



2013 BUSINESS ACTIVITY AND RESULTS

Paris La Défense, Tuesday, 18 February 2014

Business activity outstrips targets

- Residential: 10,121 net new home reservations in France (versus an initial target of around 9,000 units) totalling a value of €1,965 million incl. VAT (+6%)
- Commercial: order intake of €544 million excl. VAT in 2013 (versus an initial target of €350 million)
- Backlog up 8.3% from year-end 2012 to €3.4 billion at end-December, equivalent to 18 months' revenue from development activities¹

Financial performance beats expectations

- Consolidated revenue of €2,737 million (-3.3% year-on-year)
- Current operating profit of €192 million, corresponding to a Group margin of 7.0%, stable year-on-year
- Group share of net profit of €100 million (versus €42 million in 2012²)
- Consolidated net cash position of €252 million and undrawn corporate credit facilities of €285 million at 31 December 2013

Outlook for 2014 (business indicators³)

- Confirmed strategy of reinforcing market positions (external growth, innovation, land development potential, etc.) and improving operational performance (focus on Development margins and adapting the Services business model to the new legal framework)
- Residential: level of activity in line with FY2013 in a new home market expected to remain stable in 2014, not to pick up before 2015
- Commercial: order intake to reach a low of around €100 million
- Services to individuals: acquisition of Oralia
- Services to companies: structuring of richer, integrated offering in new division
- Consolidated revenue for 2014 expected to exceed €2.5 billion
- Current operating profit target for 2014 of at least €170 million
- Confirmed proposal to distribute a dividend of €2 per share in respect of 2013. The Company is considering proposing next year to shareholders to renew the same dividend

¹ Revenue basis – previous 12-month period

² After a €55 million impairment to goodwill and €19 million of non-recurring tax expenses

³ Indicators measured using accounting methods comparable with 2013, not neutralising the share of revenue or profit earned by the Group in joint development operations (debate over IFRS 11 application as of 1 January 2014. See page 11)



Alain Dinin, Chairman and CEO of Nexity, commented:

“Even though the new French housing bill, ALUR, has now been substantially amended by Parliament to include several positive measures for new housing, thus supplementing certain provisions of France’s 2014 budget (lower VAT rate on social housing, intermediate social housing status, making the universal rent guarantee optional, etc.), the incentive measures still fall short, and this combined with the threat of a major overhaul of the tax system, creating instability, rules out the possibility of a home building recovery in 2014. However, interest rates remain extremely low and are expected to help maintain business activity at the same level as in 2013. While there is no housing bubble in France given the lack of new home inventory, it is understood by all countries that a return to growth is closely correlated with a recovery in construction and real estate. We are therefore convinced that, in view of the construction sector’s lacklustre results (at their lowest level in 15 years) and the decline in construction starts to be seen in 2014 (nearly 15% fewer building permits), the government will deliver a boost to the sector during the year in order to drive a recovery in 2015.

In 2013, Nexity exceeded all of its targets for the year, as much in terms of business activity as financial performance. Once again, the Group demonstrated its resilience in very weak, or at best sluggish, markets. In a new home market that will have declined, in all likelihood, by more than 25% in three years, it seems that 2014 will mark a low point, as anticipated, in terms of revenue and operating profit.

Against this backdrop, the Group is firm in its resolve to step up its business development, to solidify and further grow its positions in its markets. In residential real estate, this means that Nexity will push forward with its multi-product strategy, invest in new, high-potential market segments able to offer solutions in line with the financing capacity of households, and multiply its distribution channels. In real estate services to individuals, the Group’s acquisition of Oralia, the fifth largest property management group in France, matches perfectly with its strategy to reposition and improve profitability in its network of agencies. And in real estate services to companies, Nexity’s solutions (brokerage and advisory services, property management, appraisals, etc.) will be grouped, and enriched, through an integrated structure, well equipped to compete with market leaders and offer a comprehensive range of services to its clients.

Last but not least, just as several years ago the Group launched its Ywood concept for wooden office buildings in the French regions, which is now a great success, today Nexity is investing in new early-stage businesses able to respond to the changing needs of society, such as Weroom (a flat-sharing website with related services) and Blue Office (eco-designed spaces for remote work in residential areas), that will contribute to the Group’s earnings and help create value.

Nexity thus aims to marshal its financial resources and debt capacity to pursue its external growth strategy, for which Oralia stands as an initial major success, as well as to grow its land development potential and, more generally, to seize market opportunities that will contribute to its future performance, all without impinging in any way on its dividend policy.”

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At its meeting on Tuesday, 18 February 2014, chaired by Alain Dinin, Nexity’s Board of Directors reviewed and approved the consolidated financial statements for the year ended 31 December 2013. The Group’s consolidated income statement and balance sheet, included on pages 15 to 17 of this press release, have been audited by the Company’s Statutory Auditors.



2013 BUSINESS ACTIVITY

Residential real estate

Beating its targets, the Group recorded 10,121 net new home reservations in France, a level close to that seen in 2012 (-1%), for a value of €1,965 million incl. VAT (+6%). In total, 12,322 net new home and subdivision reservations⁴ were recorded in 2013, a decrease of 4% year-on-year. In value terms, reservations were up 1% to €2,160 million incl. VAT.

At this stage, in France, prior to the release of the Housing Ministry's annual statistics, the new home market can be estimated to have totalled about 85,000 units in 2013, a decline of around 4% compared to 2012. In its last press release, the French Federation of Real Estate Developers (FPI) mentioned a stable 2013 market and a 13% year-on-year drop in new supply. Mortgage rates remained historically low all year long. The slight increase that started in July stopped in October, with rates staying practically unchanged in Q4 (3.08% on average⁵), alongside developments in French 10-year government bond yields and a decrease in the ECB refinancing rate. Mortgage rates in 2013 remained a positive support factor for the real estate market.

In France, new home reservations (10,121 units) eventually settled close to their 2012 level (-1%) after a particularly favourable fourth quarter, up 17% compared with the same period last year, due to a high number of projects brought to market over the quarter (+65% compared with the fourth quarter of 2012). Over the full financial year, the number of projects brought to market was up (132 versus 123 in 2012), while the number of units edged downward (-1.7%).

The Group continued to capitalise on its historically strong position in the Paris region, which accounted for 42% of sales recorded by the Group in 2013 (versus 39% at year-end 2012), while major urban markets elsewhere in France tended to show less momentum.

<i>New home and subdivision reservations - France (units and €m)</i>	2013	2012	Change %
New homes (number of units)	10,121	10,191	-1%
Subdivisions (number of units)	2,104	2,332	-10%
Total new home and subdivision reservations (number of units)	12,225	12,523	-2%
New home reservations (€m incl. VAT)	1,965	1,860	6%
Subdivision reservations (€m incl. VAT)	170	182	-7%
Total new home and subdivision reservations (€m incl. VAT)	2,135	2,042	5%

New home reservations booked by the Group in France in 2013 reflected an increase in sales to home buyers (+10%) that nearly offset a decline recorded in sales to investors, including both individuals and professional landlords, which were down 5%.

More specifically, buy-to-let investment by individuals, almost two thirds of which took place under the Duflot tax scheme in effect since 1 January 2013, were down 4% in 2013, bearing witness to the scheme's lesser appeal and to increased uncertainty over the eventual yield of buy-to-let investments. Such uncertainty has been fuelled by successive announcements about the ALUR act and the additional burdens that might be placed on property owners (rent caps, universal rent guarantee, rental fees, etc.). Sales to professional landlords caught up in the fourth quarter

⁴ Of which, 66 units in Italy and 31 units in Poland, for €26 million incl. VAT, compared to 251 units reserved outside France in 2012 for €95 million incl. VAT.

⁵ Source: Observatoire Crédit Logement



of 2013 (+46% compared with the same period in 2012) after a wait-and-see period among social housing operators in anticipation of changes in the VAT rates applicable to them. The lower proportion of bulk sales made to social housing operators (at a lower average unit price and also taxed at a lower VAT rate), while the average price of units sold to individuals was up, explains why the total value of reservations increased (+6%).

<i>Breakdown of new home reservations by client – France (number of units)</i>	2013		2012		Change %
Home buyers	3,037	30%	2,753	27%	+10.3%
<i>o/w: first-time buyers</i>	2,345	23%	2,134	21%	+9.9%
<i>- other home buyers</i>	692	7%	619	6%	+11.8%
Individual investors	3,585	35%	3,747	37%	-4.3%
Professional landlords	3,499	35%	3,691	36%	-5.2%
Total new home reservations	10,121	100%	10,191	100%	-0.7%

Excluding bulk sales to professional landlords and Iselection sales, the average price of homes sold by the Group in France was up 2.4%, notably due to the geographic mix of sales, with a growing proportion of sales to individuals made in the Paris region, where the average price per home is higher.

<i>Average sale price & floor area*</i>	2013	2012	Change %
Average price incl. VAT per sq.m (€)	3,886	3,761	3.3%
Average floor area per home (sq.m)	56.3	56.8	-0.9%
Average price incl. VAT per home (€k)	218.6	213.6	+2.4%

* excluding bulk sales and Iselection sales

For new residential developments in France, the average presale rate recorded at the time construction work was launched remained very high (74% on average over the year), and unsold completed stock held by the Group remained very low (66 homes at end-December 2013, stable compared with end-December 2012). Business potential⁶ in new homes amounted to 23,100 units (of which 40% in the Paris region) equivalent to 2.4 years' worth of reservations⁷.

In connection with the lower volume of new-build detached houses (-19% year-on-year according to the *Union des Maisons Françaises*)⁸, **subdivision** reservations totalled 2,104 units, representing a decrease of 10% compared to 2012, with the average price of net reservations from individuals being €80.3 thousand, up 6% as a result of the geographic mix of sales. At 31 December 2013, the business potential for subdivisions came to 10,300 units (versus 10,100 a year earlier).

For 2014, it is still too soon to fully appreciate what impact the newly implemented "intermediate" social housing status will have on institutional investor demand, but the first analyses suggest that this new client segment will only develop gradually, and that the resulting volumes may constitute just a marginal add-on to current production levels. Its initial effects also risk being offset in 2014 by a slowdown in new project launches as a result of local elections in the first quarter. The start of an economic upturn in 2015 could embolden households and enable the real estate market to rebound amidst a gradual and measured increase in interest rates.

⁶ 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

⁷ Based on 2013 business activity

⁸ Source: UMF as reported in *Les Echos* on 6 February 2014



Commercial real estate

CBRE⁹ reports that transaction volumes in the French commercial investment market came to about €15.5 billion (provisional figure) in 2013, an amount which should equal or surpass that of 2012, despite a less dynamic fourth quarter (€4.6 billion) than in 2011 and 2012. This overall stability essentially reflects investors' interest in existing and rented buildings, which offer secure revenue. The market will have shown little appetite for new-build and renovated projects, especially those that are not secured, i.e. fully or partially pre-let. Thus, according to Jones Lang Lasalle¹⁰, despite the strength of the office market in the Paris region (+9% in value), VEFA off-plan projects numbered only nine, accounting for €1.1 billion out of a total €11.1 billion invested, down 16% year-on-year. Over full-year 2013, only two VEFA projects were sold on a speculative (*en blanc*) basis.

As predicted, in 2013 the weakened economic environment weighed on take-up in the Paris region, which totalled 1.8 million sq.m, down 25% compared to 2012, particularly for transactions exceeding 5,000 sq.m (down 45% in volume)¹¹.

Despite this context, the Group tripled its order intake in 2013 compared to 2012, to €544 million, beating its initial target (€350 million) by a wide margin. After the Eco Campus and Le Nuovo projects in Châtillon and Clichy, respectively, which were fully or partially let on a firm basis, and the renovation of an office building in the 8th arrondissement of Paris on behalf of an institutional investor, the Group recorded new orders in the 4th quarter, including an office project in Pantin and the "In Situ" project in Boulogne-Billancourt.

The very first forecasts for 2014 talk of a modest recovery in investment in France (€16-17 billion according to CBRE) and take-up in the Paris region (CBRE and Jones Lang Lasalle say around €2 million sq.m). Faster than predicted signings of certain projects developed by the Group, and the difficulty of controlling set-up times for new projects that are pre-let (and thus particularly complex to put together) should lead to a marked drop in order intake volumes in 2014, as compared with the high volume of new orders recorded by the Group in 2013. Renewed anticipations of positive economic growth in 2015 should, however, gradually whet investors' appetite for new-build projects, and help lift order volumes from 2015 on.

Services and Distribution Networks

In **Real estate services to individuals**, the end of 2013 featured the signing of a definitive agreement to acquire the Oralia group, France's 5th largest property administrator with a portfolio of over 165,000 units under management in 2013, including about 31,000 units under rental management agreements. Oralia's geographic coverage, mostly within the cities of Paris and Lyon (75% of its revenue), is perfectly in line with the business development strategy of Nexity's Real estate services to individuals activity, which is looking to refocus its agency network locations on France's major metropolitan areas. The acquisition, which remains subject to approval by the Autorité de la Concurrence (France's competition regulator), should be completed during the first half of 2014. After integrating Oralia, the Nexity group will have 790,000 condominium units and 180,000 rental units across these two brands, further securing its position as France's second largest property manager.

⁹ CBRE, Investment France – MarketView Q4 2013

¹⁰ Jones Lang Lasalle, On Point – The office market in the Greater Paris Region – 4th quarter 2013, and Pulse – *Baromètre des livraisons futures*, January 2014

¹¹ CBRE, Investment France – MarketView Q4 2013



Oralia's annual consolidated revenue is about €60 million, and it has a very good level of profitability. Nonetheless, the Oralia acquisition should have a limited impact on the operating profit of the Services division in 2014, as a result of partial consolidation over the financial year and integration costs, with its full effect thus not felt until 2015.

In **Real estate services to companies**, following the Group's late 2011 tie-up with La Française AM in brokerage and property management, which brought it to critical mass, Nexity continued to work on making itself more competitive. Thus the Group has just announced that its various service offerings (brokerage and advisory roles, property management), which as of recently include appraisals, have been centralized and will be further expanded to incorporate expertise in consulting, space-planning and project management, in order to provide clients with a complete, integrated array of solutions.

In the Group's two **franchise networks**, the number of agreements recorded was up 2.0% (with a marked increase of 600 additional deals signed at Guy Hoquet l'Immobilier) compared with the previous year, despite a slip in the number of agencies since year-end 2012 (1,261 agencies, i.e. 64 fewer). This level of activity reflects the advantageous positioning of both franchise networks, while transaction volumes were down by approximately 5%¹², according to the latest estimates, across the entire market for existing properties in 2013.

Urban regeneration business (Villes & Projets)

At 31 December 2013, Nexity's urban regeneration business (Villes & Projets) had land development potential totalling 556,850 square metres¹³, with 34% of space in the French provinces and 66% in the Paris region. This portfolio was well balanced between space earmarked for residential real estate projects (totalling 37%), and space for commercial real estate projects (30% offices, 33% industry/retail premises).

Operations initiated by the urban regeneration business provided revenue for the Group's real estate development activities totalling €296 million in 2013 (€307 million in 2012). Of this, €172 million was in Residential real estate and €125 million was in Commercial real estate. The Group intends to continue replenishing its land development potential (which was still 787,000 square metres at year-end 2011) by adding new high-potential projects.

Innovation

The Ywood timber office building concept for French regions other than Paris, launched by the Group in 2010, has been a major success. A total of 10 buildings have already been delivered, with some 15 more under construction or nearing the end of the set-up phase. Ywood is a promising addition to the development of the Commercial real estate business outside Paris. It now includes a range of products to meet different types of demand, for example Bab'Ywood (for daycare centres) and Med'Wood (for medical facilities).

The Group continues to pursue a constant process of innovation in each of its business lines as well as in related fields, always with some connection to real estate, by financing the incubation stage of new undertakings that seek to meet society's latest needs. One example is **Weroom**, a website that helps people find flat-mates and provides various associated services (www.weroom.fr). During 2014 the Group will also roll out **Blue Office**, a brand of "eco-centre" offering cozy and friendly remote-office environments, located within residential areas, outside major urban centres.

¹² FNAIM estimates : press conference dated 14 January 2014

¹³ Floor areas are provided for information purposes only and may be subject to adjustment once administrative authorisations have been obtained



2013 CONSOLIDATED RESULTS

Revenue

Consolidated revenue for 2013 totalled €2,737 million, down 3.3% from 2012¹⁴.

€ millions	2013	2012	Change %
Residential real estate	1,832.1	1,855.4	-1.3%
Commercial real estate	453.4	517.5	-12.4%
Services and Distribution Networks	445.5	452.7	-1.6%
Other activities	6.2	5.7	+9.5%
Total Group revenue*	2,737.2	2,831.3	-3.3%

* Revenue generated by both the Residential (excluding Italy) and the Commercial division is calculated using the percentage-of-completion method, i.e. on the basis of notarized sales pro-rated to reflect the progress of committed construction costs.

- **Residential real estate** revenue totalled €1,832 million, down 1% compared to 2012. Increasing international revenue (more units delivered in Italy, where revenue is recognized upon completion) partly offset decreasing revenue from the residential segment in France due to a drop in reservations and the slowdown in sales recorded in 2012.
- In **Commercial real estate**, revenue was down 12.4% to €453 million. After a 14% increase over the first nine months of the year, in line with Group expectations, 4th quarter revenue was down 52% due to a high volume of projects delivered during the quarter, which therefore did not contribute to revenue over the whole year.
- Revenue from **Real estate services** totalled €415 million, down 1.8% from 2012. The overall impact of changes in the scope of consolidation (full-year consolidation of Icade Résidences Services, disposal of businesses in Germany) was neutral. The decrease in revenue was due to several factors, namely a drop in interest income from client working capital accounts, erosion in the condominium management portfolio (2.6% fewer units at a constant scope of consolidation) and a brokerage slowdown linked to the drop in existing property market volumes. Revenue from **Distribution Networks** was nearly stable, at €30 million.

¹⁴ Iselection, which was previously part of the Services and Distribution Networks division, became part of the Residential real estate division from an organisational standpoint at the start of 2013. The revenue data presented below take into account this reclassification, and 2012 data are presented according to the same reclassification for comparison purposes. This reclassification has had no impact on the recognition of new home reservations.



Operating profit

Current operating profit amounted to €192.4 million, with an **operating margin** of 7.0%.

<i>€ millions</i>		2013	2012
Residential real estate		166.1	180.1
	<i>% of revenue</i>	9.1%	9.7%
Commercial real estate		37.9	25.2
	<i>% of revenue</i>	8.4%	4.9%
Services and Distribution Networks		22.1	23.9
	<i>% of revenue</i>	5.0%	5.3%
Other activities		(33.7)	(28.8)
Current operating profit		192.4	200.4
	<i>% of revenue</i>	7.0%	7.1%

The **Residential real estate division** posted an operating margin of 9.1%, versus 9.7% in 2012, corresponding to a slight erosion, in line with Group expectations. The margin on new property in France remained at a very satisfactory level (around 10%) in view of the market context.

The **Commercial real estate division** lifted its operating margin back to a better level (8.4% versus 4.9% in 2012), notably thanks to good building delivery conditions in the last quarter of 2013, and boosted by one-time rent guarantee savings on a building under construction.

Operating profit from **Services and Distribution Networks** totalled €22.1 million, versus €23.9 million in 2012. Despite the decrease in revenue, profit for Services was resilient, notably due to excellent control over expenses and the favourable impact of the French tax credit to encourage competitiveness and employment (CICE). Profit from franchise networks was down but their margin remained above 10%.

Other activities posted a current operating loss of €33.7 million in 2013, including €11.2 million in IFRS expenses related to share-based payments. The rest included non-allocated holding company expenses, expenses incurred by the Villes & Projets urban regeneration business¹⁵, business incubation expenses to develop innovative activities and co-investment and asset management activities.

Operating profit came to €192.4 million, versus €145.4 million in 2012, due to a €55 million loss in value recognised in goodwill. No loss in value was recognised in goodwill in 2013.

Net financial expense was €7.2 million, compared to a net expense of €4.5 million in 2012, mainly resulting from higher interest expenses related to an increase in average debt outstanding after the €200 million in bonds issued in January 2013 (€339 million in average debt in 2013, versus €147 million in 2012).

¹⁵ Revenue and operating profit stemming from operations initiated by Villes & Projets are recognised in the Residential and Commercial real estate divisions



Income tax expense for the financial year came to €78 million. This expense included €3.3 million for the additional 3% dividend tax, applied for the first time this year to the €106.6 million dividend paid in May 2013 in respect of 2012. Excluding the impact of this tax, the effective tax rate in 2013 was 40.3% (versus 38.5%¹⁶ in 2012) and includes the increase in additional corporate income tax from 5% to 10.7%, which brought the benchmark tax rate for large companies to 38% (versus 36.1% in 2012).

The Group share of **net profit** was €100.1 million in 2013 (compared with €41.8 million in 2012, which included €55 million in goodwill impairments and €18.8 million in non-recurring tax expenses).

Working capital requirements by division

<i>€ millions</i>	31 Dec. 2013	31 Dec. 2012	Change in €m
Residential real estate	533	443	+90
Commercial real estate	(71)	(36)	-35
Services and Distribution Networks	(52)	(49)	-3
Other activities and tax	69	80	-11
Total WCR	478	438	41

The Group's total working capital requirement rose by €41 million compared to 31 December 2012.

In the Residential real estate division, as projected by the Group, WCR was up €90 million compared with 31 December 2012, affected by the increased number of ongoing construction projects and volume of land acquired in the fourth quarter of 2013. This trend is expected to continue in a controlled fashion in 2014.

After returning to positive figures at the end of June 2013, as is normal for this business line, the WCR of the Commercial real estate division received a one-off boost at the end of the year from settlements of delivered projects and the receipt of client advances on new contracts signed during the last quarter of the year.

Goodwill

<i>€ millions</i>	31 Dec. 2013	31 Dec. 2012
Residential real estate	309	310
Commercial real estate	52	52
Services and Distribution Networks	556	552
Other activities	0	0
Total goodwill	917	914

The overall impact of acquisitions carried out in 2013 is a net increase of €3 million in goodwill. These were mainly acquisitions of property management firms by the Real estate services to individuals business, and the acquisition of a company that sells real estate investment products, by the Residential real estate division. No goodwill impairment losses were recognised in 2013.

¹⁶ Corrected for €18.8 million in non-recurring tax expenses, incurred mainly by the cancellation of potential tax savings previously recognised in deferred taxes and subsequently invalidated by the new fiscal regulations enacted in 2012



Group financial structure

Consolidated equity (attributable to parent company shareholders) totalled €1,612 million at 31 December 2013, compared to €1,604 million a year earlier, notably after €107 million in dividends paid and the inclusion of net profit for the year (Group share €100 million).

The Group's **consolidated net cash position** was **€252.1 million** at 31 December 2013.

<i>€ millions</i>	2013	2012
Cash flow from operations before WCR, interest and taxes	216.5	221.2
Changes in operating WCR	(55.9)	(54.5)
Interest and tax payments	(101.3)	(29.7)
Net cash generated by operating activities	59.3	137.1
Operating capital expenditure	(17.4)	(19.2)
Free cash flow	41.9	117.9
Dividends received from equity-accounted companies	1.8	2.9
Net cash (used in) generated by other financial investment activities	(9.7)	(17.0)
Dividends paid	(106.6)	(105.7)
Net cash used in other financing activities (excluding dividends)	167.4	(5.7)
Net change in cash	94.8	(7.6)

The steep increase in taxes paid in 2013 as compared with 2012 notably reflected the impact of the application of ANC (French accounting standards-setter) regulation 2012-05 on accounting for VEFA off-plan sales as "long-term contracts", as regards the treatment of marketing costs and the taxation of profits earned on the delivery of numerous commercial real estate projects completed over the financial year (which had given rise to the recognition of deferred taxes during construction).

The Group has authorised credit facilities totalling €632.4 million, of which €115.0 million have been drawn down. The Group's undrawn lines of corporate credit total €285 million, and are available at any time.

<i>€ millions</i>	31 Dec. 2013	31 Dec. 2012	Change in €m
Bond issue ¹⁷	199.0		199.0
Bank borrowings ¹⁸	123.4	151.4	(28.0)
Other financial borrowings / other financial receivables	5.4	11.7	(6.3)
Net cash and cash equivalents	(579.8)	(485.0)	(94.8)
Net debt (net cash)	(252.1)	(321.9)	69.8

On 24 January 2013, the Group issued¹⁹ bonds in the amount of €200 million with an annual interest rate of 3.749%, redeemable at maturity in December 2018. Following this operation, the holding company's corporate credit facility of €185 million, originally due to expire in December 2014, was terminated ahead of schedule.

¹⁷ Including accrued interest and arrangement fees

¹⁸ Includes IFRS restatements (fair value adjustment of derivatives)

¹⁹ See press releases dated 17 and 24 January 2013



The Group was in compliance with all of the financial covenants attached to its lines of credit and bond and bank loans as of 31 December 2013.

Mandatory application of new accounting standards starting in 2014 (IFRS 11)

A certain number of new accounting standards are applicable to all consolidated financial statements released from 1 January 2014 onwards (IFRS 10, 11 and 12). Strict application of IFRS 11 has the potential to affect the presentation of certain Nexity business indicators and the Group's financial statements. The standard deals with the accounting treatment of joint arrangements, and would end proportionate consolidation for co-development activities insofar as the parties to an arrangement would have to have obligations for its liabilities and rights to its assets, which is not the case for separate legal vehicles set up to manage the construction and sale of buildings in France. Such joint arrangements would thus henceforth be accounted for using the equity method, meaning that the Group would no longer recognize its share of revenue and operating profit from co-development activities, and would instead report a share of the net income from such arrangements in its "Share of profit (loss) from equity-accounted companies".

Steps have been taken, notably by the French Federation of Real Estate Developers (FPI), to alert the IFRS Interpretations Committee to the potential consequences of applying this rule strictly, and the committee is currently examining the issue.

It is the Group's opinion that the use of proportionate consolidation to account for the joint arrangements in question accurately reflects the economic reality of the co-developers' commitments (share of the business, financial obligations: parties to a French "SCI" real estate ownership vehicle have unlimited liability for the SCI's debts in proportion to their share of the capital, etc.) and matches the Group's operational reporting of such joint arrangements, while equity accounting would provide a very imperfect picture of that reality (no revenue or operating income, imperfect disclosure of the company's financial commitments, accounting treatment equivalent to that of a regular investment over which the company exerts only significant influence, whereas co-developments form an integral part of Nexity's core business).

For the sake of illustration, eliminating Nexity's share of joint development activities (co-development in Residential and Commercial real estate, co-investments) from its 2013 consolidated financial statements would effectively reduce reported revenue by about €209 million and reported operating profit by €22 million, with no impact on net profit. Debt would be increased by €1 million and WCR reduced by €50 million, while equity-accounted investments would expand by a total of €38 million.

In any case, the Group intends to favour quality and relevance in its financial communication, and will continue to release information about its "aggregate" business and financial indicators (i.e. without the elimination of the Group's share in co-development activities), which is the only way to accurately reflect the reality of its operations, while also providing the means to reconcile these aggregate indicators with its IFRS-compliant consolidated financial statements.



BACKLOG – ORDER BOOK AT 31 DECEMBER 2013

<i>€ millions, excluding VAT</i>	31 Dec. 2013	31 Dec. 2012	Change %
Residential real estate – New homes*	2,604	2,449	+6.3%
Residential real estate – Subdivisions	265	266	-0.4%
Residential real estate backlog	2,869	2,715	+5.7%
Commercial real estate backlog	486	383	+27.0%
Total Group backlog*	3,355	3,098	+8.3%

* including outside France and Iselection

The Group's order backlog at end-December 2013 amounted to €3.36 billion, up 8% from year-end 2012 and equivalent to 18 months' revenue from Nexity development activities²⁰. In Commercial real estate, the 27% increase in backlog resulted from the high order intake recorded over the year. Backlog in Residential real estate was up 6%.

OUTLOOK FOR 2014 (BUSINESS INDICATORS²¹)

- Confirmed strategy of reinforcing market positions (external growth, innovation, land development potential, etc.) and improving operational performance (focus on Development margins and adapting the Services business model to a new legal framework)
- Residential: level of activity in line with FY2013 in a new home market expected to remain stable in 2014, not to pick up before 2015
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- Consolidated revenue for 2014 expected to exceed €2.5 billion
- Current operating profit target for 2014 of at least €170 million
- Confirmed proposal to distribute a dividend of €2 per share in respect of 2013. The Company is considering proposing next year to shareholders to renew the same dividend

²⁰ Revenue basis – previous 12-month period

²¹ Indicators measured using accounting methods comparable with 2013, not neutralising the share of revenue or profit earned by the Group in joint development operations (debate over IFRS 11 application as of January 1, 2014. See page 11)



FINANCIAL CALENDAR & PRACTICAL INFORMATION

- Q1 2014 Revenue and Business Activity Tuesday, 29 April 2014
- General Shareholders' Meeting Tuesday, 20 May 2014
- 2013 dividend, subject to authorisation granted by the General Meeting:
 - Ex-dividend date Thursday, 22 May 2014
 - Payment date Tuesday, 27 May 2014

DISCLAIMER

The information, assumptions and estimates that the Company could reasonably use to determine its objectives 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 chapter 4 of the Document de Référence, filed with the AMF under number D.13-0342 on 12 April 2013 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 objectives described, 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 private individuals, companies and local authorities, so as to best meet the needs of our clients and respond to their concerns.

Our businesses – transactions, management, development, urban regeneration, advisory and related services – are now all fully client focused, 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
Mnemonic: NXI - Reuters: NXI.PA - Bloomberg: NXI FP
ISIN code: FR0010112524

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APPENDIX

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

€THOUSANDS	31/12/2013	31/12/2012
Revenue	2,737,212	2,831,283
Purchases	(1,866,707)	(1,948,052)
Personnel costs	(417,546)	(429,457)
Other operating expenses	(209,822)	(208,680)
Taxes (other than income tax)	(35,795)	(31,289)
Depreciation and amortisation	(14,941)	(13,365)
Current operating profit	192,402	200,440
Change in value of goodwill	-	(55,000)
Operating profit	192,402	145,440
Financial expense	(18,731)	(15,763)
Financial income	11,564	11,218
Net financial expense	(7,167)	(4,545)
Pre-tax recurring profit	185,235	140,895
Income taxes	(77,951)	(94,214)
Share of profit (loss) from equity-accounted companies	(1,373)	51
Consolidated net profit (loss)	105,911	46,732
Net profit (loss) attributable to equity holders of the parent company	100,115	41,786
Net profit (loss) attributable to non-controlling interests (minority interests)	5,796	4,946



CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

ASSETS (€THOUSANDS)	31/12/2013	31/12/2012
Non-current assets		
Goodwill	917,147	914,173
Other intangible assets	45,299	42,652
Property, plant and equipment	24,615	23,733
Equity-accounted investments	26,876	23,645
Other financial assets	20,286	26,358
Deferred tax assets	4,748	6,087
Total non-current assets	1,038,971	1,036,648
Current assets		
Inventories and work in progress	1,357,646	1,286,538
Trade and other receivables	342,570	321,266
Tax accounts receivable	534	7,400
Other current assets ⁽¹⁾	828,715	939,871
Other financial receivables	12,766	16,480
Cash and cash equivalents	605,713	534,712
Total current assets	3,147,944	3,106,267
TOTAL ASSETS	4,186,915	4,142,915
⁽¹⁾ of which cash held in client working capital accounts (Services business)	485,829	471,594



CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

LIABILITIES AND EQUITY € THOUSANDS	31/12/2013	31/12/2012
Share capital	267,883	264,170
Additional paid-in capital	1,039,347	1,043,060
Treasury shares	(2,328)	(2,258)
Reserves and retained earnings	207,074	257,229
Net profit for the period	100,115	41,786
Equity – attributable to equity holders of the parent company	1,612,091	1,603,987
Non-controlling interests (minority interests)	20,703	18,866
Consolidated equity	1,632,794	1,622,853
Non-current liabilities		
Long-term borrowings and financial debt	211,408	6,217
Employee benefits	25,868	23,343
Deferred tax liabilities	15,809	51,477
Total non-current liabilities	253,085	81,037
Current liabilities		
Short-term borrowings, financial and operating liabilities ⁽¹⁾	155,015	223,122
Current provisions	94,821	98,604
Trade and other payables	746,068	847,240
Current tax liabilities	12,088	2,524
Other current liabilities ⁽²⁾	1,293,044	1,267,535
Total current liabilities	2,301,036	2,439,025
TOTAL LIABILITIES AND EQUITY	4,186,915	4,142,915
⁽¹⁾ of which bank overdrafts	25,956	49,749
⁽²⁾ of which cash held in client working capital accounts (Services business)	485,829	471,594



REVENUE BY DIVISION

RESIDENTIAL REAL ESTATE

<i>€ millions</i>	2013	2012	Change %
New homes	1,580.9	1,645.0	-3.9%
Subdivisions	151.5	144.9	+4.5%
International	99.7	65.5	+52.2%
Residential real estate	1,832.1	1,855.4	-1.3%

COMMERCIAL REAL ESTATE

<i>€ millions</i>	2013	2012	Change %
Commercial real estate	453.4	517.5	-12.4%

SERVICES AND DISTRIBUTION NETWORKS

<i>€ millions</i>	2013	2012	Change %
Services	415.4	422.9	-1.8%
Distribution Networks	30.1	29.8	+1.0%
Services and Distribution Networks	445.5	452.7	-1.6%

QUARTERLY PROGRESSION OF REVENUE BY DIVISION

<i>€ millions</i>	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential real estate	396.8	399.2	404.7	654.7	364.1	440.0	391.8	636.2
Commercial real estate	81.8	105.2	126.2	204.3	114.0	130.5	111.4	97.5
Services and Distribution Networks	107.8	112.1	112.8	120.0	107.4	113.0	109.9	115.2
Other activities	1.4	1.2	1.7	1.3	1.1	1.6	1.8	1.7
Revenue	587.9	617.6	645.6	980.2	586.5	685.2	614.9	850.6



OPERATING PROFIT BY DIVISION

RESIDENTIAL REAL ESTATE

<i>€ millions</i>		2013	2012	Change %
New homes		156.2	166.5	-6.2%
	<i>% of revenue</i>	9.9%	10.1%	
Subdivisions		15.2	18.6	-18.0%
	<i>% of revenue</i>	10.1%	12.8%	
International		(5.3)	(5.0)	na
Residential real estate		166.1	180.1	-7.8%
	<i>% of revenue</i>	9.1%	9.7%	

COMMERCIAL REAL ESTATE

<i>€ millions</i>		2013	2012	Change %
Commercial real estate		37.9	25.2	50.7%
	<i>% of revenue</i>	8.4%	4.9%	

SERVICES AND DISTRIBUTION NETWORKS

<i>€ millions</i>		2013	2012	Change %
Services		18.6	19.4	-4.2%
	<i>% of revenue</i>	4.5%	4.6%	
Distribution Networks		3.5	4.5	-23.7%
	<i>% of revenue</i>	11.5%	15.2%	
Services and Distribution Networks		22.1	23.9	-7.9%
	<i>% of revenue</i>	5.0%	5.3%	

OTHER ACTIVITIES

<i>€ millions</i>		2013	2012	Change %
Other activities		(33.7)	(28.8)	na