m. Average rents for new-build or refurbished space declined by 2% compared to the fourth quarter of 2008.

- Following a record order intake level in 2008 (€579 million excluding VAT), Nexity Group did not record a single new order in the first quarter of 2009. Nevertheless, the Group was involved in negotiations with several investors during the period, in relation to its areas of expertise: office buildings, logistic platforms, within areas benefiting from good infrastructure links, especially the inner suburbs of major cities.

Services & Distribution division

The **Services** division continued to hold up well. As of March 31, 2009, managed residential units totaled nearly 1 million, thus remaining stable, and included 82,000 units outside France (mainly in Germany, Belgium and Poland). Commercial units under management held firm, amounting to 8.6 million sq.m.

During the quarter, the Group decided to relocate teams previously operating across several sites in central Paris to a single location in Clichy.

1. Source CBRE

Residential housing and commercial units under management	March 31, 2009	Dec. 31, 2008	Change (%)
Rental management (number of units)	215,200	216,000	-
Condominium management (number of units)	782,800	791,000	-1%
RESIDENTIAL: Property under management (units)	**998,000**	**1,007,000**	**-1%**
COMMERCIAL: Rental management (sq.m)	**8,629,000**	**8,804,100**	**-2%**

Within the **Distribution** division, the number of agencies decreased from 1,599 as of December 31, 2008 to 1,509 as of March 31, 2009. However, the Group's network of agencies weathered the current downturn better than the sector as a whole, with a drop in negotiated transactions of 16% (excluding Kéops Résidentiel) year-on-year, as against 30% for the sector.[1]

Franchise networks – Number of agencies	March 31, 2009	Dec. 31, 2008	Change
Agences Century 21 France	878	917	-39
Agences Guy Hoquet l'Immobilier	593	632	-39
Agences Keops Résidentiel	38	50	-12
Total number of agencies	**1,509**	**1,599**	**-90**

Furthermore, as a vendor of real estate savings products on behalf of third-party real estate developers, Iselection commercialized 366 units during the first quarter, an increase of 20% compared to the same period in 2008.

Urban renewal division (Nexity Villes & Projets)

As of March 31, 2009, **Nexity Villes & Projets** had a non-commercialized **land potential** of 890,000 sq.m,[2] unchanged compared to December 31, 2008. Fifty-five percent of this total area corresponded to potential residential properties, compared to 35% for offices and related activities, and 10% for retail.

1. Source: FNAIM
2. Floor areas are indicative and may vary upon grant of planning permission

ORDER BACKLOG AS OF MARCH 31, 2009

In millions of euros (excl. VAT)	**March 31, 2009**	**Dec. 31, 2008**	**Change %**
New homes*	1,962	1,865	+5%
Subdivisions	259	265	-2%
Residential division backlog	**2,221**	**2,130**	**+4%**
Commercial division backlog	853	970	-12%
Total Group backlog	**3,074**	**3,100**	**-1%**

** including Italy as of 2009*

As of March 31, 2009, the Group's total order backlog amounted to €3,074 million and represented 18 months' development revenue for Nexity.[1] Within this total, the Residential order backlog represents 16 months of revenue for this division[1] while that for the Commercial division represents 2.1 years of revenue.[1]

OUTLOOK FOR 2009

- Residential division: Market share target maintained at 10% in a residential property development market now estimated at between 75,000 and 80,000 units
- Commercial division: expected reduction in the volume of order intake offset by the high backlog
- Consolidated revenue decline expected to be contained under 10% compared to 2008
- Operating margin target of more than 7%
- Minimum payout ratio: 35% of Group share of net profit

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FINANCIAL CALENDAR & PRACTICAL INFORMATION

- Shareholders' Meeting	Wednesday, May 13, 2009	
- Ex-dividend	Friday, May 15, 2009	
- Dividend payment	Wednesday, May 20, 2009	
- H1 2009 revenue and results	Thursday, July 30, 2009	Market close

- A **conference call** on Q1 2009 Revenue and Business Activity will be accessible in English at 3:00 p.m. CET on Wednesday, May 13, 2009, by dialing the following numbers:

- Dial-in number (France)	+ 33 (0) 1 70 99 35 16	Access code: Nexity
- Dial-in number (rest of Europe)	+ 44 (0) 207 153 20 27	Access code: Nexity
- Dial-in number (United States)	+ 1 (0) 480 629 96 73	Access code: Nexity

Playback will be available by phone after the conference call by dialing the following number:
+44 (0) 207 190 59 01 (Access code: 141916#)

The presentation accompanying this conference can be accessed at the following address:
http://webcast.hugingroup.com/20090513_nexity/

1. Revenue basis – previous 12 month period

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DISCLAIMER

The information, assumptions and estimates that were used to determine these objectives are subject to change or modification due to economic, financial and competitive uncertainties. Furthermore, it is possible that some of the risks described in chapter 4 of the Document de Référence, filed with the AMF under number D. 09-0398 on May 6, 2009 could have an impact on the company's ability to achieve these objectives. Accordingly, the Company cannot give any assurance as to whether it will achieve the objectives described, and makes no commitment or undertaking to update or otherwise revise this information.

This press release is considered to be a Financial Report as defined in the Transparency Directive transposed by the AMF.

About Nexity

The largest fully integrated real estate group in France, Nexity uses its comprehensive range of sector-specific skills and expertise to serve the private individuals, companies and local authorities that make up its customer base. As well as being a leader across the entire spectrum of real estate businesses—property development (homes, offices, retail and other businesses), real estate services for private individuals and companies, franchise networks, urban renewal and asset management—Nexity is today able to provide global responses to the needs of its customers. Nexity is present throughout France, and in other European countries.

Nexity is listed on the SRD and on Euronext's Compartment B

Index membership: SBF80, SBF120, CACmid100, Next150 and MSCI SmallCap France

Ticker: NXI - Reuters: NXI.PA - Bloomberg: NXI FP

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Appendices

REVENUE BY DIVISION

RESIDENTIAL

In millions of euros	Q1 2009	Q1 2008	Change %
New homes	304.3	392.6	-22%
Subdivisions	24.8	28.4	-13%
New homes and subdivisions	**329.0**	**421.0**	**-22%**

COMMERCIAL

In millions of euros	Q1 2009	Q1 2008	Change %
Office buildings	90.2	45.7	+97%
Warehouses and distribution centers	9.2	8.9	+4%
International	24.3	5.7	x 4
Commercial	**123.7**	**60.3**	**+105%**

SERVICES & DISTRIBUTION

In millions of euros	Q1 2009	Q1 2008	Change %
Services	103.1	105.4	-2%
Distribution	9.3	23.1	-60%
Services & Distribution	**112.4**	**128.5**	**-13%**

QUARTERLY PROGRESSION OF REVENUE BY DIVISION

	2008				2009			
In millions of euros	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential	421.0	483.0	407.7	469.8	329.0			
Commercial	60.3	81.8	87.3	114.9	123.7			
Services & Distribution	128.5	131.2	141.0	151.0	112.4			
Other activities	0.9	1.9	1.2	1.4	0.9			
Revenue	**610.7**	**697.9**	**637.2**	**737.1**	**566.0**			