

9M 2012 REVENUE AND BUSINESS ACTIVITY

Paris La Défense, Wednesday, 24 October 2012

Good business performance

- Residential real estate: 7,336 net new home and 1,382 subdivision reservations, i.e. a total of 8,718 net reservations, down 12% compared to the first nine months of 2011, amounting to €1.48 billion incl. VAT (-15%)
- Commercial real estate: order intake reaches €112 million excl. VAT
- Backlog at 30 September: stable compared to 31 December 2011, at €3.36 billion (of which €2.8 billion for the Residential division, up 9% compared to year-end 2011), equivalent to 19 months' revenue from development activities¹
- Revenue for the 9-month period ended 30 September 2012: €1.85 billion, up 4.4%

Full-year 2012 outlook

- Residential real estate: target of more than 9,000 net new home reservations in an expected total market of around 80,000 units
- Commercial real estate: ambitious 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 of more than €200 million, excluding expenses related to the "Nexity Demain" project²

ALAIN DININ, CHAIRMAN AND CEO OF NEXITY, COMMENTED:

"As a key element in its policy towards the housing sector, the French government aims to bring the total number of housing starts (private developers' programmes, detached houses, social housing programmes) to 500,000 units per year. Considerable efforts will be required to meet this target, especially since the number of new homes under construction is not expected to exceed 310,000 this year, marking a significant decline from 2011. Housing starts may even decline further as the impact of the current market downturn will only be registered after the usual time-lag.

Sales will need to rise across all market segments in order to meet the government's target. Measures are for instance needed in support of first-time buyers, particularly for lower income households. Announced changes in

¹ Revenue basis – previous 12-month period

² Estimated at €17 million for 2012

the zero-interest loan scheme known as the PTZ+ (for prêt à taux zéro renforcé) should contribute to meeting this objective. Similarly, buy-to-let investments, which have accounted for more than 50% of sales by private developers, on average, over the last 15 years, must also be encouraged. By announcing a successor for the Scellier scheme, the government has recognised the importance of such a measure. However, the effectiveness of the new scheme will depend to a large extent on its definitive terms and conditions (rent levels, geographical areas, etc.), after debate by the French parliament. At this stage, it must be said that the volume targets ascribed to the new scheme in the draft Finance Act seem quite low.

Increasing the number of housing starts thus requires that new buyers be brought into the market. To this end, the announced plan to rekindle interest among institutional investors (excluding social housing operators) in the French real estate sector, which has been out of favour for a number of years, is an encouraging sign. But here again, pragmatic and structuring decisions will need to be taken in order to create genuine positive momentum.

Due to the inherent inertia in the production cycle for residential real estate, the impact of any new stimulus measures will only be felt several quarters after they are introduced: these measures must therefore be decided as quickly as possible in order to deliver the necessary boost to the production of new homes. The issue at stake is clear: by addressing France's drastic housing shortage, a severe blight on our society, the real estate sector – one of the few whose jobs cannot be moved abroad – can also hasten the country's economic recovery (through employment, induced economic activity and tax receipts).

In an environment where recession fears and continuing economic uncertainty sap investments, Nexity's business performance confirms its resilience. Active in a range of complementary business lines, leveraging the benefits of its new single brand since the beginning of the year, and backed by solid financial resources, the Group remains confident in its ability to weather the current market downturn and take advantage of the future upturn in the real estate sector."

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REVENUE

Consolidated **revenue** recorded in the first nine months of 2012 amounted to €1,851 million, representing an increase of 4.4% compared to the same period in 2011.

€ millions	9M 2012	9M 2011	Change %
Residential real estate	1,171.7	1,149.2	+2%
Commercial real estate	313.2	255.1	+23%
Services and Distribution Networks	363.6	366.4	-1%
Other activities	2.5	1.8	ns
Total Group revenue*	1,851.1	1,772.6	+4%

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

- **Residential real estate** revenue totalled €1,171.7 million, an increase of 2% compared to the same period in 2011.

- **Commercial real estate** revenue for the first nine months of 2012 rose by 23% to €313.2 million, still benefiting 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, the Basalte building at La Défense and Pointe Métro 2 in Gennevilliers.
- **Real estate services** revenue totalled €309.9 million, up 7% compared to the first nine months of 2011. The absence of revenue from the Citéa urban extended-stay residence business (-€8.8 million), sold in the second quarter of 2011, was more than offset by the consolidation since 1 January 2012 of the property management and commercial advisory and brokerage businesses brought by La Française AM (+€15.8 million) and by the consolidation of Icade Résidences Services since 1 April 2012 (+€19.5 million).

Revenue from the **Distribution Networks** business (€53.6 million) declined by 30%. As anticipated by the Group, Iselection's revenue reflected the impact of the decline in reservations recorded since the beginning of the year (-40%). In this business, the adverse effect of fewer reservations is seen very quickly in revenue since the full revenue amount relating to a sale³ is recorded at the signing of the relevant notarised deed, thus a few months after the signing of the reservation contract.

BUSINESS ACTIVITY FOR 9M 2012

Residential real estate

In line with the Group's forecasts, the French **new home market** registered a steep decline during the period, due to the combination of several factors: the reduction in the tax benefit associated with buy-to-let investments under the Scellier scheme; stimulus measures in support of home ownership inadequately geared to lower income households, those most affected by the stricter lending criteria imposed by banks for mortgages, and a wait-and-see attitude in connection with French presidential elections in the first half of the year and as the government's measures have continued to take shape since then. The drop in mortgage rates since the beginning of the year, and which has been confirmed over the last few months (3.4% excluding insurance on average in September as against 3.9% in the fourth quarter of 2011 according to Observatoire Crédit Logement), was not sufficient to offset this overall market trend.

In this weakened context, the Group has confirmed its resilience by recording only a limited decline in its net reservations for new homes and subdivisions during the first nine months of 2012, with 8,718 units⁴ (-12% compared to the first nine months of 2011) for reservation revenue including VAT of €1,476 million (-15%).

The less steep decline in sales recorded in the third quarter (down 9% in France compared to Q3 2011, as against an 18% and 12% decrease, respectively, in Q1 and Q2 2012 year-on-year) is due in particular to the faster pace of commercial launches in the third quarter (+27% year-on-year) and their efficient market positioning. The growing proportion of sales recorded by the Group in the Paris region (38%, versus 27% as of end-September 2011) attests to the more buoyant character of this market compared to the other regional markets.

³ Fees for sale on behalf of a third parties or the sale price of new homes in Iselection's capacity as an operator

⁴ Of which, 89 units in Italy for €36 million and 108 units in Belgium for €49 million

<i>New home and subdivision reservations - FRANCE (units and €m)</i>	9M 2012	9M 2011	Change %
New homes (number of units)	7,139	8,010	-11%
Subdivisions (number of units)	1,382	1,746	-21%
Total new home and subdivision reservations (number of units)	8,521	9,756	-13%
New home reservations (€m incl. VAT)	1,285	1,562	-18%
Subdivision reservations (€m incl. VAT)	107	134	-20%
Total new home and subdivision reservations (€m incl. VAT)	1,392	1,696	-18%

New home reservations booked by the Group in France during the first nine months of the year were characterised by two opposing trends. Sales to private individuals, both home buyers and buy-to-let investors, fell significantly (-24%) whereas the Group further strengthened its position among institutional investors, with a corresponding surge in sales (+29%).

In particular, buy-to-let investments by private individuals fell 33% over the first nine months of 2012, consistent with the reduction in the tax benefit under the Scellier scheme and the wait-and-see approach taken by individual investors in relation to the changing tax-break schemes and overall tax environment.

<i>Breakdown of new home reservations by client – France (number of units)</i>	9M 2012		9M 2011		Change %
Home buyers	1,946	27%	2,239	28%	-13%
<i>o/w : - first-time buyers</i>	1,507	21%	1,607	20%	-6%
<i>- other home buyers</i>	439	6%	632	8%	-31%
Individual investors	2,458	34%	3,652	46%	-33%
Institutional investors	2,735	38%	2,119	26%	+29%
Total new home reservations	7,139	100%	8,010	100%	-11%

Excluding block sales to institutional investors and Iselection sales,⁵ the average price including VAT of homes sold in France fell by 7.1%, chiefly as a result of the reduction in average floor area (-4.4%), with the remainder of the decline due to the product mix (type of programmes, geographic locations). Excluding sales recorded for homes within the city of Paris, the average price including VAT per home fell by only 3.8% despite a 4.1% reduction in average floor area.

<i>Average sale price & floor area*</i>	9M 2012	9M 2011	Change %
Average home price incl. VAT per sq.m (€)	3,766	3,873	-2.8%
Average floor area per home (sq.m)	56.8	59.4	-4.4%
Average price incl. VAT per home (€k)	214.0	230.2	-7.1%
<i>o/w France excluding Paris (€k)</i>	210.8	219.1	-3.8%

* excluding block sales and Iselection sales

⁵ Sales of new homes as an operator, excluding commercialisation on behalf of third-parties

Unsold completed stock held by the Group remains very low, amounting to 60 homes at 30 September 2012 (down from 74 homes a year earlier). The average level of pre-commercialisation recorded at the time construction work was launched remained very high (76% on average for the first nine months of the year).

The business potential⁶ of the Residential division for new homes in France was 24,600 units (up from 22,300 at 30 September 2011).

Subdivision reservations totalled 1,382 units, representing a decrease of 21% compared to the first nine months of 2011, with a virtually stable average price of net reservations from individuals amounting to €76.4 thousand (-2%). This lower volume is consistent with the downturn registered in the detached houses market, the main driver for this business.⁷ At 30 September 2012, the business potential for subdivisions came to 9,200 units.

In a more challenging market environment, but one which is still 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.

Commercial real estate

- Transaction volumes in the French commercial investment market for the nine months ended 30 September 2012 came to some 9.3 billion euros⁸. However, this apparent sense of momentum (12% higher than the same period the previous year, the highest level of investment since 2008) was mainly the result of three major transactions, all signed in the second quarter. Thus, investment volumes were down by 10% in Q3 year on year. The proportion of deals in Paris Central Business District (CBD), and more broadly within Paris city limits, was up strongly. Properties located in Paris itself accounted for 54% of deals, compared to 36% in 2011. As the supply of prime assets has not kept pace with demand, yields for the best office properties in Paris CBD fell back down to 4.5% in the third quarter and average rents for prime assets remained stable. Economic uncertainty combined with anaemic growth weighed heavily on take-up in the Paris region, with 1.6 million sq.m taken up in the first nine months of the year (down 19% compared to the same period in 2011). Take-up in the Paris region is expected to decrease for full-year 2012 (estimated at between 2 and 2.2 million sq.m down from 2.4 million sq.m the previous year), as is the case for the commercial investment market in France (estimated at around €13 billion, as against more than €16 billion in 2011), reflecting an anticipated marked downturn in the market in the last three months of the year.
- Although the Group saw steady growth in sales in the first half of the year, no new orders were recorded in the third quarter of 2012. Nexity continues to take the strategic approach of securing the commercial outcome of its products, particularly by favouring programmes that are either fully or partially pre-let. The slowdown seen in the investment market confirms the wait-and-see approach taken by investors, whose effects may be observed in lengthening commercialisation periods as well as longer negotiation periods for the sale of projects.

⁶ The business potential includes current supply for sale, future supply corresponding to project phases not yet launched on acquired land, and projects not yet launched associated with land secured through options

⁷ According to Union des Maisons Françaises, the market for detached houses is expected to record between 120,000 and 130,000 sales in 2012, down from 149,000 sales in 2011

⁸ Source: CBRE

Services and Distribution Networks

A key highlight for the **Real estate services** business in the first nine months of the year was the acquisition of Icade Résidences Services (IRS) in March 2012. 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, the acquisition of IRS rounds out the refocusing of the Group's services activities. This acquisition, which generated over €40 million in revenue in 2011, 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. Nexity has thus bolstered its position in a sector where it already was the top player, and reinforced its ability to promote cross-selling with its development activities in the student residences segment. This acquisition was consolidated as from the second quarter of 2012.

The portfolio of units under management, as part of the Group's Real estate services for private individuals, was down slightly year-on-year, amounting to 861,000 units at 30 September 2012. Excluding significant changes in the scope of consolidation, the attrition rate of this portfolio in the first nine months of 2012 was limited to 2.6%, as against 4.3% for the comparable period in 2011.

In Real estate services to private individuals, the Group aims to reconquer market share with the implementation of the "Nexity Demain" corporate project : rebranding of the 210 agencies, improved overall service quality and client experience, and new product launches.

In Real estate services for companies, total floor space under management amounted to 9.9 million square meters at 30 September 2012, up from 5.7 million square meters at 31 December 2011. This substantial increase is chiefly due to the integration of the portfolio of 4.2 million square metres under management as a consequence of the tie-up signed at year-end 2011 with La Française AM in this business line. With this transaction⁹, 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.

In **Distribution Networks**, Iselection saw a sharp decline in sales of buy-to-let investment products on behalf of third-party real estate developers (671 reservations compared to 1,068 in the first nine months of 2011, i.e. 37% lower). This downturn mirrored the overall slump in reservations of buy-to-let investment products across the market as a whole since the start of the year, with the reduction in the tax benefits associated with the Scellier and Censi-Bouvard plans and a wait-and-see attitude relating to upcoming changes in tax regimes. Furthermore, business activity for the Century 21 and Guy Hoquet l'Immobilier franchise networks mirrored the decline seen in the market for existing homes, registering an 11% drop in the volume of transactions over the first nine months of the year.

⁹ Details provided in the press release of 21 February 2012 on 2011 Business Activity and Results

BACKLOG – ORDER BOOK AT 30 SEPTEMBER 2012

<i>€ millions (excluding VAT)</i>	30 Sep. 2012	31 Dec. 2011	Change %
Residential real estate – New homes*	2,574	2,337	+10.1%
Residential real estate – Subdivisions	265	269	-1.5%
Residential real estate backlog	2,839	2,606	+8.9%
Commercial real estate backlog	517	709	-27.1%
Total Group backlog	3,356	3,315	+1.2%

* including International

At 30 September 2012, the Group's order backlog amounted to €3.36 billion, 1.2% higher than its level at 31 December 2011, and represents 19 months' revenue from development activities for Nexity.¹⁰

FULL-YEAR 2012 OUTLOOK

- Residential real estate: target of more than 9,000 net new home reservations in an expected total market of around 80,000 units
- Commercial real estate: ambitious 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" project¹¹

¹⁰ Revenue basis – previous 12-month period

¹¹ Estimated at €17 million for 2012

FINANCIAL CALENDAR & PRACTICAL INFORMATION

- 2012 Business Activity and Results Tuesday, 19 February 2013
- A **conference call** on revenue and business activity in 9M 2012 will be accessible in English at 15:00 CET on Thursday, 25 October 2012, by dialling 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

The presentation accompanying this conference can be accessed at the following address:
<http://www.media-server.com/m/p/qsege2cr>

This presentation will be available on the Group's website starting at 09:00 CET on 25 October 2012.

Playback will be available by phone after the conference call by dialling the following number:
+44 (0)207 959 67 20 (Access code: 4570228#)

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 18 April 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.

NEXITY'S AMBITION IS TO SERVE ALL ITS 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
Mnemo: NXI – Reuters: NXI.PA – Bloomberg: NXI FP
ISIN code: FR0010112524

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ANNEXES

REVENUE BY DIVISION

RESIDENTIAL

<i>€ millions</i>	9M 2012	9M 2011	Change %
New homes	1,059.3	1,031.6	+3%
Subdivisions	83.2	101.1	-18%
International	29.3	16.5	+78%
Residential real estate	1,171.7	1,149.2	+2%

COMMERCIAL

<i>€ millions</i>	9M 2012	9M 2011	Change %
Commercial real estate	313.2	255.1	+23%

SERVICES AND DISTRIBUTION NETWORKS

<i>€ millions</i>	9M 2012	9M 2011	Change %
Services	309.9	289.6	+7%
Distribution Networks	53.6	76.8	-30%
Services and Distribution Networks	363.6	366.4	-1%

QUARTERLY PROGRESSION OF REVENUE BY DIVISION

<i>€ millions</i>	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential real estate	359.8	435.5	353.9	583.0	380.8	392.6	398.3	
Commercial real estate	72.7	108.0	74.4	65.8	81.8	105.2	126.2	
Services and Distribution Networks	126.3	111.8	128.3	180.7	124.4	119.1	120.1	
Other activities	0.5	0.5	0.8	0.9	0.8	0.9	0.8	
Revenue	559.3	655.8	557.4	830.4	587.9	617.6	645.6	