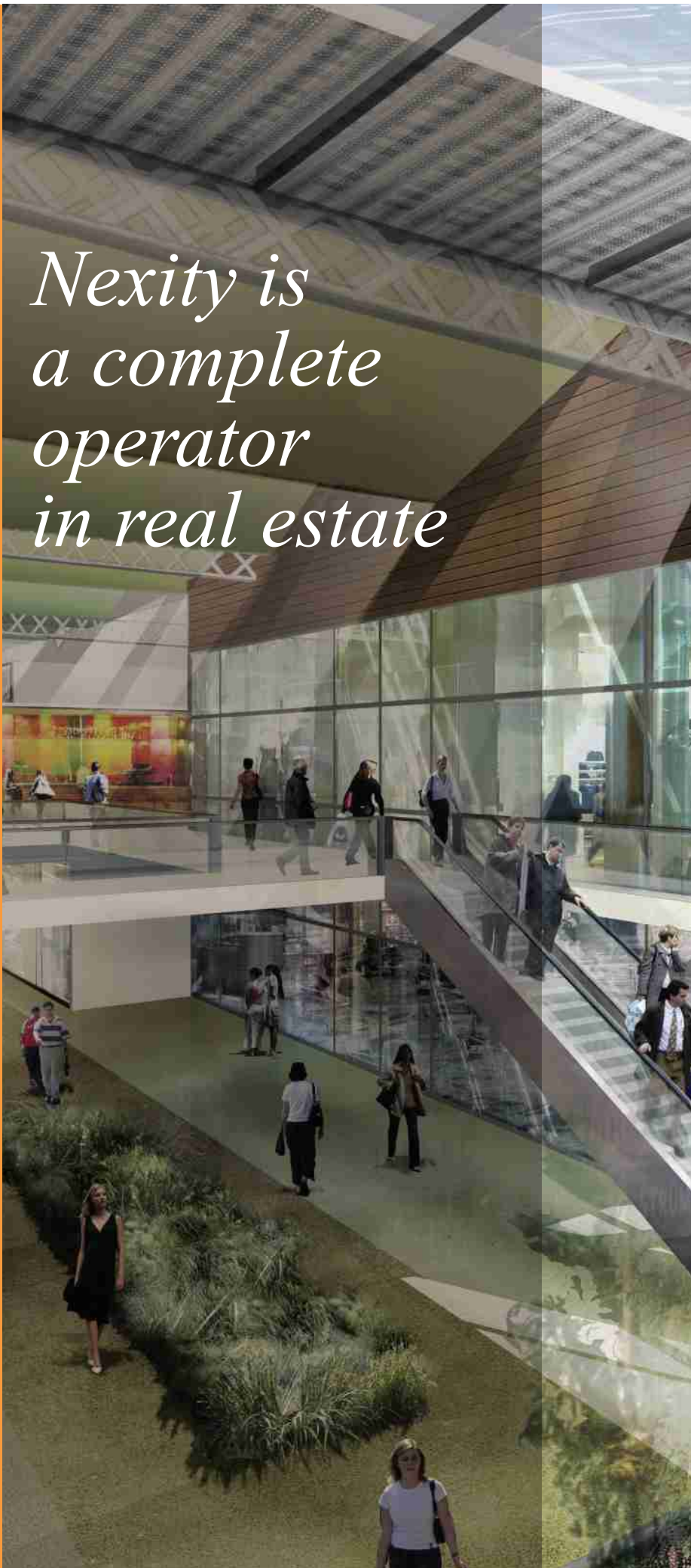


Annual Report
2006

*How can a real estate
developer be different?*

nexity



*Nexity is
a complete
operator
in real estate*

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10,553
homes and
3,446
building plots

168,700 sq. m.
of commercial real
estate ordered

5 million sq. m.
of commercial real
estate managed

46,600
housing units
managed

1,404
franchised agencies

70,000
transactions appraised

959,000 sq. m.
of major urban projects
in portfolio

2,214
employees





*How can
we provide a
comprehensive
solution?*

Dear Shareholders, Dear Clients, Dear Employees,

Satisfying our clients, all our clients! From the very beginning, this has always been Nexity's principle. This principle has led us to ask questions which are both simple and determining:

- How can we provide the best response for all our categories of clients, without exception: private clients, companies, investors and, of course, local authorities?
- How can we integrate requirements of all kinds to meet their immediate and future needs?
- How can we anticipate the natural changes in their demands in all its forms and dimensions?

We remain convinced that the best way of serving our clients and markets is to have a dynamic offer. Designing, innovating, and enterprising, but also clearing the way and opening up new frontiers: Nexity is a leader in perpetual movement. Similarly, the economic, financial and societal dimensions of the stakes involved in our different markets, both in France and in Europe, require us to be a comprehensive player in real estate.

This strategy drives us to offer a complete range of specialities, network all of our skills and expertise, compare and, if required, reinvent our approaches.

In 2006, we succeeded in bringing our range of products to a wider client base of home buyers, particularly first-time buyers. We also diversified our activities in retail facilities and investment, just as we increased our on-the-ground service by integrating the Century 21 and Guy Hoquet L'immobilier real estate brokerage networks and developed a partnership with Emera in order to make a tailored offer to seniors. Lastly, we have become one of the top partners of companies for property management.

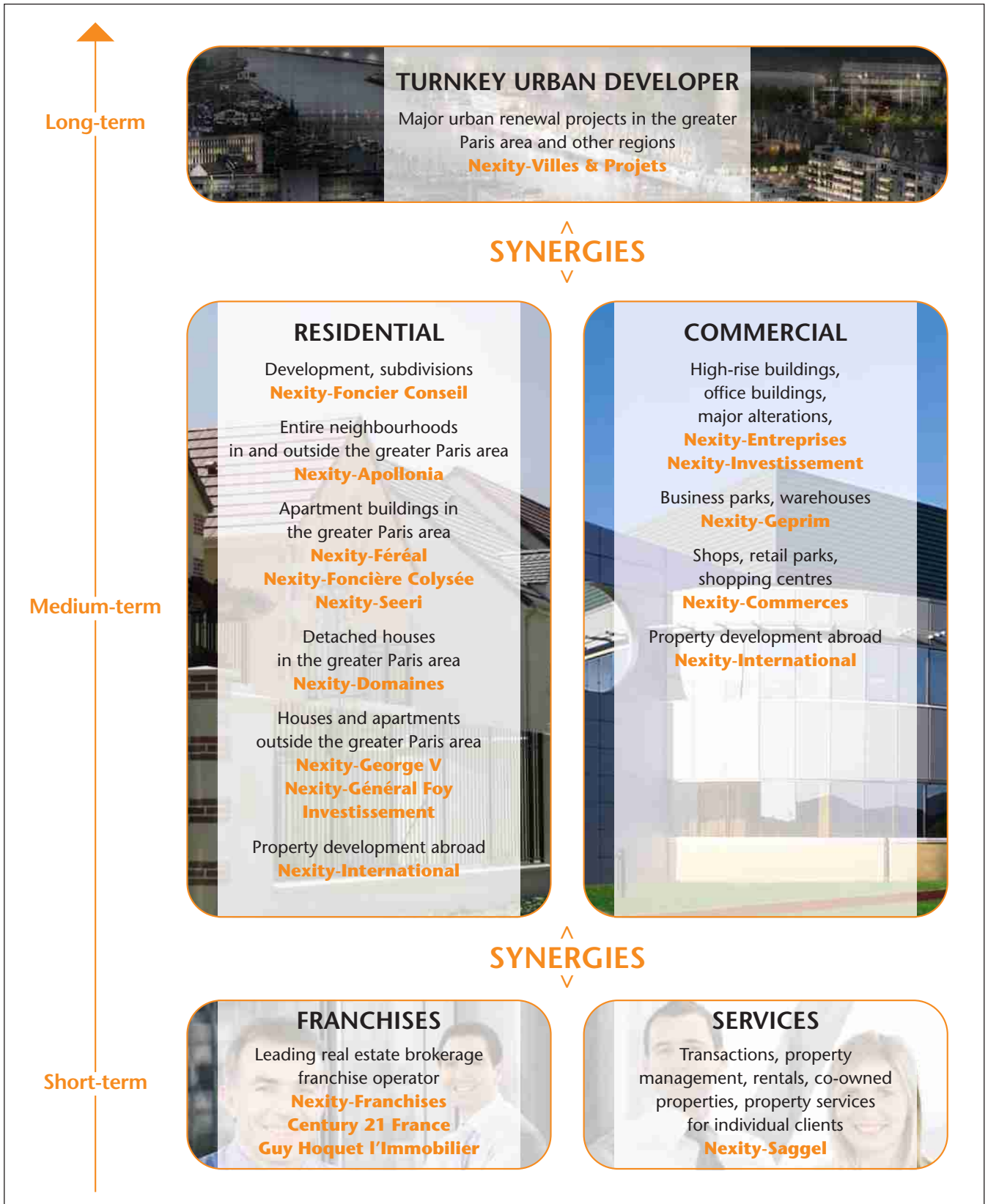
It is through this involvement in all aspects of real estate that Nexity built sustainable growth last year. Our revenues and operating profit increased by more than 20%. Our visibility was further enhanced with an order book of over nineteen months at the end of the year and a three-year track record of our property offer. This is surely confirmation of our company's expertise and potential, and validation of our growth strategy in the service of our clients.

With a 32.6% increase to €170 million, our net profit reflects the quality of our performance in all our business lines. Our outlook for 2007 gives us confidence in the future.

A city ahead. Above and beyond Nexity's signature, our business lines and their areas of activity cover an enormous range of projects which, in the urban context, associate jobs, housing and services. No-one can foresee the future, but we can build it.

ALAIN DININ
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dynamic development of our range



In the service of our clients

Our organisation, strategy and corporate project are based on nine key points that guide the daily work of our three business lines in turnkey urban development, real estate development and real estate services.

3 clients

- Local authorities
- Private clients
- Companies

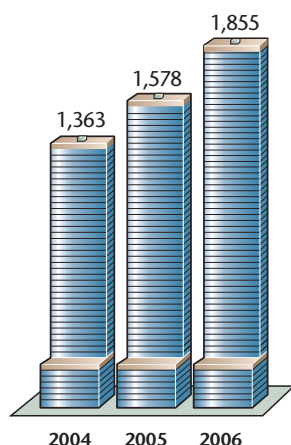
3 objectives

- To widen our client base
- To create new products
- To stay in tune with market cycles

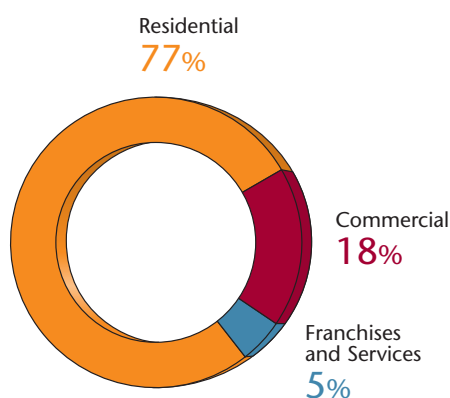
3 conditions

- Creation of value
- Develop our business lines in an industrial manner
- Use the most appropriate staff on each project

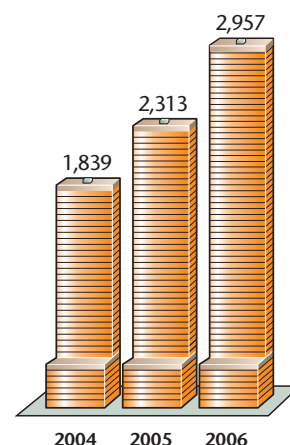
Excellent performance and confidence in the future



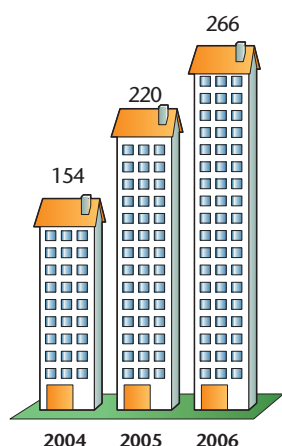
REVENUES
(in € million)



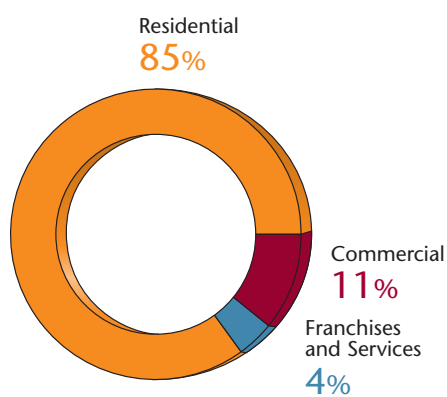
**BREAKDOWN OF REVENUES
BY ACTIVITY**
(as at December 31, 2006)



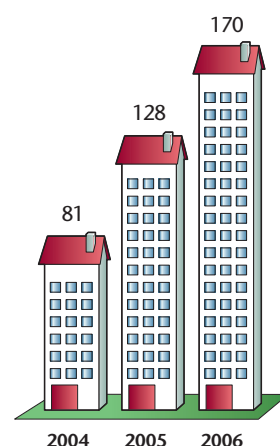
TOTAL BACKLOG
(in € million)



OPERATING PROFIT
(in € million)⁽¹⁾



**BREAKDOWN OF OPERATING
PROFIT BY ACTIVITY**
(as at December 31, 2006)



NET PROFIT GROUP SHARE
(in € million)⁽¹⁾

NET GEARING AND EARNINGS PER SHARE RATIO

(in € millions)	2004	2005	2006
Total equity	294	424	609
Net debt	107	170	266
Net debt/Total equity	36%	40%	44%
Operating profit ⁽²⁾	154	252	266
Net debt / Operating profit	69%	67%	100%
Recurring earnings per share ⁽¹⁾	3.03	4.30	5.29

(1) Excluding Eurobarajas in 2005.

(2) Including Eurobarajas in 2005.

“Thinking different, acting on a wider front”

Making commitments, mobilising and acting. In his strategy and daily actions, a leader must also take into account the social stakes, the economic necessities and conservation of the environment.

The human dynamics

Beforehand, our human resources policy reflects our constant concern for creating wide consensus in order to progress, innovate and mobilise.

We've created the social opinion poll to understand Nexity's men and women better. Adapting is firstly understanding and listening.

First evaluation of Nexity's commitments

By our actions throughout the past year, we have shown that our convictions have contributed to the development of our business activity. Our charter of principles shows our proactive aim of adapting our range to first-time buyers and our ability to meet the challenges faced by local authorities.

Committing is anticipating future evolutions without undergoing its effects. Committing is also combining new skills to better perceive the content of the stakes and make people's opinions and behaviour evolve.

Environment, a collective priority

Our staff is proud of our achievements in sustainable development, because they are the leading players, very attentive to regional particularities and, above all, to the concerns of each and every one of our clients.

Acting for the environment is pursuing our process with realism and gathering the know-how to progress, in concrete terms, everyday.

Naturally, being different entails providing a comprehensive solution, but it also means having the ambition to go beyond the boundaries of our business activity.



*How to go
beyond the
boundaries
of our business
activity ?*

HERVÉ DENIZE

DEPUTY CHIEF EXECUTIVE OFFICER
AND DIRECTOR

The human dynamics

Nexity's human resources policy is resolutely based on the planned management of jobs and of employees' skills. The identification, development and promotion of skills and the adaptation of know-how to present and future needs are the company's core concerns.

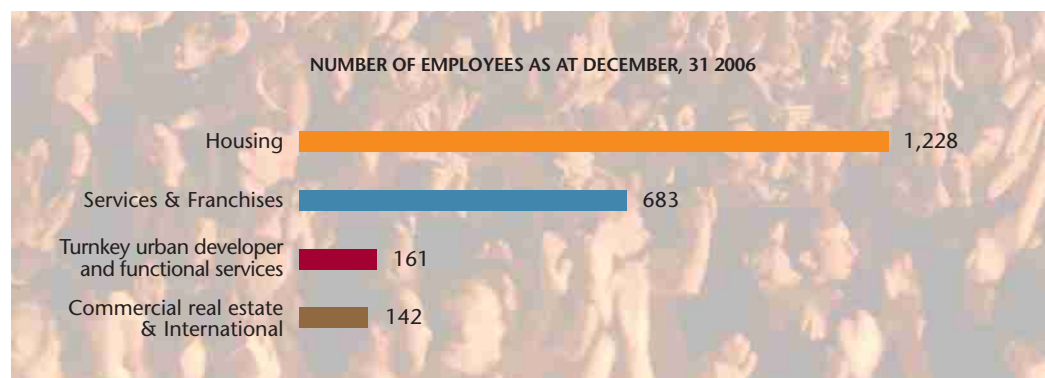
At the end of 2006, 58% of employees were under 40 years old, with balanced distribution between executive and non-executive staff. This age pyramid also reflects the stability of the workforce numbers over time, with 56% of employees who have been with Nexity for more than 3 years.

2,214
employees

51%
executive staff

53%
of women

58%
under 40 years old



Listening,
increasing
value and
sharing.

AWARDS

In 2006, Nexity received the bronze medal for Best workplaces in France

The awards are made by the Great Place to Work® Institute, a US-based management consultancy with affiliated offices worldwide.

Company life as seen by the employees

- Trust in the Group's Management (89.5%)
- Quality of cooperation between staff (78%)
- Approval of the employees' profit-sharing and stock options scheme (75.5%)
- Attractiveness of employees' advantages (73.5%)

Source: Company opinion polls.

Moving forward with our employees

Furthermore, Human Resources Management has set up thematic working groups with employees to discuss gender equality, the integration of disabled persons, multilingualism, the improvement of social status and tolerance.

The aim of each workshop is to improve understanding of Nexity's activities so they can be adapted over time, and to identify day-to-day issues linked to the improvement of working conditions in the company.

Equality workshop

Significant differences in pay between men and women must be identified and resolved if they are not justified. At the same time, changes in the company – and particularly changes in the parental situation of staff members – need to be taken into account.

Integration workshop

Over and above mandatory requirements, the integration of disabled persons often suffers from a lack of pro-activity by managers and co-workers. Enhanced staff awareness will facilitate better integration.

Career progression workshop

If a company in France is seen in a bad light, the hard work of its employees will not be valued. It is a question of recognition, and perception of one's personal progression, that needs to be developed within the career management framework.

Nexity's human resources policy is based on three main principles

- Showing appreciation and recognition for employees, beyond the positions they occupy
- Promoting individual initiatives
- Encouraging job mobility

The housing crisis is not inevitable.

First evaluation of Nexity's commitments

In 2006, Nexity published its ten commitments aimed at promoting home ownership in France. They apply to both local authorities and to individuals.

Meeting the social mix objectives set by elected representatives

► Results in 2006

(in numbers of homes reserved)

	2005	2006	Variation
Public housing bodies + Social housing loans	771	1,084	+40.5%
Interest-free public loans	581	1,023	+76.1%
TOTAL	1,352	2,107	+55.8%

Participating actively in urban renewal

- In 2006: 10 housing developments, totalling 668 homes:
 - 3 housing developments in "ANRU" urban renewal and redevelopment areas (202 homes),
 - 7 housing developments within 500 metres of "ANRU" areas (466 homes).
- Projects for 2007-2008: 26 developments, totalling 2,867 homes:
 - 15 housing developments in "ANRU" areas (1,516 homes).
 - 11 housing developments within 500 metres of "ANRU" areas (1,351 homes).

Ensuring that the reduced prices of land negotiated with local authorities are reflected in the final selling prices

- 19 housing developments put on sale in 2006, totalling 1,657 homes.

Providing local authorities with models and analyses of the current economic situation

- BIPE study of housing markets in France's 50 largest urban areas.

Assisting young home buyers

- Of the 1,138 reservations by home buyers aged less than 30 years, 50% of the reservations confirmed by deed of sale between February and December 2006 were exempt from the requirement to make a security deposit.

Improving clients' insurance against risks in their daily lives

- These guarantees were applied three times in 2006.

Providing clients with the best possible mortgage on offer

- In 2006, Nexity-Financement processed 775 applications for loans, of which 221 were accepted and 282 are currently being accepted.

Consolidating the trusting relationship with clients

- Creation of a Client Relations Department (provision of a private on-line client area, creation of the "Demain propriétaire" letters and guide sent to all people who place orders with us).
- Client satisfaction survey conducted by Sofres.

Participating in the discussion and development of solutions

- Creation of the Nexity Housing Institute.
- Formation of the Steering Committee of the Nexity Housing Institute, which comprises sociologists, economists and politicians.
- Five in-house working groups examined various topics for six months (social mix, finance, housing density and the property offer); a report on their work was presented to the Steering Committee on 27 April 2006.
- 10,000 copies of the *La Revue enjeux logement* magazine were published in November 2006.



An Institute to study, discuss and inform

The Institute and its Steering Committee aim to widen the debate beyond specialist discussions. Their aim is to change behaviour, legislation, regulations and working practices in order to facilitate the mobilisation of public and private players. Within this perspective, a first study of community life in cities was conducted to better identify the impediments to fostering diversity. People from different age groups, social categories and towns were questioned. Below are some extracts of the survey. The complete *La Revue enjeux logement* magazine can be downloaded from the www.nexity.fr website.

Living together in cities

"Maybe mixing different kinds of people would improve things, with dialogue. We have to get to know each other, and we have to welcome different people without being prejudiced. We must be tolerant and accept them as they are. It helps you to be more open-minded, and it provides some novelty. (...) Different cultures bring us new things."

Young people aged 15 to 22 years, who live in sensitive areas of Seine-Saint-Denis (in the greater Paris area)

"The main thing is to have peace and quiet: we live a life full of stress, always running around; and so, in the evening, we want less noise. Badly-insulated tower blocks should be demolished, to rebuild a place where we can feel at home and not hear everything that goes on at the neighbours'."

Adults aged 35 to 55 years, who live in sensitive areas of Seine-Saint-Denis

"They're outdated: they haven't been brought up to standard for forty years. It's damp, and the electricity bills are very high in winter: there's no heat insulation."

Adults aged 35 to 55 years, who live in sensitive areas in the North of Marseille

"Four storeys means fewer neighbours and less people coming and going, which makes for cleaner common areas. You feel more at home, neighbours can help each other out, and you get to know everybody. It creates a feeling of space."

Young people aged 15 to 22 years, who live in sensitive areas of Greater Lyon

"With no work and no money, you're afraid to not make ends meet. When you've done everything you can to make it in life, it's hard. Life is like an uphill struggle."

Adults aged 45 to 65 years, who live in sensitive areas of Greater Lyon

"To encourage social mixing, you can keep on hoping. People's minds have to be washed of their prejudices. You can't invent a miracle solution."

Young people aged 15 to 22 years, who live in "comfortable" areas of Lyon

For the second consecutive year, Nexity supports Fondation Abbé Pierre. In 2006, 287,850 euros were paid to coinvest in emergency housing units construction.

For a better consideration of the environment.

Environment, a collective priority

Pollution, climate change and global warming, the quality for water and air: the environment has become a real cause of concern for everyone. Sustainable development suffers from the anxiety it creates and the urgency it requires. In France, which is lagging particularly behind its European neighbours, real estate has become a priority sector with pro-active changes in standards. Nexity is continuing to invest.



The "Hauts de Kerénoc" project in Pleumeur-Bodou, Brittany: a new housing approach on the coast. The project, created by the architect Philippe Robert from the Reichen et Robert office, consists of 12 collective buildings of 4 to 6 homes, with 2 to 4 rooms.

In residential real estate, no-one is yet able to propose High Environmental Quality housing with a price accessible to all. The extra costs involved deprive far too many buyers, often those with the lowest incomes, of the progress that has been achieved.

In commercial real estate, where clients take the running costs better into account, progress is much more rapid. In 2006, Nexity pursued its aim of working actively in sustainable development.

A cross-functional forum has been created to coordinate all measures taken within

subsidiaries and between subsidiaries to combine knowledge and to devise guidelines, particularly for saving energy. To produce the sustainable housing of tomorrow, Nexity is working in collaboration with State bodies, engineering firms, architects, manufacturers and managers. The extra cost is still a constant concern, but it must be properly defined so that the order of priorities can be better determined. The environment is an essential issue that concerns all Nexity's business lines.

Reference projects in sustainable development



Projects for ISO 14001-certified, subdivided housing developments that give priority to preservation of the soil, rainwater, the landscape and biodiversity by limiting the impacts of traffic:

- Les Portes de la Forêt – Rouen (76)
- Espace Galilée – Franqueville (76)
- La Pierre Blanche – Bouguenais (44)



Housing projects based on the European programme Concerto

395 homes

- Le Connestable – Grenoble (38)
- Saône Park – Lyon Confluence (69)
- La Courrouze – Rennes (35)



Bio-habitat housing projects

(energy savings, water management, waste management and natural materials)

241 homes

- Arcanciel – Courbevoie (92)
- Résidence Natura – Bailly-Romainvilliers (77)
- Villas Saint-Vincent – Marcq-en-Barœul (59)



Projects with the “Habitat et Environnement” seal of approval

907 homes

- Marina Parc – Mandelieu (69)
- Les Rives de Haute-Borne – Villeneuve-d’Asq (59)
- Les bruyères – Cormeilles en Parisis (95)
- Horizon Vert – La Tour de Salvagny (69)
- Grand Large – Dunkerque (35)
- Rives de Seine – Boulogne-Billancourt (92)

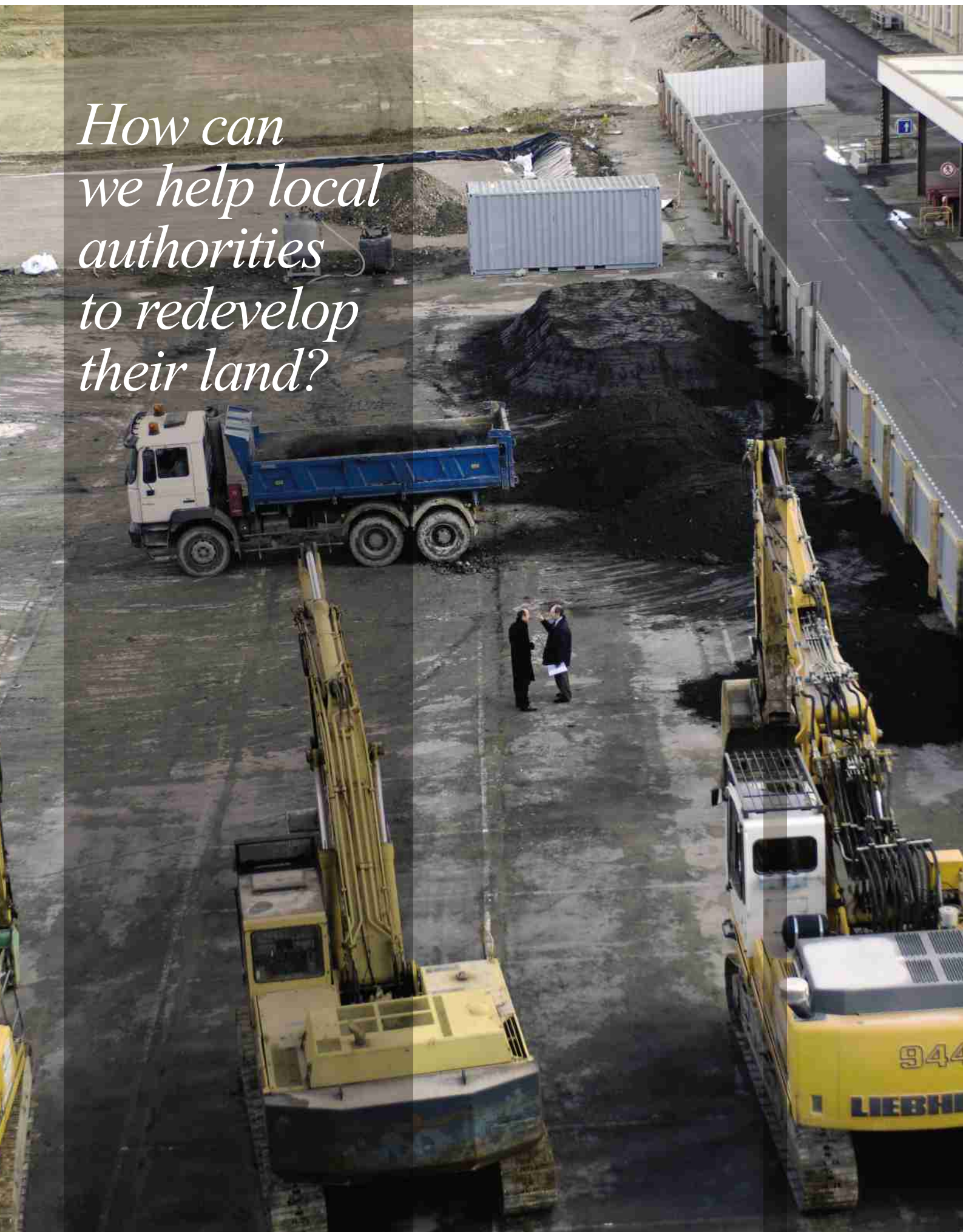


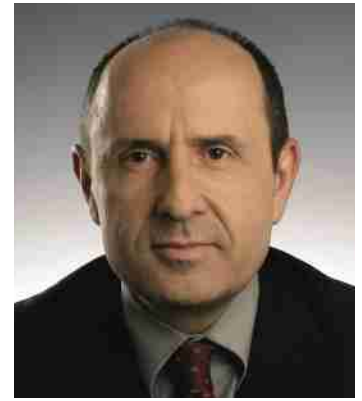
HEQ-certified office buildings totalling

97,200 sq. m.

- France Télécom – Arcueil (94)
- Le Domino – Porte des Lilas (75)
- Tour Granite – Société Générale – La Défense (92)

*How can
we help local
authorities
to redevelop
their land?*





“By pooling expertise, we can improve urban planning projects”

JEAN-LUC POIDEVIN, VICE-PRESIDENT, RESIDENTIAL REAL ESTATE
CHAIRMAN, NEXITY-VILLES & PROJETS

Urban planning developer? Turnkey urban developer? Consultant? The appropriate name has still to be invented. Under the direction of Jean-Luc Poidevin, Nexity-Villes & Projets works in public-private partnerships with an empirical, pragmatic approach to building cities. Sourcing sites, advising local authorities and taking part in defining their urban planning projects, jointly designing urban development, defining the content of a new neighbourhood, and so on. All these business lines are now combined, with the aim of reserving land that Nexity will buy to build offices and housing on. *“I have no hesitation in comparing our role to that of research and development in industrial companies,”* explains the head of Villes & Projets. *“We invest expertise and money in the long term, and we offer a free service for local authorities, naturally hoping that it will pay dividends in terms of development rights.”*

Relations between property developers and local authorities have changed

In an urban context where public and private are traditionally opposed, our approach surprises people, and some continue to be wary of it. *“They are wrong. Nexity-Villes & Projets does not replace the mixed public and private companies or public development agencies, since we work with them,”* stresses Jean-Luc Poidevin, who was himself trained in the private sector, and then in the public sector. *“Our company does not buy sites, but reflects on their future. And I am convinced that, by pooling know-how from different professional sources, we can improve planning projects.”* Times have changed, and the relations between property developers and local author-

ities have changed, gradually moving from suspicion to the possibility of a partnership. Town councils have the authority to do things, and Nexity-Villes & Projets has the human and financial resources, with engineering skills that are beginning to lack in the public sector. *“We involve all of Nexity’s subsidiaries at the very early stages of a project, and we benefit from their expertise in housing, offices, investment, and so on,”* says Jean-Luc Poidevin. *“This enables things to go much faster. When Nexity signs the purchase of sites, the projects are virtually ready. If ever the local government authority wants to share out the project and to involve other developers, they join a project that has been prepared by property professionals who speak the same language as them.”*

First projects that represent two years of production

The smallest project covers 16,000 sq. m. at Pré-Saint-Gervais in Seine-Saint-Denis, the largest covers 243,000 sq. m. of Alstom sites in the docklands of Saint-Ouen. In total, after only two years of existence, Nexity-Villes & Projets is involved in almost a million sq. m. of land reserves – enough to contain two years of Nexity’s output. The next project is in urban renewal areas where land is available and city authorities are often powerless to deal with their difficult neighbourhoods. In 2007 and 2008, 3,500 homes are to be built on these sites. Jean-Luc Poidevin is not concerned about competitors arising in other property development companies. *“Nexity-Villes & Projets is two years ahead, and there is room for everybody,”* he concludes.

■ From an interview by Catherine Sabbah, Freelance journalist

A real partner of local authorities

MAJOR DEPLOYMENT IN REGIONAL AREAS

With a portfolio of almost a million square metres, Nexity-Villes & Projets clearly established its place within Nexity's range of specialist fields in 2006. Nexity-Villes & Projets was founded in 2004 to meet the challenges of urban renewal faced by local authorities. It becomes involved in the early stages of development projects to propose, design and co-produce large-scale projects that combine housing, offices, retail facilities and public facilities. After mainly concentrating on the Greater Paris area, Nexity-Villes & Projets has started to deploy into regional areas for projects of various scales. The project portfolio is now made up of 65% in the Greater Paris area and 35% in regional areas. In Saint-Priest near Lyon, 222,000 sq. m. (85,000 sq. m. of housing and 137,000 sq. m. of business premises) will be developed from 2008 over a period of 12 years. In La Baule, more than 40,000 sq. m. of the town centre will be redeveloped. In Joué-Les-Tours, Nexity-Villes & Projets will develop 250,000 sq. m. of housing and retail facilities in the town centre.

LARGE-SCALE PROJECTS ALREADY WELL UNDER WAY

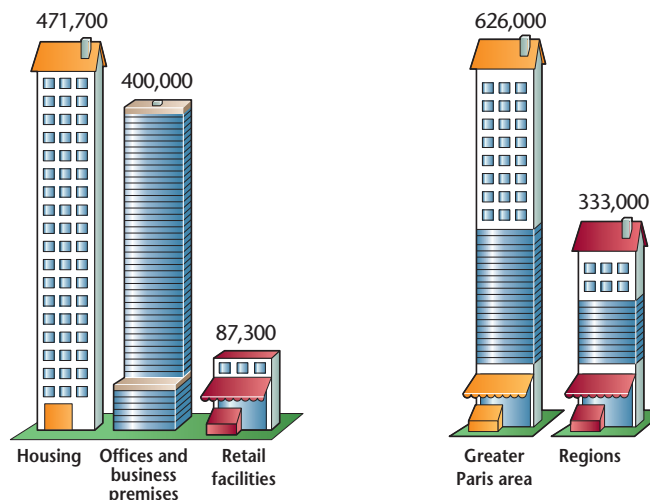
Apart from these new projects, the first projects of Nexity-Villes & Projets were started in concrete terms in 2006. The first building permits for housing were obtained in Boulogne-Billancourt. Over the launch weekend, 63% of the homes were reserved, corresponding to 237 out of the 374 homes. The same applies to Versailles-Chantiers (550,000 sq. m. including offices and retail facilities) and Saint-Ouen (first building permits for 36,000 sq. m. of offices), and Pré-Saint-Gervais (building permits for 16,000 sq. m. of offices and housing). Through its ability to combine different areas of expertise, Nexity-Villes & Projets has become a partner of local authorities, and ensures urban planning cohesion as the project gradually develops.

959,000 sq. m.
of major projects, including:

471,700 sq. m.
of housing

400,000 sq. m.
of offices and business premises

87,300 sq. m.
of retail facilities



PROJECT PORTFOLIO
(in sq. m. as at December 31, 2006)

EXAMPLES OF PROJECTS



GENNEVILLIERS

Development in the city centre, on the 12-hectare Chausson-Renault industrial wasteland, of a commercial sector near the metro, with a residential sector facilitating urban and social mix. Creation of an urban park, providing a green belt between the tertiary and residential sectors.



BOULOGNE — BILLANCOURT

On the Seguin-Rives-de-Seine site facing the Île Séguin in Boulogne-Billancourt. This project represents for Nexity 23,000 sq. m. of offices and 140,000 sq. m. of housing.



Before

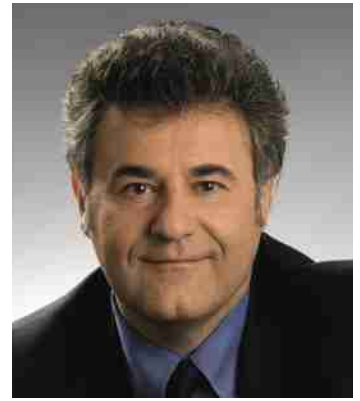
After

LE PRÉ-SAINT-GERVAIS

Nexity-Villes & Projets has initiated a multi-product project on the old Guitel factory in Pré-Saint-Gervais. This operation consists in redeveloping a street, building a new housing project (6,300 sq. m. for classic home ownership and 2,700 sq. m. for social housing) and structural renovation of existing buildings into office buildings (7,000 sq. m.).



*Is it possible
to become a
home owner
at the age
of 30?*



“We make homes that people can buy”

BRUNO CORINTI VICE-PRESIDENT, NEXITY-LOGEMENT

Home buying is still the main driving force of Nexity's business activity. *“As long as interest rates allow it, and as long as we make homes that people can buy, our business activity will continue,”* stresses Bruno Corinti, Vice-President of Nexity-Logement. Home buying represented 44% of the company's production excluding block sales in 2006 (including more than 60% for first-time buyers), compared to 37% in 2005. Prices cannot be reduced – because of the increase in the cost of land, raw materials and labour – and new standards have slowed down their rise, which fell from +11.7% in 2005 to +6.9% in 2006. In certain areas, the prices of new homes are lower than those of renovated existing homes. In particular, elected representatives are taking more and more initiatives in favour of public-subsidized home buying at controlled prices, which is essential to house their population. Lastly, the design of new products for senior citizens is a response to the promise of a sizeable market, considering the increasing life expectancy of French people. *“We must not forget that certain senior citizens will be spending twenty-five years in their new home,”* insists Bruno Corinti.

A strong regional momentum

Population change is an essential factor of development. Social transformations and mobility, retirement and the break-up of households have boosted demand throughout all of France. This regional momentum was borne out at Nexity in 2006. Through our dense network in France, regional areas showed the most robust activity with a 23.9% increase in sales compared to 5.3% in the Greater Paris area. *“Our market share is around 18% in the Greater Paris area, 9% in the Nord region, 8% in Alsace, and 8% in the Loire area, but we still have room for improvement in high-potential regions such as Languedoc,*

PACA [South-East France] or Aquitaine. The Group's ambition is to gain a market share of 10% in the regions outside Paris instead of the present average of 8.4%,” Bruno Corinti sums up. This will be helped by establishing new staff and making acquisitions. “ANRU” urban renewal and redevelopment areas also provide promising new opportunities for development. 668 homes have already been built in 2006, and 2,867 are planned in 2007-2008. *“By creating innovative products we have proven that we can attract into these zones not only clients that are already housed in the area, but also first-time buyers from outside, and thereby create a real social mix,”* explains Bruno Corinti. Lastly, investors' interest appears to be confirmed. In 2006, investors represented 49% of Nexity's clients (excluding block sales) compared to 57% in 2005. This slowdown, a far stretch from that forecast by certain economists, was due to the fact that, in 2006, investors were waiting for the application of the new Robien and Borloo fiscal measures. *“The Borloo measure is particularly attractive, and it is going to establish itself. It will just take a little time for investors to assimilate it,”* explains Bruno Corinti.

From managing rented property to providing services to assist clients, the synergies with Nexity's other business lines are very fruitful. Studies by Nexity-Villes & Projets at the early stages enable us “to source” large-scale operations and to position Nexity alongside elected representatives as an integrated real estate operator, capable of providing advice and designing complex, multi-product projects, such as in Boulogne-Billancourt or La Baule. This is a long-term success guarantee for the Group.

■ From an interview by Yves Le Grix, *Le Nouvel Observateur*

HOUSING

NEXITY-APOLLONIA NEXITY-DOMAINES NEXITY-FÉRÉAL NEXITY-FONCIÈRE COLYSÉE
NEXITY-FONCIER CONSEIL NEXITY-GÉNÉRAL FOY INVESTISSEMENT NEXITY-GEORGE V NEXITY-SEERI

Increase in orders by first-time buyers

A HIGH-GROWTH ACTIVITY

Orders by Nexity-Logement clients reached a record high of 13,999 units. In residential real estate development, business increased by 16.7% in a year and by almost 80% over the last four years. In 2006, the share represented by the French regions increased to 65% of the 10,553 clients. For the building plots activity, up by 13.1% in a year, regional development is even greater, with 83% of the 3,446 clients coming from regional areas. Of the three driving forces of the residential division, home buying accounted for the greatest area of growth in the volume of orders last year, exceeding that of buy-to-let investments by individuals, institutional investors and public bodies.

YOUNGER, LOWER INCOME HOME BUYERS

With a policy of moderate prices for primary residences (+2.8%), the client base of home buyers has widened. Home buyers are younger and have lower incomes. The proportion of first-time buyers has grown by almost one third and now represents half of orders by home buyers.

Nexity has also contributed to urban renewal by putting ten schemes (totalling 668 homes at controlled prices) on the market in "ANRU" urban renewal or redevelopment areas, like in Lyon la Duchère, Meaux, Metz, Stains, Gennevilliers, Saint-Étienne and Strasbourg.

A FORCE FOR DIVERSITY

Through its residential real estate business, Nexity is an active partner of public bodies and institutional investors, for whom 12.4% of activity was carried out in 2006. In parallel, a partnership agreement was signed last May with the Fédération Nationale des Coopératives HLM (National Federation of Low-Cost Housing Cooperatives) to develop joint responses to facilitate social mix in housing areas. A total of almost 15% of orders placed in 2006 benefited from partnerships with local authorities designed to ensure that the negotiated reduced prices of land are reflected in the final selling prices.

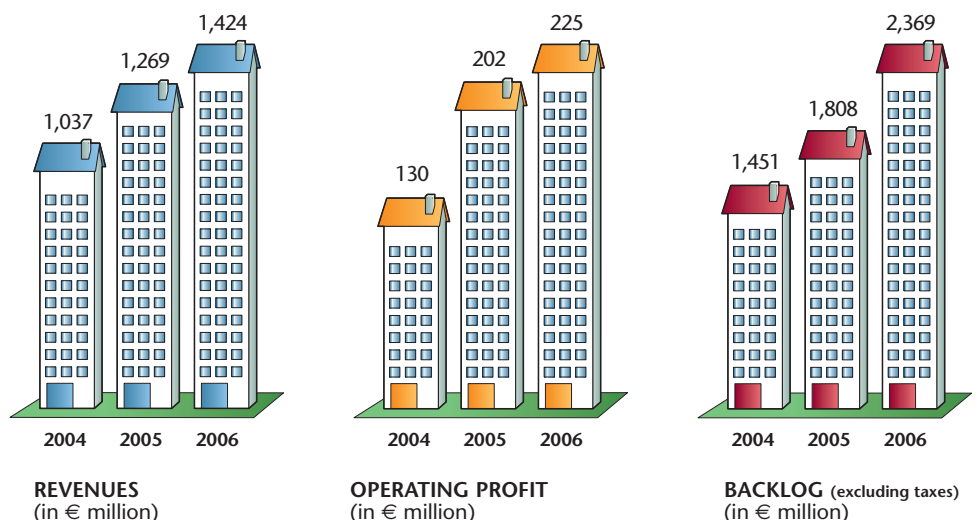
1,424
million euros
in revenues

13,999
orders representing
a 15.8% increase

+29%
first-time buyers

1,228
employees

61
locations

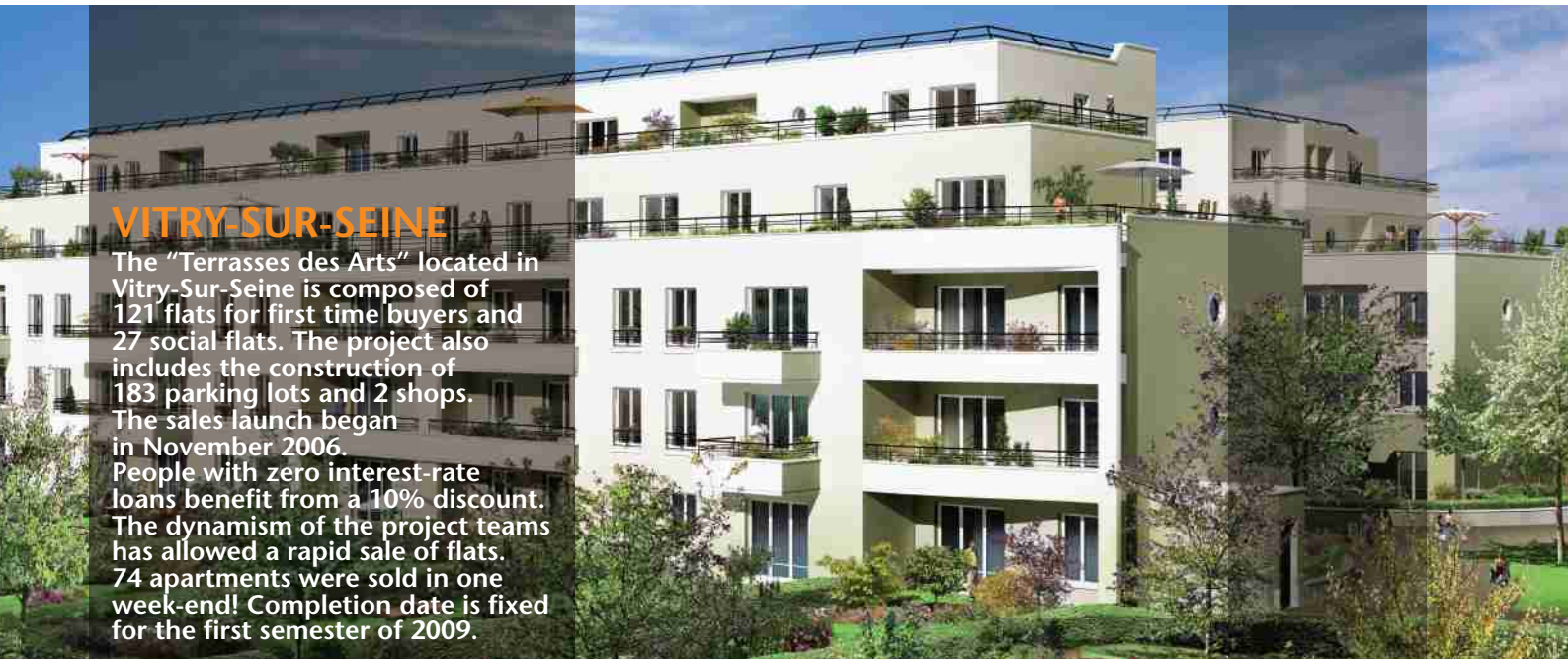


EXAMPLES OF PROJECTS



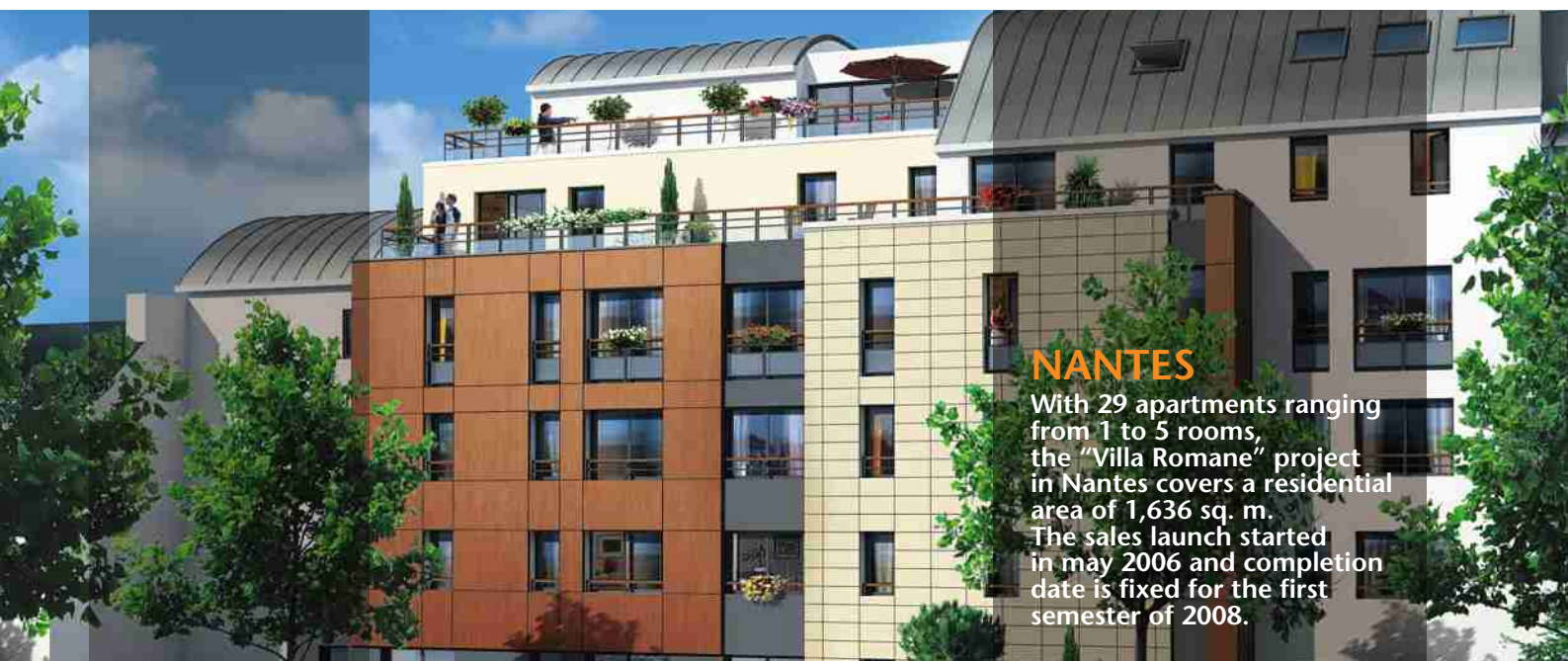
MARSEILLE

Located in the 8th district of Marseille, 2 kilometres away from the Prado beach, this project of 156 homes is spread over 10,400 sq. m. Shops on the ground floor of buildings are also planned. 2 to 5 roomed flats were put on sale in October 2006. Completion date is fixed for the third semester of 2009.



VITRY-SUR-SEINE

The "Terrasses des Arts" located in Vitry-Sur-Seine is composed of 121 flats for first time buyers and 27 social flats. The project also includes the construction of 183 parking lots and 2 shops. The sales launch began in November 2006. People with zero interest-rate loans benefit from a 10% discount. The dynamism of the project teams has allowed a rapid sale of flats. 74 apartments were sold in one week-end! Completion date is fixed for the first semester of 2009.



NANTES

With 29 apartments ranging from 1 to 5 rooms, the "Villa Romane" project in Nantes covers a residential area of 1,636 sq. m. The sales launch started in may 2006 and completion date is fixed for the first semester of 2008.



*How can
we extend
customer
relations?*

A strengthened services offer

SERVICES: INCREASING REVENUES

In 2006 the real estate services confirmed their vitality. Nexity-Saggel is now built around three clearly identified business lines: property management (transactions, building management); management for private clients; auditing and consultancy. Nexity-Saggel's commercial activities were exceptionally dynamic, particularly through new contracts for managing properties of RFF, Gaz de France (the French national gas supply agency) and La Poste (the French Post Office). Real estate services also make use of Nexity's national network to expand further. Real estate services for private clients benefit more specifically from synergies with the residential division in terms of rentals management but also for managing co-owned properties. At the end of 2006, Nexity-Saggel managed a total of almost 5 million sq. m. of offices and around 46,600 housing units; it is now a major player in this sector.

FRANCHISES: TWO GROWING NETWORKS

The Franchises division groups together the Century 21 France and Guy Hoquet l'Immobilier franchise networks, in which Nexity acquired controlling interests in the second quarter of 2006. Each of the networks has continued to expand. Century 21 incorporated 56 new agencies in 2006 and now totals 879, while 92 new agencies joined the Guy Hoquet l'Immobilier network, which now totals 525. These acquisitions correspond to Nexity's strategy of increasing the residential division's capacity for distribution and for tapping the national network to develop services, particularly in providing assistance for obtaining finance. In addition, the agency networks have helped to identify more than one hundred new land investment opportunities. In 2007, a service platform will be set up to assist prospective buyers during the various stages in their progression towards home buying.

683
employees

74
million euros
in revenues

46,600
housing units managed

5 million sq. m.
of commercial real estate
under management

1,404
franchised agencies

70,000
transactions appraised

LAFAYETTE

The real estate block at 33 Lafayette street (Paris, 9th district) is composed of 27,200 sq. m. of offices, 1,300 sq. m. of housing and 200 sq. m. of shops. Nexity is in charge of rental management for the Québec "Caisse de dépôts et placement" (SITQ).

LOUVRE

Nexity manages for La Poste (French national post office) 17 local offices in the greater Paris area, Alsace (East), Rhône-Alpes (south-east), Normandy and North, ie. 219,000 sq. m.



“Buyers are followed up at all stages of their property investments”

ANNE LALOU, VICE-PRESIDENT, NEXITY-FRANCHISES



What is better than having a shop window on the street? 1,400 shop windows on the streets of France's largest towns and cities! Since incorporating the Guy Hoquet l'Immobilier and Century 21 France networks in the spring of 2006, Nexity has opened its windows onto new horizons in the service of private individuals, purchasers or lessor owners. What type of services can a real estate agency provide? Selling plots and existing properties, offering new-build programs, devising advantageous financial packages and managing the real estate assets thus created. It is in these three last areas of work, with which real estate agents are not always fully conversant, that Nexity's 7,000 new partners are invited to train themselves. *“As franchise holders, they will obviously benefit from this new expertise, by increasing their revenues or by profit-sharing schemes,”* explains Anne Lalou, Director of Nexity-Franchises. *“I have met them, and they are all very enthusiastic. Those who wish to become professional in these new fields can be trained in selling newly-built properties and in servicing buy-to-let investors, and everyone will benefit from pooling their resources in terms of property management, land sourcing and sales.”* These agencies and these professionals will not replace the temporary sales offices on building plots and in show apartments. Rather, they will target clients who have been already identified, that

is couples who are looking for a new apartment. Similarly, “network” sales that are currently entrusted to investment consultants, should increase due to support from the Century 21 France and Guy Hoquet l'Immobilier networks.

All services are provided, from the purchase plan to its financing

Behind these new roles is another, more comprehensive and even more ambitious goal: the establishment of a platform of services to assist buyers during each stage of their “property life.” The services range from preparing the purchase plan, obtaining finance, or managing a buy-to-let investment, up to providing assistance in moving house and in selling the old house, and so on. *“Starting with the sale of the property, we offer clients a full range of services to facilitate the home-buying process. We aim to get to know our clients in order to better assist them,”* explains Anne Lalou. Mortgages and insurance are the first two steps on this stairway that always leads to Nexity. When they want to extend, to sell in order to buy another home, or to invest, clients will refer to their advisors again and, naturally, they will turn to Nexity.

■ From an interview by Catherine Sabbah, Freelance journalist



“We offer a complete range of services”

PHILIPPE RIGAL, VICE-PRESIDENT, NEXITY-SAGGEL

Making economies of scale, developing comprehensive expertise, anticipating demand – the integration of the business lines in real estate services must satisfy all these criteria with one goal: to widen the target client base and to be able to meet all of its property needs. This is now the form of organisation adopted by Nexity-Saggel, Nexity Group’s management subsidiary, with 500 employees dedicated to companies and to private individuals. Nexity-Saggel is a combination of two organisations with very different cultures: Saggel (which specialises in residential management for institutional investors or private investors) and Nexity-Gestion (which concentrates on commercial real estate). This new combined entity now manages 46,600 residential units and almost 5 million sq. m. of commercial real estate.

Success in major invitations to bid

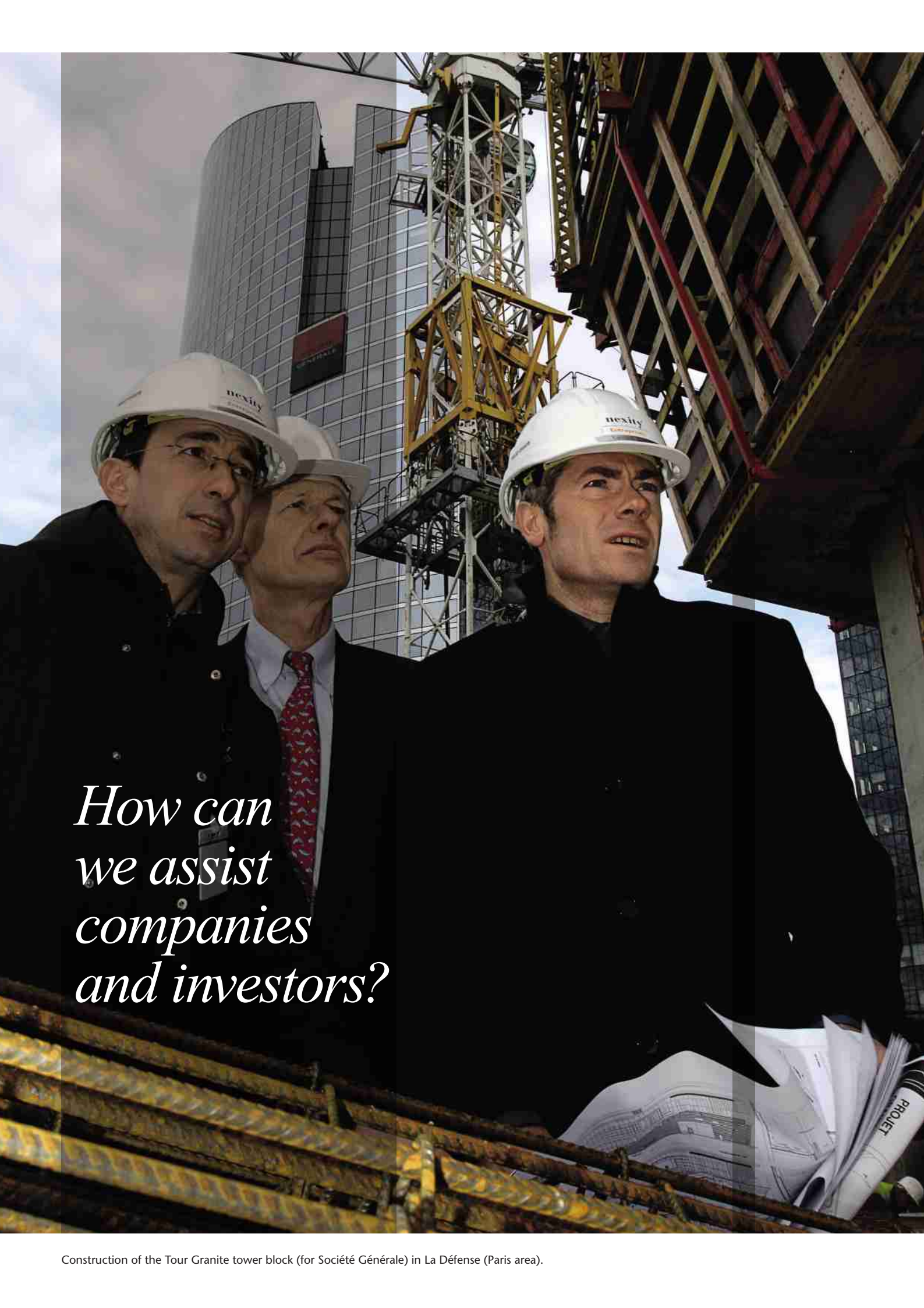
“Ideally, one could imagine that our organisation would assist in drawing up the specifications for a building constructed by Nexity-Entreprise which we would manage once the tenant has moved in and to whom we would also offer our services,” explains Philippe Rigal, the new Vice-President. On the commercial real estate market, Nexity-Saggel has won major invitations to bid and now manages – among other things – a part of the property of Oppenheim, Generali, RFF, La Poste and Gaz de France, with revenues of €20 million, which places it at the top of the market. The next targets are numerous, and they do not exclude diversification: *“Our ambition is also to develop the management of logistics parks and high-rise buildings, and to establish ourselves in the retail park management market. We approach our clients through one of the facets of their activity, to later offer them all the services related to real estate. By taking this very far, we could even take charge of managing a company’s overall corporate real estate – certain companies are thinking of outsourcing this service. It is a potential area of development,”* continues Philippe Rigal.

Development in services to individuals

As regards residential real estate, Nexity-Saggel carries out all the work of a property manager (a co-owned property management agency or property manager for large portfolios) and can conduct the sale of subdivided lots of buildings belonging to institutional owners. Naturally, this subsidiary has openings into property management and in managing co-owned apartment buildings constructed by Nexity. Another area to be developed is the back office role in rental management for real estate agencies of the Century 21 France and Guy Hoquet l’Immobilier networks that were acquired in 2006, and for some that are still not active in this sector. The market in this field is open, and there are many opportunities for synergy.

In 2006, we continued our deployment throughout all of France, particularly through acquisitions such as the takeover of Algeca in Toulouse. Nexity-Saggel is now present in all of France’s major cities.

■ From an interview by Catherine Sabbah, Freelance journalist



*How can
we assist
companies
and investors?*

Construction of the Tour Granite tower block (for Société Générale) in La Défense (Paris area).



“The Commercial Real Estate division is setting out to conquer regional areas”

DANIEL VALOATTO, VICE-PRESIDENT, COMMERCIAL REAL ESTATE

“In 2006, all of the Commercial Real Estate division’s business lines performed outstandingly,” observes Daniel Valoatto, Vice-President of the Commercial Real Estate division. With investors continually looking for new opportunities, Nexity-Entreprises, whose activity remained concentrated in the Greater Paris area (78%), made numerous sales and took stakes in major projects. The division has changed its organisation to meet investors’ increasing demand for new products in regional areas. Major projects are now handled from Paris, Lyon or Aix-Marseille, where Nexity-Entreprises has set up development operations; while smaller-scale projects are handled by the regional managements of the Residential division. In 2006, Nexity-Gepprim excelled, with very high output and the completion of three large logistics warehouses. However, faced with *“increasingly tight competition from major logistics operators,”* the firm is also orienting its subsidiary towards the development of commercial real estate parks in the outskirts of large regional cities as well as the development of *“urban business activities buildings.”* Two or three sites near Paris have particularly been identified to house these *“Acticity”* projects.

More and more synergy

Nexity-Commerces and Nexity-Investissement have been very successful. For its first complete year of business, Nexity-Commerces took part in virtually all major invitations to bid for shopping centres organised in France. *“In 2007, we will see the fulfilment of our efforts in at least three or four projects,”* while the first projects such as *“Tripode”* in Nantes or Joué-les-Tours, *“will reach the*

construction stage in the next two years.” Nexity-Investissement has already handled three projects. Dedicated to taking minority stakes in commercial real estate investments, it rounds out the range of the Commercial Real Estate division’s business lines and is also involved in developing synergies with Nexity’s other divisions. Thus, when making investment proposals, Nexity-Investissement also offers contracts for property management– work carried out by the Services division’s subsidiaries. *“Synergy between Nexity’s various divisions is not an empty expression. The companies work hand-in-hand and, in the case of urban regeneration projects, they combine to form a multidisciplinary team. The important thing is to facilitate the exchange of information.”*

■ From an interview by Anne Peyret,
La Lettre de la Pierre

Expanding the range of products and diversifying business activities

In a market that is reaching a new record peak, the Commercial Real Estate division continued to diversify its activities.

The orders taken – mainly for offices, after the development in logistics in 2005 – increased by 23.5% in value terms to €441.1 million.

EXPANDING THE RANGE OF PRODUCTS

During 2006, the Commercial Real Estate division was involved in both high-rise buildings and office buildings in the Greater Paris area and in medium-scale projects in regional areas. Development was strongest in the Greater Paris area, with projects such as “Le Prisme” in Chatillon (16,700 sq. m.), France Télécom in Arcueil (15,000 sq. m.) and in Paris the Porte des Lilas Domino mixed development area (13,000 sq. m.). The business activity in 2006 also reflected synergies with Nexity-Villes & Projets, which gave rise to three projects: Le Delage in Gennevilliers (51,300 sq. m.), C1 and C3 in Saint-Ouen (18,800 sq. m. and 17,000 sq. m.). Lastly, in regional areas, the third block of the Lyon Gerland project (13,400 sq. m.) is due for completion in early 2007.

REGIONAL DEPLOYMENT

The attractiveness of the French market has not been limited to the Greater Paris area. The Commercial Real Estate division

continued its development in regional areas, notably in logistics (Fos-sur-Mer – 49,900 sq. m.) but also in projects involving less than 10,000 sq. m. (in Aix, Nantes and Limonest, near Lyon). This type of product should develop in the coming years, benefiting from Nexity’s network throughout the whole country. However, the largest share of the operations is still in the Greater Paris area (88%). The order book has increased in value by 16.4% to €588 million.

DIVERSIFICATION OF ACTIVITIES

A major highlight in 2006 was the first results of the expansion of the Commercial Real Estate division’s business activities. In addition to Nexity-Entreprises, which specialises in offices, and Nexity-Geprim in logistics, Nexity-Commerces and Nexity-Investissement have already made considerable progress.

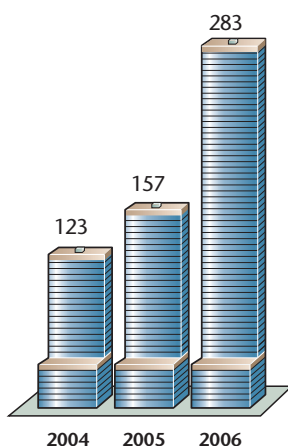
For Nexity-Investissement, the first “Sale and Lease Back” operation was initiated in partnership with Ixis Capital Partners. Nexity-Commerces was also candidate in numerous calls for tender, which will enable it to become a significant developer of shopping centres.

336
million euros
in revenues

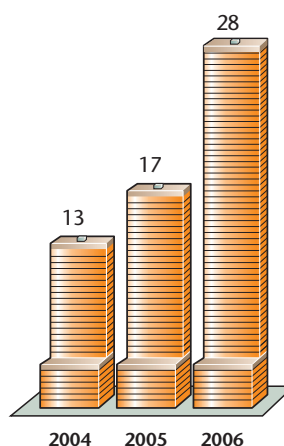
168,700 sq. m.
of orders taken

Backlog of
588
million euros

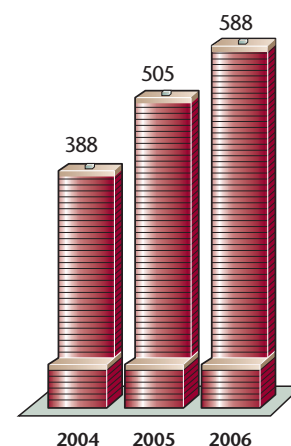
106
employees
in France



REVENUES FRANCE
(in € million)



OPERATING PROFIT FRANCE
(in € million)



BACKLOG EXCLUDING TAXES
INCLUDING INTERNATIONAL
ACTIVITIES (in € million)

EXAMPLES OF PROJECTS



ARCUEIL

Built for Morgan Stanley, the Arcueil building will accommodate 15,000 sq. m. of offices as well as parking lots. It will be integrally rented to France Télécom. Completion date is fixed for September 2007.



SAINT-OUEN

Within the framework of the Nexity-Villes & Projets urban regeneration project in Saint-Ouen, Nexity-Entreprises was entrusted with the construction of a new office building of 17,000 sq. m., The C3, including offices, services and parking lots. This building which was sold to HECF France (real estate fund of Hines International Group) – will be leased to Alstom by the end of 2008.



MONTÉLIMAR

A logistics platform totalling 61,500 sq. m. in the Portes de Provence mixed development area. Built on a 14-hectare site, it can be divided into 2 buildings of 36,000 sq. m. and 25,500 sq. m. and used for industrial or logistics purposes. The first building was completed last October and has been partially leased to Easydis.



*How do we
become a
European
player?*

Building site of the Loi 15 building – Brussels.

4 subsidiaries

in Belgium, Italy,
Portugal and Spain

54

million euros in revenues
outside France

36

employees

ACTIVITY AIMED AT COMMERCIAL REAL ESTATE

With revenues of €54 million in 2006, the International division grew by 29.5% (excluding Eurobarajas). Up until now, this business has been mainly oriented towards commercial real estate. In Italy, the first stage of the 66,700 sq. m. Biandrate logistics project has been completed, and construction is in progress on the second stage. In Brussels, Nexity-Belgium has confirmed its expertise, particularly in large-scale renovation, with the major alterations to the Loi 15 building (17,200 sq. m.) at the entrance to the Leopold district. Nexity-España is managing development work for Pegaso Park (460,000 sq. m.) in Madrid, for which a first contract for a 20,000 sq. m. project has been signed.

DEVELOPMENT TOWARDS FRUITFUL BUSINESS LINES

As part of its controlled development, Nexity has greatly intensified the deployment of all its international establishments, choosing the most promising sectors. In Portugal, shopping centre projects are under review. In Spain and Italy, business is boosted by commercial real estate. In Belgium, a first housing scheme will be started in 2007. Nexity will also expand its housing development business in Poland and in the Czech Republic. By 2010, the business activities outside France are expected to reach 10% of operating profit and make Nexity a real player on the European scale.

INTERNATIONAL

NEXITY-BELGIUM NEXITY-ESPAÑA NEXITY-ITALIA NEXITY-PORTUGAL

“International development is an area of growth”

On the international level, Nexity is now present in Belgium, Spain, Italy and Portugal.

“2006 was a year of renewal of the order book, with land options and commercial redeployment,” sums up Laurent Diot, Nexity’s Vice-President in charge of international operations. In 2006, Nexity completed its first projects in Belgium (a 4-star Radisson hotel and an office building in the middle of Brussels’ European district), as well as the first stage of the Biandrate logistics hub in the Piedmont area of Italy. Two other major redevelopment projects continued in Brussels.

In Italy, Nexity took options on a site in the outskirts of Milan, for a future 32,200 sq. m. offices development.

Profitability a priority

On the international level, Nexity has chosen to develop its business activity in “mature and buoyant” property markets, complementary to the Parisian market. “We have to know how to adapt to and benefit from the variations in cycles between different countries.” The property developer, which benefits from real credibility in the eyes of international investors, is focusing on profitability. This concern has led Nexity to shift its activity in Portugal towards logistics and shopping centres and, in Spain, to projects in the outskirts of Madrid and Barcelona (where a business project is currently being developed).



LAURENT DIOT, VICE-PRESIDENT, INTERNATIONAL

New ambitions for the housing market

After developing mainly in commercial real estate markets, Nexity is now also active in residential real estate markets outside France. A first project will soon be initiated in Ixelles, in Bruxelles-Capitale. New subsidiaries being created in 2007 – one in Poland, the other in the Czech Republic – are both mainly involved in residential projects. We are taking a pragmatic approach to these two strongly-developing markets. As opposed to the development model chosen for previous local offices, Nexity does not exclude the possibility of growing through acquisitions internationally to gain local experience faster. “We also work through partnerships with local property developers to underpin our development. The idea is to save time and gain volume,” explains Laurent Diot. In these new residential markets, we are targeting the so-called mass market. The Group will rely on the marketing know-how of the Residential Real Estate division’s staff to define “housing that is compact in terms of size and price.” There are also considerable mutual exchanges of information with the other subsidiaries of the Commercial Real Estate division. All the subsidiaries are involved. Together with Nexity-Villes & Projets, Nexity is also looking internationally into “potential areas for development in Belgium and Poland as part of urban renewal projects.”

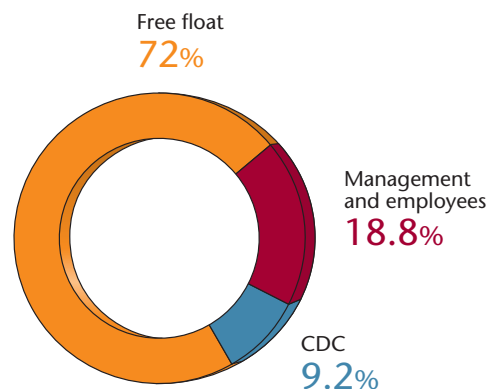
■ From an interview by Anne Peyret, *La Lettre de la Pierre*



Another year of profitable growth

SHAREHOLDING STRUCTURE

On December 31, 2006, Nexity's capital totalled €161,692,835, composed of 32,338,567 shares, each with a nominal value of €5.



BREAKDOWN OF CAPITAL
(as at December 31, 2006)

NEXITY SHARE-PRICE PERFORMANCE (in euros)



SHAREHOLDER INFORMATION

	2004	2005	2006
Number of shares (as at December 31)	29,858,998	29,858,998	32,338,567
Highest share price	€27.00	€46.00	€60.30
Lowest share price	€17.55	€24.11	€37.50
Share price	€26.38	€43.00	€54.90
Dividend per share	€1.00	€1.60	€1.90
Earnings per share	€3.03	€5.08	€5.29
Market capitalisation	€788 M	€1,284 M	€1,775 M

3-YEAR CONSOLIDATED FINANCIALS

<i>(In € million)</i>	2004	2005	2006
PROFIT AND LOSS			
Revenues	1,363	1,578	1,855
Operating profit	154	252	266
Operating margin ⁽¹⁾	11.30%	14.40%	14.30%
Net profit	87	165	173
Net profit group share ⁽¹⁾	81	128	170
Recurring net profit group share	81	152	170
BALANCE SHEET			
Net fixed assets	366	351	513
Net current assets	97	303	421
Total assets	462	654	934
Total equity	294	424	609
Provisions	61	60	59
Net debt	107	170	266
Total liabilities and Equities	462	654	934
Gearing	36%	40%	44%
EARNINGS PER SHARE			
Total number of shares	26,649,945	29,858,798	32,172,480
Recurring earnings per share ⁽¹⁾	3.03	4.30	5.29
Reported earnings per share	3.03	5.08	5.29

(1) Excluding Eurobarajas in 2005.

Independence and expertise

Board of Directors

(in alphabetical order)

Jacques Brion

François Couchou-Meillot

Anne-Marie de Chalambert

Christian de Labriffe

Hervé Denize

Alain Dinin

Xavier Larnaudie Eiffel
(CDC)

Pascal Oddo

Stéphane Richard

Miguel Sieler

Antoine Zacharias

**Board member representing
employee shareholders**

Martine Carette

Representatives Works Council

Stanislas Augem

Ida Dael

Auditors

Jean-Louis Charon

Robert Daussun

Committees

Accounts committee

Pascal Oddo – President

François Couchou-Meillot

Miguel Sieler

Remuneration committee

Stéphane Richard – Chairman

Jacques Brion

Christan de Labriffe

Investment committee

Alain Dinin – Chairman

Anne-Marie de Chalambert

Robert Daussun

Hervé Denize

Stéphane Richard

Antoine Zacharias



Executive Committee

Alain Dinin
Chairman and CEO

Hervé Denize
Deputy Chief Executive
Officer and Director

Martine Carette
Vice-President,
Human Resources

Bruno Corinti
Vice-President,
Nexity-Logement

Laurent Diot
Vice-President,
International

Anne Lalou
Vice-President,
Nexity-Franchises

Jean-Luc Poidevin
Vice-President,
Residential real estate

Philippe Rigal
Vice-President,
Nexity-Saggel

Catherine Stephanoff
Vice-President,
Legal Affairs

Daniel Valoatto
Vice-President,
Commercial Real Estate

Jean-Éric Vimont
Vice-President,
Finance and Development
(not pictured)

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