# 9M 2018 BUSINESS ACTIVITY AND REVENUE

Paris, Tuesday, 30 October 2018

- **New home reservations in France: up 3% by volume and 7% by value (vs. 9M 2017)**
- **Development backlog: €4,632 million (up 16%)**
- **Revenue: €2,497 million (up 12%)**

**Ægide-Domitys**: successfully integrated into the Nexity group while maintaining Ægide-Domitys' operational independence; fully consolidated with effect from 1 July 2018

- 81 residences in service, totalling 9,600 residential units
- 802 new home reservations in Q3 2018 (including 377 reservations made independently of Nexity but now included in Group business activity)
- Backlog[1]: €271 million
- Business potential for new homes[1]: 2,540 units
- Contribution to Q3 2018[1] revenue: €63 million

**Individual Clients**

- Revenue: €2,080 million (up 5%)
- Residential Real Estate: 14,455 reservations, of which 13,009 new home reservations in France,[2] up 3% by volume and 7% by value versus 9M 2017
- Business potential for new homes: 52,944 units, i.e. 2.8 years of development operations (up 11% from December 2017)

**Commercial Clients**

- Revenue: €413 million (up 71%)
- Commercial Real Estate: order intake of €278 million at 30 September 2018
- Commercial Real Estate business potential of €2.5 billion, i.e. 4.8 years of development operations

## GUIDANCE UNCHANGED

- **Revenue and EBITDA expected to grow by over 12% in 2018[3]**
- **Individual Clients**: continued growth in Nexity's market share in 2018, in a French market for new homes that should decrease by 10,000 units compared to 2017[4]
- **Commercial Clients**: Commercial Real Estate order intake: €400 million
- **Dividend** per share of at least €2.50 payable in 2019[5]

**Treasury share buyback programme** launched on 3 October 2018 for a maximum of €22.5 million to cancel out the impact of dilution resulting from free shares granted to employees[6]

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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, and take into account the impact of two new reporting standards, IFRS 15 and IFRS 16, which the Group is applying from 1 January 2018, the impact of which is detailed in the annexes of this press release

[1] Indicators for Ægide relate to development business done independently of Nexity. Co-development projects undertaken with Nexity were already included in the Group's "Residential Real Estate" reporting
[2] The balance includes 1,251 subdivision reservations and 195 international reservations
[3] Compared with growth of around 10% in the guidance provided with the 2017 annual results (20 February 2018), a change due in particular to the consolidation of Ægide-Domitys as announced in the 25 July 2018 press release
[4] Clarifying the market forecast, announced in February, of between 120,000 and 125,000 units (retail sales published by ECLN) expected in 2018 compared to 130,000 in 2017
[5] Pending the decision of Nexity's Board of Directors and approval at the Shareholders' Meeting
[6] See press release of 19 June 2018

**Alain Dinin, Chairman and CEO of Nexity, commented:**

“The forecasts we made at the beginning of the year are being confirmed. We were clear when the 2018 budget came out: the government’s housing policy could only automatically lead to an overall decline in the sector. In no way is this the end of a cycle; rather, it is an obvious error in assessing the mechanisms that drive the industry. Consequently, all housing construction in France – including single-family homes and residential social housing – is gradually seizing up. In the residential segment, we are forecasting a full-year decline of around 8%, in line with the guidance we issued in February.

The market situation is, in reality, very mixed: several unquestionably negative trends (lower activity in less supply-constrained areas following the withdrawal of the “Pinel” and interest-free loan schemes in zones B2 and C; knock-on effects of provisions affecting the social housing sector; initial impacts of the wait-and-see attitude to the granting of building permits linked to the approaching 2020 municipal elections) contrast with highly buoyant demand, especially in the Paris region, and particularly among first-time buyers and institutional investors.

With sales growing in a declining market, Nexity confirms its guidance of gaining significant market share in 2018.

As citizens, we can only lament that housing is so absent from the government’s concerns and policy. However, it should also be emphasised that such a situation absolutely does not call into question Nexity’s strategic direction – in fact, it opens up opportunities for the Group: it could streamline the market, particularly in areas where some operators are overpaying for land; logically, it should result in more reasonable selling prices; and lastly, it should prompt everyone involved in the urban planning process to think about how housing can be made more affordable for as many people as possible.

Drawing on its solid fundamentals and its unique approach to sustainable real estate based on services and uses, Nexity remains confident regarding this market situation. Today’s strong figures on Nexity’s backlog and growth in the Group’s land development potential highlight our ability to replenish our offering and prepare to seize new growth opportunities.

Q3 2018 was characterised by a renewed acceleration in revenue growth (12%) and the initial impacts of consolidation of Ægide-Domitys, whose indicators are strong, and which should increasingly become a growth driver for the Nexity group.

Lastly, Nexity confirms all its medium-term targets disclosed to the market at its Investor Day on 19 June, in particular compound annual growth of 10% for both revenue and EBITDA until 2021.”

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# 9M 2018 BUSINESS ACTIVITY

## INDIVIDUAL CLIENTS – RESIDENTIAL REAL ESTATE

In the first half of 2018, the French market was less buoyant than in 2017. According to ECLN, retail new home sales[7] (around 64,000 reservations in the first half) were down 0.8% year-on-year; according to FPI, whose statistics include bulk sales, reservations were down 4% relative to H1 2017. The observed decline bears out Nexity's previously announced expectations of a year-on-year contraction in the French new housing market.

Mortgage rates for individual borrowers remained very low (1.43% on average in September 2018[8]), and Nexity expects interest rates to rise gradually.

| *Reservations (units and €m)* | **9M 2018** | **9M 2017** | **% change** |
|---|---|---|---|
| New homes (France) | 13,009 | 12,615 | +3.1% |
| *o/w Ægide (reservations made independently of Nexity)* | 377 | - | - |
| Subdivisions | 1,251 | 1,681 | -25.6% |
| International | 195 | 212 | -8.0% |
| **Total reservations (number of units)** | **14,455** | **14,508** | **-0.4%** |
| New homes (France) | 2,588 | 2,429 | +6.6% |
| *o/w Ægide (reservations made independently of Nexity)* | 70 | - | - |
| Subdivisions | 106 | 130 | -18.7% |
| International | 17 | 29 | -41.5% |
| **Total reservations (€m incl. VAT)** | **2,711** | **2,588** | **+4.8%** |

### *New homes*

At end-September 2018, Nexity booked 13,009 net new home reservations in France, up 3% by volume and 7% by value with respect to 9M 2017. Expected revenue from reservations (€2,588 million for the nine-month period) rose more sharply than the volume of reservations, particularly as a result of the geographic mix and the pace of retail reservations in the Paris region, where the average price for units reserved is higher.
After adjusting to exclude external growth transactions (acquisition of a controlling stake in the Ægide-Domitys group in June 2018), a total of 12,632 units were reserved in the nine months to end-September 2018, unchanged relative to the same period in 2017. Expected revenue from reservations came to €2,518 million including VAT, an increase of 4% compared with the first nine months of 2017.

Geographically, reservations held more or less steady in the Paris region (up 1%) and were buoyant elsewhere in France (up 5%). 86% of the reservations were located in supply-constrained areas (the A, A *bis* and B1 zones under the current Pinel scheme).

In the third quarter of 2018 alone, net new home reservations in France were down 1% by volume but up 1% by value (down 9% by volume and 7% by value on a like-for-like basis). This negative trend in the third quarter was mainly a result of the decline in launches (see below).

Ægide's senior independent living facilities development business, fully consolidated with effect from 1 July 2018, brought in 802 reservations in Q3 2018 (425 of them from co-developments with Nexity), giving expected revenue from reservations of €162 million including VAT (including €92 million from co-developments with Nexity).

Nexity confirms its target of year-on-year market share growth in 2018, in a French new housing market that is expected to decrease by 10,000 units compared to 2017.

[7] Source: ECLN – *Conjoncture de l'immobilier* (Results for the second quarter of 2018 – 28 September 2018)
[8] Source: Observatoire Crédit Logement – 16 October 2018

| *Breakdown of new home reservations by client – France (number of units)* | **9M 2018** | | **9M 2017** | |
|---|---|---|---|---|
| Homebuyers | 3,092 | 24% | 2,998 | 24% |
| *o/w: - first-time buyers* | *2,539* | *20%* | *2,257* | *18%* |
| *- other homebuyers* | *553* | *4%* | *741* | *6%* |
| Individual investors | 5,640 | 43% | 5,713 | 45% |
| Professional landlords | 4,277 | 33% | 3,904 | 31% |
| **Total new home reservations** | **13,009** | **100%** | **12,615** | **100%** |

Reservations by first-time buyers were up 12% with respect to 9M 2017. Reservations placed by homebuyers made up 24% of Nexity's total new home reservations for the period ended 30 September 2018.

Reservations by individual investors held more or less steady over the nine months to end-September 2018 (down 1% relative to the same period in 2017). Individual investors accounted for 43% of new home reservations during the quarter (with 65% making use of the Pinel scheme).

Reservations by professional landlords were up 10% relative to the first nine months of 2017, with reservations by investors in intermediate and non-social housing growing significantly (up 41% relative to the first nine months of 2017 on a like-for-like basis; up 52% based on current scope of consolidation). At end-September 2018, these accounted for 38% of reservations by professional landlords (with the remaining 62% made by social housing operators).

The professional landlords market was boosted by growth in bulk sales of serviced residences to private investors and increasing investment by major players – notably in'li and CDC Habitat – with which Nexity has entered into long-term strategic partnerships: for example, in early October 2018 the Group signed a new agreement with CDC Habitat covering the period 2018–2020 (acquisition of 5,000 intermediate homes and 3,000 social housing units).

| *Average selling price & floor area** | **9M 2018** | **9M 2017** | **% change** |
|---|---|---|---|
| Average price incl. VAT per sq.m (€) | 4,006 | 3,895 | +2.8% |
| Average floor area per home (sq.m) | 55.5 | 55.5 | -0.1% |
| **Average price incl. VAT per home (€k)** | **222.2** | **216.3** | **+2.7%** |

* Excluding bulk sales; reservations by iSelection, PERL and Ægide; and international reservations

The average price including VAT of new homes reserved by Nexity's individual clients[9] in the first nine months of 2018 was up 2.7% compared with the same period in 2017, reflecting among other factors an increase in average prices per square metre.

The average level of pre-selling for new homes in France[10] booked at the start of construction work remained very high at 74% at end-September 2018 (compared with 79% for 9M 2017).

In the nine months to end-September 2018, Nexity launched a total of 11,608 units, down 27% relative to the same period in 2017 (11,486 units on a like-for-like basis, down 27%). This change reflects a certain wait-and-see attitude linked to the current political and regulatory climate (with the "ELAN" housing bill and the approaching 2020 municipal elections slowing issuance of new building permits) and the Group's continuing cautious policy correlated with expected future demand. The supply of homes for sale held more or less steady (down 1%) relative to end-December 2017, totalling 8,607 units to end-September 2018 (8,341 units on a like-for-like basis, down 4%), giving an average time on market of 5.5 months[11]. Unsold completed stock (140 units) as a proportion of the total supply for sale remained very low.

At end-September 2018, the business potential for new homes[12] stood at 52,944 units, i.e. 2.8 years of development operations, up 19% from end-September 2017 and up 11% from end-December 2017 (50,404 units and up 6% on a like-for-like basis). In addition to providing a guarantee of future supply, this growth has been achieved at land price conditions allowing Nexity to remain on track to meet its margin targets.

[9] Excluding bulk reservations; reservations by iSelection, PERL and Ægide; and international operations
[10] Excluding PERL, Edouard Denis, Primosud and Ægide
[11] Time to market: available market supply / reservations for the last 12 months, expressed in months
[12] See the glossary on page 15

### *Subdivisions*

Subdivision reservations totalled 1,251 units, down 26% relative to 9M 2017. Of these, only 32% were located in supply-constrained areas. Business activity in other areas was affected by the phase-out of the PTZ interest-free loan scheme in non-supply-constrained areas. The average price of units reserved by individual clients rose 8% to €83k, mainly due to the geographic mix.

### *International*

In the nine months to end-September 2018, Nexity booked 195 international new home reservations (down 8% relative to end-September 2017), all in Poland.

## INDIVIDUAL CLIENTS – REAL ESTATE SERVICES TO INDIVIDUALS

In the Group's **property management for individuals businesses, excluding franchises** (condominium management, rental management, lettings, brokerage), the portfolio of units under management totalled more than 890,000 units at 30 September 2018 (an increase of 0.2% at end-September 2018, compared with a decrease of 1.4% at 30 September 2017[13]). This increase is mainly linked to the integration of Domitys' portfolio of units under management during the period.

In **franchise** operations, Century 21 and Guy Hoquet l'Immobilier signed 4% more provisional sale agreements in the first nine months of 2018 than in 9M 2017, in a market for existing real estate in France that remained buoyant[14]. The number of franchised agencies continued to grow over the first nine months of 2018, standing at 1,352 at end-September 2018, compared with 1,292 at end-December 2017.

Nexity Studéa, a leading **student residence** management company (125 residences, i.e. over 15,500 units under management at 30 September 2018), posted an increase in its occupancy rate to 91.7% (compared with 89.9% at end-September 2017).

The **Domitys**-branded senior independent living facilities business, fully consolidated with effect from 1 July 2018, posted strong growth. Nine new residences were opened during the period, increasing its portfolio of serviced residences to 81, corresponding to around 9,600 residential units. The occupancy rate of the 48 "cruising speed"[15] residences is 96%.

**Distribution activities** under the iSelection and PERL brands booked 3,205 reservations in the first nine months of 2018 (compared with 3,308 in 9M 2017, down 3%). 1,649 of these reservations were homes distributed on behalf of third-party developers or through the division of ownership of existing property. The remainder corresponds to Nexity's new home reservations recorded in connection with Residential Real Estate sales.

## COMMERCIAL CLIENTS[16]

Almost €6 billion was invested in the French **commercial real estate** market in the third quarter of 2018, bringing total investment in the nine months to end-September 2018 to almost €17 billion. Office space in the Paris region is still highly sought after and accounted for 75% of these volumes, including prime assets, some of which traded at an all-time low yield of 3%. The market for VEFA off-plan contracts for offices was significant (slightly more than €2 billion), still including a large proportion of speculative deals, which accounted for 32% of transactions (down from 47% at end-June 2018), showing that risk appetite remains relatively strong among investors, who continue to anticipate a shortage of high-quality supply in the rental market.

The rental market, while less active, remained strong in the third quarter of 2018, with take-up in the Paris region exceeding 500,000 square meters, bringing take-up (volume of rental transactions and user sales) to almost 1.9 million

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[13] On a like-for-like basis, the churn rate for the nine months to 30 September 2018 came in at 1.3%, compared with 0.8% for the same period in 2017

[14] 950,000 sales to end-June (on a rolling 12-month basis) – FNAIM half-year review, 27 June 2018

[15] See the glossary on page 15

[16] Source of market data: CBRE MarketView: Paris Region Office and France Investment – Q3 2018

square meters in the first nine months of 2018, up 6% relative to 9M 2017. Immediately available inventory continued to diminish (down 15% year-on-year), bringing the vacancy rate in the Paris region to an all-time low. Scarcity of supply affected headline monthly rents, which increased sharply (up +5% year-on-year).

New orders in the nine months to end-September 2018 totalled €278 million excluding VAT, consisting of €167 million in the Paris region (60% of total new orders) and €111 million elsewhere in France (40%).

Highlights of the third quarter included Nexity's signing of the off-plan sale of office buildings "New Bas Carbone" in Asnières-sur-Seine (Hauts-de-Seine) and "Network 1" in Bagneux (Val-de-Marne), representing 14,600 and 21,000 square meters respectively, as well as 5,900 square meters of timber-framed office space at the "Les Terrasses" development in Villeneuve d'Ascq (Nord).

The Group also delivered the "Smart Side" development – totalling approximately 40,000 square meters, which straddles Saint-Ouen and Clichy and boasts a Paris address (17th *arrondissement*) – to EDF Invest (with EDF as the occupant).

The Group confirms its guidance of €400 million in orders for 2018.

At end-September 2018, the Group's business potential for Commercial Real Estate was €2.5 billion, representing 4.8 years of development operations (up 58% since end-December 2017).[17] In particular, this performance reflects the impact of a major programme at La Garenne-Colombes (Hauts-de-Seine), developed under a financial and technological partnership with Engie. This 9-hectare plot will be home to Engie's new eco-business park, among other buildings.

The volume of units under management in **Real Estate Services to Companies** totalled 11.1 million sq.m at end-September 2018, stable with respect to end-December 2017.

## LOCAL AUTHORITY CLIENTS

At end-September 2018, Nexity's urban regeneration business (*Villes & Projets*) had total land development potential of 655,000 square meters[18], up 11%, notably thanks to the addition to the portfolio of land at La Garenne-Colombes.

## FINANCIAL STRUCTURE

### *Financing*

Nexity entered into a five-year €2.3 billion syndicated corporate credit facility, comprised of a €500 million cash credit line and €1.8 billion in guarantee commitments (*engagements par signature*, notably including performance bonds and bank guarantees).

This credit facility will help provide the cash necessary to meet Nexity's general financing needs for the Group's development. The guarantee commitments will enable the Group to expand its development programmes (in both residential and commercial real estate) as well as its urban planning activities.

Under the terms of this facility, the Group must maintain certain financial ratios (Net debt / Equity, Net debt / EBITDA, EBITDA / Cost of financing), which were adapted to neutralise the impact of IFRS 16 *Leases* on the EBITDA, net debt and cost of financing aggregates.

### *Share buybacks*

In line with the Board's decision (announced on 19 June 2018) to buy back a sufficient number of treasury shares each year to cancel out the effect of dilution resulting from free shares granted to employees, on 3 October 2018 the Group launched a treasury share buyback programme covered by a discretionary agreement managed by investment services provider Oddo BHF SCA for a maximum of €22.5 million (in line with the description of the buyback programme authorised at the Shareholders' Meeting and published on the company's website on 31 May 2018).

[17] See the glossary on page 15

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

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## *Nexity Non Profit*

In June 2018, mindful of its role as a responsible corporate citizen, Nexity announced the establishment of Nexity Non Profit, which has undertaken to create 1,000 places in family shelters each year over the next three years, to help provide housing for those most in need. Nexity has also launched an initiative to offer vacant residential units in private residential properties to disadvantaged people, by working with specialist partners in supportive housing and solidarity-focused rental property management. In accordance with the commitments made by the Group, the business model for this activity will be financially neutral.

## *Non-financial rating*

Nexity has been included in the Gaïa Index for the eighth year running. In a sign of the Group's proactive stance, its overall rating has risen in 2018, with the Group placing overall 12th out of the 230 companies ranked (vs. 16th in 2017) and 10th out of the 85 companies with annual revenue in excess of €500 million (vs. 14th in 2017).

# 9M 2018 CONSOLIDATED REVENUE – OPERATIONAL REPORTING[19]

The 2017 data shown below has been restated to improve its comparability. A breakdown of the restatements is provided in Annex 2 of this press release.

Nexity posted **revenue** of €2,497 million in the first nine months of 2018, up 12% relative to 9M 2017 (€2,434 on a like-for-like basis, up 9% year-on-year).

| *(in millions of euros)* | 9M 2018 | 9M 2017 (restated) | % change |
|---|---|---|---|
| **Individual Clients** | **2,079.8** | **1,986.5** | **+4.7%** |
| Residential Real Estate* | 1,514.6 | 1,434.3 | +5.6% |
| Real Estate Services to Individuals | 565.1 | 552.2 | +2.3% |
| **Commercial Clients** | **413.4** | **241.1** | **+ 71.4%** |
| Commercial Real Estate* | 365.9 | 197.5 | + 85.3% |
| Real Estate Services to Companies | 47.5 | 43.6 | +8.8% |
| **Other Activities** | **3.4** | **3.5** | **-2.4%** |
| **Revenue** | **2,496.5** | **2,231.1** | **+ 11.9%** |

* Revenue generated by Residential Real Estate and Commercial Real Estate 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 inventoriable production costs incurred

## INDIVIDUAL CLIENTS

The Individual Clients division recognised revenue of €2,080 million in the first nine months of 2018, up 5% from 9M 2017. On a like-for-like basis, the division’s revenue for the nine months to end-September 2018 totalled €2,017 million (up 2% relative to the same period in 2017).

**Residential Real Estate** posted revenue of €1,515 million in the nine months to end-September 2018, up 6% relative to the same period in 2017 (€1,499 million on a like-for-like basis, up 4% year-on-year). This growth reflects the increase in the backlog observed in previous quarters, as well as the consolidation of Ægide’s development business with effect from 1 July 2018, which added €16 million.

**Real Estate Services to Individuals** posted revenue of €565 million for the period ended 30 September 2018, up 2% relative to 9M 2017 (€518 million on a like-for-like basis, down 6% vs 9M 2017).

In the first nine months of 2018, *Property Management for Individuals (including franchises)* generated €268 million in revenue, up 2% compared with 9M 2017.

*Distribution activities*, which are by nature more volatile, generated revenue of €183 million for the period ended 30 September 2018, down 19% relative to 9M 2017, due to a base effect on outstanding reservation agreements.

*Serviced residence* activities generated revenue of €114 million, consisting of €67 million from Studéa (up 4% year-on-year) and €47 million from the Domitys senior independent living facilities business, consolidated with effect from 1 July 2018.

[19] See the glossary on page 15

## COMMERCIAL CLIENTS

The Commercial Clients division posted revenue of €413 million for the first nine months of 2018, up 71% from 9M 2017. This strong growth reflects a year-on-year increase in the volume of developments under construction.

**Commercial Real Estate** posted revenue of €366 million in the nine months to end-September 2018, representing strong growth relative to the same period in 2017 (up 85%), both in and outside the Paris region, notably thanks to the delivery of the "Smart Side" development as well as timber-framed developments.
**Real Estate Services to Companies** posted revenue of €47 million for the first nine months of 2018, up 9% relative to 9M 2017.

## REVENUE UNDER IFRS

In IFRS terms, revenue at end-September 2018 was €2,382 million, up 12% relative to IFRS 15-restated consolidated revenue of €2,135 million at 30 September 2017. 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 AT 30 SEPTEMBER 2018

| *(in millions of euros)* | 30 Sept. 2018 | 31 Dec. 2017 | % change |
|---|---|---|---|
| Residential Real Estate – New homes | 4,065 | 3,335 | +21.9% |
| Residential Real Estate – Subdivisions | 188 | 191 | -1.5% |
| **Residential Real Estate backlog** | **4,253** | **3,526** | **+20.6%** |
| Commercial Real Estate backlog | 379 | 465 | - 18.5% |
| **Total Group backlog** | **4,632** | **3,991** | **+ 16.1%** |

At end-September 2018, the Group's backlog reached a record €4,632 million, up 16% relative to end-2017 (€4,362 million, up 9% on a like-for-like basis) and is equivalent to 19 months' revenue from Nexity's development activities (revenue on a rolling 12-month basis).

Backlog in **Residential Real Estate** totalled €4,253 million, up 21% relative to 31 December 2017. This figure now includes developments by Ægide (€271 million). This backlog amounts to 21 months of revenue (Residential Real Estate division revenue on a rolling 12-month basis).

Backlog in **Commercial Real Estate** totalled €379 million at end-September 2018, down 18% compared to 31 December 2017. This backlog amounts to 9 months of revenue (Commercial Real Estate revenue on a rolling 12-month basis).

## GUIDANCE UNCHANGED

- **Revenue and EBITDA expected to grow by over 12% in 2018**[20]
- **Individual Clients:** continued growth in Nexity's market share, in a French market for new homes that should decrease by 10,000 units compared to 2017[21]
- **Commercial Clients:** order intake of €400 million
- **Dividend per share** payable in 2019[22] of at least €2.50

[20] Guidance revised upward on 25 July 2018, compared with growth of around 10% in the guidance provided with the 2017 full-year results (20 February 2018), a change due in particular to the consolidation of Ægide-Domitys
[21] Clarifying the market forecast, announced in February, of between 120,000 and 125,000 units (retail sales published by ECLN) expected in 2018 compared to 130,000 in 2017
[22] Pending the decision of Nexity's Board of Directors and approval at the Shareholders' Meeting

## STRATEGIC DIRECTION AND OBJECTIVES FOR THE PERIOD 2018–2021[23]

At its Investor Day on 19 June 2018, Nexity gave a detailed presentation of its real estate services platform strategy and its objectives for the period 2018–2021.

**Nexity's business targets for 2018–2021**

- **Individual Clients**: strong market share growth for Residential Real Estate (up 3 percentage points between 2017 and 2021); growth in the number of units managed in Property Management for Individuals in the period 2019–2021; and strong development of serviced residences for students with Nexity Studéa and for seniors with the acquisition of a majority stake in the share capital of Ægide-Domitys, the French market leader in senior independent living facilities;
- **Commercial Clients**: order intake doubled over the period 2018–2021 compared with previous years;
- **Local Authority Clients**: reinforce its position as the leading private planner in France, by developing new services, around inclusive smart cities and new urban uses, and complete its offer by the forthcoming creation of a land bank company, a tool for local authorities' development, whose capital will be majority owned by third-party investors.

**Nexity's medium-term financial targets**

Nexity announced the following medium-term targets:

- Compound annual revenue growth of 10% (2017–2021)
- Compound annual EBITDA growth of 10% (2017–2021)

All the Group's business lines will contribute to this growth, and especially its Services businesses, which are expected to account for 45% of the Group's total EBITDA by 2021.

This strong anticipated growth will go hand-in-hand with a controlled increase in the Group's debt (target level for net financial debt of about 2.5x EBITDA[24]). This target level will allow Nexity to proceed with carefully selected external growth transactions in its different businesses.

It will be accompanied by an ever-watchful eye on profitability, the maintenance of a prudent risk profile and a strong solvency position. The Group's investments over the period will amount to around €65 million each year, including €30 million dedicated to digital initiatives, the balance being linked to business investments.

The dividend will be set at a minimum of €2.50 per share in respect of each financial year in the period 2018–2021. Furthermore, Nexity's Board of Directors has decided that the Company will buy back shares each year, in the proportion necessary to offset the dilution caused by the vesting of free shares with the Group's employees.

These financial targets are supplemented by a full range of CSR initiatives, including the reduction of greenhouse gas emissions resulting from the projects developed by Nexity.

[23] See press release of 19 June 2018
[24] Excluding the impact of IFRS 16 for both aggregates

## FINANCIAL CALENDAR & PRACTICAL INFORMATION

| | |
|---|---|
| 2018 full-year results | Tuesday, 19 February 2019 |
| Q1 2019 revenue and business activity | Thursday, 25 April 2019 |
| Shareholders' Meeting | Thursday, 23 May 2019 |
| 2019 half-year results | Tuesday, 23 July 2019 |

A **conference call** on 9M 2018 revenue and business activity will be held today in English at 6:30 p.m. CET, which may be accessed using code 8369588 by calling one of the following numbers:

- Calling from France +33 (0)1 76 77 22 57
- Calling from elsewhere in Europe +44 (0)330 336 9411
- Calling from the United States +1 750 543 0302

The presentation accompanying this conference will be available on the Group's website from 6:15 p.m. CET and may be viewed at the following address: https://edge.media-server.com/m6/p/srzrwyjb

The conference call will be available on replay at https://www.nexity.fr/en/group/finance from the following day.

### *Disclaimer*

*The information, assumptions and estimates that the Company could reasonably use to determine its objectives are subject to change or modification notably due to economic, financial and competitive uncertainties. Furthermore, it is possible that some of the risks described in Section 2 of the Registration Document filed with the AMF under number D.18-0272 on 5 April 2018 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 its stated targets 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 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 our clients, as well as to the environment and society as a whole.

Nexity is listed on the SRD and on Euronext's Compartment A
Nexity is included in the following 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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# ANNEX 1: OPERATIONAL REPORTING

The financial data and indicators presented below correspond to Nexity's operational reporting, with joint ventures proportionately consolidated and reconciled with the new IFRSs as applied since 1 January 2018. Nexity continues to apply proportionate consolidation to its joint ventures, which in its view provides a more accurate reflection of the Group's performance and risks as measured by revenue, operating profit, working capital requirement and debt.
The 2017 data shown below has been restated to improve its comparability. A breakdown of the restatements is provided in Annex 2 of this press release.

## QUARTERLY FIGURES

### Reservations: Residential Real Estate

| | 2018 | | | 2017 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Number of units* | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| New homes (France) | 4,757 | 4,634 | 3,618 | 5,736 | 4,821 | 4,288 | 3,506 | 5,201 | 3,624 | 4,121 | 2,947 |
| *o/w Ægide (excluding co-developments with Nexity)* | 377 | - | - | - | - | - | - | - | - | - | - |
| Subdivisions | 336 | 576 | 339 | 920 | 522 | 680 | 479 | 1,027 | 420 | 654 | 417 |
| International | 80 | 75 | 40 | 208 | 69 | 106 | 37 | 141 | 95 | 170 | 73 |
| **Total (number of units)** | **5,173** | **5,285** | **3,997** | **6,864** | **5,412** | **5,074** | **4,022** | **6,369** | **4,139** | **4,945** | **3,437** |
| | | | | | | | | | | | |
| *Value (€m incl. VAT)* | | | | | | | | | | | |
| New homes (France) | 922 | 951 | 715 | 1,135 | 915 | 858 | 655 | 969 | 666 | 772 | 536 |
| *o/w Ægide (excluding co-developments with Nexity)* | 70 | - | - | - | - | - | - | - | - | - | - |
| Subdivisions | 28 | 51 | 28 | 72 | 42 | 53 | 35 | 87 | 30 | 48 | 32 |
| International | 7 | 6 | 4 | 22 | 6 | 14 | 9 | 21 | 17 | 28 | 13 |
| **Total (€m incl. VAT)** | **956** | **1,008** | **747** | **1,229** | **964** | **925** | **699** | **1,076** | **713** | **848** | **581** |

### Revenue by division

| | 2018 | | | 2017 (restated) | | | | 2017 (reported) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| **Individual Clients** | **764.3** | **712.3** | **603.1** | **1,173.9** | **733.9** | **689.3** | **563.3** | - | - | - | - |
| o/w Residential Real Estate | 545.3 | 524.2 | 445.1 | 915.7 | 548.0 | 498.4 | 387.9 | 970.3 | 553.6 | 625.8 | 447.8 |
| o/w Real Estate Services to Individuals | 219.0 | 188.1 | 158.0 | 258.2 | 185.9 | 190.9 | 175.4 | - | - | - | - |
| **Commercial Clients** | **174.2** | **154.4** | **84.7** | **165.5** | **84.0** | **60.4** | **96.7** | - | - | - | - |
| o/w Commercial Real Estate | 157.6 | 138.7 | 69.6 | 145.6 | 69.5 | 45.2 | 82.8 | 151.2 | 103.6 | 56.7 | 85.8 |
| o/w Real Estate Services to Companies | 16.6 | 15.8 | 15.1 | 19.8 | 14.5 | 15.2 | 13.9 | - | - | - | - |
| **Services** | - | - | - | - | - | - | - | **134.0** | **127.5** | **124.3** | **121.3** |
| **Other Activities** | **1.5** | **1.4** | **0.5** | **0.8** | **0.7** | **1.7** | **1.1** | **0.8** | **0.6** | **1.7** | **1.1** |
| **Revenue** | **940.1** | **868.1** | **688.3** | **1,340.2** | **818.6** | **751.4** | **661.1** | **1,256.3** | **785.4** | **808.5** | **656.0** |

### Backlog

| | 2018 | | | 2017 (restated) | | | | 2017 (reported) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros, excluding VAT)* | 9M | H1 | Q1 | FY | 9M | H1 | Q1 | FY | 9M | H1 | Q1 |
| Residential Real Estate – New homes | 4,065 | 3,724 | 3,451 | 3,335 | 3,236 | 3,042 | 2,918 | 3,945 | 3,762 | 3,488 | 3,393 |
| Residential Real Estate – Subdivisions | 188 | 201 | 182 | 191 | 188 | 200 | 185 | 246 | 245 | 255 | 238 |
| **Residential Real Estate backlog** | **4,253** | **3,924** | **3,634** | **3,526** | **3,425** | **3,243** | **3,103** | **4,191** | **4,007** | **3,744** | **3,631** |
| Commercial Real Estate backlog | 379 | 332 | 409 | 465 | 349 | 345 | 313 | 562 | 452 | 482 | 461 |
| **Total Group backlog** | **4,632** | **4,256** | **4,042** | **3,991** | **3,774** | **3,588** | **3,416** | **4,754** | **4,459** | **4,226** | **4,092** |

# ANNEX 2: RESTATEMENTS OF 2017 OPERATIONAL REPORTING

Nexity has applied the new IFRS 15 and IFRS 16 accounting standards since 1 January 2018. To make it easier to compare 2018 operating performance, 2017 revenue has been restated to exclude the impact of the new reporting standard IFRS 15 *Revenue from Contracts with Customers*. IFRS 16 *Leases* has no impact on the Group's revenue.

As part of the growth strategy adopted by Nexity in 2017 to become a real estate services platform, the Group is now using its client-centred organisation in its financial communications (with two main divisions: Individual Clients and Commercial Clients).

As such, the following reclassifications have taken place:

- The former Services division has been broken down into two businesses (Real Estate Services to Individuals and Real Estate Services to Companies), reclassified under the Individual Clients and Commercial Clients divisions, respectively; and
- The Group's business in the marketing and selling of residential developments on behalf of third parties, carried out under the iSelection brand; activities involving the division of ownership of existing property, carried out under the PERL brand; real estate brokerage activities, carried out by the Nexity Solutions Crédit subsidiary; and financial advisory activities, carried out by the Nexity Patrimoine subsidiary have all been transferred from Residential Real Estate to Real Estate Services to Individuals within the Individual Clients division.

## REVENUE[25]

| *(in millions of euros)* | Operational reporting (reported) | Reclassification of Services (Individual, Commercial) | Reclassification of operational segments | Operational reporting (new segmentation) | Impact of IFRS 15 | Operational reporting (restated*) |
|---|---|---|---|---|---|---|
| **At 30 September 2017** | | | | | | |
| **Individual Clients** | **1,627.2** | **329.3** | **-** | **1,956.5** | **30.0** | **1,986.5** |
| o/w Residential Real Estate | 1,627.2 | | (224.7) | 1,402.5 | 31.8 | 1,434.3 |
| o/w Real Estate Services to Individuals | - | 329.3 | 224.7 | 554.0 | (1.8) | 552.2 |
| **Commercial Clients** | **246.0** | **43.8** | **-** | **289.8** | **(48.7)** | **241.1** |
| o/w Commercial Real Estate | 246.0 | - | - | 246.0 | (48.5) | 197.5 |
| o/w Real Estate Services to Companies | - | 43.8 | - | 43.8 | (0.2) | 43.6 |
| **Services** | **373.1** | **(373.1)** | **-** | **-** | **-** | **-** |
| **Other Activities** | **3.5** | **-** | **-** | **3.5** | **-** | **3.5** |
| **Revenue at 30 September 2017** | **2,249.8** | **-** | **-** | **2,249.8** | **(18.7)** | **2,231.1** |
| **At 31 December 2017** | | | | | | |
| **Individual Clients** | **2,597.5** | **443.5** | **-** | **3,041.0** | **119.5** | **3,160.4** |
| o/w Residential Real Estate | 2,597.5 | | (369.3) | 2,228.2 | 121.9 | 2,350.0 |
| o/w Real Estate Services to Individuals | - | 443.5 | 369.3 | 812.8 | (2.4) | 810.4 |
| **Commercial Clients** | **397.2** | **63.7** | **-** | **460.9** | **(54.3)** | **406.6** |
| o/w Commercial Real Estate | 397.2 | - | - | 397.2 | (54.1) | 343.1 |
| o/w Real Estate Services to Companies | - | 63.7 | - | 63.7 | (0.3) | 63.4 |
| **Services** | **507.2** | **(507.2)** | **-** | **-** | **-** | **-** |
| **Other Activities** | **4.3** | **-** | **-** | **4.3** | **-** | **4.3** |
| **Revenue at 31 December 2017** | **3,506.1** | **-** | **-** | **3,506.1** | **65.1** | **3,571.3** |

[25] Revenue generated by Residential Real Estate and Commercial Real Estate 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 inventoriable production costs incurred

## BACKLOG

| *(in millions of euros)* | Operational reporting (reported) | Reclassification of operational segments | Operational reporting (new segmentation) | Impact of IFRS 15 | Operational reporting (restated) |
|---|---|---|---|---|---|
| **At 30 September 2017** | | | | | |
| Residential Real Estate – New homes | 3,762 | (143) | 3,619 | (383) | 3,236 |
| Residential Real Estate – Subdivisions | 245 | - | 245 | (57) | 188 |
| **Residential Real Estate backlog** | **4,007** | **(143)** | **3,864** | **(440)** | **3,425** |
| Commercial Real Estate backlog | 452 | - | 452 | (103) | 349 |
| **Total Group backlog at 30 September 2017** | **4,459** | **(143)** | **4,316** | **(543)** | **3,774** |
| | | | | | |
| **At 31 December 2017** | | | | | |
| Residential Real Estate – New homes | 3,945 | (136) | 3,810 | (475) | 3,335 |
| Residential Real Estate – Subdivisions | 246 | - | 246 | (55) | 191 |
| **Residential Real Estate backlog** | **4,191** | **(136)** | **4,056** | **(530)** | **3,526** |
| Commercial Real Estate backlog | 562 | - | 562 | (97) | 465 |
| **Total Group backlog at 31 December 2017** | **4,754** | **(136)** | **4,618** | **(627)** | **3,991** |

# GLOSSARY

**Business potential for Commercial Real Estate:** corresponds to the total volume of potential business at any given moment, expressed as estimated revenue excluding VAT, within future projects validated by the Group's Committee, under options or purchased land, in all structuring phases, including the programmes of the Group's urban regeneration business (Villes & Projets). This business potential includes the Group's current supply for sale as well as its future supply

**Business potential for new homes:** corresponds to the total volume of potential business at any given moment, expressed as a number of units, within future projects validated by the Group's Committee, in all structuring phases, including the programmes of the Group's urban regeneration business (Villes & Projets). This business potential includes the Group's current supply for sale, its future supply corresponding to project phases not yet marketed on purchased land, and projects not yet launched associated with land secured under options

**Current operating profit:** current operating profit includes all operating profit items with the exception of items resulting from unusual, abnormal and infrequently occurring transactions. In particular, impairment of goodwill is not included in current operating profit

**Development backlog:** corresponds to the Group's already secured future revenue, expressed in euros, for its Residential Real Estate and Commercial Real Estate businesses. The backlog includes reservations for which notarised agreements have not yet been signed and the portion of revenue remaining to be generated on units for which notarised agreements have already been signed (portion remaining to be built)

**EBITDA:** defined by Nexity as equal to current operating profit before depreciation, amortisation and impairment of fixed assets (including lease payments restated under IFRS 16), net changes in provisions, share-based payment expenses and the transfer from inventory of borrowing costs directly attributable to property developments, plus dividends received from equity-accounted investees whose operations are an extension of the Group's business

**Free cash flow:** corresponds to cash generated by operating activities after taking into account taxes paid, financial expenses, changes in WCR, dividends received from companies accounted for under the equity method and net investments in operating assets

**Gearing:** corresponds to net debt divided by consolidated equity

**Joint ventures:** entities over whose activities the Group has joint control, established by contractual agreement. Most joint ventures are Residential or Commercial Real Estate developments undertaken with another developer (co-developments)

**Land bank:** represents the amount of projects in France for which the Group has acquired development rights, before obtaining a building permit and in some cases planning permissions, expressed as an amount recognised within the working capital requirement

**Net profit before non-recurring items**: reflects the Group share of net profit restated for non-recurring items such as the repayment of the 3% dividend tax recognised in 2017 and, with effect from 2018, change in fair value adjustments in respect of the ORNANE bond issue and items included in non-current operating profit (any goodwill impairment losses, remeasurement of equity-accounted investments following the assumption of control).

**Operational reporting:** according to IFRS but with joint ventures proportionately consolidated. This presentation is used by management as it better reflects the economic reality of the Group's business activities

**Order intake – Commercial Real Estate:** the total of selling prices excluding VAT as stated in definitive agreements for Commercial Real Estate programmes, expressed in euros for a given period (notarised agreements or development contracts)

**Property Management for Individuals (PMI):** management of rented properties on behalf of individual clients (management for the owner of all relations with the tenant, management of the sale of the property if applicable) as well as the management of the common areas of apartment buildings (as a managing agent) on behalf of condominium owners

**Reservations by value (or expected revenue) – Residential Real Estate:** the net total of selling prices including VAT as stated in reservation agreements for development programmes, expressed in euros for a given period, after deducting all reservations cancelled during the period

**Serviced residences "at cruising speed"**: residences with an occupancy rate of 90% or higher at 1 January. The occupancy rate is the number of housing units billed divided by the total number of units.