



Q1 2012 REVENUE AND BUSINESS ACTIVITY

Paris La Défense, Wednesday, May 9, 2012

Confirmed downturn in the French residential real estate market, performance in line with the Group's annual targets

- Revenue for Q1 up by 5%: €588 million
- Residential: 19% decline in net reservations for new homes and subdivisions, in line with our forecasts
- Commercial: order intake reaches €74 million excl. VAT
- Backlog as of March 31: €3.25 billion (19 months' revenue from development activities¹), close to its level at year-end 2011

Outlook for 2012: trough year for the new homes market

- Residential: market share maintained in an expected total market of between 70,000 and 80,000 new homes (thus about 30% lower than 2011)
- Commercial: order intake target of approximately €200 million
- Consolidated revenue for 2012 expected to be higher than €2.6 billion
- Current operating profit target for 2012 higher than €200 million, excluding expenses related to the "Nexity Demail" project
- Dividend payment of €2 per share in respect of 2011, to be proposed to the Combined Shareholders' Meeting of May 10, 2012

ALAIN DININ, CHAIRMAN AND CEO OF NEXITY, COMMENTED:

"In line with the Group's forecasts, the French housing market entered into a particularly severe downturn in the early part of 2012, due to a combination of negative factors, including the prevailing wait-and-see attitude ahead of the presidential elections, stricter lending criteria imposed by banks (shorter maximum mortgage terms, higher percentage of equity required), and profound changes in tax regimes (reduction in tax benefits under the Scellier scheme, capital gains, VAT, etc.)."

¹ Revenue basis – previous 12-month period



Our conviction that the market will inevitably recover, after hitting a low point this year, remains intact. With the number of construction starts already down nationally, we find it hard to see how the housing crisis can be resolved without a massive construction effort. Unlike the market for existing properties, which is mainly driven by inventories, production volumes in the market for new homes are adjusted to meet demand, hence the absence of a large unsold stock of completed homes that might weigh on selling prices, in addition to little maneuverability in respect to cost prices, with the exception of the cost of land. New home construction boosts economic growth and creates jobs (which is not the case for existing properties), contributes to government revenue (through VAT receipts), and also increases the total number of residential units while improving their energy efficiency, as these new homes are built to stricter environmental standards. In France, fueling a return to growth in the new-build segment of the market must remain a priority, given the economic, social and demographic stakes involved.

At Nexity, we remain confident about our medium and long-term prospects. Our unique, integrated business model, the resilience guaranteed by our diversified and complementary business lines, our ably managed risk profile, and our particularly healthy balance sheet will allow us to weather this one-off downturn and take advantage of the future market recovery.”



REVENUE

In the first quarter of 2012, Nexity recorded **revenue** of €588 million, representing an increase of 5% compared to the same period in 2011. Excluding the impact of changes in the scope of consolidation,² revenue was up 6%.

€ millions	Q1 2012	Q1 2011	Change %
Residential real estate	380.8	359.8	+6%
Commercial real estate	81.8	72.7	+13%
Services and Distribution Networks	124.4	126.3	-2%
Other activities	0.8	0.5	ns
Total Group revenue*	587.9	559.3	+5%

* 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.

- **Residential real estate** revenue totaled €380.8 million, an increase of 6% compared to the same period in 2011. This rise is primarily attributable to revenue growth in the Group's residential development business in France (+5%), particularly since a high number of projects under construction have begun making a larger contribution to revenue. In addition, development in Italy, where revenue is recorded in full on delivery, involved a contribution of €14.8 million, compared to a contribution that was nearly nil in the first quarter of 2011.
- **Commercial real estate** revenue for the quarter (€81.8 million) benefited from the high order intake in 2011 (€644 million). In particular, this total includes the major contributions of the Solstys (Rocher-Vienne) and T8 projects in Paris and Pointe Métro 2 in Gennevilliers.
- **Real estate services** revenue totaled €99.7 million, stable as compared to the first quarter of 2011, excluding changes in the scope of consolidation. The absence of revenue from the Citéa urban extended-stay residence business, sold in the second quarter of 2011, was partially offset by the consolidation since January 1, 2012 of the property management and commercial advisory and brokerage businesses brought by La Française AM to the joint-venture structure created with Nexity.
Revenue from the **Distribution Networks** business (€24.7 million) was driven by the high number of definitive sales agreements concluded by Iselection, due to the fact that the tax benefits offered in 2011 under the Scellier and Censi-Bouvard plans still applied to reservations recorded in 2011, provided their sales agreements were signed by March 31, 2012.

² Revenue for the first quarter of 2011 included that generated by Citéa's urban extended-stay residence business, which was sold in the second quarter of 2011, but did not include that generated by the property management and commercial advisory and brokerage businesses of UFG-PM and Colliers International, both consolidated since January 1, 2012 following the actual creation at the end of 2011 of a joint venture between the Group and La Française AM combining these businesses.



BUSINESS ACTIVITY IN Q1 2012

Residential real estate

In line with the Group's forecasts, the **new home market saw a steep decline during the period**. This is explained by a combination of negative factors, including the significant reduction in the tax benefit associated with buy-to-let investments under the Scellier scheme, a wait-and-see attitude ahead of the presidential elections, and support measures for home buyers inadequately geared to lower income households, those most affected by the stricter lending criteria imposed by banks for mortgages. This trend was reinforced due to the confusion created among potential home buyers by media claiming an imminent drop in housing prices, although this mainly relates to existing properties. Although mortgage rates remained attractive in the first quarter (3.83% on average excluding insurance according to the Observatoire Crédit Logement), this was not sufficient to reverse the deterioration, while mortgage production for new-build properties declined by more than 34% year-on-year in the first quarter, according to Observatoire Crédit Logement.

As anticipated by the Group, net new home and subdivision reservations booked by Nexity in the first quarter of 2012 (2,335 units³) were down sharply (-19%) compared to the first quarter of 2011 (2,892 units).

Apart from the overall market trend, the drop in sales of new homes in France (-20%) was also due to the distinctly lower number of new commercial launches in the first quarter of 2012 (down 25% in unit terms compared to Q1 2011). Based on the provisional schedule for commercial launches of new projects by the Group during the year, a much higher number of new projects should be launched in the second quarter of 2012, if all planned launches are actually carried out.

<i>New home and subdivision reservations - FRANCE (units and €m)</i>	Q1 2012	Q1 2011	Change %
New homes (number of units)	1,857	2,333	-20%
Subdivisions (number of units)	491	521	-6%
Total new home and subdivision reservations (number of units)	2,348	2,854	-18%
New home reservations (€m incl. VAT)	318	420	-24%
Subdivision reservations (€m incl. VAT)	37	38	-3%
Total new home and subdivision reservations (€m incl. VAT)	355	458	-22%

³ Of which 7 units in Italy amounting to €5 million



- New home reservations booked by the Group were characterized by two opposing trends. Retail sales to both home buyers and private buy-to-let investors fell significantly (-43%) for the reasons discussed above. However, the Group further strengthened its position among institutional investors, with a corresponding surge in sales (+21%). During a time of the year usually little prone to buy-to-let investments, the relative contribution of sales to private investors fell to 24% after the peak attained in 2010 (59%), consistent with the reduction in the tax benefit under the Scellier scheme.

<i>Breakdown of new home reservations by client – FRANCE</i>	Q1 2012		Q1 2011		Change %
Home buyers (number of units)	403	22%	645	28%	-38%
<i>o/w: - first-time buyers</i>	311	17%	481	21%	-35%
<i>- other home buyers</i>	92	5%	164	7%	-44%
Private investors (number of units)	444	24%	853	36%	-48%
Institutional investors (number of units)	1,010	54%	835	36%	+21%
Total new home reservations (number of units)	1,857	100%	2,333	100%	-20%

Excluding block sales to institutional investors and Iselection sales,⁴ the average price including VAT of homes sold reflects the growing proportion of sales in areas characterized by low supply. Sales recorded in the Paris region accounted for 37% of all homes sold to private individuals in the first quarter of 2012, as compared with 28% on average in 2011.

<i>Average sale price & surface area*</i>	Q1 2012	Q1 2011
Average home price incl. VAT per sq.m (€)	3,780	3,672
Average surface area per home (sq.m)	60.0	60.9
Average price incl. VAT per home (€k)	226.6	223.8

* excluding block sales and Iselection

Unsold completed stock held by the Group remains very low, amounting to 73 homes as of March 31, 2012. The level of pre-commercialization recorded at the time construction work was launched is still very high (78% on average).

Subdivision reservations totaled 491 units, representing a limited decrease of 6% compared to the first quarter of 2011, with a stable average price of net reservations from individuals amounting to €75 thousand.

In a more challenging market environment, but one which is developing in line with the Group's expectations, Nexity has become increasingly selective with respect to new project launches and remains confident in the market's recovery in the medium term.

⁴Sales of new homes as an operator, excluding commercialization on behalf of third parties



Commercial real estate

- In the first quarter of 2012, transaction volumes in the French commercial investment market came to €1.7 billion,⁵ down 9% compared to the same period in 2011, but on the back of very strong results in the fourth quarter of 2011 (€7 billion). Investors with significant liquidity are interested in assets involving limited risk and are thus quick to target rare high-quality assets. The French market's appeal to investors remains strong, owing to its defensive nature. Prime asset yields have held close to the 4.5% to 6% range in Paris CBD. Take-up in the Paris region reflected the impact of the climate of economic uncertainty, with 510,000 square meters taken up (down by 18% compared to the same period in 2011). At this stage, several brokers anticipate take-up volumes for the year as a whole to exceed slightly 2 million sq.m (as against 2.4 million in 2011), with the commercial investment market registering a decline in comparison with 2011.
- In the first quarter of 2012, new orders booked by the Group amounted to €74 million. In particular, this amount included an order for two office buildings in Ermont-Eaubonne (Val d'Oise) as part of a larger project initiated by the Villes & Projets urban renewal division. Market trends confirm the relevance of the Group's approach (pre-letting in advance of all or a portion of new commercial projects) and several major projects are currently being structured or negotiated. The Group thus confirms its order intake target of approximately €200 million for the year as a whole.

Services and Distribution Networks

A key highlight for the **real estate services** business in the first quarter was the acquisition of Icade Résidences Services (IRS) which, following the disposal of the Citéa business and the tie-up with the property management and commercial advisory and brokerage business of La Française AM last year, rounds out the refocusing of the Group's services activities. IRS manages 60 student residences (about 8,000 residential units), mostly located in the Paris region, which thus join the 113 student residences (about 12,000 residential units) already managed by the Group. With this acquisition, which generated over €40 million in revenue in 2011, Nexity has bolstered its position in a sector where it already was the top player, thus reinforcing its ability to promote cross-selling with its development activities in the student residences segment. This acquisition will enter the scope of consolidation in the second quarter of 2012, and therefore thus no revenue was recorded for the first quarter.

The portfolio of units under management, as part of the Group's real estate services aimed at private individuals, improved slightly compared to the end of 2011, with nearly 880,000 units as of March 31, 2012 (including some 14,000 units contributed as a result of the IRS acquisition). Excluding this change in the scope of consolidation, the attrition rate of this portfolio in the first quarter of 2012 was very low (less than 0.5%), as against 2.9% in the first quarter of 2011.

The first quarter witnessed the launch of the Group's new brand identity, coupled with the progressive rebranding of all the 210 agencies under the Nexity brand over the course of the year. Accompanied by launches of a number of innovative product and service offerings, the complete redesign of customer experiences at Nexity's agencies, together with service quality improvements planned as part of the Group's broader corporate project, aim to reconquer market share across all aspects of real estate services.

⁵ Source: CBRE



In the area of real estate services aimed at companies, total space under management amounted to 9.6 million square meters as of March 31, 2012, up from 5.7 million square meters as of December 31, 2011. This substantial increase is chiefly due to the integration of the portfolio of 4.2 million square meters under management as a consequence of the tie-up signed at year-end 2011 with La Française AM in this business line. With this transaction⁶, the Group joined the leading ranks in property management in France and consolidated its position as the fourth largest operator in the area of commercial advisory and brokerage services (Keops Colliers International).

In **Distribution Networks**, Iselection recorded a sharp decline in sales of real estate savings products on behalf of third-party real estate developers (157 reservations compared to 280 in the first quarter of 2011). This downturn mirrored the overall slump in reservations of buy-to-let investment products across the market as a whole in the first quarter, largely due to the reduction in the tax benefits associated with the Scellier and Censi-Bouvard schemes and a wait-and-see attitude ahead of the presidential elections.

BACKLOG – ORDER BOOK AS OF MARCH 31, 2012

<i>€ millions (excluding VAT)</i>	March 31, 2012	Dec. 31, 2011	Change %
Residential real estate – New homes*	2,280	2,337	-2%
Residential real estate – Subdivisions	270	269	-
Residential real estate backlog	2,550	2,606	-2%
Commercial real estate backlog	703	709	-1%
Total Group backlog	3,253	3,315	-2%

* including Italy

As of March 31, 2012, the Group's order backlog amounted to €3,253 million, close to its level as of December 31, 2011 and equivalent to 19 months' revenue from development activities for Nexity.⁷

FULL-YEAR 2012 OUTLOOK

- Residential real estate: market share maintained in an expected total market of between 70,000 and 80,000 new homes
- Commercial real estate: order intake target of approximately €200 million
- Consolidated revenue for 2012 expected to be higher than €2.6 billion
- Current operating profit target for 2012 higher than €200 million, excluding expenses related to the "Nexity Demain" project
- Dividend payment of €2 per share in respect of 2011, to be proposed to the Combined Shareholders' Meeting of May 10, 2012

⁶ Details provided in the press release of February 21, 2012 on 2011 Revenue and Business Activity

⁷ Revenue basis – previous 12-month period



FINANCIAL CALENDAR & PRACTICAL INFORMATION

- Shareholders' Meeting Thursday, May 10, 2012
- Ex-dividend date Tuesday, May 15, 2012
- Dividend payment date Friday, May 18, 2012
- H1 2012 revenue and results Wednesday, July 25, 2012
- A **conference call** on Q1 2012 Revenue and Business Activity will be accessible in English at 15:00 CET on Thursday, May 10, 2012, 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 9726 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: 4534032#)

The presentation accompanying this conference can be accessed at the following address:
http://www.media-server.com/m/go/nexity_20120510

This presentation will be available on the Group's website starting at 09:00 CET on May 10, 2012.

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.12-0365 on April 18, 2012 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

AT NEXITY, WE AIM TO SERVE ALL OUR CLIENTS AS THEIR REAL ESTATE NEEDS EVOLVE

Nexity offers the widest range of advice and expertise, products, services and solutions for private individuals, companies and local authorities, so as to best meet the needs of our clients and respond to their concerns.

Our businesses – transactions, management, development, urban regeneration, advisory and related services – are now all fully client focused, optimally organised to serve and support our clients. As the benchmark operator in our sector, we are resolutely committed to all of our clients, but also to the environment and society as a whole.

Nexity is listed on the SRD and on Euronext's Compartment B
Member of the indices SBF 80, SBF 120, CAC Mid 60, CAC Mid & Small and CAC All Tradable
Mnemonic: NXI - Reuters: NXI.PA - Bloomberg: NXI FP
ISIN code: FR0010112524

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APPENDICES

REVENUE BY DIVISION

RESIDENTIAL REAL ESTATE

€ millions	Q1 2012	Q1 2011	Change %
New homes	341.8	325.2	+5%
Subdivisions	24.2	34.2	-29%
International	14.8	0.4	ns
Residential real estate	380.8	359.8	+6%

COMMERCIAL REAL ESTATE

€ millions	Q1 2012	Q1 2011	Change %
Commercial real estate	81.8	72.7	+13%

SERVICES AND DISTRIBUTION NETWORKS

€ millions	Q1 2012	Q1 2011	Change %
Services	99.7	102.5	-3%
Distribution Networks	24.7	23.9	+3%
Services and Distribution Networks	124.4	126.3	-2%

QUARTERLY PROGRESSION OF REVENUE BY DIVISION

€ millions	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential real estate	359.8	435.5	353.9	583.0	380.8			
Commercial real estate	72.7	108.0	74.4	65.8	81.8			
Services and Distribution Networks	126.3	111.8	128.3	180.7	124.4			
Other activities	0.5	0.5	0.8	0.9	0.8			
Revenue	559.3	655.8	557.4	830.4	587.9			