



NEXITY: RESULTS FOR THE FIRST HALF OF 2020

VERY GOOD RESISTANCE OF BUSINESS ACTIVITY FINANCIAL PERFORMANCE TEMPORARILY LOWER AMID THE PUBLIC HEALTH CRISIS

Paris, Tuesday, 28 July 2020, 5:45 p.m. CET

FINANCIAL PERFORMANCE

- Revenue: €1,716 million (down 7% from H1 2019)
- EBITDA: €163 million (down 28%), equating to an EBITDA margin of 9.5%
- Group share of net profit: €7 million
- Net financial debt (before lease liabilities)¹: €1,381 million.
 - Increase mainly due to the growth in Residential Real Estate backlog (up 14%)
 - Still high liquidity with €873 million in cash and €355 million in undrawn authorised corporate credit lines

BUSINESS ACTIVITY IN H1 2020

- New home reservations in France: 9,451 units worth €2,023 million (remaining stable in volume and up 5% in value); dynamic upturn in reservations in June
- 7 openings of serviced residences
- Commercial Real Estate order intake: €219 million (up 59% from H1 2019)
- Development backlog: €5.7 billion (up 11% from end-December 2019)

TRENDS

- Resilience of Nexity's business lines and business model
- Substantial recovery in activity in June
- Half-year period not representative of the full year; Sharp improvement expected in H2 2020, although not returning to the same level as in H2 2019

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 Net debt totalled €2,268 million, including €887 million in lease liabilities (IFRS 16)



Alain Dinin, Chairman and CEO of Nexity, commented:

“The public health crisis that began in March with the implementation of a strict lockdown had a very heavy impact on the entire French economy, and Nexity was naturally not spared from this trial. Strong uncertainties persist about the economic and social consequences of the crisis. Nevertheless, we have drawn the following key conclusions from this period:

- The role of housing as an essential public good for society became even more clear during the lockdown period: the need to build more and better housing will therefore become even more pressing in the future.
- Housing is also a safe haven and a natural recourse for investors. Although the French residential housing market will contract this year, it is very significant that Nexity's new home reservations for the first half of the year were stable with respect to last year, and that our expected revenue from reservations grew in value. This was due to a decline – albeit a limited one – in demand from individual clients, offset by a major surge in reservations by institutional investors, in particular CDC Habitat. In other words, demand didn't disappear – it merely changed forms.
- Today, the French market is faced with a supply shortage even more severe than in prior years. The cause of this shortage is not so much the shift in power in a large number of cities and medium-sized towns, nor the rise of green politics, but rather the growing inefficiency of overly legalistic, overly complex urban planning rules and an excessive tolerance among public authorities for land hoarding. The consequence of this supply shortage is that housing prices – which should logically adjust downwards given the crisis – have not gone down.
- Faced with the worst recession in nearly a century, the government should logically include housing and construction in the stimulus package to be presented this autumn. In order to work, this package must address both supply and demand, and place a major emphasis on initiatives to improve environmental performance and energy efficiency in both new and existing housing.
- While housing offers very solid prospects, the office space market is expected to be affected in the short term, with a 'wait and see' phase for investors and users. Nevertheless, although remote working has grown more prevalent with the public health crisis, scenarios predicting a lasting drop in office floor space do not appear credible. However, how offices are designed and used is going to change, and Nexity is ready to meet this need with innovative offers and services.

Nexity is very well placed to benefit from all these trends: as the clear leader in the French residential real estate market, we are a natural partner for institutional investors. As a pioneer in green real estate, Nexity aims to use the renewed call for sustainable cities as a competitive advantage. Lastly, and most importantly, in light of changing usage patterns and very rapid fluctuations in demand, we view Nexity's services businesses – and their close integration with our development business lines – as a very clear competitive advantage. That's why I have decided to put in place a new Executive Committee, on a broadened basis of 12 members, whose aim is to support the Group's medium-term growth.

Despite the shocking brutality of the crisis, Nexity remained profitable in the first half of the year. The agility of our decentralised organisation, the resilience offered by our 'asset-light' model, the solidity of our balance sheet and the medium-term growth prospects for our business lines should enable us to weather this crisis and emerge from it even stronger than before.”

At its meeting on Tuesday, 28 July 2020, chaired by Alain Dinin, Nexity's Board of Directors reviewed and approved the Group's condensed consolidated financial statements for the half-year period ended 30 June 2020, which can be found in the annexes of this press release. The half-year financial statements were subject to a limited review by the Statutory Auditors of the Company.



BUSINESS ACTIVITY IN H1 2020

INDIVIDUAL CLIENTS

Residential Real Estate

With the lockdown period limiting the possibility of clients reserving new homes and signing notarial deeds of sale, the Residential Real Estate business slowed sharply. After nearly two months of inactivity, construction sites gradually resumed operations and have all been fully operational since the beginning of June. Business activity recovered very strongly in June, returning to a level comparable to June 2019. The high number of notarial deeds of sale signings in June helped recoup a portion of the delayed signings that had been initially planned during the lockdown period.

Financial conditions in the residential mortgage market² still featured very low interest rates (1.29% on average in June 2020), and remained stable overall, supporting demand, but were offset by stricter credit approval conditions than previously (maximum loan term, maximum monthly repayments, greater scrutiny by banks of borrowers' employment prospects, etc.), resulting in more credit applications being turned down.

Deep uncertainties remain for the rest of the year. The economic recession, rising unemployment, declining consumer confidence and reduced access to mortgage loans could adversely affect the demand for housing among individual clients in the upcoming quarters. However, announcements by institutional investors (CDC Habitat and in'li) regarding the launch of a massive housing acquisition programme (50,000 units) should help to partially offset the decline in retail sales. Other institutional investors (insurers, investment funds, property companies, etc.) are showing increased interest in the residential sector as an asset class.

Moreover, the conclusion of the second round of local elections in France at the end of June was good news as it brought the electoral period to a close and should begin to alleviate the shortage of supply experienced since last year. However, changes in local government in some metropolitan areas could prompt a reassessment of local urban planning policies, the consequences of which are difficult to quantify at this stage.

In this context, Nexity anticipates a sharp downturn in the French market for new homes³ in 2020 (around 125,000 units, down 25% compared to 2019), with a sharp decline in the retail sales sector, while bulk sales are expected to grow, particularly in view of the CDC Habitat and in'li investment programs. The Group expects to further increase its market share given its strong position in the bulk sales market.

At end-March 2020, the Group's market share stood at 13.4%, up 3 points compared to 31 March 2019. The Group's outperformance relative to the French market reflected the success of its multi-product, multi-service and multi-brand strategy (including strong growth in business activity at Edouard Denis); its geographical positioning, which is concentrated in Greater Paris and major cities, where underlying demand is very buoyant; and its unrivalled offering of products and services, which enables the Group to meet all client expectations.

At end-June 2020, net new home reservations in France totalled 9,451 units for €2,023 million including VAT, remaining stable in volume and up 5% by value with respect to end-June 2019. After including Subdivisions (657 units) and International sales (239 reservations), business activity for Residential Real Estate (10,347 units reserved, for €2,115 million including VAT) was down 1% in volume and grew 5% in value.

The higher proportion of bulk sales (52% of reservations in the first half of 2020, compared to 28% in the first half of 2019) reflects the shift in business activity towards professional landlords, and underlines Nexity's ability to adapt its offering to meet strong demand from its institutional clients. Reservations for the first half of the year included 2,686 reservations made following the firm commitment signed with CDC Habitat in April 2020 for 7,450 housing units, and concern projects with building permits that have been cleared. The balance of around 4,800 housing units will be gradually recognised in reservations as final planning permissions are secured.

The drop in reservations by individual clients (first-time buyers and investors) is mainly due to the sharp decline in business activity during the lockdown period.

The average price including VAT of new homes reserved by Nexity's individual clients at end-June 2020 was €242.1 thousand, up 6.5% compared to end-June 2019, due both to the increase in the average floor area per

² Source: *Observatoire Crédit Logement* – June 2020

³ See glossary on page 25



home (up 2.9%) and the average price per square meter including VAT (up 3.4%), amid a context of lower volumes and supply shortage.

The average level of pre-selling booked at the start of construction work was very high (80% at end-June 2020). The supply of homes for sale dropped back 20% from its end-December 2019 level to stand at 7,097 units at end-June 2020, due to a particularly swift average take-up period of 3.9 months⁴ (compared with 5.0 months in H1 2019) and few new sales launches (due to local elections and lockdown). Unsold completed stock (71 units) as a proportion of the total supply for sale remained very low.

At end-June 2020, the business potential for new homes⁵ was down 5% from year-end 2019 and came to 52,367 units. This represented potential revenue of €10.1 billion excluding VAT. Including subdivisions and international operations, the business potential of Residential Real Estate represents €12.1 billion in potential revenue excluding VAT.

Real Estate Services to Individuals

Property Management for Individuals

The public health crisis had little effect on the Property Management for Individuals business (condominium management, rental management), which remained very resilient. The portfolio of units under management amounted to over 884,000 units at 30 June 2020, remaining stable with respect to end-December 2019. Annual meetings of condominium owners that should have been held during the second quarter delayed not only the renewal of managing agent mandates, but also the vote on construction work to be carried out in condominium common areas.

Brokerage activities (lettings and sales by Nexity agencies and Century 21 franchises) were affected, as they were virtually brought to a standstill during the lockdown period but have resumed with a very satisfactory performance since the beginning of June 2020.

Serviced residences

Nexity Studéa had 124 **student residences** under management at 30 June 2020, totalling more than 15,000 units (remaining stable since end-December 2019).

Lease terminations in the student residence business were relatively limited in the second quarter and lower than expected. The occupancy rate in June 2020 was 83%, compared to 85% in June 2019. The campaign to boost occupancy rates for the start of the academic year scheduled for September 2020, has already begun, and is proceeding at a better pace than last year, allowing us to hope for a normative occupancy rate in September.

Domitys opened 7 new residences since the beginning of the year, increasing its portfolio of serviced residences to 107 (including 72 residences that have been open for more than two years), corresponding to nearly 12,500 residential units. At end-June 2020, the rolling 12-month occupancy rate was 85%, representing a slight increase relative to end-December 2019 (84%).

For residences that have been open for more than two years⁶, the occupancy rate remained high (still above 95%), and stable compared to previous periods. Thanks to the measures implemented at Domitys **senior residences** during the public health crisis, only a very small number of residents were affected by the virus. This type of accommodation appeared to be a good solution to the problem of isolation faced by seniors remaining at home.

Residences that have been open for less than two years and still being filled were more severely affected by the public health crisis. Due to the inability to arrange visits, the occupancy rate remained stable over the period. The opening of a number of new residences has been postponed by approximately three months, and residences initially planned to open at end-2020 will be postponed until financial year 2021.

⁴ Take-up period: Available market supply / Reservations for the last 12 months, expressed in months

⁵ See glossary on page 25



Distribution activities

The public health crisis had a major impact on distribution activities, with very low reservation volumes during the lockdown period due to closures of banks, the leading distribution channel in this sector.

In the first half of 2020, **iSelection** and **PERL** recorded 1,623 reservations (down 29% compared to H1 2019). More than half of these reservations were homes distributed on behalf of third-party developers or through the division of ownership of existing property, with the rest made up of homes produced by the Group.

COMMERCIAL CLIENTS – NEXITY ENTERPRISE SOLUTIONS⁶

Commercial Real Estate

As a result of the public health crisis, take-up of office space in the Paris region and the overall amount of investment in commercial real estate in France during the first half of 2020 decreased sharply. The economic recession will slow investment and leasing decisions, with the large-scale adoption of remote working leading to a shift in the role and design of offices to remain competitive and meet new user needs. Thanks to the rollout of its services platform dedicated to Commercial Clients, Nexity Solution Entreprise, the Group benefits from a tailored service offering to meet the new requirements of commercial clients.

After construction sites were brought to a complete standstill during the lockdown period and the gradual resumption of activity from May 2020, all sites are now operational.

Order intake for the first half of 2020 amounted to €219 million excluding VAT, virtually all of which was related to the sale to BNP Paribas REIM of the Influence 2.0 building in Saint-Ouen (Seine-Saint-Denis)⁷, occupied by the Île-de-France Region, completed in April under the conditions and within the timetable set before the crisis.

Business potential for Commercial Real Estate⁸ totalled €2.8 billion at end-June 2020 (down 5% from year-end 2019). This includes the La Garenne-Colombes project (an eco-business park for Engie) for approximately one billion euros (Nexity's share), which has been secured under a purchase agreement since Q4 2019 and is scheduled to be sold at the end of 2020.

Real Estate Services to Companies

The Property Management for companies business was only slightly affected by the public health crisis. At end-June 2020, the volume of units under management totalled 19.4 million sq.m, stable with respect to year-end 2019.

At end-June 2020, Morning – a leading player in the Paris coworking space market – operated 22 coworking spaces totalling more than 55,000 sq.m and corresponding to around 6,300 workstations. At 30 June 2020, the occupancy rate was 77%, higher than at 30 June 2019 (71%), due to a higher number of sites under operation becoming mature. The occupancy rate fell slightly during the lockdown period and did not translate into a large-scale termination of contracts by Morning's clients. It is currently still too early to draw any conclusions about the consequences of the public health crisis on coworking spaces, and the rise in the occupancy rate curve will be closely monitored.

BACKLOG AND BUSINESS POTENTIAL AT 30 JUNE 2020

The Group's backlog at end-June 2020 stood at €5,659 million (€5,285 million for Residential Real Estate and €373 million for Commercial Real Estate). Reservations in the first half fuelled backlog growth (up 11% since 31 December 2019), while its consumption was postponed due to lower revenue during lockdown (lack of technical progress on construction sites and notarial deeds of sale signings).

Furthermore, development business potential at end-June 2020 totalled over €14.9 billion in revenue (€12.1 billion for Residential Real Estate and €2.8 billion for Commercial Real Estate), providing the Group with high visibility on its future business levels.

⁶ Source of market data: Immostat

⁷ See press release of 17 April 2020

⁸ See glossary on page 25



GOVERNANCE

The Group was severely affected by Covid-19, with the sudden loss of Jean-Philippe Ruggieri, its Chief Executive Officer, on 23 April 2020. Alain Dinin, the Chairman, was appointed as Chief Executive Officer. To accelerate the development of its business lines and optimally meet demand for additional services from its different Clients, Nexity has formed a new Executive Committee, on a broadened basis of 12 members (listed in the press release published today), whose aim is to support the Group's medium-term growth.

The Board of Directors now has a director representing employee shareholders, with the election of Jean-Paul Belot at the Combined Shareholders' Meeting of 19 May 2020. All the resolutions submitted for approval at this Shareholders' Meeting were adopted.

H1 2020 CONSOLIDATED RESULTS – OPERATIONAL REPORTING⁹

<i>(in millions of euros)</i>	H1 2020	H1 2019	Change in €m
Consolidated revenue	1,716.1	1,840.4	(124.3)
EBITDA	163.5	226.4	(62.9)
<i>% of revenue</i>	<i>9.5%</i>	<i>12.3%</i>	
Current operating profit	50.2	125.4	(75.2)
Operating profit	50.2	125.4	(75.2)
Net financial income/(expense)	(36.0)	(37.4)	1.5
Income tax	(5.8)	(31.9)	26.1
Share of profit/(loss) from equity-accounted investments	(0.3)	-	(0.3)
Net profit	8.2	56.0	(47.9)
Non-controlling interests	(1.6)	(3.8)	2.2
Net profit/(loss) attributable to equity holders of the parent company	6.6	52.2	(45.7)
Net profit attributable to equity holders of the parent company before non-recurring items	4.6	52.2	(47.7)
<i>(in euros)</i>			
Net earnings per share	0.12	0.94	(0.82)
Net earnings per share before non-recurring items	0.08	0.94	(0.86)

* Non-recurring items at 30 June 2020 included the fair value adjustment of the ORNANE bond issue for a positive impact of €2 million

⁹ See glossary on page 25



REVENUE

Revenue for the first half of 2020 was €1,716 million, down €124 million or 7% compared to H1 2019.

The change in revenue for the first half reflects the lack of technical and commercial progress during the lockdown with respect to development and distribution activities, which mainly resulted in revenue being pushed back to subsequent periods. The Property Management for Individuals business was also affected by the inability to conduct brokerage activities, find tenants or collect fees on construction work, as the latter cannot be approved without convening a co-owners' meeting.

All of these factors, corresponding to the effects brought about by the Covid-19 public health crisis, resulted in a drop in revenue estimated at around €430 million for the first half of 2020, comprising €380 million for Individual Clients and €50 million for Commercial Clients.

This drop was strongly offset by the growth in business activity carried over from 31 December 2019, or the portfolio effect, which accounted for an increase of approximately €300 million in revenue, comprising around €130 million for Individual Clients (increase in the Residential Real Estate backlog as of 31 December 2019; increase in the number of serviced residences for Real Estate Services to Individuals) and around €170 million for Commercial Clients (the sale of the completed Influence 2.0 building in April 2020, with all of the revenue for this programme being recognised by Commercial Real Estate upon the sale; and the increase in the number of coworking spaces for Real Estate Services to Companies).

<i>(in millions of euros)</i>	H1 2020	H1 2019	% Change
Individual Clients	1,361.8	1,611.0	-15.5%
Residential Real Estate*	949.9	1,181.9	-19.6%
Real Estate Services to Individuals	411.9	429.0	-4.0%
<i>Property Management for Individuals (including franchises)</i>	158.3	178.6	-11.4%
<i>Serviced residences</i>	160.6	145.2	+10.6%
<i>Distribution activities</i>	92.9	105.2	-11.7%
Commercial Clients	354.3	228.5	+55.0%
Commercial Real Estate*	304.9	186.3	+63.7%
Real Estate Services to Companies	49.4	42.2	+16.8%
Other Activities	0.0	0.9	-99.9%
Revenue	1,716.1	1,840.4	-6.8%

* 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 all inventoriable costs.

Revenue for the **Residential Real Estate** division was down €232 million or 20% relative to H1 2019. This change was mainly due to the negative impact of the public health crisis. Revenue for June offset this trend with the sharp upturn in activity on construction sites and a highly satisfactory number of deeds signed. Revenue generated by the German subsidiary pantera, acquired in March 2020, was not significant over the period.

Revenue from **Real Estate Services to Individuals** amounted to €412 million as of 30 June 2020 (down 4% compared to H1 2019). The effects of the public health crisis on the Property Management for Individuals business (brokerage in particular) and distribution activities were slightly offset by growth in the number of serviced residences.

Revenue growth in **Commercial Real Estate** (up €119 million or 64% compared to H1 2019) mainly arose from the sale of the completed Influence 2.0 building in Saint-Ouen (Seine-Saint-Denis),¹⁰ occupied by the Paris Regional Council, for more than €200 million. All the revenue was recognised upon the sale in April 2020.

Revenue from **Real Estate Services to Companies** amounted to €49 million (up €7 million), mainly driven by the increase in revenue from Morning (up €6 million).

¹⁰ See press release of 17 April 2020



Revenue under IFRS

In IFRS terms, revenue in the first half of 2020 totalled €1,607 million, down 8% relative to H1 2019. This figure excludes revenue from joint ventures, in accordance with IFRS 11, which requires joint ventures – proportionately consolidated in the Group's operational reporting – to be accounted for using the equity method.

EBITDA¹¹

Nexity generated EBITDA of €163 million in the period to end-June 2020 (compared with €226 million in H1 2019), representing a decline of 28% and an EBITDA margin of 9.5% (down 2.8 points from H1 2019).

The decrease in revenue translated into a decline in EBITDA for the real estate development businesses through the reduction in the gross margin. This decline was amplified by the weight of overhead costs that were not rebilled to real estate development programmes during the lockdown period. For the services businesses, the decline in revenue was less pronounced but hit profitability harder due to the high level of fixed costs in these businesses.

Nexity launched a program to control its overhead costs with a systematic review of all commitments and immediate payroll measures, including a selective hiring freeze.

	H1 2020		H1 2019	
	EBITDA	EBITDA margin as % of revenue	EBITDA	EBITDA margin as % of revenue
<i>(in millions of euros)</i>				
Individual Clients	109.6	8.1%	208.9	13.0%
Residential Real Estate	26.9	2.8%	97.8	8.3%
Real Estate Services to Individuals	82.7	20.1%	111.1	25.9%
<i>Property Management for Individuals (including franchises)</i>	24.2	15.3%	48.1	27.0%
<i>Serviced residences</i>	54.6	34.0%	56.0	38.6%
<i>Distribution activities</i>	3.9	4.1%	7.0	6.6%
Commercial Clients	60.8	17.2%	27.0	11.8%
Commercial Real Estate	53.4	17.5%	21.3	11.4%
Real Estate Services to Companies	7.5	15.1%	5.7	13.5%
Other Activities	(7.0)	N/A	(9.5)	N/A
TOTAL – GROUP	163.5	9.5%	226.4	12.3%

EBITDA for **Residential Real Estate** amounted to €27 million, down sharply compared to H1 2019 (down €71 million), due to the drop in revenue and the impact of the halt in construction and sales, which no longer allowed for management costs to be incorporated into operating inventories. The business line's EBITDA margin went from 8.3% to 2.8%.

The gross margin (before taking non-inventory expenses into account) remained stable compared to H1 2019. The gross margin could be affected in the second half of 2020 depending on the possible increase in the cost price of operations linked to the additional costs of restarting work, and the change in the customer mix in favour of bulk sales, for which margin levels are lower.

EBITDA for **Real Estate Services to Individuals** was down by around €28 million, about half of which was due to the drop in revenue, and the rest from a high basis of comparison, as H1 2019 included the capital gains generated in 2019 from the disposal of the Guy Hoquet l'Immobilier franchise network. The EBITDA margin remained high at 20.1% (versus 25.9% in H1 2019).

¹¹ See glossary on page 25



EBITDA for **Commercial Clients** increased significantly (up €+34 million compared to H1 2019), mainly driven by the Commercial Real Estate business (sale of the Influence 2.0 building and good progress on ongoing projects). The EBITDA margin for Commercial Real Estate – 17.5%, up 6.1 points compared to H1 2019 – is exceptionally high and does not reflect the Group's expectations of a normative level of around 9%.

OPERATING PROFIT

Current operating profit¹² came to €50 million for H1 2020, compared with €125 million for H1 2019.

The difference between EBITDA and current operating profit (a negative difference of €113 million) mainly resulted from the depreciation of right-of-use assets (under IFRS 16) in the amount of €82 million (compared with €76 million in H1 2019).

The change in current operating profit (down €75 million compared with H1 2019) was in line with the decrease in EBITDA (down €63 million).

OTHER INCOME STATEMENT ITEMS

The **net financial expense** was €36 million, versus €37 million in H1 2019, remaining virtually stable despite the increase in average debt.

Taxes estimated on the basis of the projected tax rate for the financial year came to €5.8 million (compared to €31.9 million in H1 2019) on account of the decrease in taxable income. The **effective tax rate** (excluding the CVAE levy¹³) stood at 34.4% in the first half of 2020, compared with 32.7% in H1 2019.

The **Group share of net profit** came to €7 million for H1 2020, versus €52 million for H1 2019.

Restated to exclude non-recurring items (change in fair value of the ORNANE bond issue), the **Group share of net profit before non-recurring items** was €5 million, compared with €52 million in H1 2019. This change was mainly due to the impact of the lockdown on business activity in the first half of the year. Income for the second half of the year is expected to be higher given the upturn in activity but will not likely reach the same level as in the second half of 2019.

¹² See glossary on page 25

¹³ *Cotisation sur la Valeur Ajoutée des Entreprises* (French business value-added tax)



CASH FLOWS AND WORKING CAPITAL REQUIREMENT (WCR)

<i>(in millions of euros)</i>	H1 2020	H1 2019
Cash flow from operating activities before interest and tax expenses	160.2	206.6
Cash flow from operating activities after interest and tax expenses	119.4	142.1
Change in operating working capital (excluding tax)	(231.5)	(209.4)
Changes in tax-related working capital, dividends from equity-accounted investments and other	11.0	(23.5)
Net cash from/(used in) operating activities	(101.1)	(90.8)
Net cash from/(used in) operating investments	(31.7)	(26.2)
Free cash flow	(132.9)	(117.0)
Net cash from/(used in) financial investments	(42.7)	13.9
Repayment of lease liabilities	(90.1)	(81.7)
Dividends paid by Nexity SA	(109.8)	(138.2)
Net cash from/(used in) financing activities, excluding dividends	140.2	67.6
Change in cash and cash equivalents	(235.3)	(255.3)

Cash flow from operating activities before interest and tax expenses totalled €160 million in the period to end-June 2020, down €46 million relative to H1 2019, mainly as a result of the decrease in EBITDA over the period. Operating investments rose to €32 million (versus €26 million in H1 2019), with most of this increase due to the Group's IT investments.

Nexity's free cash flow¹⁴ in the period to end-June 2020 was a net outflow of €133 million, compared with a net outflow of €117 million in the period to end-June 2019, due in particular to the increase in WCR (€232 million compared with €209 million in H1 2019). The negative free cash flow during the half-year period resulted from the seasonality of development activities, which see high cash inflows at the end of the year.

Net cash used in financial investments totalled €43 million in the first half of 2020, comprising the acquisition of pantera in Germany in particular. In the first half of 2019, the net inflow of €14 million included the disposals of Guy Hoquet l'Immobilier and Nexity Conseil et Transaction, net of the acquisition of Accessite.

Net cash from financing activities (€140 million) comprised the net change in borrowings (a net inflow of €169 million), the cost of share buybacks (an outflow of €20 million) and minority buyouts (an outflow of €9 million over the period).

<i>(in millions of euros)</i>	30 June 2020	31 December 2019	Change in €m
Individual Clients	1,081	875	206
Residential Real Estate	1,068	862	
Real Estate Services to Individuals	12	12	
Commercial Clients	109	90	18
Commercial Real Estate	106	84	
Real Estate Services to Companies	3	6	
Other Activities	92	24	68
Total WCR excluding tax	1,281	989	292
Corporate income tax	28	30	-2
Working Capital Requirement (WCR)	1,309	1,019	290

¹⁴ See glossary on page 25



Operating Working Capital Requirement (WCR) at 30 June 2020 was €1,281 million, up €292 million from its level in December 2019; this change included the increase in WCR generated by external growth in Germany (€60 million).

For **Individual Clients**, the rise in WCR in *Residential Real Estate* (WCR up €206 million) is in line with growth linked to the brisk pace of reservations in previous years and reflects future revenue. The increase in WCR outside France came to €56 million. Excluding international operations, WCR rose by 19% compared to end-December 2019. The WCR-to-backlog ratio was comparable to its historical levels. WCR was only slightly affected by the lockdown, as revenue and expenditure flows exhibited symmetrical trends.

For **Commercial Clients**, overall WCR increased slightly (€18 million), mainly due to the increase in WCR for *Commercial Real Estate* (up €22 million).

For **Other Activities**, WCR was up €68 million, mainly due to the change in WCR for Villes & Projets, which comprises most of the Group's new land positions (land bank¹⁵).

Tax-related WCR was stable at 30 June 2020, at €28 million.

RIGHT-OF-USE ASSETS

Right-of-use assets amounted to €803 million at 30 June 2020 (down €25 million compared with year-end 2019). This change arose from depreciation and impairment for the period exceeding the amount of new leases, due to the halt in business activity during the lockdown.

GOODWILL

The increase in goodwill in the first half of the year (up €66 million) mainly reflected the acquisition of a majority stake in pantera AG, a residential real estate developer in Germany¹⁶.

The public health crisis, though exceptional and severe, does not call into question Nexity's business models. The impairment tests carried out at 31 December 2019 showed that the discounted future cash flows (DCF method) are much higher than the value of the cash-generating units (CGUs). The sensitivity analyses carried out at 30 June did not call into question the value of goodwill.

FINANCIAL STRUCTURE

The Group's cash position remains very strong, with €873 million in total cash at 30 June 2020, plus €355 million in confirmed credit lines not drawn down. The Group's high liquidity bolsters its capacity to withstand the public health crisis.

Nexity's consolidated equity (attributable to equity holders of the parent company) was €1,654 million at end-June 2020, down 5% with respect to end-December 2019 (€1,747 million), as the dividend paid during the period was higher than net profit for the half-year period.

<i>(in millions of euros)</i>	30 June 2020	31 December 2019	Change in €m
Bond issues (incl. accrued interest and arrangement fees)	992	1,018	(26)
Loans and borrowings	1,263	1,002	260
Net cash and cash equivalents	(873)	(1,102)	229
Net financial debt before lease liabilities	1,381	918	463
Lease liabilities	887	908	(21)
Total net debt	2,268	1,826	442

¹⁵ See glossary on page 25

¹⁶ See press release of 6 March 2020



The **€463 million** increase in **net financial debt before lease liabilities (IFRS 16)** mainly resulted from:

- The increase in WCR (€226 million) excluding the impact of external growth;
- The full-year impact of the dividend payment and share buybacks carried out in early 2020 (€130 million);
- The consolidation of pantera (€124 million), comprising €64 million in goodwill and €60 million in WCR.

Lease liabilities (IFRS 16) amounted to €887 million, versus €908 million at 31 December 2019.

Net debt amounted to €2,268 million at 30 June 2020, compared with €1,826 million at 31 December 2019 (up €442 million).

The Group's net debt before lease liabilities amounted to €1,381 million, compared with €918 million at 31 December 2019.

Nexity is in compliance with all of its contractual commitments with respect to its bond debt and corporate credit lines. The Group has secured an exemption from all of its creditors and bondholders from its undertaking to respect its 3.5x leverage ratio threshold; this exemption will apply until the approval of the 2021 financial statements¹⁷. At 30 June 2020, Nexity was still in compliance with the 3.5x limit on its leverage ratio.

At 30 June 2020, the average maturity of the Group's debt was 3.0 years and the average cost of borrowing was 2.4%, compared with 2.3% at year-end 2019.

TRENDS

Although the recovery has been strong since the beginning of June, the Covid-19 public health crisis has led to a sharp downturn in the Group's results. This was partially offset by growth carried over from previous years. Business activity in the first half shows the resilience of Residential Real Estate. The business challenges in the upcoming quarters (including signing deeds and obtaining planning permissions, particularly for the La Garenne-Colombes project) will be key milestones in securing Nexity's performance at year-end.

This half-year period is not representative of the full year; a sharp improvement is expected in the second half of 2020, although not returning to the same level as in H2 2019. Given the persistent public health-related, economic and social uncertainties, Nexity will not give any other guidance for business activity and results. However, solid market fundamentals combined with demographic growth over the next few years should help drive the Group's profitable medium-term growth in line with its margin and leverage ratio criteria.

¹⁷ See press release of 4 June 2020



FINANCIAL CALENDAR & PRACTICAL INFORMATION

Q3 2020 revenue and business activity (after market close)	Wednesday, 28 October 2020
2020 annual results (after market close)	Wednesday, 24 February 2021
Q1 2021 revenue and business activity (after market close)	Wednesday, 28 April 2021
2021 Shareholders' Meeting	Wednesday, 19 May 2021

A **conference call** on H1 2020 revenue and business activity will be held in English today at 6:30 p.m. CET, which may be joined using access code 6960763 by calling one of the following numbers:

- | | |
|------------------------------------|----------------------|
| - Calling from France | +33 (0)1 70 72 25 50 |
| - Calling from elsewhere in Europe | +44 (0)330 336 9125 |
| - Calling from the United States | +1 720 452 9217 |

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://orange.webcasts.com/starthere.jsp?ei=1342668&tp_key=f49a67a7e4

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

The French version of the 2020 interim financial report was filed with the Autorité des Marchés Financiers (AMF) today and is available on the Group's website.

Disclaimer

The information, assumptions and estimates that the Company could reasonably use to determine its targets 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 Chapter 2 of the Universal Registration Document filed with the AMF under number D.20-0280 on 9 April 2020, as revised by an amendment filed with the AMF on 28 April 2020, 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.

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 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.

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

Reservations: Residential Real Estate

<i>Reservations (units and €m)</i>	H1 2020	H1 2019	% Change
New homes (France)	9,451	9,486	-0.4%
Subdivisions	657	817	-19.6%
International	239	173	x1.4
Total reservations (number of units)	10,347	10,476	-1.2%
New homes (France)	2,023	1,923	+5.2%
Subdivisions	55	66	-16.9%
International	36	16	x2.3
Total reservations (€m incl. VAT)	2,115	2,006	+5.4%

<i>Breakdown of new home reservations by client – France</i>	H1 2020		H1 2019	
Homebuyers	1,567	17%	2,259	24%
o/w: - First-time buyers	1,369	14%	1,856	20%
- Other homebuyers	198	2%	403	4%
Individual investors	2,992	32%	4,585	48%
Professional landlords	4,892	52%	2,642	28%
o/w: - Institutional investors	3,414	36%	832	9%
- Social housing operators	1,478	16%	1,810	19%
Total	9,451	100%	9,486	100%

Real Estate Services to Individuals

<i>Property Management for Individuals – Portfolio of units under management</i>	June 2020	December 2019	Change
- Condominium management	709,000	709,000	0.0%
- Rental management	175,000	175,000	0.0%
<i>Franchise networks – Century 21</i>			
- Number of agencies	889	898	-1.0%
<i>Serviced residences – Students – Studéa</i>			
- Number of residences in operation	124	124	0
- Rolling 12-month occupancy rate	93.5%	94.7%	-1.2 pts
<i>Serviced residences – Seniors – Domitys</i>			
- Total number of residences in operation	107	100	+7
o/w: Number of residences opened more than 2 years ago (France)	72	58	+14
- Rolling 12-month occupancy rate	84.9%	84.2%	+0.7 pts
<i>Distribution activities – iSelection and PERL</i>	June 2020	June 2019	
- Total reservations	1,623	2,277	-28.7%
- Reservations on behalf of third parties	913	1,369	-33.3%



QUARTERLY FIGURES

Reservations: Residential Real Estate

	2020		2019				2018			
<i>Number of units</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
New homes (France)	5,794	3,657	7,794	4,557	5,603	3,883	6,600	4,757	4,634	3,618
Subdivisions	297	360	836	435	559	258	812	336	576	339
International	74	165	307	161	137	36	170	80	75	40
Total (number of units)	6,165	4,182	8,937	5,153	6,299	4,177	7,582	5,173	5,285	3,997
<i>Value (€m incl. VAT)</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
New homes (France)	1,231	792	1,529	909	1,150	773	1,327	922	951	715
Subdivisions	25	30	76	35	46	20	63	28	51	28
International	11	26	47	37	13	3	15	7	6	4
Total (€m incl. VAT)	1,267	847	1,652	981	1,209	797	1,405	956	1,008	747

Revenue

	2020		2019				2018			
<i>(in millions of euros)</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Individual Clients	659.4	702.4	1,562.0	840.8	849.4	761.6	1,470.3	764.3	712.3	603.1
Residential Real Estate	459.0	490.9	1,251.9	615.2	629.4	552.5	1,133.8	545.3	524.2	445.1
Real Estate Services to Individuals	200.4	211.5	310.1	225.6	219.9	209.1	336.5	219.0	188.1	158.0
<i>Property Management for Individuals (including franchises)</i>	76.8	81.6	90.2	90.0	91.7	86.9	91.5	91.6	91.8	84.9
<i>Serviced residences</i>	76.4	84.2	92.5	78.5	73.3	71.9	68.9	70.1	21.3	22.5
<i>Distribution activities</i>	47.3	45.7	127.3	57.1	54.9	50.3	176.1	57.3	75.0	50.6
Commercial Clients	269.9	84.4	132.0	123.2	109.6	118.9	167.3	174.2	154.4	84.7
Commercial Real Estate	247.6	57.3	102.0	96.1	88.0	98.3	146.1	157.6	138.7	69.6
Real Estate Services to Companies	22.2	27.1	30.0	27.1	21.6	20.6	21.2	16.6	15.8	15.1
Other Activities	(0.0)	0.0	0.0	(0.0)	0.4	0.5	0.9	1.5	1.4	0.5
Revenue	929.3	786.8	1,694.0	964.0	959.4	881.1	1,638.5	940.1	868.1	688.3

Backlog

	2020		2019				2018			
<i>(in millions of euros, excluding VAT)</i>	H1	Q1	12M	9M	H1	Q1	12M	9M	H1	Q1
Residential Real Estate – New homes	5,095	4,623	4,455	4,328	4,321	4,109	3,979	4,065	3,724	3,451
Residential Real Estate – Subdivisions	191	173	185	182	172	160	182	188	201	182
Residential Real Estate backlog	5,285	4,796	4,640	4,510	4,493	4,269	4,161	4,253	3,924	3,634
Commercial Real Estate backlog	373	398	456	401	269	222	308	379	332	409
Total Group backlog	5,659	5,194	5,095	4,911	4,762	4,491	4,469	4,632	4,256	4,042



HALF-YEAR / FULL-YEAR FIGURES

EBITDA

	2020	2019			2018		
<i>(in millions of euros)</i>	H1	12M	H2	H1	12M	H2	H1
Individual Clients	109.6	539.7	330.8	208.9	477.4	326.2	151.2
Residential Real Estate	26.9	303.6	205.8	97.8	283.6	194.7	88.9
Real Estate Services to Individuals	82.7	236.1	125.0	111.1	193.8	131.5	62.3
<i>Property Management for Individuals (including franchises)</i>	24.2	84.8	36.6	48.1	67.4	38.5	28.9
<i>Serviced residences</i>	54.6	119.9	63.9	56.0	70.0	51.9	18.1
<i>Distribution activities</i>	3.9	31.4	24.4	7.0	56.3	41.1	15.2
Commercial Clients	60.8	61.8	34.8	27.0	71.7	33.8	37.9
Commercial Real Estate	53.4	42.8	21.5	21.3	64.8	27.4	37.4
Real Estate Services to Companies	7.5	18.9	13.2	5.7	6.9	6.4	0.5
Other Activities	(7.0)	(28.6)	(19.1)	(9.5)	(26.0)	(23.1)	(2.9)
GROUP	163.5	572.9	346.5	226.4	523.0	336.8	186.2

Current operating profit

	2020	2019			2018		
<i>(in millions of euros)</i>	H1	12M	H2	H1	12M	H2	H1
Individual Clients	18.7	357.8	232.8	124.9	353.4	241.4	112.0
Residential Real Estate	9.7	264.6	184.4	80.1	246.4	171.5	74.8
Real Estate Services to Individuals	9.0	93.2	48.4	44.8	107.0	69.9	37.1
<i>Property Management for Individuals (including franchises)</i>	11.2	54.3	19.6	34.7	44.8	25.6	19.2
<i>Serviced residences</i>	(5.0)	4.1	(0.3)	4.4	8.9	4.4	4.4
<i>Distribution activities</i>	2.8	34.8	29.1	5.7	53.4	39.9	13.5
Commercial Clients	48.4	42.2	25.2	16.9	64.0	28.5	35.5
Commercial Real Estate	52.0	40.5	20.5	20.0	62.9	25.5	37.5
Real Estate Services to Companies	(3.6)	1.6	4.7	(3.1)	1.1	3.0	(2.0)
Other Activities	(16.9)	(46.7)	(30.2)	(16.5)	(44.7)	(33.0)	(11.6)
GROUP	50.2	353.2	227.8	125.4	372.7	236.9	135.8



CONSOLIDATED INCOME STATEMENT – 30 JUNE 2020

<i>(in millions of euros)</i>	30/06/2020 IFRS	Restatement of joint ventures	30/06/2020 Operational reporting	Restatement of non- recurring items*	30/06/2020 Operational reporting before non- recurring items	30/06/2019 Operational reporting before non- recurring items
Revenue	1,606.8	109.3	1,716.1	-	1,716.1	1,840.4
Operating expenses	(1,453.6)	(99.0)	(1,552.6)	-	(1,552.6)	(1,614.0)
Dividends received from equity-accounted investments	1.6	(1.6)	-	-	-	-
EBITDA	154.7	8.7	163.5	-	163.5	226.4
Leases	(90.1)	-	(90.1)	-	(90.1)	(81.7)
EBITDA after leases	64.6	8.7	73.3	-	73.3	144.7
Restatement of leases	90.1	-	90.1	-	90.1	81.7
Depreciation of right-of-use assets	(82.3)	-	(82.3)	-	(82.3)	(75.9)
Depreciation, amortisation and impairment of non-current assets	(23.9)	-	(23.9)	-	(23.9)	(20.4)
Net change in provisions	0.7	(0.0)	0.6	-	0.6	2.0
Share-based payments	(7.6)	-	(7.6)	-	(7.6)	(6.5)
Borrowing costs directly attributable to property developments, transferred from inventory	-	-	-	-	-	(0.1)
Dividends received from equity-accounted investments	(1.6)	1.6	-	-	-	-
Current operating profit	40.0	10.2	50.2	-	50.2	125.4
Operating profit	40.0	10.2	50.2	-	50.2	125.4
Share of net profit from equity-accounted investments	4.2	(4.2)	-	-	-	-
Operating profit after share of net profit from equity-accounted investments	44.2	6.0	50.2	-	50.2	125.4
Cost of net financial debt	(22.8)	(1.0)	(23.9)	-	(23.9)	(20.4)
Other financial income/(expenses)	2.3	(2.1)	0.3	(2.0)	(1.7)	(4.7)
Interest expense on lease liabilities	(12.4)	-	(12.4)	-	(12.4)	(12.3)
Net financial income/(expense)	(32.9)	(3.1)	(36.0)	(2.0)	(38.0)	(37.5)
Pre-tax recurring profit	11.4	2.9	14.3	(2.0)	12.3	88.0
Income tax	(2.9)	(2.9)	(5.8)	-	(5.8)	(31.9)
Share of profit/(loss) from other equity-accounted investments	(0.3)	-	(0.3)	-	(0.3)	-
Consolidated net profit	8.2	0.0	8.2	(2.0)	6.2	56.0
Attributable to non-controlling interests	1.6	-	1.6	-	1.6	3.8
Attributable to equity holders of the parent company	6.6	0.0	6.6	(2.0)	4.6	52.2
<i>(in euros)</i>						
Net earnings per share	0.12		0.12		0.08	0.94

* Non-recurring items at 30 June 2020 included the fair value adjustment of the ORNANE bond issue for a positive impact of €2 million



SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 30 JUNE 2020

ASSETS <i>(in millions of euros)</i>	30/06/2020 IFRS	Restatement of joint ventures	30/06/2020 Operational reporting	31/12/2019 Operational reporting
Goodwill	1,664.3	-	1,664.3	1,598.0
Other non-current assets	1,098.9	0.4	1,099.3	1,114.6
Equity-accounted investments	45.0	(44.1)	0.9	1.5
Total non-current assets	2,808.1	(43.6)	2,764.5	2,714.2
Net WCR	1,094.2	215.2	1,309.3	1,019.4
Total assets	3,902.3	171.6	4,073.9	3,733.6
LIABILITIES AND EQUITY <i>(in millions of euros)</i>	30/06/2020 IFRS	Restatement of joint ventures	30/06/2020 Operational reporting	31/12/2019 Operational reporting
Share capital and reserves	1,647.7	0.0	1,647.7	1,586.0
Net profit for the period	6.6	(0.0)	6.6	160.7
Equity attributable to equity holders of the parent company	1,654.3	0.0	1,654.3	1,746.7
Non-controlling interests	12.0	(0.0)	12.0	10.6
Total equity	1,666.3	0.0	1,666.3	1,757.3
Net debt	2,109.9	158.5	2,268.4	1,825.9
Provisions	98.7	2.2	100.9	102.2
Net deferred tax	27.4	11.0	38.3	48.3
Total liabilities and equity	3,902.3	171.6	4,073.9	3,733.6

NET DEBT AT 30 JUNE 2020

<i>(in millions of euros)</i>	30/06/2020 IFRS	Restatement of joint ventures	30/06/2020 Operational reporting	31/12/2019 Operational reporting
Bond issues (incl. accrued interest and arrangement fees)	992.0	-	992.0	1,017.8
Loans and borrowings	1,214.8	49.4	1,264.2	1,002.3
Loans and borrowings	2,206.8	49.4	2,256.2	2,020.1
Other financial receivables and payables	(164.8)	163.3	(1.5)	6.5
Cash and cash equivalents	(839.3)	(89.5)	(928.8)	(1,203.2)
Bank overdraft facilities	20.3	35.3	55.6	94.6
Net cash and cash equivalents	(819.0)	(54.3)	(873.3)	(1,108.6)
Total net financial debt before lease liabilities	1,223.0	158.5	1,381.4	918.0
Lease liabilities	886.9	-	886.9	907.9
Total net debt	2,109.9	158.5	2,268.4	1,825.9



SIMPLIFIED STATEMENT OF CASH FLOWS – 30 JUNE 2020

<i>(in millions of euros)</i>	30/06/2020 IFRS (6-month period)	Restatement of joint ventures	30/06/2020 Operational reporting	30/06/2019 Operational reporting
Consolidated net profit	8.1	(0.0)	8.1	56.0
Elimination of non-cash income and expenses	107.2	4.1	111.3	86.1
Cash flow from operating activities after interest and tax expenses	115.3	4.1	119.4	142.1
Elimination of net interest expense/(income)	35.2	1.0	36.2	32.7
Elimination of tax expense, including deferred tax	1.8	2.9	4.6	31.7
Cash flow from operating activities before interest and tax expenses	152.3	7.9	160.2	206.6
Change in operating working capital	(189.4)	(42.2)	(231.5)	(209.4)
Dividends received from equity-accounted investments	1.6	(1.6)	-	(2.7)
Interest paid	(16.9)	(1.1)	(18.0)	(16.2)
Tax paid	(13.1)	1.3	(11.8)	(69.0)
Net cash from/(used in) operating activities	(65.6)	(35.6)	(101.1)	(90.7)
Net cash from/(used in) net operating investments	(31.7)	-	(31.7)	(26.2)
Free cash flow	(97.3)	(35.6)	(132.9)	(116.9)
Acquisitions of subsidiaries and other changes in scope	(39.8)	(0.5)	(40.3)	16.2
Other net financial investments	(1.7)	(0.7)	(2.4)	(2.2)
Net cash from/(used in) investing activities	(41.5)	(1.1)	(42.7)	13.9
Dividends paid to equity holders of the parent company	(109.8)	-	(109.8)	(138.2)
Other payments to/(from) minority shareholders	(9.5)	-	(9.5)	(19.3)
Net disposal/(acquisition) of treasury shares	(22.7)	-	(22.7)	(20.0)
Repayment of lease liabilities	(90.1)	-	(90.1)	(81.7)
Change in financial receivables and payables (net)	144.3	28.8	173.1	106.8
Net cash from/(used in) financing activities	(87.8)	28.8	(59.0)	(152.4)
Impact of changes in foreign currency exchange rates	(0.7)	-	(0.7)	0.1
Change in cash and cash equivalents	(227.4)	(8.0)	(235.3)	(255.3)



ANNEX 2: BREAKDOWN BETWEEN DEVELOPMENT AND SERVICES

To offer an additional tool for analysing its operational performance, the Group also provides a breakdown of its revenue by business line, separating its Real Estate Development activities (Residential Real Estate and Commercial Real Estate) from its Services businesses (Property Management for Individuals including franchises, serviced residences, distribution activities and Real Estate Services to Companies).

Revenue

<i>(in millions of euros)</i>	H1 2020	H1 2019	% Change
Development*	1,254.8	1,368.2	-8.3%
Residential Real Estate	949.9	1,181.9	-19.6%
Commercial Real Estate	304.9	186.3	+63.7%
Services	461.3	471.3	-2.1%
Property Management for Individuals, Franchises, Commercial Property Management	189.8	220.9	-14.0%
Serviced Residences, Shared Office Space	178.5	145.2	+22.9%
Distribution	92.9	105.2	-11.7%
Other Activities	0.0	0.9	-99.9%
Total Group revenue	1,716.1	1,840.4	-6.8%

* 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 all inventoriable costs.

EBITDA

	H1 2020		H1 2019	
<i>(in millions of euros)</i>	EBITDA	EBITDA margin as % of revenue	EBITDA	EBITDA margin as % of revenue
Development	80.3	6.4%	119.1	8.7%
Residential Real Estate	26.9	2.8%	97.8	8.3%
Commercial Real Estate	53.4	17.5%	21.3	11.4%
Services	90.2	19.5%	116.8	24.8%
Property Management for Individuals, Franchises, Commercial Property Management	23.0	12.1%	49.7	22.5%
Serviced Residences, Shared Office Space	63.3	35.5%	60.2	41.4%
Distribution	3.9	4.1%	7.0	6.6%
Other Activities	(7.0)	N/A	(9.5)	N/A
Group EBITDA	163.5	9.5%	226.4	12.3%



Current operating profit

	H1 2020		H1 2019	
	Current operating profit	EBITDA margin as % of revenue	Current operating profit	EBITDA margin as % of revenue
<i>(in millions of euros)</i>				
Development	61.8	4.9%	100.2	7.3%
Residential Real Estate	9.7	1.0%	80.1	6.8%
Commercial Real Estate	52.0	17.1%	20.0	10.7%
Services	5.4	1.2%	41.7	8.9%
Property Management for Individuals, Franchises, Commercial Property Management	7.2	3.8%	33.8	15.3%
Serviced Residences, Shared Office Space	(4.6)	-2.6%	2.3	1.6%
Distribution	2.8	3.0%	5.7	5.4%
Other Activities	(16.9)	N/A	(16.5)	N/A
Group current operating profit	50.2	2.9%	125.4	6.8%



ANNEX 3: IFRS

CONSOLIDATED INCOME STATEMENT – 30 JUNE 2020

<i>(in millions of euros)</i>	30/06/2020 IFRS	30/06/2019 IFRS
Revenue	1,606.8	1,745.8
Operating expenses	(1,453.6)	(1,535.6)
Dividends received from equity-accounted investments	1.6	5.0
EBITDA	154.7	215.2
Leases	(90.1)	(80.6)
EBITDA after leases	64.6	134.6
Restatement of leases	90.1	80.6
Depreciation of right-of-use assets	(82.3)	(75.9)
Depreciation, amortisation and impairment of non-current assets	(23.9)	(20.4)
Net change in provisions	0.7	1.9
Share-based payments	(7.6)	(6.5)
Borrowing costs directly attributable to property developments, transferred from inventory	-	(0.1)
Dividends received from equity-accounted investments	(1.6)	(5.0)
Current operating profit	40.0	109.2
Operating profit	40.0	109.2
Share of net profit from equity-accounted investments	4.2	8.6
Operating profit after share of net profit from equity-accounted investments	44.2	117.8
Cost of net financial debt	(22.8)	(19.7)
Other financial income/(expenses)	2.3	(2.8)
Interest expense on lease liabilities	(12.4)	(12.3)
Net financial income/(expense)	(32.9)	(34.8)
Pre-tax recurring profit	11.4	83.0
Income tax	(2.9)	(27.0)
Share of profit/(loss) from other equity-accounted investments	(0.3)	-
Consolidated net profit	8.2	56.0
Attributable to non-controlling interests	1.6	3.8
Attributable to equity holders of the parent company	6.6	52.2
<i>(in euros)</i>		
Net earnings per share	0.12	0.94



SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 30 JUNE 2020

ASSETS <i>(in millions of euros)</i>	30/06/2020 IFRS	31/12/2019 IFRS
Goodwill	1,664.3	1,598.0
Other non-current assets	1,098.9	1,114.3
Equity-accounted investments	45.0	39.9
Total non-current assets	2,808.1	2,752.3
Net WCR	1,094.2	842.8
Total assets	3,902.3	3,595.0
LIABILITIES AND EQUITY <i>(in millions of euros)</i>	30/06/2020 IFRS	31/12/2019 IFRS
Share capital and reserves	1,647.7	1,586.0
Net profit for the period	6.6	160.7
Equity attributable to equity holders of the parent company	1,654.3	1,746.7
Non-controlling interests	12.0	10.6
Total equity	1,666.3	1,757.3
Net debt	2,109.9	1,700.4
Provisions	98.7	100.0
Net deferred tax	27.4	37.3
Total liabilities and equity	3,902.3	3,595.0

CONSOLIDATED NET DEBT – 30 JUNE 2020

<i>(in millions of euros)</i>	30/06/2020 IFRS	31/12/2019 IFRS
Bond issues (incl. accrued interest and arrangement fees)	992.0	1,017.8
Loans and borrowings	1,214.8	941.5
Loans and borrowings	2,206.8	1,959.3
Other financial receivables and payables	(164.8)	(120.4)
Cash and cash equivalents	(839.3)	(1,116.7)
Bank overdraft facilities	20.3	70.4
Net cash and cash equivalents	(819.0)	(1,046.3)
Total net financial debt before lease liabilities	1,223.0	792.5
Lease liabilities	886.9	907.9
Total net debt	2,109.9	1,700.4



SIMPLIFIED STATEMENT OF CASH FLOWS – 30 JUNE 2020

<i>(in millions of euros)</i>	30/06/2020 IFRS	30/06/2019 IFRS
Consolidated net profit	8.1	56.0
Elimination of non-cash income and expenses	107.2	78.1
Cash flow from operating activities after interest and tax expenses	115.3	134.1
Elimination of net interest expense/(income)	35.2	32.0
Elimination of tax expense, including deferred tax	1.8	26.8
Cash flow from operating activities before interest and tax expenses	152.3	193.0
Change in operating working capital	(189.4)	(162.6)
Dividends received from equity-accounted investments	1.6	5.0
Interest paid	(16.9)	(15.5)
Tax paid	(13.1)	(62.7)
Net cash from/(used in) operating activities	(65.6)	(42.9)
Net cash from/(used in) net operating investments	(31.7)	(26.2)
Free cash flow	(97.3)	(69.1)
Acquisitions of subsidiaries and other changes in scope	(39.8)	16.2
Other net financial investments	(1.7)	(2.2)
Net cash from/(used in) investing activities	(41.5)	14.0
Dividends paid to equity holders of the parent company	(109.8)	(138.2)
Other payments to/(from) minority shareholders	(9.5)	(19.3)
Net disposal/(acquisition) of treasury shares	(22.7)	(20.0)
Repayment of lease liabilities	(90.1)	(81.7)
Change in financial receivables and payables (net)	144.3	82.3
Net cash from/(used in) financing activities	(87.8)	(176.9)
Impact of changes in foreign currency exchange rates	(0.7)	0.1
Change in cash and cash equivalents	(227.4)	(231.9)



GLOSSARY

Business potential: The total volume of potential business at any given moment, expressed as a number of units and/or revenue excluding VAT, within future projects in Residential Real Estate (New homes, Subdivisions and International) as well as Commercial Real Estate, 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: 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 (or order book): 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 notarial deeds of sale have not yet been signed and the portion of revenue remaining to be generated on units for which notarial deeds of sale 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 non-current assets, 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. Depreciation and amortisation includes right-of-use assets calculated in accordance with IFRS 16, together with the impact of neutralising internal margins on disposal of an asset by development companies, followed by take-up of a lease by a Group company

EBITDA after leases: EBITDA minus leases recognition and restated under the application of IFRS 16 Leases

Free cash flow: Cash generated by operating activities after taking into account tax paid, financial expenses, changes in WCR, dividends received from companies accounted for under the equity method and net investments in operating assets, and before repayment of lease liabilities

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

MALONE (Marché du Logement Neuf): New home market in France, calculated by adding together the number of retail sales (source: French Commissioner-General for Sustainable Development – CGDD) and bulk sales (source: French Federation of Real Estate Developers – FPI)

Net profit before non-recurring items: Group share of net profit restated for non-recurring items such as 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 (notarial deeds of sale 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. This also includes brokerage activities

Reservations by value (or expected revenue from reservations) – 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

Residences open for more than 2 years (Domitys): Residences open since 1 January 2018