nexity

Paris La Défense, Wednesday, October 26, 2011

9M 2011 Revenue and Business Activity

- **Residential: 8,010 net reservations for new homes in France, up 3% compared to the first nine months of 2010; 3% increase in value terms in Residential Division total reservations to €1,741 million including VAT**
- **Commercial: €576 million excl. VAT order intake for the first nine months of the year**
- **Backlog as of September 30: up 23% compared to December 31, 2010, at €3.4 billion, equivalent to 20 months' revenue from development activities[1]**
- **Revenue for 9-month period ended September 30, 2011 (9M 2011): €1,773 million, in line with the Group's full-year guidance**

Full-year 2011 outlook

- **Residential: more than 10,000 reservations targeted, on the basis of an expected total market of between 90,000 and 100,000 new homes**
- **Commercial: order intake target of approximately €650 million**
- **Consolidated revenue for 2011 expected to be around €2.6 billion**
- **Current operating margin target of 8% for 2011, excluding expenses related to the "Nexity Demain" project**

ALAIN DININ, CHAIRMAN AND CEO OF NEXITY, COMMENTED:

"Against a backdrop of widespread concern about the economy, the Group saw 3% growth in reservations of new homes in France in the first nine months of 2011, and 6% in the third quarter alone. As Nexity enjoys a diversified client base, the Group was able to offset the drop in sales to private investors with a strong increase in sales to first-time buyers (up 34% in the third quarter), while also more than doubling its sales to institutional investors. Encouraged by these results, the Group reaffirms its full-year 2011 forecast of more than 10,000 reservations, in a French new home market now expected to total between 90,000 and 100,000 reservations for the year.

Even though it is still too early to make a firm prediction, the French new home market is expected to decline further in 2012. Nevertheless, as Nexity works across a wide range of customer segments, the Groups looks calmly upon the upcoming revision of housing policies in France which will come in the wake of the French presidential elections. As the housing crisis becomes more acute and households continue to face financing difficulties, vigorous measures will need to be introduced to spur new home construction. These measures will necessarily

[1] Revenue basis – previous 12-month period.

involve professionals in the sector. As a leader in its business lines, maintaining a solid financial structure and able to provide solutions for private customers, institutional investors and local authorities, Nexity is well positioned for continued success in this new environment."

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REVENUE

In the first nine months of 2011, Nexity Group recorded **revenue** of €1,773 million, a 4% decline compared to the same period in 2010.

€ millions	**9M 2011**	**9M 2010**	**Change %**
Residential	1,149.2	1,166.2	-1%
Commercial	255.1	287.4	-11%
Services & Distribution	366.4	398.3	-8%
Other activities	1.8	2.9	-36%
Total Group revenue*	**1,772.6**	**1,854.9**	**-4%**

** Revenue generated by the Residential (excluding Italy) and Commercial divisions is calculated using the percentage-of-completion method, on the basis of notarized sales pro-rated to reflect the progress of committed construction costs.*

The Residential division posted revenue of €1,149.2 million, compared to €1,166.2 million in the first nine months of 2010. Revenue for new home development activity in France declined by 2%, amounting to €1,031.6 million. The subdivision business recorded revenue of €101.1 million, up 4% over the same period in 2010.

- In the **Commercial division**, revenue was down 11% compared to the first nine months of 2010. As a result of the fire that broke out on March 17, 2011 at the construction site of the Basalte office building in La Défense, recognition of a portion of this project's revenue initially budgeted for the current year will be carried forward to 2012. In addition, the major orders booked in the first half of 2011 (in all totaling €576 million) have as yet made only a marginal contribution to the Group's recognized revenue. Outside France, revenue recorded in 2011 includes the proceeds from the sale of the third building in the Viale Edison Business Center development near Milan.

- Revenue posted by the **Services** business was €289.6 million, representing a 9% decrease year on year. This negative growth results primarily from changes in the scope of consolidation, with the drop in revenue entailed by the disposal during the second quarter of the Citéa urban extended-stay residence business (impact of about €20 million for the nine-month period), as well as the effect of the decline in the number of units under management recorded in 2010. At constant structure (i.e. excluding the sale of the Citéa business), revenue fell by 3%.

  The **Distribution** business posted revenue of €76.8 million, down 5% compared to the first nine months of 2010, attributable to lower revenue recorded by Iselection after the surge in the number of definitive sales agreements concluded at year-end 2010.

9M 2011 BUSINESS ACTIVITY

Residential division

The French new home market saw contrasting trends during the first nine months of 2011. While sales to private investors clearly declined over the period, before making a likely recovery in the last quarter given the reduction in tax benefits associated with buy-to-let investments (under the Scellier scheme) due to take effect in 2012, sales to first-time buyers are being buoyed by the new, re-targeted zero-interest loan scheme known as the PTZ+ (for *prêt à taux zéro renforcé*), which increases the borrowing capacity of these buyers in urban areas. The PTZ+ is now playing a major role in this segment of the market, with 66% of Nexity's first-time buyers making use of this loan scheme in the first nine months of 2011, compared to 55% who made use of the former PTZ in 2010. In addition, mortgage rates seem to have stabilized. According to Crédit Logement, average rates were near 3.9% (excluding insurance) in both September and June, as against 3.3% in the fourth quarter of 2010.

As of September 30, 2011, net new home and subdivision reservations booked by the Group rose by 1%, compared to the same period in 2010. They amounted to 9,870 units (including 114 promissory purchase agreements in Italy), representing a total value of €1,741 million (including €45 million in Italy).

New home and subdivision reservations - FRANCE (units and €m)	9M 2011	9M 2010	Change %
New homes (number of units)	8,010	7,812	+3%
Subdivisions (number of units)	1,746	1,822	-4%
Total new home and subdivision reservations (number of units)	**9,756**	**9,634**	**1%**
New home reservations (€m incl. VAT)	1,562	1,534	+2%
Subdivision reservations (€m incl. VAT)	134	133	-
Total new home and subdivision reservations (€m incl. VAT)	**1,696**	**1,667**	**+2%**

- The number of **new home** reservations in France came to 8,010 units, up 3% compared to the first nine months of 2010. The first-time buyers segment saw a significant trend reversal during the period, with reservations declining 19% year on year in the first quarter of 2011, followed by stable performance in the second quarter and a 34% rise in the third quarter, compared to the same period in 2010. This development is attributable in particular to the success of the PTZ+, which is increasingly being adopted by France's retail banking networks. Sales to private investors represented 3,652 reservations in the first nine months of 2011, down 17%. The third quarter also saw steady growth in sales to institutional investors (776 units, up from 338 units in the third quarter of 2010), offsetting the decline in the private investor segment.

Breakdown of new home reservations by client – FRANCE	**9M 2011**		**9M 2010**		**Change %**
Home buyers (number of units)	2,239	28%	2,158	28%	+4%
o/w: - first-time buyers	*1,607*	*20%*	*1,618*	*21%*	*-1%*
- other home buyers	*632*	*8%*	*540*	*7%*	*+17%*
Private investors (number of units)	3,652	46%	4,377	56%	-17%
Institutional investors (number of units)	2,119	26%	1,277	16%	+66%
Total new home reservations (number of units)	**8,010**	100%	**7,812**	100%	**+3%**

Excluding block sales to institutional investors and Iselection sales,[1] the average price including VAT of homes sold was €230 thousand for an average floor area of 59 sq.m. The high average price level observed is due in large part to the 120 sales recorded in Paris during the first nine months of 2011, whose average price was €759 thousand. In the French regions, the average price came to €196 thousand.

*Average sale price & surface area**	**9M 2011**	**9M 2010**
Average home price incl. VAT per sq.m (€)	3,873	3,574
Average surface area per home (sq.m)	59.4	58.1
Average price incl. VAT per home (€k)	**230.2**	**207.6**

* excluding block sales and Iselection

Unsold completed stock held by the Group remains very low, amounting to 74 homes as of September 30, 2011. In the first nine months of 2011, the level of pre-commercialization recorded at the time construction work was launched remained very high (73% on average).

The Group's available commercial offer increased in comparison with year-end 2010 thanks to the launches of 103 new developments, corresponding to 8,700 units, versus 7,300 units launched during the same period a year earlier. As of September 30, 2011, the business potential for new homes of the Group's Residential division[2] corresponded to the equivalent of 22,300 units,[3] up from 19,600 units as of September 30, 2010.

Subdivision reservations totaled 1,746 units, down 4% compared to the first nine months of 2010, despite a remarkable 27% year-on-year increase in the third quarter. The elimination from January 2011 of the Pass-Foncier® scheme is having a dampening effect on reservations. The average price of net reservations from individuals was €78 thousand.

[1] Sales of new homes as an operator, excluding commercialization on behalf of third parties.
[2] The business potential includes current supply for sale, future supply corresponding to project tranches not yet commercialized on acquired land, and supply not yet launched associated with land secured through options.
[3] Excluding Villes et Projets operations portfolio.

Commercial division

- In the first nine months of 2011, transaction volumes in the French commercial investment market came to €8.3 billion, up 30% compared to the same period in 2010.[1] Three transactions in excess of €300 million each were recorded in the third quarter. Nevertheless, liquidity is still focused on the most secure assets, keeping prime yields at levels in the range of 4.5% to 6% in Paris CBD. Take-up in the Paris region amounted to 2 million square meters (up 20% compared to the first nine months of 2010), owing to several exceptional transactions. However, worsening economic conditions could cause postponements in investment or take-up decisions in the coming months.

- Total new orders booked by the Group remained unchanged compared to the first six months of the year at €576 million. This record-setting amount includes in particular the orders signed in connection with the paired projects at Rue du Rocher / Rue de Vienne and the T8 complex in Paris, totaling €458 million for the Commercial division, Gecina's order for the C2 building in Saint-Ouen, and the sale of a 12,000 sq.m completed building in the Viale Edison Business Center in Sesto San Giovanni near Milan. As of September 30, 2011, the Commercial division had an order backlog of €727 million, providing strong visibility over the coming years. The Group reaffirms its full-year 2011 order intake target of €650 million.

Services & Distribution division

In the **Services** business, there were a total of 684,000 units under condominium management at the end of the period (including 47,000 units outside France), representing a drop of 15,000 units over year-end 2010, but stable compared to June 30, 2011. The new all-inclusive condominium management fee package launched early in the year has met with genuine success among co-owners. In rental management, the Group's portfolio numbered 198,000 units at the end of September 2011, down from 212,000 units as of December 31, 2010, due to the expected expiration of one institutional investor's mandate corresponding to a portfolio of more than 14,000 units. Since June 30, 2011, the portfolio of units under rental management remained stable. In the area of commercial real estate, total space under management amounted to 6.2 million square meters, compared to 6.6 million as of December 31, 2010.

Within the **Distribution** business, the number of agencies belonging to the franchise networks operated by the Group increased during the period, with 1,358 agencies as of September 30, 2011, up from 1,343 agencies as of December 31, 2010. Transaction volumes in the market for existing properties have slumped due to higher mortgage rates and the announced changes in the tax regime applicable to capital gains on real estate. Purchase agreement volumes recorded by franchise agencies in the Group's networks have thus declined by nearly 6% compared to the first nine months of 2010. In line with the drop in interest among private investors observed in the market, as a vendor of real estate savings products on behalf of third-party real estate developers, Iselection's activity was sharply lower in the period, following its exceptional performance in 2010 (1,068 reservations, versus 1,631 reservations in the first nine months of 2010).

[1] Source: CBRE.

ORDER BACKLOG AS OF SEPTEMBER 30, 2011

€ millions (excluding VAT)	**Sept. 30, 2011**	**Dec. 31, 2010**	**Change %**
New homes*	2,372	2,098	+13%
Subdivisions	264	246	+8%
Residential division backlog	**2,636**	**2,344**	**+12%**
Commercial division backlog	727	390	+86%
Total Group backlog	**3,363**	**2,734**	**+23%**

** including Italy*

In the first nine months of 2011, the Group raised its backlog to a level nearing its best prior performance. Surging 23% compared to its level as of December 31, 2010, Nexity's total order backlog represented 20 months of revenue from real estate development activities as of September 30, 2011.[1] The substantial rise over the nine-month period is attributable in large part to a number of major orders signed by the Commercial division in the first half.

FULL-YEAR 2011 OUTLOOK

Given its sales performance in the first nine months of 2011 and the Group's assessment of the consequences of the fire that broke out on the construction site of the Basalte building, on the basis of information and analysis available to date to the Group, the Group reaffirms the following full-year outlook for 2011:

- Residential: more than 10,000 reservations targeted, on the basis of an expected total market of between 90,000 and 100,000 new homes
- Commercial: order intake target of approximately €650 million
- Consolidated revenue for 2011 expected to be around €2.6 billion
- Current operating margin target of 8% for 2011, excluding expenses related to the "Nexity Demain" project

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[1] Revenue basis – previous 12-month period.

FINANCIAL CALENDAR & PRACTICAL INFORMATION

- 2011 Business Activity and Results — Tuesday, February 21, 2012

- A **conference call** on revenue and business activity in 9M 2011 will be accessible in English at 3:00 p.m. CET on Thursday, October 27, 2011, by dialing the following numbers:

- Dial-in number (France)	+33 (0)1 70 99 35 15	Access code: Nexity
- Dial-in number (rest of Europe)	+44 (0)207 153 20 27	Access code: Nexity
- Dial-in number (United States)	+1 480 629 9673	Access code: Nexity

Playback will be available by phone after the conference call by dialing the following number:
+44 (0)207 959 67 20 (Access code: 4481532#)

The presentation accompanying this conference can be accessed at the following address:
http://www.media-server.com/m/p/96my9976

This presentation will be available on the Group's website starting at 9:00 a.m. CET on October 27, 2011.

DISCLAIMER

The information, assumptions and estimates that the Company could reasonably use to determine its objectives are subject to change or modification due notably 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.11-317 on April 18, 2011 could have an impact on the Group's activities and the Company's ability to achieve its 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 Quarterly Financial Report as defined in the Transparency Directive transposed by the AMF.

About Nexity

A fully integrated real estate group in France, Nexity uses its comprehensive range of sector-specific expertise to serve the private individuals, companies and local authorities: property development (homes, land subdivisions, offices, logistics platforms, hotels and other businesses), real estate services for private individuals and companies, franchise networks, asset management and urban regeneration. Nexity can today provide global responses to the needs of its customers all over the territory. Nexity is also present in Europe.

Nexity is listed on the SRD and on Euronext's Compartment A – ISIN code: FR0010112524
Member of the Indices: SBF120, SBF80, CAC Mid60, CAC Mid & Small and CAC All Tradable
Mnemo: NXI – Reuters: NXI.PA – Bloomberg: NXI FP

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Appendices

REVENUE BY DIVISION

RESIDENTIAL

€ millions	9M 2011	9M 2010	Change %
New homes	1,031.6	1,057.7	-2%
Subdivisions	101.1	97.7	+4%
International	16.5	10.8	+53%
Residential	**1,149.2**	**1,166.2**	**-1%**

COMMERCIAL

€ millions	9M 2011	9M 2010	Change %
Office buildings and hotels	218.6	278.5	-22%
Logistics platforms and other business premises	36.5	9.0	x 4
Commercial	**255.1**	**287.5**	**-11%**

SERVICES & DISTRIBUTION

€ millions	9M 2011	9M 2010	Change %
Services	289.6	317.7	-9%
Distribution	76.8	80.6	-5%
Services & Distribution	**366.4**	**398.3**	**-8%**

QUARTERLY PROGRESSION OF REVENUE BY DIVISION

	2010				2011		
€ millions	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Residential	342.9	442.9	380.4	565.5	359.8	435.5	353.9
Commercial	81.7	102.1	103.6	87.6	72.7	108.0	74.4
Services & Distribution	130.3	134.4	133.6	210.9	126.3	111.8	128.3
Other activities	1.0	0.9	1.1	28.3	0.5	0.5	0.8
Revenue	**555.9**	**680.3**	**618.7**	**892.3**	**559.3**	**655.8**	**557.4**