



9M 2015 BUSINESS ACTIVITY AND REVENUE

Paris, Tuesday, 27 October 2015

- **Continued positive momentum for business activity in residential development, in line with Nexity's expectations**
 - 7,504 net new home reservations in France at 30 September 2015, up 12% in volume and 19% in value compared to first nine months of 2014
 - Q3 2015 reservations: up 9% in volume and 13% in value (compared to Q3 2014)
- **Commercial real estate: €301 million in new orders over the first three quarters**
- **Revenue of €2.04 billion at 30 September 2015, up 19%, with growth in all Group business lines**

Outlook for 2015 confirmed

- **Residential real estate: Nexity market share (12%) to be maintained in a French new homes market estimated to grow at 94,000-100,000 units**
- **Commercial real estate: order intake of at least €200 million (target exceeded)**
- **Consolidated revenue target for 2015: at least €2.9 billion**
- **Current operating profit target for 2015: at least €200 million, after taking into account €20 million in expenses related to investments in digital transformation and innovation**
- **Confirmation of a dividend payment of €2 per share in 2016¹**

The financial data and indicators used in this press release – including forward-looking information – are based on Nexity's operational reporting, with joint ventures proportionately consolidated

¹ Pending decision of Nexity's Board of Directors and approval at the General Shareholders' Meeting



Alain Dinin, Chairman and CEO of Nexity, commented:

"Since the beginning of 2015, the French housing market has been on a double-digit growth track compared to the low point of 2014. The recovery is indisputable but heavily lopsided – driven massively by individual investors yet hampered by weak sales to homebuyers – and the resurgence of institutional investors remains slow.

As far as the housing sector is concerned, France's 2016 budget bill is at present a complete non-event. President Hollande held a press conference on 19 October 2015 during which he spoke of the need for stimulus measures to help home buyers. The next few months will tell us whether such measures are effective in inverting the trend and restoring the purchasing power of homebuyers, especially in the Paris region.

Our projections for the French housing market, revised upward in July, remain valid in light of the above. Volumes should approach 100,000 units sold in 2015 (as against 86,800 in 2014), followed in 2016 by a return to the average for the past 10 years (105,000 sales per year). As France's leading real estate group, Nexity expects to achieve growth at least matching that of the market.

In Q3 2015, the pace of Nexity's business development continued unabated in the residential sector as well as in commercial real estate, where new orders for the year have already topped €300 million. Over the summer, Nexity also won the first two calls for proposals issued by Société du Grand Paris for real estate projects in connection with the future rail stations at Bagneux and Créteil l'Echat.

On the basis of all of these developments and a revenue growth figure of 19% for the first nine months of the year, Nexity confirms the entirety of its outlook and targets for 2015."



Business activity for the first 9 months of 2015

Residential real estate

The retail market for new homes in France was up 19% in the first half of the year, compared to the first half of 2014². After reaching a low point in June (1.99% on average³), mortgage rates were revised slightly upward, averaging 2.19% in September. These low rates remained a significant driver of housing demand.

<i>Reservations (units and €m)</i>	9M 2015	9M 2014	Change %
New homes (France)	7,504	6,712	+11.8%
Subdivisions (building lots)	1,277	1,268	+0.7%
International	159	86	x1.8
Total reservations (number of units)	8,940	8,066	+10.8%
New homes (France)	1,483	1,247	+18.9%
Subdivisions	97	100	-3.4%
International	22	9	x2.6
Total reservations (€m incl. VAT)	1,602	1,356	+18.1%

■ New homes

Over the first nine months of 2015, the Group recorded 7,504 net new home reservations in France, a 12% year-on-year increase by volume. Expected revenue from reservations grew more quickly, rising 19% (€1.483 billion incl. VAT)⁴, due to a greater proportion in the first nine months of 2015 of sales to individuals (whose average purchase price is higher than that of professional landlords) as well as a 13% increase in the average price of bulk sales (which was up due to a more favourable client mix than in 2014 thanks to the ramp-up of intermediate housing).

As a result of the introduction and strong reception of the “Pinel” buy-to-let investment scheme, which has proved more attractive than its predecessor, sales to individual investors increased by 52%.⁵ This increase, however, was less pronounced than in the first half (77%), when figures were inflated by a catch-up effect on sales that had failed to materialise during the previous buy-to-let investment scheme. The impact of the change in tax regime was particularly favourable to a number of regional markets that were upgraded to a more favourable bracket, enabling an increase in admissible rents and therefore a better yield for investors.

Although interest rates remained very attractive, sales to homebuyers (down 7% for Nexity from the first nine months of 2014) have yet to see the benefit of the market recovery, due to the still-fragile French economy, a situation further exacerbated in the Paris region by the PTZ (interest-free loan) reform at the end of 2014.

All in all, for the first nine months of the year, net reservations by individuals (investors and homebuyers) were up 24% compared to 2014 (17% like-for-like).

² Sources: SOeS, ECLN

³ Source: Observatoire Crédit Logement – rates for new-build home purchases

⁴ On a like-for-like basis (excluding H1 2015 for PERL, consolidated since 1 July 2014), the net number of new home reservations grew 7% by volume and 12% by value

⁵ 38% at 30 September 2015 net of PERL reservations for the first half of 2015



The opposite trend held for reservations by professional landlords, which were down 11% compared to 30 September 2014 due to a 24% decrease in reservations by social housing operators. Nonetheless this trend did improve in the 3rd quarter of 2015 (up 25%) compared to the 2nd quarter (down 36%), which was impacted by an especially high number of social housing reservations on hold pending building permits.

The portion of sales to professional landlords transacted with “non-social” institutional investors made up 32% of total reservations (including 519 intermediate housing units reserved by SNI⁶), representing a substantial increase (45%) compared to the previous year.

<i>Breakdown of new home reservations by client – France (number of units)</i>	9M 2015		9M 2014		Change %
Homebuyers	1,875	25%	2,021	30%	-7.2%
- o/w: - first-time buyers	1,434	19%	1,575	23%	-9.0%
- other homebuyers	441	6%	446	7%	-1.1%
Individual investors	3,499	47%	2,307	34%	+51.7%
Professional landlords	2,130	28%	2,384	36%	-10.7%
Total new home reservations	7,504	100%	6,712	100%	+11.8%

As in the first half of the year, the geographic mix of Nexity's sales shifted more towards the French regions compared to the Paris region (63% of total sales at 30 September 2015, versus 56% for the same period in 2014).

The average price of residential units reserved by Nexity's individual clients⁷ in the first nine months of the year was down 2% relative to the same period in 2014, due to a 3% decrease in average unit size, with the average price per square metre remaining virtually stable (up 1%). This development reflected the change in the customer mix, with individual investors – who on average purchase smaller units than homebuyers – more widely represented since the beginning of the year.

<i>Average sale price & floor area*</i>	9M 2015	9M 2014	Change
Average home price incl. VAT per sq.m (€)	3,841	3,812	+0.7%
Average floor area per home (sq.m)	56.0	57.6	-2.8%
Average price incl. VAT per home (€k)	215.1	219.6	-2.1%

* excluding bulk sales, Iselection and PERL

As the market recovered, the number of units launched by Nexity increased by 21% in the first nine months of 2015⁸ (7,521 units). The unsold completed stock (85 units) within the total supply for sale (5,382 units) remained very low and stable relative to end-December 2014. The average level of pre-selling recorded at the time construction work was launched remains high (68% on average).

⁶ Under a framework agreement signed with SNI in December 2014 for 800-1,100 homes a year, Nexity signed a second preliminary reservation agreement in the 3rd quarter for 333 homes, in addition to the first agreement (February 2015) for 569 homes

⁷ Excluding bulk sales to professional landlords, and Iselection and PERL sales

⁸ Excluding PERL and Iselection for all data relative to selling, supply for sale and business potential



At end-September 2015, the business potential⁹ for new homes was up 19% from end-September 2014 to 28,685 units, i.e. 3 years of development operations. The growth in business potential was particularly strong in the Paris region (up 44% at end-September 2015 versus end-September 2014).

Lastly, during the 3rd quarter of 2015, Nexity won the first two calls for proposals issued by Société du Grand Paris for property developments in connection with the future rail stations at Bagneux and Créteil l'Echat (Paris region). Those calls for proposals were for developments of mainly housing, offices and shops, scheduled to start in 2018 and totalling a floor area of 55,000 sq.m.

- Subdivisions

Subdivision reservations totalled 1,277 units, remaining stable relative to the first nine months of 2014, with the average price of net reservations from individuals falling 5% to €76k due to a 5% decrease in the average unit size.

- International

Nexity recorded 159 international new home reservations in the first nine months of the year, of which 117 in Poland and 42 in Italy. In Poland, the 3rd quarter was characterised by the launch (the second this year) of a project comprising 90 housing units at a development in Warsaw. In Italy, Nexity's announced policy of risk mitigation continued to be implemented.

Commercial real estate

After the one-off decline observed in the 2nd quarter, the French commercial real estate market was very active in the 3rd quarter, with significant investment volumes (the strongest 3rd quarter since 2007). Investors showed higher risk appetite, with renewed interest in "speculative" VEFA off-plan arrangements in Paris and its inner suburbs. At end-September, transaction volumes in the office segment were up 3%.¹⁰

For the same period, space taken up (volume of lettings and sales to users) in the Paris region (1.5 million sq.m) was down 6% relative to the first nine months of 2014 and remained 13% below the average volume for the past 10 years.¹¹ Business picked up in the 3rd quarter, however.

Nexity recorded €277 million in new orders in the 3rd quarter of 2015, thanks notably to the off-plan sale to EDF Invest of the Smart Side development comprising 40,000 sq.m of offices and services on the border between Clichy and Saint-Ouen (Paris region), which brought the total order intake to €301 million excluding VAT at the end of September, exceeding the annual target of at least €200 million.

⁹ 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

¹⁰ Source: CBRE France Investment MarketView Q3 2015

¹¹ Source: CBRE Ile-de-France Office MarketView Q3 2015



Services and Distribution Networks

In **Real estate services to companies**, the volume of units under management totalled 12.5 million sq.m at 30 September 2015, up 6.5% from year-end 2014.

In **Real estate services to individuals**, the portfolio of units under management (932,800 units at 30 September 2015) remained stable (down 0.3%) relative to end-December 2014. On a like-for-like basis (excluding the sale of Nexity's individual property management operations in Switzerland and Caen and the acquisitions of independent firms in Paris, Dijon and Bordeaux, as well as the Pierre Bérard firm in the Paris region), the attrition rate amounted to 2.2%, an improvement over end-September 2014 (2.8%).

For **Distribution Networks**, in the market for existing properties, the number of provisional sale agreements recorded at 30 September 2015 by Century 21 and Guy Hoquet l'Immobilier was up 11% relative to the same period a year earlier, despite a decrease in the number of franchisees (1,220 agencies at end-September 2015 versus 1,242 at end-December 2014).

Urban regeneration (Villes & Projets)

At end-September 2015, Nexity's urban regeneration business (Villes & Projets) had a land development potential of 535,400 sq.m.¹² No additions to the portfolio were recorded in the 3rd quarter, while nearly 28,000 sq.m moved into the development phase.

¹² Floor areas are provided for information purposes only and may be subject to adjustment once administrative authorisations have been obtained



9M 2015 revenue

In the first nine months of 2015, Nexity recorded **revenue** of €2,041 million, up 19% relative to the first nine months of 2014¹³ and representing increases across all business lines. This €319 million increase was mainly driven by the rise in revenue recognised by the Residential division in France (up €201 million from the first nine months of last year) and by the Commercial division (up €142 million).

€ millions	9M 2015	9M 2014	Change %
Residential real estate	1,352.4	1,160.3	+16.6%
Commercial real estate	305.0	163.0	+87.1%
Services and Distribution Networks	372.5	353.2	+5.5%
Other activities	11.3	45.8	-75.4%
Total Group revenue*	2,041.1	1,722.3	+18.5%

* Revenue generated by the Residential and Commercial divisions from VEFA off-plan sales and CPI development contracts is recognised using the percentage-of-completion method, i.e. on the basis of notarised sales and pro-rated to reflect the progress of incurred construction costs.

- **Residential real estate** revenue totalled €1,352 million, up 17% relative to the same period in 2014. This growth is the result of an increase in the number of developments started versus the first nine months of 2014, as well as more advanced stages of completion than last year. It is also due to the strong growth of Iselection's revenues, spurred on by a high level of sales to individual investors. It also results from the contribution of PERL, which in the first nine months of the year posted revenue of €77 million, of which only €58 million was included in Nexity's consolidated revenue after accounting for restatements in the opening balance sheet and remeasurements of assets and liabilities to fair value as part of the purchase price allocation (PPA) whose impact was fully taken into account at 30 September 2015. Excluding changes in scope, revenue for the Residential real estate division was up 14%.
- In **Commercial real estate**, continuing the trend seen since the 4th quarter of 2014 of a ramp-up in major developments signed in 2013, including in particular "Eco Campus" in Châtillon and "Le Nuovo" in Clichy, revenue at 30 September 2015 surged to €305 million, up 87%.
- The **Services and Distribution Networks** division recognised revenue of €373 million, up 5% from the first nine months of 2014. A €19 million portion of that increase was from external growth in property management for individuals, including €15 million from the consolidation of Oralia for one quarter more than in 2014. Revenue from property management for individuals came to €230 million and, excluding changes in scope, was down 0.8% due to the mechanical impact of attrition in the portfolio of units under management, although this was partially offset by an increase in average fees per unit. The revenue of Nexity Conseil et Transaction (formerly Keops commercial real estate advisory) registered a significant increase thanks to some major deals in the period.

¹³ Up 16% excluding changes in scope related to the consolidation of Oralia and PERL (€45 million): Oralia has been consolidated with effect from 1 April 2014 and PERL with effect from 1 July 2014



- Revenue at 30 September 2015 for **Other activities** (€11 million versus €46 million at 30 September 2014) included a sale of development rights acquired through Villes & Projets to a third-party developer. In the first half of 2014, revenue included non-recurring income from the Group's April 2014 disposal of its shares in the OPCl real estate investment fund that owned the Aviso building, located in Puteaux (Hauts-de-Seine).

In IFRS terms, revenue at end-September 2015 was €1.900 billion, up 24% relative to consolidated revenue of €1.531 billion at 30 September 2014. This figure 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 previously.

Backlog - Order book at 30 September 2015

€ millions, excluding VAT	30 Sep. 2015	31 Dec. 2014	Change %
Residential real estate – New homes *	2,598	2,591	+0.3%
Residential real estate – Subdivisions	238	243	-2.0%
Residential real estate backlog	2,836	2,834	+0.1%
Commercial real estate backlog	459	449	+2.3%
Total Group backlog	3,295	3,283	+0.4%

* including international

The Group's order book at end-September 2015 stood at €3,295 million, virtually stable relative to year-end 2014 and equivalent to 16 months' revenue from Nexity's development activities.¹⁴

¹⁴ Revenue basis – previous 12-month period



Financial calendar and practical information

2015 annual results

Tuesday, 16 February 2016

A **conference call** on 9M 2015 revenue and business activity will be held in French and English at 6:30 p.m. CET on Tuesday, 27 October 2015. It may be accessed using the code 3328649 by calling any of the following numbers:

- Calling from France +33 (0)1 76 77 22 27
- Calling from the rest of Europe +44 (0)203 427 1903
- Calling from the USA +1 646 254 3360

The presentation accompanying the conference call will be available on Nexity's website starting at 6:15 p.m. CET at the following address: <http://edge.media-server.com/m/p/xufyzmji>

To listen to a recording of the conference call, visit <http://www.nexity.fr/immobilier/groupe/finance> starting on the next day.

Disclaimer

The information, assumptions and estimates that the Company could reasonably use to determine its targets 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.15-0297 on 8 April 2015, could have an impact on the Group's operations and the Company's ability to achieve its targets. Accordingly, the Company cannot give any assurance as to whether it will achieve the targets described, and makes no commitment or undertaking to update or otherwise revise this information.

This press release is considered 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 business lines – real estate brokerage, 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: FR0010112524

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ANNEXES

ANNEX 1: RESERVATIONS BY QUARTER

	2015			2014				2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Number of units</i>											
New homes	2,368	2,949	2,187*	3,653	2,175	2,722	1,815	3,581	2,099	2,781	1,660
of which PERL	135	183	137	222	123						
Subdivisions	400	556	321	836	395	547	326	765	448	521	370
International	103	42	14	7	73	10	3	19	26	41	11
Total (number of units)	2,871	3,547	2,522	4,496	2,643	3,279	2,144	4,365	2,573	3,343	2,041
<i>Value, in € m incl. VAT</i>											
New homes	473	595	415*	677	419	475	353	654	438	546	327
of which PERL	38	57	34	58	29						
Subdivisions	29	45	23	63	29	42	29	64	39	40	27
International	15	6	2	2	10	1	-2	2	7	12	5
Total (€ m incl. VAT)	516	646	440	742	458	518	380	720	484	598	359

*After adjustment for 47 PERL reservations of existing properties totalling €10 million.



ANNEX 2: REVENUE BY DIVISION

According to IFRS but with joint ventures proportionately consolidated

€ millions	9M 2015	9M 2014	Change %
New homes	1,226.7	1,035.8	+18.4%
Subdivisions	90.2	79.7	+13.1%
International	35.4	44.8	-21.0%
Residential real estate	1,352.4	1,160.3	+16.6%
Commercial real estate	305.0	163.0	+87.1%
Services	348.0	330.2	+5.4%
Distribution Networks	24.5	22.9	+6.7%
Services and Distribution Networks	372.5	353.2	+5.5%
Other activities	11.3	45.8	-75.4%
GROUP	2,041.1	1,722.3	+18.5%

Quarterly progression of revenue by division

€ millions	2015			2014				2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Residential real estate	460.3	531.5	360.5	672.4	425.2	394.4	340.7	636.2	391.8	440.0	364.1
Commercial real estate	102.8	116.5	85.7	104.6	58.2	49.4	55.4	97.5	111.4	130.5	114.0
Services and Distribution Networks	129.8	121.2	121.5	131.2	122.9	123.6	106.6	115.2	109.9	113.0	107.4
Other activities	1.2	9.0	1.0	1.4	1.4	42.5	1.9	1.7	1.8	1.6	1.1
GROUP	694.1	778.2	568.7	909.6	607.7	610.0	504.6	850.6	614.9	685.2	586.5