



REVENUE¹ AND BUSINESS ACTIVITY FOR THE FIRST 9 MONTHS OF 2014

Paris, Wednesday 29 October 2014

- **Residential real estate in France: Nexity resilient amid a sharp downturn in the French market²: slight increase in Nexity's new home reservations compared to the first 9 months of 2013 (6,589 reservations, i.e. +0.7%); expected revenue from reservations down 7.1%**
- **Commercial real estate: a transition quarter with no order intake**
- **Backlog at end-September 2014: €3.2 billion, representing 19 months' revenue from development activities³. Residential real estate backlog stable at €2.9 billion**
- **€1.72 billion in revenue for the first 9 months of the year, down 8.7% from the prior year due to the smaller contribution of the Commercial division; good level of revenue in Q3 2014 (€608 million), near stable (-1.2%) in relation to Q3 2013, buoyed by good progress in Residential real estate programmes.**

Outlook for 2014⁴ confirmed

- **Residential: business volume of around 10,000 net reservations, closely in line with 2013, in a tough market, with recovery expected from 2015**
- **Commercial: order intake of at least €100 million**
- **Consolidated revenue for 2014 to exceed €2.5 billion**
- **Current operating profit target for 2014 of at least €170 million**
- **Based on its outlook, Nexity will consider proposing to its shareholders the renewal of a €2 per share dividend in 2015.**

¹ The revenue data and financial indicators used in this press release are based on Nexity's operational reporting, with joint ventures proportionately consolidated.

² In the second quarter of 2014, sales of new homes (apartments) were down 11.0% versus Q2 2013 (Survey of new home sales, No. 550, August 2014, French Ministry of Sustainable Development); in the last 12 months (October 2013 to September 2014) the number of new homes authorised in France was down 12.5% (General Commission on Sustainable Development, No. 571, October 2014).

³ Revenue basis – previous 12-month period.

⁴ The outlook for 2014 was prepared using financial data and indicators from Nexity's operational reporting, with joint ventures proportionately consolidated.



ALAIN DININ, CHAIRMAN AND CEO OF NEXITY, COMMENTED:

“Amidst a clear downturn in the French residential real estate market, which is expected to reach a level of new home reservations of between 80,000 and 85,000 for the full year 2014, Nexity once again confirmed its resilience and the strength of its business model, booking a slight increase in new home reservations (+0.7%) for the first 9 months of 2014. The positive performance of bulk sales was enough to offset negative growth in sales to private individuals. PERL, which joined the Nexity group at the end of the first half of this year, is already bringing in noteworthy additional business.

Current news in the industry is that the Prime Minister of France, Manuel Valls, wants to improve the regulatory and tax framework for housing and reconsider the counterproductive policies of recent years. Discussions of the national budget for 2015 have also begun in Parliament.

Although the measures that have been announced are a step in the right direction – albeit insufficient, with too much focus on stimulating residential demand and not enough on supply – their impact on business activity in Q4 2014 will be marginal at best. Still they can be expected to help the French housing market start a recovery in 2015, the extent and duration of which will depend on the government’s ability to restore the confidence of home buyers, individual investors and institutional clients.

As forecast in the guidance shared with the market at the beginning of this year, total Group revenue for the first nine months of 2014 was down from 2013, due to a cyclical decrease in Commercial real estate activity. At the same time, Residential real estate Q3 revenue beat results from the past two years, demonstrating the robustness of Nexity’s primary business line.

Nexity confirms its full outlook for 2014, in terms of both business activity and financial results, as disclosed earlier this year.”



REVENUE

Revenue for the first nine months of the year totalled €1,722 million (-8.7% from the year-earlier period).

€ millions	9M 2014	9M 2013	Change %
Residential real estate	1,160.3	1,195.9	-3.0%
Commercial real estate	163.0	355.9	-54.2%
Services & Distribution Networks	353.2	330.3	+6.9%
Other activities	45.8	4.5	na
Total Group revenue*	1,722.3	1,886.6	-8.7%

* Revenue generated by both the Residential (excluding Italy) and Commercial divisions is recognised according to the percentage-of-completion method, i.e. on the basis of notarised sales pro-rated to reflect the progress of committed construction costs.

- **Residential real estate** division revenue totalled €1,160.3 million, a decline of 3% compared to the same period one year earlier. A higher level of progress of percentage-of-completion revenue recognition in Q3 2014 significantly reduced the lag in revenue recorded during the first two quarters of the year (-8.6% at 30 June 2014), with the Residential real estate division booking revenue of €425.2 million in Q3 2014, up 8.5% from Q3 2013. In Q3 2014, PERL did business of €38 million, of which €5 million is included in Nexity's revenue after accounting for restatements in the opening balance sheet and remeasurements of assets and liabilities to fair value.
- In **Commercial real estate**, the 54.2% decrease in revenue (€163.0 million) reported at 30 September 2014 is due notably to an adverse base effect. Revenue for the first nine months of 2013 included major contributions from the Solstys project (Nexity's new 34,600 sq.m head office) and the T8 building in Paris on the left bank of the Seine (29,100 sq.m), delivered at the end of 2013. In addition, the three major projects ongoing in 2014, namely Le Nuovo in Clichy (35,900 sq.m), the Eco-Campus in Châtillon (73,600 sq.m) and the conversion of the Magasins Généraux in Pantin (19,000 sq.m), were still in a low-revenue phase of construction during the first nine months of the year. Their recent entry into a higher value-added stage of development will have a positive impact on revenue in Q4 2014.
- The **Services and Distribution Networks** division recognised revenue of €353.2 million, up 6.9% from the first nine months of 2013. In Real estate services to individuals, this growth was powered by Oralia, consolidated as from 1 April 2014 (adding revenue of €33.6 million over 2 quarters), while revenue from property management edged slightly lower on a like-for-like basis (less than 1% compared to the prior year). Other activities experienced a drop in revenue of around €9 million (downturn in transaction fees at Keops for example, closing of unprofitable student residences, etc.).

In IFRS terms, **revenue** for the first nine months of the year was €1,530.6 million, down 12.2% compared to consolidated revenue of €1,743.4 million at 30 September 2013. This figure now excludes revenue from joint ventures, in accordance with IFRS 11, which requires joint ventures to be accounted for via the equity method instead of proportionately consolidated as they were before.



BUSINESS ACTIVITY FOR THE FIRST 9 MONTHS OF 2014

Residential real estate

During the quarter under review, the French government announced a raft of housing market stimulus measures, some of which have already come into effect. Two important decrees were published on 6 August and entered into force on 1 October 2014:

- a decree placing some 1,200 towns in zones with higher rent caps; and
- a decree improving the availability and terms of PTZ interest-free loans, with an announced target of 75,000 PTZ loans to be granted annually versus the current figure of only 44,000.

The rest of the measures, announced by the Prime Minister at his press conference on 29 August 2014, form part of the proposed national budget for 2015 and will thus take effect on 1 January 2015 if passed by Parliament. One particular proposal is to relax the Duflot (now Pinel) tax incentive scheme for buy-to-let investors, offering a choice of three investment periods (6, 9 or 12 years) rather than one (9 years), with tax breaks of 6%, 18% and 21%, and the option to rent to one's ascendants/descendants. An amendment will also be made to the taxation of capital gains from the sale of buildable land, freeing up new property for development. These positive measures have yet to generate a recovery in reservation volumes, as the weak economy continues to take its toll on consumers' morale and financial solidity.

The economic stimulus provided by central banks has been considerable. Long-term interest rates have continued to fall since this summer, with 10-year French government OAT bonds reaching a low of 1.15% on 15 October 2014 (Bloomberg). Mortgage rates have followed suit, increasing households' ability to borrow. The average mortgage lending rate at the end of September was 2.59% according to the Observatoire du Crédit Logement, a historic low, versus 3.00% at end-September 2013.

At 30 September 2014, Nexity's net new home reservations in France were up slightly in volume terms (0.7%) versus the same period in 2013, for a total of 6,589 reservations. The 7.1% decrease in value terms (expected revenue from reservations: €1,219 million including VAT) can be explained by the combined impact of a drop in reservations by private individuals (-5.3%) and a robust level of reservations by professional landlords (+13.4%), with the latter being sold at a substantially lower unit price.

Sales of managed residence units (notably senior and student residences) were very strong over the period, with 1,735 sales versus 1,076 in 2013 (+61%), i.e. 26% of total reservations. Nexity confirmed its position of leader in the managed residences segment, where its expertise is well-known and its operations significant in scope (Studéa for student residences; Domitys for senior living facilities).

The number of commercial launches was kept moderate in Q3 2014 (-14% in number of units versus the year-earlier period) in a careful effort to avoid outpacing a still sluggish market environment.



<i>New home and subdivision reservations - France (units and €m)</i>	9M 2014	9M 2013	Change %
New homes (number of units)	6,589	6,540	+0.7%
Subdivisions (number of units)	1,268	1,339	-5.3%
Total new home and subdivision reservations (number of units)	7,857	7,879	-0.3%
New homes (€m incl. VAT)	1,219	1,311	-7.1%
Subdivisions (€m incl. VAT)	100	106	-5.5%
Total new home and subdivision reservations (€m incl. VAT)	1,319	1,417	-7.0%

Professional landlords remained the most active client segment, with reservations by them up 13.4% in the first nine months of the year. Individual first-time home buyers and investors have generated a particularly low level of business since the beginning of 2014, but that could improve with the implementation of the government policy measures announced this summer. The portion of Nexity's total new home reservations attributable to professional landlords was 36%, up 4 points from 30 September 2013. The portion attributable to individual investors was 33%, as opposed to 35% at end-September 2013.

<i>Breakdown of new home reservations by client – France (number of units)</i>	9M 2014		9M 2013		Change %
Home buyers	2,021	31%	2,180	33%	-7.3%
<i>o/w: - first-time buyers</i>	1,575	24%	1,689	26%	-6.7%
<i>- other home buyers</i>	446	7%	491	7%	-9.2%
Individual investors	2,184	33%	2,258	35%	-3.3%
Professional landlords	2,384	36%	2,102	32%	+13.4%
Total new home reservations	6,589	100%	6,540	100%	+0.7%

Excluding bulk sales to professional landlords and Iselection sales, the average price of homes sold in France was down slightly (1.5%) from the year-earlier period.

<i>Average sale price & floor area* - France</i>	9M 2014	9M 2013	Change %
Average home price incl. VAT per sq.m (€)	3,812	3,876	-1.6%
Average floor area per home (sq.m)	57.6	57.5	+0.2%
Average price incl. VAT per home (€k)	219.6	222.9	-1.5%

* excluding bulk sales and Iselection sales

For Nexity's new residential developments in France, the average presale rate recorded at the time construction work was started remains very high (71% on average in the first nine months of the year), and unsold completed stock held by the Group is still very low, totalling 64 homes at end-September 2014.

The Residential division's new home business potential⁵ in France totalled 24,100 units, up 4% from year-end 2013 and equal to 2.5 years of reservations on a rolling 12-month basis. This level of supply will enable Nexity to muster a well-timed and effective response when the market picks up again.

⁵ 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.



In addition, PERL, which markets residential developments by dividing the usufruct rights (for social housing operators) from the bare ownership of the property, has been consolidated as of 1 July 2014 in the Residential real estate division. Since 1 January 2014 this business has brought in 413 bare ownership reservations of new homes.

Subdivision reservations numbered 1,268 in unit terms, with both volume and value riding the same downward trend of about 5% in the first nine months of 2014. The average price of net new home reservations by individuals was up slightly, to €79.4k.

Outside France, reservation levels for the first nine months of the year were not significant.

Commercial real estate

There was a recovery in take-up at the beginning of the year, but the still very challenging environment for French businesses curbed that trend in Q3 2014, with only 369,000 sq.m placed, a decrease of 17% from Q3 2013.

Against this lacklustre backdrop, the Group continued to mount large-scale projects requiring months of preparation, some of which are now in advanced negotiations. Accordingly, and despite the figure for new orders at 30 September 2014 being the same as that reported at 30 June 2014 (€21 million), the Group is confident that it will achieve its annual target of at least €100 million in order intake.

Services and Distribution Networks

Following the consolidation of Oralia (1 April 2014), the total portfolio of units under management in Real estate services to individuals was 940,600. At 30 September 2014, on a like-for-like basis, the rate of churn in the portfolio was 2.8%. Transactions business was up 8% (number of provisional agreements signed) versus the first 9 months of 2013. In Real estate services to companies, total floor area under management was 11.8 million sq.m at 30 September 2014, up 4.4% from 31 December 2013.

In the **Distribution Networks** business, the number of provisional sale agreements recorded as of 30 September 2014 by Century 21 and Guy Hoquet l'Immobilier was down 6.8% from the year-earlier period. The number of franchised agencies was 1,249 at end-September 2014 (end-December 2013: 1,261).

Urban regeneration (Villes & Projets)

At 30 September 2014, Nexity's urban regeneration business (Villes & Projets) had a land development potential of 598,700 sq.m⁶, up 7.5% from end-December 2013. The Group expanded its land portfolio early in 2014 with the acquisition of a first 63,350 sq.m plot in the Acacias development in upper Montreuil (Paris region). No new additions to the portfolio are expected between now and the end of the year.

⁶ Floor areas are provided for information purposes only and may be subject to adjustment once administrative authorisations have been obtained.



BACKLOG - ORDER BOOK AT 30 SEPTEMBER 2014

<i>€ millions, excluding VAT</i>	30 September 2014	31 December 2013	Change %
Residential real estate – New homes*	2,607	2,604	+0.1%
Residential real estate – Subdivisions	257	265	-3.0%
Residential real estate backlog	2,864	2,869	-0.2%
Commercial real estate backlog	372	486	-23.4%
Total Group backlog	3,236	3,355	-3.5%

* including outside France and Iselection, excluding PERL

The Group's total order backlog at end-September 2014 was €3.2 billion, equivalent to 19 months' revenue from Nexity development operations⁷. The 3.5% decline from year-end 2013 is due to the low volume of new orders in Commercial real estate. In Residential real estate, order backlog remained stable at €2.9 billion (end-September 2014 compared to end-December 2013).

OUTLOOK FOR 2014⁸

- Residential: business volume of around 10,000 net reservations, closely in line with 2013, in a tough market, with recovery expected from 2015
- Commercial: order intake of at least €100 million
- Consolidated revenue for 2014 to exceed €2.5 billion
- Current operating profit target for 2014 of at least €170 million
- Based on its outlook, Nexity will consider proposing to its shareholders the renewal of a €2 per share dividend in 2015.

⁷ Revenue basis – previous 12-month period, with restatement of joint ventures using proportionate consolidation.

⁸ The outlook for 2014 was prepared using financial data and indicators from Nexity's operational reporting, with joint ventures proportionately consolidated.



FINANCIAL CALENDAR & PRACTICAL INFORMATION

- A **conference call** on business activity and revenue for the first nine months of 2014 will be held in English at 7 p.m. CET on Wednesday, 29 October 2014. Dial in at these numbers:
 - If calling from France +33(0)1 76 77 22 27 code: 9209111
 - If calling from elsewhere in Europe +44(0) 20 3427 1905 code: 9209111
 - If calling from the United States +1 646 254 3362 code: 9209111

The presentation accompanying the conference call will be available at the following web address:

<http://www.media-server.com/m/p/9o2964iv>

The presentation will be available on the Group's website starting at 6:45 p.m. CET on 29 October 2014.

- Investor Day 2014: Thursday, 27 November 2014
- 2014 business activity and results: Tuesday, 17 February 2015

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 Section 4 of the Document de Référence, filed with the AMF under number D.14-0304 on 8 April 2014, 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, design, development, planning, advisory and related services – are now 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
Ticker symbol: NXI - Reuters: NXI.PA - Bloomberg: NXI FP
ISIN code: FR0010112524

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ANNEXES

REVENUE* BY DIVISION

RESIDENTIAL REAL ESTATE

<i>€ millions</i>	9M 2014	9M 2013	Change %
New homes	1,035.8	1,039.3	-0.3%
Subdivisions	79.7	87.1	-8.4%
International	44.8	69.5	-35.5%
Residential real estate	1,160.3	1,195.9	-3.0%

COMMERCIAL REAL ESTATE

<i>€ millions</i>	9M 2014	9M 2013	Change %
Commercial real estate	163.0	355.9	-54.2%

SERVICES & DISTRIBUTION NETWORKS

<i>€ millions</i>	9M 2014	9M 2013	Change %
Services	330.2	307.7	+7.3%
Distribution Networks	22.9	22.6	+1.4%
Services & Distribution Networks	353.2	330.3	+6.9%

QUARTERLY PROGRESSION OF REVENUE* BY DIVISION

<i>€ millions</i>	2014			2013				2012			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Residential real estate	425.2	394.4	340.7	636.2	391.8	440.0	364.1	654.7	404.7	399.2	396.8
Commercial real estate	58.2	49.4	55.4	97.5	111.4	130.5	114.0	204.3	126.2	105.2	81.8
Services & Distribution Networks	122.9	123.6	106.6	115.2	109.9	113.0	107.4	120.0	112.8	112.1	107.8
Other activities	1.4	42.5	1.9	1.7	1.8	1.6	1.1	1.3	1.7	1.2	1.4
Revenue	607.7	610.0	504.6	850.6	614.9	685.2	586.5	980.2	645.6	617.6	587.9

* IFRS accounts with restatement of joint ventures using proportionate consolidation.