



# Q1 2013 REVENUE AND BUSINESS ACTIVITY

Paris La Défense, Wednesday, 24 April 2013

## New home reservations stable in value terms, lower sales to professional landlords

- Q1 revenue stable at €587 million
- Residential: 2,041 net new home and subdivision reservations (-13% from Q1 2012), reservations steady in value terms at €359 million incl. VAT
- Commercial: order intake not significant over the quarter, annual target confirmed
- Backlog as of March 31: nearly €3 billion (equivalent to 15 months' revenue from development activities<sup>1</sup>), close to the backlog at year-end 2012

## Outlook for 2013 confirmed

- Residential: around 9,000 net new home reservations<sup>2</sup> in an expected market of between 70,000 and 75,000 units
- Commercial: order intake target of €350 million
- Consolidated revenue for 2013 expected to exceed €26 billion
- Current operating profit targeted for 2013 at over €180 million
- Proposal to distribute a dividend of €2 per share in respect of 2012 at the Shareholders' Meeting of 23 May 2013. Based on its outlook, the company will consider proposing to its shareholders the renewal of a €2 per share dividend next year.

## ALAIN DININ, CHAIRMAN AND CEO OF NEXITY, COMMENTED:

*"In Residential real estate, the stability of reservations in value terms recorded by the Group in the first quarter should not be interpreted as a sign of improvement in our outlook for the year: it is simply the automatic effect of comparing with the unusual composition of sales recorded in the first quarter of 2012 (during which sales to professional landlords represented 54% of our new home sales). Our outlook remains unchanged. The latest measures announced by the President of France on 21 March 2013 in the context of his "emergency plan" for housing are indeed steps in the right direction. However, unfortunately the majority of these measures cannot be expected to have significant consequences in the short term. As we announced, housing starts continue to decline. Consequently, we believe that new measures are needed more than ever to revitalize the market for new homes, which has well-known consequences for the economy as a whole (impact on GDP, employment in the construction sector, VAT receipts, etc.). From this perspective, the initial courses of action set out by the Berger-Lefebvre report on household savings, with a view to encouraging institutional investors to reinvest for certain life*

<sup>1</sup> Revenue basis – previous 12-month period

<sup>2</sup> Equivalent to the guidance provided in the press release of 19 February 2013 on 2012 business activity and results: market share to hold steady (then estimated at 12.5%) in an expected market of between 70,000 and 75,000 homes



insurance policies, among other investment targets, in the intermediate multi-family housing sector, are in our opinion insufficient given the scale of the challenges facing the sector.

In commercial real estate, the decline in take-up in the first quarter reflects the impact of economic uncertainty and the lack of expectation of economic growth by market participants. We nevertheless maintain our objective of doubling our order intake for the year in relation to last year.

While the initial economic indicators published confirm our expectation of a very difficult year for the large majority of economic sectors in France, the Group has the benefit of a solid financial structure which will help it get through this crisis and seize market opportunities as they present themselves that will contribute to its future performance.”

\*\*\*

## REVENUE

In the first quarter of 2013, Nexity recorded **revenue** of €586.5 million, stable as compared to the first quarter of 2012.

As announced in the press release dated 19 February 2013, Iselection, which was previously part of the Services and Distribution Networks division, became part of the Residential real estate division from an organizational standpoint at the start of the year. The revenue data presented below<sup>3</sup> take into account this reclassification and the data relating to 2012 are presented according to the same classification in order to provide better comparability. This reclassification has no impact on the recognition of reservations.

€ millions	Q1 2013	Q1 2012	Change %
Residential real estate	364.1	396.8	-8.3%
Commercial real estate	114.0	81.8	+39.3%
Services and Distribution Networks	107.4	107.8	-0.4%
Other activities	1.1	1.4	-22.6%
<b>Total Group revenue*</b>	<b>586.5</b>	<b>587.9</b>	<b>-0.2%</b>

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

- **Residential real estate** revenue totalled €364.1 million, a decline of 8% compared to the same period in 2012. This decrease is due in particular to the lower volume of notarial deeds signed over the period and slower progress on the Group's residential development projects in France.
- In **Commercial real estate**, quarterly revenue of €114.0 million benefited from the high level of orders recorded in 2011. This total includes substantial contributions from the Solstys (Rocher-Vienne) and T8 projects in Paris.
- Revenue from **Real estate services** totalled €100.2 million, up 1% compared to the first quarter of 2012. The additional revenue from the consolidation of Icade Résidences Services since 1 April 2012 more than offset the absence of revenue from the services businesses in Germany sold in 2012. Revenue from the **Distribution Networks** business totalled €7.2 million, down 11%, suffering from the effects of lower transaction volume in the

<sup>3</sup> Revenue specific to Iselection totalled €11.2 million euros in Q1 2013 (compared to €16 million in Q1 2012)



market for existing property as the decline in provisional agreements recorded in the last quarter of 2012 translated into fewer sales agreements in the first quarter of 2013.

## **BUSINESS ACTIVITY IN Q1 2013**

### ***Residential real estate***

As anticipated by the Group, there were no signs of recovery in the French new home market. The market began to become familiar with the new incentive provision for buy-to-let investment implemented at the beginning of the year (the "DufLOT" scheme). As shown in the latest IFOP<sup>4</sup> survey for the *Journal du Dimanche*, there is still an interest in being a home buyer (91% of the people surveyed believe that it is better to own than to rent their primary residence). Potential home buyers nevertheless apparently remain influenced by the widespread discussion in the media announcing an imminent drop in real estate prices (42% of the people surveyed believe that real estate prices are going to decline to some extent in the coming months), although such a decline should only affect the market for existing property and not the new home market. The level of mortgage rates, which remains historically low, continued to decline in the first quarter of 2013 (3.07% in March on average excluding insurance according to the Observatoire Cr dit Logement) and are still a positive support factor.

**In line with the Group's annual forecasts, net reservations for new homes and subdivisions recorded by Nexity in the first quarter of 2013 (2,041 units<sup>5</sup>) fell 13% in volume terms compared to the first quarter in 2012. In value terms, net reservations for new homes and subdivision lots were stable at €359 million including VAT.**

Net reservations for new homes registered by the Group in France were down by 11% in volume terms and were stable in value terms (+2.7%) essentially due to a sharp drop in the volume of bulk sales to professional landlords in the first quarter (-45%). This was mainly the result of the basis of comparison, as the first quarter of 2012 was marked by a particularly high level of sales to professional landlords and to a certain extent by a wait-and-see attitude of these operators ahead of the announcement of the future VAT rate applicable to investment in social housing as part of the communication on the "emergency plan" for housing (21 March 2013).

The first quarter of 2013 was also characterised by very few new commercial launches (the number of new homes offered in commercial launches fell by 60% compared to the first quarter of 2012) due to the need to redefine the schedule for certain operations and renegotiate certain land prices to bring Nexity into line with the new detailed implementation conditions of the new DufLOT buy-to-let investment scheme (published right at the end of 2012). Aside from this slippage, at this stage the Group does not expect any reduction in the number of new commercial launches for the year as a whole when compared to initial forecasts.

---

<sup>4</sup> *Journal du Dimanche* newspaper, 14 April 2013

<sup>5</sup> Of which 11 units in Italy amounting to €5 million



<i>New home and subdivision reservations - FRANCE (units and €m)</i>	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>Change %</b>
New homes (number of units)	1,660	1,857	-11%
Subdivisions (number of units)	370	491	-25%
<b>Total new home and subdivision reservations (number of units)</b>	<b>2,030</b>	<b>2,348</b>	<b>-14%</b>
New home reservations (€m incl. VAT)	327	318	+3%
Subdivision reservations (€m incl. VAT)	28	37	-24%
<b>Total new home and subdivision reservations (€m ind. VAT)</b>	<b>355</b>	<b>355</b>	<b>-0%</b>

The growth in sales to home buyers (+45%), and more particularly to first-time buyers, was not sufficient to offset the decline in volume recorded on sales to professional landlords (-45%). However, the improvement in the average price stemming from the lower portion of sales to professional landlords was reflected by overall stability in reservations as measured by value. The apparent growth in sales to individual investors (+17%) during a quarter traditionally characterised by a weaker appetite for buy-to-let investment products was due mainly to the particularly low level of reservations recorded in this segment in the first quarter of 2012. At that time, the sharp decline (from 22% in 2011 to 13% in 2012) in the tax benefit offered by the Scellier scheme had just gone into effect and buyers had an interest in signing their reservations no later than in the fourth quarter of 2011 so that they could take advantage of the tax benefit for that year.

<i>Breakdown of new home reservations by client – FRANCE (number of units)</i>	<b>Q1 2013</b>		<b>Q1 2012</b>		<b>Change %</b>
Home buyers	585	35%	403	22%	+45%
<i>o/w: - first-time buyers</i>	481	29%	311	17%	+55%
<i>- other home buyers</i>	104	6%	92	5%	+13%
Individual investors	518	31%	444	24%	+17%
Professional landlords	557	34%	1,010	54%	-45%
<b>Total new home reservations</b>	<b>1,660</b>	<b>100%</b>	<b>1,857</b>	<b>100%</b>	<b>-11%</b>

The first quarter is also highlighted by the significant proportion of sales in the Paris region, which represent 44% of homes sold to individuals in the first quarter of 2013 (compared to 35% in the first quarter of 2012). The effects of various mixes (clients, geography of the sales, type of products sold) in different directions ultimately explain the slight growth in the average price of homes sold.

<i>Average sale price &amp; floor area*</i>	<b>Q1 2013</b>	<b>Q1 2012</b>
Average home price incl. VAT per sq.m (€)	3,811	3,780
Average floor area per home (sq.m)	60.1	60.0
<b>Average price incl. VAT per home (€k)</b>	<b>229.0</b>	<b>226.6</b>

\* excluding block sales and Iselection sales

Unsold completed stock held by the Group remained very low, amounting to 50 homes at 31 March 2013. The level of pre-commercialization recorded at the time construction work was launched is still very high (76% on average).



The business potential<sup>6</sup> of the Residential real estate division (excluding Iselection) for new homes totalled 23,600 units at 31 March 2013 and remained close to the level recorded at year-end 2012.

**Subdivision** reservations totalled 370 units, representing a marked decline (-25%) compared to the first quarter of 2012, with the average price of net reservations from individuals stable at €75.7 thousand.

While sales of new homes by Iselection as an operator grew in the first quarter of 2013 compared to the same period last year, its sales of buy-to-let investment products on behalf of third-party real estate developers fell sharply (38 reservations compared to 157 in the first quarter of 2012).

### **Commercial real estate**

- Transaction volumes in the French commercial investment market during the first quarter of 2013 amounted to €2.6 billion, up by 40% compared to the same period in 2012. However, this level remains well below the long-term Q1 average. The strong demand for limited-risk products helped to stabilise prime yields despite the established decline in rental values. The growth in commitments recorded at the beginning of the year cannot be extrapolated to the year as a whole, for which a total of €13 to €14 billion in investment is expected (compared to €14.5 billion in 2012) (source: CBRE).
- Space taken up in the Paris region in the first quarter amounted to 393,500 sq.m, a 24% drop compared to the first quarter in 2012, particularly in the market for large floor areas (over 5,000 sq.m) (source: CBRE). Depending on the brokers, overall take-up in the Paris region is expected to reach between 2 million sq.m and 2.2 million sq.m at year-end 2013 (compared to 2.4 million sq.m in 2012).
- The Group recorded €6 million in new orders in the first quarter of 2013 with a logistics operation in Moselle and, taking into account its portfolio of projects at advanced set-up or commercialisation phases, confirmed its objective of reaching €350 million in order intake for the year.

### **Services and Distribution Networks**

In **Real estate services**, the portfolio of units under management in real estate services to individuals amounted to 810,000 units at 31 March 2013 (attrition limited to 0.7% compared to year-end 2012). In real estate services to companies, total floor space under management amounted to 10.8 million sq.m at 31 March 2013.

In **Distribution Networks**, the number of provisional sale agreements recorded in the first quarter by Century 21 and Guy Hoquet l'Immobilier was stable (+0.9%) in comparison with the same period last year. The number of franchised agencies totalled 1,315 at 31 March 2013 compared to 1,325 at 31 December 2012.

---

<sup>6</sup> Includes the Group's current supply for sale, its future supply corresponding to project phases not yet marketed on acquired land, and projects not yet launched associated with land secured through options



## BACKLOG - ORDER BOOK AT 31 MARCH 2013

€ millions (excluding VAT)	31 March 2013	31 Dec. 2012	Change %
Residential real estate – New homes*	2,451	2,449	+0.1%
Residential real estate – Subdivisions	259	266	-2.6%
<b>Residential real estate backlog</b>	<b>2,710</b>	<b>2,715</b>	<b>-0.2%</b>
Commercial real estate backlog	285	383	-25.5%
<b>Total Group backlog</b>	<b>2,995</b>	<b>3,098</b>	<b>-3.3%</b>

\* including outside France

The Group's order backlog at 31 March 2013 amounted to €2.995 billion<sup>7</sup>, close to the level at year-end 2012, equivalent to 15 months' revenue from Nexity development activities.<sup>8</sup>

## OUTLOOK FOR 2013

- Residential real estate: around 9,000 net new home reservations in an expected market of between 70,000 and 75,000 units
- Commercial real estate: order intake target of €350 million
- Consolidated revenue for 2013 expected to exceed €2.6 billion
- Current operating profit targeted for 2013 at over €180 million
- Proposal to distribute a dividend of €2 per share in respect of 2012 at the Shareholders' Meeting of 23 May 2013. Based on its outlook, the company will consider proposing to its shareholders the renewal of a €2 per share dividend next year

\*\*\*

## FINANCIAL CALENDAR & PRACTICAL INFORMATION

- Shareholders' Meeting Thursday, 23 May 2013
- Ex-dividend Monday, 27 May 2013
- Dividend payment Thursday, 30 May 2013
- H1 2013 Business activity and results Wednesday, 24 July 2013
- A **conference call** on Q1 2013 Revenue and Business Activity will be accessible in English at 15:00 CET on Thursday, 25 April 2013, by dialling the following numbers:
  - Dial-in number (France) +33 (0)1 70 99 35 15 Code: Nexity
  - Dial-in number (rest of Europe) +44 (0)207 153 20 27 Code: Nexity
  - Dial-in number (United States) +1 480 629 9726 Code: Nexity

Playback will be available by phone after the conference call by dialling the following number:  
+44 (0)207 959 67 20 (Access code: 4613067#)

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

This presentation will be accessible on the Group's website starting at 9.00 CET on 25 April 2013.

<sup>7</sup> The residential business backlog (Residential real estate) at 31 March 2013 included €18 million for lselection's backlog (new home operator business) compared to €13 million at year-end 2012.

<sup>8</sup> Revenue basis – previous 12-month period



## 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.13-0342 on 12 April 2013 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 A  
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

---

## CONTACTS

Nexity:

Amélie Laroche-Truong – Head of Investor Relations / +33 (0)1 71 12 15 49 – [investorrelations@nexity.fr](mailto:investorrelations@nexity.fr)

Blandine Castarède – Director of Communications and Brand Strategy / +33 (0)1 71 12 15 52 – [bcastarede@nexity.fr](mailto:bcastarede@nexity.fr)





# APPENDIX

## REVENUE BY DIVISION<sup>9</sup>

### RESIDENTIAL REAL ESTATE

<i>€ millions</i>	Q1 2013	Q1 2012	Change %
New homes	324.0	357.8	-9%
Subdivisions	30.8	24.2	+27%
International	9.3	14.8	-37%
<b>Residential real estate</b>	<b>364.1</b>	<b>396.8</b>	<b>-8%</b>

### COMMERCIAL REAL ESTATE

<i>€ millions</i>	Q1 2013	Q1 2012	Change %
<b>Commercial real estate</b>	<b>114.0</b>	<b>81.8</b>	<b>+39%</b>

### SERVICES AND DISTRIBUTION NETWORKS

<i>€ millions</i>	Q1 2013	Q1 2012	Change %
Services	100.2	99.7	+1%
Distribution Networks	7.2	8.1	-11%
<b>Services and Distribution Networks</b>	<b>107.4</b>	<b>107.8</b>	<b>-0%</b>

## QUARTERLY PROGRESSION OF REVENUE BY DIVISION<sup>9</sup>

<i>€ millions</i>	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential real estate	396.8	399.2	404.7	654.7	364.1			
Commercial real estate	81.8	105.2	126.2	204.3	114.0			
Services and Distribution Networks	107.8	112.1	112.8	120.0	107.4			
Other activities	1.4	1.2	1.7	1.3	1.1			
<b>Revenue</b>	<b>587.9</b>	<b>617.6</b>	<b>645.6</b>	<b>980.2</b>	<b>586.5</b>			

<sup>9</sup> On a comparable basis. Iselection's activity, formerly included under Services and Distribution Networks in 2012, was reassigned in 2013 to Residential real estate (see page 2). Likewise, Marketing and Client Relations, included under Services and Distribution Networks in 2012, was reassigned in 2013 to Other activities (non-significant amounts).