

2014 ANNUAL RESULTS

Paris, Tuesday, 17 February 2015

Residential real estate

- **12,562 net new home and subdivision reservations (10,365 new homes in France, up 2%).**
€2,098 million in expected revenue from reservations including VAT (down 3%)
- **Integration of PERL, which specialises in the division of property ownership**

Commercial real estate

- **Order intake of €190 million (versus an initial target of €100 million)**
- **With Ywood and Térénéo (majority stake taken), Nexity becomes France's largest timber-frame office buildings developer**

Real estate services to individuals

- **Improved margin for property management (7.6% in 2014 versus 4.1% in 2013)**
- **Acquisition of Oralia, France's 5th largest property manager, providing 164,000 additional units**

Backlog as of 31 December 2014: €3.3 billion, stable overall (19 months' revenue from development activities)

Financial performance¹

- **Consolidated revenue of €2.63 billion, down 3.8% year-on-year (initial target: €2.5 billion)**
- **Current operating profit of €184 million (initial target: €170 million). Operating margin stable (7.0%)**
- **Net debt of €167 million at 31 December 2014 (11% gearing ratio)**
- **Group share of net profit of €85.7 million excluding changes in the value of goodwill**

Outlook for 2015

- **Residential real estate²: Nexity market share to be maintained at around 12% in a French new homes market estimated to grow slightly at 90,000-95,000 units**
- **Commercial real estate: order intake of at least €200 million**
- **Consolidated revenue target for 2015: around €2.75 billion**
- **Current operating profit target for 2015: around €200 million (up 10%), after €20 million annual investment in innovation projects focused on digital transformation**
- **Confirmation of a dividend of €2 per share for 2015 and 2016³**

¹ The financial data and indicators used in this press release are based on Nexity's operational reporting, with joint ventures proportionately consolidated

² All prospective data relating to Nexity's business activity for new homes now includes PERL reservations in addition to Nexity's new home reservations in France and those resulting from Iselection's direct operator activity, net of intra-group sales

³ Pending decision of Nexity's Board of Directors and approval by the General Shareholders' Meeting



ALAIN DININ, CHAIRMAN AND CEO OF NEXITY, COMMENTED:

"2014 was consistent with our expectations, with fewer than 300,000 construction starts, a sharp drop (-12%⁴) in the number of building permits and another deterioration of the residential market in France, which is expected to come in at 87,000 net reservations at best.

The French Prime Minister, Manuel Valls, has taken the bold step of breaking away from the pattern of defiance created by the ALUR act, an anti-growth act if ever there was one. He has taken a certain number of measures to boost demand, most of which have taken effect since 1 January, and we can hope to see order intake improve in 2015. A slightly better economic context than in 2014 and the first investments in intermediate housing are also positive factors. As things stand, we can expect to see reservations for 2015 between 90,000 and 95,000 (+6% with respect to 2014), which remains very much below the average for 2003-2013 (107,000 reservations per year), whereas French demographic trends continue to prove their dynamism.

But while we still need to push for structural reforms, we do not expect salvation to come from the hands of the French state. In an environment where our clients' resources remain under pressure, we are working particularly on our construction costs, to offer our clients the products that are the best suited to their needs at the best price.

Against this backdrop which is more than morose, Nexity has published 2014 annual results in line with its commercial and financial objectives, as has been the case every year since 2009. The Group again gained market share (around 12%) and maintained strong financial performance in development in France, without sacrificing margins and while being highly selective about the projects that we take on.

The real estate development businesses (comprising the Residential and Commercial divisions) achieved a 9% margin in 2014, stable compared with 2013 and higher than our competitors. We are staying on that basis for 2015.

Activities in property management for private individuals presented several causes for satisfaction, with the Nexity group welcoming the arrival of Oralia, which achieved robust financial performance, and the first positive signs following efforts to improve the results of Nexity's real estate services business. This lets us confirm our target of a 9% operating margin for private property management operations in 2015, and 10% in 2016.

We are firmly convinced that the future of Nexity will be digital. We are focusing first and foremost on creating value for our clients, for example by digitizing property management, apartment-sharing and searching for real estate online. We aim to be a digital leader in the real estate sector – which up until recently was relatively unaffected by the digital revolution – and every year we invest 10% of our operating profit toward that goal.

In 2015, Nexity aims to achieve growth of around 10% of its operating profit. Backed by its very healthy financial structure, the Group confirms its plan to keep its dividend level stable (at €2 per share) in 2015 and 2016."

At its meeting on Tuesday, 17 February 2015, chaired by Alain Dinin, Nexity's Board of Directors reviewed and approved the Group's consolidated financial statements for the financial year ended 31 December 2014, which can be found in Annex 3 of this press release. The Group's consolidated income statement and statement of financial position, included on pages 20 to 21 of this press release, have been audited by the Company's Statutory Auditors.

⁴ CGGD, Chiffres et Statistiques (*figures and statistics*) No. 601, January 2015. New housing starts in 2014: 297,000 (down 10.3%) of which 267,000 are classified as "actual new homes" (i.e. after deducting extensions to existing buildings).

2014 BUSINESS ACTIVITY

Residential real estate

New homes

For the fourth year in a row, the market for **new homes** in France contracted. Despite the fact that interest rates continued to evolve downward throughout the year, reservations fell⁵ more substantially than had been predicted at the beginning of 2014. A slow economy, combined with heavy tax burdens, weighed on consumer confidence and households' financial positions. The municipal elections in March 2014 also meant local authorities slowed or halted certain real estate development projects.

Despite this context, Nexity's net reservations for new homes in France were up 2.4% at 10,365 units. At a constant scope of consolidation, net reservations for new homes in France amounted to 10,120 in 2014 and 10,121 in 2013 with the number of commercial launches down 15%, i.e. 9,344 units.

In value terms, expected revenue from reservations decreased by 2.0% to €1,924 million including VAT, reflecting the combined impact of a drop in reservations by private individuals and a robust level of reservations by professional landlords, the latter of which are sold at a substantially lower unit price.

<i>Reservations (units and €m)</i>	2014	2013	Change %
New homes (France, number of units)*	10,365	10,121	+2.4%
Subdivisions (number of units)	2,104	2,104	0%
International (number of units)	93	97	-4.1%
Total reservations (number of units)	12,562	12,322	+1.9%
New homes (France, in €m incl. VAT)	1,924	1,965	-2.0%
Subdivisions (€m incl. VAT)	163	170	-4.2%
International (€m incl. VAT)	10	25	-59.8%
Total reservations (€m incl. VAT)	2,098	2,160	-2.9%

* Including 345 net PERL reservations made in the second half of 2014, and less 100 intra-group sales (homes sold in bulk sales by Nexity to PERL, then sold in retail by PERL), totalling 10,120 new home reservations in 2014 on a like-for-like basis (10,121 in 2013).

- Changes in client mix

Reservations by professional landlords were up noticeably (+8%) over the year, offsetting the drop in reservations by home buyers (-8%). Reservations made by individual investors increased by 6%, boosted by the integration of PERL in the second half of the year; however, excluding PERL, these reservations decreased by 4% in 2014. While the measures announced by the French government at the end of August 2014 had a positive impact on Nexity's clientele, they did not result in a significant increase in reservations by the end of the year. Nonetheless, the "Pinel" scheme, which is more favourable than its predecessor, should lead to growth in reservations by private investors in 2015.

⁵ 7% drop in new home reservations in the first 9 months of 2014 compared to the first 9 months of 2013, according to the latest statistics available at the date of this press release (CGDD, ECLN No. 583, November 2014).

Professional landlords accounted for 36% of Nexity's total reservations. One highlight of the first half of 2014 was the reduction in the VAT rate on social housing, from 7% to 5.5%, a change which was announced in 2013 and applied as from 1 January 2014. While the volume of reservations made by professional landlords remained stable in the second half of the year compared to the same period in 2013, the number of reservations made by non-social housing operators increased significantly, totalling 22% of this segment in 2014.

Government action favouring intermediate housing started to bear its first fruits: in December 2014, the SNI (a subsidiary of the Caisse des Dépôts group, which the French state has tasked with acquiring at least 20,000 homes in the coming years) entered into a framework agreement with Nexity, with between 800 and 1,100 reservations slated per year. In February 2015, a preliminary reservation agreement for 569 units was signed by the SNI and Nexity under the framework agreement. On the other hand, bulk sales to social housing operators could be adversely affected by political changes resulting from the 2014 municipal elections.

Finally, 12% of reservations (1,205 units) were for homes in serviced residences for seniors (compared with under 10% in 2013), attesting to the effectiveness of the Group's product diversification strategy.

France (number of units)	Breakdown of new home reservations by client –				Change %
	2014	2013			
Home buyers	2,802	27%	3,037	30%	-7.7%
o/w: - <i>first-time buyers</i>	2,152	21%	2,345	23%	-8.2%
- <i>other home buyers</i>	650	6%	692	7%	-6.1%
Individual investors	3,798	37%	3,585	35%	+5.9%
Professional landlords	3,765	36%	3,499	35%	+7.6%
Total new home reservations	10,365	100%	10,121	100%	+2.4%

- Price trends⁶

In 2014, the average price of homes reserved by Nexity's clients was down 2.2% compared to the previous year. Since average floor areas remained virtually unchanged, this shift was attributable to a negative price effect.

With the exception of Paris – where average prices per square metre, up by 2.2%, were not representative, considering the limited number of transactions and significant differences in location, and therefore in price per square metre from one year to the next – prices per square metre in the Paris region fell 6.7% due to a larger share of sales in 2014 than in 2013 in municipalities where the average price per square metre was lower. In the rest of France, the price per square metre increased by an average of 0.5%.

Lastly, in 2014, the share of reservations by private individuals in the Paris region decreased from 45% to 42%.

⁶ Excluding bulk sales to professional landlords, and Iselection, PERL and International sales

Average sale price & floor area* - France	2014	2013	Change %
Average home price incl. VAT per sq.m (€)	3,781	3,886	-2.7%
Average floor area per home (sq.m)	56.6	56.3	+0.5%
Average price incl. VAT per home (€k)	213.9	218.6	-2.2%

* excluding bulk sales, PERL and Iselection sales

- Currently marketed and business potential

For Nexity's new residential developments in France, the average presale rate recorded at the time construction work was started remained very high (71% on average in 2014), and completed stock held by the Group remained very low, at 81 homes at 31 December 2014 (31 December 2013: 66).

The Group's new home business potential⁷ in France totalled nearly 24,800 units (up 7.5%), equal to 2.7 years of reservations on a rolling 12-month basis. This level of supply will enable Nexity to muster a well-timed, effective response when the market picks up again.

- Subdivisions

Subdivision reservations totalled 2,104 units, the same level as in 2013, with the average price of net reservations from individuals amounting to €77 thousand, down 4% year-on-year, mainly due to a drop in average surface area. This stability in volume terms compared favourably with the general trend in the land development and subdivisions market, which contracted by 8% in 2014⁸.

- International

Outside France, reservations came to 93 units, almost the same volume as in 2013 (97 units). The increase in reservations in Poland, where business is being developed, nearly offset the decrease in reservations in Italy. The Italian residential market remained very weakened, even in the most economically attractive cities, with transaction volumes falling by about 40% and values down almost 20% since 2008 (source: Agenzia delle Entrate, Nomisma).

Commercial real estate

In 2014 the buy-to-let market grew by 13% year-on-year in the Paris region, with 2.1 million square meters taken up, thanks to an upswing in major transactions (source: CBRE).

More than 1.7 billion euros were invested in VEFA off-plan contracts for offices in the Paris region, an amount unseen since 2011 and an increase of 48% compared to 2013. This was 12% of the volume of office investments, the most since 2008 and a year-on-year increase of nearly 60% (source: Jones Lang LaSalle).

In November 2014, Nexity sold the VEFA-developed Influence project, a 32,700 sq.m complex of offices and services in Saint-Ouen (Seine-Saint-Denis), with no designated tenant. This sale enabled the Group to meet and comfortably

⁷ 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.

⁸ Source: SNAL (national union of land developers and subdividers) in Le Moniteur on January 19, 2015



exceed its 2014 target of more than €100 million in order intake for Commercial real estate, recording €190 million in new orders.

At the beginning of November, the Group took a majority holding in Térénéo to expand the geographic coverage of Ywood and form France's largest timber-frame office building developer.

Services and Distribution Networks

Oralia was integrated into **Real estate services** with effect from 1 April 2014. Oralia had 164,000 units under management at 31 December 2014, bringing the total portfolio of units under management in Real estate services to individuals to 936,000. With its acquisition of Oralia, Nexity has strengthened its foothold in France's major cities (primarily Paris and Lyon) and bolstered its No. 2 position in the French property management market. Excluding Oralia and other changes in scope, the Real estate services to individuals business continued to experience attrition in its portfolio of units under management (down 3.3% for condominium management, down 3% for rental property management).

In Real estate services to companies, total floor area under management amounted to 11.7 million sq.m at 31 December 2014, up 3% from 31 December 2013 after the signing of a major contract with RTE, France's electricity transmission system operator.

In the **Distribution Networks** business, the number of provisional sale agreements recorded in 2014 by Century 21 and Guy Hoquet l'Immobilier was down 5% from the previous year. The number of franchised agencies also dropped slightly to 1,242 agencies at 31 December 2014, from 1,261 at year-end 2013.

Urban regeneration (Villes & Projets)

At 31 December 2014, Nexity's urban regeneration business (Villes & Projets) had a land development potential of 563,000 sq.m⁹ (stable versus 31 December 2013). 62% of that was in the Paris region and 38% in the rest of France. In 2014, the Group acquired two plots of land as part of the Acacias development project in Montreuil (Seine-Saint-Denis, Paris region).

Operations initiated by the urban regeneration business provided revenue for the Group's real estate development activities totalling €210 million in 2014 (of which €27 million was in Commercial real estate and €183 million was in Residential real estate), versus €296 million as of 31 December 2013. This business thus accounted for 10% of the Group's revenue from property development in 2014.

⁹ Floor areas are provided for information purposes only and may be subject to adjustment once administrative authorisations have been obtained.

2014 FINANCIAL INFORMATION

IFRS 11 Joint Arrangements, which is required to be applied as of 1 January 2014, states that "joint ventures" must be accounted for using the equity method (whereas before they could be proportionately consolidated). Nexity's joint ventures are mainly co-development vehicles in Residential and Commercial real estate. For operational reporting and management purposes, Nexity continues to apply proportionate consolidation to its joint ventures, which in its view provides a more accurate reflection of the Group's performance and risks as measured by revenue, operating profit, working capital and debt. Below segment-specific presentations are based on operational reporting data.

The Group's external growth operations led to the following changes in scope:

- Oralia was integrated into the Services and Distribution Networks division with effect from 1 April 2014. The accounting and financial data presented below therefore consolidate Oralia's results for three quarters.
- PERL, acquired on 28 May 2014, was consolidated in the accounts of Nexity's Residential real estate division starting on 1 July 2014. The accounting and financial data presented below therefore recognise PERL's results for one half-year period.
- Térénéo was consolidated in the accounts of the Commercial real estate division starting on 31 December 2014.

Revenue

Consolidated revenue for 2014 totalled €2,632 million (down 3.8% from 2013).

€ millions	2014	2013	Change %
Residential real estate	1,832.7	1,832.1	+0.0%
Commercial real estate	267.6	453.4	-41.0%
Services and Distribution Networks	484.4	445.5	+8.7%
Other activities	47.2	6.2	x 7.6
Total Group revenue*	2,631.9	2,737.2	-3.8%

* Revenue generated by the Residential and Commercial divisions (through VEFA off-plan sales and real estate development contracts) is calculated using the percentage-of-completion method, i.e. on the basis of notarised sales pro-rated to reflect the progress of committed construction costs.

Residential real estate revenue remained stable with respect to 2013, amounting to €1,833 million. During the second half of 2014, an increased number of projects with respect to the second half of 2013, at more advanced stages of completion than in the first half of 2014, made it possible to achieve the same level of revenue as in 2013. In the second half of the year, PERL posted revenue of €101 million, of which only €23 million was included in Nexity's 2014 revenue after accounting for restatements in the opening statement of financial position and remeasurements of assets and liabilities to fair value. Outside of France, low sales volumes in Italy resulted in a decrease in revenue. At a constant scope of consolidation and excluding International figures, Nexity's Residential real estate division recorded revenue growth of 1.2% in 2014 (€1,754 million compared to €1,732 million in 2013).

In **Commercial real estate**, revenue for the year (€268 million) was down, as expected, by 41% from 2013, which was boosted by substantial contributions from the Solstys site (Paris, 8th arrondissement) and the T8 building, part of



the “Paris Rive Gauche” urban planning programme (13th arrondissement), both delivered in 2013. In the fourth quarter of 2014, as expected, the contribution of the major projects launched in 2013, especially “Eco Campus” in Châtillon (Hauts-de-Seine) and “Le Nuovo” in Clichy (Hauts-de-Seine), which had both entered the finishing work phase, started to play an increasing role.

The **Services and Distribution Networks** division recognised revenue of €484 million, up 9% from 2013. Real estate services to individuals recorded €49 million in additional revenue from the consolidation of Oralia since the second quarter of 2014. Excluding Oralia, real estate services revenue was down 3%, particularly due to the low level of brokerage operations achieved by Keops and a drop in revenue posted by Studéa (which manages student residences) resulting from a reduction in its property portfolio and intensified price competition in its market. Despite the decline in the number of units under management and substantially reduced interest income from the holding of client funds, Nexit's property management operations (not including Oralia) achieved virtually stable revenue levels (€245 million, down 1%) thanks to efforts made to improve pricing and the growth of related activities (insurance, diagnostics, works, etc.). Revenue from the Century 21 and Guy Hoquet l'Immobilier networks came to €30 million, showing a small increase of 1%.

Revenue from **Other activities** (€47 million) included non-recurring revenue of €42 million from the Group's April 2014 disposal of its shares in the OPCI real estate investment fund owning the Aviso building, located in Puteaux (Hauts-de-Seine, Paris region).

Current operating profit

Nexity's current operating profit was €184 million in 2014 (versus €192 million in 2013), with a stable operating margin of 7.0%.

The operating margin for the **Residential real estate** division was down 1.3 points compared to the previous year. While new home development and subdivision activities in France again posted a highly satisfactory margin (9.6% in 2014, versus 9.9% in 2013), contributions to the division's operating profit from outside France, particularly from Italy, were substantially negative. An Italian market in decline, local specificities of the development sector (completion and payment of sale on delivery), and below par management of the subsidiary led NEXITY to record a €27 million loss in 2014 for residential real estate outside France. The subsidiary's management was changed at the end of 2014, and NEXITY's activities in Italy will be radically rescaled.

The **Commercial real estate** division's operating margin was particularly high (17.0% in 2014), boosted by non-recurring items over the year (successful legal outcomes¹⁰, reversals of provisions on projects previously delivered) and by the technical quality of the projects it handled. Commercial real estate development is an inherently more volatile activity than residential real estate development; however, the Group stresses that the usual margin for commercial real estate development is around 9% in the medium term.

The **Services and Distribution Networks** division turned in operating profit of €27 million, versus €22 million at 31 December 2013, up 21% and corresponding to an operating margin of 5.5% (31 December 2013: 5.0%).

- In the Services business, operating profit for property management more than doubled, totalling €22 million in 2014 thanks to the acquisition of Oralia and cost control measures for Nexity's real estate services to individuals. The profit margin for property management amounted to 7.6% in 2014, compared with 4.1% in 2013. At its Investor Day on 27 November 2014, Nexity announced its target of achieving an operating margin of at least 9% in 2015 and 10% in 2016 for property management, which has been confirmed. However, while this activity's margin improved, it was still affected one-off rationalization costs and by the decrease in financial income, which were only partially offset by the full effect of the CICE¹¹. Lastly, the Keops and Studéa businesses reported an operating loss, unable to cover structural costs with their lower revenue levels.
- Despite the continued slow activity in the brokerage market, **Distribution Networks** recorded €4 million in operating profit, a 9% increase.

Other activities posted an operating loss of €31 million in 2014, compared with an operating loss of €34 million in 2013. This division includes expenses related to developing the Group's innovative activities and its digital transformation plan, expenditures for which increased significantly but were more than offset by a reduction in unallocated holding company expenses, IFRS expenses related to share-based payments (totalling nearly €8 million), the results of Villes & Projets¹², investment activities and asset management activities, 80% of which was sold off in June 2014.

¹⁰ In particular, the conclusion in 2014 of the legal proceedings initiated between Société Générale and Nexity following the damage that occurred in 2011 at the Basalte building worksite in La Défense.

¹¹ Crédit d'impôt pour la compétitivité et l'emploi (French tax credit to encourage competitiveness and employment)

¹² Revenue and operating profit from operations initiated by Villes & Projets are recognised in the Residential and Commercial real estate divisions.

Net profit

€ millions	2014	2013
Revenue	2,631.9	2,737.2
Current operating profit	183.7	192.4
Change in value of goodwill	(50.0)	0
Net financial income/(expense)	(16.6)	(7.2)
Corporate income tax	(75.5)	(74.6)
Dividend tax (3%)	(3.4)	(3.3)
Share of profit/(loss) from equity-accounted companies	0.8	(1.4)
Non-controlling interests (minority interests)	(3.4)	(5.8)
Net profit attributable to equity holders of the parent company	35.7	100.1

After taking into account a €50 million goodwill impairment charge (attributable to the franchise networks and services businesses, excluding property management for private individuals), Nexity's operating profit came to €133.8 million.

The Group's net financial expense was €17 million (compared to €7 million in 2013) mainly resulting from an increase in the average amount of debt drawn down, following a dual-tranche €171 million bond issue in May 2014 and a €180 million convertible issue in June 2014, as well as the lower interest rates earned by its cash holdings.

Nexity's tax expense for 2014 included €3 million for the additional 3% dividend tax and €76 million in corporate income tax. Excluding the impact of the additional dividend tax, Nexity's effective tax rate was 45.2% versus 40.3% in 2013. This increase notably resulted from the non-allocation of losses outside France to the Group's taxable income. Adjusted to exclude this impact, Nexity's effective tax rate was 39%.

The net profit attributable to shareholders of the Nexity parent company was €35.7 million for the period (including the -€50 million goodwill impairment charge), compared to €100.1 million in 2013.

Working capital requirement (WCR)

€ millions	31 Dec. 2014	31 Dec. 2013	Change in €m
Residential real estate	633	533	100
Commercial real estate	(12)	(71)	59
Services and Distribution Networks	(53)	(52)	-1
Other activities	60	80	-20
Operating WCR	627	490	138
Corporate income tax	(1)	(12)	11
Total WCR	627	478	148

Nexity's working capital requirement increased by €148 million over the year, to €627 million at 31 December 2014 (year-end 2013: €478 million).

In the Residential real estate division, WCR increased by €100 million, including a €36 million increase in WCR at a constant scope of consolidation (notably due to the slower pace of sales activity, leading to an increase in supply under construction), and €64 million due to the consolidation of PERL's WCR.

The Commercial real estate division's WCR remained negative (-€12 million at 31 December 2014) but underwent a significant change with respect to the exceptionally favourable level achieved at the end of 2013, due to low order intake in 2014 and the gradual depletion of client advances.

The working capital requirement of Other activities mainly arises from Villes & Projets urban regeneration projects and from investment activities.

Goodwill

€ millions	31 Dec. 2014	31 Dec. 2013	Change in €m
Residential real estate	404	309	94
Commercial real estate	60	52	8
Services and Distribution Networks	652	556	97
Other activities	0	0	0
Total goodwill	1,116	917	199

The overall impact of acquisitions made in 2014, mainly PERL (Residential real estate), Térénéo (Commercial real estate) and Oralia (Services and Distribution Networks), led to a €249 million increase in goodwill recorded in Nexity's statement of financial position.

In the Services CGU (cash-generating unit) and the Franchise Networks CGU, goodwill was written down by a total of €50 million in 2014. This goodwill impairment reflected a downward revision of the future operating prospects of the franchise networks and services businesses, excluding property management for private individuals.

Financial structure

Nexity's consolidated equity (attributable to parent company shareholders) was €1,559 million at 31 December 2014, compared to €1,612 million at 31 December 2013, mainly after €108 million in dividends paid and the inclusion of net profit for the year (€36 million attributable to parent company shareholders).

Nexity had a consolidated net debt position of €167 million at 31 December 2014, as opposed to a net cash position of €252 million at 31 December 2013.

This €419 million variation in net debt over the year is the result of a combination of several factors: external growth costs (€323 million)¹³, the increase in operating WCR (€79 million)¹⁴, in addition to dividend payments (€108 million), taxes and interest payments (€86 million) and increased operating investments (€29 million). As a whole, these outlays were only partially offset by cash flow from operating activities before financial and tax expenses, which came to €203 million. Cash flow from operating activities (after interest and taxes paid) came to €117 million in 2014, up very slightly from 2013 (€115 million). As a result of the adverse change in WCR and the increase in investments, Nexity's free cash flow was only slightly positive (€9 million) in 2014.

¹³ External growth in 2014 breaks down as: €191 million from the price paid for shares net of cash acquired and €132 million from bank borrowings and purchase commitments on minority interests.

¹⁴ The difference between the change in WCR on the statement of financial position (€130 million) and the change in WCR on the cash flow statement (€79 million) arises from the fact that only the former takes into account changes in the scope of consolidation, notably the acquisitions of PERL, Térénéo and Oralia.



€ millions	2014	2013
Cash flow from operating activities before financial and tax expenses	203.3	216.5
Change in operating WCR *	(79.1)	(55.9)
Interest and tax payments	(86.5)	(101.3)
Net cash from/(used in) operations	37.7	59.3
Net cash from/(used in) operating investments	(29.3)	(17.4)
Free cash flow	8.6	42.2
Net cash from (used in) financial investing activities	(195.6)	(8.2)
Dividends paid	(108.1)	(106.6)
Net cash from (used in) financing activities, excluding dividends	360.2	167.4
Change in cash and cash equivalents	65.1	94.8

* Excluding changes in scope

At 31 December 2014, the Group had authorisations from banks to borrow up to €767 million, including available facilities of €300 million on its corporate credit lines (undrawn), the contract for which was renewed at the end of 2014 and extended until the end of 2018. The Group had drawn down €253 million of its authorised credit at 31 December 2014.

€ millions	31 Dec. 2014	31 Dec. 2013	Change in €m
Bond issues (and accrued interest)	534.9	199.0	335.9
Bank borrowings ¹⁵	272.0	123.4	148.6
Other financial borrowings and other financial receivables	4.5	5.4	(0.8)
Net cash and cash equivalents	(644.9)	(579.8)	(65.1)
Net debt (net cash)	166.5	(252.1)	418.6

In first-half 2014, the Group issued¹⁶ a €171 million bond in two tranches of 6 and 7 years paying respective annual rates of 3.252% and 3.522%, as well as OCEANE convertibles redeemable in January 2020 for a total principal of €180 million and paying an annual coupon rate of 0.625%.

Nexity optimised its financing by completing two bond issues during the first half of 2014 for a total of €351 million, and extended the corporate credit line for new homes (€300 million) until the end of 2018.

The Group was in compliance with all of the financial covenants attached to its borrowings and lines of credit as of 31 December 2014.

¹⁵ Includes IFRS restatements (fair value adjustment of derivatives)

¹⁶ See press releases dated 29 April and 12 June 2014.

BACKLOG - ORDER BOOK AT 31 DECEMBER 2014

€ millions, excluding VAT	31 Dec. 2014	31 Dec. 2013	Change %
Residential real estate – New homes*	2,591	2,604	-0.5%
Residential real estate – Subdivisions	243	265	-8.3%
Residential real estate backlog	2,834	2,869	-1.2%
Commercial real estate backlog	449	486	-7.7%
Total Group backlog	3,283	3,355	-2.2%

* including outside France, Iselection and PERL

The Group's total order backlog at 31 December 2014 was €3.3 billion, down slightly from year-end 2013 and equivalent to 19 months' revenue from Nexity's development operations¹⁷. Order backlog for new homes at 31 December 2014 was €2.6 billion, remaining stable compared to 31 December 2013.

OUTLOOK FOR 2015

- **Residential real estate:** Nexity market share to be maintained at around 12% in a French new homes market estimated to grow slightly at 90,000-95,000 units
- **Commercial real estate:** order intake of at least €200 million
- **Consolidated revenue target for 2015:** around €2.75 billion
- **Current operating profit target for 2015:** around €200 million (up 10%), after €20 million annual investment in innovation projects focused on digital transformation
- **Confirmation of a €2 per share dividend for 2015 and 2016**¹⁸

¹⁷ Revenue basis – previous 12-month period

¹⁸ Pending decision of Nexity's Board of Directors and approval by the General Shareholders' Meeting

FINANCIAL CALENDAR & PRACTICAL INFORMATION

A **conference call** on 2014 business activity and results will be held in English at 19:00 CET on Tuesday, 17 February 2015, and may be accessed by dialling the following numbers:

- Calling from France	+33 (0)1 76 77 22 29	Code: 2768283
- Calling from the rest of Europe	+44 (0)203 427 1911	Code: 2768283
- Calling from the USA	+1 646 254 3363	Code: 2768283

The presentation accompanying this conference may be consulted at the following address:

<http://edge.media-server.com/m/p/d6fr46qp>

This presentation will be available on the Group's website from 17 February 2015 at 18:45 CET.

▪ Revenue and Business Activity Q1 2015	Tuesday, 28 April 2015
▪ General Shareholders' Meeting	Tuesday, 19 May 2015
▪ 2014 dividend payment, subject to the General Shareholders' Meeting approval	Wednesday, 27 May 2015

DISCLAIMER

The information, assumptions and estimates that the Company could reasonably use to determine its targets are subject to change or modification due notably to economic, financial and competitive uncertainties. Furthermore, it is possible that some of the risks described in Section 4 of the Document de Référence, filed with the AMF under number D.14-0304 on 8 April 2014, could have an impact on the Group's operations and the Company's ability to achieve its targets. Accordingly, the Company cannot give any assurance as to whether it will achieve the targets 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 business lines – real estate brokerage, management, design, development, planning, advisory and related services – are now optimally organised to serve and support our clients. As the benchmark operator in our sector, we are resolutely committed to all of our clients, but also to the environment and society as a whole.

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

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

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

ISIN code: FR0010112524

CONTACT

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ANNEXES

ANNEX 1: RESERVATIONS BY QUARTER

	2014				2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	<i>Number of units</i>				<i>Value, in €m incl. VAT</i>				<i>Number of units</i>			
New homes	3,776 ¹⁹	2,052 ²⁰	2,722	1,815	3,581	2,099	2,781	1,660	3,052	2,506	2,776	1,857
Subdivisions	836	395	547	326	765	448	521	370	950	417	474	491
International	7	73	10	3	19	26	41	11	54	17	173	7
Total reservations	4,619	2,520	3,279	2,144	4,365	2,573	3,343	2,041	4,056	2,940	3,423	2,355
<i>Value, in €m incl. VAT</i>												
New homes	677 ²¹	419 ²²	475	353	654	438	546	327	575	447	520	318
Subdivisions	63	29	42	29	64	39	40	27	75	33	37	37
International	2	10	1	-2	2	7	12	5	10	5	75	5
Total reservations	742	458	518	380	720	484	598	359	660	485	632	360

¹⁹ Of which 222 PERL reservations

²⁰ Of which 123 PERL reservations

²¹ Of which PERL: €58 million including VAT

²² Of which PERL: €29 million including VAT

ANNEX 2: FINANCIAL INFORMATION

IFRS 11 *Joint Arrangements*, which is required to be applied as of 1 January 2014, states that “joint ventures” must be accounted for using the equity method (whereas before they could be proportionately consolidated). Nexity’s joint ventures are mainly co-development vehicles in Residential and Commercial real estate. For operational reporting and management purposes, Nexity continues to apply proportionate consolidation to its joint ventures, which in its view provides a more accurate reflection of the Group’s performance and risks as measured by revenue, operating profit, working capital and debt. Below segment-specific presentations are based on operational reporting data.

CONSOLIDATED INCOME STATEMENT* FOR THE YEAR ENDED 31 DECEMBER 2014

€ thousands	31/12/2014	31/12/2013
Revenue	2,631,922	2,737,212
Purchases	(1,723,557)	(1,866,707)
Personnel costs	(452,558)	(417,546)
Other operating expenses	(217,964)	(209,822)
Taxes (other than income tax)	(34,757)	(35,795)
Depreciation, amortisation and impairment	(19,349)	(14,941)
Current operating profit	183,737	192,402
Change in value of goodwill	(49,979)	
Operating profit	133,758	192,402
Financial expense	(24,418)	(18,731)
Financial income	7,848	11,564
Net financial income/(expense)	(16,570)	(7,167)
Pre-tax recurring profit	117,188	185,235
Corporate income tax	(78,861)	(77,951)
Share of profit/(loss) from equity-accounted companies	817	(1,373)
Consolidated net profit/(loss)	39,144	105,911
Net profit/(loss) attributable to equity holders of the parent company	35,731	100,115
Net profit/(loss) attributable to non-controlling interests (minority interests)	3,413	5,796

* According to IFRS but with joint ventures proportionately consolidated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION* AT 31 DECEMBER 2014

ASSETS € thousands	31/12/2014	31/12/2013
Non-current assets		
Goodwill	1,115,883	917,147
Other intangible assets	61,313	45,299
Property, plant and equipment	41,400	24,615
Equity-accounted investments	27,474	26,876
Other financial assets	28,904	20,286
Deferred tax assets	5,892	4,748
Total non-current assets	1,280,866	1,038,971
Current assets		
Inventories and work in progress	1,387,149	1,357,646
Trade and other receivables	368,587	342,570
Tax accounts receivable	12,370	534
Other current assets ⁽¹⁾	1,048,268	828,715
Other financial receivables	22,033	12,766
Cash and cash equivalents	678,197	605,713
Total current assets	3,516,604	3,147,944
TOTAL ASSETS	4,797,470	4,186,915
⁽¹⁾ of which, client working capital accounts (Services)	655,252	485,829
LIABILITIES AND EQUITY € thousands	31/12/2014	31/12/2013
Equity		
Share capital	270,905	267,883
Additional paid-in capital	1,036,325	1,039,347
Treasury shares		
Reserves and retained earnings	215,752	204,746
Net profit for the period	35,731	100,115
Equity attributable to equity holders of the parent company	1,558,713	1,612,091
Non-controlling interests (minority interests)	20,134	20,703
Total equity	1,578,847	1,632,794
Non-current liabilities		
Long-term borrowings and financial debt	626,798	211,408
Employee benefits	30,732	25,868
Deferred tax liabilities	32,341	15,809
Total non-current liabilities	689,871	253,085
Current liabilities		
Short-term borrowings, financial and operating liabilities ⁽¹⁾	239,965	155,015
Current provisions	99,109	94,821
Trade and other payables	741,015	746,068
Current tax liabilities	13,108	12,088
Other current liabilities ⁽²⁾	1,435,555	1,293,044
Total current liabilities	2,528,752	2,301,036
TOTAL LIABILITIES AND EQUITY	4,797,470	4,186,915
⁽¹⁾ of which, bank overdrafts	33,341	25,956
⁽²⁾ of which, client working capital accounts (Services)	655,252	485,829

* According to IFRS but with joint ventures proportionately consolidated

REVENUE* BY DIVISION

RESIDENTIAL REAL ESTATE

€ millions	2014	2013	Change %
New homes	1,632.9	1,580.9	+3.3%
Subdivisions	143.8	151.5	-5.1%
International	56.0	99.7	-43.8%
Residential real estate	1,832.7	1,832.1	+0.0%

COMMERCIAL REAL ESTATE

€ millions	2014	2013	Change %
Commercial real estate	267.6	453.4	-41.0%

SERVICES AND DISTRIBUTION NETWORKS

€ millions	2014	2013	Change %
Services	454.0	415.4	+9.3%
Distribution Networks	30.4	30.1	+1.0%
Services and Distribution Networks	484.4	445.5	+8.7%

QUARTERLY PROGRESSION OF REVENUE* BY DIVISION

€ millions	2014				2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Residential real estate	672.4	425.2	394.4	340.7	636.2	391.8	440.0	364.1	654.7	404.7	399.2	396.8
Commercial real estate	104.6	58.2	49.4	55.4	97.5	111.4	130.5	114.0	204.3	126.2	105.2	81.8
Services and Distribution Networks	131.2	122.9	123.6	106.6	115.2	109.9	113.0	107.4	120.0	112.8	112.1	107.8
Other activities	1.4	1.4	42.5	1.9	1.7	1.8	1.6	1.1	1.3	1.7	1.2	1.4
Revenue	909.6	607.7	610.0	504.6	850.6	614.9	685.2	586.5	980.2	645.6	617.6	587.9

* According to IFRS but with joint ventures proportionately consolidated

CURRENT OPERATING PROFIT* BY DIVISION

RESIDENTIAL REAL ESTATE

€ millions	2014	2013	Change %
New homes	156.1	156.2	0.0%
% of revenue	9.6%	9.9%	
Subdivisions	14.0	15.2	-8.2%
% of revenue	9.7%	10.1%	
International	(27.3)	(5.3)	ns
Residential real estate	142.8	166.1	-14.0%
% of revenue	7.8%	9.1%	

COMMERCIAL REAL ESTATE

€ millions	2014	2013	Change %
Commercial real estate	45.6	37.9	+20.3%
% of revenue	17.0%	8.4%	

SERVICES AND DISTRIBUTION NETWORKS

€ millions	2014	2013	Change %
Services	22.9	18.6	+23.0%
% of revenue	5.0%	4.5%	
Distribution Networks	3.8	3.5	+9.5%
% of revenue	12.4%	11.5%	
Services and Distribution Networks	26.7	22.1	+20.9%
% of revenue	5.5%	5.0%	

OTHER ACTIVITIES

€ millions	2014	2013	Change %
Other activities	(31.4)	(33.7)	ns

HALF-YEARLY PROGRESSION OF CURRENT OPERATING PROFIT* BY DIVISION

€ millions	2014			2013			2012		
	FY	H2	H1	FY	H2	H1	FY	H2	H1
Residential real estate	142.8	84.2	58.6	166.1	102.2	63.9	180.1	107.1	73.0
Commercial real estate	45.6	32.4	13.2	37.9	14.4	23.5	25.2	10.1	15.1
Services and Networks	26.7	15.7	11.0	22.1	14.5	7.6	23.9	16.6	7.3
Other activities	(31.4)	(21.8)	(9.6)	(33.7)	(23.9)	(9.8)	(28.8)	(14.8)	(14.0)
Current operating profit	183.7	110.5	73.2	192.4	107.1	85.3	200.4	118.9	81.5

* According to IFRS but with joint ventures proportionately consolidated

ANNEX 3: INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION (IFRS)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 (IFRS)

€ thousands	31/12/2014	31/12/2013 restated*
Revenue	2,370,191	2,527,615
Purchases	(1,491,556)	(1,682,780)
Personnel costs	(452,540)	(417,479)
Other operating expenses	(217,718)	(207,422)
Taxes (other than income tax)	(33,379)	(34,601)
Depreciation, amortisation and impairment	(19,627)	(14,941)
Current operating profit	155,371	170,392
Change in value of goodwill	(49,979)	
Operating profit/(loss)	105,392	170,392
Share of profit/(loss) from equity-accounted companies	27,682	20,390
Operating profit/(loss) after share of profit/(loss) from equity-accounted companies	133,074	190,782
Financial expense	(23,349)	(17,494)
Financial income	7,347	11,699
Net financial income/(expense)	(16,002)	(5,795)
Pre-tax recurring profit	117,072	184,987
Corporate income tax	(78,745)	(77,703)
Share of profit/(loss) from equity-accounted companies	817	(1,373)
Consolidated net profit/(loss)	39,144	105,911
Net profit/(loss) attributable to equity holders of the parent company	35,731	100,115
Net profit/(loss) attributable to non-controlling interests (minority interests)	3,413	5,796

* 2013 data have been restated to account for joint ventures in accordance with IFRS 11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 (IFRS)

ASSETS € thousands	31/12/2014	31/12/2013 restated*
Non-current assets		
Goodwill	1,115,883	917,147
Other intangible assets	61,313	45,299
Property, plant and equipment	41,400	24,615
Equity-accounted investments	45,990	64,906
Other financial assets	28,904	20,286
Deferred tax assets	5,135	3,677
Total non-current assets	1,298,625	1,075,930
Current assets		
Inventories and work in progress	1,328,737	1,220,042
Trade and other receivables	343,606	305,761
Tax accounts receivable	12,100	413
Other current assets	1,023,558	793,095
Other financial receivables	98,136	89,555
Cash and cash equivalents	595,060	498,584
Total current assets	3,401,197	2,907,450
TOTAL ASSETS	4,699,822	3,983,380

LIABILITIES AND EQUITY € thousands	31/12/2014	31/12/2013 restated*
Equity		
Share capital	270,905	267,883
Additional paid-in capital	1,036,325	1,039,347
Treasury shares		
Reserves and retained earnings	215,752	204,746
Net profit for the period	35,731	100,115
Equity attributable to equity holders of the parent company	1,558,713	1,612,091
Non-controlling interests (minority interests)	20,134	20,703
Total equity	1,578,847	1,632,794
Non-current liabilities		
Long-term borrowings and financial debt	626,794	211,408
Employee benefits	30,732	25,868
Deferred tax liabilities	28,792	3,917
Total non-current liabilities	686,318	241,193
Current liabilities		
Short-term borrowings, financial and operating liabilities	239,283	125,699
Current provisions	98,573	93,368
Trade and other payables	695,926	705,539
Current tax liabilities	6,053	10,874
Other current liabilities	1,394,822	1,173,913
Total current liabilities	2,434,657	2,109,393
TOTAL LIABILITIES AND EQUITY	4,699,822	3,983,380

* 2013 data have been restated to account for joint ventures in accordance with IFRS 11