



9M 2016 BUSINESS ACTIVITY AND REVENUE

Paris, Wednesday, 26 October 2016

Robust business activity:

- **Residential real estate: 10,692 new home reservations¹ in France at 30 September 2016, up 42% in volume and 33% in value compared to the first 9 months of 2015**
 - On a like-for-like basis, 10,397 new home reservations in France at 30 September 2016, up 39% in volume and 30% in value
- **Commercial real estate: €248 million in orders at end-September 2016**
- **Group backlog: up 13.5%, reaching a record €3.7 billion, i.e. 18 months' revenue from development activities²**
- **Revenue: €2,019 million at 30 September 2016 (stable)**

Acquisitions and partnerships:

- **Successful start of the tie-up with Edouard Denis, consolidated since 1 July 2016 within the Group's Residential real estate division**
- **Majority stake acquired in Primosud (finalised on 14 October 2016)**
- **Strategic partnership announced with Ægide-Domitys³, the French market leader for serviced senior residences (Nexity's stake raised from 38.15% to 45.15% of the share capital)**

Outlook for 2016:

- **Nexity's new home reservations growth outlook revised upward, now expected to outperform⁴ the French market (estimated growth of 15-20%, with around 120,000 reservations for 2016)**
- **Commercial real estate order intake: at least €250 million**
- **2016 revenue: stable, around €3 billion**
- **2016 current operating profit target: at least €245 million**
- **Proposed renewal of a €2.20 per share dividend in 2017⁵**

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

¹ All figures for new home reservations are net of cancellations

² Revenue basis: previous 12-month period – Exclusive of Edouard Denis

³ Press release of 26 October 2016

⁴ Growth in Nexity's reservations previously expected to be in line with market growth

⁵ Pending decision of Nexity's Board of Directors and approval at the Shareholders' Meeting



Alain Dinin, Chairman and CEO of Nexity, commented:

“The French residential market has maintained its strong momentum, driven by very low interest rates, effective housing stimulus measures and a growing appetite in France for property. Since the beginning of 2016, Nexity has roundly outperformed the market thanks to its effective sales organisation and its strong presence in areas where demand is highest (such as Greater Paris, reduced-VAT home sales and serviced residences). In 2016, Nexity’s market share should reach its highest level ever – around 12.5%, which is a market gain of about 100 basis point. Our outlook remains positive, subject to the uncertainty surrounding the timing of future interest rate hikes. It is still too early to speculate on the upcoming presidential election’s potential consequences on housing policy, but we do not expect any fundamental change to take place.

In commercial real estate, where market conditions are also favourable, Nexity delivered strong sales performance, and will beat its initial target of €250 million in order intake.

With a backlog up 13% over the first nine months of the year, Nexity confirms its organic growth potential. This was boosted by external growth: the majority stake acquired in Edouard Denis represents an important addition to the group, and the partnership is progressing in a highly satisfactory manner. The strategic partnership with Ægide-Domitys, announced today, will enable Nexity to add a new business line to its integrated real estate services platform, focused on serviced residences and personal assistance services, which will be a growth driver in the future.”



9M 2016 business activity

Residential real estate

The retail market for new homes in France is expected to see growth of between 15% and 20% for 2016 (i.e. around 120,000 reservations⁶), boosted by historically low mortgage rates (1.41%⁷ on average in the third quarter of 2016).

Reservations (units and €m)	9M 2016	9M 2015	Change %
New homes (France)	10,692 *	7,504	+42.5%
Subdivisions	1,491	1,277	+16.8%
International	338	159	x 2.1
Total reservations (number of units)	12,521	8,940	+40.1%
New homes (France)	1,974 *	1,483	+33.2%
Subdivisions	110	97	+13.1%
International	58	22	x 2.6
Total reservations (€m incl. VAT)	2,142	1,602	+33.7%

* Including 295 net reservations for Edouard Denis representing €48 million incl. VAT

■ New homes

At end-September 2016, the Group recorded 10,692 net new home reservations in France, up 42% by volume and 33% by value (€1,974 million) year-on-year.

On a like-for-like basis, at 30 September 2016, net new home reservations in France were up 39% in volume (10,397 reservations) and 30% in value (€1,927 million) with respect to 30 September 2015. At end-September 2016, the disparity observed between the increase in the number of reservations and the increase in expected revenue from reservations is mainly due to the lower average price of bulk sales (down 11% with respect to the same period in 2015) and to an unfavourable product mix effect on retail sales (see the "Average sale price & floor area" table below).

In the third quarter of 2016, net new home reservations in France increased by 53% in volume and 41% in value year-on-year (41% and 31%, respectively, on a like-for-like basis).

Breakdown of new home reservations by client France (number of units) – Exclusive of Edouard Denis	9M 2016		9M 2015		Change %
Homebuyers	2,692	26%	1,875	25%	+43.6%
o/w: - first-time buyers	2,066	20%	1,434	19%	+44.1%
- other homebuyers	626	6%	441	6%	+42.0%
Individual investors	4,700	45%	3,499	47%	+34.3%
Professional landlords	3,005	29%	2,130	28%	+41.1%
Total new home reservations	10,397	100%	7,504	100%	+38.6%

⁶ Reference market: ECLN (a French survey of new homes sales) published by the Commissariat Général au Développement Durable (CGDD)

⁷ Source: Observatoire Crédit Logement



The first nine months of financial year 2016 saw continued growth across all client segments.

On a like-for-like basis:

- Reservations made by first-time buyers were up 44% with respect to the first nine months of 2015, still boosted by the new PTZ interest-free loan scheme, which took effect on 1 January 2016. At end-September 2016, 63% of Nexity's first-time buyer clients had a PTZ interest-free loan;
- Reservations by individual investors also surged in the first nine months of 2016 (up 34% year-on-year), driven by appealing government stimulus measures for the housing sector, very low interest rates and a growing appetite in France for property. This trend should continue, especially following the French government's announcement that the Pinel scheme will be extended until the end of 2017;
- Reservations by professional landlords were up 41%, with an increase in the share of reservations made by social housing operators (84% at end-September 2016, versus 68% at end-September 2015); and
- In terms of geographic distribution, reservations made in the first nine months of the year increased in both the Paris region (up 43%) and the rest of France (up 36%). As in the first half of 2016, the increase in reservations by individual clients was more pronounced in the Paris region (up 52%) than in the rest of France (up 30%).

<i>Average Sale price & floor area*</i>	9M 2016	9M 2015	Change %
Average home price incl. VAT per sq.m (€)	3,784	3,841	-1.5%
Average floor area per home (sq.m)	55.9	56.0	-0.3%
Average price incl. VAT per home (€k)	211.4	215.1	-1.7%

* Excluding bulk sales, Iselection, PERL and Edouard Denis

At end-September 2016, the average price of homes reserved by Nexity's individual clients⁸ was down 1.7% with respect to end-September 2015, due to changes in the product mix (reservations in serviced residences – which concern smaller units with a lower average sale price – increased by 53% during the period – up 80% including bulk sales⁹) and the proportion of reservations located in 5.5% reduced-VAT zones (which made up 19% of reservations at end-September 2016 with 1,440 units versus 17% at end-September 2015 with 907 units – a 59% increase in volume).

In the first nine months of 2016, the number of units launched¹⁰ by Nexity rose by 22% (10,683 units, versus 8,778 units at end-September 2015), in line with the growth in reservations. The unsold completed stock of new residential units remained very low (78 homes). The average level of pre-selling recorded at the time construction work was started increased year-on-year (72% on average, versus 68% the previous year).

At end-September 2016, the business potential¹¹ for new homes totalled 36,386 units, up 10% from end-September 2015, illustrating Nexity's capacity to replenish its potential supply.

⁸ Excluding bulk sales to professional landlords, and Iselection, PERL and Edouard Denis reservations

⁹ 2,374 reservations in serviced residences in 9M 2016 versus 1,316 reservations in 9M 2015 (including bulk sales)

¹⁰ Sales data now include PERL and Iselection, and are presented exclusive of Edouard Denis. Data for 2015 have been restated in the same way to facilitate comparison between the two financial years

¹¹ Includes the Group's current supply for sale, its future supply corresponding to project phases not yet marketed on acquired land, and projects not yet launched associated with land secured through options – Exclusive of Edouard Denis



- Subdivisions

Subdivision reservations totalled 1,491 units, a significant increase of 17% compared to end-September 2015, with the average price of net reservations from individuals remaining stable at €75k.

- International

Nexity recorded 338 international new home reservations in the first nine months of 2016. In Poland, the number of reservations came to 248 units, with a satisfactory pace of sales activity across all projects. In Italy, 90 reservations were recorded at end-September 2016.

Commercial real estate

In the third quarter of 2016, transaction volumes in the Paris region's commercial real estate market totalled €5.5 billion, bringing the total invested since the beginning of the year to €12.4 billion.

The rental market kept going strong in the third quarter, with take-up in the Paris region amounting to 592,000 sq.m and office space marketed at end-September 2016 exceeding 1.7 million sq.m, up 14% year-on-year¹².

Nexity booked orders totalling €248 million at end-September 2016, of which €66 million were for wood-frame constructions¹³. In the third quarter, Nexity signed a VEFA (off-plan sale) contract with Crédit Agricole Assurances for the Online building (totalling 18,000 sq.m) located in Rueil-Malmaison (west of Paris). The initial target of €250 million in orders for 2016 will be exceeded. Several development projects are currently in the start-up phase and should be placed on the market within the next few months.

Services and Distribution Networks

In **Real estate services to companies**, the volume of units under management totalled 12.2 million sq.m at end-September 2016, stable with respect to end-December 2015.

In **Real estate services to individuals**, the portfolio of units under management for individuals (887,600 units at 30 September 2016) was down 2.4% on a like-for-like basis relative to end-December 2015 (a similar level to the previous year).

In the very buoyant brokerage for residential properties market (up 14% from the previous 12-month period¹⁴, with 843,000 deeds of sale), sales in Nexity's Services division were up 10%.

In **Distribution Networks**, the number of provisional sale agreements (*compromis*) recorded in the third quarter by Century 21 and Guy Hoquet l'Immobilier was up 7% year-on-year, with the number of franchisees remaining stable (1,221 agencies at end-September 2016 versus 1,220 at end-September 2015).

¹² Source: JLL – Office Market Greater Paris Region Q3 2016

¹³ Wood-frame offices in the French regions marketed under the Ywood and Térénéo brands

¹⁴ Source: CGDD based on data from DGFIP and notarial databases from 2006 to end-August 2016



Urban regeneration (Villes & Projets)

At end-September 2016, the land development potential of Nexity's urban regeneration business (Villes & Projets) was down 11% to 474,000 sq.m¹⁵ versus year-end 2015 on account of parts of some projects being transferred to the development phase. No additions to the portfolio were recorded in the first nine months of 2016.

Digital and Innovation

In line with its strategic plan, Nexity continued to invest in innovative projects focused on digital transformation. Nine months after its December 2015 launch, Bien'ici – a next-generation property listings website in which Nexity has a 40% stake alongside a consortium of real estate professionals (*Consortium des Professionnels de l'Immobilier*) – has seen a steady stream of membership requests from professionals to place their paid listings.

Nexity's other innovative projects include:

- The "Alfred by Nexity" app, a digital butler developed by the Group for its "smart home" clients, was awarded the Netexplo Change Grand Prix as the most innovative digital initiative among French companies in 2016¹⁶;
- An operational partnership with Lucibel, an innovative French company that designs, manufactures and markets solutions and services based on LiFi technology¹⁷; and
- The opening of a "smart" agency in Lyon, an innovative, intuitive space that enriches the customer experience with digital tools, new technologies and specialist advisers¹⁸.

¹⁵ Floor areas are provided for information purposes only and may be subject to adjustment once administrative authorisations have been obtained

¹⁶ Press release of 13 June 2016

¹⁷ Press release of 14 September 2016

¹⁸ Press release of 15 September 2016



IFRS 11 Joint Arrangements, the application of which is mandatory as of 1 January 2014, states that joint ventures must be accounted for using the equity method (whereas before they could be proportionately consolidated). Nexity's joint ventures are mainly co-development vehicles in Residential and Commercial real estate. For operational reporting and management purposes, 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 the risks to which it may be exposed.

Revenue – Operational reporting

In the first nine months of 2016, Nexity recorded **revenue** of €2,018.9 million (down 1% year-on-year).

€ millions	9M 2016	9M 2015	Change %
Residential real estate	1,457.5	1,352.4	+7.8%
Commercial real estate	189.4	305.0	-37.9%
Services and Distribution Networks	368.5	372.5	-1.1%
Other activities	3.4	11.3	-69.5%
Total Group revenue*	2,018.9	2,041.1	-1.1%

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

- **Residential real estate** revenue totalled €1,457.5 million, up 8% relative to the same period in 2015. This change was mainly due to the surge in Iselection's revenues but also to a favourable base effect for PERL, for which the first nine months of 2015 had been affected by restatements in the opening balance sheet and remeasurements of assets and liabilities to fair value as part of the purchase price allocation (PPA). After accounting for similar restatements, Edouard Denis' revenue did not contribute to Nexity's consolidated revenue for the period, despite being consolidated since 1 July 2016.
- In **Commercial real estate**, in line with Nexity's expectations, revenue for the first nine months of 2016 (€189.4 million) was down 38% with respect to the first nine months of 2015, which had been boosted by substantial contributions from two Paris-region projects: "Eco Campus" in Châtillon and "Le Nuovo" in Clichy, which were delivered in late 2015 and early 2016, respectively. The ramp-up of projects signed in 2015 and 2016 will gradually impact the upcoming quarters.
- The **Services and Distribution Networks** division recognised revenue of €368.5 million, slightly lower than at end-September 2015. Higher revenue from Distribution Networks (up 9%) virtually offset lower revenue from the Services businesses (down 2%). Revenue from property management to individuals grew slightly (up 1%), spurred on by the momentum of the brokerage business, while revenue from Studéa and Real estate services to companies was down year-on-year.
- Revenue from **Other activities** (€3.4 million versus €11.3 million at end-September 2015) includes the sale of development rights outside the Group by Villes & Projets, rents received in connection with the Group's investment activities and revenue generated by the Blue Office business (shared offices in the Paris region).



Revenue (IFRS)

In IFRS terms, revenue for the first nine months of 2016 was €1,954 million, up 3% compared to consolidated revenue of €1,899 million at 30 September 2015. 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 before.

Backlog – Order book at 30 September 2016

<i>€ millions, excluding VAT</i>	30 Sep. 2016	31 Dec. 2015	Change %
Residential real estate – New homes *	2,957	2,573	+14.9%
Residential real estate – Subdivisions	230	233	-1.5%
Residential real estate backlog	3,187	2,806	+13.6%
Commercial real estate backlog	550	487	+12.9%
Total Group backlog	3,736	3,293	+13.5%

* Including International, PERL and Iselection – Exclusive of Edouard Denis

The Group's order book at end-September 2016 stood at €3,736 million, up 13% from end-2015 and equivalent to 18 months' revenue from Nexity's development activities¹⁹.

¹⁹ Revenue basis: previous 12-month period



Financial calendar and practical information

- 2016 annual results Tuesday, 21 February 2017 (after market close)

A **conference call** on Q3 2016 revenue and business activity will be held in English at 6:30 p.m. CET on Wednesday, 26 October 2016.

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: <http://edge.media-server.com/m/p/gb8bbznf>

The conference call will be available on replay at <http://www.nexity.fr/immobilier/groupe/finance/slides-show/webcast> from the following day.

Disclaimer

The information, assumptions and estimates that the Company could reasonably use to determine its targets are subject to change or modification due notably to economic, financial and competitive uncertainties. Furthermore, it is possible that some of the risks described in Section 4 of the Document de Référence filed with the AMF under number D.16-0325 on 13 April 2016 could have an impact on the Group's activities and the Company's ability to achieve its objectives. Accordingly, the Company cannot give any assurance as to whether it will achieve the targets described, and makes no commitment or undertaking to update or otherwise revise this information.

This press release is considered a quarterly financial report as defined in the Transparency Directive transposed by the AMF.

AT NEXITY, WE AIM TO SERVE ALL OUR CLIENTS AS THEIR REAL ESTATE NEEDS EVOLVE

Nexity offers the widest range of advice and expertise, products, services and solutions for private individuals, companies and local authorities, so as to best meet the needs of our clients and respond to their concerns.

Our business lines – real estate brokerage, management, design, development, planning, advisory and related services – are now optimally organised to serve and support our clients. As the benchmark operator in our sector, we are resolutely committed to all of our clients, but also to the environment and society as a whole.

Nexity is listed on the SRD and on Euronext's Compartment A

Member of the indices: SBF 80, SBF 120, CAC Mid 60, CAC Mid & Small and CAC All Tradable

Ticker symbol: NXI - Reuters: NXI.PA - Bloomberg: NXI FP

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ANNEXES

ANNEX 1: RESERVATIONS BY QUARTER

	2016			2015				2014			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Number of units</i>											
New homes	3,624	4,121	2,947	4,237	2,368	2,949	2,187	3,653	2,175	2,722	1,815
- o/w Edouard Denis	295										
Subdivisions	420	654	417	925	400	556	321	836	395	547	326
International	95	170	73	133	103	42	14	7	73	10	3
Total (number of units)	4,139	4,945	3,437	5,295	2,871	3,547	2,522	4,496	2,643	3,279	2,144
<i>Value, in €m incl. VAT</i>											
New homes	666	772	536	803	473	595	415	677	419	475	353
- o/w Edouard Denis	48										
Subdivisions	30	48	32	69	29	45	23	63	29	42	29
International	17	28	13	19	15	6	2	2	10	1	-2
Total (€m incl. VAT)	713	848	581	891	516	646	440	742	458	518	380



ANNEX 2: REVENUE

After accounting for restatements in the opening balance sheet and remeasurements of assets and liabilities to fair value as part of the purchase price allocation (PPA), Edouard Denis' revenue did not contribute to Nexity's consolidated revenue for the period, despite being consolidated since 1 July 2016.

Revenue by division

€ millions	9M 2016 <i>Operational</i>	9M 2015 <i>Operational</i>	Change %
New homes	1,342.9	1,226.7	+9.5%
Subdivisions	94.9	90.2	+5.3%
International	19.7	35.4	-44.4%
Residential real estate	1,457.5	1,352.4	+7.8%
Commercial real estate	189.4	305.0	-37.9%
Services	341.7	348.0	-1.8%
Distribution Networks	26.8	24.5	+9.5%
Services and Distribution Networks	368.5	372.5	-1.1%
Other activities	3.4	11.3	-69.5%
GROUP	2,018.9	2,041.1	-1.1%

Quarterly progression of revenue by division

€ millions	2016			2015				2014			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operational reporting											
Residential real estate	475.4	549.3	432.8	809.3	460.3	531.5	360.5	672.4	425.2	394.4	340.7
Commercial real estate	60.6	61.3	67.6	74.2	102.8	116.5	85.7	104.6	58.2	49.4	55.4
Services and Distribution Networks	124.8	122.8	120.9	131.3	129.8	121.2	121.5	131.2	122.9	123.6	106.6
Other activities	0.6	2.1	0.7	1.3	1.2	9.0	1.0	1.4	1.4	42.5	1.9
GROUP	661.4	735.6	621.9	1,016.0	694.1	778.2	568.7	909.6	607.7	610.0	504.6