
2015 Registration Document



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This document contains forward-looking statements regarding the growth, prospects and strategies of the group. These forward-looking statements are sometimes identified by the use of future and conditional tenses, as well as by terms such as "consider", "envisage", "think", "aim", "expect", "intend", "should", "anticipate", "think", "believe" "wish", or "might" or, if applicable, the negative form of such terms and other similar words, terminology and phrases. Such information has no historically factual basis and should not be interpreted as a guarantee of future performance. It is based on data, assumptions and estimates from which the group considers it reasonable to draw inferences. Such information is subject and susceptible to change or modification due to uncertainties in economic, financial, competitive, regulatory or tax environments. In addition, the materialization of one or more of the risks described in section 1.2 "Risk Factors" in this Registration Document may have a material adverse effect on the business, financial stability and results and future operations of the group, as well as its ability to reach its objectives.

Investors are strongly encouraged to carefully consider the risk factors described in Section 1.2 "Risk Factors" of this Registration Document. The occurrence of all or any of these risks could have a negative effect on the group's business, results of operations and financial condition. Moreover, other risks which may not yet have been identified or which the group may consider insignificant could have the same negative effect.

The content of this Registration Document does not constitute legal, tax or financial advice. Investors are encouraged to consult their own advisors regarding any legal, tax or financial aspects of their investment in the Company.

This Registration Document contains information about the group's markets and its competitive position therein, including information about the size of such markets. In addition to estimates made by the group, the facts on which the group bases its statements are taken from studies and statistics of independent third parties and professional organisations and figures published by the group's competitors, suppliers and customers. Certain information contained in this Registration Document is publicly available information which the Company considers to be reliable but which has not been verified by an independent expert. The Company can provide no guarantee that a third party using different methods to collect, analyse or calculate data about market sectors would obtain the same results. The Company makes no undertaking and provides no warranty as to the accuracy of this information. It is possible that such information will prove incorrect or is out of date. The group makes no undertaking to publish updates to such information, except in connection with any legal or regulatory obligation that may be applicable to it.

Certain figures (including figures expressed in thousands or millions) and percentages in this Registration Document have been rounded. The totals presented in this Registration Document may differ slightly from those obtained by adding together the non-rounded values of those figures.



AUTORITÉ
DES MARCHÉS FINANCIERS

This Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 9, 2016, in accordance with Article 212-13 of the AMF General Regulations. It may be used to support a financial transaction if it is supplemented by a prospectus approved by the AMF. The Registration Document has been prepared by the issuer and its signatories are responsible for the content.



The Kaufman & Broad group profile

“For close to 50 years now, we have built nearly 110,000 housing units and 658,000 sq.m. of offices and commercial premises.”

This half-century of growth is the result of several factors, including awareness of our brand, our ability to adapt in response to changes in the market, our national presence, and our diversified offer.

Today, our Kaufman & Broad brand leads the market in terms of reputation and image: it is synonymous with quality and innovation.

Our teams are known for their responsiveness and their ability to adapt and anticipate market trends and the needs of our clients.

We have operations in the most of France, with a solid foothold in the main cities.

We offer a wide range of real estate products, both residential and commercial, to meet the aspirations and requirements of our clients, whether individuals (first-time homebuyers or investors) or institutional.

Our results for 2015 are in line with expectations. They confirm the soundness of the growth strategy that we set up in 2014, which has resulted in two consecutive years of growth in business activity and property development, in a mixed market. We achieved excellent operating results, while generating a high level of profitability. Our financial structure has continued to strengthen, in particular thanks to tight control of our working capital requirement.

For 2016, the increase in volume of the market for new property will help us achieve order levels in excess of 105,000 units (up about 5%), thanks particularly to the continuation of low interest rates, a stable price environment and steady demand, both from private investors (driven by the Pinel favorable tax system) and from first-time homebuyers whose borrowing capacity will be boosted by the new zero-interest loan scheme.

Highlights



2016 time schedule

March 29, 2016

Publication of results for 1st quarter of 2016 (after market close)

March 30, 2016

Presentation of results for 1st quarter of 2016 (conference call)

April 15, 2016

Shareholders' Meeting

July 12, 2016

Publication of results for 1st half of 2016 (after market close)

July 13, 2016

Presentation of results for 1st half of 2016

September 30, 2016

Publication of results for 3rd quarter of 2016 (after market close)

October 3, 2016

Publication of results for 3rd quarter of 2016 (conference call)

(this schedule may be subject to change)

2014

Revenues:

+5.6% €1,083 million

Orders:

+9.1% 5,871 housing units

Gross margin rate:

18.2%

Attributable net income:

€37.9 million

Net cash of €2.1 million

at end-2014

Increase in property

portfolio: +18.5% vs.
end-2013

2015

Revenues: -1.9%

€1,063 million

Orders: **+17.5%**

6,901 housing units

Gross margin rate:

19.1%

Net income –

Group share:

€39.8 million

Net cash of €27.7 million

at end-2015

Increase in

property portfolio:

+5.8% vs. end-2014

+ 3.0%

Increase in gross
margin compared
to 2015

Message from the Chairman

Nordine Hachemi
Chairman and Chief Executive Officer

“An increase of 17.5% in the volume of housing orders, and a stronger financial structure with net cash of €27.7 million”

2015 results in line with expectations; confirmation of the growth dynamic initiated in 2014.

In Housing, the 17.5% increase in orders by volume compared to 2014 highlight the appropriateness of our price/product positioning. The 9% increase in our overall order book and the 6.6% increase in our land inventory are proof of our ability develop our commercial offer. The share of individuals-investors in our orders by value rose nearly 25% compared to 2014, boosted by the favorable financial and tax environment.

In Commercial Property, Kaufman & Broad launched a design study for the A7A8 program (about 70,000 sq.m) in the Paris Rive Gauche, and is now recognized as a key player of the sector. The acquisition of Concerto, early in the year, marked the group's entry into the buoyant logistics market and has confirmed our status as an all-round property developer.

We achieved our operating performance while maintaining a high level of profitability. Our financial structure continues to strengthen, mainly through effective management of our working capital requirement.

For full year 2016, the increase in volume of the market for new property should settle at about 5%, driven mainly by interest rates remaining at attractive levels and a stable price environment. Demand, which is still high, will be encouraged by a favorable tax system that is stable and based on incentives. Firstly, individuals-investors will continue to benefit from the Pinel favorable tax system which proved its effectiveness in 2015; secondly, the new zero interest loan scheme will boost the borrowing capacity of first-time homebuyers, who continue to show very high demand.



All this should have a favorable impact on the Company's business in 2016 and we are expecting a significant increase of the financial indicators (revenues and gross margin).

In this context, the Board of Director of February 16, 2016 has decided to propose to the ordinary Shareholders Meeting the payment of a dividend of €3.85 per share. In light of this, we will propose an interim dividend of €1.85 per share at the next meeting of the Board of Directors on February 16.

Finally, the announcement by Financière Gaillon 8 of its plans to start disposing of its equity interest in Kaufman & Broad is an added opportunity for us to accelerate our growth by increasing the stake of our teams in the Company's capital. With this transaction, Kaufman & Broad employees and management are expected to increase their stake in the Company's capital to approximately 5% in the long-term.

The alignment of interests between our shareholders (with a broader free float and increased liquidity) and our employees (the main drivers of our performance) underlines our confidence in the future.

The commercial and financial performance of recent years is evidence of the group's current growth momentum. In the medium term, Kaufman & Broad is expected to confirm this dynamic and strengthen its leading position throughout France by combining its reputation as a premium brand with the expertise of its teams.

On behalf of all the teams at Kaufman & Broad, I would like to thank you for your confidence in us.

Nordine Hachemi
Chairman and Chief Executive Officer

Key figures and stock market



Stock market data

High: €31.17

Low: €23.60

Last traded price on
December 31, 2015: €27.80

Number of shares at
December 31, 2015: 21,584,658

Market capitalization at
December 31, 2015: €600.1 million

Average trading volume
(from January 1st to
December 31, 2015): €24,461

On February 10, 2016, the Company
cancelled €747,619 shares, thus reducing
the number of shares comprising its share
capital from 21,584,658 to 20,837,039.

Stock data

Market: NYSE Euronext

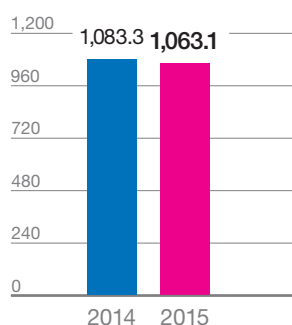
Compartment: B Mid-caps

Indexes: CAC 40 and
CAC ALL TRADABLE

ISIN code FR 0004007813

Revenues

(in € millions)

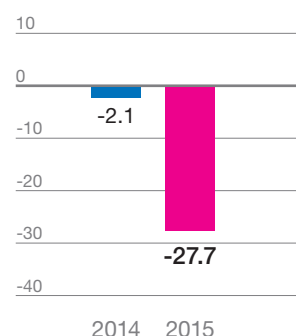


Revenues

totalled €1,063.1 million (exclusive of VAT) in 2015, a slight decline compared to the €1,083.3 million (exclusive of VAT) achieved in 2014.

Net Financial Debt

(in € millions)

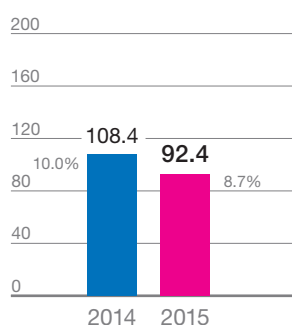


Net financial debt dropped

by €25.6 million compared to November 30, 2014 and resulted in a net cash position of €27.7 million at November 30, 2015.

Working Capital Requirement

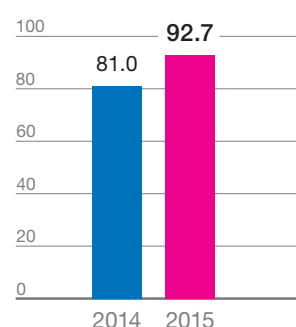
(in € millions and as a percentage of revenues)



The **Working Capital Requirement** ('WCR') totalled €92.4 million at November 30, 2015 (8.7% of revenues) versus €108.4 million at November 30, 2014 (10.0% of revenues).

Adjusted E.B.I.T. ⁽¹⁾

(in € millions)



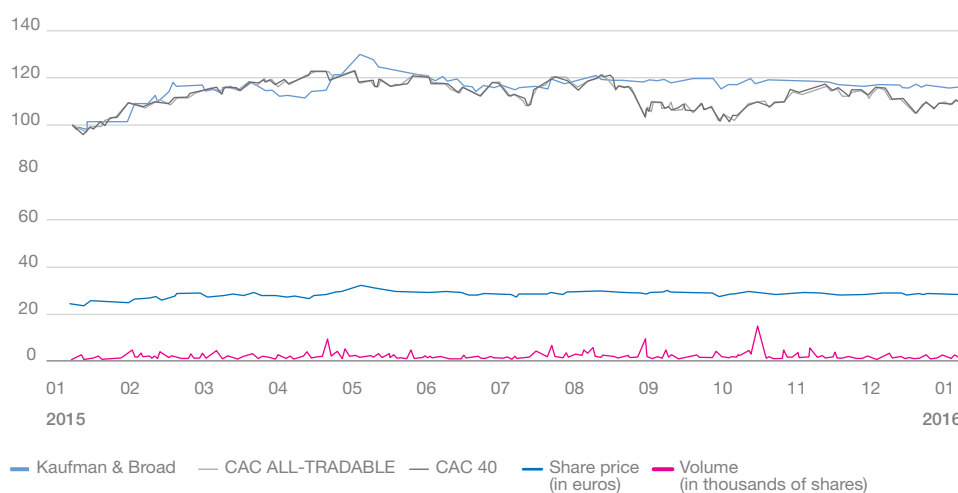
Adjusted EBIT rose 14.4%, from €81 million in 2014 to €92.7 million in 2015. This increase is due for the most part to a €6 million rise in gross margin, aided by the €6 million drop in operating expenses during the period.

(1) Adjusted E.B.I.T. (Earning Before Interest and Tax) is the Current Operating Income restated for the cost of borrowing (Revised IAS 23) capitalized and removed to gross margin. The amount included in the gross margin at November 30, 2015 was €7 million, i.e. 3.5% of the gross margin versus €7.4 million at November 30, 2014. (see Note at the foot of Table (b) in Section 2.3.1.1. "Breakdown by product line").

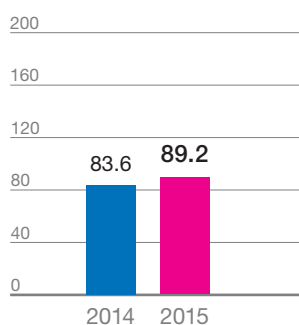
Changes to the Kaufman & Broad share price compared to the CAC 40 and CAC ALL-TRADABLE

€1,063 million
of revenue in 2015

(base 100 at January 2, 2015)

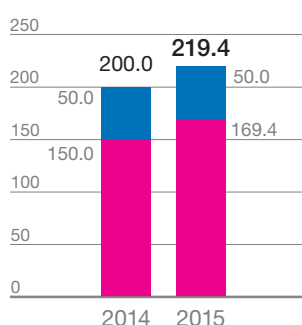


Free cash flow (in € millions)



Free cash flow totaled €89.2 million at November 30, 2015, up €5.6 million compared to end-2014.

Financing Capacity (in € millions)



Cash and cash equivalents at November 30, 2015 totaled €169.4 million.

The unutilized €50 million of the RCF line, added to cash and cash equivalents, bring the group's financing capacity at end-November 2015 to €219.4 million, versus €150 million at end-2014.

Breakdown of capital (at November 30, 2015)

Companies owned by funds held by PAI Partners⁽¹⁾

88.64%

Public⁽²⁾

5.80%

Kaufman & Broad SA

4.36%

Employees

1.20%

Voting rights (at November 30, 2015)

Companies owned by funds held by PAI Partners⁽¹⁾

95.47%

Public⁽²⁾

3.88%

Employees

0.65%

(1) Financière Gaillon 8 SA holds 87.95% of the authorized capital and 95.10% of the voting rights exercisable at Shareholders' Meetings.

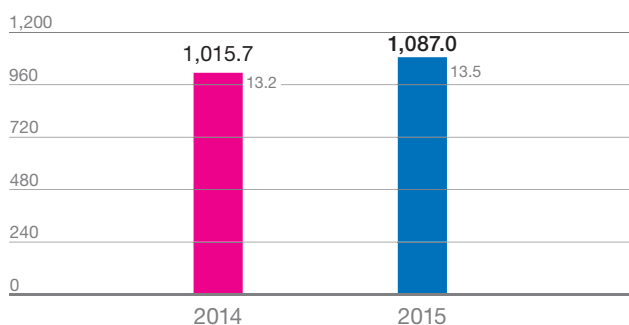
(2) Shares held by directors are included under the heading 'Public' in the shareholding structure at November 30, 2015.

Business activities



Housing backlog

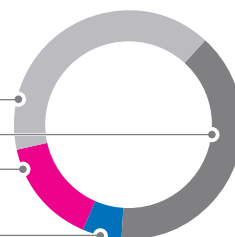
(in € millions excluding VAT and in months of business)



Orders by customer type⁽¹⁾

(by number, at November 30, 2015)

Block	40.3%
Investors	39.2%
First-time homebuyers	15.0%
Second-time homebuyers	5.5%

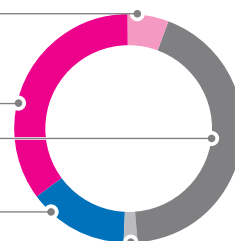


(1) Including joint-ventures.

Commercial offer, by apartment type

(by number, at November 30, 2015)

T1	6%
T2	35%
T3	43%
T4	14%
T5	2%



Land reserve

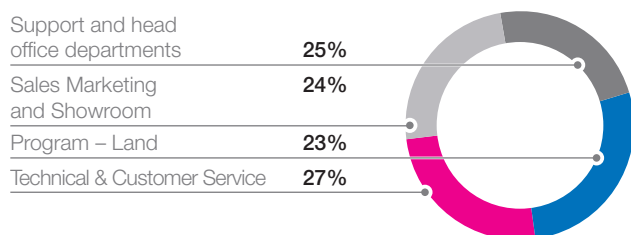
(by number of housing units)



Employees

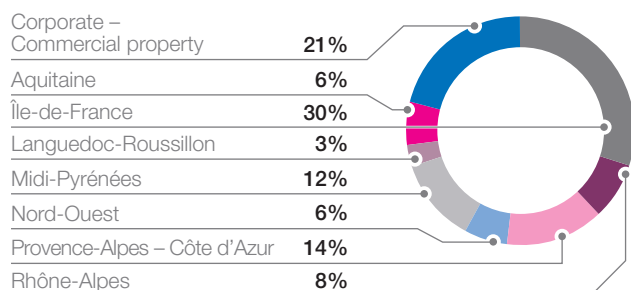
Average number of employees by function

(at December 31, 2015)



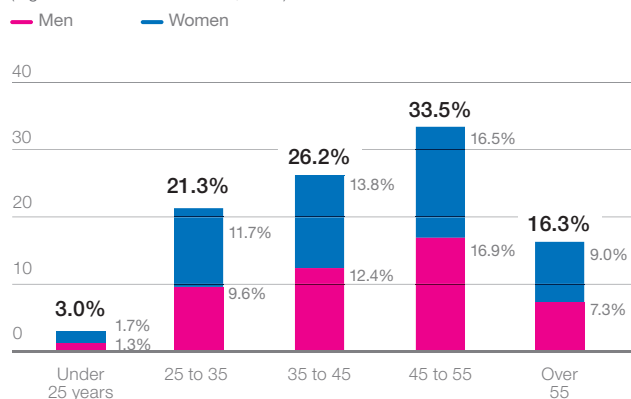
Average number of employees by region

(at December 31, 2015)



Age pyramid

(registered as at December 31, 2015)



19,128

Units in land reserve

12,373

Units under construction

6,584

Units being marketed

711

Employees

374

Women (54%)

337

Men (46%)

6,901

Housing units ordered

7,294

Housing units in order book ('Backlog')

(registered as at December 31, 2015)

Corporate Governance

The main role of the Board of Directors is to determine the Company's business strategy and oversee its implementation. The Board carries out the inspections and verifications it deems necessary and is responsible for reviewing and approving the annual and semi-annual (Company and/or consolidated) financial statements and for reviewing and approving the related reports stipulated by current regulations. The Board of Directors of Kaufman & Broad SA currently has ten members, including three independent members and one non-voting member, who bring a broad range of complementary skill sets and experiences:

Board of Directors

Chairman

Nordine Hachemi

Chairman and Chief Executive Officer

Independant directors

Sylvie Charles (SNCF Geodis)⁽¹⁾

Director

Yves Galland (The Boeing Company)⁽¹⁾

Director

Caroline Puechoultres⁽¹⁾

Director

Other directors

Alexandre Dejoie (PAI Partners)

Director

Sophie Lombard (PAI Partners)

Director

Frédéric Stévenin (PAI Partners)

Director

Olivier de Vregille (PAI Partners)

Director

Michel Paris (PAI Partners)

Director

Joël Monribot

Director

Non-voting member

Thierry Lefevre (Crédit Agricole Corporate & Invst. Bank)

Management

Nordine Hachemi

Chairman and Chief Executive Officer

William Truchy

Senior Vice President Major Regions, Marketing, Communication and Digital

Jacques Rubio

Senior Vice President, Southwest, Managed Residences and External Sales

Bruno Coche

Chief Financial Officer

Christian Delapierre

Senior Vice-President Institutional Sales, Major projects and Île-de-France, Inner suburbs

David Laurent

Senior Vice President Commercial Property

Dominique Podesta

Senior Vice President Human Resources

Operational Divisions

The various regional divisions within the group are as follows:

Paris/Île-de-France

Nordine Hachemi is in charge of management for the Île-de-France Region.

Frédéric Bourg, Senior Vice President Operations

Île-de-France

Cyril Doucet, Senior Vice President, Outer Paris suburbs (77, 78, 91, 94 and 95)

Marc Vettrano, Agency Director (77, 91 and 94)

West/Normandy/North/Rhône Alpes/Southeast Regions

William Truchy, Senior Vice President Major Regions

Loire-Atlantique/Brittany/Normandy/Nord Flandres

Christophe Duretete, Regional Director, Nantes, Rennes, Caen and Lille

Rhône-Alpes/Méditerranée/Savoie

Marc Speisser, Regional Senior Vice President

Mediterranean/Rhone-Alpes

Rhône-Alpes

François-Xavier Delfour, Agency Director, Lyon

Alpes

Ludovic Landon-Rouly, Agency Director, Annecy/Grenoble

Côte d'Azur/Provence

Stéphane Gress, Regional Director, Nice and Toulon

Midi-Pyrénées/Aquitaine/Languedoc-Roussillon Region

Jacques Rubio, Senior Vice President, Greater Southwest

Languedoc-Roussillon

Béatrice Mortier, Agency Director, Montpellier

Pyrénées-Atlantiques

Denis Caniaux, Agency Director, Bayonne

Gironde

Georges Lopez, Agency Director, Bordeaux

Midi-Pyrénées

Tony Aringoli, Agency Director, Toulouse

Commercial Property and logistics

David Laurent, Senior Vice President Commercial Property

Thierry Bruneau, CEO Property Logistics

(1) Independent Directors as defined in the AFEP-MEDEF Code.

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1.1. The Kaufman & Broad group

For more than fifty years, Kaufman & Broad and its subsidiaries (together, the “group” or “Kaufman & Broad”) have been developing and building Single-family homes in communities (grouped homes), apartments, Corporate, tourist, student or non-assisted senior accommodation and hotels, as well as Commercial Property in France (offices, shops and logistical warehouses).

Since its formation in 1968, Kaufman & Broad has built close to 110,000 housing units and 658,000 sq.m of office and commercial space in France.

Kaufman & Broad is one of the leading builders of housing units (Single-family homes in communities and apartment units) in France. Historically, its principal market is Île-de-France. In 2015, this market represented 32.9% of the group's housing orders versus 36.3% in 2014.

Since its creation and until July 10, 2007, Kaufman & Broad was a subsidiary of KB Home, one of the leading builders-developers of single-family homes in the United States. KB Home was one of the first players in the U.S. housing market to understand the importance of a strong brand name and the effect of size, and to make this a critical part of its strategy. This strategy has helped establish Kaufman & Broad as one of the leaders in this industry.

Kaufman & Broad is involved in all stages of the real estate development process, from land acquisition and home sales to Project Design, building permits and customer service.

Construction is carried out by a general contractor or individual trade contractors.

Kaufman & Broad is a developer-builder whose policy is:

- not to purchase land for speculative investment, but instead to buy the land required for the growth of its business;
- not to anticipate any significant increases in real estate prices when acquiring land, but instead to concentrate on the design and quality of its products;
- to review the financing plans of its customers to ensure their ability to finance their purchases;
- to ensure compliance with its Code of Ethics which has been signed by all group employees and which governs the relations of the group employees with its customers, subcontractors, suppliers and, more generally, all others interacting with the company;
- to ensure that its projects respect the environment.

The Kaufman & Broad brand name is a key success factor in a highly competitive market, for three main reasons:

- it fosters privileged access to real estate;
- it generates long-term customer loyalty, as first-time buyers become second-time buyers; and
- most importantly, it can accelerate the sale cycle, which reduces each project's financial risk and allows the group to optimize its profitability.

The group designs its products for homebuyers and for private and public investors (public housing operators, land corporations, etc.). It markets its single-family homes and apartments under the “Kaufman & Broad” brand or, eventually, under brands of its portfolio resulting from acquisitions and which benefit from strong reputation on local markets.

Kaufman & Broad offers its customers the ability to move into a home that is ready for immediate occupancy and that the customer has personalized thanks to a wide range of available options. With this in mind, Kaufman & Broad operates showrooms (or “Design Spaces”) where customers can see, select and purchase the options offered as part of the group's real estate developments.

Finally, for several years the group has been expanding its tourist, Corporate, senior (non-assisted care) and student accommodation programs.

Since July 10, 2007, the majority holder of Kaufman & Broad SA has been Financière Gaillon 8, a Company ultimately controlled by funds managed by PAI Partners (‘PAI’).

At November 30, 2015, Financière Gaillon 8 held 87.95% of Kaufman & Broad SA's capital and 95.10% of its voting rights that are exercisable at the Shareholder's General Meeting.

The changes in PAI's ownership interest are presented in detail in Section 5.3.1. “Shareholders of the Company at November 30, 2015 and the change over three years”.

PAI is a leading European private equity investment firm and the largest private equity investor in France. PAI manages and advises private equity investment funds with a total of €8.1 billion in assets under management. Since 1994, PAI has conducted 58 buyouts in eleven European countries, for a total of nearly €40 billion. PAI makes takeover investments through leveraged buyout (‘LBO’) transactions by acquiring majority stakes in European medium- and large-sized companies with a leadership position in their market. It invests in five core sectors: Consumer Goods, Industrial Goods, Retail, Healthcare, and Corporate Services. PAI adopts a responsible and long-term approach in its investments and establishes partnerships with the companies' management teams, in order to create value by promoting the application of strategy and operational improvements, refocusing the Company's business activities, selecting targeted investments in relation to capital expenditure, marketing, R&D and new facilities, evaluating new business opportunities and identifying additional acquisitions as well as using its vast network of industry and financial contacts. PAI has a team of 50 highly experienced professionals from various professional backgrounds. With professionals from nine European countries and teams based in Paris, London, Luxembourg, Madrid, Milan, Munich and Stockholm, PAI combines a strong knowledge of local markets with large capacities and a pan-European outlook.

The risks associated with the PAI Partners group's control of the Company are described in Section 1.2.3.3. "Risks related to relationship with the Majority Shareholder". Note that the Company refers, in matters of Corporate governance, to the

AFEP-MEDEF Code (see Sections 3.1.1.2.1. "Corporate Governance Code" et seq.).

The business activities of PAI are presented in more detail in Section 5.3.3. "Legal Entities Holding Control of the Company."

1.1.1. History

1.1.1.1. Milestones

1968	Formation of Kaufman & Broad SA in France
1970	Delivery of the first house in the Paris region
1985	Acquisition of Bati Service
1995 to 1999	Acquisition of Bréguet, SMCI and Park
2000	Kaufman & Broad listed for trading on the Paris stock exchange Acquisition of Frank Arthur, Sefima, First Promotion and Sopra Promotion
2001	Acquisition of Résidences Bernard Teillaud
2003 to 2005	Acquisition of euro Immobilier, the Avantis group, Foncier Investissement – Malardeau, and programs developed by Lotibat
2007	Acquisition of a majority stake in Kaufman & Broad by PAI Partners
2010	Acquisition of SM2I
2013	Acquisition of Flandres Promotion
2014	Acquisition of Concerto Développement
2015	Equity investment in Safaur
2016	Acquisition of Serge Mas Promotion

1.1.1.2. Background

In 1968, the Company began by developing Single-family homes in communities in France and delivered its first home in 1970 in the Paris region. The group began operations in Lyon and Marseille in 1972, then in Frankfurt and Brussels in 1973, before withdrawing from these markets and refocusing its activities on France from 1983.

1.1.1.3. Acquisition strategy

In the second half of the 1980s, Kaufman & Broad initiated a policy of organic growth with the acquisition in 1985 of Bati Service, a company building Single-family homes in communities designed primarily for first-time buyers. The group then acquired the business and other assets of its primary competitor at the time, Bréguet, a specialist in the construction of Single-family homes in communities, for a total of €11 million.

In August 1997, Kaufman & Broad acquired from CDR the main assets (interests in thirteen real estate partnerships ('SCI') of Société de Missions et de Coordinations Immobilières (SMCI) and of CFP-SMCI, which construct apartments in the major French cities (Paris, Marseille, Lyon, Strasbourg, Rouen and Besançon), and the related liabilities. This acquisition was made for a total net amount of €2 million which took account of the take-over of both the assets and the liabilities.

In the second half of 1999, Kaufman & Broad acquired Park and its subsidiaries (SNC Park Promotion, SNC Park Rénovation and SCIs (real-estate investment companies) owning individual apartment programs), a specialist in the construction of apartment units in Île-de-France for a total amount of approximately €15.5 million. Four acquisitions were made in 2000, two of which were companies specializing in the construction of apartments in Paris and the inner suburbs of Île-de-France (Frank Arthur Promotion in January and Sefima in July, respectively). They were acquired to strengthen the market share of the Company in Île-de-France. The other two companies purchased that year by Kaufman & Broad were First Promotion in Lille, in July and Sopra Promotion in Toulouse in November. These four acquisitions illustrate the Company's acquisition policy to establish itself in new regional markets with high growth potential through the acquisition of existing experienced local entities. They represented a total investment of €45 million.

In August 2001, Kaufman & Broad acquired Progesti SA (the Résidences Bernard Teillaud group), a leading developer and homebuilder in the Grenoble region. The total price of this investment was €32 million, including a variable portion calculated on the basis of the Company's actual results from 2002 to 2005, which totaled €16.3 million.

In October 2003, Kaufman & Broad acquired euro Immobilier, a Toulouse-based real estate developer with programs in Midi-Pyrénées and Gironde. The purchase price of these shares was €3.2 million and included a variable portion based on euro Immobilier's actual earnings for the fiscal years 2003 to 2006. This variable portion amounted to €3.6 million.

In fiscal year 2004, Kaufman & Broad completed two acquisitions of major developers, located mainly in the Southwest of France, particularly in the Midi-Pyrénées and Aquitaine. The Avantis group, the first of these acquisitions, was acquired during the first half of 2004. The shares of this Company were acquired for €9.7 million in May 2004, and control was assumed on March 1, 2004. Then, in June 2004, Société de Développement et de Participation (Foncier Investissement – Malardeau) was acquired by the Kaufman & Broad group for €15.6 million.

In June 2005, Kaufman & Broad purchased 15 housing programs in the Toulouse region for €4.7 million. These programs were previously developed under the Lotibat name, and control was assumed on June 1, 2005.

In June 2007, Kaufman & Broad acquired 33.34% of Beaulieu Patrimoine SAS (renamed Seniors Santé), a nursing home operator. In order to refocus its operations, the group sold its minority interest in Seniors Santé on October 13, 2010.

In September 2010, Kaufman & Broad acquired SMI, a regional real estate development company, for €5.1 million. This acquisition enabled the group to step up its operations in the Bretagne region with a property portfolio of more than 400 lots, in 12 programs under management, at the date of acquisition.

In May 2013, Kaufman & Broad signed the acquisition of Flandres Promotion, a real estate development company in the Nord-Pas-de-Calais region, for an estimated price of €0.6 million, of which €0.4 million was paid on the date of signing of the agreement. This acquisition enables the group to expand its presence in this region.

In December 2014, Kaufman & Broad took over control of Concerto Développement, one of France's leaders in logistics development, from Affine, of which Concerto Développement was a subsidiary, for an amount of €4.4 million. Affine will remain a partner of Kaufman & Broad as a minority associate for project developments until 2018.

In October 2015, Kaufman & Broad acquired a stake in Safaur, a Caen-based property developer. The acquisition involved €1.4 million representing a 40% stake in the Company's capital. This equity investment is in line with Kaufman & Broad's desire to expand its presence in mid-size population areas. Safaur also covers Côte Normande and Basse Normandie. The two companies share the same values and care deeply about creating high-quality homes. On January 6, 2016, Kaufman & Broad acquired the entire capital of Safaur for a provisional aggregate acquisition price of €3.3 million.

In December 2015, Kaufman & Broad took over control of SMP (Serge Mas Promotion), a real estate developer in the Toulouse region. SMP is an active player in promotion-construction-sale in Toulouse and in the Southwest of France and has achieved many housing, apartment, retirement home, shop and office programs as well as living and activities complex. The rapprochement with a recognized regional real estate developer is in line with Kaufman & Broad's aim to develop and strengthen its leader position in the Languedoc-Roussillon region and in the Midi-Pyrénées. The provisional amount of the operation is approximately €1.2 million. The final price will be determined no later than 15 April 2016.

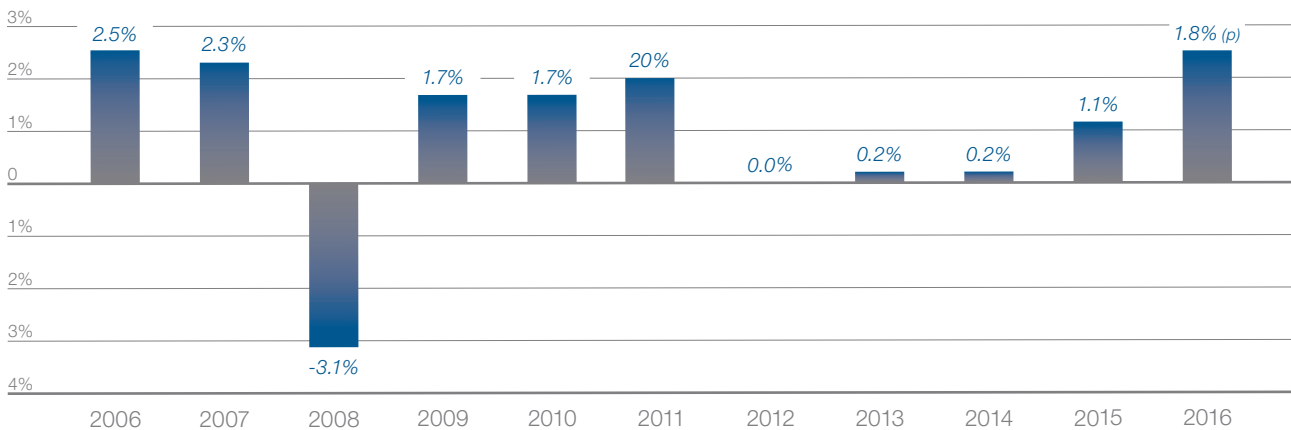
1.1.2. Main characteristics of the business

The market for new housing is influenced primarily by economic growth (GDP), unemployment rates, changes in interest rates and tax incentives, as well as the inventory of housing units available for sale.

1.1.2.1. Macroeconomic Indicators

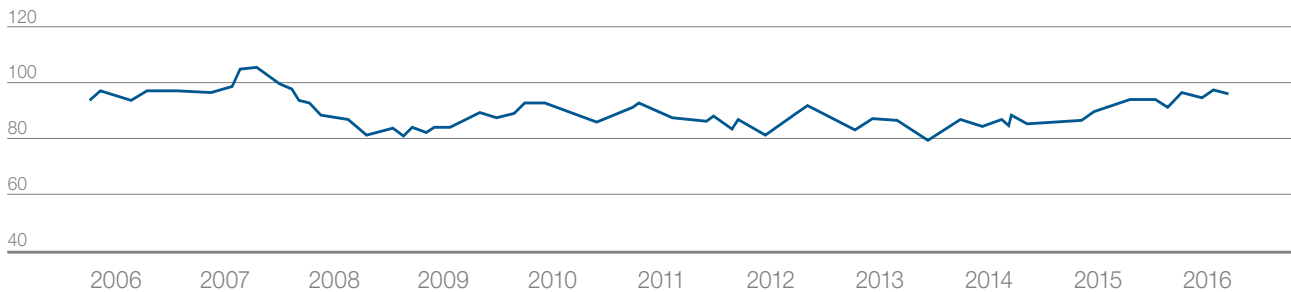
The following graphs illustrate the changes in the various macroeconomic indicators over the past ten years.

French GDP Growth



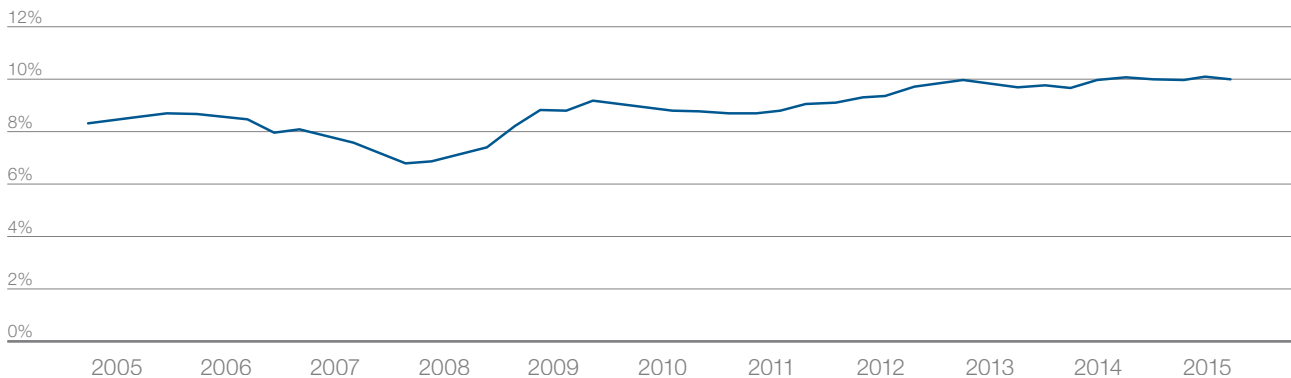
Source: INSEE. (p) Provisional data.

Consumer Confidence Index monthly trend



Source: INSEE.

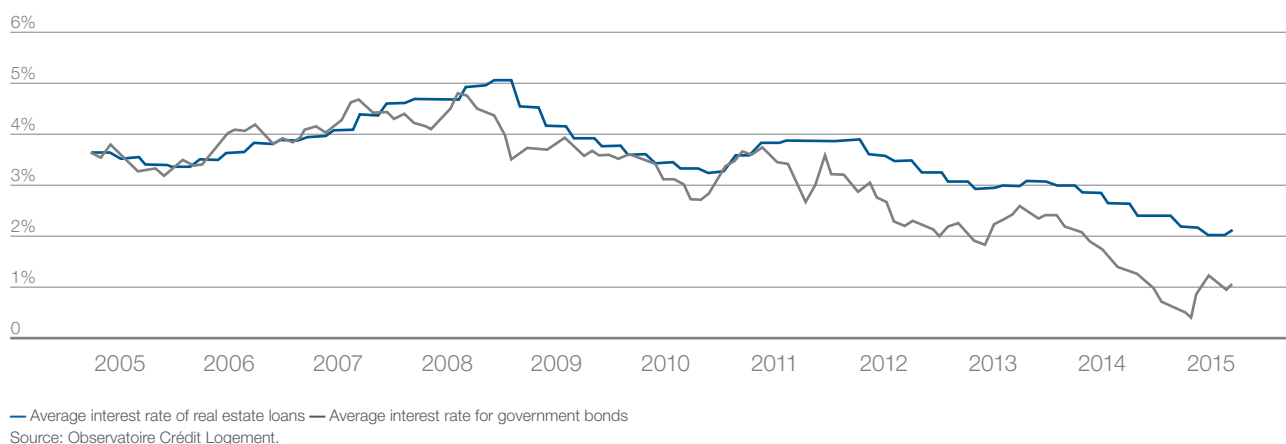
Unemployment in metropolitan France



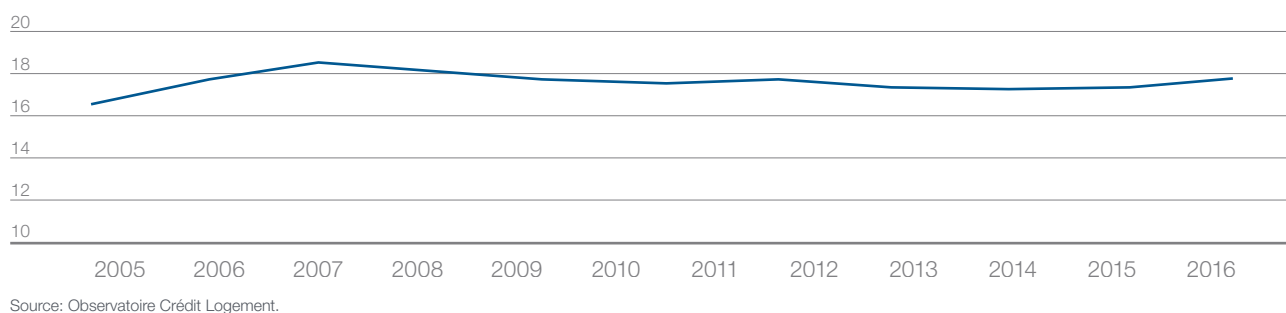
Source: INSEE

Housing property indicators

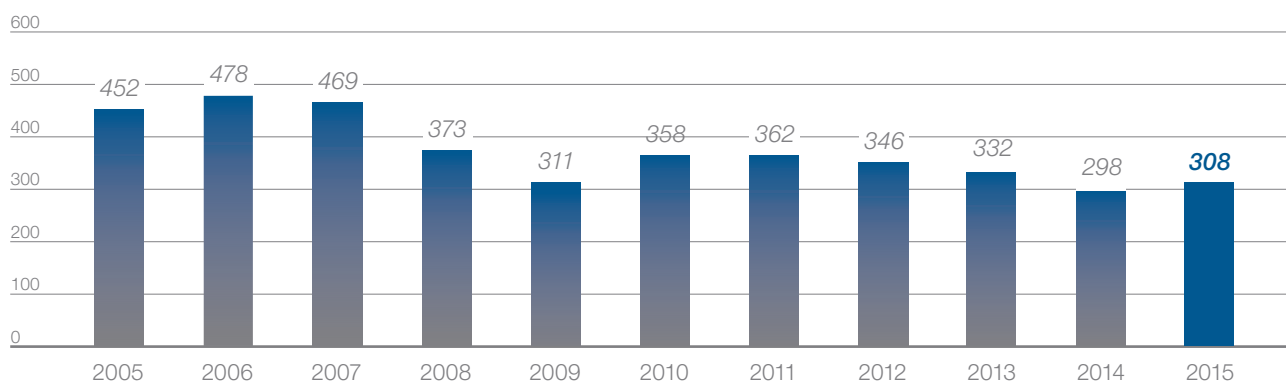
Average interest rate on real estate loans



Average term of real estate loans (in years)



Change in the number of housing starts in France (in thousands of units)^(a)



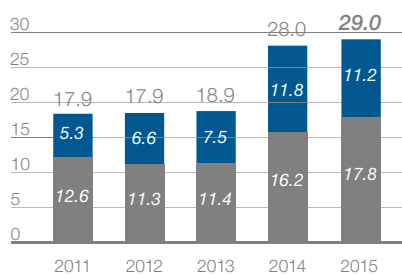
(a) Housing units under construction: pure individual housing, grouped individual housing, multi-family housing, accommodation (new construction and construction in existing buildings). Source: French Ministry of Ecology, Sustainable Development and Energy, Sit@del2.

Housing starts (started) as of December 31, 2015 totaled 308,280 housing units versus 297,532 in 2014. They result from new buildings (280,158 housing units) and from construction works in existing buildings (28,122 housing units). They are divided into pure individual housing units (80,828), Single-family homes in communities (33,072), multi-family units (167,472) as

well as apartments (26,908). The market for new housing, where Kaufman & Broad operates, comprises grouped individual homes, multi-family housing units and apartments, excluding construction in existing buildings (which is included in the data by type of housing units described above).

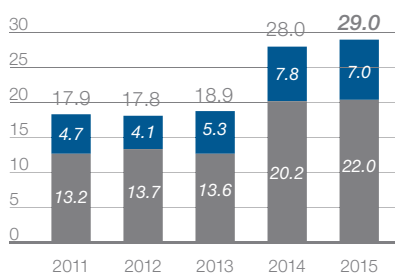
Commercial Property indicators

**Amounts invested in France:
"Offices" vs. "Other"**
(in € billion)



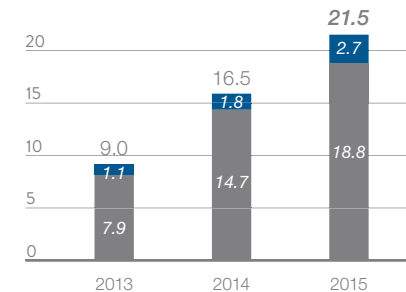
— Offices — Other
Source: BNP Paribas Real Estate.

**Amounts invested in France:
"Île-de-France" vs. "Regions"**
(in € billions)



— Île-de-France — Regions
Source: BNP Paribas Real Estate.

**Commercial Property
in Île-de-France**
(in € billions)



— Commercial Property excluding sales before completion (VEFA)
— Commercial Property sales before completion (VEFA)
Source: Jones Lang Lassale & Crédit Foncier.

Kaufman & Broad's Commercial Property activities are primarily in the office building market and either carried out on behalf of third parties or sold before completion to a final user or to an identified final investor.

1.1.2.2. Tax incentives

The market for new housing units has benefited from various tax incentives for more than twenty years. The French government has created financing incentives for the purchase of property through loans such as the home ownership assistance loan ("PAP"). The PAP loan was replaced in 1995 by the zero-interest loan, which was revised in 2005, doubled in 2010 and replaced as of January 1, 2011 by the Zero-Interest Plus ("PTZ+") loan.

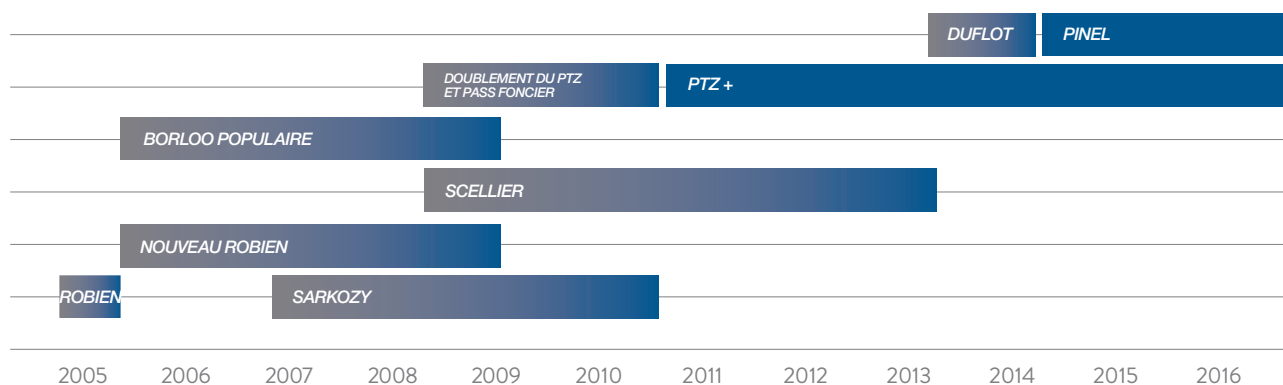
In December 2008, a new law, known as the "Scellier Law", was passed that gives taxpayers acquiring a new home or a home sold before completion (VEFA) between January 1, 2009 and March 31, 2013, a reduction on their income tax of 25% to 37% of the cost of the purchase, subject to various conditions and

spread over a period of 9 to 15 years. This incentive, which was extended until March 2013 for commitments to invest in real estate made in 2012, no longer exists and has been replaced by the Duflot incentive (see Section 1.1.2.2.2. "The "Duflot" incentive").

Created by the Budget Act for 2013, "The Duflot incentive" enables individuals, who acquire a new home or a home sold before completion (VEFA) between January 1, 2013 and December 31, 2016 and depending on various conditions, to benefit from a reduction in their income tax. The Budget Act for 2015 made several adjustments in the latest incentive, known as "Pinel", aiming at reviving the construction of intermediate housing in vulnerable areas (see Section 1.1.2.2.2. "The "Duflot" incentive").

We consider that these tax incentives have had, and are expected to continue to have, a positive influence on the market for new housing, even though it is not possible to exactly quantify their impact (see details in Section 1.2.3.6. "Risks related to the tax incentives that may affect the new housing market").

The chart below summarizes the sequence of the various tax incentives affecting the housing market for more than ten years:



1.1.2.2.1. Changes in the Scellier incentives in 2013

The Scellier incentives were adopted as part of Law no. 2008-1443 of December 30, 2008, known as the Supplementary Budget Act

for 2008 and since then, several adjustments have been made to the previous incentives, especially by the Budget Act for 2013.

Generally, the tax reduction is eliminated for all investments

made after December 31, 2012. However, investments made on or before December 31, 2012 for new housing units purchased on or before March 31, 2013, may still be eligible for this incentive.

For housing units sold before completion, the commitment to making a real estate investment may take the form of an order contract, provided that it is registered with a notary or with the tax authorities by December 31, 2012 and the deed is signed by March 31, 2013.

Summary of the Scellier tax reduction rates

	2009	2010	2011	2012	2013
BBC 2005 housing	25%	25%	22% ^(a)	13% ^(b)	13% ^(b)
Non-BBC housing	25%	25%	13%	0% ^(c)	0% ^(c)

(a) 25% if an order was registered before December 31, 2010 and the deed was signed on or before March 30, 2011.

(b) 22% if an order was registered before December 31, 2011 and the deed was signed on or before March 30, 2012.

(c) 13% if an order was registered before December 31, 2012 and the deed was signed no later than March 31, 2013 or 6% if a building permit was filed before December 31, 2011.

Capping prices per sq.m

An investment cap was introduced by the Budget Act for 2012. The cost price of the housing unit was limited to a price per square meter of living space set by decree according to the location of the housing unit. There was a transition period for the application of this measure: only investments made on or after January 1, 2012 and not preceded by an order registered before December 31, 2011 were subject to this new cap.

Price caps per square meter were as follows:

Zone A and A bis	€5,000
Zone B1	€4,000
Zone B2	€2,100
Zone C	€2,000

Completion period

All housing units sold before completion were subject to a mandatory completion period of 30 months, starting from the beginning of construction, in order for the investment to be eligible for tax relief.

Rent ceiling

The Scellier incentive applies only to housing units located in specific municipalities where there is an imbalance between supply and demand. These are zones A, A bis, B1 and B2. During the agreed term of the tenancy, the monthly rent must be below the annual ceiling set by decree and based on the area in which the housing is located. This ceiling is raised on January 1 of each year in accordance with the Rent Reference Index.

The 2015 applicable monthly rent ceilings per square meter excluding expenses were:

Acquisition since January 1, 2012

(€/sq.m/month)

Monthly rent ceiling per square meter

Zone	Free	Intermediate
A (Paris outer suburbs, Côte d'Azur and French suburbs of Geneva)	€17.04	€13.63
A bis (Paris and its inner suburbs)	€22.97	€18.38
B1 (cities with more than 250,000 inhabitants and some communities)	€13.75	€11.00
B2 (cities of at least 50,000 inhabitants, coastal and border regions)	€11.21	€8.97
C (rural communities approved for a period of 3 years)	€7.80 ^(a)	€6.24

(a) With approval.

1.1.2.2.2. The "Duflot" incentive (in effect until August 31, 2014)

The incentive under the "Duflot" Law (adopted pursuant to Law no. 2012-1509 of December 29, 2012, known as the Budget Act for 2013) is intended to promote investment in rental properties as part of general Sustainable Development goals.

Accordingly, from January 1, 2013 to December 31, 2016, buyers of new rental properties are entitled to a tax reduction equal to 18% of the purchase price up to €300,000, which gives a maximum tax reduction of €54,000 over nine years. Two purchases per year are permitted for the same tax year, up to a total limit of €300,000 per taxpayer.

The tax reduction under the Duflot incentives is taken into account when calculating the total tax allowance ceiling of €10,000 for income tax in 2013.

Terms and conditions of the tenancy

The tenancy must take effect within twelve months of the completion of the building and be effective and continuous for a minimum of nine years.

The housing unit must be rented unfurnished for use as the tenant's primary residence.

The tenancy may not be entered into with a member of the taxpayer's household, an ascendant or descendant of the taxpayer.

The rent and the tenant's income assessed at the date of the lease may not exceed a ceiling set by decree based on the location and type of housing.

Capping prices per sq.m

The cost price of the housing unit is limited to a price per square meter of living space set by decree. The maximum price per square meter is set at €5,500 regardless of the location of the investment.

Completion period

All housing units sold before completion are subject to a mandatory 30-month completion period, starting from the beginning of construction, in order for the investment to be eligible for a tax relief.

Energy performance level

The tax reduction applies to housing units for which the buyer supplies proof of the overall energy performance level set by decree based on the type of housing.

Housing units purchased new or sold before completion must, according to the date of the building permits:

- either be labeled "low energy consumption buildings, "BBC 2005" as defined in the order of May 3, 2007 regarding the content of and conditions for awarding the "Haute Performance Énergétique" label;
- or comply with the 2012 thermal regulations (RT 2012).

Rent ceiling

The "Duflot" incentive applies only to homes located in specific municipalities where there is an imbalance between supply and demand. These are zones A, A bis, B1 and B2. During the agreed term of the tenancy, the monthly rent must be below the annual ceiling set by decree and based on the area where the housing is located and on the type of housing. This ceiling is raised on January 1 of each year in accordance with the Rent Reference Index.

The 2015 monthly rent ceilings per square meter excluding expenses are as follows:

Zones (€/sq.m/month)	Monthly rent ceiling per square meter
A (Paris outer suburbs, Côte d'Azur and French suburbs of Geneva)	€12.49
A bis (Paris and its inner suburbs)	€16.82
B1 (cities with more than 250,000 inhabitants and some communities)	€10.06
B2 (cities of at least 50,000 inhabitants, coastal and border regions)	€8.74

These rent ceilings are then multiplied by a factor calculated using the following formula, where 'S' is the floor area of the housing unit: $0.7 + 19/S$. The multiplication factor thus obtained is rounded up to two decimal places and may not exceed 1.2.

Income ceiling

The tenant's income to be taken into account is the reference tax income shown in the tax assessment for the year prior to the year preceding the signing of the tenancy agreement. This ceiling is raised on January 1 of each year in accordance with the Rent Reference Index.

The 2015 annual ceilings on tenant income were set as follows:

Composition of tenant household

(in euros/year)	Zone A	Zone A bis	Zone B1	Zone B2
Single person	€36,971	€36,971	€30,133	€27,120
Couple	€55,254	€55,254	€40,241	€36,216
Single person or couple with one dependent	€66,420	€72,433	€48,393	€43,554
Single person or couple with two dependents	€79,558	€86,479	€58,421	€52,579
Single person or couple with three dependents	€94,183	€102,893	€68,725	€61,853
Single person or couple with four dependents	€105,985	€115,782	€77,453	€69,707
Supplement for the fifth and each additional dependent	+€11,809	+€12,900	+€8,641	+€7,775

1.1.2.2.3. The "Pinel" incentive (in force from September 1, 2014)

The incentive under the "Duflot" Law (adopted pursuant to Law no. 2012-1509 of December 29, 2012, known as the Budget Act for 2013) has been renamed "Pinel" and recently underwent some adjustments (Law no. 2014-1654 of December 29, 2014, known as the Budget Act for 2015).

Accordingly, from January 1, 2013 to December 31, 2016, purchasers of new property are entitled to a tax reduction if they commit to renting the property unfurnished and for use as a primary residence.

For purchases made prior to September 1, 2014, the minimum term of the commitment remains 9 years. The tax reduction is set at 18% of the purchase price. The eligible investment amount is capped at €300,000 per taxpayer per year.

Currently, for purchases made after September 1, 2014, the minimum term of the commitment may be either 6 or 9 years. Accordingly the tax reduction is 12% for a 6-year commitment and 18% for a 9-year commitment. The eligible investment amount is capped at €300,000 per taxpayer per year and for a maximum of two properties per year.

When applying the incentive, no more than two purchases per tax year may be taken into account.

The tax reduction under the "Pinel" incentive is taken into account when calculating the total tax allowance ceiling of €10,000 for income tax in 2015.

Lastly, all housings sold before completion and purchased after September 1, 2014 shall be completed within 30 months, no longer from the date of announcing the construction, but from the date of signing of the notarized deed.

Terms and conditions of the tenancy

The tenancy must take effect within twelve months of completion of the building and be effective and continuous for a minimum of six or nine years. Once made, this choice is irrevocable.

An initial 6-year commitment may be extended for 3 years and this may be renewed once, i.e. for 6 additional years.

An initial 9-year commitment may be extended for 3 years and this may not be renewed.

The maximum term of the commitment to rent is therefore 12 years, whatever the term of the initial commitment.

The housing unit must be rented unfurnished for use as the tenant's primary residence.

Variation of the term of the tenancy and of the tax reduction rate

Where a taxpayer has signed a commitment for a 6-year term, the rate applicable upon a first 3-year extension is increased by 6%, i.e. 18%. With the second extension, the rate is increased 3%, i.e. 21%.

Where a taxpayer has signed a commitment for a 9-year term, the rate applicable upon a first 3-year extension is increased by 3%, i.e., 21%.

Term of initial commitment	Tax reduction rate
6 years	12%
First 3-year extension	6%
Second 3-year extension	3%
Maximum tax reduction	21%
9 years	18%
Three-year extension	3%
Maximum tax reduction	21%

Unlike the "Duflot" incentive, the tenancy may be entered into with a member of the taxpayer's household, an ascendant or descendant of the taxpayer for investments made on or after January 1, 2015, provided that the ceilings for the rent and tenant's income are respected and the ascendant or descendant is not a member of the taxpayer's household.

The rent and the tenant's income assessed at the date of the lease may not exceed a ceiling set by decree based on the location and type of housing (Decree no. 2012-1532 of December 29, 2012).

These adjustments apply to investments made on or after September 1, 2015.

Rent ceiling

Similarly to the "Duflot" incentive, the homes must be located in specific geographic areas in which there is an imbalance between supply and demand. These are zones A, A bis, B1 and B2.

During the agreed term of the tenancy, the monthly rent must be below the annual ceiling set by decree and based on the area where the housing is located and on the type of housing. This ceiling is raised on January 1 of each year in accordance with the Rent Reference Index.

The monthly rent ceilings, per square meter, excluding expenses, are as follow for leases signed in 2015 and leases signed or renewed in 2016:

Zones (€/sq.m/month)	Monthly rent ceiling per square meter	
	2015	2016
A	12,49 €	12,50 €
A bis	16,82 €	16,83 €
B1	10,06 €	10,07 €
B2	8,74 €	8,75 €

These rent ceilings are then multiplied by a factor calculated using the following formula, where 'S' is the floor area of the housing unit: $0.7 + 19/S$. The multiplication factor thus obtained is rounded up to two decimal places and may not exceed 1.2.

Income ceiling

The tenant's income to be taken into account is the reference tax income shown in the tax assessment for the year prior to the year preceding the signing of the tenancy agreement. This ceiling

is raised on January 1 of each year in accordance with the Rent Reference Index.

The 2015 annual ceilings on tenant income were set as follows:

Composition of tenant household

(in euros/year)	Zone A	Zone A bis	Zone B1	Zone B2
Single person	€36,971	€36,971	€30,133	€27,120
Couple	€55,254	€55,254	€40,241	€36,216
Single person or couple with one dependent	€66,420	€72,433	€48,393	€43,554
Single person or couple with two dependents	€79,558	€86,479	€58,421	€52,579
Single person or couple with three dependents	€94,183	€102,893	€68,725	€61,853
Single person or couple with four dependents	€105,985	€115,782	€77,453	€69,707
Supplement for the fifth and each additional dependent	+€11,809	+€12,900	+€8,641	+€7,775

The "Pinel" incentive has the same requirements as the "Duflo" incentive in terms of price ceiling per sq.m, the time limit for completing the purchase of housing units sold before completion (VEFA) and energy performance level.

The annual ceilings on tenant income are as follows for leases signed in 2016:

Composition of tenant household

(in euros/year)	Zone A	Zone A bis	Zone B1	Zone B2
Single person	€36,993	€36,993	€30,151	€27,136
Couple	€55,287	€55,287	€40,265	€36,238
Single person or couple with one dependent	€72,476	€66,460	€48,422	€43,580
Single person or couple with two dependents	€86,531	€79,606	€58,456	€52,611
Single person or couple with three dependents	€102,955	€94,240	€68,766	€61,890
Single person or couple with four dependents	€115,851	€106,049	€77,499	€69,749
Supplement for the fifth and each additional dependent	€12,908	€11,816	€8,646	€7,780

1.1.2.2.4. The "Zero-Interest Plus Loan"

The Zero-Interest Plus Loan ("PTZ+"), a centralized extended system of tax credits, was introduced to simplify the existing range of grants.

This new interest-free loan, advanced by government-registered credit institutions, was created from the overhaul of "PTZ 2010" and the discontinuation of the "Pass-Foncier" and the tax credit on loan interest, which ended on January 1, 2011.

It applies to individuals wishing to finance the purchase, refurbishment or construction of their primary residence as a first-time homeowner. Buyers are considered to be first-time homeowners if they did not own their primary residence during the two years preceding the loan offer.

The "PTZ+" loan is advanced to taxpayers subject to income requirements.

Article 107 of the Budget Act for 2016 simplifies and broadens the zero-interest loan from January 1, 2016. In application of the aforementioned law, Decree no. 2015-1813 of December 29, 2015 amended the income ceilings, loan ratios, transaction ceilings as well as the repayment options. Currently, a PTZ may be used to finance up to 40% of the purchase of a new home. Loan repayment may be deferred by 5, 10 or 15 years, depending on income, and households may rent out their home after 6 years, without having repaid the loan in full. Finally, the income ceilings have been raised, thereby creating an opportunity for more households to be eligible:

Composition of tenant household

(in euros/year)		Zone A	Zone B1	Zone B2	Zone C
Single person	From January 1, 2016	€37,000	€30,000	€27,000	€24,000
	Prior to January 1, 2016	€36,000	€26,000	€24,000	€22,000
Couple with 2 children	From January 1, 2016	€74,000	€60,000	€54,000	€48,000
	Prior to January 1, 2016	€72,000	€52,000	€48,000	€44,000

1.1.2.2.5. Home ownership for low income households

1 - ANRU zones

Under the ENL (Engagement National pour le Logement) Law of July 13, 2006, purchases by low-income households of new homes in neighborhoods undergoing urban renewal or located within a 500-meter radius of such neighborhoods qualified for the reduced VAT rate of 5.5%. The Supplementary Budget Act for 2011 increased the reduced VAT rate from 5.5% to 7%, except for social housing programs under Article 278-*sexies* of the French General Tax Code if such programs were underway before January 1, 2012.

The Supplementary Budget Act for 2012 had announced an increase in the VAT rate from 7% to 10% for the aforementioned zones effective January 1, 2014.

However, the Budget Act for 2014 made further changes to this tax incentive. For example, from January 1, 2014, the VAT rate was reduced to 5.5% in the ANRU zones and also became applicable in an area reduced from a 500-meter radius to a 300 meter-radius from those zones. Finally, for transactions that have not been completed at January 1, 2014 and located in that same zone, the VAT rate has been lowered retroactively from 7% to 5.5%.

Furthermore, the Budget Act for 2016 maintained the 5.5% rate until 31 December of the second year following the date of expiry of the agreement signed with the National Agency Renewal Agency "ANRU", for transactions for which the building permit was filed during such two years.

However, for programs located outside the 300-meter radius of an ANRU zone, the VAT rate has now been increased to 20%, except for programs located within the 300-500 meter radius for which a building permit was filed before December 31, 2013, which preserve the 7% rate.

In order to benefit from this incentive, the following conditions must be met:

- districts eligible for this incentive are disadvantaged urban areas (plus neighborhoods subject to dispensation from Article 6 of Law no. 2003-710 of August 1, 2003) for which an urban renewal agreement was signed with the National Urban Renewal Agency or which are located within 300 meters of the boundary of these districts;
- the housing unit is intended to serve as a primary residence;
- the purchaser's income does not exceed the ceiling provided for in Article L. 441-1 of the Construction and Housing Code by more than 11%, it being specified that the conditions concerning income shall be calculated on the date of signature of the final deed of sale, on the basis of taxable annual income from two years prior, which must be proven by production of the purchaser's tax assessment notice.

2 - New priority districts

The Budget Act for 2015 (Law no. 2014-1654 of December 29, 2014, known as the Budget Act for 2015) introduced a reduced 5.5% VAT rate for deliveries of housing units as part of a home ownership program for the purchase of a home used as a primary residence by people of modest means and located in the priority districts based on town and city policies.

These new districts will gradually replace the ANRU zones whose removal is now planned. Enjoying the same tax rules as those applicable in the ANRU zones, these new districts should make it possible to build new homes on new territories.

Town contracts are made on an inter-community scale, between on one side the government and public institutions and, on the other side, the municipalities and the relevant public entities for inter-municipal cooperation with special tax treatment, the territorial departments and regions in order to implement actions contributing to the achievement of the objectives of the town policy. The priority districts based on town and city policies are located on urban territories and are characterized by a minimum number of inhabitants and an economic and social development spread assessed based on the inhabitants' income. Ref. BOI-TVA-IMM-20-20-20-20160203 n° 35 et 37.

To be applicable, the incentive requires that the housing unit be located, at the time of award of the building permit, either in a priority district based on town and city policies which have a contract with the city, or, located at a distance within 300 meters from these districts.

The districts were defined in the Urban planning and urban cohesion law of February 21, 2014, which came into force on January 1, 2015. To be eligible for this incentive individuals must meet certain income requirements.

Thus, the homebuyer's income may not exceed the maximum ceilings provided for in Article L 411-2 (8) of the Construction and Housing Code by more than 11%. Furthermore, the reduced rate only applies if the conditions concerning the sale price are met.

Finally, this incentive is applicable only for transactions for which a building permit request was filed on or after January 1, 2015. It applies until December 31, 2024.

The incentive applies also to building permits which have been filed between January 1, 2015 and the date of the signing of the inter-community contract which shall take place no later than January 31, 2015.

1.1.2.3. New housing market indicators

1.1.2.3.1. Market volume

A. Single-family homes

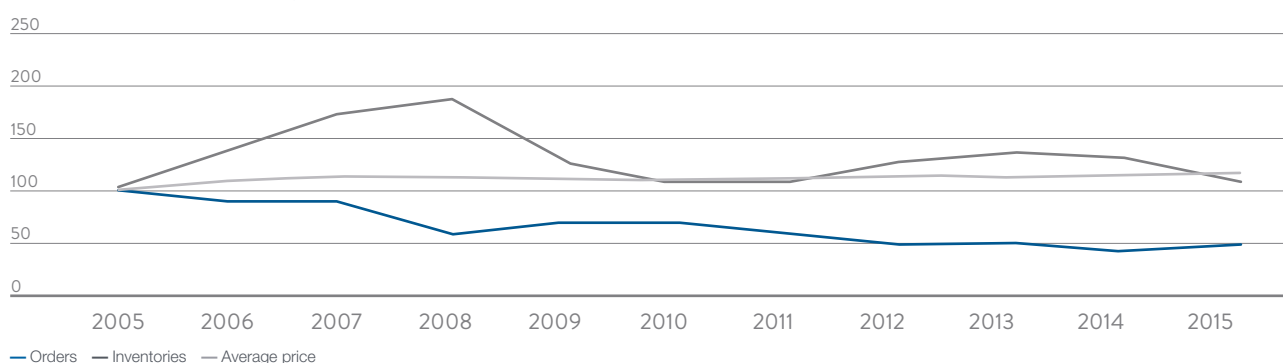
The French market for Single-family homes in communities represented 7,407 orders in 2014 and 8,237 in 2015.

Changes in orders, inventory and average price for Single-family homes in communities over the past ten years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Orders	18,432	16,535	16,478	10,727	12,761	12,752	10,272	8,551	8,841	7,419	8,237
Inventories	8,181	11,134	14,201	15,362	10,341	8,770	8,685	10,557	11,019	10,491	8,960
Average price (in euros)	220,507	243,494	250,548	248,790	243,253	239,305	246,707	250,447	247,715	253,251	249,186

Source: French Ministry of Ecology, Sustainable Development and Energy, New Housing Unit Sales Study (ECLN).

The French market for Single-family homes in communities (base 100 in 2005)



The table below shows the largest markets for single-family homes in France.

Orders	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Île-de-France	3,092	2,868	2,386	1,729	1,910	2,215	1,385	1,123	1,421	1,264	1,398
Rhône-Alpes	1,701	1,550	1,579	1,065	1,324	1,896	1,590	1,316	1,203	1,059	1,155
Provence Côte d'Azur	1,488	1,503	1,741	929	1,474	992	803	760	839	790	838
Languedoc-Roussillon	1,166	1,530	1,551	1,066	1,041	780	766	491	530	362	486
Midi-Pyrénées	955	847	1,253	606	594	496	499	636	582	672	616

Source: French Ministry of Ecology, Sustainable Development and Energy, New Housing Unit Sales Study (ECLN).

B. Apartments (Multi-family units)

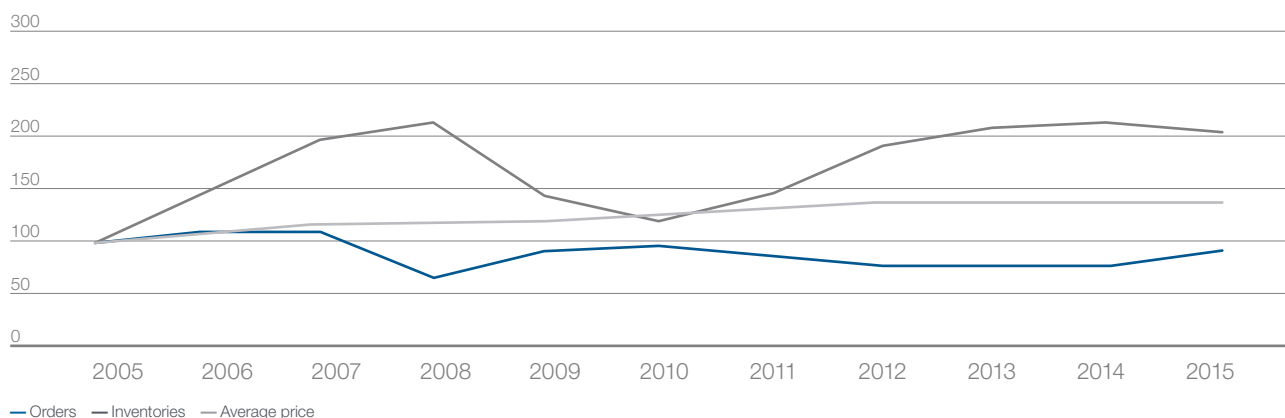
The French market for new apartments represented 79,543 orders in 2014 and 94,301 in 2015.

Changes in orders, inventory and average price per sq.m for apartments over the past ten years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Orders	102,991	109,429	110,539	67,780	93,041	102,533	94,728	80,373	80,472	79,531	94,301
Inventories	44,590	67,506	87,866	94,425	58,880	50,560	64,139	85,505	93,083	95,192	90,326
Average price in €/sq.m	2,850	3,071	3,281	3,345	3,367	3,571	3,784	3,875	3,878	3,868	3,895

Source: French Ministry of Ecology, Sustainable Development and Energy, New Housing Unit Sales Study (ECLN).

The French Apartment Market (base 100 in 2005)



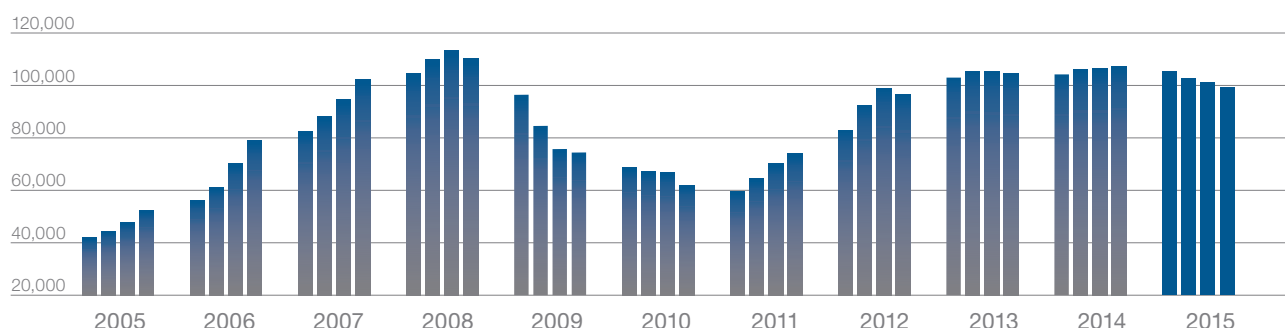
The table below shows the largest markets for apartments in France.

Orders	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Île-de-France	18,263	17,278	18,472	12,479	16,894	19,637	18,881	20,346	22,090	21,307	23,048
Rhône-Alpes	15,445	16,077	16,776	11,143	16,281	18,918	16,997	13,282	11,774	12,236	14,474
Provence Côte d'Azur	10,883	13,108	13,340	8,695	12,473	14,134	11,777	10,261	9,609	10,105	11,636
West ^(a)	12,062	13,336	11,980	7,788	10,749	12,498	10,306	7,692	7,392	7,139	9,601
Languedoc-Roussillon	6,852	7,569	7,642	5,253	6,984	6,947	6,815	4,729	5,738	5,413	6,006
Aquitaine	7,993	7,178	6,657	3,380	4,957	5,576	5,076	4,265	4,531	4,802	3,986
Midi-Pyrénées	7,529	8,622	7,351	4,096	4,331	4,743	4,896	4,382	4,467	4,251	6,981

Source: French Ministry of Ecology, Sustainable Development and Energy, New Housing Unit Sales Study (ECLN).

(a) Combination of the Pays de la Loire and Bretagne regions.

1.1.2.3.2. Inventory of housing units available for sale in France (number of units per quarter)



Source: French Ministry of Ecology, Sustainable Development and Energy, New Housing Unit Sales Study (ECLN).

The inventory of the housing available for sale totaled 99,124 units at December 31, 2015 which represent a 6.2% decrease compared to the fourth quarter of 2014 (105,683 housing units). The level of housing inventory available for sale has been slightly but constantly decreasing in 2015. Such trend seems to be a reversal of the upward trends which has been initiated in the first quarter of 2011, when it had reached its lowest level since 2006 with less than 61,000 units available for sale, to reach its highest

level in the third quarter of 2014, with more than 107,000 housing units. In the fourth quarter of 2015, the completed housing inventory represents approximately 6.5% of the housing available for sale i.e., 6,500 housing units (6.4% of the apartments and 6.9% of the single-family units, respectively). At November 30, 2015, the group had 59 completed housing units remaining to be ordered which represents less than 2% of its commercial offer compared to 34 housing units for the same period in 2014.

1.1.2.4. Main competitors

In addition to the local and regional developers who are well positioned in their geographic markets, Kaufman & Broad competes with major national companies which, in particular, operate in the group's markets.

The following table shows the number of housing unit orders of the main competitors in the market for new housing in France:

Market operators	2015	2014	2013
Nexity ^(a)	11,741	10,365	10,121
Bouygues Immobilier ^(b)	11,400	11,776	10,963
Kaufman & Broad	6,901	5,871	5,379
Cogedim ^(c)	(d)	4,526	3,732
Vinci ^(e)	4,189	3,321	2,823
Icade ^(f)	3,999	3,912	3,533
Les Nouveaux Constructeurs ^(g)	2,400	1,600	1,874

Sources:

(a) Nexity: Press Release of Tuesday, February 16, 2016.

(b) Bouygues Immobilier: estimated data based on the rate mentioned by Bouygues Immobilier in its publication of February 24, 2016.

(c) Cogedim: Press Release 2014 Results of March 4, 2015.

(d) No published as on the date of this document.

(e) Vinci: 2015 Registration Document.

(f) Icade 2015 annual results dated February 23, 2016.

(g) Les Nouveaux Constructeurs: Press Release of February 4, 2016.

1.1.2.5. The group's market share

The following table shows the group's estimated market share in terms of orders, in each of its business segments:

Market share	2015	2014
Grouped homes		
Île-de-France	7.6%	7.4%
Languedoc-Roussillon	0.2%	0.6%
Midi-Pyrénées	6.2%	6.5%
Aquitaine	4.0%	3.5%
Provence-Alpes-Côte d'Azur	0.5%	1.4%
Total grouped homes, France	3.0%	2.5%
Apartments^(a)		
Île-de-France	9.2%	9.6%
West ^(b)	6.6%	8.3%
Aquitaine	13.2%	12.8%
Languedoc-Roussillon	6.0%	5.0%
Midi-Pyrénées	17.9%	11.1%
Rhône-Alpes	3.6%	3.1%
Provence-Alpes-Côte d'Azur	7.5%	11.2%
Total Apartments, France	7.1%	7.2%
Total Housing Units, France	6.7%	6.8%

Source: Kaufman & Broad and French Ministry of Housing, New Housing Unit Sales Study (ECLN).

(a) Combination of the Pays de la Loire and Bretagne regions.

(b) Representing Multi-occupancy housing activity of the group (apartment, residence and hotel.)

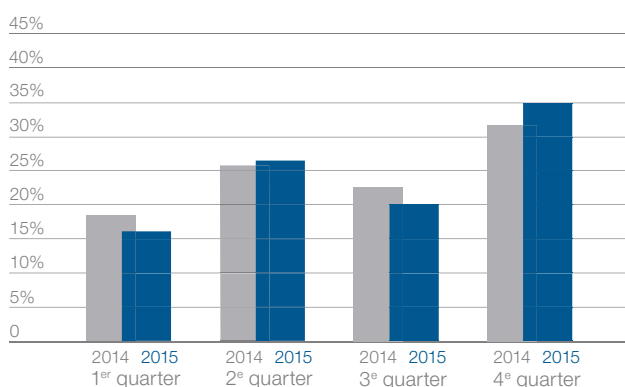
1.1.2.6. Seasonality and the business cycle

The industry in which Kaufman & Broad operates is cyclical in nature and may be influenced by numerous macroeconomic factors, be they financial, economic, demographic, sociological, etc. (see Section 1.1.2.1. "Macroeconomic Indicators").

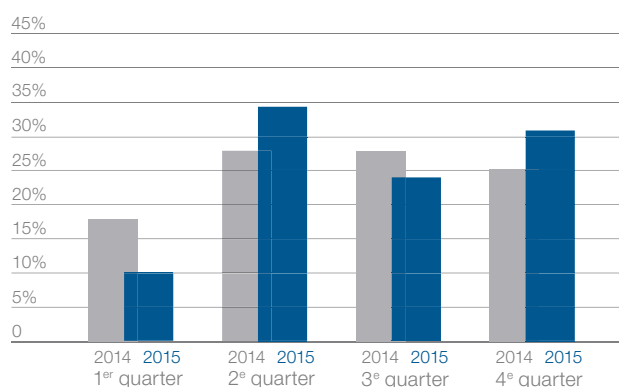
The following shows the group's sales activity, reflected in orders, during the last two fiscal years:

Orders by quarter

Single-family homes in communities



Multi-occupancy housing



1.1.3. Operational organization of the group

Since its creation in France, Kaufman & Broad has been convinced that in-depth knowledge of local markets is necessary in order (i) to acquire the best sites on the best possible terms, (ii) to design products adapted to demand by anticipating changing demand, and (iii) to effectively manage its relationships with local authorities, construction companies and subcontractors.

1.1.3.1. Operational structure of the group

The group is organized into Corporate divisions and four operating divisions grouped under two business lines – Housing and Commercial. The Housing business line comprises three regional operating divisions headed respectively by Nordine Hachemi for Île-de-France, Jacques Rubio for the Southwest Region, and William Truchy for the West, North, Rhône-Alpes, East and Southeast Regions. The Commercial business line comprises the Commercial Property and Logistics operating division headed by David Laurent.

In addition, Kaufman & Broad has 14 branch divisions: the Île-de-France region (divided into three sectors), Loire-Atlantique, Bretagne (in Rennes), Caen, Lille-Flandres, Rhône-Alpes, Savoie, Côte d'Azur, Provence, Méditerranée (Bouches-du-Rhône), Languedoc-Roussillon, Midi-Pyrénées, Pyrénées-Atlantiques and Gironde. The management teams in each of these branches have significant experience in their local markets.

To leverage this local expertise for the group, the regional divisions are given substantial autonomy to identify sites, develop sales strategies, implement development and construction activities and control costs. Each regional division has a business development and project management department, a technical department, a sales department and, in some cases, a 'Design Space' showroom. They are also supported by shared regional resources (legal, management control, technical purchases, sales administration) and the

group's central resources, namely the Corporate divisions of Finance, Information Technology, Legal, Tax, Architecture, Major Projects, Marketing-Communication and Internet, Human Resources, Innovation and quality.

The company provides its subsidiaries and regional divisions with various administrative and management services, and particularly consulting, in:

- project financing;
- organizational set-up, recruitment, personnel management, payroll administration and compensation;
- accounting, legal, tax and treasury management;
- processing and installation of information systems;
- marketing, assistance and advice for sales to private customers;
- Innovation and quality.

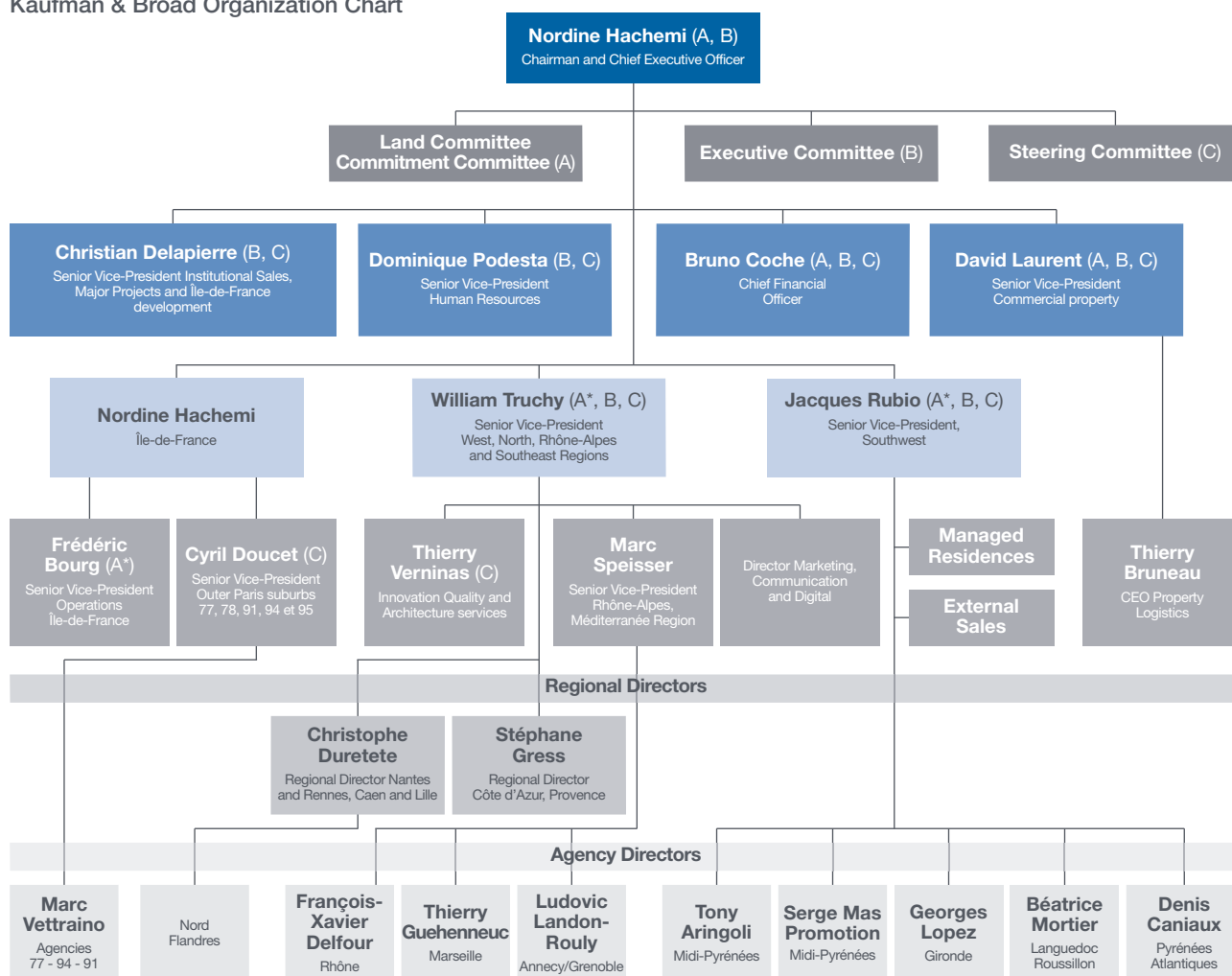
With the exception of Corporate and IT costs, which are all re-charged to the subsidiaries using a distribution matrix fixed each year in the budget based on the business volume and the office space used by each subsidiary, the cost of the services listed above is divided among companies of the group through the intercompany partnership, known as an Economic Interest Grouping, based on the number of employees assigned to each activity and the business volume of each group company.

The main subsidiaries of the Company – Kaufman & Broad Homes, Kaufman & Broad Développement, Kaufman & Broad Nantes, Kaufman & Broad Rhône-Alpes, Kaufman & Broad Savoies, Résidences Bernard Teillaud, Kaufman & Broad Côte d'Azur, Kaufman & Broad Provence, Kaufman & Broad Méditerranée, Kaufman & Broad Languedoc-Roussillon, Kaufman & Broad Midi-Pyrénées, Kaufman & Broad Pyrénées Atlantiques, Kaufman & Broad Gironde, SM2I, Kaufman & Broad

Flandres, SAFAUR and SMP – supply the companies running real estate programs with development, management, marketing, and technical assistance services for project owners. In payment for these services rendered, the companies providing them receive fees in accordance with signed agreements. These agreements generally provide for payment of

4.8% (excluding VAT) of post-tax revenues for management, administrative, legal, financial and accounting services; of 5.5% (excluding VAT) of post-tax revenues for marketing and use of the brand; and of 3% (excluding VAT) of the technical cost (excluding VAT) for technical management assistance services.

Kaufman & Broad Organization Chart



A*: Land Committee and Commitment Committee for their Regions.

1.1.3.2. Geographic presence

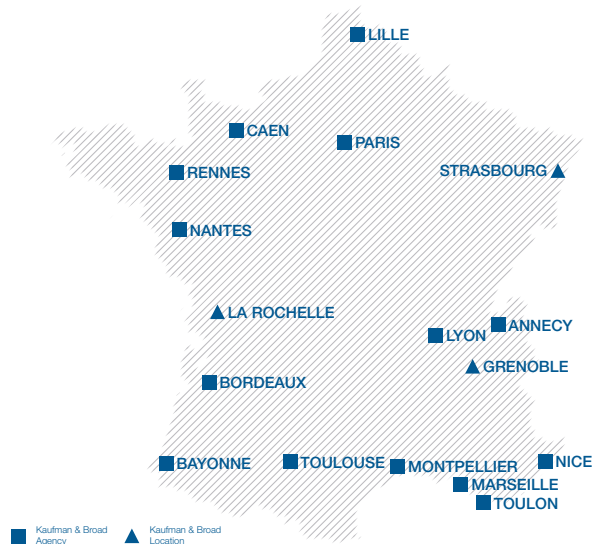
Kaufman & Broad's policy is to conduct business in geographic areas with strong potential for economic and demographic growth in the medium and long term. This objective has prompted the group to focus its business in order to increase its market share in the most dynamic Regions. In 2015, Île-de-France accounted for 45% of the group's revenues from housing with the remaining 55% coming from the Regions.

Kaufman & Broad intends to continue to develop its operations in the major economic and demographic regions where it still sees strong growth potential, such as: Annecy, Bayonne, Bordeaux, Caen, Grenoble, La Rochelle, Lille, Lyon, Marseille, Montpellier, Nantes, Nice, Rennes, Toulon, Toulouse, Strasbourg and, most importantly, Île-de-France.

Metropolitan France, where Kaufman and Broad conducts all its business, boasts a favorable socio-demographic environment. Over the 12 months to end-November, the number of housing units authorized and the number of housing units started increased by 0.7% (to 364,100 units) and 0.4% (to 338,000 units) respectively. Despite an average increase of 1% in the housing stock over the past 30 years, housing demand still outstrips supply. Moreover, with a stable Rent Reference Index ('RRI') of -0.01%, no socio-economic factor is likely to bring about a sudden drop in housing demand.

Kaufman & Broad thus considers that the positioning of its various programs across the country is consistent with its identified customer base. This situation has enabled Kaufman & Broad to set up operations in three new cities: Caen, La Rochelle and Strasbourg.

The map below shows the group's current presence in France.



1.1.4. Customers and products

1.1.4.1. Customers

The group's policy is to develop innovative products that meet the expectations of a broad range of customers consisting of homebuyers (for primary and secondary residences) and private, Corporate or institutional investors in Île-de-France and other major metropolitan areas. With such a diverse portfolio of customers, the group has the flexibility to adapt quickly to market changes. Historically, the group's positioning was primarily in the

market for second-time homebuyers, long considered the deepest and most durable market. However, the 2008 real estate crisis and the reluctance of second-time buyers to enter into transactions for new housing units led Kaufman & Broad to realign its strategy and refocus its commercial offer by offering more compact products. These types of product are more tailored to the financial profitability requirements of investors and to the creditworthiness requirements for first-time homebuyers.

Buyer type*

	Share of orders (number)		Share of revenues from orders (including VAT)	
	2015	2014	2015	2014
Investor ^(a)	39.2%	36.6%	41.4%	34.5%
Block	40.3%	33.6%	29.3%	28.0%
First-time homebuyer	15.0%	22.7%	18.9%	26.4%
Second-time homebuyer	5.5%	7.1%	10.4%	11.0%
Total	100%	100%	100%	100%
(a) Including "Dufflot" and "Pinel" investors	35%	28%	36%	27%

* Including joint-ventures.

In a fragile and still uncertain economic environment, where housing demand continues to outstrip supply, Kaufman & Broad's strategy is to increase its business focused on first-time homebuyers who benefit from the "Zero-Interest Plus Loan" program, while continuing to develop products designed for investors under the "Pinel" incentive. Furthermore, in order to better meet the needs of the market, the group is focusing more on its managed housing for tourism, students and seniors, where demand is extremely high. In 2015, the group received a still-significant portion of its orders from investors (up 23% over 2014 in terms of number), as well as from block orders, despite the slowdown in activity by public housing operators throughout France in 2015. Orders for rental investment made up 41.4% of revenues (including VAT) (36% of which were under the "Duflo" and "Pinel" incentives), while block orders accounted for 29.3% of revenues. First- and second-time homebuyers accounted for 29.3% of revenues, against 37.4% in 2014.

1.1.4.1.1. Buyers of primary residences

The market for first-time buyers consists of homebuyers making their first property purchase. The typical first-time buyers are couples aged between 25 and 35, with or without children, who have a monthly household income of about €3,000 to €4,000. They generally purchase an apartment with an average of 60 sq.m of living space or a single-family home with 85 sq.m of living space, at a price (including VAT) ranging from €190,000 to €300,000. To finance the purchase of their home, first-time buyers may be eligible for the "Zero-Interest Plus Loan" and a 1% employer loan.

Kaufman & Broad considers that first-time buyers of primary residences still represent strong business potential, even though group orders from first-time buyers were at a standstill in 2015, due to their ongoing difficulties in obtaining loans despite the very low interest rates.

The market for second-time buyers consists of purchasers who already own a home and who buy after selling their home. Typical second-time buyers are 35- to 60-year-old couples with one or more children. The monthly household income for these buyers is generally €4,000 to €8,000. Second-time buyers typically purchase a home with 80 to 160 sq.m of living space.

In 2015, the sales price (including VAT) of the group's single-family homes ranged from €174,000 to €783,000. The average price was €367,000 in Île-de-France and €277,000 in the Regions. Living space in these homes ranges from 60 to 160 sq.m, depending on the program (see Section 2.1.3. "Tracking of indicators").

In 2015, the selling price (including VAT) of apartment units ranged from €2,700 to €11,600 per sq.m in Île-de-France and fluctuated between €1,500 and €7,700 per sq.m in the Regions. The average selling price (including VAT) of apartments (including parking) was close to €4,700 per sq.m in Île-de-France and €3,900 per sq.m in the Regions.

The following tables show the change in the average price (including VAT) and in the average living space (excluding land) for single-family homes in Île-de-France, and the average price of the apartments delivered by the group over the past ten years.

Average price and average living surface of single-family homes in Île-de-France

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average price (including VAT in €)	302,700	306,900	319,900	307,400	335,600	294,600	301,700	252,500	313,100	381,400	367,000
Average area (sq.m)	113	111	107	110	113	96	100	80	90	98	88

Average price of apartments in Île-de-France and in the Regions

(in €, incl. VAT)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Île-de-France	248,600	252,600	249,900	241,900	208,500	226,900	266,900	238,800	207,800	205,800	256,300
Regions	152,600	171,600	185,900	188,000	197,300	197,100	201,420	212,000	198,500	183,700	197,500

1.1.4.1.2. Individual investors

The group designs programs which are fully eligible for the main tax incentives, particularly the Pinel Incentive (see Section 1.1.2.2. "Tax incentives") and in line with the requirements for social housing. The group estimates that in 2015 individual investors buying through prescribers, specialized networks or its sales offices generated 39% of its orders in number, against 37% in 2014. According to the individual investors' declarations of intent, the group estimates that 35% of their orders were made under the Pinel Incentive, against 28% under the incentives in force in 2014 (Duflo and Pinel).

1.1.4.1.3. Institutional investors and public housing operators

For several years, Kaufman & Broad has been developing a strong partnership with the leading French and foreign institutional investors (insurance companies, pension funds, real

estate trusts, and public housing operators) and it has become a recognized player in this market segment.

The group estimates that these investors generated 39% of its orders in 2015 against 34% in 2014.

1.1.4.2. Products

Kaufman & Broad's products consist on four classes of products: (i) apartments, (ii) Single-family homes in communities, (iii) managed accommodation for tourism, students and seniors and (iv). Commercial Property.

The reputation of Kaufman & Broad has been built on the quality of its products. Consequently, the group closely monitors the construction companies it uses in order to select the best subcontractors for future programs. For this purpose, the companies involved are assessed by the group's technical services department, generally on completion of each project.

In its Single-family homes in communities programs, Kaufman & Broad works to create houses with harmonious architecture and functional interior design (large living room, separation of day-time and night-time areas, master bedroom suites, extensions or models that can be upgraded to suit changing needs, etc.). The group also attaches great importance to the landscaping of its programs.

In the same way, with its apartment programs, the group encourages architecture that blends in with urban sites, may use well-known architects, and aims to produce functional interiors that optimize available space.

1.1.4.2.1. Single-family homes in communities

For nearly 50 years, the group has developed and marketed the concept of Single-family homes in communities in France. Particular attention has been paid to the site selection.

Each community, depending on its size, has several different models, with an average size of between 20 to 60 homes for each program.

The strengths of Kaufman & Broad's reputation for single-family homes are:

- the strong brand identity of our programs and our homes;
- programs with high-quality landscaping:
 - open spaces, carefully arranged entrances and green spaces,
- home design expertise:
 - double-height living rooms,
 - master bedroom suites,
 - family room,
 - spare rooms, etc.
- particular attention is paid to light and to the optimization of space.

Each single-family home is delivered with a private planted yard with a lawn.

These model homes are available in several architectural styles.

In Île-de-France, the group's Single-family homes in communities are generally:

- detached or semi-detached houses that range in size from 75 to 90 sq.m, designed primarily for first-time buyers or investors;
- Single-family homes in communities with living space generally ranging from 100 to 160 sq.m and designed primarily for second-time buyers.

For this type of program the group offers solutions focused on and incorporating the following criteria:

- projects that respond to the wishes and needs of customers and communities;
- quality urban planning incorporating eco-friendly ideas;
- minimizing the impact of roadways and vehicle traffic;
- special attention to pedestrian areas and soft mobility;

- storm water collection in landscaped bioswales;
- variety of home models, in terms of type, size and architectural design.

In the Regions, the group develops its Single-family homes in communities business with products designed for both first and second-time buyers, at prices ranging from €200,000 to €700,000.

In an effort to keep meeting the expectations of its customers, Kaufman & Broad regularly updates its housing range, offering new models with more contemporary architecture in keeping with today's Sustainable Development and energy saving requirements.

1.1.4.2.2. Apartments

When developing its apartment programs, Kaufman & Broad is very careful in selecting sites. In Île-de-France, these sites are often located close to public transportation and local services. In the Regions, the sites are also located in the city centers or inner suburbs of Marseille, Aix-en-Provence, Avignon, Lyon, Annecy, Annemasse, Nice, Antibes, Toulon, Saint-Tropez, Saint-Raphaël, Toulouse, La Rochelle, Bayonne, Montpellier, Béziers, Nîmes, Nantes, Rennes, Caen, Lille and Strasbourg.

Kaufman & Broad pays great attention to the architecture of its buildings, the design of communal areas (entry hall, stair landings, yards and green spaces), interior fittings, space optimization, and outlook. The group also produces buildings that take account of the latest energy saving requirements in compliance with the 2012 RT regulations, applicable since January 1, 2013.

In Île-de-France, the group markets apartments intended primarily for:

- first-time homebuyers or investors in the inner, middle and outer Paris suburbs, offering an average surface area of 40 to 60 sq.m at prices typically ranging from €3,300/sq.m to €5,300/sq.m (including VAT);
- second-time buyers in the inner and middle Paris suburbs, offering an average surface area of 65 to 80 sq.m at prices typically ranging from €4,500/sq.m to €7,500/sq.m (including VAT).

In the Regions, the group offers its apartment programs under the Kaufman & Broad brand primarily to:

- first-time homebuyers or investors, with apartments offering an average surface area of 40 to 60 sq.m at prices typically ranging from €2,700/sq.m to €4,500/sq.m;
- second-time buyers, with apartments offering an average surface area of 60 to 80 sq.m at prices typically ranging from €4,000/sq.m to €6,000/sq.m.

Kaufman & Broad's expansion in the other Regions means that the group is able to market apartments intended for first- and second-time buyers and investors both in the main provincial cities as well as in secondary economically buoyant cities.

In addition, Kaufman & Broad's products are located on quality sites on the Atlantic, Brittany and Mediterranean coasts and attract a customer base of retirees.

1.1.4.2.3. Managed accommodation

Kaufman & Broad develops managed accommodation throughout the country for tourists, students, corporations or non-assisted seniors.

Managed accommodation is operated by specially selected managers with recognized expertise, a solid reputation and a sound, proven financial position, thus reassuring the owners that their property will be leased.

These special purpose housing units are marketed as amortizable investments for non-professional renters of furnished accommodation or under the Censi-Bouvard incentives that enable buyers to recover VAT.

Moreover, Kaufman & Broad is positioned as a key player in the Silver Economy and responds to the national challenge of helping people that are becoming less self-sufficient to continue living at home by offering two solutions: adapting the accommodation in the majority of the homes it builds and, for people looking for social connections, groupings of housing units for seniors at affordable prices, in partnership with a nationally recognized service provider. These apartments are offered to private homebuyers, as unrestricted investments or under the Pinel incentive.

1.1.4.2.4. Commercial Property

For its Commercial Property developments, Kaufman & Broad focuses on meeting the key requirements of:

- users, by designing:
 - high-quality spaces that are a pleasure to use and adapted to new ways of working,
 - efficient buildings (optimization of space at each workstation), with high technical and environmental performance and optimized operating costs,

- investors, by enhancing their investment through the use of high-quality design (up-market buildings), making space flexible and adaptable over time, thus guaranteeing their longevity.

In the past, Kaufman & Broad had a large Commercial Property business, an activity that reinforced its strong reputation in Île-de-France. Since 2011, the group has been relaunching this activity at a pace of one or two office programs per year on average and, since the acquisition of Concerto European Developer in 2014, of one or two logistics platforms per year. As part of its commercial operations, the group is also looking into the development of hotels and/or commercial premises. The group operates this business either on behalf of third parties (project management contracts and real estate promotion contracts), or under a strict policy of purchasing land after the entire program has been presold (sale before completion or 'VEFA').

Since 2010, Kaufman & Broad and Elithis have been in a partnership known as Revivalis®, in order to combine their expertise and enter the market for the redevelopment of Commercial Property in compliance with France's low-energy consumption standard, *BBC-Effinergie Rénovation*. Revivalis® is intended for project owners who want to avoid discounting their real estate assets for reasons of obsolescence. This offer should enable project owners to benefit from an enhanced value of their real estate assets, significant reductions in energy consumption, compliance with environmental standards and customized redevelopment of their buildings.

1.1.5. Marketing and sales

The marketing of Kaufman & Broad products involves a dynamic and highly responsive sales and marketing policy. The communication strategy, whether traditional or digital, involves the deployment of targeted resources for each product and each municipality, as part of a national policy with regional variations.

This policy is applied at all points of contact with customers and future buyers, whether at our sales offices, which are true showcases of our brand's expertise, or at our show houses or apartments, decorated by professional interior designers.

1.1.5.1. Sales team

Kaufman & Broad sells its housing units through its own sales teams and specialized networks.

At November 30, 2015, these teams consisted of 157 people, including 96 sales representatives with an average of 9.4 years with the group. The majority of the sales personnel earn a fixed salary plus a sales commission paid monthly. Kaufman & Broad believes that its sales force, comprising real estate professionals familiar with the group's products and code of conduct, is highly effective. This sales force also ensures that the group is owner of the lists of its customers and prospects.

There are separate dedicated teams that market single-family homes and apartment units in the group's sales offices. For sales of apartments to institutional investors, the group relies on its head office department for institutional sales, on its sales department and on its regional network, which manage relationships with this customer base. In addition, Kaufman & Broad has dedicated sales managers in each region who sell to individual investors (products eligible for tax incentives). Kaufman & Broad thus uses specialized networks – such as banks, financial consultants and other specialist companies – to sell certain products, in particular projects that may be eligible for tax incentives. The group enters into sales and marketing agreements with these specialized networks on a project by project basis, and a commission is paid when the deed of sale is signed.

1.1.5.2. Sales offices

Kaufman & Broad focuses on the design of its sales offices because it believes that potential customers often associate the quality of the housing program with the quality and appearance of the sales office. In order to benefit from its brand recognition and strong reputation, Kaufman & Broad designs the sales offices for its various programs in exactly the same way. The group's regional sales offices follow a national Corporate identity, which sets out the architecture and decor for these offices.

Kaufman & Broad's sales office Corporate identity policy is tailored to the group's image as a dynamic, innovative and upscale brand.

Most of the group's programs have their own sales office, either on site or in the immediate vicinity. In certain cases, sales are conducted by multi-program vendors without sales offices. The group's policy is to open its sales offices every day for all developments with more than 100 housing units.

When the size of a program justifies it, the group builds decorated show homes or model apartments, with the same focus on presentation and design quality.

1.1.5.3. Showrooms

As part of its strategy to offer customers a wide range of services and the possibility of personalizing their homes prior to delivery, Kaufman & Broad has opened Design Spaces or showrooms in Neuilly-sur-Seine, Lyon, and Toulouse. A showroom shared by the sales offices of Marseille, Nice and Toulon opened in Fréjus in the second half of 2015. These showrooms offer Kaufman & Broad customers a broad range of options (carpeting, tiles, hardwood floors, fireplaces, walk-in closets or storage space, bathrooms, kitchens, etc.), which are a highly effective way of combining the functions of the sales and technical departments.

1.1.5.4. Advertising

To launch its real-estate programs (Single-family homes in communities or Apartments), Kaufman & Broad conducts local advertising campaigns (except for programs known as "exceptional" programs that may attract an external customer base) involving the distribution of prospectuses, advertisements in the free press, in trade publications and on web banners, as well as direct marketing (mailings and e-mailings).

For national promotional campaigns, the group takes broader initiatives, such as poster campaigns, radio campaigns and even website skins – initiatives that are always conducted in parallel with campaigns at local level.

1.1.5.5. Website

KB Patrimoine

In 2003, Kaufman & Broad set up a website for marketing advisors, KBPatrimoine.com, so that its partners can have permanent access to a virtual market place detailing the group's housing unit offers.

The website, which requires a login name and password, provides information about the group's investor offers and the ability to download all the contractual documents required to place an order. A provisional order system is in place so that interested parties can be sure of the availability of a unit for client viewings, while an alert and workflow system allows real-time follow-up of availability and updates of sales documentation.

Currently the group has more than 2,500 wealth management advisors and prescribers who access the site on a regular basis.

In 2015, KB Patrimoine recorded almost 111,000 visits to its website and 14,347 provisional orders, which resulted in close to 1,100 sales.

kaufmanbroad.fr

Kaufman & Broad provides its potential customers with a website (<http://www.kaufmanbroad.fr>), an iPhone application, an iPad application and a Facebook Fan Page featuring all the group's programs (detailed descriptions of available housing units, amenities and services, videos, location map, interactive promotional material, 3D images where possible, availability, floor plans and sales price).

In 2015, more than 1.42 million visits were recorded. More than 847 orders were generated from the Internet. The site also provides financial information about the group in French and English, and regulatory information in French.

1.1.6. Sales method

In order to limit its financial exposure, Kaufman & Broad generally begins the sale process for its programs prior to completing the purchase of the land.

When possible, the pre-sale process begins when the application for a building permit is filed. Once the cost of the program has been determined and the construction phases set, order contracts can be offered to customers.

Kaufman & Broad must comply with buyer protection laws and in particular the SRU (Solidarity and Urban Renewal) Law which is incorporated in the French Construction and Housing Code. Accordingly, the sales administration department sends customers a copy of the signed order contract by registered mail with acknowledgement of receipt. All customers by law then have 10 calendar days from the date of receipt of the contract during which they can reconsider and withdraw.

If they do not withdraw, the sale covered by the order is subject only to the usual conditions of obtaining the related loans and insurance. Potential buyers do not however lose the right to withdraw from the sale by forfeiting their deposits.

1.1.6.1. Customer assistance during the sales process

Sales teams can help customers obtain financing if customers so desire and depending on the information they provide. This initial analysis gives the group an approximate assessment of the financing capacity of each buyer and thereby limits the risks of triggering the cancellation clause in sale contracts when financing is not obtained.

To comply with applicable rules and regulations in this matter, Kaufman & Broad has registered several of its subsidiaries with ORIAS as Banking Transactions and Payment Service Intermediaries in the Non-exclusive agents category.

Accordingly, as part of its strategy to improve customer services, Kaufman & Broad generally refers its customers to financial institutions (prominent first-tier banks) with which the group has forged partnerships so that it can offer its customers loans at negotiated terms and rates. A financial advisor may also be present at the sales office when a major program is launched.

The group's Sales and Marketing Department generally assists customers throughout the process until the signature of the final deed of sale. The department usually helps customers prepare the financial paperwork, particularly their loan and insurance applications. It makes sure that the civil-law notary sends drafts of the contract to the customer, which must, according to law, be delivered at least one month before the scheduled signature date. It also ensures that notices to attend the notarized signing of the contracts are sent out at the appropriate time.

1.1.6.2. Form of sales and payment schedule

Since September 1, 1999 the group has marketed all its programs under the rules governing sales before completion ('VEFA'), as do most of its competitors.

Under a VEFA contract, the law has given real estate developers the option of calling for payments from customers as and when the works progress towards completion in accordance with a payment schedule governed by law, in exchange for the obligation to issue customers with a Performance Bond (see Section 1.1.10. "Program financing"). Calls may not exceed 35% of the total price on completion of the foundation work, 70% on boxing up, and 95% on completion of the building. The balance is due on delivery. The signature of the VEFA agreements immediately transfer to the buyer the title to the land and title to the building, as and when construction is completed.

During a VEFA sale, most of the calls for payments for single-family home programs keep to the following schedule: a 5% order deposit at the time of the order, paid into an escrow account if the final deed of sale is signed within a year of the order; 25% on the start of construction work; 5% on completion of the foundations; 20% on completion of the structural work; 15% on boxing up; 15% on completion of the interior partitions; 10% on completion of the works; and 5% on delivery. Kaufman & Broad may modify this payment schedule for customers as part of periodic promotions designed to increase the rate of sales of certain programs. For apartment programs, in most cases payments are made in accordance with the following schedule: a 5% order deposit at the time of the order paid into an escrow account if the final deed of sale is signed within a year of the order; 25% on the start of construction work; 5% on completion of the foundations; 20% upon completion of the ground-floor deck; 10% upon completion of the second-floor deck; 5% on boxing up; 10% on completion of external carpentry work; 10% on completion of interior partitions; 5% on completion of the works; and 5% on delivery. Payments are called from customers based on certificates of works prepared by the general contractor. It should be noted, however, that if the deed of sale is signed after completion of one of the events above, the portion of the price due on signing will be the price stipulated based on the percentage of completion method, as determined by said payment schedule. Kaufman & Broad may modify this payment schedule for customers as part of periodic promotions designed to increase the rate of sales of certain programs. Except in the particular circumstances relating to order contracts signed by outside sales networks or to specific and exceptional sales conditions, 5% of the price (including VAT) of the housing unit is generally paid by the customer when the order contract is signed, and must be deposited by the group in an escrow account for orders. This amount is held in escrow until

the final signature of the contract of sale, when the group definitively acquires the funds. This amount is returned to the customer if: (i) the contract of sale is not signed within the time specified in the order contract; (ii) the loan or loans stipulated in the order contract are not obtained by the customer, or the amount of the loans obtained is 10% less than the amounts provided for in the order contract; (iii) any of the fittings described in the order contract cannot be delivered; or (iv) the building (or the part of the building) that is covered by the order contract declines in value by more than 10% in terms of consistency or quality of planned work, as determined by an expert.

1.1.6.3. Customer service

With its commitment to customer satisfaction, Kaufman & Broad has created a customer service department responsible for answering any questions customers may have, both about the functioning of their home or any defects there may be.

This department gets involved from the moment the home is delivered and becomes the customers' contact point, providing them with information about the running of their home, moving in or general inquiries.

When a defect is discovered in a home, the customer service department contacts the construction company in question and makes sure there is a rapid response. Similarly, if the one-year completion bond, the two-year guarantee of good working order or the ten-year guarantee is enforced, the customer service department helps customers contact the relevant construction or insurance companies (for a description of these guarantees and insurance, see Section 1.3.1. "Insurance").

To ensure customer satisfaction and continuously improve customer service, Kaufman & Broad has gradually introduced a system of satisfaction surveys given to customers on delivery of their housing units. This survey gives the group feedback from customers, both on the general quality of its products and on the services offered by the group (sales team, technical services, the showroom advisor, and customer services). It also allows the group to identify customer requirements and to improve its range of products and services.

Kaufman & Broad thus offers customers a comprehensive service from the moment they sign the order contract to the delivery of their property. This type of personalized follow-up provides accurate customer feedback that enables the group to put in place appropriate strategies for development and innovation.

1.1.7. Development Process

1.1.7.1. Single-family homes in communities and Apartments

Programs for Single-family homes in communities and for Apartments are typically developed in four stages: obtaining administrative permits; purchasing the land; sale of the housing units; and their construction.

If possible, the sales process (order contracts) begins when the building permit is filed, even before the purchase of the land.

The normal time frame for completion of a typical development (completion of roads, utilities connections and construction) of Single-family homes in communities is approximately 12 months.

An apartment program takes an average of 18 months, excluding the time needed to put together the project and arrange pre-sales marketing.

1.1.7.2. Commercial Property

The group's Commercial Property activities are usually carried out for third parties or sold before completion to a final user or an identified final investor. In the case of redevelopment or renovation work, the group is awarded either a real-estate promotion contract (where the group designs and builds the project for the building's owner-investor in return for a lump sum including fees) or a project management contract (where the group pays nothing toward construction and receives only a fee). In the case of sales before completion (VEFA), the group designs the real-estate program with the assistance of outside architects. Once the commitment to sell is signed, the group seeks a tenant or user for the future premises, as well as a final investor who will be the purchaser of the property program in question. The land or building is not purchased until some or all of the parties are identified.

Usually, the purchase of the land and the construction of the offices do not start until they are all sold.

1.1.8. Purchase of land

1.1.8.1. Selection of land

Kaufman & Broad's strategy is only to buy the land required for the growth of its business and never to purchase land for speculative investment.

The land purchased by the group over the last three fiscal years (including land purchased by companies acquired during the fiscal year in which they were acquired) represented a total investment of €202.7 million in 2015, €251.7 million in 2014 and €164.8 million in 2013.

Kaufman & Broad has its own teams specializing in identifying land and putting together real estate programs.

These teams research land parcels, study the administrative, legal, marketing and technical aspects, and also prepare a provisional business plan for the project to be built on the land. They look for land that meets the group's selection criteria, which include:

- its geographic location (near to a dynamic city with a good reputation for Single-family homes in communities and, for apartment units, in the center of town or near an attractive metropolitan area with a good reputation where apartments are concerned);
- its surroundings (proximity to job market areas, public transportation and public facilities such as daycare centers, schools, and to stores, cinemas, green spaces and sports facilities such as golf courses, swimming pools, etc.);
- its quality (soil and orientation);
- the group's investment criteria, namely: land on which 15 to 90 single-family homes or developments for 10 to 200 apartments may be constructed, while offering in each case a minimum projected gross margin of 19.0% (after taking into account the application of IAS 23 relating to the capitalization of borrowing costs).

Kaufman & Broad reviews the quality of the land parcels. A soil survey of the site being considered for purchase, which generally includes a study of pollution and previous land use, is always conducted by a specialized firm.

For single-family home programs, a technical study of roads and utilities networks is usually carried out to determine the amount of improvement work enabling the total cost of land development to be fixed. Since its inception, Kaufman & Broad has had its own team specializing in roads and utilities networks. This team prepares the overall site plan and monitors development of the program.

1.1.8.2. Approval of projects by the Land Committee

The Land Committee unanimously confirms the strategic and financial relevance of the programs under consideration and the estimated budget for preliminary expenses (up to the filing of an application for a building permit). It also authorizes the payment of an order deposit for the land (particularly in the case of unilateral contracts of sale).

The Committee members are the Chairman and Chief Executive Officer, the Chief Financial Officer, the Senior Vice President of the region concerned and the director of the agency.

The file, which is presented to the members of the Committee by the Regional Vice President generally includes the following information:

- a presentation of the land and its surroundings (location within the community, proximity to stores, public networks and services);
- the nature of the legal commitments under consideration (type of contract of sale or plan for a Corporate acquisition; the form and amount of the earnest money);
- a market survey to analyze the local market, the infrastructure, the price of new and existing housing units in the area, and the number of programs in progress and under development in the area in order to recommend an average sales price for the housing units in the planned program;
- a technical and architectural feasibility study;
- a provisional marketing plan for each distribution channel;
- a projected construction schedule;
- a balance sheet and cash flow projection based on the provisional sales prices indicated by the market survey;
- the provisional amount of expenses prior to obtaining building permits.

1.1.8.3. Project management and development costs

If a program is approved by the Land Committee, a contract of sale, which is generally unilateral, may be signed, subject to the condition precedent of obtaining the final building permit and to customary practices (conditions relating to vacating the location, conditions relating to the nature of the soil, the presence of pollution or classified installations as defined by the French Environmental Code and the absence of archeological protection requirements).

This contract includes the following:

- the sale price of the land;
- the terms and conditions for completing the transaction: obtaining the permits required in order to build a minimum number of square meters or, for single-family homes, a minimum number of homes;
- the deadline for exercising the purchase option, which must be compatible with the time limits required for obtaining the administrative permits free of objections from third parties, or for the withdrawal of an administrative permit;
- usually, a marketing clause.

In certain cases, the group signs undertakings to purchase shares in companies which own land parcels. In addition to the conditions precedent described above, this type of agreement includes conditions relating to the completion of accounting, financial and legal audits.

1.1.8.4. Commitment Committee

Prior to filing the building permit application (and after signature of a bi-lateral contract of sale, if use of this type of commitment has been necessary) and before the start of the sales and marketing process, the members of the Land Committee meet as a Commitment Committee to approve the program's strategic approach (particularly the commercial and technical aspects), confirm the program's updated budget that will be used as a benchmark, approve the program's type and structure, authorize the filing of the building permit application, and authorize the launch of the request for tenders and the marketing and sales tools. These decisions constitute a unanimous authorization granted to the director of the agency in question to continue the analysis of the real estate development project.

The documents presented to the members of the Committee constitute an update to the file initially submitted to the Land Committee.

A building permit application is then filed with the mayor's office in the municipality where the work will be carried out. Kaufman & Broad's teams monitor the processing of the permit applications with the engineering services departments of the towns concerned or with the relevant Departmental Public Works Office (DDE). The normal time required for processing a building permit application is generally three to five months. To this must be added the time for objections from third parties, which runs for two months from posting of the building permit at the construction site and, in some cases, the three month period during which the mayor's office may withdraw a building permit. Third parties (associations or neighbors) may challenge building and demolition permits on the grounds that they do not comply with local urban planning regulations, such as zoning plans and development plans for Mixed Development Zones (ZACs), or with the French Urban Planning Code.

If an objection is filed, the group has three options:

- abandon the project and invoke the non-fulfillment of the condition precedent to obtain a clear building permit provided for in the contract of sale of the land;
- defend the project before the competent administrative court (this solution is rarely chosen because of the long delays caused by these courts' work load);
- try to reach an amicable settlement with the applicant, pursuant to which the latter agrees to withdraw all objections.

1.1.8.5. Final decision to purchase land

The final decision to purchase land is made by the members of the Land Committee. The general rule adopted by Kaufman & Broad provides that final acquisition of the land only occurs if (i) the necessary administrative approvals are obtained to build the project on the land, free of any third party objections (this last condition applies in most cases), and if (ii) the program's profitability as set forth in the projected budgets has been checked.

In most cases, the operational managers submit their land purchase request when they have reached a pre-sale rate of around 50%. However, in some circumstances, such as meeting the deadline for completion of the contract of sale, the group may acquire land before this pre-sale rate has been reached.

During each exercise, the group follows the sale level of its real estate programs upon completion of the acquisition of land. At November 30, 2015, the average of pre-sale rate of the programs under which the land had been purchased during this period was 63% against 68% for the same period in 2014.

Exceptionally, the members of the Land Committee may authorize a purchase when not all the conditions listed above have been met, for example, without reaching the target pre-sale rate or without obtaining all administrative authorizations without objection.

If the projected financial budgets on which the Commitment Committee has based its decision cannot be met, the definitive purchase of the property in question is re-submitted to the members of the Land Committee for approval.

Any real estate purchase request made by a regional division is in the form of a file that includes the following documents:

- a memorandum on the administrative status of the land and on marketing;
- updated budget;
- projected cash flow plan;
- state of progress of the file;
- updated statements of orders, by distribution channel, with a comparison to the Commitment Committee's targets;
- comment from the director of the agency on the order rate, if this is below 50%;
- draft of the notarized deed;
- progress report on the request for tender documents.

1.1.9. Land development and monitoring the construction

1.1.9.1. Single-family homes in communities

The majority of land purchased by Kaufman & Broad for its single-family homes programs is not connected to transport and other utilities. Prior to the final acquisition of land, a team of technicians specialized in roads and other utilities, in consultation with an outside firm, conducts a study of how to connect the site to roads and other utilities.

Usually, construction work does not begin until a pre-sale rate of approximately 50% of the value of the phase of homes to be built is reached.

The technical department of the single-family homes division, composed of engineers and specialized technicians, acts as general contractor for single-family home programs, monitors their construction, and each phase of the program. It ensures that the work is carried out in compliance with the contracts signed and with Kaufman & Broad's quality standards and monitors adherence to the construction schedule.

To do this, group foremen regularly perform onsite inspections of the work, with each foreman monitoring two or three programs. Outside inspectors are also hired to ensure the quality of the construction.

The delivery of groups of single-family homes in phases gives the group significant security by enabling work to begin on each phase depending on the pace of sales.

Delivery of homes in phases also provides great flexibility because it allows the group to vary the types of homes by category of design in accordance with customer preferences. If a decision to make a change is made, the group files an application for the corresponding amended building permit.

1.1.9.2. Apartments and Commercial Property

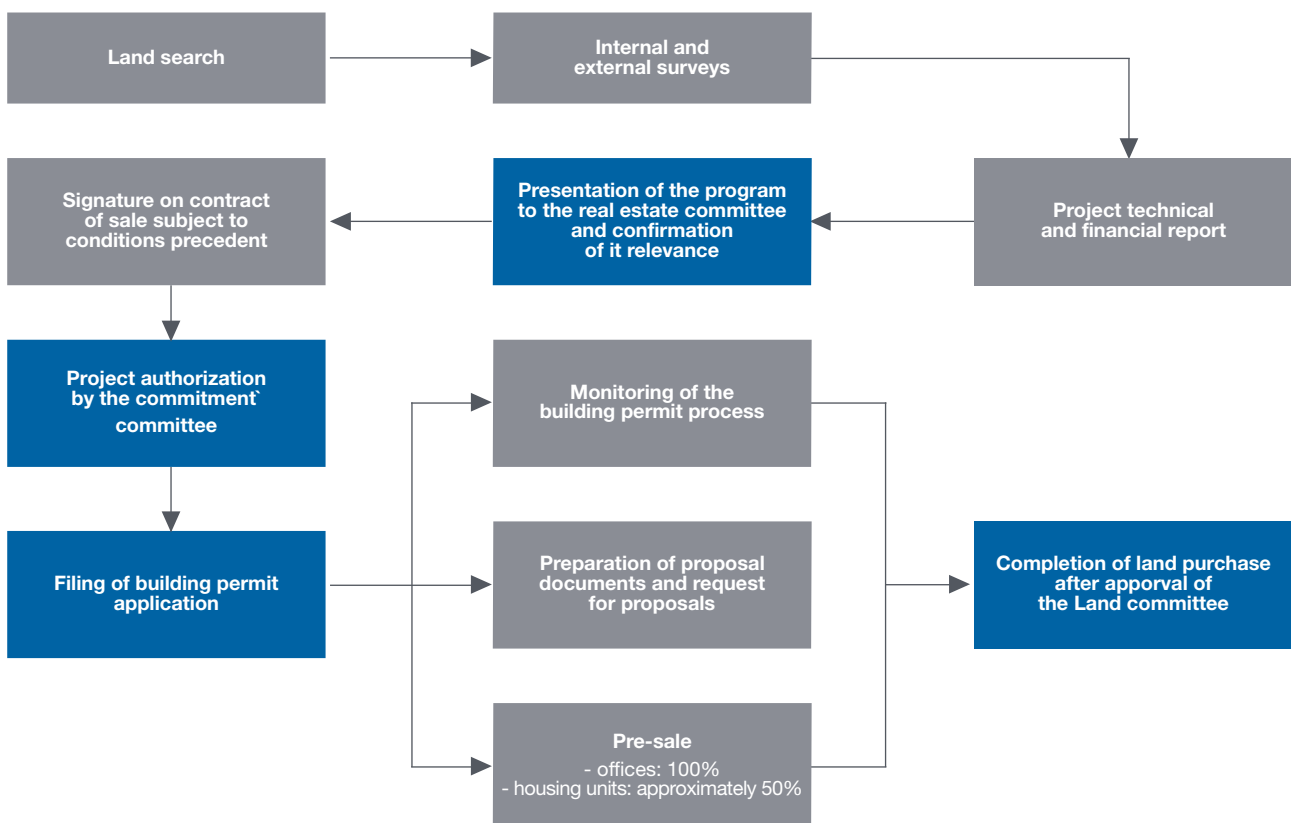
As a general rule, construction of apartment units does not usually begin until a pre-sale rate of approximately 50% of the total development project value is attained.

For Commercial Property, however, the land is not purchased nor is the construction work begun until the entire development has been pre-sold.

For its apartment and Commercial Property programs, Kaufman & Broad does not usually act as general contractor (except on a regional basis), but instead uses outside architects and/or general contractors who, working together with the group, prepare the architectural plans and timetable for the program and monitor the quality and execution of the construction process.

Centralized risk analysis and control

The diagram below summarizes the business model described above:



1.1.9.3. Monitoring operating budgets

Every quarter, the operating budgets for all the property programs are reviewed and updated by the operational players concerned (real estate, technical, and sales) in the agency, under the responsibility of the relevant regional management

controller and are approved by the director of the agency. Financial balance sheets are submitted at quarterly Committee meetings, by each Regional Vice President concerned, to the Finance Department and to the Senior Vice President of the Region, where they are then jointly approved.

1.1.10. Program financing

The group's financial structure is described in Section 1.2.1.5.2. "The group's main debt facilities", and Section 4.1.5. "Statement of financial position – Liabilities", Note 24 "Borrowings and other financial liabilities".

The main financial institutions of the group are: Crédit Mutuel ARKÉA, Crédit Mutuel, B.E.C.M., the Banque Populaire and Caisse d'Épargne group (Palatine, SOCFIM, Natixis, etc.), Crédit Agricole-CIB and Société Générale, as well as institutions specializing in surety services and insurance brokerage, such as: Atradius, MB cautions, SFS.

As part of a sale before completion (VEFA), Article L. 216-10-1 of the French Construction and Housing Code provides that customers must receive, a Performance Bond or a financial guarantee for the repayment of any amounts to be paid in the

case of the termination of the contract due to a default of completion, before the signature of the notarized deed. For building sold before completion of which a building permit request was filed before January 1, 2015, this bond may either be issued by the program itself (intrinsic guarantee) or take the form of a bank guarantee (extrinsic guarantee). The intrinsic guarantee has been removed by the Order n° 2013-889 of October 3, 2013, ratified by Article 172, IV, 6° of the ALUR Law of March 24, 2014.

For all its programs, the group generally uses the extrinsic guarantees by obtaining a bank bond, for each transaction, from the group's financial institutions mentioned above and from certain insurance companies. This method accelerates the signature of sale contracts and facilitates the calls for payment.

1.1.11. Builders and suppliers

Kaufman & Broad's policy is generally to choose all its contractors and suppliers through calls for tenders. This applies both to general contractors in charge of all the works on a project and to individual trade contractors tendering for separate portions of a program.

Kaufman & Broad checks, against available information, the financial position of its contractors and their financing capacity to perform their obligations (based on the Company's size and the size of the program), for instance by using the services of business information providers. Kaufman & Broad also verifies that such contractors are covered by appropriate insurance. The group checks the quality of their past work and their ability to respect schedules. Finally, trade contractors are selected and the contracts are signed by type of work and program by program.

In 2008, the group implemented a national purchasing policy for finishing work to streamline the benefits delivered to customers and optimize the related costs (see section 1.7.4.1. "Business Practices and Ethics", paragraph "Centralized procurement").

For its single-family home programs, the group mainly uses individual trade contractors. Most general contractors either do not build single-family homes or do so at prices higher than those of individual trade contractors. The majority of apartment and office programs are also carried out by individual trade contractors. A smaller proportion is awarded to general contractors.

The majority of Commercial Property programs are carried out by general contractors having the expert knowledge for dealing with complex programs and meeting the required deadlines.

Kaufman & Broad has gradually been implementing a paperless process for handling calls for tenders, via an electronic platform that enables tender documents to be filed online. Already in use as a pilot project in some agencies, the aim is to extend its use to all our agencies because it can greatly reduce the volume of paper files and also increase responsiveness through online file tracking and sending of reminders.

Architects, design firms and land surveyors are selected through competitive bidding or private agreements. These parties are chosen on the basis of their technical skills, financial bid, organization and the quality of prior work.

The group considers it important to assess its degree of dependence on its main suppliers.

In order to more carefully assess its potential exposure to default by its suppliers, Kaufman & Broad has, since November 1, 2013, been using a rating system for the selection of suppliers, partners or affiliates and for the signature of contracts in calls for tenders. The use of financial ratings is intended to ensure the soundness and reliability of the companies with which the group enters into contracts.

1.1.12. Intellectual property

1.1.12.1. Kaufman & Broad brand

The group markets its single-family homes and apartments under the "Kaufman & Broad" brand, or eventually, under the brands of its portfolio resulting from acquisitions and which benefit from strong reputation on local markets.

According to an opinion survey conducted by TNS-Sofres in 2015, the Kaufman & Broad brand enjoys the top score overall opinion on the national territory. Such score corresponds to the positioning by the group as a "quality generalist", developed since several years, especially through its involvement in the quality of construction and in the sales of products.

As part of the disposal of the majority interest in KB Home to Financière Gaillon 8 on July 10, 2007, the Kaufman & Broad group became the owner of the Kaufman & Broad brands and logos for the European Economic Area and Switzerland. To this end, Kaufman & Broad SA acquired stock in Kaufman & Broad Europe Sprl (a Belgian company to which KB Home had previously transferred the brands and logos, which has since become Kaufman & Broad Europe SAS, governed by French law). Licensing agreements were signed, firstly, between Kaufman & Broad Europe SA and Kaufman & Broad SAS and, secondly, between Kaufman & Broad Europe SAS and the main operational subsidiaries of Kaufman & Broad SA. Under these agreements, Kaufman & Broad Europe SAS granted to Kaufman & Broad SA and its subsidiaries an operating license

for its Kaufman & Broad brands, logos and domain names in France for an indefinite duration unless terminated by any of the parties pursuant to a notice period of three (3) months. The license is granted free of charge by Kaufman & Broad Europe SAS to Kaufman & Broad SA in return for a 0.7% license fee (excluding VAT) on the annual amount, excluding tax, of notarized sales made by subsidiaries of Kaufman & Broad SA, payable quarterly (see Sections 3.2.6. "Transactions with companies that have directors in common with the company or other group companies" and 4.1.6. "Additional information", Note 30 "Related party transactions").

1.1.12.2. Other brands

The group owns other brands which it may use in its operations, in particular Bréguet, SMCI, Park, Frank Arthur, Sefima, First, Sopra, Résidences Bernard Teillaud, Avantis, Malardeau, SM2I, Concerto.

The group has also acquired stake in the following companies during this exercise: Safaur (since October 7, 2015, date on which Kaufman & Broad has announced the acquisition of its stake in Safaur, real estate developer in Caen) and Serge Mas Promotion (since January 7, 2016, date on which Kaufman & Broad has announced the acquisition of its stake in the company, real estate developer in Toulouse).

The group has also offers packs to its customers, including Etudiantel, Revivalis, Concept Silver, Pack Silver, Pack Succes.

1.1.13. Main offices

For the conduct of its business, the group rents offices from third-party landlords in Neuilly-sur-Seine, Lyon, Marseille, Toulon, Rennes, Toulouse, Bayonne, Grenoble, Montpellier, Nice, Annecy, Bordeaux, Nantes, Lille and Caen. These offices are occupied under commercial leases, usually for a term of nine

years. For the companies that were part of the group on November 30, 2015, rents and rental charges totaled €5.5 million (excluding VAT), against €5.1 million (excluding VAT) in 2014 (see Section 4.1.3. "Statement of comprehensive income," Note 6 "Administrative expenses").

1.2. Risk factors

The risks and uncertainties to which the group is exposed that could have a material adverse effect on its operations, earnings, financial position, and outlook are presented below. The occurrence of all or part of these risk factors could, in particular, result in significant differences against the forward-looking statements and other financial data, included in the group's documents filed with the AMF or in any other written or oral statements. The list of risks shown below is not exhaustive since risks may arise in the future of which the group is currently

unaware, or other risks may exist with effects, which are not currently believed to potentially have a material negative impact on the business, results and financial position of the group. The risk factors detailed below are presented by type. However, since the group cannot always quantify the likelihood of occurrence and/or the level of their impact on the group's operations and financial position, it did not seem relevant, or possible, as the case may be, to establish a particular ranking within each risk category.

1.2.1. Risks related to the economic and financial environment

1.2.1.1. Risks related to the economic crisis

The market for new housing in France in which the group operates remains strongly influenced by the general economic environment. Changes in key macroeconomic indicators, such as economic growth, consumer confidence, interest rates and the rate of unemployment (described in Section 1.1.2. "Main characteristics of the business") are some of the variables that may impact the business of property development. At the date of this Registration Document, growth remains limited in the European Union, and particularly in France. Moreover, the International Monetary Fund forecasts for the coming year remain cautious (1.3% in France for 2016) (source: IMF, World economic outlook, January 2016). The major trends of the French markets for the coming years as well as recent developments are presented in Section 2.1.4. "Outlook".

Buyers decide to purchase real estate based on their ability to make such purchase at the time of purchase, as well as depending on their confidence in their ability to be able to meet their future obligations. Buying a home is a major investment that affects the financial position of homebuyers for many years. While the need for a home remains the main reason to buy, a lack of means is still a major hindrance. With incomes stagnant in recent years, this ability depends less on households' purchasing power than on their ability to borrow. For companies, the ability to obtain financing, as well as the future profits that may be generated from the exploitation of its property are also important factors when choosing to acquire a property.

The demand for properties sold by the group depends directly on the ability and the willingness of financial institutions to extend loans for amounts that are sufficient for potential buyers to finance the acquisition of such property. The terms of the loans, namely their maturity, their rates of interest and the conditions for extending them (personal funds contributed, guarantees required, etc.) as well as the economic inflation rate are likely to have a direct impact on the level of demand for property for sale. The group's operating income could be significantly impacted should demand decline due to, among other things, difficulties faced by potential homebuyers to finance their purchase.

In recent years, the group has benefited from a favorable environment, characterized by low mortgage rates and relatively long maturities for its housing activity. A future decrease of the mortgage rate is unlikely considering the historically low levels recently recorded in a market environment already competitive between banks operating in real estate financing. An increase in interest rates may thus result in an increase of mortgage rates.

Furthermore, the sale price of real estate depends on the rate of return expected by investors, which depends on the variations of long-term interest rates. An increase of the long-term interest rate may result in an increase of the rate of return expected by investors and thus downward pressure on sale

prices; such changes may lead the group to abandon or reschedule some real estate projects which may adversely affect its development.

For Kaufman & Broad, the market for new housing has two key focus areas: home ownership and rental investment, the latter being divided between institutional and individual investors. These focus areas are still supported by the various tax incentives that have been in place for the past several years, whether they are intended for first-time buyers through the "Zero-Interest Plus Loan" or for private investors through the various tax incentives offered to them (Scellier, Censi-Bouvard and Duflot in 2013-2014 and Pinel since September 2014). [The selective approach to location and the continuous adjustments to the definition of the products offered for sale by the company have enabled it to maintain its business in a weakened and uncertain general environment.

Any factor with a negative effect on the real estate market may have a damaging effect on the group's business. Such factors could, in particular, reduce demand for houses and apartments or increase the timeframe required to build them or the associated costs. A fall in demand could reduce the ability of the group to find homebuyers for the part of the real estate program that has not been pre-sold before purchasing the land and starting construction work. It is also possible that the group may not be able to pass on construction cost increases to the sale prices, either because of an economic recession or because the prices of housing units are set several months before their delivery in accordance with the terms of contracts for sale before completion. In addition, the level of group's order book – which includes revenues relating to property not yet delivered and for which no notarized deed has yet been signed – may decrease in the event of a lasting decline of real estate prices in France. Finally, lower demand or longer construction deadlines could postpone the recognition of profits of real estate programs because of the revenue recognition method applied by the Company (see Section 2.2.2. "Sources of net income" – paragraph on Revenues). The group's inability to anticipate or to adapt to the changes in these trends would materially affect its business, results of operations, financial position and outlook.

Furthermore, the costs relating to the group's real estate programs vary depending on the general level of demand for suppliers and sub-contractors in the French real estate market. When economic conditions improve, the demand for sub-contractors increases, which may result in an increase of the price of their services which is reflected in the costs of construction for developers. This rise in prices is usually observed 12 to 18 months after the first signs of improvement of the economic conditions. Conversely, if economic conditions deteriorate and demand slows, prices fall in the same way, usually also within a period of 12 to 18 months.

In this environment, the group has, for several years, been diversifying its offer to include products to which it can apply its housing development expertise, such as serviced accommodation (tourism, students, corporations and non-assisted seniors) and the service sector which could partially reduce its exposure to the cyclical nature of new housing in France.

Such diversification could however increase the rate of order cancellation, change the pace of recognition of the group's revenues or affect its gross margin. For example, the application of the method for recognizing income on the basis of percentage-of-completion for Commercial Property as a consequence is slower in the generating revenue compared to what can be seen for the Housing business. This effect is due to two main factors:

- first, the rate of pre-sales: the group does not usually commit itself to Commercial Property programs unless the program has been pre-sold in full (see Section 1.1.6 "Sales method"); while for housing programs, the group usually becomes committed to housing programs after a pre-sale rate of 50% has been reached, against 100% for Commercial Property;
- second, the cost of land is proportionately greater for Commercial Property than for the housing segment, insofar as such land usually located near city centers where they are purchased at higher prices per square meter.

As a result of these various factors, the recognition of revenue and income in Commercial Property programs is faster than in the Housing business. This product mix effect may create distortions in the analysis of changes in business activities year on year. In addition, gross margins are generally lower for Commercial Property programs than those observed in Housing. As a result, over a given period, the group's gross margin may be impacted by the Commercial property-Housing product mix but, despite this, the impact of this mix on the group's overall profitability remains limited because of the lower cost structure in the Commercial Property business. Finally, orders for units of managed accommodation are more likely to be cancelled than orders in the Housing business. Indeed, the volatility of investors is greater depending on the profitability offered. Furthermore, in cases where special networks of third-party sales agents are used to reach new investors, the sales methods used by such agents may not generate the same level of customer loyalty as the group's own methods.

Finally, the group's business activities are somewhat seasonal (see Section 1.1.2.6 "Seasonality and the business cycle"). Business is generally stronger in the second and fourth quarters, particularly in the Commercial Property segment, closely related to the activity of the services sector, leading generally to fluctuating revenues during these periods, which could have a material impact on our results. Thus, unpredictable events on the last months of a given year may adversely affect the level of the group's business and results.

The main features of the macroeconomic environment in which the group conducted its business activities in 2015, are described in Section 2.1.1. "Significant data".

Finally, the main assumptions made by the group with regard to the factors that might positively or negatively influence its business activities in 2016 are presented in Section 2.1.4. "Outlook".

1.2.1.2. Risks relating to joint-development programs

Kaufman & Broad conducts certain real estate development programs in conjunction with external shareholders, which inject capital into the programs and provide shareholder loans. Depending, among other things, on the current economic and financial situation, certain partners of the group participating in joint development programs might default during the property development phase and may fail to honor their commitments, which would result in the group having to meet the cash requirements generated by the relevant property programs. When the group believes that the financial position of a partner is weakened, a provision for risks is recognized in the company's financial statements. Accordingly, the total provision for risk was €8.2 million in the group's Consolidated Financial Statements at November 30, 2015. However, such provisions may not be sufficient to cover the default by its partners.

1.2.1.3. Risks relating to bank guarantees for sales before completion

For its property development programs, the group uses an extrinsic guarantee system in order to provide clients with the Performance Bond required by current regulations. The group obtains a guarantee for each transaction from a bank or from certain insurance companies (see Section 1.1.10. "Program financing"). The enforcement of these bank guarantees may represent a significant financial burden for the group. In addition, an increase in the number of enforcement of these guarantees may result in an increase of the cost of the guarantees for the group and/or adversely impact, in the future, its ability to obtain new bank guarantees which could have a materially adverse effect on its capacity to finance its projects.

A major decline affecting the real estate market, such as a financial crisis, could result in a decrease in the number of financial institutions likely or willing to grant such guarantees to the group and/or an increase in the cost of such guarantees and/or in the additional constraints being imposed on the group.

The difficulties to obtain such extrinsic guarantees could limit its ability to sell the building before completion in the protected sector of housing and could have a material adverse effect on the business and results of the group. Finally, the group may be exposed to counterparty risk in case of the failure of a credit institution having granted such bank guarantees.

1.2.1.4. Risks relating to the insolvency of suppliers and other companies

The group relies on numerous suppliers and other companies to carry out its operations. The financial difficulties or even the insolvency of certain of these companies (should they go into court-appointed receivership or liquidation) could have a material adverse impact on the group's business and, in particular, slow construction or increase costs. It could also have a negative impact on the proper discharge of the guarantees (see Section 1.3. "Insurance and risk management").

The group may also suffer adverse consequences, particularly in terms of its image if its suppliers and subcontractors breach or violate an obligation. The same risk exists concerning its partner in the case of co-promotion.

1.2.1.5. Liquidity risks

The Kaufman & Broad group is not rated by the rating agencies. The group's management of liquidity risks are described in Section 1.3.2.1.5 "Management of liquidity risks".

1.2.1.5.1. The group uses debt to finance its operations

The group uses debt to finance its operations, land acquisitions and real estate development programs.

On March 19, 2014 the Company signed a Senior Facilities Agreement (the "2014 Senior Facilities Agreement") simultaneously with the launch by its leading shareholder, Financière Gaillon 8 SA, of the refinancing of its entire acquisition debt by issuing high yield notes (the "High Yield Notes").

As part of the 2014 Senior Facilities Agreement, the group has syndicated loans with a tranche A for a maximum principal amount of €50 million (Facility A) and a tranche B with a maximum principal amount of €100 million (Facility B), and a Revolving Credit Facility (RCF) for a maximum principal amount of €50 million, i.e., a total maximum amount of €200 million. At November 30, 2015 the amount of the group's cash and cash equivalents stood at €170 million, to which is added €50.0 million in an undrawn revolving credit facility, taking Kaufman & Broad's financing capacity to €220 million.

In addition, the company intends to repay all the loans granted to it under the 2014 Senior Facilities Agreement, simultaneously to the partial disposal of Financière Gaillon 8 SA's stake and the buyback of Company stock (the "Transaction"), planned as announced by the Company on January 27, 2016 (see Section 2.5. "Post-Closing Events", paragraph "Proposed initiation of the sale by Financière Gaillon 8 S.A. of its stake in Kaufman & Broad").

In this context, the Company will enter into a new Senior Facilities Agreement (the "2016 Senior Facilities Agreement") with a syndicate of international banks (the "Lenders"). The new loans granted under the 2016 Senior Facilities Agreement will be subject to conditions, including the completion of the Transaction.

Under the 2016 Senior Facilities Agreement and subject to the fulfilment of the conditions mentioned above, the group would have syndicated loans under a Tranche A (the "Tranche A") for a maximum principal amount of €50 million and a Tranche B (the "Tranche B") for a maximum principal amount of €150 million, as well as a revolving credit facility (the "Revolving Credit Facility") for a maximum principal amount of approximately €100 million, i.e., a total maximum amount of approximately €300 million. The credits under the 2016 Senior Facilities Agreement would be used to repay the 2014 Senior Facilities Agreement and to finance the group's share buy-back for a maximum amount of €50 million in connection with the Transaction.

At November 30, 2015, the group's pro forma net debt after taking into account the implementation of the Transaction would be equal to €102 million⁽¹⁾, excluding ancillary costs related to the Transaction and refinancing.

The amount of the group's indebtedness can have negative effects, such as:

- affecting its ability to meet obligations under facilities agreements to which it is a party;
- affecting its ability to react to changes in market conditions, whether by increasing its vulnerability to unfavorable economic conditions or by preventing it from profiting from an improvement in these conditions;
- affecting its ability to seize sales opportunities;
- limiting its ability to obtain additional financing, beyond any commitments already made, in order to cover its working capital requirements, investments, potential acquisitions and refinancings;
- adversely affecting the terms of loans negotiated with creditors;
- forcing it to dedicate a significant portion of its cash flows to payment of the sums due for such loans or of those of its leading shareholder, thus reducing its ability to utilize its cash flows for other purposes;
- limiting its ability to plan its expansion with flexibility; and
- affecting its competitive positioning, where the restrictive covenants in its facilities agreements could prevent it from adapting to changes in the market under the same conditions as its competitors.

⁽¹⁾ Net financial debt adjusted for the share buy-back for a maximum amount of €50 million which shall be made as part of the Transaction and a dividend for the year ended November 30, 2015 for a total amount of approximately €79 million.

The group's ability to meet its debt obligations will depend on its future performance, which is itself dependent on changes that are bound to occur in the economic situation in general, the competitive environment of the group and financial, political or other factors beyond its control.

In addition, Kaufman & Broad SA is a holding company without any business activities of its own, other than the holding of securities of its subsidiaries. Thus, Kaufman & Broad SA depends on the capacity of its operating subsidiaries to generate cash flows in order to repay loans through the payment of dividends or intra group loans.

1.2.1.5.2. The group's main debt facilities

At November 30, 2015, the group's main debt facilities were as follows

(in € thousands)	Debt capacity	Utilization at November 30, 2015	Expiration date	Rate ^(a)
Facility A	38,900	38,900	repayable by semi-annual installments of €5.5 million from March 2015 to March 2019	E +325 BPS
Facility B	100,000	100,000	bullet repayment in March 2019	E +300 BPS
RCF ^(b)	50,000	-	bullet repayment in March 2019	E +300 BPS
Total	188,900	138,900	-	-

(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

(b) Revolving credit Facility.

The table below shows the group's contractual obligations for payment of interest, repayment of financial debt, derivatives excluded, and the derivatives with their positive or negative fair values. The floating rate interest payments were calculated on the basis of the latest interest rates known at November 30, 2015:

(in € thousands)	Book value Nov. 30, 2015	Less than one year		1 to 5 years		More than 5 years	
		Interest	Repayments	Interest	Repayments	Interest	Repayments
Borrowings and financial liabilities							
Syndicated credit lines	138,900	4,754	11,100	9,608	127,800	-	-
Credit facilities and other borrowings	755	25	722	1	33	-	-
Total	139,655	4,779	11,822	9,609	127,833	-	-

A payment schedule for contractual payments of the financial liabilities reported in the balance sheet at the period-end date can be found in Section 4.1.5. "Statement of financial position – Liabilities" Note 24.3. "Payment schedule" in annex to the Consolidated Financial Statements.

The group's debt facilities presented in the table above are part of the 2014 Senior Facilities Agreement. Under the 2014 Senior Credit Facilities Agreement, dated March 19, 2014, the loan under tranche A is repayable by nine semi-annual installments from March 31, 2015 and the loan under tranche B is repayable on the maturity date, i.e., on March 31, 2019.

Under the 2016 Senior Facilities Agreement, the loan under Tranche A is repayable by eight semi-annual installments from the 18th month following the settlement date of the Transaction and the loan under Tranche B is repayable on the maturity date, i.e., five years following the settlement date of the Transaction.

The 2016 Senior Facilities Agreement would provide that the payment of interest is based on an interest rate equal to EURIBOR (with a floor at 0% per annum) plus a margin which would depend on the group's leverage ratio, as follows:

Financial leverage ratio ⁽¹⁾

	Tranche A and RCF ⁽²⁾	Tranche B
> 1.0	Margin of 2.75% per year	Margin of 3.00% per year
≤ 1.0	Margin of 2.50% per year	Margin of 2.75% per year

(1) Net Financial Debt (a) divided by (b) EBITDA

(2) Revolving Credit Facility

1.2.1.5.3. Primary restrictive covenants under (i) the 2014 Senior Facilities Agreement, and the High Yield Notes Indenture Agreement, and (ii) the 2016 Senior Facilities Agreement

In addition to the sureties granted to the lending institutions described in Sections 1.2.3.1. "Risks related to the pledge of Kaufman & Broad SA shares held by Financière Gaillon 8 under the High Yield Notes Indenture Agreement" and 1.2.3.2. "Risks related to the pledges and sureties granted by Kaufman & Broad SA and its subsidiaries under the 2014 Senior Facilities Agreement", the 2014 Senior Credit Facilities Agreement contains several covenants limiting the ability of Kaufman & Broad SA and its subsidiaries to carry out the following transactions (on terms other than those authorized by the 2014 Senior Facilities Agreement):

1. dispose of or transfer all or part of their assets;
2. acquire ownership interests, set up or participate in joint-ventures;
3. carry out restructuring transactions such as mergers with or by another company;
4. sign new loans or extend loans;
5. materially change the nature of their operations or amend their bylaws;
6. grant guarantees or sureties;
7. issue preferential equity securities, such as preferred shares;

1.2.1.5.4. Financial covenants under[®] the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement

The 2014 Senior Facilities Agreement stipulates among other things:

1. for each accounting quarters from August 31, 2014 until the agreement expires in 2019, the group is required to comply with two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratios at each quarter-end	Threshold	Ratio at November 30, 2015
Leverage Ratio (non-risk weighted assets ratio) ⁽¹⁾	< 3	-0.37
Debt Ratio ⁽²⁾	< 1	-0.11

(1) Net Financial Debt (a) divided by EBITDA (b) where:

(a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;

(b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and/or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests;

(2) Net Financial Debt (a) divided by adjusted shareholders' equity (c);

(c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013 + cumulative income from December 1, 2013 to the end of the relevant quarter – dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2013 to the end of the relevant quarter.

2. the agreement provides for a cash sweep clause under certain conditions;
3. the sureties pledged in guarantee for the sums owed by the Company as a borrower are described in Note 27 to the financial statements and are similar to those that were in place for the 2007 Senior Facilities Agreement for which total release was obtained under the refinancing.

8. decide whether to make certain payments, including dividends or loan repayments, to their direct or indirect partners and/or decide, as applicable, the amount of such payments; and
9. enter into certain types of intra-group transactions.

The performance of certain transactions discussed above under the terms authorized by the Senior Facilities Agreement, particularly the transactions stipulated in Section 1 above, may also generate accelerated partial repayment of the debt under the 2014 Senior Facilities Agreement. In addition, the 2014 Senior Facilities Agreement stipulates that a portion of the group's excess cash (as defined in the Senior Facilities Agreement) must, under certain conditions and as from the end of the fiscal year ended November 30, 2015, be used to repay early a portion of the credit lines drawn by the group.

The 2016 Senior Facilities Agreement would provide for similar restrictions and obligations and in particular that a part of the group's excess cash must, under certain conditions, be used to repay early a portion of the credit lines drawn by the group, as from the end of the financial year ended November 30, 2017.

Furthermore, the Indenture contains clauses restricting, among other things, the debt capacity of Financière Gaillon 8 and of some of its subsidiaries (including Kaufman & Broad SA) to carry out certain transactions (seeking, in particular, to contract for or guarantee additional debt, to impose restrictions on the subsidiaries as to their ability to pay out dividends or make other payments for its benefit, to transfer, rent or sell assets or to sign certain agreements with affiliated entities).

The 2016 Senior Facilities Agreement would stipulate among other things:

1. for each accounting semester from the date that will be agreed under the 2016 Senior Facilities Agreement, until the term of the agreement, i.e., five years following the settlement date of the Transaction, the group is required to comply with two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratios at each semester-end	Threshold
Leverage Ratio ⁽¹⁾	<3.0
Debt Ratio ⁽²⁾	<2.5 the first year <2.5 the second year <2.0 the third year <1.75 the fourth year and the fifth year

(1) Net Financial Debt (a) divided by (b) EBITDA.

(2) Net Financial Debt (a) divided by (c) adjusted shareholders' equity.

2. the agreement provides for a cash sweep clause under certain conditions.

Unlike the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement would not require the granting of any security interest to guarantee the amounts owed by the Company acting as Borrower. Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS would grant guarantees (subject to the usual limitations protecting their Corporate interest) in respect of loans borrowed by the Company under the 2016 Senior Facilities Agreement.

The amount of the group's debt and restrictive covenants, under (i) the 2014 Senior Facilities Agreement and/or if applicable, (ii) the 2016 Senior Facilities Agreement (see Section 1.2.1.5.6) could reduce the group's flexibility in conducting its operations.

1.2.1.5.5. The group may be unable to meet its primary restrictive covenants under (i) the 2014 Senior Facilities Agreement and the High Yield Notes Indenture Agreement or, if applicable, under (ii) the 2016 Senior Facilities Agreement

The group may be unable to comply with the undertakings, restrictive covenants and/or financial ratios stipulated in it facilitates agreements and in particular in those referred to in Sections 1.2.1.5.3. "Primary restrictive covenants under (i) the 2014 Senior Facilities Agreement, and the High Yield Notes Indenture Agreement, and (ii) the 2016 Senior Facilities Agreement" and 1.2.1.5.4 "Financial covenants under (i) the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement", particularly resulting from circumstances affecting the real estate market or a decline in its operating performance or profitability". However, failure to comply with such covenants could constitute default under the 2014 Senior Facilities Agreement and/or the 2016 Senior Facilities Agreement, which could in turn allow the lenders to call for accelerated repayment of all amounts borrowed, interest, and fees under the contracts and trigger the guarantees and related security interests (see Section 1.2.3.2. "Risks related to the pledges and sureties granted by Kaufman & Broad SA and its subsidiaries under the 2014 Senior Facilities Agreement") to seize all group assets and/or discontinue any future financing of the group. In the event of a decrease of the group's operational performance, the Company may have to turn to the group's creditors to requests waivers of the event of default; such waivers may not be granted to the Company and accordingly

the potential default could result in the Company and/or one of its subsidiaries becoming insolvent. In this respect, the 2014 Senior Credit Facilities Agreement and the 2016 Senior Facilities Agreement require the prior consent of all or only some, as applicable, of the lenders under said Agreement for any easing of the group's covenants under the 2014 Senior Facilities Agreement or the 2016 Senior Facilities Agreement, as the case may be. In the event of accelerated repayment of the amounts due under the 2014 Senior Facilities Agreement and/or the 2016 Senior Facilities Agreement, assets may not be sufficient for full repayment. The occurrence of such events could have a material adverse effect for the group.

1.2.1.5.6. The group's debt under (i) the 2014 Senior Facilities Agreement, (ii) the 2016 Senior Facilities Agreement, if applicable, and the debt of its leading shareholder under the High Yield Notes Indenture contract could affect the group's business

The restrictive clauses under the 2014 Senior Facilities Agreement as well as certain restrictive clauses under the Indenture, could significantly reduce the group's flexibility in conducting its operations, particularly by:

- affecting its ability to react to changes in market conditions, whether by increasing its vulnerability to unfavorable economic conditions or by preventing it from profiting from an improvement in these conditions;
- affecting its ability to seize sales opportunities;
- limiting its ability to obtain additional financing, beyond any commitments already made, in order to cover its working capital requirements, investments, potential acquisitions and refinancings;
- forcing it to dedicate a significant portion of its cash flows to payment of the sums due for such loans, thus reducing its ability to utilize its cash flows for other purposes;
- limiting its ability to plan its expansion with flexibility; and
- affecting its competitive positioning, because the aforementioned restrictive covenants could prevent it from adapting to changes in the market under the same conditions as its competitors.

These restrictions could affect the group's ability to exercise its activities and limit its ability to react according to market conditions or also to seize business opportunities that may present themselves, particularly to make payments or investments or to create certain liens or sureties (see 1.2.1.5.3. "Primary restrictive undertakings under the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement and the High Yield Notes Indenture Agreement"). For example, these restrictions

could affect the group's capacity to finance the exploitation cycle and the investments of its activities, to make strategic acquisitions, investments or alliances, to restructure its organization or to finance its capital requirements. These restrictions could have a significant adverse effect on the group's ability to generate sufficient income to enable it to meet its obligations in respect of its facilities agreements.

1.2.2. Market risks

Due to its exclusive presence in France, Kaufman & Broad is not impacted by country (with the exception of its dependence on the French market) or foreign exchange risks.

1.2.2.1. Interest rate risks

The group's debt structure, indexed to floating rates, exposes the group to direct interest rate risks that could lead to a material increase in its obligations. In the event of an interest rate increase, its un-hedged floating-rate debt service obligations would increase, even if the amount borrowed remained the same and its net earnings and available cash flows to service the debt, including debt securities, were to decrease, thus reducing the funds available to finance operations and future commercial opportunities.

Under the 2014 Senior Facilities Agreement and under the 2016 Senior Facilities Agreement, the group undertook or would undertake to set up hedging instruments to cover interest payment relating to at least 50% of the amounts due under the

Senior Facilities Agreements (Facility A and B) so that these amounts would be reduced proportionally by any voluntary or mandatory repayment made by the Company. Interest-rate hedges are made by way of instruments listed on organized markets or over-the-counter with high-quality counterparties.

Since November 30, 2014, Kaufman & Broad has signed new hedging instruments to hedge its borrowing rates for a principal amount of €125 million, including €60 million until November 30, 2017 and €65 million maturing on November 30, 2018.

The objective of the risk management policy is to control changes in interest rates and their impact on net income and cash flows, so that the total cost of the debt remains acceptable. To achieve this objective, the group hedges its floating-rate loan interest flows with interest-rate swaps. The latter are derivatives serving to hedge cash flows. They are marked to market on the balance sheet. However, there is no assurance that the group's hedging policy will have the intended effects, especially in the event of a default by its counterparties.

Interest rate sensitivity of assets and liabilities

(in € thousands)

	Base	Book gain/loss 50 bps increase	Book gain/loss 10 bps decrease
Syndicated loan lines (A & B) ^(a)	138,900	-695	139
Credit facilities	755	-4	1
Cash and cash equivalents ^(c)	140,899	704	-141
Investment securities	28,462	142	-28
Swap ^(b)	125,000	625	-125
Net impact on income before tax	-	774	-155

Assumptions: 1-month Euribor interest rate of 0,141%.

(a) Before hedging effects, a 50 bps increase in rates or a decrease of 10 bps on the above liabilities would have an impact on pre-tax income of:

- increase: -€698 thousand;
- decrease: +€140 thousand.

(b) After accounting for hedging, a 50 bps increase or a decrease of 10 bps on the above net assets and liabilities would have an impact on pre-tax income of:

- increase: -€73 thousand;
- decrease: +€15 thousand.

(c) Banks, available cash and reserve balances.

Type of instrument	Floating /Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated credit facilities (A & B)	Floating	11,100	127,800	-
Credit facilities	Floating	722	33	-
Financial liabilities		11,822	127,833	-
Bank balances and cash on hand	Floating	137,948		-
Short-term investments	Floating	28,462		-
Order balances	Floating	2,951		-
Financial assets		169,361	-	-
Net position before risk management	Floating	-157,539		-
Swaps			-125,000	
Net position after risk management		-157,539	2,833	-

At November 30, 2015, 90.0% of the sums due under the Senior Facility A and B loans, is hedged by swap agreements with a weighted average interest rate of 0.368% totaling €125 million and maturing on November 30, 2015.

1.2.2.2. Equity Risks

The Company has only limited risk to equities risk because:

- the marketable securities held by Kaufman & Broad consist of money-market mutual funds (SICAV) with investment grade ratings and acquired from recognized institutions;
- the treasury shares are held either to meet the objectives outlined in the description of the share buyback program by the Company of its own shares (see Section 5.2.3.1. "Buyback program authorized by the Shareholders' Meeting of April 16, 2015"), i.e., to be used mainly for the stock option and bonus

share plans, the cancellation of the shares by the Company or under the liquidity contract. The outcome of stock purchases and bonus share allocations are respectively described in Sections 5.2.3.2 "Summary of share purchases" and 5.2.3.3. "Summary of Bonus Share Awards". The impact of these shares and price fluctuations combined is described in the Notes to the Consolidated Financial Statements (Section 4.1.5. "Statement of financial position – Liabilities", Note 21. "Shareholders' equity").

The Company has not invested in other financial instruments listed for trading on any market, regulated or not.

1.2.2.3. Currency Risks

The group considers that it is not exposed to foreign exchange risk, since all its assets and liabilities and flows are denominated in euros.

1.2.3. Legal risks

1.2.3.1. Risks relating to the pledge of Kaufman & Broad SA shares held by Financière Gaillon 8 under the High Yield Notes Indenture Agreement

Kaufman & Broad SA shares held by Financière Gaillon 8 are pledged to lenders under the Indenture (see 5.3.3.3. "Pledges"). Accordingly, subject to certain reservations and conditions, in the event of default (i) by Financière Gaillon 8 on its obligations under the Indenture, but also (ii) by certain of its subsidiaries in relation to their debt (including Kaufman & Broad SA under the 2014 Senior Facilities Agreement) said pledge may be enforced. A significant number of shares may be sold in such case, which could have a material negative impact on the price of the company's shares and on control of the Company; in addition, the controlling entity of the Company would be materially

impacted. In addition, the 2014 Senior Facilities Agreement stipulate that, in the event of a change in control at Kaufman & Broad SA, the loans extended to Kaufman & Broad SA will be subject to accelerated repayment (see 1.2.3.3. "Relationship with the Majority Shareholder"). By way of reminder, on January 27, 2016, Financière Gaillon 8 announced the start of the disposal of its stake in Kaufman & Broad SA, which could bring its ownership interest to below 50% of capital; Financière Gaillon 8 has indicated that it would allocate the proceeds from this potential sale to the repayment of the High Yield Notes (see Section 2.5 "Events posterior to the closing").

Furthermore, the pledges of the Kaufman & Broad SA shares held by Financière Gaillon 8 would be released in connection with such sale.

1.2.3.2. Risks related to the pledges and sureties granted by Kaufman & Broad SA and its subsidiaries under the 2014 Senior Facilities Agreement

Under the 2014 Senior Facilities Agreement, the following sureties were granted by Kaufman & Broad SA to guarantee its commitments.

Type of pledge/lien	Final expiration date ^(a)	Amount of assets pledged ^(b)	Total balance sheet item	Total % of Kaufman & Broad SA balance sheet at Nov. 30, 2015
Pledge of financial instrument account - 100% of Kaufman & Broad Homes SAS shares held by the Company		€10,450,195	€10,450,195	2%
Pledge of the credit balance in the Kaufman & Broad SA bank accounts		€35,870	€35,870	-
Framework agreement for the assignment of intra-group receivables from Kaufman & Broad SA's subsidiaries, in particular Kaufman & Broad Financement SNC		€61,714,723	€61,714,723	12%
Pledge of 100% of Kaufman & Broad Europe SAS shares		€217,436,878	€217,436,878	42%
Total		€289,637,666	€289,637,666	56%

(a) These pledges are intended to be maintained until full payment of the amounts and fees owed by the Company as borrower and guarantor under the Senior Facilities Agreement and ancillary agreements.

(b) Net book value in the statutory financial statements at November 30, 2015.

Furthermore, under the terms of the 2014 Senior Facilities Agreement, Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS also granted joint guarantees as surety for all the commitments of Kaufman & Broad SA in respect of the 2014 Senior Facilities Agreement, subject to limitations on guarantees set forth therein.

As a guarantee of the amounts due by Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS as joint guarantors of the 2014 Senior Facilities Agreement, each of the subsidiaries pledged its bank accounts and their intra-group receivables.

Should the Company (and certain of its subsidiaries) fail to meet its obligations under the 2014 Senior Facilities Agreement, in particular the various restrictive covenants set out in Sections 1.2.1.5.3. "Primary restrictive covenants under (i) the 2014 Senior Facilities Agreement, and the High Yield Notes Indenture Agreement, and (ii) the 2016 Senior Facilities Agreement" and 1.2.1.5.4. "Financial covenants under (i) the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement", the lenders could be able to liquidate the sureties guaranteeing those obligations, which may have a material effect on the group, its business, financial position or results.

Furthermore, under the 2016 Senior Facilities Agreement, Kaufman and Broad Home SAS and Kaufman & Broad Europe SAS would act as joint guarantors (subject to the usual limitations for protecting their Corporate interest) in respect of loans borrowed by the Company under the 2016 Senior Facilities Agreement

1.2.3.3. Risks related to the relations with the majority shareholder

The 2014 Senior Facilities Agreement stipulates that, in the event of a change in control of Kaufman & Broad SA, each lender will have the option to request accelerated repayment of the debt contracted by Kaufman & Broad SA under said agreement. Under the terms of the 2014 Senior Facilities Agreement, a change in control would occur if (i) PAI Partners, including the funds managed by PAI Partners (or one of its affiliates), no longer held more than 50% of the shares or voting rights in Kaufman & Broad SA or (ii) in the event of sale, transfer or other action to dispose (other than a merger, consolidation or any other similar transaction), in one or more related transactions, of all or part of the group's assets.

The 2016 Senior Facilities Agreement would provide that, in the event of a change in control of Kaufman & Broad SA, each lender would have the option to request accelerated repayment of the debt contracted by Kaufman & Broad. The definition of a change of control is currently being negotiated between the Lenders and the Company and will take into account the group's shareholding structure and Financière Gaillon 8's stake in the Company after the completion of Transaction.

Financière Gaillon 8 (a company ultimately held by the funds managed by PAI Partners), in its capacity as majority shareholder holding 87.95% of the capital and 95.10% of the voting rights of the Company (See Section 5.3.1. "Shareholders of the Company at November 30, 2015 and Three-Year Change") exercises significant influence over the Company in that it alone holds a number of voting rights sufficient to ensure the adoption of all resolutions submitted to the Company's Ordinary Shareholders' Meeting (such as resolutions on the

election and removal of Board Members, payment of dividends, and approval of financial statements) and Extraordinary Shareholders' Meeting (such as resolutions on a merger, a spinoff or a capital increase or any other amendment to the bylaws); it is specified that the minority shareholders of the Company do not have a veto right over major decisions made by Financière Gaillon 8 in relation to the company.

The interests and objectives of Financière Gaillon 8 may not always coincide with those of the Company or those of its other shareholders.

Financière Gaillon 8 announced on January 27, 2016 the start of the disposal of its stake in Kaufman & Broad SA, which could bring its ownership interest to below 50% of capital; Financière Gaillon 8 has indicated that it would allocate the proceeds from this potential sale to the repayment of the High Yield Notes (see Section 2.5. "Post-closing Events" under "Financière Gaillon 8 S.A.'s planned start of the disposal of its stake in Kaufman & Broad").

Finally, the PAI Partners group or the companies it controls could take stakes in companies engaged in businesses directly competitive with those of the group or having business dealings with the group.

1.2.3.4. Risks related to the regulations applicable directly to the group

There are no specific regulatory rules covering the group's business of developing and building Single-family homes in communities, apartments and Commercial Property.

Nevertheless, the group does have to comply with numerous regulations in the conduct of its business. Any amendments to such regulations could have material negative financial consequences. Specifically, the strengthening of building, environmental or building permit issuance standards could adversely affect the profitability of the group and its operating income. Similarly, changes to tax regulations, and in particular the repeal of certain tax incentives, could have a negative impact on the real estate market and as a result on the group's financial position.

As a project owner who designs its real estate programs, the group must comply with applicable regulations set forth in urban planning documents drafted by city governments such as zoning plans and urban development programs. Such regulations include rules regarding the height of buildings, the distances between each building and the guidelines for the placement of structures on land, for possible exceptions to these rules and guidelines, and for the external and aesthetic aspects of structures.

The group must also comply with environmental regulations, particularly those governing water use (water distribution, waste water treatment), the emission of polluting substances, the respect of flora and fauna, the protection of endangered species, dangerous substances, the decontamination of polluted sites and the regulations governing classified facilities.

Constant changes in rules and their increasing number (urban planning, construction standards, environmental standards, building bans and restrictions on classified sites, rules for issuing building permits, consumer protection regulations) could have an adverse impact on the group's business and growth. The increase in the number of standards has generated a growing complexity for the development of real estate projects, the additional costs related to new obligations, which could lead to longer delivery times for the group's real estate programs and an increase in the number of objections from third parties and could, therefore, affect the group's earnings.

As a seller of housing units, the group must comply with the general law of sales and consumer protection, but also with specific regulations relating to sales before completion (VEFA), as provided for in Articles L. 261-3 et seq. of the French Construction and Housing Code.

In accordance with Articles L. 271-1 et seq. of the French Construction and Housing Code, non-professional homebuyers have a right of withdrawal during a cooling-off period of seven days from reception of the non-notarized purchase contract or an order contract, if one exists, since the contract does not become final and binding until this period expires. The regulations relating to sales before completion contain a certain number of mandatory provisions designed to protect buyers. The main provisions include the following obligations: to execute the deed of sale in notarized form; to provide a Performance Bond (most often in the form of a bank guarantee); to sign a preliminary agreement that contains the condition precedent of obtaining financing, together with certain conditions associated with the customer's assessment that the project and the reserved lot comply with the terms of the final deed of sale; to place the order deposit in escrow; and to comply with the timetable for calls for funds.

In addition, the group is subject to statutory liability rules that apply to all parties involved in the construction of a building (sound insulation guarantees, and the two-year and ten-year guarantees). The law has introduced the principle of a presumption of liability on all parties involved in the construction of a building in the event of damage, including damage resulting from defects in the soil, that adversely affects the structural integrity of the building or one of the major pieces of equipment in such a way as to render it unfit for purpose.

Thus, homebuyers have a ten-year guarantee for any damage that may render the building unfit for its intended purpose and a two-year performance guarantee for the correct functioning of equipment installed in the building. Customers may make repair claims against the group, which may in turn hold the contractor liable for construction defects. This system of guarantees is complemented by an obligatory insurance scheme, introduced by Law no. 78-12 of January 4, 1978, called "Structural Defects" insurance (*dommages ouvrages*), which must be obtained at the beginning of construction. This insurance enables the compensation for defects covered by the two-year or ten-year guarantees to be pre-financed. The benefit of this cover is transferred to customers when they acquire their housing units and to their successors upon sale of the property.

In the case of compensation, insurers will subsequently make claims against the manufacturers and their insurer in order to recover the advanced indemnities (see Section 1.3.1.1 "Mandatory insurance").

This insurance and other forms of insurance related to the group's business are described in Section 1.3.1. "Insurance". As regards the regulations relating to the group's construction sites, the Law of December 31, 1993 requires the project owner to designate, at the design stage, a Health and Safety Coordinator. In addition to the appointment of this coordinator, the group's policy is to anticipate and identify the risks concerning construction projects, not only during construction but also during maintenance of the building after delivery.

Consequently, the group initiates prevention plans at its construction sites in order to identify risks, to inform the various parties at the construction site of the potential risks and to prohibit access to unauthorized personnel.

According to the French Labor Law which aims to fight against undeclared work and the employment of foreign employer without title the group ensures to ensure that the projects managers will meet their obligations of vigilance. The In this regard, the French Labor Code stipulates a civil penalty (tax payment and charge shared with the contractors) and/or criminal penalty (fines and/or imprisonment). Thus, the technical services of the group shall verify, if the contractors and the subcontractors meet their Social Security contributions' obligations, before the signature of the contract and also each six months during the performance of the contract, and shall request the projects manager's declaration certifying that they will not employ workers in an irregular situation. Such stipulations are intended to fight against the risks of undeclared work.

In the course of its operations, and particularly when filing building permits, the group may face delays brought about by third parties in addition to the normal time frame for receiving a building permit, which is typically three to five months. Third parties (associations or neighbors) may challenge building and demolition permits on the grounds that they do not comply with local urban planning regulations, such as zoning plans and development plans for Mixed Development Zones (ZACs), or with the French Urban Planning Code. The main risk facing the group is essentially a delay caused to a program's schedule (see Section 1.1.8.4. "Commitment Committee") or even being compelled to abandon programs whose design has generated costs for the group. Where certain projects are abandoned, the group may be compelled to pay forfeitures or compensation for loss of use under land management agreements related to such programs.

Implementing the policies described in this section, may expose the group to the risk of having to pay material amounts and it may have a negative effect on its image and reputation.

1.2.3.5. Risks relating to litigation proceedings

In the normal course of business, the Company is exposed to legal action (complaint proceedings, proceedings in various courts, etc.) particularly resulting from structural and other defects in its real estate development programs, from failure to comply with certain legal or regulatory requirements, from the

validity of the building permits obtained, from real or alleged defect in the quality of services it provide or from any other alleged irregularity. Such proceedings could also result in orders to pay significant amounts, in damage the group's image and/or the Kaufman & Broad brand and/or a decrease the demand for its products and services, which could have a material adverse effect on the group's business and its results.

Proceedings that would expose the group to significant amounts could divert the attention of its executives from management of the group's operations.

Details of the main ongoing litigation proceedings are described in Section 1.4. "Current litigation" as well as in Section 4.1.5. "Statement of financial position – Liabilities", Note 23. "Provisions".

1.2.3.6. Risks related to the tax incentives that may affect the new housing market

There has been a succession of tax incentives since the end of the 1990s that have had varying degrees of influence over new housing construction, depending on their application conditions (see Section 1.1.2.2. "Tax incentives").

Like all the players in this market, Kaufman & Broad benefits from the tax incentives aimed at encouraging investment by private individuals. Such measures are limited in time. The substitution of such measures by the less favorable measures, the absence of the substitution, the elimination of, or a change in, certain benefits in favor of rental investments could have a major negative impact on the real estate market and, therefore, adversely affect the Company's business and/or profitability.

1.2.3.7. Risks related to changes in tax regulations

The group is subject to numerous tax regulations that apply with respect to its business, including regulations concerning the assessment of direct tax expenses, different VAT regimes, and the calculation of the income tax due on the earnings of companies included within the same tax consolidation group. The group may be affected by the changes in urbanism tax regulations (including office building fees and land-planning fees).

Although the Company takes all reasonable steps to avoid errors, the complexity of these regulations and the fact that they are constantly being changed may give rise to disputes with the tax authorities, which in turn could have an impact on the group's financial position that may or may not be material.

1.2.3.8. Off-balance sheet commitments

Due to the nature of its business, the group has significant off-balance sheet commitments that may in aggregate represent a substantial expense. These include, in particular, performance bonds, described in Note 27 "Off-balance sheet commitments" to the Consolidated Financial Statements (see Section 4.1.6. "Additional Information").

The group's main off-balance sheet commitments consist of earnest deposits for building lots, and performance bonds.

1.2.3.9. Risks related to the protection of personal data

For the purposes of its business, the group collects and uses data supplied by its customers. Accordingly, in its relationship with customers or prospects, the group collects personal data, some of which are relatively sensitive, relating to their assets.

Even though the Company considers that it has taken appropriate measures (see Section 9 Report of the Chairman of the Board, IV.3. – "Information Systems") to protect these data

and to comply with the regulations of the Commission Nationale Informatique et Libertés (the French Data Protection Authority), these data could be destroyed or transmitted to third parties, including by mistake or by way of fraud, piracy or misuse by third parties (including group employees). If this were to happen, the persons that have suffered harm or loss could take legal action against the group. In such case, the group's image and the Kaufman & Broad brand could be tarnished, so that the group's business, income and financial position could suffer a material adverse effect.

1.2.4. Industrial, economic and environmental risks

1.2.4.1. Risks related to competition

The housing development-builder business is highly competitive. The group faces competition in land acquisition, the selling prices for its products and access to subcontractors from both national and regional builder-developers (see Section 1.1.2.4. "Principal competitors"). The market for resale of houses and apartments is also a source of competition.

The competitive conditions encountered by the group may, among other things:

- make it difficult to acquire land that meets the group's land acquisition criteria;
- slow down the construction of programs due to a lack of sub-contractors;
- reduce its revenues and/or profit margins;
- cause Kaufman & Broad to offer or increase price discounts;
- reduce the sales of housing units or increase the cancellation rate.

Each of these factors could have a negative effect on operating income, increase expenses and/or hinder the growth of the group's business.

If the group is not be able to stand the competition in an efficiency manner, it could lose the market share and its profitability would be affected.

1.2.4.2. Risks related to the dependence on customers, suppliers, patents, licenses, new manufacturing processes and contracts

Since Kaufman & Broad's acquisition of the license for the KB Home brand and expertise, the group does not consider itself particularly dependent on any customers, suppliers, patents, licenses, new manufacturing processes or contracts.

In fiscal year 2015 as a whole, its top ten customers, who are mainly real estate companies and institutional customers represented 20% of order revenues and 15% of the 2015 total orders.

Its top ten suppliers accounted for 18.3% of flows billed by suppliers during fiscal year 2015 and the leading supplier 3.3% of flows.

1.2.4.3. Risks related to construction costs

As a builder-developer, Kaufman & Broad entrusts construction work to third-party contractors from a variety of trades and, in relation to this, it may be exposed to risks inherent in its construction costs. To best understand such risks, the group has a "controlled" process in the conducting of business, which is used to validate strategic and financial suitability prior to engaging in a real estate program (see Section 1.1.7. "Development process" *et seq.*) The group relies on estimated preliminary cost budgets and technical studies and issues tender documents before land is purchased. Despite this decision-making process, the group may still face additional costs related to unexpected technical challenges, exceptional weather conditions that delay work, an accident during construction or the bankruptcy of a subcontractor. These events, which cannot be anticipated, could have a material negative impact on the program's financial equilibrium.

Furthermore, the group is aware that when real estate prices are high, there is a tendency for higher costs to carry over to construction, due to the lack of availability of contractors or an increase in contractors' own expenses (rise in the costs of materials and increasingly rigorous regulatory standards, particularly when it comes to safety and the environment). This could have a material negative impact on the group's margins unless the Company is able to pass at least part of the cost increases on to its sales prices.

Lastly, with regard to construction work, Kaufman & Broad selects its contractors through a call for tenders process. This process, carried out through tender documents, create competition among short-listed companies to carry out the works and therefore also contribute to the control over cost price of operations. However, if the companies operating in this sector were to fall in number or merge, this could lead not only to a narrower choice of contractors but also to a rise in prices and reduced control over the quality of their work.

1.2.4.4. Risks related to contracts signed with public bodies

The complexity of the regulations concerning contracts signed with public bodies could lead Kaufman & Broad to incur additional costs in order to comply with the specific applicable constraints. Furthermore, the award of contracts by public entities to the group could give rise to objections, or even cancellations, particularly in cases where such public entities would have failed to comply with European or national regulations governing the awarding of such government contracts, in which case the financial position of the group could be adversely affected. The group's cash flow could also be adversely impacted by such contracts, as repayment terms are usually longer than for the private market. In addition, the public bodies concerned may impose certain technical constraints that could reduce the profitability of the related real estate programs.

1.2.4.5. Risks related to the real estate market

The group's business requires a sufficient supply of land of suitable quality and size to be able to develop Single-family homes in communities or Apartments. Increased competition (stimulated, in particular, by a rise of land price, sold by auction by the communities.) or a decrease in the land available in certain areas that meets the group's standards could have a material negative impact on the group's development and ability to reach its goals.

1.2.4.6. Risks related to the discovery of archeological remains

Prior to each acquisition of land or a building, the group makes sure that such property is not affected by archeological restrictions. Nonetheless, archeological remains or objects may be discovered during construction. Any such discovery may result in suspension of construction or the site being listed, either of which could have material negative financial consequences for such programs.

1.2.4.7. Risks related to biodiversity and protected species

An impact study must be conducted before a permit is granted to carry out construction, development or structural work in France. Such studies can have an impact on the organization of the programs that may be affected. Depending on the conclusions of the analysis of the impact studies and on the problems at issue, it may be decided either to file an application for an exception for destruction of protected species (reviewed

by the National Committee for the Protection of Nature), or to change the general ground plan in order to avoid the protected species, or to take compensatory measures considered by the Regional Directorates for the Environment, Planning and Housing (DREAL). However, it can happen that, during real estate development operations, protected species, which have not previously been detected, are present in specific areas. Such discoveries can have a material negative impact on the program and its financial integrity, by the delays in its schedule, or because of additional costs relating to special technical arrangements, or by jeopardizing the suitability of certain plots for construction.

1.2.4.8. Pollution risks

Prior to any acquisition of land or a building, the group usually has a third-party expert assess the level of pollution of the soil and sub-soil, the existing constructions, the real estate history of the land and the level of asbestos and lead in any building to be renovated or rebuilt.

In addition, the group requires that vendors disclose any environmental risks of which they are aware. However, despite these preventive measures, Kaufman & Broad cannot guarantee that it can fully protect itself against all significant risks relating to the elimination of toxic waste, site rehabilitation and monitoring, or other environmental factors that could affect the assets that the group owns, or has owned.

No estimate of these contingent liabilities can be made, even if the group could acquire, at the end of the appropriate prior inspections, real property requiring moderate restoration expenses. In such cases the group obtains guarantees prior to the acquisition concerning the exact nature of the requisite work and the scale of the costs for eliminating toxic waste, rehabilitating and/or monitoring the site, based on detailed studies performed by its environmental consultants.

Nonetheless, the group may encounter pollution or soil quality problems during or after construction that could also result in legal action brought by the competent administrative authorities or any third parties for property damage or bodily injury. Although the seller of the land or building may sometimes be held liable under the sale agreement, discovery of pollution problems on a land parcel or building can cause delays and additional costs, and have significant financial consequences if the seller of the land or the building is insolvent. Also, the group's ability to sell property in areas affected by pollution could be reduced or also its ability to borrow, because of the inability to use the affected property as collateral.

1.2.4.9. Risks related to weather conditions

Weather conditions, excluding natural disasters the exceptional nature of which makes risk unpredictable, and other environment-related factors may also adversely affect the group's housing unit or office construction business. For example, a particularly harsh winter could cause work on a project to be halted for several days (or even several weeks) and potentially delay delivery, thus impacting the recognition of the group's revenues and margin.

1.2.4.10. Risks related to IT systems

Taking into account the nature of its business, its organizational structure and its different locations, the group has not identified any disasters that might threaten the continuity of its operations. However, the partial or total physical destruction of the group's information systems could lead to a system shut-down and thereby have a negative impact on its continued business. The group is also exposed to the risks of loss, theft and compromise of data.

1.2.4.11. Risks related to acquisitions

In recent years, the group has carried out acquisitions, stakes and disposals in order to develop its market share (see Section 1.1.1. "History" and 1.1.1.3 "Acquisition strategy"). However, the group could not be able to identify the suitable companies, to

make acquisitions on satisfactory terms and conditions or to meet the obligations stipulated in the relevant acquisition/disposals' agreements. Furthermore, if the group might ensure the successful integration of the purchased companies, it cannot guarantee that it will be done according to the anticipated schedule. In addition, it could also have difficulty to preserve key skills identified during the acquisition process or to produce the expected synergies within the expected deadlines. The group could bear charges and liabilities which have been undisclosed by the auditors during the acquisition process as well as integration costs higher than initially estimated.

The occurrence of one of these risks could have a material adverse effect on the financial situation or the results of the group.

Furthermore, the acquisitions made by the group are reflected in the Consolidated Financial Statements through the recognition of goodwill, representing the expected future economic benefits of such assets. A downward revision of expected benefits resulting from the changes of the macroeconomic situation, may result in an impairment of goodwill which could have a material adverse effect on the financial position and the results of the group. At November 30, 2015, the amount of goodwill is €68.5 million (see Section 4.1 "Consolidated Financial Statements at November 30, 2015", Note 14 of the appendix to the group's consolidated financial statement at November 30, 2015).

1.2.5. Other risks

1.2.5.1. Risks related to dependence on key personnel

The group is dependent on certain key executives, the loss of whose services might have a negative impact on the group's ability to achieve its business growth objectives. The senior executive team, whose members have been with the group for an average of about 11.7 years, has significant experience of the markets in which the group conducts its business. There can be no guarantee that the group will be able to retain its executives and indeed some of those executives could claim their right to retirement, which could have a material adverse effect on the group's business, financial position, outlook and results.

The executives in question are mostly members of the Executive Committee and those responsible for managing regional businesses.

1.2.5.2. Risks relating to human resources

In addition to the risk of dependence on key executives described above, Human Resources management carries risks inherent in the structure of the group and in the property

development sector. The concentration of a limited number of personnel within key group departments incurs a risk of loss of knowledge or skills should any of these employees leave the Company.

The group may not be able to quickly hire experienced replacements and this could have a negative impact on its organization and create additional costs associated with the training of new recruits.

1.2.5.3. Risks relating to program management

Group programs may not generate the sales and financial results estimated when these commitments were made as reflected in the budget estimate at completion. Given the number of factors that could affect the cost structure and profitability of the programs compared to the initial estimates, and the difficulties of putting in place appropriate management control procedures designed to identify and correct budget changes, if any, could result in significant additional costs or an underperformance of certain group programs. Even if the group only commits to developing a real estate program under certain

conditions, in particular of reaching a pre-sale rate of the order of 50% (see Section 1.1.9 "Land development and monitoring the construction"), there is no guarantee that the remaining part of non-reserved lots will be sold on favorable terms, or even that it will be sold at all. There is even less of a guarantee that the group's budget and financial modeling tools will help anticipate early enough any possible decline in demand or rise in costs, so that the group can cancel programs that might not be profitable. The inability to anticipate these risks in a precise manner and thus to contain costs could significantly damage the group's results.

1.2.5.4. Counterparty risks

The counterparty risks incurred by the Kaufman and Broad group primarily concern suppliers and subcontractors, customers and banking counterparties. Default by any of these counterparties could have a negative impact on the group.

For programs developed jointly with partners, the consequences of measures that the group may have to take to deal with an economic downturn (such as those it had taken in 2009 or a reduction in sale prices resulting in the sharp deterioration of the profitability of its operations), could continue to pose a heavy risk that the group may have to cover their insolvency in the financing of such programs and, if applicable, their share of the losses in non-profitable developments (see 1.2.1.2. "Risks related to joint-development programs").

1.2.5.5. Risks relating to the strategy and management of the brand

The group sells a range of different products under one brand, Kaufman & Broad. Over the past years, the group has diversified the range of products marketed under this brand, particularly in response to difficult macroeconomic conditions that changed the behaviors of customers. Thus, the group's offer now extends from housing intended for the most modest incomes to very upmarket housing units; in addition, the commercial offer includes a growing proportion of Commercial Property and managed products. The diversity of this offer could be a source of confusion for customers and thus alter the brand image that the group wants to promote. In addition, considering the increase in number and diversity of the customers and/or prospects (individuals, companies and private and institutional investors, local authorities), the group is exposed to image and reputation risk in the event of a serious defect, proven or not, in the quality of the services provided.

Furthermore, the group's agencies can, to some extent, independently organize their own advertising campaigns and marketing initiatives to supplement the national campaigns, and could therefore project an image that is not aligned with the group's strategy, despite the existence of a common national Corporate identity. Moreover, in the event of a real or alleged defect in the quality of services provided by the group, the latter would be exposed to image and reputation risk.

Finally, the development of social media, blogs and discussion forums contributes to the higher image risk for the part pertaining to the individual audience and more specifically to e-reputation.

1.2.5.6. Risks related to insurance coverage

The group's business is covered by the following insurance: Comprehensive Construction, Structural Defects, Non-Builder Developer, Project Manager Liability, Developer's Liability and Real Estate Agents Liability. The group has not taken out any insurance covering the risk of losses from the interruption of operations.

There are only a limited number of insurers that offer such coverage. Consequently, Kaufman & Broad is exposed to the risk of an increase in premiums which could have a material impact on its earnings or growth targets.

As the terms and conditions of the insurance policies are reviewed on a periodic basis, the group may not be able to obtain in the future the same coverage as that which is currently in place. This could increase its risk exposure and costs, which in turn would have a negative impact on its business, profitability and growth.

1.2.5.7. Risks related to potential fraud and scams

Kaufman & Broad is exposed, as all companies, to potential fraud, scams and embezzlement. These could cause the group direct or indirect financial damages by affecting the financial flows exchanged between Kaufman & Broad, its customers, its stakeholders; they could also affect the reputation and the financial interests of the group. Despite preventive and awareness raising actions, as well as the important place occupied by the fight against fraud in the internal audit work program, Kaufman & Broad cannot fully eliminate the risk of fraud.

1.3. Insurance and risk management

1.3.1. Insurance

1.3.1.1. Mandatory insurance

Pursuant to the regulations governing their business as builder-developers described in Section 1.2.3.4. "Regulations applicable directly to the group", the companies of the group take out the mandatory insurance required by Law no. 78-12 of January 4, 1978, covering the structure (known as "Structural Defects" insurance), project owner liability (known as "Non-Builder Developer" insurance) and project management liability when this role is assumed by group companies.

Structural defects insurance is taken out when construction begins. The purpose of this insurance is to pre-finance the cost of repairing defects that appear after delivery and are covered by the ten-year warranty. The benefit of this cover is transferred to customers when they acquire their homes and to their successors upon sale of the property.

This insurance covers the costs of repairing damage, including damage resulting from defects in the soil, which compromises the soundness of the constructed structures or affects one of the basic components or a piece of equipment, rendering them unfit for their intended use, or affecting crucial integrated equipment inseparable from the foundation, the framing, the walls or roof, as defined by Article 1792-2 of the French Civil Code.

It covers repair costs, including demolition work, excavation, and, if necessary, installation or removal, once a non-contentious expert's inspection has been conducted within certain pre-defined time limits. After making payments under these policies, insurance companies usually turn to the builders responsible for the defect and their insurers in order to obtain reimbursement of amounts paid out.

The upper limit for the cover is the total construction cost, including fees, for structures other than housing, and the cost of repairs for housing structures.

Group companies are also covered by a ten-year "Non-Builder Developer" (CNR) insurance policy.

These two types of insurance cover repair costs for buildings to which the group has contributed in its capacity as a non-builder developer, when it is held liable based on the presumption provided for in Articles 1792 et seq. of the French Civil Code relating to construction work and within the limit for this liability.

The upper limit for the cover is the total construction cost, including fees, for structures other than housing, and the cost of repairs for housing structures.

The Structural Defects and CNR insurance policies with AXA France IARD and SMABTP have been in place since January 1, 2014.

Their cost totaled €5.629 million (i.e., 0.53% of consolidated revenues) for the fiscal year ended Monday, November 30, 2015.

Since January 1, 2010, the group companies engaged in the project management business have been covered by a special Public Works Engineering policy covering project manager professional liability for ten years, underwritten by Allianz IARD since January 1, 2014.

The premiums paid under that policy in the fiscal year ended November 30, 2015 totaled €0.088 million (i.e., 0.008% of consolidated revenues).

1.3.1.2. Other insurance relating to group activities

The group also has optional "Developer's Liability", "Comprehensive Construction" and "Real Estate Agents Liability" insurance.

1.3.1.2.1. Developer's Liability Insurance

The Developer's Liability insurance policies are intended to cover Kaufman & Broad against the financial consequences of any liability claims for injuries, property and/or consequential losses caused to third parties by its business and related services, as well by people, equipment, real estate and animals used in the conduct of its business for which it is liable.

They represented a cost of €0.57 million in fiscal year 2015 (i.e., 0.054% of consolidated revenues).

Since January 2014, coverage for bodily injury, property damage and consequential loss claims for all group businesses has amounted to €75 million (i.e., 7.05% of consolidated revenues).

1.3.1.2.2. Comprehensive Construction insurance and real estate agent liability insurance

The group has optional Comprehensive Construction insurance and Real Estate Agent Liability coverage.

Comprehensive Construction insurance is taken out for each program and covers the Project Owner and all program participants against losses or accidental damage to the structures during the construction period.

Coverage is equivalent to the total cost of the work performed at the site, including the fees for the general contractor and technical inspection.

The "Real Estate Agents Liability insurance" for companies that are property dealers, with coverage in compliance with the Hoguet Law (Law of July 2, 1970), has been incorporated into the developer liability policy since January 1, 2014. The coverage for bodily injury, property damage and consequential losses combined are covered on the same conditions as those described in Section 1.3.1.2.1. "Developer's Liability Insurance".

1.3.1.2.3. Directors' Liability Insurance

The group has also taken out a liability insurance policy to cover, under certain conditions, third-party liability claims against the group's Corporate Officers in the event of any professional

negligence committed while performing their duties. It also covers defense costs incurred by the insured for civil or criminal liability in the performance of their duties.

1.3.2. Risk management

In order to prevent and manage effectively the risks associated with its operations, the group has set up an internal control system that is the subject of the report by the Chairman of the Board of Directors on Corporate governance and internal control (see Section 9.2 "Report of the Chairman of the Board of Directors").

The internal control and risk management systems in force within the Kaufman & Broad group are more specifically intended to ensure:

- the compliance of management actions, decisions and/or performance of operations as well as of the behavior of employees with laws and regulations;
- the application of instructions and guidelines issued by the group's executive management;
- the proper functioning of the internal processes of the Company, including those designed to safeguard assets;
- the reliability and fair presentation of accounting, financial and management information reported to internally and externally.

The internal control process implemented by the group's Senior Management includes a risk management system that lists and analyses the major identifiable risks to the group's objectives and ensures that measures are in place to manage those risks. The mapping of risks by Senior Management is an essential element in identifying risks to the Company.

One of the objectives of the Internal Control System is to prevent and control risks resulting from the Company's business activities as well as risks of error or fraud, in particular in the financial and accountancy areas. As with any control system, however, it cannot provide an absolute guarantee that such risks have been totally eliminated, and it seeks to obtain reasonable assurance that the objective of the Internal Control System are being attained.

1.3.2.1. Management of industrial, economic and environmental risks**1.3.2.1.1. Management of risks related to the economic crisis.**

The selective approach to location and the continuous adjustments to the definition of the products offered for sale by the Company have enabled the Company to maintain its business in a weakened and uncertain general environment. In addition, the group is able to deal with fluctuating market conditions by conducting its business with a low level of fixed charges. In fact, the main costs for the group are variable and result mainly from the cost of land acquisition, of construction

costs, of program sales; and the costs and compensation of the sales teams (approximately 15% of the group's payroll is considered variable). Accordingly, in the event of a business slowdown, the group can reduce its costs by reducing the number of programs it launches. After taking account of the necessary adjustments to programs already started (in particular, provisioning the costs relating to committed programs, and the additional future costs for completion of these programs and taking into account the design costs of discontinued programs), the group believes that the benefits of a more conservative development strategy are usually felt within one year of its implementation.

1.3.2.1.2. Management of risks related to joint-development programs

The group, through its Internal Control System has an internal control process that covers 13 themes broken down into 26 separate procedures, including land acquisition, management of cash calls and customer collections, monitoring trade receivables, debt management, preparation and control of a real estate program budget and the process for preparing projections, recognition of revenue and inventories as completed, order management, progress rate, supplier payment, procurement, management of project-end (for principals involved in real estate programs; see Section 9.2 of the Report of the Chairman of the Board, IV.2. "Internal Procedures" of the Report of the Chairman of the Board). Joint development programs are not exempt from compliance with these procedures and specifically, the selection of land.

1.3.2.1.3. Management of risks relating to bank guarantees for sales before completion

To minimize its potential exposure to the decline in the number of institutions able to grant such guarantees to the group, the latter is resorting to a greater number of varied top ranking financial institutions. The main financial institutions of the group are: Crédit Mutuel ARKÉA, Crédit Mutuel, CIC, B.E.C.M., the Banque Populaire and Caisse d'Épargne group (Palatine, SOCFIM, Natixis, etc.), Crédit Agricole-CIB and Société Générale, as well as institutions specializing in surety services and insurance brokerage, such as: Atradius, MB cautions, SFS.

1.3.2.1.4. Management of risks related to the insolvency of suppliers and other companies

In order to more carefully assess its potential exposure to default by its suppliers, Kaufman & Broad has, since November 1, 2013, been introducing a rating system that it uses in the selection of suppliers, partners or affiliates and for the signature

of contracts in calls for tenders. The use of financial ratings is intended to ensure the soundness and reliability of the companies with which the group enters into agreements (see Section 1.7.4.1. "Business practices and ethics", paragraph "Relationships with suppliers"). In addition, for several years, Kaufman & Broad has been engaged in a process to centralize its procurement and to standardize its procedures for the selection of suppliers, at group level. This centralization enables us to develop long-term relationships, with suppliers signing a framework agreement with the group. This is also a means for Kaufman & Broad to assess the financial soundness of the companies with which the group enters into agreements and to forge lasting relationships (see Section 1.7.4.1. "Business practices and ethics", paragraph "Centralized procurement").

1.3.2.1.5. Management of liquidity risks

Appropriation of financial resources and a liquidity risk analysis are taken into account by Management and the Finance Department in the running of the group's operations. This has meant setting up an integrated process of establishing cash flow forecasts for each real estate program, steered by the Finance and Treasury Department and overseen by the Finance Department. This process allows the Company to determine current and forecast financing needs, either per program or for the group and its regional divisions.

1.3.2.2. Management of legal risks

1.3.2.2.1. Management of risks related to the relations with the majority shareholder

The Company ensures that its majority shareholder does not exercise excessive control by means of various governance arrangements. Such arrangements include among other things, having at least one third of the members of its Board of Directors represented by Independent Directors or by having Special Committees: Audit Committee, Compensation and Nominating Committee, which too are chaired by Independent Directors, but also deciding votes given to the Chairman of the Board of Directors absent a majority.

1.3.2.2.2. Management of risks related to regulations applicable directly to the group

To minimize its exposure to these risks, the group has a legal department which is in charge of regulatory and legal matters, whether Corporate or operational. In operational matters, this includes among other things support and advisory services to support and operational units in structuring real estate programs, in particular for the preparation of contracts and transactions; in Corporate matters, the legal department is responsible for all aspects of legal monitoring of all the group's entities as well as for the internal oversight of compliance with new standards and regulations and their interpretation with the support of external consulting firms specializing in legal matters.

1.3.2.2.3. Management of risks relating to litigation proceedings

The risks inherent in such proceedings are insured on the terms described briefly in Section 1.3.1. "Insurance". These risks are also monitored and analyzed by the group's legal department and counsel, and are systematically reassessed on the basis of developments in the proceedings and on the basis of the group's past experience.

1.3.2.2.4. Management of risks related to the tax incentives that may affect the new housing market

To be able to adapt to the changes in tax incentives followed by the group, the latter has a tax department which addresses all tax matters, whether Corporate or operational. This department is centralized and reports to the financial department, but it also relies on referrals to the legal department at the head office and in the regions. Its mission is, among other things, to provide tax oversight for the group specifically in relation to any developments related to its business activities. Finally, the group supplements these arrangements by resorting to external consulting firms specializing in tax matters.

1.3.2.2.5. Management of risks related to off-balance sheet commitments

Internal control procedures implemented to identify and manage these off-balance sheet commitments are detailed in Part 3, Paragraph 3 of the Report of the Chairman of the Board of Directors on Corporate governance and internal control (Section 9.2. "Report of the Chairman of the Board of Directors").

1.3.2.2.6. Management of risks relating to the protection of personal data

To protect these data, opening to the outside of group applications of a confidential and/or sensitive nature is not allowed. Protection rules as well as advanced firewall systems have also been implemented. Finally, for the data processing systems open to outside users, reinforced security systems have been put in place. In addition, Kaufman & Broad has appointed a Data Protection Contact Person (CIL). The CIL is in charge of advising company professionals at Kaufman & Broad, spreading a "Data Protection" culture within the Company and of monitoring compliance of their activities in matters of personal data.

1.3.2.3. Management of industrial, economic and environmental risks

1.3.2.3.1. Management of risks related to the real estate market

To be able to anticipate as early as possible any tensions related to the availability of real estate properties needed for the production of its programs, the group has developed a management tool for its property inventory, in which the land corresponding to the selection criteria set by the group must be included (see Section 1.1.8.1. – "Selection of land"). Finally, the Land Committee establishes the criteria applicable to the land that must be included in the group's property inventory and

approves the strategic and financial relevance of programs under consideration and the estimated budget for preliminary expenses and authorizes the payment of an order deposits (particularly in the case of unilateral sales commitments, see Section 1.1.8.2 "Approval by the Land Committee").

1.3.2.4. Management of other risks

1.3.2.4.1. Management of risks related to IT systems

To prevent this risk, the group has set up a business continuity plan providing for the prompt recovery of data and a back-up center with appropriate work stations designed to be used by the employees affected by any such incident. (See Section 9, Report of the Chairman of the Board, paragraph IV.3 – "Information systems").

1.3.2.4.2. Management of risks related to human resources

The group is aware of the importance of know-how and performance of its employees and tries to attract the right people and talent in a uniform manner throughout the group by offering ambitious career opportunities and building with them a strong group culture. To do so, the group uses various approaches in the management of human resources, such as on-boarding procedures, training and support for young new hires in the Company, annual interviews, and career reviews to identify talent and ensure that the Corporate culture and know-how are passed on (see the group's CSR charter).

1.3.2.4.3. Management of risks relating to program management

The group has within its Internal Audit structure a process for the approval of commitments in a real estate programs. The final decision to purchase land is made by the members of the Land Committee. The general rule adopted by Kaufman & Broad provides that final acquisition of the land only occurs if (i) the necessary administrative approvals are obtained to build the

project on the land, free of any third party objections (this last condition applies in most cases), and if (ii) the program's profitability as set forth in the projected budgets has been checked. (See Section 1.1.8. – "Land purchases" *et seq.*).

1.3.2.4.4. Management of counterparty risks

Because of the large number of suppliers and subcontractors, the group considers their insolvency is unlikely to have any material impact on the business. Moreover, the group believes that the counterparty risk on trade receivables is limited because of the large number of customers and the fact that sales are always signed before a notary, generally after finance for the property purchase has already been secured.

The customer-related credit risk is managed by each agency, supervised by Corporate headquarters. Due to the nature of its business, the group's exposure to customer default risks is low. The aging of customer receivables is reviewed monthly.

In addition, the group invests its cash and cash equivalents and its investment securities with top-tier financial institutions. Finally, it enters into interest rate agreements with leading financial institutions.

1.3.2.4.5. Management of risks related to attempts of fraud and scam

The group only carries out transactions with top ranking financial intermediaries and only through secure remote transmission software and it does not engage in e-commerce with its customers. Furthermore, the majority of financial transactions conducted by the group as part of its operations are carried out either through civil-law notaries for land acquisitions or by signing deeds for sale (before completion), or with financial institutions that allow financial flows based on calls for payments approved by our customers.

Finally, the group exercises strict control over its methods of payments which are all centralized at the group's head office.

1.4. Current litigation

Due to the nature of its business, the Company is exposed to legal action (civil, administrative, etc.) against it resulting primarily from structural and other defects in its programs, the failure to comply with certain legal or regulatory requirements, objections to building permits obtained, or any other type of action (local authority approval, for example).

A provision has been made for these disputes, calculated on the basis of a risk assessment carried out by the group's Legal Department and its Senior Executives working together with the specialist attorneys in charge of the cases.

The most significant current legal proceedings are described in Section 4.1.5. "Statement of financial position – Liabilities", Note 23. "Provisions" and Note 27.3 "Contingent Assets and Liabilities"). Details of all the disputes, both provisioned and not, are only provided to a limited extent, since such information could have a negative impact on the outcome of ongoing litigation.

There are no other governmental, legal or arbitral proceedings, including all proceedings, of which the Company is aware, which are pending or threatened and are likely to have, or have had, a material impact on the Company's and/or the group's financial position and/or profitability during the past 12 months.

1.5. Investment policy

1.5.1. Research and development

On July 10, 2007, the Licensing Agreement entered into between KB Home and Kaufman & Broad SA, under which the group benefited from an exclusive transfer of know-how and use of the Kaufman & Broad brand, was terminated. Following the acquisition of a controlling stake by Financière Gaillon 8, Kaufman & Broad SA became owner of the trademark, logo and know-how previously held by KB Home. The transfer process is described at Section 1.1.12.1. "The Kaufman & Broad brand".

For the Kaufman & Broad group, development expenses are mainly related to property development programs. Development expenses are comprised of expenses attached to the land (commitments relating to programs for which commitments to buy the land have been executed) and are treated as inventory, as an element of the cost price, when it is probable that the program will be developed.

In addition, Kaufman & Broad has an in-house team led by an architect who continually tracks new products suitable for development (particularly single-family homes, eco-designed buildings, and new ranges of more affordable housing units), and a team of engineers that focuses on improving construction quality in areas such as soundproofing and insulation (RT 2012 Label – PassivHaus standard and sealing).

Finally, the group periodically conducts surveys of consumers, their home-buying selection criteria and the products offered by competitors in order to adapt the products it sells.

No material research and development costs are currently pending.

1.5.2. Principal investments

In the course of its real estate development operations, Kaufman & Broad makes many purchases for the establishment of its inventory and work in progress related to its programs. Inventories of programs under development are valued at cost. This cost includes the land acquisition price, related fees, taxes, cost of roads and infrastructure, cost of construction and development of the model areas, land expenses, as well as the fees and commissions inherent in the agency agreements executed by Kaufman & Broad in order to sell the real estate programs. The group markets all its development programs under the system of sales before completions (VEFA), which means that the contract immediately transfers to the title to the land; title to the building is transferred to the purchaser as and when the building is constructed. In addition, revenues are recognized in accordance with, inter alia, the terms of IAS 11 "Construction Contracts" as regards recognition on the basis of the percentage of completion, i.e., based on technical completion, the starting point of which is the acquisition of the land and commercial completion (execution of the deeds of sale) of each program. As a result, the inventory of program work in progress is thus reduced as progress is made, per program, based on the forecasts (see Section 4.1.2. "General" rating Note 1.10 "Inventories").

Apart from these investments relating to the operating cycle, investments can be divided into three categories:

- investments required for the group's ongoing operations: IT investments (software and hardware), fixtures and fittings in its administrative buildings, purchases of furniture and office

equipment, etc.) (see Section 4.1.4 "Statement of financial position – Assets, Note 15 "Tangible and Intangible assets"). These investment flows relating to operations for the entire group amounted to €4.5 million in 2015 against €3.4 million in 2014 and 3.1 million in 2013 (€2.0 million net, in particular from the sale of the offices of the Grenoble agency for €1.3 million);

- investments in acquisitions to expand the group's business activities. These investments are made through the acquisition of companies or real estate programs, or through equity investments. The various acquisitions carried out by the group are described in Section 1.1.1.3. "Acquisition strategy";
- financial investments made by acquiring minority holdings (investments in jointly developed programs). These transactions are treated as financial assets and included in "Investments in affiliates and joint ventures" in the group's balance sheet. The book value of equity affiliates and joint ventures corresponds to the share of net equity held. For development operations, this item includes, capital and similar investments, i.e., the current account advances made by the group in order to finance programs. Kaufman & Broad regularly purchases stakes in programs developed jointly, when the opportunity arises and if the program is of financial interest to the group (see Section 4.1.4 "Statement of financial position – Assets, Note 16 "Non-current financial assets" *et seq.*).

Subject to the investments and stakes mentioned above, the group made no major investment during the 2015 fiscal year.

1.5.3. Current and future principal investments

There are no significant ongoing investments.

The group does not exclude the possibility of continuing its policy of growth through acquisitions, provided that these also meet the group's financial requirements criteria and its general strategy.

1.6. Main subsidiaries and affiliates

See "Organization Chart" in Section 5.3.4. "Group organization chart".

1.7. Sustainable Development

The construction of housing units and offices determines the surroundings and the quality of life of users, while at the same time creating a structure for regional planning.

The construction sector contributes close to 25% of domestic greenhouse gas emissions, so the thermal performance of the stock of both new and existing buildings is a strategic challenge in terms of meeting national reduction commitments in this field.

Since, at present, 55% of world population is urban and French people spend on average more than 80% of their time indoors, the well-being of occupants is both at the core of the group's concerns and a source for innovation.

Aware that the real estate development business has strong social, societal and environmental repercussions, Kaufman & Broad publicizes information on the impact of its business and its societal commitments. The publication of non-financial information enables an assessment to be made of the Company's performance and its value creation drivers. The

gathering and centralization of such information contributes to changes in the business model to increase sustainability and efficiency. Transparency requirements for companies in social and environmental matters now encourage them to involve all stakeholders in their strategy.

The group's non-financial reporting complies with Articles R. 225-104 and R. 225-105 of the French Commercial Code for fiscal year 2015. Pursuant to Decree no. 2012-557 of April 24, 2012 implementing Article 225 of Law no. 2010-788 of July 12, 2010 (the Grenelle 2 Law) and Article 12 of Law no. 2012-387 of March 22, 2012 (the Warsmann Law), Kaufman & Broad publishes and has had some of its non-financial performance indicators for this fiscal year audited.

The group has chosen to organize its Sustainable Development section by distinguishing between the various environmental, social and societal impacts of its business activities, while restoring the associated challenges as part of its business cycle.

1.7.1. Group CSR policy

Challenges and responsibilities for real estate developers

As a developer-builder, Kaufman & Broad is involved in the entire property chain and guides the operation from design to sale:

- identifying land for acquisition and land development;
- designing buildings;
- overseeing construction/development;
- delivery and customer service.

The developer, in charge of coordinating all the providers involved in the operation, thus has a complete vision of the

program. This position gives the developer a role as arbiter between the various interests and the responsibility of contributing, with its completion, to town policy and the fight against global warming.

One of the specific aspects of the promoter's business lies in the fact that while the group has a direct influence on certain subjects (choice of land or building design criteria and type of certification, except in joint developments); for others, it only has an indirect influence – contractor practices on the building site through the criteria in the initial technical specifications when the works contracts were awarded, or by influencing the behavior of the occupants of buildings, since this can only occur when the order is placed and/or when the keys are delivered.

Kaufman & Broad has direct control over the impact of its administrative offices and sales spaces (onsite sales offices and five showrooms). But, above all, it is in its highly regulated real estate programs that the group faces a variety of societal and environmental challenges.

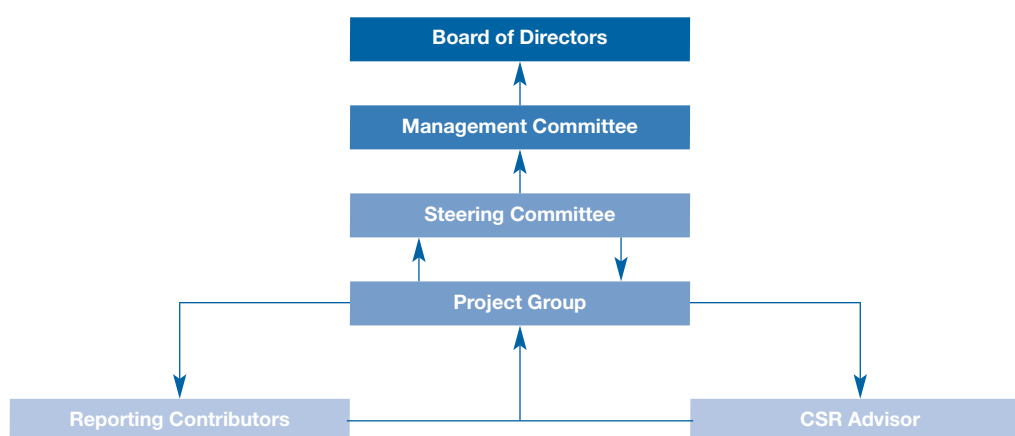
To go beyond legal requirements and formalize its strategy in this area, the group has a Corporate Social Responsibility (CSR) Charter intended to make CSR a performance driver, by making the values of the group central to its strategy.

Organization of CSR at Kaufman & Broad

Kaufman & Broad has structured its internal organization in order to deploy its approach to Corporate social responsibility. In 2012, CSR management was centralized at headquarters to make it easier to manage the collection of data for the purpose of external audit.

The Company also has a decision-making and consultative body tasked with providing CSR policy guidelines: a Steering Committee, comprising the Senior Vice Presidents of the various regional or Corporate divisions (finance, human resources, architectures, marketing-internet, etc.), meets on a quarterly basis.

Organization dedicated to sustainable development



1.7.2. Environmental information

1.7.2.1. Land search risk management

The challenges for real estate developers of urban planning regulations and land use

Planning rules govern the profession of real estate developers. Their objective is to reconcile quality of habitat, protection of natural and cultural heritage, and economic and demographic development.

In the 1970s, urban sprawl was encouraged, lowering the height of buildings and reducing the land occupation ratios. Today this trend is reversed, in favor of encouraging the re-densification of urban areas. Urban growth is synonymous with the concentration of activity and economic attractiveness.

With the decentralization of urban planning law in the 1980s, municipalities acquired regulatory and decision-making powers. It is they, in particular, who develop urban plans and issue building permits. Since the Solidarity and Urban Renewal Law (the SRU Law) of December 13, 2000, the municipalities define Local Zoning Plans (PLUs) and the public entities for inter-municipal cooperation develop Territorial Coherence Schemes (SCOTs) which are required in several municipalities.

The PLUs and the SCOTs define the areas that are, and may be, urbanized and are thus strategically important for developers because they enable land for construction to be identified.

At the municipal level, land use in particular is governed by the current regulations on natural and climate risks to which Kaufman & Broad is subject when the group designs and launches a real estate program. These include: the Earthquake Resistance Regulations, which entered into force on May 1, 2011; the Flood Risk Prevention Plan; and the Risk Prevention Plan (RPP). The RPP, which is an appendix to the PLU, defines building land on the basis of natural hazards (floods, avalanches, landslides, forest fires, etc.).

However, the SCOTs and the PLUs are not yet sufficiently clear about the specific environmental features of land.

On the pieces of land that it buys for its programs, the group systematically conducts the preliminary studies required by current regulations. From a regulatory perspective, this upstream part of the group's business is heavily regulated.

The expansion of urban areas causes soil sealing and surface runoff, as well as the loss of topsoil and of the space dedicated to agricultural activity. The construction of new programs impacts the natural runoff of rain and can cause pollution of aquatic environments, due to discharge of untreated storm water.

The management of storm water and the choice of the means of containment is studied early upstream, when outline plan is being prepared. When the building permit is being organized, the town's sanitation departments are consulted and studies of soils and permeability are carried out to determine the appropriate retention and foundation type. In compliance with the municipalities' regulations in terms of volume and flow, an infiltration well or a watertight retention basin is created. In the case of discharge into the natural environment, a case report on Water protection law must be prepared. Surveys and tests of water quality are conducted in order to find out whether a cleanup is needed.

Taking account of the site's construction history and ecological balance

Soil and subsoil quality and pollution

Before purchasing any land, the group instructs specialized firms to conduct a study of the quality and pollution of the soil and subsoil, and of the site's construction history.

Kaufman & Broad first appoints a consulting firm to perform an additional pollution diagnosis on the land and prepare a methodological note. A contractor is then given the task of cleaning up the site if the diagnosis is negative. The group pays particular attention to its situation analysis and pollution removal action, especially where soils at risk, such as clayey soil or land located in a brownfield area, are involved (see Section 1.2.4.8. "Pollution risks").

The Kaufman & Broad Human Resources Department offers employees a series of training sessions on the environmental challenges relating to property development. In 2015, training on topics such as "Project owner's responsibilities in pollution-related matters", "Soil surveys: how to analyze a report", "Soil pollution" and "Low-pollution construction: keeping the building site clean" was offered to employees.

Discovery of archeological remains

Any project may be affected by an archaeology protection measure. Depending on the program, the group ensures that the land is not affected by any archeological plans by asking the Regional Directorate of Cultural Affairs (DRAC). This approach enables the developer to be informed about the possibility of carrying out a preventive diagnosis. Depending on the risk, such information can be provided in advance, prior the signing of the contract of sale, which contains a condition precedent on this subject.

If the DRAC believes that a preventive diagnostic report is necessary because the land may contain archeological remains, the developer signs an agreement to conduct it. The diagnosis is carried out by an operator contracted by the group, by the National Institute for Preventive Archeological Research or by a municipal service provider. If archeological remains are found during the diagnosis, excavations may be ordered by the regional curator. Depending on the outcome of the excavations, the project can be changed (type of foundations, method of construction or demolition, etc.) or the uncovered remains may be classified as historical monuments, and preserved.

During the excavation works for the Cap Marine development in Antibes, where construction started on January 2, 2012, the remains of a Roman aqueduct were discovered. In consultation with the city of Antibes, a solution was found and recorded in writing by means of a sponsorship agreement. Special premises were built to exhibit and preserve all the discovered remains and to make them accessible to the public (see Section 1.2.4.6. "Risks related to the discovery of archeological remains").

The specific case of demolitions

With regard to demolitions, the project manager appoints a body to prepare the asbestos diagnostic report prior to signature of the contract of sale and before any works on the site. The asbestos diagnostic report helps locate and analyze asbestos in the building components and equipment to enable the firms to be consulted concerning the filing of an asbestos removal plan with the Regional Directorate for Companies, Competition, Consumer Affairs, Labor and Employment. The Kaufman & Broad purchasing department then turns to a demolition company, which, in turn, looks for a company specializing in asbestos removal. Its role is to submit an asbestos and lead removal plan to the Labor Inspectorate and the Regional Health Insurer.

If the building is being preserved, a lead diagnostic report is conducted to determine the presence of lead in paint or pipes and the risks related to it.

In 2015, training on "Asbestos: Role and responsibilities of the project owner in risk prevention" was offered to Kaufman & Broad employees by the Human Resources Department.

Urban renewal

The reclassification of a brownfield site is an opportunity to transform a neighborhood and breathe new life into it.

For example, the Baud-Chardonnet site in Rennes, was initially an urban fringe area with intermixed industrial sites and warehouses which later became a brownfield site. This area, enclosed between the Vilaine river and rail tracks, is part of a Mixed Development Zone (ZAC) program designed to structure the urban landscape by transforming it into an area interconnecting the train station neighborhood, certain metropolitan functions (services, research, training) and the 'technopolitan' Beaulieu Atalante site. The ZAC project enables a high-density housing zone to be built, combining housing complexes, services, public and business facilities.

At the core of this urban development, the Kaufman & Broad program, located in block F, includes four buildings, a chapel and a covered area with a large well-lit, double-height commercial space.

Taking account of the environment and biodiversity in the choice of location

The 2007 Grenelle Environment Forum made the commitment to preserve and restore a network across the country so that animal and plant species could move and reproduce. This network will lead to the creation of a green and blue corridor that will allow the preservation of biodiversity to be a factor in land development choices, especially through PLUs and SCOTs. The green and blue corridor is associated with a set of measures: creation of nature reserves, protected areas, Natura 2000 etc., in compliance with the national biodiversity strategy (see also Section 1.2.4.7. "Risks related to biodiversity and protected species").

Any action involving the land can generate effects on the natural environment. An impact study can be conducted, either in accordance with Article R122 of the French Environmental Code or, if this is not mandatory, at the request of the mayor's office, in a land-clearing project or in relation to a program located near a zone of ecological interest (a Natura 2000 site or coastal areas, for example). Where a risk to biodiversity is identified, different measures may be adopted: an exemption request may be filed with the Regional Departmental Directorates, the general layout plan can be modified to preserve the protected area (avoidance measures) or the compensatory measures reviewed by the Regional Directorates for the Environment, Planning and Housing (DREAL) may be implemented.

A Water Law project was thus created for the Green Forest program in Parray-en-Yvelines, which includes a wetland area identified by a pedological study carried out by Kaufman & Broad. In agreement with the conclusions of the study, Kaufman & Broad took compensatory measures to restore another wetland area, located in the same catchment area as this program, and located on the shore of the Etang du Parray. In this area, a reed-bed naturally purifies the water by filtration and houses numerous plant and animal species. It is a breeding area for pike and for birds, which use it as their migratory stopover site. This wetland zone and its ecosystem was gradually overrun and endangered by willow trees. Accordingly, works have been planned to restore, maintain and provide ecological monitoring for this zone for 10 years, except during the migration and reproduction season.

In Urban Development Zones (ZACs), the environmental aspect is particularly important and an environmental design firm is therefore selected in the response for consultation and the design phases. The YOU building in the Ile Seguin Rives de Seine ZAC in Boulogne Billancourt, certified to the French commercial building standards NF Bâtiments Tertiaires, démarche HQE® and BREEAM®, with the Effinergie + label (Cep. RT 2012 -40%) includes the promotion of biodiversity in its action plans. Accordingly, nesting boxes for blue tits, sparrows, the Eurasian nuthatch and robins have been set up among the willow trees, in the middle of the island. Semi-natural habitats suitable for finches and shelters for insects have also been created.

In 2015, training in "Major environmental constraints for project carriers" was offered to employees.

Provisions and guarantees for environmental risks

Kaufman & Broad's enters into conditional contracts of sale. The conditions precedent include the environmental risks that might arise after completion of soil studies so that, if applicable, compensation can be obtained from the seller. Within the legal framework of the contracts for sale, Kaufman & Broad is not, to date, exposed to any proven risk, and no provisions or guarantees for environmental risks were recognized in the accounts as at November 30, 2015.

1.7.2.2. Environmental criteria in the design of housing units

In a highly regulated market, Kaufman & Broad designs programs meeting stringent environmental standards, which ensure that customers' investments are protected, even on resale. These requirements result in a quality of construction that is a guarantee of comfort and peace of mind for its customers.

In its constant search for new techniques to increase the sustainability of buildings and improve occupants' quality of life, Kaufman & Broad is involved in innovative environmental and architectural programs.

Thus, the Carré Lafayette program, winner of the competition organized by the General Council of Loire-Atlantique, is a large-scale project combining rehabilitation and construction within the classified site of the former police barracks at Aristide Briand square, in Nantes. This program, inaugurated on July 6, 2015, made possible the rehabilitation of three buildings and the creation of a new building. These buildings have been fully rehabilitated to optimize the volumes offered by the previous structure and are now housing units: ceiling heights of 3 m 60 cm, parquet floors, and molding-decorated interior doors. The facades were preserved and redesigned in a contemporary way, and the former footbath for horses has been preserved and transformed into a rest area adorned with aromatic plants.

In addition to the 65 community housing units, the program also includes shops on the ground floors of buildings, an exhibition hall in the central courtyard of 1,500 sq.m, and premises for paramedical services, as well as five half-levels of underground parking. The program is focused on well-being with the creation of a 1,700 sq.m Aquatonic center, with pools, a spa, a sports facility and a cardio-training facility.

Compliance with environmental regulations and certifications

The environmental impact and energy efficiency of buildings are governed by the creation of standards and by labels and certifications. In France, thermal regulations are strengthened, on average every five years, to meet national greenhouse gas reduction targets.

The 2012 thermal regulations (RT 2012) have already been implemented for commercial buildings since October 2011, and their application has been mandatory for new housing construction since January 1, 2013.

Since Kaufman & Broad planned in advance for the RT 2012, the group now prepares Energy Economy Certificate Cases to measure the thermal performance of its eligible programs. 53 case files were thus filed during fiscal year 2015.

In 2015, training in "Keys to designing an RT 2012 building" and "RT 2012 basics" were offered to staff.

Environmental initiatives and certifications for housing units under construction

Among the 2015 housing unit starts, 24.16% were certified *Habitat & Environnement* (H&E) or *Qualitel*. These certifications can be used to measure the current levels of a building's technical and environmental quality and comfort of use.

1.7.2.3. Mastering the environmental and landscaping impact of programs

The group attaches great importance to the landscaping of its programs. In single-family homes, the treatment of green spaces and the entrances to programs are given special attention and every home is delivered with a private planted yard. The group's model homes are also available in several architectural styles to suit our customers' lifestyles and preferences. A landscape gardener frequently participates in the design phase of the program in order to incorporate the landscape into the program.

Responsibility of project owners and project managers

Kaufman & Broad acts as "project owner", i.e. it assumes the development risk for the real estate program. It initiates the program for its sale, evaluates program opportunities and feasibility, manages it and assumes responsibility for its financing.

As project owner, Kaufman & Broad uses suppliers, such as architects and design firms, which are part of the project management team for the program. This team monitors the progress of the works and checks the regulatory and contractual compliance of the program's construction. The construction work itself is carried out by construction companies. The group makes sure that they are administratively current and in good standing, based on their insurance certificates, Social Security contributions and entries in the Trade and Companies Register.

However, in some cases, Kaufman & Broad acts as project manager for "in-house" design and/or programs. This is usually the case for programs involving Single-family homes in communities and apartment or office programs because of strategic, financial or technical requirements. The group then assumes responsibility not only for the design but also for the implementation and progress of the work.

Reducing the impact of construction on the environment

In order to respond to the environmental impact of construction, measures are taken at the design and implementation stages of the works.

Phytosanitary diagnostic reports are sometimes prepared by landscape gardeners to check the health status of plants. Next,

the surveyor and the architect select locations for the buildings on the basis of this diagnosis, and the developer then has a general layout plan showing the plants or green spaces to be preserved.

Certain programs have thus been designed to preserve natural areas. For example, a surveyor was involved in the "Le Palama" program in Marseille. By including plants in the general layout plan, the surveyor helped lay out the two buildings in the program in a way that favors the preservation of old plant species.

Kaufman & Broad has two ways of commissioning its construction works: general contractor programs, with the entire contract awarded to a single company; or programs with separate trade contractors where contracts are awarded to the various trades involved in the construction.

General contractors have more environmental expertise, in particular because of their size and therefore their Corporate structure. They often have their own internal charters and environmental commitments as well as on-site staff to monitor their commitments. Kaufman & Broad thus prefers general contractors, which act as single points of contact for the developer for programs executed in a complex environment, such as in central Paris or in a Mixed Development Zone (ZAC).

In both cases, the group's influence over its contractors is primarily through the criteria specified when selecting partners and contractors and awarding contracts for construction works. The need to comply with all applicable environmental regulations is accordingly noted in the clauses of their contracts, and in the technical specifications or in specific administrative clauses.

The impact and nuisance caused by the site for local residents and for employees working on the construction site are of many types: demolition and construction waste (residue of cement, plaster, concrete, packaging, etc.), waste water, transportation, noise, dust and sludge, the visual appearance of the site, health risks and hardship for the workers.

To reduce these nuisances, Kaufman & Broad requires them to be taken into account by means of the contractual clauses (community requests or certification rules) or through the group's proactive initiatives.

As part of these certified programs, the commitments of the various stakeholders are formally recorded with the signing of "Clean Site" charters. These documents contain commitments by the companies working on the programs to reduce the nuisance and pollution that they generate. To define and manage the program, the group receives the support of an Assistant to the Project Owner (AMO) who is outsourced and is in charge of environmental compliance on the construction sites. When the group works on a certified program, Kaufman & Broad:

- aims to limit local soil and water pollution by collecting and storing waste (formwork oils, wash water, etc.) for subsequent removal;
- complies with current regulations regarding noise pollution, whilst following the specific requirements of municipalities when they set the working hours for individual sites. For example, the site for the Nouvel R program, at Limeil

Brévannes, took into account the nearby school and adjusted the site's working hours on the basis of the times when schoolchildren would be walking to and from school;

- encourages construction companies to use quieter machines, for example with electric motors rather than internal combustion engines. Generators must also be soundproofed;
- provides various systems to clean the wheels of trucks at site exits. Depending on the features of the land and the location of the site, these can be washing areas, with jets or scrubbers so as to not carry dirt onto the surrounding roads;
- includes in its specifications a clause banning the burning of materials onsite;
- encourages the storage of topsoil from the site so that it can be reused to create green spaces, if the type of soil is suitable. This limits truck movements;
- ensures that the contractors involved respect regulations for the processing of building waste. These regulations require contractors to use specific containers and to sort and dispose of their waste at the appropriate treatment centers. At all our sites, waste sorting is mandatory and is performed in-situ if the size of the site allows. On certified sites, sorting assessments must be done by the AMO. In the case of demolitions, the wreckers are responsible for sorting the waste. Wreckers must provide evidence of the sorting of waste and be able to certify that the waste was sent to the appropriate collection centers, by obtaining Cerfa vouchers;
- takes individualized measures, in cases of vulnerable environments such as proximity to a school, with specific soundproofing of the construction site;
- provides local residents with a mailbox in which to collect complaints and comments.

The environmental requirements are included in the contractual documents and the environmental objectives are monitored by the Construction Manager.

In addition, a guarantee retention or re-billing procedure enables the owner to require contractors to pay for the repair of any damage they may have caused, including environmental damage.

In 2015, training on "Low-pollution construction: keeping the construction site clean" was offered to employees.

Ensure the monitoring of resources needed for the completion of a project

Kaufman & Broad was concerned about the water and electricity consumption during a project and was able to rely on the special monitoring provided on certain sites as part of the *Habitat et Environnement* certification to obtain some initial responses. Since program duration and fiscal years are not synchronized, the group prefers to publish data concerning the entire duration of a program, and to progressively publish future data for comparative purposes.

The two programs for which the group publishes data are located in Île-de-France, and represent 2.3% of the programs completed in fiscal year 2015.

The Or'Essence program, located in Pontault Combault, has 76 housing units. The program started on March 25, 2013 and was completed on February 21, 2015. Over the duration of the program, the water consumption recorded was 720 m³ and electricity consumption was 119,405 kWh.

Le Carrousel program, at Vauréal, has 116 housing units. The program started on January 15, 2014 and was completed on November 15, 2015. The consumption recorded for this project was 470,126 kWh and 1,422 m³ of water.

Locality	Trade name	Number of units	DROC ^(a)	Delivery	DAT ^(b)	Electricity consumption (kWh)	Water consumption (m ³)
Pontault							
Combault	Or'Essence	76	03/25/2013	03/31/2015	02/21/2015	119,405	720
Vauréal	Le Carrousel	116	01/15/2014	10/27/2015	11/15/2015	470,126	1,422

(a) Start of works certificate required by law (DROC).

(b) Completion of works certificate (DAT).

1.7.2.4. Adopting an urban logistics vision

Kaufman & Broad has acquired a stake in the capital of Urbismart, a start up created by the founders of Concerto European Developer, which deals with last-mile problems. The optimization and the sharing of logistic flows is in response to problems with traffic jams and parking in downtown areas. This helps thinking about the city of the future in a more eco-friendly manner way and on a neighborhood scale, by incorporating the connection of services to buildings when they are designed.

1.7.2.5. Administrative activity

Kaufman & Broad takes into account the environmental impact of its administrative activity in order to raise awareness and mobilize its employees about objectives for the reduction of energy consumption and carbon emissions.

The Greenhouse Gas Emission Assessment of the Kaufman & Broad GIE

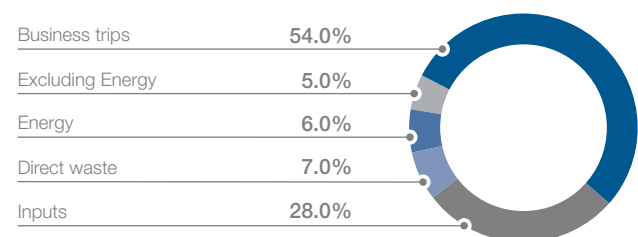
The scope of the group's 2015 Greenhouse Gas Emission Assessment (BEGES) covers all the activities of the GIE. The properties concerned by the BEGES assessment are the offices

and premises of the agencies, the IT equipment owned by the companies of the Kaufman & Broad group and used by employees of the GIE, and their leased vehicles.

The analysis of greenhouse gas emissions for Kaufman & Broad's business activities was conducted on regulatory scope 1 and 2, and certain scope 3 emissions were also mentioned.

Kaufman & Broad's Greenhouse Gas Emission Assessment (BEGES¹) conducted in 2015, shows that 54% of the group's greenhouse gas emissions originate from business trips made in company cars. The second emission-related line item concerns paper, primarily external publications.

Summary of greenhouse gas emissions by line item



Line item	Description	TCO ₂ e
Business trips	Solely from company cars (upstream and combustion)	1,197
Inputs	Printing and external publications (paper)	619
Direct waste	Paper and water	160
Energy	Electricity consumption: air conditioning, ventilation, lighting and IT	137
Excluding energy	Refrigerants in air conditioning facilities	111

The BEGES report is available online from the Kaufman & Broad website.

To analyze the line showing the most emissions, the group carried out a specific assessment of the business travel of its employees, which is presented below.

Report on the emissions relating to business travel

In 2015, the group decided to assess greenhouse gas emission for all the business travel of its employees. The analysis was carried out on the "combustion" line, for the business trips made with company cars, employees' personal vehicles, by train and

by plane. The method for calculating emissions only takes into account the "combustion" line item. Overall, approximately 1251.5 tons of CO₂ equivalent emissions in 2015 were for business travel. Vehicles were the main CO₂ emitter, with 92.8%.

(in tons of CO₂ equivalent)

Entity	Number of employees concerned	Plane	Train	Personal vehicles (TOTAL card & mileage allowances)	Company vehicles	Carbon emissions	
						Total	Distribution
Annecy	19	0.0	0.1	6.3	46.8	53.1	4.2%
Bayonne	30	2.9	0.0	12.9	32.3	48.1	3.8%
Bordeaux	48	4.2	0.0	6.3	59.1	69.7	5.6%
Grenoble	9	0.0	0.1	4.1	6.9	11.1	0.9%
Lille	12	0.0	0.0	2.9	11.7	14.6	1.2%
Lyon	56	0.1	0.4	14.3	30.7	45.4	3.6%
Marseille	86	9.7	0.3	16.8	81.9	108.6	8.7%
Montpellier	42	3.5	0.1	13.7	52.2	69.5	5.6%
Nantes	72	1.4	0.4	16.0	64.5	82.4	6.6%
Neuilly	350	32.5	1.0	94.8	339.0	467.3	37.3%
Nice	32	4.0	0.0	11.8	14.3	30.1	2.4%
Rennes	2	0.0	0.0	4.1	0.0	4.1	0.3%
Rouen	1	0.0	0.0	0.0	0.0	0.0	0.0%
Toulon	42	7.4	0.0	10.8	80.3	98.5	7.9%
Toulouse	102	21.8	0.0	15.6	111.5	148.9	11.9%
Total	903	88	2.3	230.4	931	1,251	100%

Type of transportation	TeqCO ₂	Distribution
Car	1,161.6	92.8%
Train	2.3	0.2%
Plane	87.5	7.0%
Total	1,251.5	100%

Reducing our paper consumption and energy bill

Total print volume^(a)

(in thousands of pages)

	2015	2014
Black and white photocopies	3,158	3,570
Color photocopies	4,893	4,825
Total	8,051	8,395

(a) This concerns prints and photocopies made from copiers (MFP) of all group agencies. Printers and printing of brochures and pitch books are excluded.

Since August 2012, the management of printing has been centralized within the IT Services Department of Kaufman & Broad, in order to be able to oversee and direct the consumable and equipment orders.

To streamline its offices, in 2012, Kaufman & Broad began to modernize its stock of copiers, to renovate and standardize it. Currently, 100% of the stock of multifunction printers (MFPs) has been renewed. The models selected have been chosen for their eco-efficiency: they are Energy Star certified and only consume 1 Watt when in stand-by mode. These units enable unnecessary printings to be reduced thanks to fax forwarding and digital storage options.

To limit the environmental impact of group administrative activities and to empower employees, best practices have been implemented throughout the new building stock, such as the universal use of scan-to-mail instead of photocopying wherever possible. At some sites, paperless faxes to mailboxes has been implemented.

The group has also decided to virtualize its stock of computer servers. The project was launched in late 2010, and today 95% of the server stock has been virtualized. This project has resulted in reduced electricity consumption (the virtualized part decreased tenfold), and in reduced investment in office supplies.

To cope with the increasing volume of stored data, Kaufman & Broad is renewing its file storage system. The group wants to manage its storage units, while minimizing the energy consumption of its data center. It chose scalable and energy-efficient technology that limits the number of hard drives, with power supplies that comply with the Energy Star Platinum standard.

In 2014 Kaufman & Broad launched a call for tenders to outsource part of its IT infrastructure. It did so to secure the IT system, to optimize costs, to reduce energy costs and the impact on the environment. The latest-generation modular datacenter selected by Kaufman & Broad shows a Power Usage Effectiveness (PUE) of 1.21 thanks, among other things, to free cooling. This performance is much better than the standard PUE of 2, which previous generation datacenters achieved.

Aware of the significant part of transportation in its greenhouse gas emissions, the group is looking for new ways to communicate and work, specifically through the use of digital tools. Since 2009, Kaufman & Broad has been using a videoconferencing system at most of its sites. The group thus encourages employees to favor videoconferencing in order to limit their business travel.

The use of tablets is also becoming widespread, resulting in the digitization of certain business processes. In addition, the group has deployed an Electronic Document Management System.

Recycling paper and computer equipment

As a service provider, Kaufman & Broad mostly generates office waste and consumes significant amounts of paper, both for its internal activity and its commercial business. The total tonnage of advertising materials contributing to the EcoFolio tax for fiscal 2014 totaled 617.6 metric tons.

Aware that changes in its practices can have a positive impact, Kaufman & Broad is committed to a group policy of implementing sorting and recycling in all its agencies, operated by a shared provider. This provider creates sustainable employment for people with limited access to the job market and for people with disabilities. This initiative was deployed in the entire group during the second half of 2015 and the first half of 2016. The group's agency in Lyon was the first to introduce selective sorting with this provider, which enabled 1,496 kg of paper to be collected for an average workforce of 42 people in 2015.

The whole group also recovers and recycles computer equipment. Recycling is organized in cooperation with two organizations, one of which is engaged in the New Life program for the treatment of used consumables to avoid grinding, incineration, landfills and landfill burial. Used cartridges are collected by one organization, and the components are then recycled in the manufacture of products using a process guaranteed by the 'No Waste Solution by Revialis' label, certifying that all the raw materials have been reintroduced into industry with 0% waste. This label is ISO 14001-compliant and this solution provides a 33% improvement in greenhouse gas emissions compared to incineration.

In 2013, Kaufman & Broad standardized the use of recycled cartridges in laser printers when this is possible.

Light pollution and water and electricity consumption by the agencies

The group's head office in Neuilly-sur-Seine, refurbished by Kaufman & Broad, is equipped with infrared light detectors to optimize power with the provisions of the Grenelle Environment Forum on light pollution and the fact of no longer leaving office lights on at night, the building has been equipped with a centralized technical management system that switches off office lights after 9 p.m. every day and turns down the heating during non-working hours.

Agency employees have been made aware of the sustainable management of resources and are encouraged to turn off lights in offices as soon as they leave. The same applies to the management of computer workstations as well as photocopiers and printers.

Kaufman & Broad wants to set consumption reduction targets. To do so, it has started monitoring the agencies' water and electricity consumption.

Agency	Average number of employees ^(a)	Water consumption (m ³)	Electricity consumption (kWh)
Anncy	11	15	13,415
Bayonne	17	310	63,345
Bordeaux	31	84	74,759
Grenoble	5	50	4,867
Lille	8	ND ^(b)	10,927
Lyon	42	266	62,228
Marseille	54	280	107,852
Montpellier	24	132	32,647
Nantes	33	211	27,323
Neuilly	350	2,305	899,156
Nice	19	238	81,633
Rennes	4	18	4,206
Toulon	34	313	137,314
Toulouse	80	1,276	156,694
Total	712	5,498	1,676,366

(a) 2015 calendar year.
(b) Figures not available.

1.7.3. Social information

1.7.3.1. Workforce by sex, function, entity and age

At December 31, 2015, the group employed 711 people, 374 women and 337 men, through an Economic Interest Grouping (GIE) that has covered all the group entities in France since January 2008. Employees are assigned to group companies depending on their staffing requirements. 61% of the employees are managers and 53% of them are women.

They are divided among several teams responsible for land purchase, program design, calls for bids, engineering, administration, management and supervision of the construction, marketing, sales, customer service, financing and administration of the group. The costs of assigning employees are distributed by legal entity, based on the volume of business generated by each entity of the group.

Analysis of the average number of operational staff at December 31, 2015

Land development	77
Programs	86
Technical & Customer Service	194
Marketing/Sales	173
Regional support functions	82
Corporate support functions	99
Total	711

Workforce by entity at December 31, 2015

KB SA	128
Commercial Property	19
Île-de-France	212
Nantes	31
Rennes	4
Lille	8
Lyon	44
Grenoble	2
Anncy	12
Nice	17
Toulon	35
Marseille	48
Montpellier	22
Perpignan	1
Toulouse	84
Bayonne	16
La Rochelle	1
Bordeaux	27
Total	711

Workforce by age at December 31, 2015

Under 25	14
25 to 30	102
31 to 35	118
36 to 40	119
41 to 45	97
46 to 50	89
51 to 55	92
56 to 60	59
Over 60	21
Total	711

1.7.3.2. New Hires and Departure

1.7.3.2.1. Potential Recruitment Problems

In 2015, Kaufman & Broad hired 116 employees, including 93 on open-ended (CDI) employment contracts, 59 managers, 39 employees and 18 salespeople. Of the 116 employees hired, 48 were under age 30 at the time they joined the group, i.e., 41% of the employees hired. Some recruitment, including for land research and development was difficult, since these profiles are specific to the profession which is composed by a young population.

1.7.3.2.2. Temporary Workers

In 2015, temporary workers represented 2.60% of the workforce, representing the equivalent of 18.5 full-time employees during the year. Temporary staff worked an average of 12.95 days per assignment in 2015.

1.7.3.2.3. Terminations

Employee-related terminations affected 11 people and 23 people left the group by mutual consent.

The turnover rate is the number of departures recorded in the year out of the average monthly registered workforce.

In 2015, the recorded turnover rate was 13.5%.

1.7.3.3. Compensation

1.7.3.3.1. Average Compensation

Employee compensation consists of a fixed base salary plus a variable portion related, in particular, to the business conducted and the tasks performed.

These are average salaries paid to the employees (excluding Corporate Officers) in the Company for each of the past two years.

The compensation of Corporate Officers is described in Section 3.2. "Directors' interests".

Average Compensation ^(a)

(in €)	2015			2014		
	Men	Women	Total	Men	Women	Total
Employees	48 268	37 755	39 839	49 959	38 380	40 721
- basic salary	23 480	26 874	26 201	22 664	26 161	25 454
Managers	83 835	57 344	74 301	84 703	57 423	74 660
- basic salary	62 734	46 192	56 780	60 537	44 845	54 759

(a) Average annual compensation of employees with the Company at December 31 of each year.

Payroll taxes recognized in the accounts under compensation for fiscal years 2014 and 2015 were €21.6 million and €22.1 million respectively.

1.7.3.3.2. Application of Section IV of Part IV of the French Labor Code: Incentive bonuses and profit-sharing

There are no incentive bonus schemes or profit-sharing agreements in place within the Kaufman & Broad group.

1.7.3.4. Work organization

1.7.3.4.1. Working hours

Full-time employees work 35 hours a week.

In accordance with Law No. 2000-37 of January 19, 2000 relating to the reduction of working hours, as amended by Law No. 2003-47 of January 17, 2003 concerning salaries, working hours and job creation. On January 1, 2007, the Kaufman & Broad Economic Interest Grouping (GIE

Kaufman & Broad) has signed with the representative trade unions a supplementary agreement to the agreement of November 7, 2006. This agreement provides for the organization of working hours for non-managerial employees as well as for office-based and non office-based managers:

- non-managerial employees and office-based managers work an annual average of 35 hours per week. As their actual working week represents 35 hours and 45 minutes, they are granted five days of additional annual leave in lieu of the extra time worked. The Company also grants them two further days' paid leave per year in addition to the statutory public holidays;
- non office-based managers' working hours are fixed and calculated on a yearly basis and represent 216 days worked per calendar year.

Senior managers, i.e. staff whose responsibilities are such that their schedules need to be flexible and who have autonomous decision-making power, are not subject to the working week regulations.

1.7.3.4.2. Working hour for part-time employees

In 2015, the group has 34 part-time employees, 17 employees, 15 managers and 2 salespeople. Two third people work 20 to 30 hours for week, mainly on parental leave.

In addition, 27 employees are entitled to work-life balance related flextime.

1.7.3.4.3. Absenteeism

Absenteeism by reason ^(a)	2015
Sick leave	3.87%
Workplace and commuting accidents	0.06%
Maternity leave	0.99%
Family events	0.24%
Total	5.16%

(a) Number of hours absent/theoretical number of hours worked.
Sick leave calendar days are counted as 7-hour days.

1.7.3.5. Labor relation

Employees are represented by 10 members of employee representative organizations (6 managers and 4 non-managers). These employee representatives were appointed after the elections in 2014. In addition, two of the members of the Health and Safety Committee (CHSCT), one manager and one non-manager, who have no title of Work Councils, were elected as Employee Delegate. The union organizations are represented in GIE Kaufman & Broad by two Union Delegates: one from *Force Ouvrière* (the national union of caretakers, concierges, and real estate employees) and one from the national union for urban planning and housing and property managers, (CGC).

Management and representatives of the Work Councils meet monthly, as well as the Union Delegates. Members of Health and Safety Committee (CHSCT) meet 4 times per year.

The Trade Unions and management meet each year during the Required Annual Negotiation as well as at the request of Law.

1.7.3.5.1. Social Initiatives

The Kaufman & Broad group's contributions in 2015 amounted to:

- €1,496,000: additional insurance and health care coverage;
- €799,000: catering expenses;
- €424,000: payment to Works Councils.

Procedure for the purchase of Kaufman & Broad housing by an employee

The Kaufman & Broad SA group has always wanted to facilitate the sale of housing to its employees while preserving the interests of the Company and its shareholders. Kaufman & Broad SA is redefining its policy of selling housing (individual homes or apartments) to Kaufman & Broad SA group employees (not including any person that may act as a

substitute for such employees, including members of the same family) to strengthen the policy and facilitate its implementation. This procedure applies to all Kaufman & Broad SA group companies and all employees of GIE Kaufman & Broad or one of the group companies. The purchase of a home in a development program of the group by an employee is considered an unusual transaction, and while it benefits from specific conditions, the transaction must comply with the rules (defined in a document available to employees on the group intranet site) and receive the necessary approvals.

1.7.3.5.2. Collective Bargaining Agreements

In 2015, the management has signed with the Trades Unions two agreements: a supplementary agreement to the agreement relative to equal opportunities between men and women on September 16, 2015; and an agreement relative to employee policy for 2016 on October 26, 2015.

1.7.3.5.2.1. Equal Opportunities

The supplementary agreement has been signed on September 16, 2015 in order to comply with regulations. In addition to the three measures adopted by the group in the agreement of November 18, 2011, which are the classification, the training and the balance between professional life and private life, a fourth measure relative to the compensation has been inserted. It shows the group's intention to respect the principle of equality between men and women and to implement concrete measures to meet the expectations of its employees in term of career development, in accordance with such principle.

Finally, through this agreement, the parties wish to reaffirm the principles and the benefits of the existing measures, to propose new commitments in particular the balance between work life and personal life and to promote such principles.

The measures resulting from the negotiation are as follows:

- Access to employment: the Company is committed to make its best effort to communicate widely and as quickly as possible the vacancies or promotion opportunities. In order to promote and encourage career development, the Company is committed to define the promoted function and make them available to employees;
- Professional training: the general principle is that all employees have an equal access to professional training and to have a Training Personal Account. Annual reviews and interviews are used to validate the training plan and help managers to develop employees' skills;
- Career development: at equal competence, a specific attention will be given to the promotion of women to management positions or expert position in order to promote mixed teams. The management is committed to promote female candidates for any vacancy. The Company is supported by RH teams who will help the employees to consider a new function and propose them skill training or immersion;

- Working conditions and in particular those of part-time employees: The Company responds favorably to all request relating to the management of working hours and gives an individual support at employees' departure on maternity leave as well as at the return from such leave in order to ensure that the resumption of work will be done in the best conditions; Balance between work and private life. The balance work/private life is part of the negotiations between managers and employees during annual business interview. Employees know the importance of the organization of meetings which can ensure the balance between work and private life;
- Measures reducing the pay gap between women and men. The Company reaffirms its attachment to the principle of "equal work, equal pay". Thus, efforts are made to ensure equal compensation between women and men according to the principle that at equal qualification, function, skills and experiences, women and men are employed under the same conditions. As a result, the managers and employees working on compensation policies are aware of the principle under which the management of compensation, careers and promotion shall only take into account clear and objective professional criterions.

1.7.3.5.2.2. Generation contract

GIE Kaufman & Broad entered into an agreement on September 23, 2013 relating to intergenerational employment for a three-year period. This agreement and the diagnostic report on the employment position of younger and older employees were filed with the Direccte of Hauts-de-Seine and with the registrar of the Conseil de Prud'hommes (Labor Tribunal) in Nanterre. The provisions of this agreement were approved by the administration in the absence of a response within the three weeks following the date of filing.

By this agreement, the senior managers and Corporate Officers of GIE Kaufman & Broad reaffirmed the commitments initiated (i) as part of the agreement on employment of older employees of December 2, 2009 for the job retention older employees and the second part of their careers, (ii) as part of the agreement on professional equality between women and men of November 18, 2011.

Agreement defines:

- 1/ The commitments in favor of the sustainable integration of younger employees under 30 years of age by specifying the methods for the integration, training and support of this sector of society.

At December 31, 2015, the Company employed 116 young people under only 4 on fixed-term (CDD) contracts and 48 under 30 years. The Company committed, over the three-year period 2014-2015-2016, to hire 35 people under 30 years of age, to maintain a minimum of 15% of young

people on CDI contracts while encouraging workplace gender diversity in the different trades. 2015 was marked by the implementation of personalized integration program for young people to ensure their quick integration into their profession and team. In addition, a one-day seminar inviting all hired executive of the year, has been organized at the headquarters. This seminar consists on a preferred step to ensure the quality of hiring and its efficiency and enable employees to share their stakes, projects and group values with managers.

With approximately 6% of traineeship, the group shows, in addition its commitment to reduce this percentage at 4%, by the commitment to develop relationships with schools and the recruitment of students who may integrate definitively their teams after the traineeship. The group hired 36 young people in training or under professional contract in 2015.

- 2/ The commitment to retain and return to work of employees of at least 57 years of age, or at least 55 if a disability has been recognized.

At December 31, 2015, employees over 55 years of age were 11% of total payroll. The Company is committed to maintain the percentage of employees aged 55 and over at 10% of its workforce during the term of this agreement, and to fight against age discrimination by refraining from considering this factor as one of the hiring criteria.

The work environment dose not create notoriously arduous situation. However, the group has included in its agreement some measures in the favor of seniors. If the organization allows it, employees can reduce their working time by up to 20% during the last two years before taking their retirement while still maintaining a level of contributions to supplementary pension plans on the basis of full-time work, with the additional contribution for the preservation of these rights paid by the Company.

Following the annual interview and during the annual employee review, the Company undertakes to continue to offer second-half career interviews to employees over the age of 45. The DRH ensure that such interview will be took place.

- 3/ Methods enabling the transmission of knowledge and skills.

The transmission of know-how and proper attitudes will rely on senior employees being identified by the Company and on voluntary basis.

In addition, training seasons will be set up and organized for sharing expertise and skills. Each year, the intergenerational employment agreement will be subject to an assessment by groups' partners in order to ensure the implementation of the measures.

1.7.3.6. Health and safety conditions at work

1.7.3.6.1. Health and safety conditions

The Kaufman & Broad group has a Health and Safety Committee, which meets as prescribed 4 times per year, as well as at the request of the management or employee representatives. In 2015, the Committee met 4 times.

In 2015, there were a total of 7 workplace accidents, 5 of which resulted in the stopping of work resulting in 71 lost days and a total of 5 traveling accidents, 1 of which resulted in the stopping of work, resulting in 4 lost days.

In 2015, new Safety training session are organized with the presence of rescuer so that the managers can anticipate risk in the building sites.

There are no Safety and Security agreements in place within the group.

1.7.3.7. Training

Kaufman & Broad defines and annually updates its training policy. The purpose of the established training plan is to maintain and develop the employability of employees and to manage expertise and talents to support career development.

To do this, the Company is designing a training catalog that groups together activities that have been or will be planned for the implementation of the presented plan.

2014 was marked by investments in training of sales teams and in achieving Personal Development training. 2015 was a transition year, the training investment represents 0.83% of payroll. The Company has focused its efforts on a new engineering training, on line with its business challenges. The training was built on land and commercial performance, managerial culture and operation optimizing. Employees can attend seminars to which they are invited according to their function, the Company's business challenges and request made during the annual interviews. In addition, to support all employees in developing their agility and anticipation of career development, a training platform is being prepared and will offer all employees a range of training sessions including Personal Development, customer relationship and management. In 2015, more than half of employees have followed a training session, 360 of them have received training, 167 women and 193 men. In 2015, 4,047 hours of training were provided, 65% for managers and 35% for non-executives, in accordance with the workforce by function. During 2015, the Company entered into 36 learning or training contracts.

1.7.3.8. Diversity, equal opportunity and equal treatment

1.7.3.8.1. Policy and measures for promoting equality between men and women

The group must present the action plan carried out in order to meet its commitments, to its social partners on a annually basis. In 2015, the following areas have been particularly promoted:

- classification: in 2015, over 74% of annual interviews are conducted which had identified employees' career intention and therefore proposed eventually, promotions. This process encouraged collaborators and promoted mobility and promotion, especially concerning the sales representatives, development and technology staffs;
- professional training: the focus is on access to female skill career including assistants and the possibility to access to another job requiring different skills;
- balance between work and private life: the group responds favorably to all requests for working time arrangements: by organizing suitable meeting schedules, developing the respect of leave, and favoring the exchanges at the annual activity interviews. These efforts are offered for both women and men;
- compensation: an analysis on the difference of compensation between women and men is made during the review of compensation. A compensation specific can be made to correct such difference, if such difference exists at equivalent position between men and women.

1.7.3.8.2. Policy and measure implemented in the favor of employment and integration of disabled workers

The group employed 10 disabled workers in its various entities in 2015. Since the efforts made by the Company since 2010, the nombre of disabled workers employed by the Company increased from 4 to 14.

1.7.3.9. Fighting against discrimination and promoting diversity

The group's policy on professional equality of employment of older employees, employment and integration of disabled workers is detailed in the above points. Note that, at December 31, 2015, the group employed 7 employees of foreign nationality, since 14 people with disabilities and 80 over 55 years. 53% were women. The group shows its intention to employ and promote employees according to the adequacy of their profile with the requirements of the proposed positions without further discriminatory criterion.

Kaufman & Broad is only present in France, a country that has ratified and transposed into its labor law the eight fundamental conventions of the International Labor Organization. As a result, the group complies with all of the provisions in these conventions on freedom of association and the right to collective bargaining, non-discrimination in employment and occupation, elimination of forced or compulsory labor, and abolition of child labor.

1.7.3.10. Subcontracting

As a property developer, Kaufman & Broad uses automatically subcontractors to build the real estate programs it develops. In fact, as a result of its status as "Non-Builder Developer", the group assigns construction work to third-party companies either belonging to various trades as part of a "separate trade" contract, or to a subcontractor as part of a "general contractor" contract. In addition, it is often the case that when Kaufman & Broad enters into a contract with a general contractor, the latter subcontracts a fairly substantial part of that contract.

1.7.3.11. Regional impact on employment and development

The Kaufman & Broad group is located in Île-de-France at Neuilly-sur-Seine. In the Regions, the group is located in Annecy, Bayonne, Bordeaux, Grenoble, Lille, Lyon, Marseille, Montpellier, Nantes, Nice, Rennes, Toulon and Toulouse.

In three years, the group's workforce numbers have remained stable, rising from 735 at end-2013 to 717 at end-2014 and falling to 711 at end-2015.

Mobility charter

The group encourages internal promotion and geographical mobility. The annual review at the end of the annual interview gives an opportunity to identify talents and the wishes of an evolution. The identified employees are informed if a opportunity occurs and they can also apply to such position. Under the group's "mobility charter" set up in the first quarter 2011, an individual integration program has been implemented.

1.7.3.12. Company savings plan

The "Kaufman & Broad Actionnariat" Company savings plan (*fonds commun de placement d'entreprise* or FCPE) was created to implement the Company Savings Plan established by GIE Kaufman & Broad in December 1999. It is invested primarily in Kaufman & Broad SA stock, which is listed for trading on the *Premier Marché* of the Paris Stock Exchange.

The "Kaufman & Broad Actionnariat" FCPE is operated by:

- Humanis Gestion d'Actifs, as the plan's Asset Management Company;
- Caceis Bank France, as custodian of the securities in the plan;
- Inter Expansion-Fongepar, whose mailing address is 46, rue Jules Meline -53098 Laval Cedex 9.

This Fund also has a Supervisory Board with two employee member unitholders, representing the unitholders and appointed by the Works Council, and two members representing the Company, nominated by the Company's management. Each member may be replaced by an alternate, appointed under the same conditions.

The principal duties of the Supervisory Board are to:

- review the annual report on the operation of the FCPE and on the earnings at least once a year;
- exercise the voting rights attached to the securities in the Fund (which may submit resolutions to Shareholder's Meetings);
- approve amendments to the regulations of the FCPE.

The Supervisory Board elects a Chairman from among its members and selects a Secretary from among the unitholders' representatives for a two-year term. Board decisions are made by a simple majority of the members present or represented.

In the event of a tied vote, the Chairman of the Supervisory Board, elected from among the members of the Board representing the unitholders, shall have the casting vote. The number of shares held by the "Kaufman & Broad Actionnariat FCPE" at November 30, 2015 is described in Section 5.3.1. "Shareholders of the Company at November 30, 2015 and the change over three years".

1.7.4. Societal information

1.7.4.1. Business practices and ethics

Compliance and ethics at Kaufman & Broad

To guide and ensure compliance with in-house practices, Kaufman & Broad has prepared internal ethics documents that are regularly distributed to all employees.

Kaufman & Broad drafted its Code of Business Ethics in 1997. This is a compilation of the guidelines with which employees must comply: knowledge of and compliance with the applicable regulations; the prohibition of any form of discrimination and harassment and the avoidance of any conflict of interest; the prohibition of holding a second job; penalties for insider trading; the duty of confidentiality; the eradication of corruption (bribes, gifts, etc.).

Our company policy on insider trading was introduced in 1990 and all our employees were reminded about this in a recent note. In particular, it sets out recommendations concerning violations of the rules on insider trading and the handling of privileged information. In 2011, a compliance officer was appointed to coordinate these areas.

In case of doubt as to the legality or propriety of a decision, employees are required to consult the Legal Department or a specialist lawyer. They are also required to report – in confidence – any potential or proven violation of the law or company policy.

In addition, Kaufman & Broad has recorded its Sustainable Development strategy by publishing in 2015 a Commitment Charter, distributed to all employees.

Prevention of undeclared work

When a construction contract is signed, the developer (the principal, with respect to the contractors) is obligated, under Article D 8222-5 to 7 of the French Labor Code, to request its co-contractors to deliver to it a list of documents, and to continue to do this every 6 months until the end of performance of the contract.

The group fulfills its verification and enforcement commitments with respect to contractors in accordance with its regulatory obligations.

A framework agreement was signed with a platform to facilitate the collection, verification and archiving of the documents necessary for approvals and for insurance as well as those required in the fight against undeclared work.

Centralized procurement

For several years, Kaufman & Broad has been engaged in a process to centralize its procurement and to standardize its procedures for the selection of suppliers, at group level. This centralization enables us to develop long-term relationships, with suppliers signing a framework agreement with the group. For Kaufman & Broad, centralized procurement is also a way to control product quality and guarantee the same level of service and a common image for Kaufman & Broad programs throughout France.

Kaufman & Broad selects its suppliers and the products it wants, on the basis of a certain number of criteria such as ethics, certifications, origin and product safety. Centralization enables us to work with counterparties at a national level which are committed to environmental problems because they have greater exposure as a result of their size.

The procurement centralization policy applies only to finishing work, since management of the structural work currently falls within the competence of each agency. After each delivery, a survey sheet is sent to each agency to ensure compliance with the purchasing policy.

Processing calls for tenders

Kaufman & Broad has gradually been implementing a paperless process for handling calls for tenders, via an electronic platform that enables tender documents to be filed online. Already in use as a pilot project in some agencies, the aim is to extend its use to all our agencies because it can greatly reduce the volume of paper files and also increase responsiveness through online file tracking and sending of reminders.

Relationships with suppliers

In order to more carefully assess its potential exposure to default by its suppliers, Kaufman & Broad has, since November 1, 2013, been introducing a rating system that it uses in the selection of suppliers, partners or affiliates and for the signature of contracts in calls for tenders. The use of financial ratings is intended to ensure the soundness and reliability of the companies with which the group enters into contracts.

The group considers it important to assess its degree of dependence on its main suppliers. In fiscal 2015, the top ten suppliers accounted for 18.3% of flows invoiced by suppliers, against 23.5% in 2014, and the leading supplier represented 3.3% of flows, against 5.7% in 2014.

1.7.4.2. A customer service strategy

1.7.4.2.1. Developing customized and accessible offers

Ease of home ownership

Starting in 2008 and in the context of the housing crisis and the economic downturn, Kaufman & Broad saw its customer base change and adapted its offer accordingly, to provide affordable housing units, of the same quality. From 2009, the group has refocused its housing offer towards first-time buyers and to investors, by offering more compact and functional products while maintaining the useable floor area.

Nearly 15% of Kaufman & Broad's customers are first-time homebuyers. To give these customers easier access to home ownership, the group has, since 2011, been developing affordable housing units, sold at prices that are 20% lower than the market price. The benchmark goal is to offer apartment units at just under €3,000 per sq.m (including VAT) in Île-de-France, and from €2,500 to €2,600 per sq.m (including VAT) in the

regions. By developing programs in the inner suburbs, but always connected to city centers by public transportation, Kaufman & Broad is able to have an affordable offer which meets the financial and tax profitability criteria of investors and the affordability criteria of first-time homebuyers. The design of these housing units, which are RT 2012-compliant, improves on traditional components while still respecting Kaufman & Broad's quality standards. The group uses flat land, which does not require special foundations, and outside parking, which helps reduce construction costs. With regard to affordable housing

units, Kaufman & Broad has worked extensively on design, leveraging its expertise to offer products that, while certainly more compact, will offer pleasant living in a small area. The New'R program in Nantes, for example, includes affordable housing units.

In addition, to meet another challenge in homeownership for first-time buyers, Kaufman & Broad has developed partnerships with some bankers, who are present at sales offices during openings to inform and advise first-time buyers regarding financing solutions.

Types of buyers based on housing unit orders (number)	2014	2015
Investor	36.6%	39.2%
Block	33.6%	40.3%
First-time homebuyer	22.7%	15.0%
Second-time homebuyer	7.1%	5.5%
Total	100%	100%

Responding to new needs

Kaufman & Broad is sensitive to the comfort and well-being of its customers and has incorporated into its strategy a series of social and societal concerns relating to the living environment, the quality of life at different ages, the affordability of housing units and scalability. The group is also diversifying its business activities into serviced accommodation for seniors and students. With their specific characteristics, these businesses are a growth opportunity for the group.

According to INSEE's forecasts for 2015, more than 24% of the population in France will be over the age of 60, with 9.3% over 75, representing close to one fourth of the population. The group has developed two innovative solutions to meet the needs of a population whose life expectancy is rising and most of whom want to remain independent at home.

Silver Residence, the serviced accommodation for seniors, offers housing units both for purchase and for rent, at affordable prices. Designed to evolve in accordance with the needs of their occupants and to anticipate the loss of independence, these fully adapted housing units are designed near shops, transport and facilities, in a secure environment. This serviced accommodation is staffed with caretakers and also provides optional services such as dining facilities, and for some daily housekeeping. The first Silver Residence, Pinpirina, was built in the Caradoc district in Bayonne. Residents have access to common parts, including a shared lounge, a yard and a terrace, as well as the services of a caretaker, who manages the building and organizes activities.

Silver Pack, launched in June 2014, extends the choice of customers to add services and equipment in their housing units to a large proportion of the group's new programs. By preparing people for the possibility of becoming less self-sufficient, this offer enables them to plan to remain in their homes in the long term. Non-stigmatizing adjustments, aimed for example at fall prevention (grab bars, lighted paths, no protruding door thresholds, etc.) make life easier, by providing comfort and safety. Silver Pack promotes generational diversity by offering customers the choice of whether to add these amenities when purchasing their home.

The Innovation, Quality and Architecture Department was created in 2015 to make the advance planning and differentiation between the products, prices, technical solutions and services that Kaufman & Broad offers its partners and customers, into a truly strategic driver.

With this in mind, Kaufman & Broad has partnered with ImmoWell-Lab, a start-ups accelerator on matters of well-being in real estate.

1.7.4.2.2. Raising customer awareness about Sustainable Development

Through feedback from the marketing of properties and customer service, Kaufman & Broad listens to the concerns of its customers so that it can better meet their expectations and provide the best product. On these occasions, the group can also raise their awareness of the challenges of Sustainable Development and the choice of materials as well as the best practices that exist in the property sector.

Educating customers about the energy performance of their homes

The Energy Performance Diagnostic (DPE) is used to assess the energy efficiency of housing units. It comes in the form of an official standard document and must be conducted by a certified professional, on the initiative of the home seller. The DPE is valid for 10 years and is produced with regulatory software, which issues an energy and climate label at the end of the diagnosis. Since January 1, 2011, energy-guidance labels are mandatory in property transactions.

The DPE enables housing to be ranked on the basis of ecological criteria. It provides added value for the purchaser, since a home that is a low consumer of energy, is also a home that is less expensive to maintain. Kaufman & Broad now features these labels in all of its sales literature aimed at potential customers.

Building up customers' accountability and awareness about the impact of their homes

With the purchase of a home, Kaufman & Broad's customers are making a major investment and a lifestyle choice. The group

is aware of its responsibility and makes available to them all its know-how and commitment, and continues to do so well after the handing over of the keys.

Beyond compliance with regulations, the true energy performance of buildings depends, in fact, on their occupants. Depending on their lifestyle and the choices they make, they can successfully optimize its potential in terms of energy savings. For example, clogged vents or a damaged exterior wall contribute to cancelling out the good energy performance of buildings.

This behavioral factor takes on more importance if housing is technically designed to be more efficient. To educate homeowners, Kaufman & Broad gives all owners a guide with practical advice (administrative, facility maintenance and "good practices" for use of the building) when our housing units are delivered.

For our *Habitat & Environnement* (H&E) certified programs, a *Livret Gestes Verts* booklet is specially prepared, describing the environmental features of the building and the home, as well as best practices that should be applied every day.

Educating customers about the choice of materials

Currently, much of the activity of the showrooms (the place of choice for customers planning the fixtures and amenities for their homes) is centered around the floor, which is one of the concerns of customers and which the group considers is an important environmental challenge. Sensitive to the needs of its customers, the group offers them durable materials that are easy to maintain but also affordable.

Attentive to the quality of materials and the good practices of its partners, Kaufman & Broad works with suppliers to use wood certified to PEFC (Program for the Endorsement of Forest Certification) standards.

The PEFC label promotes sustainable forest management. It guarantees that the wood is from a renewable source and that the certified forest owners and operators have committed themselves to technical specifications that include water conservation and the protection of soil, fauna and flora.

The wood purchased is thus fully traceable, ensuring trust and customer safety. Kaufman & Broad has almost completely eliminated its exotic wood offer, and offers French and European wood instead, such as oak, which is available in a wide range of colors.

1.7.4.2.3. Kaufman & Broad customer support

Personalized follow-up with each customer

Kaufman & Broad sells properties before completion. To help its customers plan for their future homes and visualize potential fittings and customization, the group is developing services to offer walkthrough tours of the properties and their neighborhoods and, in some of its house or apartment development programs, it has set up fully decorated model homes.

In relation to the opening of the Allée des impressionnistes program in Argenteuil, visitors were able to take a walkthrough tour of a standard apartment via a virtual visit.

Customers were able to take virtual tours with the help of innovations such as Oculus' technology. The latter lets customers change the wall and floor coverings. Customers can continue and share the experience in a "Cardboard" (a cardboard box with lenses) which can be used with a simple smartphone via a mobile app.

Kaufman & Broad is developing the service offer for its customers even further, by now offering home visits in Île-de-France, during which it presents the equipment and answers customers' questions.

Whatever the size of its programs, Kaufman & Broad's goal is to offer the same services and benefits to its customers. Kaufman & Broad's customer service combines everything from sales management to after sales services.

Following signature of the deed of sale, every customer has access to a dedicated and personalized customer space. This secure and accessible interface, with a username and password, is organized by topic. Customers can follow their payment schedule and the progress of construction, with photos. They also have access to information about their housing unit and their neighborhood (virtual visits and local services) and to useful documents (owner's guide, sales booklet, etc.).

As part of the Customer Privilege Program, Kaufman & Broad has formed partnerships with companies so that it can offer its customers a range of services when they change their place of residence, such as relocation support, maintenance and individual services, to help its customers get settled in their new neighborhood.

Following the delivery of their home, customers participate in an online satisfaction survey, the results of which are communicated to the Program directors.

Meetings are then organized between sales service teams and the production teams to analyze any technical problems raised by customers and to correct them early in the project (design, production).

1.7.4.3. Kaufman & Broad SA and the territories in which it operates

1.7.4.3.1. Creating dialogue around the construction site

Meetings with local residents

Before filing building permits and to the extent that this is possible, Kaufman & Broad and the mayor's office organize consultation meetings with residents to discuss the progress of the program, to keep them informed and to take account of their requests. These meetings enable possible tensions to be defused by responding to residents' questions. This process takes the form of a debate where all points of view are expressed, and all the documents are distributed to everyone present.

For the Gratentour program, Kaufman & Broad, and the mayor's office arranged a meeting with local residents which enabled the program to be modified to take account of the needs expressed. Located in a suburban and rural residential area, this high-density program, with houses initially designed as ground-

floor +1, met resistance from local residents. Kaufman & Broad then changed a part of the program to single-floor houses and moved the outer boundaries. The group also presented and exchanged views on the choice of vegetation for the boundaries at meetings with local residents.

Urgent preventive proceedings

It is generally standard practice for Kaufman & Broad to open urgent preventive court proceedings, usually optional, at the start of any program launched in a high-density urban area. This measure, designed to protect local residents as well as the group, ensures that an independent expert, appointed by the court, prepares a report on the condition of the neighboring properties before the construction work begins.

Depending on the task ordered by the court, these preventive proceedings continue during the works, and enables each local resident to report any damage or nuisance caused by the construction, and for corrective action to be taken.

In addition to these legal proceedings, the group takes additional measures to ensure that the works are executed correctly. Indeed, during the course of construction at some sites, local residents have available the telephone number of a member of the group to report any nuisance. In addition, for some programs, a cleaning company is recruited to clean the program's surrounding area on a weekly basis.

1.7.4.3.2. Sustainable involvement with communities

Regional impact on employment and development

The location of programs is selected on the basis of quality-based criteria, such as land quality, availability of public utility networks and transport facilities, shops and services. Programs are designed in close consultation with the communities, and mindful of the town's policies. The phasing of programs may be linked to the opening of new public services or facilities. For example, the Green Lodge program in Villepreux is an exceptional program with more than 500 housing units combining traditional and contemporary homes and a large variety of apartments. It covers an entire neighborhood that has been built and developed in close collaboration with the municipality by creating more than 900 parking places, 30,000 sq.m of roads, bike lanes and communal spaces, and 600 sq.m of commercial premises. For this type of major project, Kaufman & Broad diversifies its professional skills, in order to adopt an urban logistics vision and generate true economic dynamism. The group also contributes to the financing of public facilities by means of urban planning taxes and through Urban

Partnership Projects. For example, roundabouts were built as part of our programs in Villepreux and Le Perray en Yvelines.

As a builder-developer, Kaufman & Broad participates in job creation and in "school-to-work" and "back-to-work" programs in the regions where the group operates. By means of "back-to-work clauses", certain lots are partially built by people with little access to work or who are experiencing difficulties in returning to work. Back-to work clauses, for example, were included in the contracts for the Modern Art program in Juvisy.

The group's land reserves give it good visibility about its operations and about the development programs which it will develop over the next three years (see Section 2.1.4. "Outlook").

Sponsorships

In 2013 Kaufman & Broad signed a contract with the Pavillon de l'Arsenal. The group has thus become a sponsor of "Paris, Métropole 2020", a digital model that can be viewed at the Pavillon de l'Arsenal, or online, on a dedicated portal.

Likewise, at end-2014 Kaufman & Broad became a sponsor of the Institut Palladio and joined the jury panel for the 2015 cycle "La ville demain pour quelles valeurs?" (What values for the cities of tomorrow?). The Institut Palladio aims to provoke thought and discussions among all urban developers and stakeholders.

In fiscal 2015 the Kaufman & Broad group made sponsorship donations amounting to €56,000.

Teams from headquarters each year join a group of runners organized by PAI Partners for the Paris half-marathon to raise funds for an association supported by the PAI Human Capital Donations Fund. In 2015, the runners organized themselves to raise funds for the "Fleurs de Cocagne" association. Fleurs de Cocagne produces, arranges and sells flowers direct to buyer. The association is involved in the emergence of a market for organic flowers in France and promotes social and professional integration.

Some agencies also participate in employee-led initiatives.

The agency in Lyons, for example, signed a sponsorship agreement with the Laurette Fugain association, which fights against leukemia. In fiscal 2015, the Bordeaux agency supported the "I LOGE YOU" Foundation, under the auspices of the Fondation de France, which aims to rally support and raise awareness among French people, in order to finance and support initiatives promoting access to proper housing for people without housing or with substandard housing, whether through refurbishment or the construction of new developments.

Non-financial indicators

	Indicators	Comments	Unit	2015	2014
Equal Opportunities	Women managers	Out of the number of managers	%	35.1	35.6
	Women senior managers	Out of the number of senior managers	%	29.2	17.6
	Difference in the average salary of women managers	Compared to the average salary of men managers	%	-31.6	-32.2
	Difference in the average salary of female employees	Compared to the average salary of male employees	%	-21.8	-23.2
Training	Employees who received training	In the average workforce for the calendar year	%	50.6	48.9
	Amount spent on training	For the annual total payroll	%	0.83	2.1
	Hours of training	All types of training	Number	4,047	7,400
	Apprenticeship or qualification contracts	Contracts signed during the year	Number	36	-
Disabilities	Employees with disabilities employed during the year	-	Number	14	-
Work life quality	Employees with flexible work schedules	To achieve work/life balance	Number	27	32
Health and Safety Conditions	Workplace and commuting accidents	With working interruption	Number	6	6
Intergenerational employment	Employees aged 55 and over	Out of the number of employees at December 31	%	11.2	12.5
	Employees under 30	Out of the number of employees at December 31	%	16.3	13.3
Terminations	Termination rates (for reasons concerning the individual)	Out of the average workforce for the calendar year	%	1.5	2.1
	Contractual termination rates	Out of the average workforce for the calendar year	%	3.2	4.15
Employment relations	Negotiated collective agreements in force	-	Number	11	11
	Turnout at the last Works Council election (2014)	Number of Voters/Number registered (2 nd Round)	%	33	32.9
Social Initiatives	Social initiatives budget	Total payroll	%	0.5	0.4671
Sustainable use of resources	H&E and Qualitel certified housing units under construction	Out of all housing units under construction	%	24.16	23.11
Social housing	Proportion of social housing units ordered	Out of all housing units ordered (including JVT)	%	25.79	29.0
CO₂ emissions	Company car emissions	Average emissions per company car	Teq CO ₂ e	3.7	3.8
	Business trip-related emissions (car, train, plane)	Average emissions per employee on a business trip	Teq CO ₂ e	1.4	2.1
Energy consumption	Water consumption	Administrative activities (excl. worksites)	m ³	5,498	6,396
	Electricity consumption	Administrative activities (excl. worksites)	kWh	1,676.366	1,669,650
Paper	Paper consumption	Annual paper consumption for photocopies	thousands of pages	8,051	8,395

Methods used in Kaufman & Broad's non-financial reporting for fiscal 2015

Indicators used

Kaufman & Broad's non-financial reporting is based on:

- Article 116 of the NRE (New Economic Regulations) Law of 2001;
- Article 225 of the Grenelle 2 Law of 2010 and its Implementing Decree no. 2012-557 of April 24, 2012.

The indicators selected are a reflection of the main challenges and risks faced by the group in relation to the environmental, social and societal impact of real estate developments. These indicators were defined in accordance with the topics referred to in Article R. 225-105-1 of the French Commercial Code and the Human Resources Report.

Scope of non-financial reporting

Scope of group consolidation

The scope is the same as for the Consolidated Financial Statements prepared by the group, which fully consolidate the financial statements of companies over which Kaufman & Broad holds direct or indirect control. The non-financial data used in the reports are those of 215 fully consolidated companies, including real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs) with a property development program over which the group has direct control (environmental certificates, labels, energy consumption, etc.).

Exclusions

The 42 jointly controlled companies and those over which the group exercises significant influence are accounted for using the equity accounting method: Real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs), which are special purpose vehicles with property development programs.

Scope of coverage and reporting period of non-financial indicators:

We use two scopes for our non-financial reporting, depending on the indicators.

The human resources data cover the Economic Interest Grouping (GIE). They are gathered on a calendar year basis – from January 1 to December 31 – in order to ensure consistency with the Human Resources Report.

The indicators relating to our business activities (environmental and societal data) follow our fiscal year – from December 1 to November 30.

As a non-builder developer, Kaufman & Broad assigns construction work to third-party contractors from a variety of trades. In the construction phase, the group's liability is therefore small. Nevertheless, in order to collect these data on the resources needed for the completion of a project, the group has identified certain *Habitat & Environnement* certified projects for which water and electricity consumption has been reported over the entire duration of a program, so that the data are relevant.

Specific natures and changes in scope

The non-financial data scope of consolidation follows that of the Kaufman & Broad's group Consolidated Financial Statements. The scope varies depending on the companies in which Kaufman & Broad holds direct or indirect control.

Methods

The indicators with specific features are presented in detail below.

Social indicators

- social reporting is based on the registered number of employees;
- the registered number of employees does not include trainees, those under apprenticeship agreements, professional development contracts or temporary employees;
- the new hire and termination figures include the Corporate officer.

Calendar year new hires

Employees whose contract was re-classified during the reporting period are only recognized once in the entries, based on their initial contract.

Total hours of training

Total hours of training include the hours invoiced to the group and charged to budget for training. The individual training leave is therefore not included, unlike the individual right to training, which is now a Personal Training Account. Apprentices' hours are not included because apprentices are not included in the headcount.

Absenteeism by reason for the calendar year

Parental leave is not included under absenteeism.

Number of employees who received training (by gender)

Each employee is counted a single time in the employees trained figure, even if such employee had more than one training in the calendar year.

Environmental data

Share of certified housing units under construction

The data included are *Habitat & Environnement* and *Qualitel* certification requests by social housing lessors for our housing units under construction, except for joint ventures, since technical monitoring in such cases is not provided by the group. The *Habitat & Environnement* certification can be used to measure the current levels of technical and environmental quality and the building's comfort in use. Among the equivalent housing unit starts in the fiscal year, we identify those which are so certified, based on the contracts signed with the certifying body.

Greenhouse gas emission related to business travel

The report on carbon emissions linked to business travel was prepared in-house for all employees of the group and included: trainees; those under apprenticeship contracts or under professional development contracts; and temporary employees. This was done to obtain the more accurate and representative result.

Business trips by employees with both personal and company cars, by train and by plane were all taken into account. This assessment was conducted on the basis of the data reported by Kaufman & Broad on mileage allowances, monitored internally, and train and plane trips booked via an external provider, as well as from our company car fleet data provided by our leasing company.

By default, when such information was not known, diesel was reported as the type of fuel (more than 80% of the employees use diesel cars) and Neuilly was reported as the head office (more than 50% of employees are currently working there).

Emissions by type of transport was calculated for the 'Combustion' line item, on the basis of the emissions factors in the *Base Carbone* carbon emissions database of the French Agency for the Environment and Energy Management (ADEME).

Water and electricity consumption

Kaufman & Broad gathered water and electricity consumption data from its agencies, based on the extent to which the group controls and manages consumption.

For agencies which had invoices missing for a short period of time, data from previous or subsequent invoices were used as a basis for estimates. When the missing period was greater than 1 or 2 months, the average of data available was used, then extrapolated to the number of days for which we had no data.

For the two agencies representing 10.6% of workforce and for which the data communicated seemed inconsistent with the previous fiscal year, either because there were fewer details reported due to a recent change in manager, or because the data reported could not be used to obtain the actual consumption for fiscal 2015 as a function of the area occupied, the data for fiscal 2014 were re-used and weighted to reflect the average number of employees.

Societal indicators

The group's dependence on suppliers

Civil-law notaries are not considered suppliers and administrative costs (such as: the Registry of the Commercial Court, or the Treasury).

Types of buyers

Distribution of the number of housing units ordered (including joint-ventures) by first-time homebuyers, second-time homebuyers, investors and block, from December 1 to November 30.

Gathering and internal consolidation of data

A dedicated CSR entity defines the indicators included in a reporting memorandum available to contributors and gathers the data, in liaison with a network of contributors and CSR contact persons in the agency.

Data audit and consolidation

Each department is responsible for the data it provides for CSR reporting and for their consolidation. The consolidation of quantity indicators is centralized.

The reporting data may be subject to correction during the next reporting campaign if a material irregularity is found and provided that such irregularity is substantiated. As applicable, corrections are indicated in the next management report.

Reporting tool

The data are populated in a data collection database developed specifically for non-financial reporting that meets the data traceability requirements and can be used to run internal checks: workflow validation, management of variances of greater than 15% and non-populated indicators (explanations required).

External data control

Kaufman & Broad is audited by KPMG, as part of the requirement to have the completeness and accuracy of the social, environmental and societal information published in the management report audited by an independent third party (Order of May 13, 2013).

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2 Business and financial review of the Kaufman & Broad group

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2.1. Key Performance Indicators for the Kaufman & Broad group

The Kaufman & Broad group has operated as a property developer and builder in France since 1968. The group's activities are based on two main businesses: "Housing", which covers the development of Single-family homes in communities (grouped homes), Apartments (including mixed-use buildings containing apartments/business premises/retail space/offices), Corporate, tourist and student housing, residences for able-bodied seniors and "Commercial Property" (Commercial Property, logistics platforms and retail space).

In addition, the group has business activities connected to the Housing segment, such as the sale of land and building lots, project management contracts and additional housing services known as "Showroom" services (or Design Spaces). These are grouped under "Other operating activities".

Kaufman & Broad's core business remains Housing, which is organized on the basis of two criteria:

- the first criterion concerns the group's geographic presence: firstly, the group is present in the major French cities where the market is deeper and more buoyant, and where customers are the most solvent. It focuses more specifically on Île-de-France and the Atlantic and Mediterranean coastal regions, which, for several years, have offered the strongest economic and demographic growth and the best development prospects;
- the second criterion concerns the group's customer base. Kaufman & Broad's customers are traditional homebuyers (first- and second-time homebuyers) and investors (Scellier/Duflot, LMNP, LMP, etc.).

The group does not have any development or construction operations outside France.

2.1.1. Significant data

Market

Overall in 2015, the macroeconomic environment in France experienced a slight improvement compared to 2014:

- after three years of moderate growth, the Banque de France's forecasts for 2016 and 2017 are more optimistic (growth in GDP estimated at 1.1% for 2015, 1.8% for 2016 and 1.6% for 2017) by the Banque de France forecast;
- however, the unemployment rate remained high, at 10% in metropolitan France in the 3rd quarter of 2015;
- the purchasing power of households improved (+0.7%) in the 3rd quarter of 2015, thanks in particular to wage increases (+0.4%) and a 2% drop in income tax and property tax (according to INSEE).

In this context and according to the latest available figures, the real estate markets in which Kaufman & Broad operates remained weak and operators remained prudent, despite the rebound and the good performance achieved in the first nine months of 2015.

On the new housing market

- based on figures available at the end of 2015⁽¹⁾, sales of new homes were up 19.5% compared to the year of 2014 (102,538 of sales versus 85,821 at the end of 2014);
- in terms of homebuyers' typology (source: FPI), the situation is mixed:
 - on the one hand, first-time buyers have difficulties to find financing and represent only 47% of new housing sales in

the fourth quarter 2015 against 56% in the same period in 2014 and the number of investors blocs increased 3.7% which represented 21% of new housing sales 2015 against 23% for the same period in 2014,

- on the other hand, the sales to individual investors (+43.8% in 2015) strongly increased to represent 53% of the sales compared to 44% in 2014 which indicates a good reception of Pinel incentives, the success of which is the main reason for such an increase;
- in terms of offer⁽¹⁾:
 - the number decreased below 100 000 units, 98,771 housings units available for sale were offered, i.e., a decrease of 3.8% over 12 months,
 - commercial offer increased by 2.7% over the period,
 - inventory take-up period for housing stocks improved, from 18.1 months to 15.2 months over 12 months, but remains high;
- in terms of housing starts⁽¹⁾:
 - number of building permits increased slightly (+0.5%), in terms of housing stocks, in the end of November 2015, reaching 383,100 units over the year, which indicates a reversal of the trend,
 - housing starts increased (+3.6%), reaching 308,280 units in the year, in the end of 2015, showing also a reversal of trend;

(1) Calculated on the basis of press releases from the Ministry of Ecology, Sustainable Development and Energy.

- in terms of financing⁽¹⁾:
 - the mortgage rates linked to ten years OAT, seems to reach its lowest level and it could still be a factor to encourage acquisitions by investors and by first-time buyers, despite a slight increase in the end of year (2.6% in the end of 2015 compared to its lowest level of 2.16% on July),
 - the average of the initial maturity of housing loans extended to 2 months over the year, reaching 17.6 years.

As a consequence of these two changes, the household's capacity to borrow increased by 6.8% over the year which corresponds to a capacity to borrow of €160, 000 in 2015, versus €150,000 in 2014.

However, the level of outstanding loans out of renegotiation stabilized, which indicates a wait-and-see attitude of the first-time buyers.

In the French Commercial Property market

- Stable demand with 2,200,000 sq.m taken up in Île-de-France in 2015 versus 2,186,000 sq.m in 2014. This corresponds to 3,211 transactions recorded in 2015 versus 2,999 in 2014 (i.e. a 7% increase⁽²⁾);
- The available supply remained high;
- The market for sales before completion (VEFA) remained stable and was estimated at €1.4 billion at end-October 2015.

Kaufman & Broad

In a very mixed economic environment, the new-build market posted a slight upswing compared to the decline of 2014. This rise was driven by the need to optimize surface areas and rationalize costs, and by the search for modernity and technical improvement. In this context, Kaufman & Broad's 2015 results are in line with the objectives announced at the beginning of the fiscal year, with revenues and gross margin similar to those of 2014. The group continued to actively prepare for the future by continuing to improve its financial structure. Kaufman & Broad's Commercial Property business improved compared to 2014, and the group's financial indicators remained firm.

Total revenues for the group remained practically stable (-1.9%) at €1,063.1 million (excluding VAT) compared to €1,083.3 million (excluding VAT) in 2014. For fiscal 2015 as a whole, 6,901 housing units were ordered for a total of €1,211.6 million (including VAT) compared to 5,871 housing units in 2014 for a total of €1,128.5 million (including VAT): an increase of 17.9% in volume and 7.4% in value. Commercial Property orders dropped compared to the previous year to €154.4 million (including VAT) versus €295.1 million (including VAT) in 2014.

For fiscal 2015 as a whole, the value of orders by investors increased sharply to 41.4% (34.5% in 2014). Orders from homebuyers accounted for 29.3% of the total (18.9% from first-time homebuyers and 10.4% from second-time homebuyers) down from 37.5% (26.5% from first-time homebuyers and 11.0% from second-time homebuyers) in 2014. Block orders totaled 29.3% (28.1% in 2014).

In 2015, 5,961 housing units were delivered compared to 5,623 the previous year, an increase of 6%.

The Housing backlog increased by 14.8% in volume and 7.0% in value compared to 2014. At November 30, 2015, it represented 7,294 housing units for a total of €1,087 million (excluding VAT). The Commercial Property backlog totaled 178.4 million (excluding VAT) versus €145.7 million (excluding VAT) at end-November 2014.

At November 30, 2015 Kaufman & Broad had 164 housing programs (of which 162 for the Housing segment) on the market, of which 55 in Île-de-France and 109 in the Regions, representing a total of 3,151 units (of which 3,092 for the Housing segment) compared to 158 programs and 3,484 housing units available for sale at November 30, 2014.

The property portfolio remained high with 19,128 lots (of which 18,973 for the Housing segment), representing potential revenues corresponding to three years of business. It rose 5.8% compared to that of end-November 2014.

The average monthly take-up rate for lots that entered the market (excluding JVT) was 17.3% in 2015 versus 13.9% in 2014. The attrition rate (excluding discontinued projects) was 21.4% in 2015 versus 26.5% in 2014.

For fiscal 2015 as a whole, business property orders amounted to €154.4 million (including VAT). The warehouse space currently being marketed totals 240,000 sq.m.

Significant events of the period

Acquisition of Concerto Développement

On December 19, 2014, Kaufman & Broad acquired Concerto Développement, one of France's leaders in logistics development, for the amount of €4.4 million. This company was acquired from Affine, of which Concerto Développement was a subsidiary. Affine will remain a partner of Kaufman & Broad as a minority affiliate for project developments until 2018. The business property sector is a growth driver for the group. With Concerto's know-how and innovative positions in logistics solutions, combined with Kaufman & Broad's expertise in office design, the group will better meet the expectations of operators, local authorities and investors who are looking for new investment opportunities. (See Section 4.1.1.- "Significant events of the period").

Acquisition of a stake in Safaur

To build up its presence in medium-sized town, Kaufman & Broad acquired a €1.4 million stake in Safaur on October 7, 2015, representing 40% of the Company's equity capital. Safaur is a property developer operating in the Caen region, which also covers the CORMANDE COAST and Lower Normandy. The two companies share the same values and are committed to building quality housing. (See Section 4.1.1.- "Significant events of the period").

(1) Calculated on the basis of press releases from the Ministry of Ecology, Sustainable Development and Energy.

(2) Jones Lang Lasalle.

Key financial data for the group

The following table presents the key items from the group's financial statements and key indicators for the last two fiscal years:

The 2014 Consolidated Financial Statements of the Kaufman & Broad group have been adjusted as a result of a

change in accounting method regarding recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales. Such adjustments affected mainly the gross margin, marketing and sales costs, income tax, inventories and shareholder's equity. (see Section 4.1.2 "General information", Note 1.2.1 "General accounting principles").

Fiscal year ended November 30

(in € thousands)

	2015	2014 restated ^(a)	2014 published
Revenues	1,063,098	1,083,342	1,083,342
<i>of which, Housing</i>	963,352	925,834	925,834
Gross margin	202,701	196,714	194,272
Current operating income	85,685	73,664	74,446
Adjusted EBIT ^(b)	92,713	81,024	81,807
Operating income	86,511	72,991	73,773
Income (loss) of the consolidated group	58,946	50,327	50,815
Attributable net income (% of the group)	39,779	37,930	38,442
Net earnings per share	€1.93	€1.83	€1.85
Total orders (including VAT)	1,367,026	1,424,199	1,424,199
<i>Total backlog (excluding VAT)</i>	<i>1,266,355</i>	<i>1,161,525</i>	<i>1,161,525</i>

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

(b) Adjusted EBIT is equal to Current operating income adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in the gross margin. The amount included in the gross margin at 30 November 2015 amounted to €7.0 million, or 3.5% of the gross margin, against €7.4 million at 30 November 2014. (see Note bottom of the table (b) Section 2.3.1.1. "Breakdown by product line ")

Fiscal year ended November 30

(in € thousands)

	2015	2014 restated ^(a)	2014 published
Assets			
Non-current assets	166,539	171,127	171,065
Current assets	967,523	985,135	987,715
Total assets	1,134,062	1,156,262	1,158,780
Equity and liabilities			
Shareholders' equity	223,917	215,621	217,463
Non-current liabilities	190,435	199,603	200,527
Current liabilities	719,710	741,038	740,790
Total equity and liabilities	1,134,062	1,156,262	1,158,780

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Fiscal year ended November 30

(in € thousands)

	2015	2014 restated ^(a)	2014 published
Cash flow before cost of financial debt and tax	97,802	83,817	84,600
Tax paid	(31,195)	(13,434)	(13,434)
Change in working capital requirements	21,660	(1,245)	(2,027)
Cash flow from operating activities	88,267	69,139	69,139
Cash flow linked to investment activities	884	14,429	14,429
Cash flow linked to financing activities	(69,782)	(121,833)	(121,833)
Increase (decrease) in cash	19,369	(38,265)	(38,265)
Cash at beginning of the period	149,993	188,258	188,258
Cash at end of the period	169,361	149,993	149,993

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Group consolidated revenues for fiscal year 2015 totaled €1,063.1 million, down 1.9% compared to €1,083.3 million in 2014.

Housing segment revenues increased 4.1% to €963.4 million, versus €925.8 million for fiscal year 2014. This increase is attributable to revenues from Apartments which rose €68.7 million (8.1%) between 2014 and 2015. The Housing business accounted for 90.6% of total revenues in 2015 versus 85.5% in 2014.

Multi-occupancy housing revenues totaled €913 million in 2015 versus €844.3 million in 2014. Île-de-France accounted for 44.6% of these revenues and 94.8% of the Housing segment total, versus 91.2% in 2014.

Revenues from the Single-family homes in communities segment totaled €50.4 million versus €81.5 million in 2014, a drop of 38.2%. Île-de-France accounted for 53% of revenues for this segment versus 65.4% in 2014.

The Commercial Property segment generated revenues of €93.9 million versus €150.4 million in 2014.

The total gross margin rose 3.0% compared to 2014. It amounted to €202.7 million versus €196.7 million in 2014. The total gross margin rate was 19.1%, up 0.9 points compared to 2014. This slight rise is attributable to the change in the Housing-Commercial property mix in our business activities. The Housing gross margin totaled €179.4 million, up 0.9% compared to 2014 when it totaled €177.7 million. The gross margin rate was 18.6% of Housing revenues, versus 19.2% in 2014.

Current operating profit was up 16.3%, from €73.7 million in 2014 to €85.7 million in 2015. This rise is mainly due to the €6 million increase in gross margin, supported by a €6 million drop in operating expenses over the period.

The pre-tax income of consolidated companies rose 12.8% from €72.7 million in 2014 to €82.0 million. This rise is mainly due to the €13.5 increase in operating income, partly offset by the €4.2 million rise in financial expenses (€5.2 million in 2015 versus €0.97 million in 2014).

Consolidated net income totaled €58.9 million versus €50.3 million in 2014. Minority interests were up €6.8 million to €19.2 million versus €12.4 million in 2014. Attributable net income amounted to €39.8 million, up 4.9% compared to 2014.

At November 30, 2015, Kaufman & Broad's balance sheet total amounted to €1,134.1 million versus €1,156.3 million at November 30, 2014. Shareholders' equity totaled €224 million at end-2015, i.e. an increase of €8.3 million compared to 2014, mainly due to the following: net income of €39.8 million in 2015 partly offset by the payment of €28.7 in dividends and €2.4 million to minority interests.

At November 30, 2015, the net financial debt was down €25.6 million compared to November 30, 2014. Accordingly, net cash flow was €27.7 million. The items responsible for this drop are described in Section 2.4.1. "Cash flow". Gearing (the ratio of net debt to shareholders' equity) was negative, at -12.4% versus -1.0% at November 30, 2014.

The group's cash increased from €150.0 million at the end of fiscal 2014 to €169.4 million at November 30, 2015. Kaufman & Broad's financing capacity thus totaled €219.4 million. A detailed analysis of this change is presented in Section 2.4.1. "Cash flow".

2.1.2. Business Indicators

The group's key business indicators are (i) order volume, (ii) number of EHUs (Equivalent Housing Units) delivered and (iii) order backlog.

Orders (in volume and per month) reflect the group's sales activity and provide a measure of its performance. Orders are recognized in revenue when they are converted into a signed and notarized deed, which is the point at which income is generated (see Section 2.2.2. "Sources of net income").

Orders in volume are expressed in units within the group. In addition, in the Apartment programs which include mixed-use buildings (apartments/business premises/retail space/offices), all floor space is converted into housing unit equivalents.

The Commercial offer is the total inventory of properties available for sale as of the date in question, i.e., all unordered housing units as of this date (less the programs that have not entered the marketing phase).

The inventory take-up period is the number of months required for the available housing units to be sold if sales are maintained at the same pace as in previous months, i.e. housing units outstanding (offer available) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.

The units make it possible to define the number of housing units, or Equivalent Housing Units (for mixed-use programs), for any given program; units are calculated on a per-program basis, with the following being considered as housing units: "Apartments", "Single-family homes in communities" and "subdivisions and building lots". Consequently, a housing unit (or lot) is equal to one unit. For business premises, retail space and small office spaces, an equivalent housing unit calculation is then applied based on the average area of the housing units in said program. The average area of housing units is calculated by comparing the total useable floor area of the housing units to the number of housing units in the program.

The number of Equivalent Housing Units is determined by comparing the surface area by type (business premises/retail space/offices) to the previously obtained average surface area of housing units.

The EHUs directly reflect the business. They are calculated on a per-program basis and are equal to the product of (i) the number of housing units for a given program for which a notarized deed of sale has been signed, multiplied by (ii) the ratio between the amount of the land and costs incurred by the group for the program and the total budgeted costs for the program. Thus, one housing unit sold under a program for which 30% of total costs have been incurred would result in an EHU of 0.3.

The backlog includes sales before completion (VEFA), undelivered ordered units for which a notarized sale deed has not yet been signed, and the incomplete portion of undelivered units for which a notarized deed of sale has been signed (for a unit program that is 30% complete, 30% is recognized as sales and 70% remains in the backlog).

The backlog is a summary, at any given moment, which gives a projection of revenues for the coming months and serves as a basis for the group's forecasts.

The property portfolio represents all real estate for which a commitment (such as a contract for sale) has been signed.

The housing reserve includes land for development (otherwise called the land portfolio), i.e., the land for which an act or promise of sale was signed, as well as land under consideration, i.e., the land for which an act or promise of sale has not yet been signed.

The take-up rate (Te) represents the percentage of initial inventory sold per month in a real estate program (sales/month divided by initial inventory); i.e., net monthly orders divided by the beginning of the period inventory ratio plus the end of period inventory divided by two.

2.1.3. Tracking of Indicators

The following table illustrates the group's performance in terms of orders, programs launched and average number of employees, for the last two fiscal years.

	Inventory of housing units at period end ^(a)	Net orders ^(b)	Housing units offered for sale ^(c)	Programs being marketed ^(d)	Number of employees at November 30
Fiscal year 2015	3,151	6,901	6,584	164	719 (173 from the marketing and sales departments 157 from the property appraisal and development departments, 195 from the technical department and 194 administrative and central support employees)
Fiscal year 2014	3,484	5,871	6,890	158	724 (180 from the marketing and sales departments (159 from the property appraisal and development departments, 204 from the technical department and 181 administrative and central support employees)

(a) The total inventory of housing units available for sale at November 30 of the year, i.e. all units that are not covered by orders at the fiscal year-end.

(b) The number of orders recorded during a given fiscal year, i.e. the number of orders signed by customers during the fiscal year, less the number of orders canceled at the fiscal year-end.

(c) Total net number of housing units available for sale when the marketing offer was launched, for programs whose marketing launch took place during the relevant accounting period.

(d) Number of programs that entered the marketing phase at the end of the period.

The Single-family homes in communities and Apartments offered by Kaufman & Broad have the following general characteristics:

	Living area (excluding parking)	Price range (including VAT) ^(a)	Average price ^(a)
Île-de-France			
Single-family homes in communities	67 to 162 sq.m	€260,000 to €783,000	€367,000
Multi-occupancy housing ^(b)	23 to 119 sq.m	€2,700 to €11,600/sq.m	€4,700/sq.m
Regions			
Single-family homes in communities	61 to 138 sq.m	€174,000 to €578,000	€277,000
Multi-occupancy housing ^(b)	19 to 144 sq.m	€1,500 to €7,700/sq.m ^(c)	€3,900/sq.m

(a) Based on housing units ordered, sold and delivered in fiscal year 2015 (non-representative cases excluded).

(b) Including student rooms and managed products.

(c) Excluding program of Saint-Tropez increasing to 17,800 €/m, the high price range for Multi-occupancy/Region.

Kaufman & Broad's Multi-occupancy Housing and Single-family homes in communities offer clearly reflects its positioning with respect to the customer base that has been the most present in the new housing market over the past several years, namely first-time homebuyers and both institutional and private investors. These products offer optimized-surface products that best meet the financial and fiscal profitability criteria of investors and the solvency criteria of first-time homebuyers. Apartments have a minimum surface area of 19 sq.m (due to managed

accommodation such as student residences) and range up to 144 sq.m at an average price of €3,900/sq.m in the Regions and €4,700/sq.m in Île-de-France. The maximum price per sq.m can reach close to €12,000 for developments in Paris where real estate prices remain high. For single-family homes, surface areas vary between 61 sq.m and 138 sq.m in the Regions. The average price of single-family homes is €277,000 in the Regions and €367,000 in Île-de-France.

2.1.3.1. Orders, deliveries and backlog

The following tables show quarterly orders and backlog for Single-family homes in communities, Multi-occupancy Housing and Commercial Property, in volume and in value, for all four quarters of fiscal years 2014 and 2015.

Housing	Net orders ^(a)	Net orders (in € thousands, including VAT)	Deliveries (in EHUs) ^(b)	Backlog (in EHUs)	Backlog in value (in € thousands, excluding VAT)	Backlog in months of business activity ^(c)
Single-family homes in communities						
Fiscal year ended November 30, 2015						
1 st quarter	25	7,432	52	198	43,581	7.1
2 nd quarter	84	14,015	52	230	42,425	7.5
3 rd quarter	58	17,693	53	235	44,842	8.7
4 th quarter	78	15,545	56	257	47,526	11.3
Total	245	54,685	213	-	-	-
Fiscal year ended November 30, 2014						
1 st quarter	33	10,179	77	341	81,139	15.7
2 nd quarter	52	17,724	73	320	76,774	12.6
3 rd quarter	52	14,129	74	298	70,911	10.9
4 th quarter	47	6,952	96	249	54,124	8.0
Total	184	48,985	320	-	-	-

(a) The net number of orders recorded during the relevant period, i.e., number of orders signed by customers during this period, less the number of orders canceled at the end of the period.

(b) The number of Equivalent Housing Units (EHUs) delivered is calculated by program and is equal to: (i) the number of housing units of a given program for which a notarized sale deed has been signed, multiplied by (ii) the ratio between the cost of the land and the construction costs incurred by the group for said program, and the total budgeted costs for the program. Thus, one housing unit sold under a program in which 30% of the costs have been incurred would result in 0.3 EHU.

(c) The backlog (or order book) in months of business is the product of (i) the ratio between the backlog at the end of month "m" and the sum of revenues (excluding VAT) of the 12 preceding months from m-1 to m-12, multiplied by (ii) 12 (i.e., the previous 12 months of business).

Housing Segment	Net orders ^(a)	Net orders (in € thousands, including VAT)	Deliveries (in EHUs) ^(b)	Backlog (in EHUs)	Backlog in value (in € thousands, excluding VAT)	Backlog in months of business activity ^(c)
Multi-occupancy housing						
Fiscal year ended November 30, 2015						
1 st quarter	1,158	182,102	1,090	6,197	947,886	13.6
2 nd quarter	1,763	349,225	1,343	6,617	1,032,094	14.4
3 rd quarter	1,343	255,775	1,207	6,753	1,056,845	14.8
4 th quarter	2,392	369,935	2,108	7,037	1,039,447	13.7
Total	6,656	1,157,037	5,748	-	-	-
Fiscal year ended November 30, 2014						
1 st quarter	1,052	207,934	1,135	5,638	873,412	11.6
2 nd quarter	1,464	289,410	1,185	5,917	930,615	12.9
3 rd quarter	1,297	230,610	1,269	5,945	931,252	13.0
4 th quarter	1,874	351,560	1,714	6,105	961,577	13.7
Total	5,687	1,079,514	5,303	-	-	-

(a) The net number of orders recorded during the relevant period, i.e., number of orders signed by customers during this period, less the number of orders canceled at the end of the period.

(b) The number of Equivalent Housing Units (EHUs) delivered is calculated per program and is equal to: (i) the number of housing units of a given program for which a notarized sale deed has been signed, multiplied by (ii) the ratio between the cost of the land and the construction costs incurred by the group for said program, and the total budgeted costs for the program. Thus, one housing unit sold under a program in which 30% of the costs have been incurred would result in 0.3 EHU.

(c) The backlog (or order book) in months of business is the product of (i) the ratio between the backlog at the end of month "m" and the sum of revenues (excluding VAT) of the 12 preceding months from m-1 to m-12, multiplied by (ii) 12 (i.e., the previous 12 months of business).

Business Property	Sq.m ordered	Net orders (in € thousands, including VAT)	Backlog in value (in € thousands, excluding VAT)
Fiscal year ended November 30, 2015			
1 st quarter	42,643	34,071	144,986
2 nd quarter	16,454	76,401	187,934
3 rd quarter	43,718	30,448	168,945
4 th quarter	4,454	13,438	178,409
Total	107,269	154,358	-
Fiscal year ended November 30, 2014			
1 st quarter	256	551	47,633
2 nd quarter	5,096	10,903	49,025
3 rd quarter	-	-	43,184
4 th quarter	23,411	283,640	145,726
Total	28,763	295,094	-

2.1.3.1.1. Orders

2.1.3.1.1.1. Housing segment

In fiscal year 2015, 6,901 net housing unit orders were recorded, versus 5,871 in 2014, an increase of 17.5%. In value, orders rose 7.4% to €1,211.6 million (including VAT), compared to €1,128.5 million (including VAT) in 2014. Sales gained

momentum in the second half and recorded an increase in housing orders of 18.4% in volume and 9.2% in value compared to the second half of 2014. The Housing segment accounted for 88.6% of all group orders in value versus 79.2% in 2014.

The following table shows the number and type of housing units ordered by type in Île-de-France and in the Regions in fiscal years 2015 and 2014 (December 1 to November 30).

	Number of single-family homes ordered				Number of Multi-occupancy Housing ordered			
	2015	%	2014	%	2015	%	2014	%
Île-de-France	106	43%	93	51%	2,165	33%	2,038	36%
Regions	139	57%	91	49%	4,491	67%	3,649	64%
Total	245	100%	184	100%	6,656	100%	5,687	100%

Multi-occupancy Housing

For fiscal 2015 as a whole, 6,656 apartments were reserved versus 5,687 in 2014, a 17.0% increase. Apartment orders totaled €1,157.0 million (including VAT) versus €1,079.5 million (including VAT) in 2014, a 7.2% increase (+€77.5 million). This rise is the result of the 23.1% increase (+842 orders) in the Regions for an additional €67.2 million (+10.4%), along with a rise of 6.2% in the volume of orders in Île-de-France and a 2.4% increase in their value.

Apartment orders were at 32.5% in volume and 38.3% in value in Île-de-France versus, respectively, 35.8% and 40.1% in 2014. Apartments accounted for the largest share of Kaufman & Broad orders, reaching 84.6% in value and 96.2% in volume of its total orders versus, respectively, 75.8% and 96.7% in 2014.

Single-family homes in communities

Orders of Single-family homes in communities totaled 245 for €54.6 million versus 184 orders for €49.0 million in 2014. An increase was recorded in the number of Single-family homes in communities ordered, both in Île-de-France and in the Regions (+14% and +52.7% respectively). Île-de-France contributed up to 43.3% in volume and 49.4% in value for these orders versus, respectively, 50.5% and 69.4% in 2014.

Orders by operating segment

Fiscal year ended November 30		2015			2014		
		Number of net orders	Orders in value (in € thousands, including VAT)	Average price (in € thousands, including VAT)	Number of net orders	Orders in value (in € thousands, including VAT)	Average price (in € thousands, including VAT)
Île-de-France		2,271	470,066	-	2,131	466,785	-
	Housing	2,271	470,066	207.0	2,131	466,785	219.0
	Commercial Property	-	-	-	-	-	-
	Other	-	-	-	-	-	-
West		750	125,293	-	605	94,842	-
	Housing	736	97,872	133.0	598	94,212	157.5
	Commercial Property	-	26,489	-	7	630	-
	Other	14	932	-	-	-	-
Southwest		2,170	335,777	-	1,475	267,050	-
	Housing	2,170	322,061	148.4	1,469	266,444	181.4
	Commercial Property	(1)	13,610	-	-	-	-
	Other	1	106	-	6	606	-
Southeast		887	184,187	-	1,142	213,901	-
	Housing	885	184,020	207.9	1,142	202,998	177.8
	Commercial Property	2	167	-	-	10,903	-
	Other	-	-	-	-	-	-
Rhône-Alpes		537	100,973	-	391	75,616	-
	Housing	537	100,973	188.0	391	75,616	193.4
	Commercial Property	-	-	-	-	-	-
	Other	-	-	-	-	-	-
Other Regions		302	36,638	-	140	22,445	-
	Housing	302	36,638	121.3	140	22,445	160.3
	Commercial Property	-	-	-	-	-	-
	Other	-	-	-	-	-	-
Commercial Property^(b)		-	114,091	-	-	283,561	-
	Housing	-	-	-	-	-	-
	Commercial Property	-	114,091	-	-	283,561	-
	Other	-	-	-	-	-	-
Total group		6,917	1,367,027	-	5,884	1,424,199	-
	Housing	6,901	1,211,631	175.6	5,871	1,128,499	192.2
	Business property ^(c)	1	154,357	-	7	295,094	-
	Other ^(a)	15	1,038	-	6	606	-

(a) Land, building lots.

(b) See Section 2.1.3.1.1.2. "Commercial Property"

(c) Offices, retail space, business premises, etc.

Geographically, the Multi-Occupancy Housing segment in Île-de-France recorded an increase of 6.6% in volume and 0.7% in value compared to 2014. The Regions posted a 21.2% increase in volume and 10.1% in value. Île-de-France's share in the Housing segment declined in favor of the Regions. The Regions represented 67.1% in volume and 61.2% in value of the group's housing unit orders, compared to 63.7% in volume and 58.6% in value in 2014.

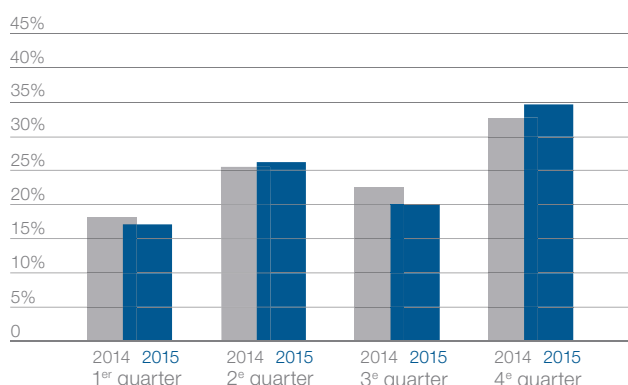
In 2015, the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) accounted for 26.6% of total housing order revenues versus 15.2% for the Southeast (Marseille, Toulon,

Nice) and 8.3% for the Rhône-Alpes region (Lyon, Grenoble, Annecy). At the same time, the contribution from Île-de-France fell in value from 41.4% to 38.8% and in volume from 36.3% to 32.9%.

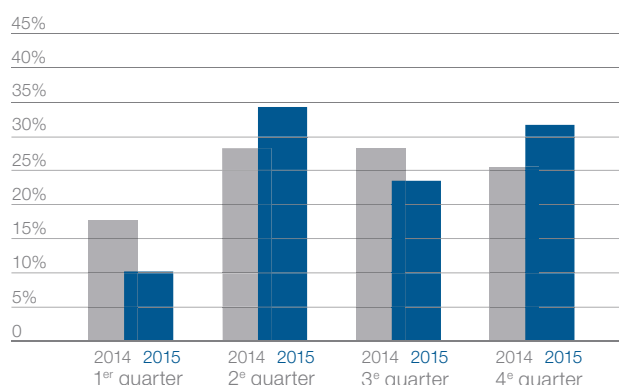
Over the course of one year, the average price of the group's housing unit orders dropped 8.7%, from €192.2 thousand (including VAT) per home in 2014 to €175.6 thousand (including VAT) per home in 2015. The price drop mainly concerned the Regions (-9.5%), while Île-de-France posted a 5.5% increase compared to 2014.

Cycles and seasonality of housing orders by product type (in volume)

Multi-occupancy housing



Single-family homes in communities



The fourth quarter of fiscal year 2015 recorded the highest number of orders in multi-occupancy housing while the first and third quarters were in line with historical trends due to the larger number of commercial launches in the spring and at the end of the year. In fiscal 2015, this trend was more pronounced for single-family homes, peaking in the second quarter of the year, like in 2014.

2.1.3.1.1.2. Commercial Property

In fiscal year 2015, Commercial Property orders reached €154.4 million (including VAT), compared to €295.1 million (including VAT) in 2014. This primarily involved warehouse programs (Entrepôts de Troyes et Mer) with a total surface area of 87,000 sq.m. Such decrease mainly resulted from the record, in the fourth quarter of 2015, of a total amount of €282,7 million of orders for the whole transaction “A9B”, the SNI group’s future headquarters located in the 13th district of Paris. The construction of the “YOU” building (9,300 sq.m) – located in the eco-district of Île Seguin – Rives de Seine in Boulogne-Billancourt and sold off-plan to Boursorama at the end of 2013 for its future headquarters – is underway. The construction of the “UNITED” building (7,500 sq.m) – located in Clichy (Hauts-de-Seine) and sold off-plan in Q2 to 2 property investment funds managed by Amundi – started this summer. TNS Sofres moved its headquarters to the CAP 14 building (8,200 sq.m) located in Paris 14. The TNS Sofres lease was signed at the end of 2014,

when the building was delivered to OPCI IMMO, a real estate mutual fund for the general public, managed by Amundi. The construction drawings for the “A9B” building (22,600 sq.m) – the SNI group’s future headquarters located at ZAC Paris Rive Gauche in Paris 13 – were launched at the end of the year. Moreover, work is under way for the construction of the future inter-administrative center of the local community of Saint-Brieuc Agglomération in Ilot de la Providence. The design studies for the “A7A8” project (around 70,000 sq.m) in Paris Rive Gauche started during the year following Kaufman & Broad’s winning of the competition launched in 2014 by SEMAPA. The tenure arrangements with SEMAPA were finalized. In the Logistics segment, work is under way for the construction of Petit Bateau’s new logistics platform (43,000 sq.m) at Parc de l’Aube.

2.1.3.1.2. Backlog

At November 30, 2015, the total backlog amounted to €1,266.4 million (excluding VAT) versus €1,161.5 million (excluding VAT) at November 30, 2014, representing a year-on-year increase of 9.0%.

The following table shows the number and share of backlog by type of housing units ordered in Île-de-France and in the Regions in fiscal years 2015 and 2014 (December 1 to November 30).

	Backlog in number of single-family homes				Backlog in number of Multi-occupancy Housing			
	2015	%	2014	%	2015	%	2014	%
Île-de-France	107	42%	86	35%	2,349	33%	2,450	40%
Regions	150	58%	163	65%	4,688	67%	3,655	60%
Total	257	100%	249	100%	7,037	100%	6,105	100%

The Housing backlog totaled 7,294 units, compared to 6,354 units at November 30, 2014, a 14.8% rise. In value, it recorded a 7.0% rise compared to end-2014 and totaled €1,087 million (excluding VAT) at November 30, 2015.

Multi-occupancy Housing

The Apartments backlog totaled €1,039.4 million in 2015, an increase of 8.1% compared to year-end 2014, when it totaled €961.6 million. In volume, it amounted to 7,037 units, compared to 6,105 units in 2014, an increase of 15.3%. In Île-de-France, the Apartments backlog fell by 4.1% in volume and 5.8% while, in the Regions, it was up both in volume and in value by, respectively, 28.3% and 19.5% compared to 2014.

Single-family homes in communities

The backlog for Single-family homes in communities totaled €47.5 million with 257 units, i.e., a rise of 3.2% in value but a drop of 12.2% in volume compared to November 30, 2014, when it totaled €54.1 million with 249 units. This decline concerned both Île-de-France and the Regions. At November 30, 2015, Île-de-France recorded a backlog of 107 single-family homes for €23.7 million, versus 86 units for €26.9 million at end-2014. In the Regions, the backlog reached 150 units for €23.8 million, versus 163 units for €27.3 million in 2014.

Backlog by operating segment

Fiscal year ended November 30		2015			2014		
		Backlog in number	Backlog in value (in € thousands, excluding VAT)	Average price (in € thousands, including VAT)	Backlog in number	Backlog in value (in € thousands, excluding VAT)	Average price (in € thousands, including VAT)
Île-de-France		2,456	431,410	-	2,536	459,831	-
	Housing	2,456	431,410	175.7	2,536	459,831	181.3
	Commercial Property	-	-	-	-	-	-
	Other	-	-	-	-	-	-
West		786	100,994	-	709	80,359	-
	Housing	772	85,205	110.4	709	80,359	113.34
	Commercial Property	-	14,906	-	-	-	-
	Other	14	883	63.1	-	-	-
Southwest		2,013	275,136	-	1,392	212,367	-
	Housing	2,006	256,322	127.8	1,384	204,700	147.9
	Commercial Property	6	18,722	3,120.3	7	7,570	-
	Other	1	92	92.0	1	98	-
Southeast		1,110	186,689	-	1,221	198,703	-
	Housing	1,110	180,801	168.2	1,221	190,867	156.3
	Commercial Property	-	5,889	-	0	7,837	-
	Other	-	-	-	-	-	-
Rhône-Alpes		566	88,116	-	398	65,311	-
	Housing	566	88,116	155.7	398	65,311	164.1
	Commercial Property	-	-	-	-	-	-
	Other	-	-	-	-	-	-
Other Regions		384	45,118	-	106	14,633	-
	Housing	384	45,118	117.5	106	14,633	138
	Commercial Property	-	-	-	-	-	-
	Other	-	-	-	-	-	-
Commercial Property ^(b)		-	138,893	-	-	130,319	-
	Housing	-	-	-	-	-	-
	Commercial Property	-	138,893	-	-	130,319	-
	Other	-	-	-	-	-	-
TOTAL GROUP		7,315	1,266,355	-	6,362	1,161,525	-
	Housing	7,294	1,086,972	149.8	6,354	1,015,701	159.9
	Business Property ^(c)	6	178,409	28,753.5	7	145,726	-
	Other ^(a)	15	975	65.0	1	98	-

(a) Land, building lots.

(b) See Section 2.1.3.1.1.2. "Commercial Property"

(c) Offices, retail space, business premises, etc.

The Housing backlog in Île-de-France fell by 3.2% in volume and 6.2% in value compared to the previous year. During the same period, the Regions were up 26.7% in volume and 17.9% in value. The Île-de-France share of the Housing backlog declined in favor of the Regions to 33.7% in volume and 39.5% in value at end-November 2015, versus 39.9% in volume and 45.3% in value at end-November 2014. The Southeast (Marseille, Toulon,

Nice) represented 17.1% in value versus 23.5% for the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) and 12.7% for the other Regions.

At November 30, 2015, the Housing backlog was equivalent to 13.5 months of business compared to 13.2 months at November 30, 2014.

2.1.4. Outlook

Housing market

2015 proved to be a year of strong rebound, with growth of around 18% compared to 2014, which followed on from three years of particularly sluggish business at around 85,000 units. Based on currently available data, the Company considers that it could achieve a level of around 102,000 lots. This growth is largely attributable to the success of the Pinel incentive, which was widely endorsed.

Overall, the offering decreased, dipping below 100,000 lots for the first time in 4 years while the take-up period significantly improved, to 13.7 months.

Likewise, available figures on the progress of building permits and construction starts at end-November show a reversing trend.

2016 should see a market consolidation with the growing impact of the PTZ incentive and the return of first-time homebuyers. A level of 105,000 to 110,000 housing units can be expected, close to 2010/2011 levels. However, no significant price increase is expected.

Commercial Property market

The office market enjoyed an excellent year with 2.2 million sq.m taken up and a drop in the immediately available offering. Rents remained practically stable, with yields at historic lows in Île-de-France (below 3.5%) due to high investments (including unsecured investments) approaching the historic high of 2007.

The logistics warehouse market also enjoyed an excellent year with over 3.2 million sq.m taken up, an increase of 24% compared to 2014, exceeding the 2008 and 2011 levels. Growth of over 40% was recorded for surface areas of over 20,000 sq.m while the available offering dropped 13% in 12 months. Rents remained stable and yields dropped 100 points over the same period due to a 76% increase in investments to €1.8 million.

In the upcoming months, this situation should continue to be favorable to Kaufman & Broad, which operates in France's core office market, i.e. the prime Paris market. Moreover, Kaufman & Broad is now recognized as a major player and should benefit from the dynamic development of the logistics sector following the acquisition of major logistics player Concerto at the end of 2014.

General outlook

In that context, the outlook for Kaufman & Broad seems positive, in view of the indicators posted at end-November 2015, namely:

- the number of orders for housing units: +17%;
- the financial backlog: +7%;
- the housing reserve, +7% in lots;
- over 80,000 sq.m of office space and 200,000 sq.m of warehouse space under development;
- +30% lots launched for housing;
- take-up period of 8 months.

A) In terms of activity, the Company intends to continue its development and take advantage of market changes by:

- consolidating its leadership in the 10 majors cities where it has historically been based;
- remaining attentive to growth opportunities that could enable it to strengthen its geographical coverage and its territorial network;
- strengthening its development in the field of Commercial Property in the French regions, targeting major regional cities with medium size products designed for "key accounts"; and
- developing its capacity to respond to tenders in the context of large urban projects that should enable it to have access to a significant land reserve, especially in Île-de-France ⁽¹⁾.

B) In terms of financial indicators, the group will continue to maintain the goals it has been setting itself for several years now:

- controlling costs;
- controlling the increase in WCR and generating significant operating cash flow;
- controlling commitments and related risk.

Furthermore, the profitability of operations remained at a good level during previous years. This is attributable to the selectiveness of the building locations which, combined with the control of working capital requirements (WCR), have strengthened the Company's financial structure and capacity, which should enable it to take full advantage of market changes.

Thus, provided there is no macro-economic upheaval in the upcoming months, the Company's business should be well oriented with sales and gross margin expected to be in marked increase while continuing to manage the evolution of its working capital requirements in the medium term and maintaining strict commitment criteria.

(1) There is a potential for approximately 400,000 housing units over the next 10 years, more than 50% of which in Île-de-France (source: Adequation, January 2016).

In the medium term, the Company feels that it can confirm this positive trend and reinforce its leading position throughout the

country on the strength of its recognized premium brand and the professionalism of its teams.

Land reserve

Lots available for development by 2018

(at November 30, 2015)

	Number	Estimated sq.m (c) (d)(e)
Land to be developed (a)	19,128	1,273,049
Single-family homes	1,473	118,723
Multi-occupancy Housing	17,500	980,342
Commercial Property	99	170,065
Other	56	3,919
Land under survey (b)	9,183	576,931
Single-family homes	321	23,375
Multi-occupancy Housing	8,136	489,091
Commercial Property		34,550
Other	726	29,915
Total – France	28,311	1,849,980

(a) Land for which a sales deed or a contract of sale has been signed.

(b) Land for which a sales deed or a contract of sales has not yet been signed.

(c) Based on estimated net surface area.

(d) Based on a single-family home with an average area of 100 sq.m.

(e) Based on an apartment unit with an average surface area of 60 sq.m plus 15% for the communal areas.

At November 30, 2015, the group's total property portfolio represented 19,128 lots, i.e. three years of future business. The Office property portfolio, meanwhile, totaled 170,065 sq.m of surface area. The business potential for the group by 2018 thus represents 28,311 housing units and 204,615 sq.m of offices including 9,183 housing units and 34,550 sq.m of offices on land currently in the survey phase.

For fiscal 2016 as a whole, the group plans to develop 125 new housing unit programs for a total of 8,181 lots, including 32 programs in Île-de-France with 2,713 lots, and 93 programs in the Regions with 5,468 lots.

2.2. Main Income Statement Items

2.2.1. Key Figures

The following table presents the significant items on the group's income statement for the last two years.

Fiscal year ended November 30

(in € thousands)

	2015	2014 restated (a)	2014 published
Revenues	1,063,098	1,083,342	1,083,342
Gross margin	202,701	196,714	194,272
Current operating income	85,685	73,664	74,446
Operating income	86,511	72,991	73,773
Income (loss) attributable to shareholders	58,946	50,327	50,815
Attributable net income	39,779	37,930	38,442
Net earnings per share	€1.93	€1.83	€1.85

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

2.2.2. Sources of Net Income

The accounting principles, estimates and assumptions used to prepare the Consolidated Financial Statements at November 30, 2015 are described in Note 1 to the Consolidated Financial Statements at November 30, 2015.

The group's **revenues** and margin are recognized as the work is completed, in accordance with the following rule: revenues recognized for a given program are equal to the product of the cumulated revenues from the lots for which a deed of sale has been signed, multiplied by the ratio between the amount of the land expenses and the construction expenses incurred by the group in respect of said program and the total budget of the program's expenditures.

The **gross margin** corresponds to revenues less cost of sales. The cost of sales consists of the price of land parcels, the related property costs (taxes, etc.), commissions paid to developers and to Kaufman & Broad sales staff, as well as fees and commissions provided for in the agency agreements executed by Kaufman & Broad in order to sell its real estate programs, construction costs and borrowing costs that may be directly attributed to program development.

Current operating profit corresponds to the gross margin, adjusted for selling expenses, general and administrative expenses, technical and after-sales service expenses and other operating income and expenses:

- the **marketing and sales costs** include the fixed portion of the salaries of salespeople, sales managers and showroom personnel, as well as the related payroll taxes, the cost of maintaining model homes, and the advertising costs and various other expenses (employee travel costs, showroom rental costs and the costs of leased sales offices). These expenses should be compared to the number of programs marketed during the year;
- the **general and administrative expenses** include payroll costs for administrative personnel, rent and rental charges (for principal and branch offices), external fees, travel costs, taxes other than on income (mainly the Territorial Economic Contribution tax), maintenance costs and supplies;
- the **technical and after-sales service expenses** include salaries for employees in charge of technical supervision of real estate programs and services related to after-sales operations, travel costs, maintenance costs and supplies;
- the **development and program expenses** include the salaries of personnel in charge of land development, arrangement and monitoring of real estate programs, as well as services related to travel expenses, maintenance costs and supplies.

Pursuant to CNC Recommendation 2009-R.03, the group uses the item "Other non-recurring income and expenses" to state separately any unusual, infrequent and material items to make it easier to understand operating performance.

Operating income corresponds to income from ongoing operations, adjusted for non-recurring income and expenses.

Net income from consolidated companies corresponds to operating income, adjusted for:

- the cost of net financial debt (financial income and expenses) corresponding to interest expense on the syndicated credit lines, interest expenses on swaps, fees paid on overdrafts, commitment fees and the prorated amortization expenses relating to the lines of credit, gains on the sale of money market SICAVs, income from term accounts and the capitalization of borrowing costs under IAS 23;
- other financial income and expenses;
- income tax.

The **consolidated net income** corresponds to net income from consolidated companies, adjusted for:

- the share in the income of affiliates and joint-ventures (equity accounting).

Attributable net income corresponds to consolidated net income, adjusted for:

- income from non-controlling equity interests (minority interests), which includes all the income and expenses attributable to minority shareholders in fully consolidated companies.

Group sale agreements with its customers are in the form of Sales Before Completion (VEFA), under the terms of which the customer pays 5% of the price of the property into an escrow account when the order contract is signed at a sales office, and progressively becomes the owner of the property as from signature of the deed of sale, and as progressively as construction proceeds. The customer pays the balance of the sale price by installments, according to a schedule provided for in the contract for sale.

The amount paid by customers into the escrow account when the order is made is recorded as an asset in the consolidated balance sheet under "Cash and cash equivalents", with a corresponding liability recognized under "Other liabilities" (customer advances).

2.3. Comments on the results

Statement of consolidated comprehensive income

Consolidated income statement

(in € thousands)

	November 30, 2015	November 30, 2014 restated ^(a)	November 30, 2014 published
Revenues	1,063,098	1,083,342	1,083,342
Cost of sales	(860,397)	(886,628)	(889,070)
Gross margin	202,701	196,714	194,272
Selling expenses	(30,652)	(32,467)	(29,243)
Administrative expenses	(50,313)	(53,770)	(53,770)
Technical and customer service expenses	(18,310)	(18,375)	(18,375)
Development and program expenses	(17,740)	(18,437)	(18,437)
Current operating income	85,685	73,664	74,446
Other non-recurring income	831	144	144
Other non-recurring expenses	(5)	(817)	(817)
Operating income	86,511	72,991	73,773
Financial expenses	(5,200)	(968)	(968)
Financial income	730	718	718
Cost of net financial debt	(4,470)	(250)	(250)
Pre-tax profit (loss) of consolidated companies	82,041	72,741	73,524
Income tax	(24,267)	(25,026)	(25,295)
Net Income of consolidated companies	57,774	47,715	48,229
Share of income (loss) of equity affiliates and joint ventures	1,172	2,612	2,586
Income (loss) of the consolidated group	58,946	50,327	50,815
Minority interest income (loss)	19,167	12,397	12,373
Attributable net income	39,779	37,930	38,442
Average number of shares	20,644,581	20,781,182	20,781,182
Earnings per share	€1.93	€1.83	€1.85
Diluted earnings per share	€1.93	€1.83	€1.85

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

2.3.1. Breakdown of deliveries, revenues and gross margin

2.3.1.1. Breakdown by product line

The following table shows a breakdown of the number of Equivalent Housing Units (EHUs), revenues and gross margin, by product line, for fiscal years 2015 and 2014:

Fiscal year ended November 30 (in € thousands)	2015			2014			
	Deliveries (EHUs) (units)	Revenues	Gross margin ^(b)	Deliveries (EHUs) (units)	Revenues	Gross margin ^(c) Restated	Gross margin ^(b) Published
Multi-occupancy Housing	5,748	912,971	168,811	5,303	844,314	160,524	158,435
Single-family homes	213	50,381	10,561	320	81,519	17,213	16,935
Total Housing	5,961	963,352	179,373	5,623	925,834	177,737	175,370
Commercial Property	2	93,909	21,997	7	150,350	17,327	17,252
Other ^(a)	1	68	62	13	1,146	355	355
Showroom	-	5,769	1,269	-	6,012	1,295	1,295
Grand Total	5,964	1,063,098	202,701	5,643	1,083,342	196,714	194,272

(a) Corresponds primarily to sales of undeveloped lots and external fees (project management contracts).

(b) Revised IAS 23 "Borrowing costs": since December 1, 2009, the group has prospectively applied this standard, which requires the capitalization of borrowing costs directly attributable to the acquisition and the production of qualifying assets. The amount included in the gross margin at November 30, 2015 was €7.0 million, or 3.5% of the gross margin versus €7.4 million at November 30, 2014.

(c) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Deliveries (EHUs)

The number of Equivalent Housing Units (EHUs) delivered increased 5.7% between 2014 and 2015, from 5,643 units delivered in 2014 to 5,964 units delivered in 2015. Apartment deliveries rose 8.4% to 5,748 units in 2015 while deliveries of Single-family homes in communities dropped 33.4% to 213 units. Apartments accounted for 96.4% of delivered housing units versus 94.3% in 2014.

Revenues

Compared to 2014, total group revenues (excluding VAT) were down 1.9% to €1,063.1 million, versus €1,083.3 million in 2014. This change is mainly due to the drop in revenues from Single-family Homes (down €31.1 million) and Commercial Property (down €56.4 million), partly offset by the rise in Multi-occupancy revenues (apartments and managed accommodation).

Multi-occupancy Housing

Apartment revenues increased 8.1%, from €844.3 million to €913.0 million in 2015. 44.6% of revenues were generated in Île-de-France versus 42.4% in 2014. Apartments accounted for 85.9% of total revenues, versus 77.9% in 2014. The €68.7 million increase in apartment revenues stemmed from the rise recorded in Île-de-France as well as the Regions, with increases of €48.4 million and €20.3 million respectively compared to 2014.

Single-family homes in communities

Revenues from single-family homes fell 38.2% compared to 2014, from €81.5 million to €50.4 million in 2015. They accounted for 4.7% of total revenues, compared to 7.5% in 2014. The €31.3 million drop breaks down as follows: €26.6 million for Île-de-France and €4.6 million for the Regions.

Île-de-France accounted for 53.0% of single-family home revenues, while the Regions accounted for 47.0%.

Other business activities

Revenues from the Commercial Property sector, including logistics platforms, fell €56.4 million to €93.9 million in 2015. This is essentially due to the base effect created by the recognition of the revenue from the project in the 13th district of Paris amounting to €125.1 million at the end of 2014, versus €6.6 million in 2015, partially offset by the revenue generated by the logistics business for €41 million.

Showroom revenues remained practically unchanged at €5.8 million compared to €6.0 million in 2014.

Revenues from land sales and outside fees (for project management contracts) fell from €1.1 million in 2014 to €0.068 million in 2015.

Gross margin

The group's gross margin totaled €202.7 million versus €196.7 million in 2014, a 3.0% increase (+€6.0 million), reflecting the change in the housing-office product mix in our business activities.

Multi-occupancy Housing

In the Apartments business, the gross margin totaled €168.8 million, compared to €160.5 million in 2014 (+5.2%). The gross margin rate was 18.5%, versus 19.0% in 2014. The €8.3 million increase in gross margin stemmed from a rise of €5.3 million in Île-de-France and €3.0 million in the Regions. In Île-de-France, the gross margin rate was 19.2% versus 20.2% in 2014. In the Regions, it stood at 18%, remaining stable compared to 2014.

Single-family homes in communities

Following the same trend as revenues, the gross margin for the single-family homes segment fell 38.6% compared to 2014. It amounted to €10.6 million for fiscal year 2015 versus €17.2 million for fiscal year 2014. The €6.7 million drop mainly stemmed from Île-de-France, down €6.0 million. The gross margin rate for the single-family homes segment was 21.0% versus 21.1% last year.

Other business activities

The gross margin from other businesses amounted to €23.3 million versus €19.0 million in 2014. The Commercial Property segment accounted for €14.1 million of this amount, down €3.2 million compared to the previous year. The gross margin rate for the Commercial Property segment was 15.1% in 2015 versus 11.5% in 2014. These rates are considered normal because of the high land and construction costs in Île-de-France.

2.3.1.2. Breakdown by operating segment

The following table shows a breakdown of the number of housing units (EHUs) delivered, revenues and gross margin by geographic area for fiscal years 2014 and 2015:

Fiscal year ended November 30		2015			2014		
(in € thousands)		Deliveries (EHUs) (units)	Revenues	Gross margin ^(b)	Deliveries (EHUs) (units)	Revenues	Gross margin ^(b)
Île-de-France		2,351	437,405	84,777	2,293	415,989	85,970
	Housing	2,351	433,459	83,911	2,293	411,637	84,736
	Business property	-	-	-	-	-	-
	Other ^(a)	-	3,946	866	-	4,352	1,234
West		569	70,417	12,930	583	70,102	13,103
	Housing	569	63,228	11,734	576	69,487	13,003
	Commercial Property	-	7,168	1,190	7	533	81
	Other ^(a)	-	20	7	-	83	20
Southwest		1,549	222,962	40,800	1,430	212,129	36,658
	Housing	1,548	222,644	40,620	1,417	207,524	36,070
	Commercial Property	-	249	119	-	3,461	534
	Other ^(a)	1	69	61	13	1,145	54
Southeast		998	166,882	26,075	975	178,305	29,682
	Housing	996	162,710	24,975	975	175,636	28,860
	Commercial Property	2	2,628	759	-	1,316	529
	Other ^(a)	-	1,544	340	-	1,353	292
Rhône-Alpes		369	65,216	14,418	299	52,512	13,785
	Housing	369	64,958	14,360	299	52,305	13,739
	Commercial Property	-	-	-	-	-	-
	Other ^(a)	-	258	57	-	207	46
Other Regions		128	16,353	3,772	63	9,262	1,333
	Housing	128	16,353	3,772	63	9,245	1,329
	Commercial Property	-	-	-	-	-	-
	Other ^(a)	-	-	-	-	18	4
Commercial Property		-	83,862	19,929	-	145,041	16,183
	Housing	-	-	-	-	-	-
	Commercial Property	-	83,862	19,929	-	145,041	16,183
	Other ^(a)	-	-	-	-	-	-
Total		5,964	1,063,098	202,701	5,643	1,083,342	196,714
	Housing	5,961	963,352	179,373	5,623	925,833	177,737
	Commercial Property	2	93,909	21,997	7	150,350	17,327
	Other ^(a)	1	5,837	1,331	13	7,158	1,650

(a) Bare lot sales, external fees and the Showroom business.

(b) Revised IAS 23 "Borrowing costs": since December 1, 2009, the group has prospectively applied this standard, which requires the capitalization of borrowing costs directly attributable to the acquisition and the production of qualifying assets. The amount included in the gross margin at November 30, 2015 was €7.0 million, or 3.5% of the gross margin versus €7.4 million at November 30, 2014. Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Deliveries (EHUs)

By geographic area, Île-de-France represented an important part in the group's Housing business with 39.4% of housing units delivered in 2015 (i.e. 39.4% for Apartments and 39.9% for Single-family homes in communities) versus 40.8% in 2014. The group has also been active in the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) and in the Southeast (Nice, Toulon, Marseille) where 26% and 16.7% respectively of the housing units were delivered compared to 25.2% and 17.3% in 2014.

Housing – revenues

Housing revenues totaled €963.4 million in 2015 versus €925.8 million in 2014, up 4.1%. Île-de-France contributed up to 45%, a level unchanged compared to 2014.

After Île-de-France, the Southeast (Nice, Toulon, Marseille) and the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) were the two biggest contributors and accounted for 16.9% and 23.1% of Housing business revenues, respectively. The West (Nantes, Rennes) contributed 6.5% and the Rhône-Alpes region (Lyon, Grenoble, Annecy) 6.7%.

The €37.5 million increase in Housing revenues compared to 2014 can be explained by the €21.8 million increase in revenues

in Île-de-France, along with increases in the Southwest (+€15.1 million), the Rhône-Alpes region (+€12.7 million) and Other Regions (+€7.1 million).

Housing – gross margin

The Housing gross margin at November 30, 2015 amounted to €179.4 million versus €177.7 million in 2014, a rise of 0.9% over one year. The Housing gross margin rate was 18.6% in 2015 versus 19.2% in 2014.

Île-de-France accounted for 46.8% of the Housing gross margin achieved by the group in 2015 (47.7% in 2014). The Southwest (Toulouse, Bordeaux, Bayonne and Montpellier) was the second-largest contributor with 22.6% and the Southeast (Marseille, Toulon, Nice) accounted for 13.9%, for its part. The Rhône-Alpes region (Lyon, Grenoble, Annecy) and the West (Nantes, Rennes) respectively contributed 8% and 6.5% of the Housing segment's gross margin.

The €1.6 million increase in the Housing segment's gross margin in 2015 compared to 2014 mainly stemmed from the rise in gross margin in the Southwest (+€4.6 million) and in Other Regions (+€2.4 million) while the Southeast was down €3.9 million.

2.3.2. Operating expense

(in € thousands)

	November 30, 2015	November 30, 2014 restated ^(a)	November 30, 2014 published
Selling expenses	30,652	32,467	29,243
Administrative expenses	50,313	53,770	53,770
Technical and customer service expenses	18,310	18,375	18,375
Development and program expenses	17,740	18,437	18,437
Other expenses	-	-	-
Other income	-	-	-
Total operating expenses	117,015	123,049	119,825

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

At November 30, 2015, operating expenses amounted to €117 million, versus €123.0 million in 2014. Operating expenses accounted for 11.0% of revenues in 2015 versus 11.4% in 2014.

The change in operating expenses primarily reflects the following items:

Marketing and sales expenses

Marketing and sales expenses amounted to €30.7 million versus €32.5 million in 2014, a decrease of 5.6%. This decline can be attributed for the most part to the €1.4 million decrease in advertising expenses. In fact, package sales rose 25.0% compared to 2014. They represented 41.4% of orders in terms of value in 2015, versus 34.5% in 2014, which made it possible to save on advertising costs.

Compensation of marketing and sales teams

The following table shows the change in payroll costs for the group's marketing and sales team (fixed and variable pay are included in selling expenses) over the last two fiscal years:

Fiscal year ended November 30

(in € thousands)	2015	2014
Salaries and payroll taxes	7,967	8,785
Commissions paid to the sales team	8,067	8,129
<i>As a percentage of total group revenues</i>	<i>1.5%</i>	<i>1.6%</i>

Sales commissions

(in € thousands)	2015	2014
Commissions paid to the sales team	8,067	8,129
External commissions	26,744	24,721
Total commissions on sales	34,811	32,850
<i>As a percentage of total group revenues</i>	<i>3.3%</i>	<i>3.0%</i>
<i>As a percentage of Housing gross margin</i>	<i>19.4%</i>	<i>18.5%</i>

The amount of commissions on sales amounted to €34.8 million in 2015, including €8.1 million for internal commissions (paid to the sales teams) and €26.7 million for external commissions (paid to specifiers). The €2.0 million increase in external commissions is partly attributable to the 23.0% increase in the number of orders by specifiers and by networks in 2015, compared to 2014. It should be noted that these expenses are included in the cost of sales of property development operations.

Advertising

Kaufman & Broad's annual advertising costs represent between 2.0% and 2.5% of its revenues, and are incurred in connection with the launches of real estate programs (Single-family homes in communities and Apartments) as well as national advertising campaigns to promote the group's image and products. Since December 1, 2014, the group has been expensing the costs related to the rental and fitting out of its sales premises and model facilities, as well as its scale models costs, previously included in the cost of its operations.

The following table shows the amount of these advertising expenses and the percentage of these expenses in terms of revenues over the last two years:

Fiscal year ended November 30 (in € thousands)	2015	2014 restated ^(a)	2014 published
Advertising expenses	18,625	19,983	16,759
<i>As a percentage of revenues</i>	<i>1.75%</i>	<i>1.8%</i>	<i>1.5%</i>

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Advertising expenses in 2015 declined 6.8% compared to 2014 while revenues rose 1.9% compared to the previous fiscal year. The decline in advertising expense can be attributed in part to the increase in the share of programs sold as a package over the period, for which the advertising expenses were lower than for the programs intended for homebuyers and investors (see Note below, paragraph "selling expenses" below).

The share of advertising expenses and the costs of model areas in revenues was 1.75% versus 1.8% in 2014.

Administrative expenses

Administrative expenses amounted to €50.3 million in 2015 versus €53.8 million in 2014, a decrease of 6.4%. This net decrease is mainly attributable to the decrease in "depreciation, amortization and provisions, net of reversals" of €7.5 million and the increase in "salaries and benefits" of €1.8 million.

Technical and customer service expenses

Technical and customer service expenses remained stable in 2015, amounting to €18.3 million versus €18.4 million in 2014.

Development and program expenses

Development and program expenses totaled €17.7 million, down 3.8% compared to 2014 when they amounted to €18.4 million. The €0.7 million drop is mainly due to a €0.5 million increase in salaries and payroll taxes, offset by the reversal of the €1.2 million provision recognized at end-2014 for the move of the group's headquarters.

2.3.3. Current operating profit – Operating margin

The group's current operating profit was up 16.3%, from €73.7 million in 2014 to €85.7 million in 2015. The current operating margin was 8.1% versus 6.8% in 2014. The €12.0 million increase was primarily due to the €6.0 million increase in gross margin, supported by the lowering of operating expenses by €6.0 million in 2015.

2.3.3.1. Adjusted EBIT

Adjusted EBIT is equal to Current operating income (€85.7 million) adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in the gross margin for €7.0 million, representing €92.7 million at 30 November 2015.

Adjusted EBIT is up 14.4% compared to November 30, 2014 when it stood at €81.0 million, with a Current operating income of €73.7 million and an amount of borrowing costs of €7.4 million.

2.3.4. Other non-recurring income and expenses

At November 30, 2015, non-recurring income totaled €0.8 million versus a loss of €0.7 million in 2014, mainly due to the recognition of €0.8 million provisions for the depreciation of

land parcels in 2015. Accordingly, operating income was €86.5 million versus €73.0 million in 2014.

2.3.5. Cost of net financial debt

The cost of the net financial debt rose €4.22 million from €250,000 in 2014 to €4.47 million in 2015. This increase can be attributed primarily to the amortization of the €4.0 million

arrangement costs for the syndicated loans, including accelerated amortization of €3.1 million.

2.3.6. Net income

Tax liability

Income tax amounted to €24.3 million, based on the group's net profit at November 30, 2015, compared to €25.0 million for fiscal year 2014 (see Note 12.2. "Tax Reconciliation", of the Notes of the consolidated financial statement).

Minority interests

The amount of minority interests was up by €6.8 million, from €12.4 million in 2014 to €19.2 million in 2015. This rise reflects the major progress achieved in joint development programs, the number of which increased sharply in 2014.

Net income

Attributable net income for fiscal year 2015 rose 4.9% compared to 2014. It amounted to €39.8 million versus €37.9 million in 2014 (restated).

The net margin (net income as a percentage of revenues) was 3.7% in 2015 versus 3.5% in 2014.

2.3.7. Income by operating segment

Pursuant to IFRS 8, segment information reflects the organization of the internal reporting intended for the group's management. Details of this segment analysis are provided in Note 3.1 "Income by operating segment" to the Consolidated Financial Statements at November 30, 2015.

Fiscal year ended November 30, 2015

(in € thousands)

	Île-de-France	West	Southwest	Southeast
Revenues	437,405	70,417	222,962	166,882
Gross margin	84,777	12,930	40,800	26,075
Marketing and sales expenses	(10,436)	(1,514)	(4,960)	(4,849)
Administrative expenses	(6,785)	(1,748)	(5,933)	(4,985)
Technical and customer service expenses	(8,564)	(1,006)	(3,736)	(2,916)
Development and program expenses	(4,979)	(1,075)	(3,854)	(3,908)
Reallocation of portion of Corporate re-invoicing	(11,106)	(2,329)	(7,806)	(5,470)
Current operating income	42,907	5,258	14,511	3,947
Other non-recurring income and expenses			823	(5)
Operating income	42,907	5,258	15,334	3,942
Cost of net financial debt and other financial income/expenses	3,294	296	21	(661)
Reallocation of cost of net financial debt	(2,587)	(543)	(1,818)	(1,274)
Pre-tax income of consolidated companies	43,614	5,011	13,537	2,007
Income tax	(12,770)	(1,733)	(3,797)	(441)
Share of income (loss) of equity affiliates and joint ventures	1,278	-	(18)	
Income (loss) attributable to shareholders	32,122	3,278	9,722	1,566
<i>Attributable net income</i>	<i>22,014</i>	<i>2,818</i>	<i>5,611</i>	<i>(305)</i>
<i>Minority interests</i>	<i>10,108</i>	<i>460</i>	<i>4,111</i>	<i>1,871</i>

Fiscal year ended November 30, 2015

(in € thousands)

	Rhône-Alpes	Commercial Property	Other Regions	Head office	Total
Revenues	65,216	83,862	16,353	-	1,063,098
Gross margin	14,418	19,929	3,772		202,701
Marketing and sales expenses	(2,066)	(230)	(528)	(6,069)	(30,652)
Administrative expenses	(2,488)	(2,781)	(1,188)	(24,405)	(50,313)
Technical and customer service expenses	(1,285)	(335)	(133)	(336)	(18,310)
Development and program expenses	(1,850)	(1,078)	(776)	(220)	(17,740)
Reallocation of portion of Corporate re-invoicing	(2,271)	(1,542)	(505)	31,030	-
Current operating income	4,458	13,963	642	-	85,685
Other non-recurring income and expenses				8	826
Operating income	4,458	13,963	642	8	86,511
Cost of net financial debt and other financial income/expenses	413	(514)	(100)	(7,228)	(4,470)
Reallocation of cost of net financial debt	(529)	(359)	(118)	7,228	-
Pre-tax income of consolidated companies	(4,342)	13,090	424	8	82,041
Income tax	(1,497)	(4,265)	236	-	(24,267)
Share of income (loss) of equity affiliates and joint ventures	(11)	(49)	24	-	1,172
Income (loss) attributable to shareholders	2,834	(8,776)	636	8	58,946
<i>Attributable net income</i>	<i>2,382</i>	<i>7,803</i>	<i>(556)</i>	<i>8</i>	<i>39,779</i>
<i>Minority interests</i>	<i>452</i>	<i>973</i>	<i>1,192</i>	<i>-</i>	<i>19,167</i>

Fiscal year ended November 30, 2014
(in € thousands)

	Île-de-France	West	Southwest	Southeast
Revenues	415,990	70,102	212,129	178,305
Gross margin	85,970	13,103	36,658	29,682
Marketing and sales expenses	(13,304)	(1,599)	(5,763)	(5,450)
Administrative expenses	(7,789)	(2,011)	(6,873)	(6,127)
Technical and customer service expenses	(8,250)	(957)	(4,020)	(3,282)
Development and program expenses	(5,804)	(1,064)	(5,442)	(2,107)
Reallocation of portion of Corporate re-invoicing	(10,656)	(2,355)	(7,366)	(5,313)
Current operating income	40,168	5,118	7,194	7,403
Other non-recurring income and expenses	-	-	(800)	(11)
Operating income	40,168	5,118	6,394	7,392
Cost of net financial debt and other financial income/expenses	4,342	(3)	(607)	(930)
Reallocation of cost of net financial debt	(1,041)	(230)	(719)	(519)
Pre-tax income of consolidated companies	43,469	4,885	5,068	5,943
Income tax	(13,586)	(1,780)	(2,750)	(2,054)
Share of income (loss) of equity affiliates and joint ventures	1,306	(142)	1,430	33
Income (loss) attributable to shareholders	31,189	2,963	3,747	3,922
<i>Attributable net income</i>	<i>22,407</i>	<i>2,623</i>	<i>2,842</i>	<i>2,185</i>
<i>Minority interests</i>	<i>8,782</i>	<i>340</i>	<i>905</i>	<i>1,737</i>

Fiscal year ended November 30, 2014
(in € thousands)

	Rhône-Alpes	Commercial Property and logistic	Other Regions	Head office	Total
Revenues	52,512	145,041	9,262	-	1,083,342
Gross margin	13,785	16,183	1,333	-	196,714
Marketing and sales expenses	(1,870)	(269)	(450)	(3,763)	(32,467)
Administrative expenses	(2,628)	(1,369)	(736)	(26,236)	(53,770)
Technical and customer service expenses	(1,241)	(198)	(262)	(166)	(18,375)
Development and program expenses	(2,066)	(1,692)	(239)	(23)	(18,437)
Reallocation of portion of Corporate re-invoicing	(2,083)	(2,053)	(362)	30,188	-
Current operating income	3,897	10,602	(717)	-	73,664
Other non-recurring income and expenses	(82)	-	137	83	(673)
Operating income	3,815	10,602	(580)	83	72,991
Cost of net financial debt and other financial income/expenses	626	(649)	(81)	(2,948)	(250)
Reallocation of cost of net financial debt	(203)	(200)	(35)	2,948	-
Pre-tax income of consolidated companies	4,238	9,752	(696)	83	72,741
Income tax	(1,517)	(3,588)	249	-	(25,026)
Share of income (loss) of equity affiliates and joint ventures	(18)	(1)	(1)	5	2,612
Income (loss) attributable to shareholders	2,703	6,164	(448)	88	50,327
<i>Attributable net income</i>	<i>2,212</i>	<i>6,165</i>	<i>(591)</i>	<i>88</i>	<i>37,930</i>
<i>Minority interests</i>	<i>492</i>	<i>(1)</i>	<i>143</i>	<i>-</i>	<i>12,397</i>

2.4. Liquidity and capital resources

2.4.1. Cash flow

The group's net cash flow totaled €169.4 million at November 30, 2015, up €19.4 million from November 30, 2014, when it totaled €150.0 million. The change is analyzed below:

(in € thousands)	November 30, 2015	November 30, 2014 ^(a)
Cash flow from operating activities	88,267	69,139
Cash flow provided by (used in) investing activities	884	14,429
Free cash flow	89,151	83,568
Cash flow provided by (used in) financing activities	(69,782)	(121,833)
Increase (decrease) in cash	19,369	(38,265)
Cash at beginning of the period	149,993	188,258
Cash at end of the period	169,361	149,993

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3. of the Notes of the consolidated financial statement – chapter 4.1.)

Cash flow from operating activities

Cash flows generated by operating activities totaled €88.3 million versus €69.1 million at November 30, 2014, an increase of €19.1 million. The change in cash flow generated from operating activities was primarily due to:

- a cash flow increase of €14.0 million;
- a €17.8 increase in paid taxes;
- a €22.9 million increase in the change in Operating Working Capital Requirements (excluding current taxes), from -€1.2 million at November 30, 2014 to €21.7 million at November 30, 2015.

Operating Working Capital Requirements (excluding current taxes) for fiscal year 2015 decreased €21.7 million compared to November 30, 2014. The change in operating WCR items can be attributed in part to a €17.4 million decrease in inventories, a €24.3 million increase in accounts receivable and a €28.6 million drop in other assets and liabilities.

Working Capital Requirements (WCR) totaled €92.4 million at end-November 2015 versus €108.4 million at end-November 2014, a decrease of €16 million. WCR amounted to 8.7% of revenues at November 30, 2015, compared to 10.0% for the same period in 2014.

Cash flow linked to investment activities

Cash flows from investing activities amounted to €0.9 million versus €14.4 million in fiscal year 2014. They primarily consist of the following:

- -€4.5 million in disbursements for acquisitions of property, plant and equipment and intangible assets;
- €0.5 million in reimbursements of financial assets;
- €5.0 million in reimbursements of equity-accounted companies.

Cash flow linked to financing activities

Cash flows from financing activities amounted to -€69.8 million versus -€121.8 million in 2014. They primarily consist of the following:

- -€16.4 million in distributions to minority interests and -€6.3 million in acquisitions of stakes in minority interests;
- -€1.2 million in purchases of treasury shares;
- -€28.1 million in dividends paid to shareholders;
- -€11.1 million corresponding to the balance of the repayment of the new Senior A syndicated line;
- -€6.7 million in net financial interest paid.

2.4.2. Net debt

2.4.2.1. Gross financial debt

Gross financial debt consists of long term and short-term financial liabilities, financial hedging instruments related to liabilities and accrued interest on balance sheet items.

It breaks down as follows:

(in € thousands)	November 30, 2015	November 30, 2014
Syndicated bank credit A and B lines	138,900	150,000
Other borrowings	326	-
Utilized credit facilities	429	585
Arrangement costs	-	(3,986)
Fair value of derivatives	2,018	1,317
Gross financial debt	141,673	147,916
- of which non-current	127,833	135,815
- of which current	13,840	12,101

At November 30, 2015 the group's gross financial debt totaled €141.7 million including €127.8 million in non-current debt comprising (primarily the Senior Credit A and B lines), and €13.8 million in current debt. It totaled €147.9 million at November 30, 2014.

At November 30, 2015 the group had €138.9 million in Senior Credit Facilities (Senior Credit) comprising a Tranche A of €38.9 million and a Tranche B of €100 million, as well as a €50 million in Revolving Credit Facilities.

Adjustment of financial ratios:

In the accounting quarters from August 2014 until the agreement expires in 2019, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each quarter-end	August 2014 to 2019	Ratio at November 30, 2015
Leverage Ratio (ratio of non-weighted assets to risk) ^(a)	< 3.00x	(0.37)
Debt/equity ratio ^(b)	< 1.00x	(0.11)

(a) Namely, the Net Financial Debt divided by EBITDA (EBITDA = net income corrected for net amortization, depreciation and provisions, Corporate income tax, the cost of net financial debt, other financial expenses, impairments, if any, capital gains or losses on disposal of non-current assets, non-recurring income and expenses, income of companies accounted for by the Equity method and other estimated expenses).

(b) Namely, the Net Financial Debt divided by adjusted shareholders' equity (adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013 + cumulative income from December 1, 2013 to the end of the relevant quarter – dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2013 to the end of the relevant quarter).

The agreement provides for a cash sweep clause in certain situations. The conditions were not met, no payment will be made in respect of the year ended November 30, 2015.

The sureties guaranteeing the sums owed by the Company as a borrower are described in Note 27 to the Financial Statements.

The group's main debt facilities:

(in € thousands)	Debt capacity	Utilization at November 30, 2015	Expiration date	Rate ^(a)
Facility A	38,900	38,900	repayable by semi-annual installments of €5.5 million from March 2015 to March 2019	E +300 BPS
Facility B	100,000	100,000	bullet repayment in March 2019	E +325 BPS
RCF ^(b)	50,000	-	bullet repayment in March 2019	E +300 BPS
Total	188,900	138,900	-	-

(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

(b) Revolving credit facility.

The total effective rate on the debt, taking into account the total amortization of arrangement cost incurred (€4.0 million in 2015) and the hedges, was 6.41%, versus 4.067% in 2014 (with €0.6 million in 2014).

2.4.2.2. Main changes in gross financial debt

(in € millions)	November 30
Gross financial debt at November 30, 2014	147,916
Repayment of syndicated credit line (Tranche A)	(11,100)
Change in other borrowings	326
Change in derivative instruments	701
Change in issue costs	3,986
Change in credit facilities	(156)
Gross financial debt at November 30, 2015	141,673
Change in gross financial debt in 2015	(6,243)

Between November 30, 2015 and November 30, 2014, the group's gross financial debt changed by €6.2 million, primarily due to the €11.1 million repayment of the amortizable part of

the Senior Credit A line, as provided for in the credit agreement, and the cancellation of the balance of the arrangement fees for the Senior Credit line.

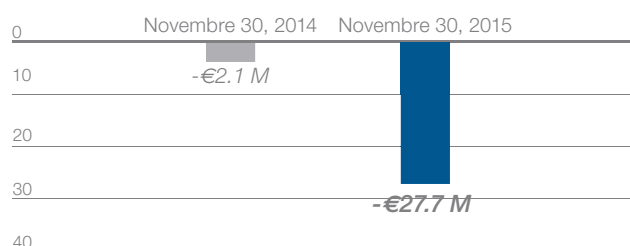
The following table shows the group's financial structure over the past two years and changes in the maturity of its debt:

(in € millions)	November 30, 2015	November 30, 2014 restated ^(a)	November 30, 2014 published
Shareholders' equity	223.9	215.6	217.5
Financial debt*	141.7	147.9	147.9
Financial debt maturing within 1 year	13.8	12.1	12.1
Financial debt maturing between 1 and 5 years	127.8	135.8	135.8
Maturity	3.3 years	4.3 years	4.3 years
<i>*Of which:</i>			
Loan arrangement costs	-	(4.0)	(4.0)
Hedging instruments	2.0	1.3	1.3
Bilateral credit lines	0.8	0.6	0.6
Facility A and B	138.9	150.0	150.0

(a) Restated following a change in accounting methods: marketing costs for office space and model areas previously included in the cost of sales are now recognized as operating expenses – see Note 1.2.3. of the Notes of the consolidated financial statement – chapter 4.1.).

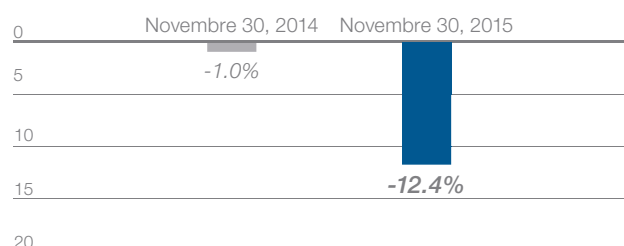
2.4.2.3. Change in net financial debt

Net financial debt



Net financial debt means gross financial debt less cash and cash equivalents. At November 30, 2015, net financial debt was reduced by €25.6 million compared to November 30, 2014 and, accordingly, net cash was €27.7 million.

Gearing



The gearing ratio (the net debt to consolidated shareholders' equity ratio) was -12.4% at November 30, 2015 versus -1.0% at November 30, 2014, reflecting both the €25.6 million decline in net debt and the €6.5 million increase in shareholders' equity compared to the previous fiscal year.

2.4.2.4. Swap agreements – Interest rate risk hedging

The policy for managing interest rate risk is intended to limit and control fluctuations in interest rates and their impact on net earnings and cash flow, so that the total cost of the debt remains acceptable. To achieve this objective, the group hedges its floating-rate loan interest flows with interest-rate swaps. The latter are derivatives serving to hedge the cash flows. They are marked to market on the balance sheet. Kaufman & Broad

applies cash flow hedge accounting. Under the new Senior Credit Facilities Agreement, the group also undertook to keep 50% of its borrowings hedged.

Interest-rate hedges are made using instruments traded on organized markets or over-the-counter, with high-quality counterparties.

The following table contains details of the portfolio of fixed rate swaps paying one-month Euribor fixed at November 30, 2015.

Type	Notional amount (in € millions)	Fixed rate	Expiration date		Type	Book value at November 30, 2015 (% of nominal)
			Start date	End date		
EUR 1M fixed rate swap	20	0.466%	April 30, 2014	Nov. 30, 2017	Hedge	-1.59%
EUR 1M fixed rate swap	10	0.500%	Nov. 28, 2014	Nov. 30, 2017	Hedge	-1.65%
EUR 1M fixed rate swap	20	0.500%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-1.65%
EUR 1M fixed rate swap	10	0.470%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-1.59%
EUR 1M fixed rate swap	15	0.130%	Nov. 30, 2014	Nov. 30, 2018	Hedge	-1.21%
EUR 1M fixed rate swap	50	0.300%	Nov. 28, 2014	Nov. 30, 2018	Hedge	-1.73%

The fair value of these derivatives is notified by a specialized company outside the group (level 2 valuation as defined by IFRS 7). The provision for hedging net of deferred tax at November 30, 2015 was -€767 thousand.

Following the swap effectiveness tests, conducted at 30 November 2015, the swaps were disqualified, resulting in the spread of the hedging reserve over the remaining term.

2.5. Post-closing Events

Equity investments

On 22 December 2015, Kaufman & Broad took over control of SMP (Serge Mas Promotion), a real estate developer in the Toulouse region. SMP is an active player in promotion-construction-sale in Toulouse and in the Southwest of France and has achieved many housing, apartment, retirement home, shop and office programs as well as living and activities complex. The rapprochement with a recognized regional real estate developer is in line with Kaufman & Broad's aim to develop and strengthen its leader position in the Languedoc-Roussillon region and in the Midi-Pyrénées. The provisional amount of the operation is approximately €1.2 million. The final price will be determined no later than 15 April 2016.

Following an acquisition of 40% stake in Safour, a Caen-based property developer, in October 7, 2015 (see Section 4.1.1. "Significant events of the period"), Kaufman & Broad acquired, in January 6, 2016, the rest of stake and took over control of Safour. The provisional aggregate acquisition price amounted to €3.3 million.

Proposed initiation of the sale by Financière Gaillon 8 S.A. of its stake in Kaufman & Broad

Financière Gaillon 8 S.A., the main shareholder of the Company, holding 87.95% of the share capital, has announced on January 27, 2016, its intention to initiate the sale of its stake in Kaufman & Broad, potentially through an offer to the market, which could reduce its stake below 50% of the share capital.

Simultaneously with this contemplated offering, Kaufman & Broad intends to acquire a portion of the shares sold by Financière Gaillon 8 S.A. under and within the limits of its share buyback program, the renewal of which will be proposed at the next shareholders' general meeting. A group of employees and managers of Kaufman & Broad intend to increase their shareholding in the Company, in order to ultimately hold around 5% of the share capital.

In addition, given its net cash position of €169.4 million as at 30 November 2015, Kaufman & Broad will propose to the annual general meeting of shareholders on April 15, 2016 the payment

of an exceptional dividend of €3.85 per share (including an interim dividend of €1.85 per share that will be paid on 10 March 2016). The payment of this dividend would occur prior to the proposed sale.

Finally, Kaufman & Broad intends to refinance its bank debt in connection with the transaction.

An offer to the market would allow Kaufman & Broad to significantly broaden its free float and improve the liquidity of its shares.

On 16 February 2016, the Board of Directors has reviewed in particular a report prepared by an independent expert, Cabinet Kling, which concludes that these transactions:

- are within the Corporate interest of Kaufman & Broad;
- can be financed by the cash available as at November 30, 2015 and by the new facilities agreement, the negotiation of which is ongoing (see in particular Section 1.2.1.5 related to the implementation of the Senior Credit Contract)⁽¹⁾;
- do not restrict the ability of the group to finance its growth.

Subject to favorable market conditions, the transaction could be completed during the first half of 2016.

Cancellation of the treasury shares

According to the Board of Directors' decision of January 26, 2016, the Company has canceled 747,619 of its treasury shares, resulting in a capital reduction of €0.2 million. The cancellation of €13.7 million is recorded in "Other Reserves". Thus, the current share capital is €5,417,630.14.

(1) See section 1.2.1.5.1. regarding the Senior Credit agreement establishment.

3 Corporate Governance

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3.1. Members of the Company's Administrative and Management Bodies

3.1.1. Board of Directors

3.1.1.1. Members of the Board of Directors

The Board of Directors of Kaufman & Broad SA currently has ten members and one non-voting member who provide it with a broad range of complementary skills and experience:

Name	Age ^(a)	Compensation and Nominating Committee	Audit Committee	Board of Directors	Years of service on the Board	Date of first nomination	Term of office expires ^(b)	Number of Company shares held
Chairman and Chief Executive Officer								
Nordine Hachemi	54			✓	3	06/25/2013	2017	22,806
Independent Directors								
Sylvie Charles	56		✓	✓	4	02/16/2012	2017	250
Yves Galland	74		✓	✓	11	04/28/2004 ^(c)	2015	600
Caroline Puechoultres	46	✓		✓	2	09/30/2014 ^(d)	2017	250
Other directors								
Alexandre Dejoie	33			✓	3	01/24/2014	2015	250
Sophie Lombard	46	✓	✓	✓	9	07/10/2007 ^(e)	2017	250
Joël Monribot	70			✓	2	04/11/2014	2016	22,097
Frédéric Stévenin	49	✓	✓	✓	9	07/10/2007	2017	250
Olivier de Vregille	60			✓	7	09/29/2009 ^(f)	2015	250
Michel Paris	58			✓	7	07/07/2015 ^(g)	2015	250
Non-voting member								
Thierry Lefèvre	57			✓	2	09/30/2014	2017	1

(a) At February 16, 2016.

(b) Approval of the financial statements for the fiscal year.

(c) At its meeting on February 16, 2016, the Board of Directors approved the co-option of Mr. Yves Gabriel as from March 8, 2016 as a director, to replace Yves Galland who automatically retires on March 8, 2016, the date of his 75th birthday, in accordance with the provisions of the bylaws.

(d) The co-option and renewal of the term of office of Caroline Puechoultres was approved at the Shareholders' Meeting of April 16, 2015.

(e) Note that Sophie Lombard was not a director of the Company from January 20, 2010 to September 29, 2010.

(f) Note that Olivier de Vregille was not a director of the Company from June 25, 2013 to September 27, 2013.

(g) The co-option and renewal of the term of office of Michel Paris, to replace Lionel Zinsou who has resigned, will be submitted for approval to the Shareholders' Meeting of April 15, 2016.

At the date of the present Registration Document, with the exception of Mr Nordine Hachemi, no member of the Board of Directors, has any executive function in the Kaufman & Broad group.

Chairman and Chief Executive Officer



Nordine Hachemi

Kaufman & Broad SA

127 avenue Charles de Gaulle, 92207 Neuilly-sur-Seine Cedex

Other directorships and positions held

Chairman of the Supervisory Board of Mobipark, Chairman of RKCI, director of Iorga Group, Member of the Supervisory Board of Citizen Capital, Manager of SCI MD Raphael.

Other Information

In 2001, Nordine Hachemi joined the Saur group and became its Chairman.

In 2008, he became Chairman and Chief Executive Officer of Sechillienne Sidec, until 2011.

After being co-opted as a director at the meeting of the Board of Directors on June 25, 2013, he joined Kaufman & Broad on July 1, 2013 as Chief Executive Officer and Deputy Chairman of the Board of Directors.

He has been the Chairman and Chief Executive Officer of Kaufman & Broad SA since January 24, 2014.

Independent Directors



Sylvie Charles

SNCF Logistics

24 rue Villeneuve, 92583 Clichy Cedex

Principal position held outside the Company

CEO of Rail Freight and Multimodal Transport of SNCF Logistics

Other directorships and positions held

Chairman of Transport Ferroviaire Holding, Chairman of VFLI, Member of the Supervisory Board of STVA, Chairman of Europe Intermodal Holding (EIH), Member of the Supervisory Board of Geodis SA, Chairman of the Supervisory Board of Naviland Cargo.

Other Information

In 1993, she was appointed CEO of Cariane Group, and in 1999 she became Executive Vice President of Générale de Transport et d'Industrie.

She was advisor to the Chairman of the Board of STVA Group from 2001 and became its CEO in 2004.

Since February 2010, Sylvie Charles has been in charge of the Business & Rail Service Providers Division of SNCF Logistics, which comprises Freight SNCF and all the group's freight rail transport companies, including foreign companies; her responsibilities were extended in October 2013 to cover the multi-modal entities.



Yves Galland

The Boeing Company (public company).

75 rue du Faubourg Saint-Honoré, 75008 Paris

Principal position held outside the Company

Chairman of Boeing France and Vice President of International Relations for Boeing (public company) since 2003

Other directorships and positions held

None.

Other Information

Yves Galland was Deputy Minister responsible for Local Authorities from 1986 to 1988, Minister of Industry in 1995, and Deputy Minister responsible for Finance and International Trade from 1995 to 1997.

He was Chairman & CEO of Europe Assistance from 2000 to 2003.



Caroline Puechoultres

SIMPKI-EscapeYourSofa

45, rue de Chabrol 75010 Paris

Principal position held outside the Company

CEO

Other directorships and positions held

Director of Lexibook (public company).

Other Information

Caroline Puechoultres began her career at Procter & Gamble France from 1991 to 1997, before becoming Deputy Manager of Communications in charge of promotions and advertising at M6 Métropole Télévision, until 2000.

From 2000 to 2002, she served as Marketing & Communications Manager at Tiscali & Liberty Surf, and then became Marketing, Communications & Partnerships Manager at Disney Télévision France until 2003.

She then joined the Club Méditerranée group as Strategic Marketing Manager and was subsequently appointed CEO of the Asia Pacific region from 2006 to 2009 (based in Singapore), before becoming CEO – World Strategy from 2010 until end-2012.

From 2013 to September 2015, she was Senior Vice President in charge of Strategy and Marketing with the digital tour operator Karavel-Promovacances.

In October 2015, Caroline Puechoultres joined SIMPKI, the multi-modal, digital travel start-up, as an Associate CEO to reinforce the founding team, holding a strategic role before the raising of capital.

Other directors



Alexandre Dejoie
PAI Partners

232 rue de Rivoli, 75001 Paris

Principal position held outside the Company

Investment director PAI Partners

Other directorships and positions held

Member of the Supervisory Board of Innovista Sensors SAS, Deputy Chief Executive Officer of Financière Gaillon 8.

Other Information

Alexandre Dejoie joined PAI Partners in 2008. Prior to that, he worked for two years in the Project Financing Department of Royal Bank of Scotland, where he took part in the development of large-scale infrastructure transactions.



Sophie Lombard

Principal position held outside the Company

Advisor, Eloa Conseil

Other directorships and positions held

Executive Vice President and director of Financière Gaillon 8, Manager of Eloa Conseil.

Member of the Investment Committee of Citizen Capital.

Other Information

Sophie Lombard worked for PAI Partners from 2001 to 2012.

Prior to that, she spent three years with Société Générale in the Capital Markets Department working on derivative products, and four years with Deutsche Bank in the LBO department in London and Paris.

Sophie Lombard was director of the Stoeffler Group between 2003 and 2008, of the Chr. Hansen Group between 2005 and 2010, of the Yoplait Group between 2010 and 2011, and of the Marcolin Group in 2012.



Joël Monribot

19 rue Berbier du Mets, 75013 Paris

Principal position held outside the Company

-

Other directorships and positions held

None.

Other Information

Joël Monribot is a former executive of the Kaufman & Broad group, where he spent most of his career. He joined the group in 1971, first as an Engineer, then as Head of Procurement in 1974, and Vice President Land & Development in 1978. Joël Monribot was appointed Vice President, Operations and Real Estate Development in 1980, Senior Vice President in 1986, CEO in 1988, and Chairman of Kaufman & Broad Single-family homes in 1990.

Joël Monribot was appointed Executive Vice President of Kaufman & Broad SA in March 2002 and his appointment was renewed in April 2004. He had operational responsibility for all the housing activities in France and was a member of the Management Committee until April 30, 2009, when he retired.

He was subsequently an Advisor to the Chairman and Chief Executive Officer of Kaufman & Broad SA from September 1, 2010 to November 30, 2012.



Frédéric Stévenin

PAI Partners

232 rue de Rivoli, 75001 Paris

Principal position held outside the Company

Partner, member of the Executive Committee, member of the Investment Committee and head of PAI Partners' consumer goods and healthcare team

Other directorships and positions held

Director of: PAI Partners UK, Cerberus Nightingale 2, Cristallo SpA, Marcolin SpA, Marmolada SpA; Manager of: Cerberus Nightingale 1 and Financière Daunou 8; CEO of Financière Gaillon 8; and Deputy Chairman of the Board of Directors of Chr. Hansen Holding; Chairman of the Supervisory Board of Cerba European Lab; director of Riviera Topco Ltd and Riviera Midco SA, director of Casavita SAS, Chairman of Finvita SAS and of LB PAI HoldCo SAS; and a member of the Supervisory Board of Lilas France SAS (Labeyrie).

Other Information

After spending four years in the Private Banking division of Paribas, Frédéric Stévenin joined PAI Partners for the first time in 1993 and worked for five years in the agri-business division.

In 1998, he joined the LBO department of Deutsche Bank as a director and then Managing Director. Frédéric Stévenin returned to PAI Partners in 2001. He was director of: Provimi SA from 2004 to 2007; the Panzani Group from 2002 to 2007; United Biscuits from 2008 to 2014; the Saeco Group between 2004 and 2009; and the Yoplait Group from 2002 to 2011.



Olivier de Vregille

PAI Partners

232 rue de Rivoli, 75001 Paris

Principal position held outside the Company

Partner and member of the industrial goods and services segment team of PAI Partners and head of Investment Appraisal

Other directorships and positions held

Director of CasaVita SAS, Xella International Holding, Xella Topco and Xenia (Xella group) and Financière Daunou 1, Financière Daunou 5, GCS Holdco Finance I and GCS Holdco Finance II (Global Closure Systems group) and Chairman of Vregille Industries Conseil SAS.

Other Information

Olivier de Vregille joined PAI Partners in 1983. From 1983 to 1996, he was responsible for mergers and acquisitions and for investments in the construction, transport, security, engineering, environment and infrastructure sectors.

Since 1996, he has been responsible for investments in the energy and construction sectors.

Olivier de Vregille was non-voting director of Bouygues Telecom SA, director of the Antargaz Group from 2000 to 2003, of the Saur Group from 2005 to 2007, of the Spie Group between 2006 and 2011, and of the Monier Group from 2007 to 2012.

**Michel Paris****PAI Partners**

232 rue de Rivoli, 75001 Paris

Principal position held outside the Company

Chairman of the Executive Committee of PAI Partners.

Other directorships and positions held

Director of Cortefiel SA, Cortefiel Servicios, Eurofiel Confection and MEP Retail Espana (Cortefiel group), Financière EMG, IPH, Financière Kilinvest and Sapak (Kiloutou group), financière Daunou 17, Financière Forêt and Aguila 3, Chairman of Sapak, Manager of Carolles Participations.

Other Information

Michel Paris joined PAI Partners in 1994.

He has been Chairman of the Executive Committee since 2015, Chairman of the Investment Committee (since 2009) and manager of the distribution, industrial goods and services sector teams.

Michel Paris has over 30 years of investment experience in the company. He has been involved in a large number of transactions, among which those concerning Sogeres, Bouygues Telecom, Atos, Equant, Elix, Frans Bonhomme, Elis, Vivarte, Saur, Coin, Kwik Fit, Cortefiel, Monier, Xella and EMG.

Prior to this, he spent two years with Valeo.

Michel Paris graduated from the *Ecole Centrale de Lyon* in 1980 and from the *Ecole Supérieure de Commerce de Reims* in 1982.

Non-voting member**Thierry Lefèvre****Crédit Agricole Corporate & Investment Bank**

9 quai du Président Paul Doumer
92920 Paris La Défense

Principal position held outside the Company

Managing Director

Head of structured real estate finance

Other directorships and positions held

Director and CEO of ImmoFi CACIB SA, Chairman and CEO of GETIC SA, director of Finamur SA, Chairman of the Board of Directors of the semi-public company Société d'Économie Mixte Issymédia, Co-manager of Avenir Gérontologie.

Other Information

Thierry Lefèvre began his professional career in 1983 as Economic Advisor in the Tunisian-French Chamber of Commerce and Industry in Tunis; then, after an appointment as Assistant Professor (teaching a Master's course in Economics at Paris II), he held, for over 25 years, various positions in the field of complex asset financing, first at Banque Indosuez, then at Crédit Agricole Indosuez, and finally at Calyon.

From 1993 to 2003, he was head of the advisory businesses and of complex real estate financing at Crédit Agricole Indosuez. In 2003 at Calyon, he was appointed head of structured real estate finance for large businesses, institutional investors and public entities; then, from 2010, Managing Director, in charge of structured real estate finance at CA CIB, the Financing and Investment Bank of the Crédit Agricole group.

At the Shareholders' Meeting convened to approve the 2015 financial statements, the shareholders will be asked to renew the terms of office of Yves Gabriel, Alexandre Dejoie, Olivier de Vregille and Michel Paris for a term of three years, until the end of the Meeting convened to approve the financial statements for the fiscal year ending November 30, 2018.

The list of the various terms held by the Company's directors, other than in the group's subsidiaries, over the past five years is provided in Section 3.1.1.1. "Members of the Board of Directors" of the Company's Registration Document.

Under the Internal Rules of Kaufman & Broad SA, each director of the Company must own at least 250 shares. This requirement has been met by each of them.

The directors of the Company have declared that for at least the previous five years they have not:

- been convicted of fraud;
- been involved in any bankruptcies, receiverships or liquidations;
- been subject to any official public incrimination and/or sanctions by the statutory or regulatory authorities, including any designated professional organizations;
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of an issuer.

Conflicts of interest within administrative and management bodies

To the Company's knowledge and at the date when this document was prepared:

- no conflicts of interest have been identified between the duties to the Company of any members of the Board of Directors or the Management in their capacity as Corporate Officers and their private interests or other duties;
- there is no arrangement or agreement with major shareholders, customers or suppliers under which a member of the Board of Directors or of the Management has been selected in this capacity;
- no restriction has been agreed by members of the Board of Directors or the Management concerning the disposal of their holdings in the capital of the Company, except for the commitments made under the shareholders' agreement signed on June 30, 2009, amended and updated on June 16, 2014 and described in Section 5.3.3.2. "Shareholders' agreement";
- there are no family ties between the members of the Board.

Service agreements between members of the Board of Directors and the Company or one of its subsidiaries

There are no service agreements between the directors and the Company or its subsidiaries.

3.1.1.2. Operation of the Board of Directors

3.1.1.2.1. Corporate Governance Code

For the preparation of this report, the Company referred to the AFEP-MEDEF Corporate Governance Code of December 2008, revised in November 2015, which may be consulted on the MEDEF website (<http://www.medef.com>).

In relation to the "Apply or Explain" principle set forth in Article L. 225-37 of the French Commercial Code and referred to in Article 25.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of the AFEP-MEDEF Code. However, certain provisions have been excluded for the reasons set out in the table below:

AFEP-MEDEF recommendations applied partially or not applied

Explanation

16.1. The proportion of Independent Directors on the Audit Committee (excluding the directors representing employee shareholders as well as the directors representing employees, who are not counted), must be at least two thirds and no executive Corporate Officer may be on the Committee.

The proportion of Independent Directors on the Audit Committee and the Compensation and Nominating Committee is respectively one half and one-third as at the date of this report. This is because the Company is controlled by a majority shareholder. However, this must be qualified since the Audit Committee is chaired by an Independent Director.

18.1. No executive Corporate officer may be a member of the Compensation Committee, which must have a majority of Independent Directors. It must be chaired by an Independent Director.

However, the Compensation and Nominating Committee is not chaired by the new Independent Director because he only recently took office.

23.2.5. The performance conditions relating to compensation for loss of office must only authorize the compensation of an executive officer in the event of forced departure and linked to a change of control or strategy. Nordine Hachemi's

compensation for loss of office is subject to performance conditions and will only be paid in the event of his dismissal from office for a reason other than gross misconduct, as defined in labor law by the Cour de Cassation (Supreme Court).

3.1.1.2.2. Provisions governing the membership of the Board of Directors

Kaufman & Broad SA is managed by a Board of Directors of at least three members and no more than 18 members, who are appointed by the Ordinary Shareholders' Meeting for a term of three years. Outgoing directors may be re-elected.

The Company's bylaws provide that the number of directors aged 70 or over who are individuals or permanent representatives of legal entities may not exceed three directors at the end of each annual Ordinary Shareholders' Meeting convened to approve the statutory financial statements, and that no director may hold such office after reaching the age of 75. The Company's bylaws also provide that the Chairman of the Board of Directors must be an individual under the age of 70 and that no person may hold the office of Chief Executive Officer or Chief Operating Officer over the age of 70.

The Board's Internal Rules, detailed below, stipulate that the proportion of Independent Directors must be at least one third of the membership of the Board of Directors.

From among its members, the Board of Directors appoints a Chairman who must be an individual. The Chairman organizes and directs the work of the Board of Directors, about which he reports to the Shareholders' Meeting. He ensures that the Company's Corporate governance structures function effectively and that directors are in a position to properly perform their duties.

The Board of Directors of Kaufman & Broad SA currently has ten directors.

3.1.1.2.3. Other provisions of the bylaws and Internal Rules

Article 16 of the bylaws of the Company also stipulates that the Board of Directors may, on recommendation of the Chairman, appoint a maximum of two non-voting members, chosen from among the shareholders. The duty of non-voting members is, in particular, to monitor strict application of the bylaws. They are invited to meetings of the Board of Directors and participate in its deliberations in an advisory capacity; their absence however does not affect the validity of these discussions. They review the annual financial statements and submit their observations on them to the Ordinary Shareholders' Meeting when they deem it useful to do so.

On the motion of the Chairman and Chief Executive Officer and with the agreement of the representatives of the majority shareholder, the Board of Directors, on September 30, 2014, appointed Thierry Lefèvre as non-voting member of the Company's Board for a three-year term. He performs his duties and responsibilities in accordance with Article 16 of the bylaws, without receiving director's fees.

The Board of Directors of the Company has set down Internal Rules. These were last updated on February 13, 2009 in order to reflect, in particular, a certain number of recommendations contained in the AFEP-MEDEF Corporate Governance Code.

These Internal Rules describe the operation, powers and duties

of the Board of Directors and specify the Code of Ethics applicable to its members. They also include rules that apply to the holding of Board meetings by videoconference or other means of telecommunications, as well as provisions relating to the frequency of meetings, the attendance of directors, and the directors' duties of disclosure concerning the number of directorships held, conflicts of interest, regulated agreements and transactions involving Company shares.

The rules stipulate that the Board may set up committees whose members are responsible for examining questions referred to them by the Board. The Internal Rules stipulate that each director must own at least 250 shares and must not trade in the Company's shares during the 30 calendar days preceding the release of the Company's quarterly, semi-annual and annual results. They also stipulate that each director must hold in registered form the shares owned at the beginning of their term of office or purchased thereafter, and must inform the AMF of any transaction executed to subscribe to, purchase or sell, directly or through intermediaries, the Company's shares, or any financial futures instruments on these shares.

The Board of Directors' Internal Rules are available on the Kaufman & Broad website (<http://www.kaufmanbroad.fr>).

3.1.1.2.4. Board of Directors' meetings and proceedings

The Board of Directors meets whenever the Company's interests so require, at least twice a year, either at the registered office or at any other place indicated in the notice of meeting. The Chairman may convene meetings by any means, including orally. If the Board has not met for more than two months, one third of its members may ask the Chairman to convene a meeting to review a specific agenda. The Chief Executive Officer may also ask the Chairman to convene a meeting of the Board in order to transact specific business.

Directors are provided with all the information required to perform their duties and may ask for any document that they deem useful.

Board meetings are chaired by the Chairman or, in his/her absence, by a director designated for this purpose.

The Board may not validly deliberate unless at least half the directors are present. Decisions are taken by a majority of the votes of members present and represented. In case of an equality of votes, the Chairman shall be entitled to a casting vote.

Directors who attend the meeting via videoconference or other telecommunications methods, in the manner defined by current regulations, are deemed present for the purposes of calculating the *quorum*. This provision does not apply to meetings of the Board of Directors where the agenda includes the approval of the annual financial statements, the Consolidated Financial Statements and the management report.

Pursuant to the Internal Rules, the Chairman may ask any director with a conflict of interest, including a potential conflict, not to participate in the deliberations.

3.1.1.2.5. Responsibilities of the Board of Directors

The main role of the Board of Directors is to determine the Company's business strategy and oversee its implementation. With the exception of the powers expressly vested in Shareholders' Meetings and subject to the scope of the Corporate purpose, the Board is responsible for dealing with all matters concerning the efficient management of the Company and for taking all decisions which concern it.

In particular, the following items are subject to the Board's prior authorization or approval:

- any significant change in the business of the Company or any of its subsidiaries;
- any acquisition or disposal of an entity with an enterprise value greater than €10 million, excluding the acquisition of an entity the assets of which are land and/or buildings for the development of real estate programs;
- any borrowings, other than credit facilities, bilateral lines of credit and authorized overdrafts;
- the annual budget;
- the medium-term business plan.

The Internal Rules also specify that, in general, the Board examines and makes decisions on transactions of genuine strategic importance, possibly after review by an ad hoc Committee; in particular, any important transaction that is not part of the strategy announced by the Company is subject to prior approval of the Board. The scope of this prior approval covers not only external acquisitions or disposals, but also all significant investments in organic growth and internal company restructurings.

The Board carries out the controls and checks that it deems necessary and is responsible for reviewing and approving the annual and semi-annual (statutory and/or consolidated) financial statements and for reviewing and approving the related reports stipulated by current regulations.

3.1.1.2.6. Independence of directors

The Board of Directors of the Company, which since July 10, 2007 has been majority controlled by Financière Gaillon 8, itself controlled by funds managed by PAI Partners, currently includes three Independent Directors out of the ten Board members, pursuant to the AFEP-MEDEF Code of Corporate Governance of December 2008 and revised in November 2015. The Independent Directors are Sylvie Charles, Caroline Puechoultres and Yves Galland.

At the time of each nomination or reappointment to the Board, the Board examines the applications having regard to the independence criteria described below. The position of each director with regard to these criteria is also discussed by the Compensation and Nominating Committee and reviewed annually by the Board of Directors.

The independence criteria currently adopted by the Company are those provided for in the AFEP-MEDEF Code of Corporate Governance:

"Directors are independent if they do not maintain a relationship of any kind with the Company, its group or its management, which may interfere with the exercise of their independent judgment. Accordingly, "Independent Director" must be understood to mean not only a non-executive director, i.e. a director who has no management-related duties within the Company or its group, but also one who has no special interest relationships (major shareholder, employee, other) with them."

The criteria to be examined by the Compensation and Nominating Committee for a director to be classified as independent and to prevent any risk of conflicts of interest between the director and the management, the Company or its group, are that he/she:

- is not an employee or executive Corporate Officer of the company, nor an employee or director of its parent company or of a company consolidated with it, and has not been one for the previous five years;
- is not an executive Corporate officer of a company of which the company is, directly or indirectly, a director or in which an employee designated as such or an executive Corporate officer of the company (currently, or having been one within the previous five years) is a director;
- is not one of the Company's or its group's major customers, suppliers, investment banks or commercial banks for which the Company or its group represents a material portion of its business.

The determination whether or not a relationship with the Company or its group is material must be made by the Board, and the criteria that led to such determination must be explained in the Registration Document, namely that he/she:

- does not have close family ties with an executive officer;
- has not been a Statutory Auditor of the Company during the previous five years;
- has not been a director of the Company for more than twelve years.

Note that these are formal criteria. All directors are expected to exercise independent judgment and contribute equally to the Board's deliberations according to their skills and experience, however they are classified.

3.1.1.2.7. Fees allocated to directors

The Board's Internal Rules provide that directors' fees are allocated to the directors who perform no duties within Kaufman & Broad other than their role as director; and that a portion, determined by the Board and deducted from the amount allocated to the Board, is paid to the members of the various Committees who perform no other duties within Kaufman & Broad. Payment of these fees is based on their attendance at meetings of these Committees.

At the Combined Ordinary and Extraordinary Shareholders' Meeting of April 11, 2008, the total amount of directors' fees allocated annually to the Board of Directors was set at €260,000 as from the fiscal year ended November 30, 2008 until decided otherwise by the Shareholders' Meeting. This package corresponds to the maximum annual amount that the Board of Directors may, on the recommendation of the Compensation and Nominating Committee, freely distribute among the directors. It has not changed since 2008.

On the recommendation of the Compensation and Nominating Committee, the Board of Directors, in its meeting on January 26, 2016, resolved to pay directors' fees for 2015:

- in a maximum individual amount of €50,000 to the directors of the Company who are considered independent, namely: Sylvie Charles, Caroline Puechoultres, Alain de Pouzilhac, and Yves Galland;
- in a maximum individual amount of €20,000 to the other directors of the Company, with the exception of the Chairman and Chief Executive Officer, who does not receive directors' fees.

The directors' fees allocated to each director for fiscal year 2015 take into account the attendance of each of them at meetings of Committees and of the Board of Directors.

3.1.1.2.8. Annual Assessment of the Board of Directors

In accordance with the AFEP-MEDEF Code of Corporate Governance and the provisions of the Board's Internal Rules, which may be consulted on the company's website, the assessment of its operations by the Board of Directors must appear as an agenda item at least once a year. A formal assessment is conducted every three years, which may be conducted under the direction of an Independent Director with the help of an external consultant. The criteria for the assessment of the operation of the Board for fiscal year 2015 were delivered to the directors at the meeting of February 16, 2016. The outcome of the assessment will be presented at the meeting of April 15, 2016.

3.1.1.2.9. Meetings of the Board of Directors in 2015

In fiscal year 2015, the Board of Directors met five times (the attendance rate of directors at Board meetings was 92%)⁽¹⁾:

- on **January 21, 2015**, the Board of Directors met, attended by ten members. The Board discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of January 21, 2015,
 - review of the estimated consolidated financial data at November 30, 2014,
 - approval of the 2015 budget, review and approval of the draft management documents and the report analyzing those documents,
 - proposal to pay an interim dividend for the fiscal year ended November 30, 2014,
 - marketing/communications presentation,
- report of the Compensation and Nominating Committee – Minutes of the meeting of January 16, 2015,
- compensation of Corporate Officers and the management for fiscal years 2014 and 2015,
- amount of directors' fees: allocation for fiscal year 2014;
- on **February 19, 2015**, the Board of Directors met, attended by nine members, and discussed the following agenda:
 - report of the Audit Committee of February 17, 2015,
 - report of the Compensation and Nominating Committee of February 13, 2015,
 - review and approval of the statutory financial statements as at November 30, 2014 and proposal for the appropriation of the net profits for the fiscal year – payment of an interim dividend for the fiscal year ended November 30, 2014,
 - review and approval of Consolidated Financial Statements for the fiscal year ended November 30, 2014,
 - agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code,
 - preparation and approval of the Board of Directors' management report,
 - preparation and approval of special reports,
 - review and approval of the Chairman's Report on Corporate governance and internal control,
 - renewal of the authority to make pledges and guarantees,
 - record of the end of the terms of office of directors – proposal to ratify the co-option of a director – appointment of directors,
 - record of the end of the terms of office of the Statutory Auditors, proposal to renew the appointment of the Statutory Auditors for a term of six years,
 - renewal of the share buyback program;
 - notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
 - review of company policy regarding gender and pay equality,
 - marketing/communications presentation;
- on **April 16, 2015**, the Board of Directors met, attended by seven members. The Board discussed the following agenda:
 - report of the meeting of the Compensation and Nominating Committee on April 14, 2015,
 - renewal of the appointment of Nordine Hachemi as Chairman of the Board of Directors exercising the general management of the Company,
 - determination of the fixed and variable compensation allocated to Nordine Hachemi, as Chairman and Chief Executive Officer,
 - authorization of commitments taken for the benefit of

(1) Within the meaning of Article L.225-37 of the French Commercial Code.

Nordine Hachemi as Chairman and Chief Executive Officer (compensation for loss of office, non-compete clause and supplemental pension plan), pursuant to Article L 225-42-1 of the French Commercial Code,

- report of the Audit Committee,
- 1st quarter 2015 business activities,
- 1st quarter 2015 financial results,
- presentation of the 2015 budget update,
- assessment of the operation of the Board of Directors,
- implementation of the share buyback program;
- on **July 07, 2015**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of July 7, 2015,
 - 1st half 2015 business activities,
 - review and approval of the semi-annual Consolidated Financial Statements at May 31, 2015,
 - presentation of Kaufman & Broad's competitive position,
 - update III: Presentation of revised 2015 Plan and trends for 2016,
 - bonus share award -2014 plan,
 - record of the resignation of Lionel Zinsou as member of the Board of Directors;
- on **September 29, 2015**, the Board of Directors met, attended by ten members. The Board discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of September 29, 2015,
 - presentation of the estimated consolidated financial data at August 31, 2015,
 - review and approval of the revised draft management documents for 2015 and of the report analyzing those documents,
 - files for external growth by acquisition;

Since November 30, 2015, the Board of Directors has met three times:

- on **January 26, 2016**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - report of the Compensation and Nominating Committee – Minutes of the meeting of December 15, 2015 and January 20, 2016,
 - compensation of Corporate Officers and general management for fiscal years 2015 and 2016,
 - amount of directors' fees: Allocation for fiscal year 2015,
 - report of the Audit Committee: minutes of the meeting of January 25, 2016,
 - review of the estimated consolidated financial data at November 30, 2015,
- approval of the 2016 budget – Review and approval of the draft management documents and the report analyzing those documents,
- review of the planned partial disposal by Financière Gaillon 8 SA of its interest in the Company and related transactions,
- appointment of Didier Kling as independent expert for the above-mentioned transactions,
- authorization granted to the Chairman and Chief Executive Officer, who may sub-delegate this authority, to negotiate the main terms of a credit facility agreement for a total amount of approximately €300 million,
- cancellation of treasury shares,
- review and approval of the draft press release on the 2015 annual results,
- powers for formalities;
- on **February 16, 2016**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - reading and approval of the minutes of the previous meeting,
 - report of the Audit Committee of February 16, 2016,
 - report of the Compensation and Nominating Committee of February 16, 2016,
 - compensation of Corporate Officers and general management for 2016,
 - review of company policy regarding gender and pay equality,
 - review and approval of the statutory financial statements as at November 30, 2015 and proposal for the appropriation of the net profits for the fiscal year – payment of an interim dividend for the fiscal year ended November 30, 2015,
 - review and approval of Consolidated Financial Statements for the fiscal year ended November 30, 2015,
 - agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code,
 - preparation and approval of the Board of Directors' management report,
 - preparation and approval of special reports,
 - review and approval of the Chairman's report on Corporate governance and internal control,
 - renewal of the authority to make pledges and guarantees;
 - co-option of a new director,
 - record of the end of the terms of office of directors – proposal to ratify the co-option of a director – appointment of directors,
 - review of the findings of the independent expert, Didier Kling,
 - review of the main terms of the agreement between the Company and Financière Gaillon 8 S.A,

- authorization to enter into a new credit facility for a total amount of approximately €300 million, between, among others, the Company, acting as the borrower, Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS, acting as guarantors and Crédit Agricole Corporate and Investment Bank, acting as agent, in accordance with Article L. 225-35 of the French Commercial Code,
- authorization to enter into an engagement letter with the banks for the placement of Financière Gaillon 8 S.A.'s stake,
- renewal of the share buyback program,
- notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
- review and approval of the draft press release relating to the notice of the meeting of the General Meeting and the allocation of dividend for the year ended November 30, 2015;
- on **February 19, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - authorization to enter into an agreement between the Company and Financière Gaillon 8 S.A.

3.1.2. Special Committees of the Board of Directors

3.1.2.1. Audit Committee

The Audit Committee is a special Committee of the Board of Directors. Its primary task is to conduct a preliminary review of the financial statements and the risks to the Company in order to deepen the knowledge of, and facilitate the exercise by, the Board of Directors of its responsibility to approve the statutory financial statements and Consolidated Financial Statements.

3.1.2.1.1. Audit Committee Charter

The organization, powers and operations of the Audit Committee are described in a charter. At the Board meetings of January 22, 2009 and February 13, 2009, several clarifications were added to the Committee's charter, to take into account the AFEP-MEDEF Code of Corporate Governance and to prepare the Company for compliance with the Ordinance of December 8, 2008 regarding Audit Committees, which transposes European Directive 2006/43/EC of May 17, 2006 regarding Statutory Auditors. At the Board of Directors meeting on February 18, 2010, the charter was amended with respect to the minimum number of members that comprise the Audit Committee.

3.1.2.1.2. Membership of the Audit Committee

The Audit Committee is composed of at least three members. At the Board of Directors meeting of February 18, 2010, it was pointed out in the Audit Committee charter that said Committee must be composed of at least one Independent Director to comply with the independence criteria adopted by the Company, and it was specified that:

- the members of said Committee are nominated for an indefinite term and are chosen on the basis of:
 - their independence, and
 - their expertise in financial or accountancy matters; and, more specifically, that at least one member of the Committee shall be independent and have special expertise in financial and/or accountancy matters acquired during the course of his/her professional career,
 - their term of office will, in any event, expire at the same time as their term of office as a director, and
 - at the time of their nomination, Committee members shall receive information regarding the specific nature of the Company's accounting, financial and operating procedures.

Given the level of ownership of the majority shareholder, it seems difficult to comply with the two-thirds proportion of Independent Directors on the Audit Committee recommended in the AFEP-MEDEF Code. However, the Company exceeds the proportion required by Article L. 823-19 of the French Commercial Code, since two of the four members of the Audit Committee are independent and the Committee is chaired by an Independent Director.

The Audit Committee comprises four members appointed for their term of office as directors: Sophie Lombard, appointed on September 29, 2010; Frédéric Stévenin, appointed on July 10, 2007; and two Independent Directors, Sylvie Charles, appointed on February 16, 2012 and Chairman as from September 30, 2014, and Yves Galland, nominated on July 10.

The fact that the Audit Committee is chaired by an Independent Director strengthens management oversight and ensures a balance of powers.

3.1.2.1.3. Mission of the Audit Committee

The charter of the Company's Audit Committee stipulates that its members are required to make a prior review of the accounts and risks of the Company, in particular to:

- review the financial statements, the relevance and consistency of the regulatory accounting methods used to prepare the statutory financial statements, and the Consolidated Financial Statements and their scope of application;
- monitor the process of preparing the financial information;
- monitor the effectiveness of the internal control, internal audit and risk management systems, in particular to review significant off-balance sheet commitments;
- monitor the accounting treatment of any significant transaction entered into by the Company;
- monitor the internal data collection and control procedures and the quality and reliability of the Company's financial statements;
- check, before publication, all the accounting and financial documents, particularly at the time of approval of the statutory financial statements and the semi-annual and annual Consolidated Financial Statements;
- monitoring the Company's financing policy and the risks related thereto;

- monitoring the independence and objectivity rules for the Statutory Auditors.

Members of the Audit Committee must also review the effectiveness of the group's internal control and risk management procedures to enable the Board of Directors to assess their appropriateness.

Finally, it should be noted that the Audit Committee does not take any decisions; its role is restricted to preparing the information to be used by the Board of Directors at its meetings.

3.1.2.1.4. Audit Committee Procedures

Meetings of the Audit Committee are validly held if at least half its members are present. The Audit Committee's agenda is set by its Chairman.

The Committee meets at least twice a year and as many times as it deems necessary. Meetings are held prior to meetings of the Board of Directors and at least two days prior to this meeting if the Committee's agenda includes a review of the annual and semi-annual financial statements prior to their approval by the Board. Also, the Committee may meet at the request either of the Board of Directors or of its Chairman or of the majority of its members, in order to review any matter within the scope of its responsibilities.

The Committee's charter specifically stipulates that the Committee's review of the annual or semi-annual financial statements must be accompanied by a presentation by the Statutory Auditors highlighting the key points of the results and the accounting methods used, and a presentation by the Chief Financial Officer describing the Company's exposure to risks and significant off-balance sheet commitments.

The Chairman and Chief Executive Officer, the Chief Financial Officer, the director of Management Control, Reporting and Financial Information, the Director of Accounting and Consolidation, the Tax director, the Internal Audit Officer, and the Statutory Auditors of the group are invited to attend Committee meetings.

The Committee may also interview the Company's employees or its Statutory Auditors without management present, but management must be informed about this beforehand.

The Committee's Chairman submits a report of its work to the Board of Directors and also prepares a written summary. The secretary of the Committee is the secretary of the Board of Directors.

The Committee receives all material documents within the scope of its responsibilities (documents intended for financial analysts, rating agency reports). If necessary, it may request additional reports.

For its review of the financial statements, the Audit Committee receives the following documents:

- the draft financial statements and notes which will be submitted to the Board of Directors, as well as any information enabling verification of the method used to prepare the financial statements, of the permanence and appropriateness of the accounting methods and principles applied, and of the accounting standards and the scope of consolidation;

- a summary note prepared by the Statutory Auditors highlighting the key points of their work;
- a communication from the Chief Financial Officer describing the Company's main exposure to risks and significant off-balance sheet commitments;
- information enabling a detailed review of the significant transactions that took place during the period.

For its review of the organization and internal control procedures:

- a presentation of the Audit Department's work program;
- periodic summaries of the inspections conducted by Kaufman & Broad's Internal Audit Department to assess compliance with internal control procedures relating to accounting and financial information;
- various reports prepared by Kaufman & Broad's Internal Audit Department.

In addition, the Committee's charter stipulates that:

- in order to enable the Committee to monitor the rules of independence and objectivity of the Statutory Auditors, throughout the term of their appointment, the Auditors must provide the following to the Committee on an annual basis:
 - the amount of the fees paid to the Statutory Auditors' network by entities controlled by the Company, or by the entity that controls the Company, for the delivery of services not directly related to the duties of the Statutory Auditors,
 - information on the services rendered as part of the due diligence directly related to the duties of the Statutory Auditor,
 - the Committee must also review, with the Statutory Auditors, the risks to their independence and the measures taken to protect against such risks. The Committee shall, in particular, ensure that the amount of fees paid by the Company and its group, or the percentage that these fees represent in the revenue of the audit firms and their networks, is not such as would affect the independence of the Statutory Auditors,
 - the duties of Company's Statutory Auditors must exclude any other work not related to the legal audit, with the exception of other tasks previously authorized by the Committee.

3.1.2.1.5. Compensation paid to members of the Audit Committee

Refer to Section 3.2.1.1. "Compensation paid to members of the administrative bodies".

3.1.2.1.6. Allocation of the directors' fees to be paid to members of the Audit Committee

A portion set by the Board of Directors and taken from the directors' fees allocated to the Board by the Shareholders' Meeting is paid to the Independent Directors on the Audit Committee who do not hold positions within the group.

3.1.2.1.7. Audit Committee meetings in 2015

In fiscal year 2015, the Audit Committee met five times (the attendance rate of directors at Audit Committee meetings was 100%):

- on **January 21, 2015**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2014,
 - comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2014,
 - review of the 2015 budget;
- on **February 17, 2015**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - review of the notes to the Consolidated Financial Statements at November 30, 2014,
 - review of the statutory financial statements at November 30, 2014 and recommended appropriation of net profits for the year,
 - proposal to pay an interim dividend for the fiscal year ended November 30, 2014,
 - comments of the Statutory Auditors on the statutory financial statements at November 30, 2014,
 - review of the Chairman's report on Corporate governance and internal control,
 - internal audit:
 - results of the tests in H2 2014 on the internal control system and the annual summary for 2014,
 - other actions taken by Internal Audit in 2014,
 - 2015 draft plan of tests on the internal control system (D.C.I.),
 - appointment of the Statutory Auditors – recommendations to be made,
 - presentation of the draft report of KPMG, an independent third party body, on the Corporate, environmental and societal information included in the management report;
- on **April 14, 2015**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - review of estimated consolidated financial data for 1st quarter 2015 and review of the main potential risks identified to date,
 - review of the revised 2015 budget (Update II);
- on **July 07, 2015**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - review of activity in the first half of 2015,
 - internal audit: Presentation of the results of the D.C.I. (Internal Control System) tests at end Q1 2015,

- review of estimated financial data for H1 2015 and review of the main potential risks identified to date,
 - presentation by KPMG of its risk mapping report,
 - update III: Presentation of the revised 2015 Plan and trends for 2016;
- on **September 29, 2015**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - risk mapping:
 - identified risk owners,
 - planned risk monitoring indicators,
 - presentation of two major risks,
 - review of the estimated consolidated financial data at August 31, 2015,
 - presentation of revised management forecasts for 2015 and the analysis of these documents,
 - quarterly results of D. C.I. (Internal Control System) tests.

Since November 30, 2015, the Audit Committee has met twice:

- on **January 25, 2016**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2015,
 - comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2015,
 - review of the 2016 budget.
- on **February 16, 2016**, the Audit Committee met, attended by four members. The Committee discussed the following agenda:
 - review of the notes to the Consolidated Financial Statements at November 30, 2015,
 - review of the statutory financial statements at November 30, 2015 and recommended appropriation of net profits for the year,
 - proposal to pay an interim dividend for the fiscal year ended November 30, 2015,
 - comments of the Statutory Auditors on the statutory financial statements at November 30, 2015,
 - review of the Chairman's report on Corporate governance and internal control,
 - internal audit: Results of the H2 2015 tests on the internal control system and 2015 annual summary and 2016 draft plan of tests on the internal control system (D.C.I.),
 - presentation of the draft report of KPMG, an independent third party body, on the Corporate, environmental and societal information included in the management report.

The Statutory Auditors attended all meetings of the Audit Committee and were also invited to make any observations they considered useful to bring to the attention of the members of the Committee.

3.1.2.2. Compensation and Nominating Committee

3.1.2.2.1. Membership and tasks

The Board's Internal Rules provide that the Compensation and Nominating Committee is composed of three directors, at least one of whom must be independent. It is chaired by an Independent Director. At present, its members are: Sophie Lombard, appointed at the meeting of the Board of Directors of February 17, 2011; Caroline Puechoultres, Independent Director, appointed at the meeting of the Board of Directors of September 30, 2014; and Frédéric Stévenin appointed on July 10, 2007 and Chairman as from April 11, 2014.

Given the level of ownership of the majority shareholder, and the recent entry into office of the new Independent Director, the Compensation and Nominating Committee is not composed of a majority of Independent Directors nor chaired by an Independent Director as recommended by the AFEF-MEDEF Code.

The task of the Compensation and Nominating Committee is to assist the Board of Directors in determining the compensation paid to Corporate Officers and other company executives. To this end, the Committee considers the criteria referred to in Section 3.2.1 above. In particular, it recommends the amounts of directors' fees and the individual compensation to be allocated to directors, based on their attendance at meetings of the Board and Board Committees. The Committee also provides the Board of Directors with advice on the general policy for the award of stock warrants and/or stock options and bonus shares, and on the stock option plans prepared by the group's General Management. The Committee also submits recommendations to the Board on awards of stock options or stock warrants or awards of bonus shares.

Finally, it prepares recommendations to the Board of Directors concerning the appointment and/or reappointment of Corporate Officers, directors and Committee members.

It does not make decisions. Its role is to prepare information to be used by the Board of Directors during its meetings when it considers matters within the Committee's jurisdiction.

The duties and operating procedures of the Committee are described in a charter. At its meeting of February 13, 2009, the Board of Directors approved certain changes to the Committee charter in order to stipulate that:

- the Committee establishes a succession plan for executive Corporate Officers and directors so that it is a position to advise the Board on succession in case of unforeseen events; and
- when making its recommendations for the appointment of Corporate Officers, directors and Committee members, the Committee shall, in the interest of the Company and of all its shareholders, take a variety of factors into consideration, including the skills, experience and independence of each candidate, and the balance deemed appropriate for the Board's membership based on the Company's shareholding structure.

3.1.2.2.2. Compensation Paid to Members of the Compensation and Nominating Committee

Refer to Section 3.2.1.1. "Compensation paid to members of the administrative bodies".

3.1.2.2.3. Meetings of the Compensation and Nominating Committee in 2015

In fiscal year 2015, the Compensation and Nominating Committee met four times (the attendance rate of directors in the meetings of the Compensation and Nomination Committee was 92%):

- on **January 16, 2015**, the Compensation and Nominating Committee met, attended by two members. The Committee discussed the following agenda:
 - variable compensation of Corporate Officers and management for fiscal year 2014,
 - award of bonus shares of April 11, 2014 – Nordine Hachemi's performance criteria achieved, for vesting on April 11, 2016,
 - compensation of Corporate Officers and management for 2015, amount of variable compensation, criteria, weightings, objectives, and the calculation tables of the variables,
 - award of bonus shares – proposal for 2015,
 - award of bonus shares – new plan proposal for 2016 - 2017,
 - amount of directors' fees – proposal of allocation for 2014;
- on **February 13, 2015**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - proposal to renew the appointments of directors whose terms of office will end at the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2014, i.e. the appointments of Nordine Hachemi, Sophie Lombard, Frédéric Stévenin, Sylvie Charles, and Caroline Puechoultres,
 - award of bonus shares – proposal for 2015,
 - award of bonus shares to salaried Corporate Officers: performance conditions,
 - award of bonus shares – new plan proposal for 2016 - 2017;
- on **April 14, 2015**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - proposal for the renewal of the appointment of Nordine Hachemi as Chairman of the Board of Directors exercising the general management of the Company,
 - determination of the compensation allocated to Nordine Hachemi as Chairman and Chief Executive Officer of the Company,
 - commitments made by the Company in favor of Nordine Hachemi;

- on **July 03, 2015**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:

- record of the resignation of Lionel Zinsou as member of the Board of Directors, and proposal to co-opt Michel Paris to replace him.

Since November 30, 2015, the Compensation and Nominating Committee has met trois fois:

- on **December 15, 2015**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:

- approval of the minutes of the meeting of July 3, 2015,
- renewal of the appointment of future directors,
- examination of the criteria for the 2016 bonus share award for the senior executives who are directors of profit centers and members of the Management Committee, to be submitted to the Board of Directors on January 26, 2016;

- on **January 20, 2016**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:

- variable compensation of Corporate Officers and management for fiscal year 2015,
- bonus share award of July 7, 2015 – Nordine Hachemi's performance criteria achieved, for vesting on July 7, 2017,

- compensation of Corporate Officers and management for 2016, amount of variable compensation, criteria, weightings, objectives, and tables for calculation of the variables,

- bonus share award – Terms and conditions of plan for 2016-2017,

- amount of directors' fees – recommended allocation for 2015,

- replacement of a director;

- on **January 16, 2016**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:

- approval of the minutes of the meeting of January 20, 2016,

- compensation of Corporate Officers and management for 2016, amount of variable compensation, criteria, weightings, objectives, and tables for calculation of the variables,

- proposal to renew the appointments of directors whose terms of office will end at the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2015: the appointments of Alexandre Dejoie, Olivier de Vregille, Michel Paris, and the one of Yves Galland, who reached the age limit,

- definitively award of bonus shares which have been authorized by the Ordinary Shareholder's Meeting of April 11, 2014;

- bonus share award – new plan proposal for 2016-2017.

3.1.3. Responsibilities and powers of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers

The Chairman of the Board of Directors is responsible for the overall management of the Company and also holds the position of Chief Executive Officer. The Chairman and Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. Those powers are exercised within the limits of the Corporate purpose, subject to the powers which the Law expressly attributes to Shareholders' Meetings or which it specifically reserves to the Board of Directors, as well as within the limits of the transactions that are subject to the prior authorization of the Board in accordance with its Internal Rules (for a description of the transactions subject to the prior authorization of the Board of Directors, see Section 3.1.1.2.5 "Responsibilities of the Board of Directors"). The Chairman and Chief Executive Officer represents the Company with respect to third parties.

On February 19, 2015, the Board of Directors renewed for a term of one year the authorization granted to its Chairman and Chief Executive Officer, together with the right to sub-delegate such authority, to issue on the Company's behalf any sureties, pledges or guarantees (including any performance bonds):

- in favor of the tax and customs authorities, without any limitation as to term or amount;

- in favor of any other third party, without any limitation as to term and in a total amount not exceeding €2.2 billion, including any amounts required for performance bonds.

On February 16, 2016, this authorization was renewed for one more year and for €2.5 million by the Board of Directors.

On recommendation by the Chairman and Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers, provided that their number may not exceed five. They must be individuals. They do not have to be directors. In agreement with the Chairman and Chief Executive Officer, the Board determines the scope and term of the powers granted to Deputy Chief Executive Officers. The Company has no Deputy Chief Executive Officers.

The Chief Executive Officer may be dismissed by the Board at any time. If such removal is made without cause, it may result in the payment of damages, except when the Chief Executive Officer is also Chairman of the Board of Directors.

3.1.4. Senior Executives

The management of the group is organized under the leadership of the Chairman and Chief Executive Officer, Nordine Hachemi.

Since January 1, 2016, the management bodies have changed and are now primarily made up of an Executive Committee and a Management Committee, which can meet as an Extended Management Committee.

3.1.4.1. Executive Committee

Since January 2016, Kaufman & Broad's Executive Committee is composed of seven members:

MM. Nordine Hachemi – Chairman and Chief Executive Officer, Bruno Coche – Chief Financial Officer, Christian Delapierre – Senior Vice-President Institutional Sales, Major Projects and Île-de-France, Inner suburbs, David Laurent – Senior Vice President Commercial Property, Dominique Podesta – Senior Vice President Human Resources, Jacques Rubio – Senior Vice President, Southwest, Managed Residences and External Sales, William Truchy – Senior Vice President Major Regions, Marketing, Communication and Digital.

The Executive Committee implements the Group's strategy and monitors its deployment, in particular through the Annual Plan by business activity. Lastly, it defines any adaptations to the organization depending on the strategic decisions taken by the Board of Directors and ensures their implementation.

3.1.4.1.1. Nordine Hachemi, Chairman and Chief Executive Officer

Nordine Hachemi, a graduate of Institut de Physique du Globe de Strasbourg, of École Nationale de Pétrole et des Moteurs and of INSEAD, began his career at Pompes Guinard in 1986. He then joined Transroute (Groupe Caisse des Dépôts et Consignations) in 1988 where he held positions in sales and development in Asia. In 1992, he went to work for Bouygues Construction, where he was responsible for the development of large international infrastructure projects. In 2001 he joined the Saur group, France's third largest water and waste management company, subsequently becoming its Chairman. In 2008 he became Chairman and Chief Executive Officer of Sechilienne Sided, a group specialized in the Production of Energy and Renewable Energy until 2011. He also joined the Supervisory Board of Citizen Capital, of which he is still a member.

After being co-opted as a director at the meeting of the Board of Directors on June 25, 2013, he joined Kaufman & Broad on July 1, 2013 as Chief Executive Officer and Deputy Chairman of the Board of Directors.

He was appointed Chairman and Chief Executive Officer of Kaufman & Broad SA by the Board of Directors at its meeting of January 24, 2014.

3.1.4.1.2. Bruno Coche, Chief Financial Officer

Bruno Coche has a law degree and is a graduate of IEP Bordeaux. In 1989, he joined the Sediver group as Head of the Treasury Department and then became Director of Administrative and Financial Services in the France/Export Commercial Division. In 1996, he continued his career with the

Giraud group, assuming responsibility for Treasury and Finance in a Europe and contributed to the growth of the group and in equity capital transactions.

He joined Kaufman & Broad in June 2002 as director of Treasury and Finance. In this role, he contributed to the growth of the group and participated in the re-structuring of its financing. He has been Chief Financial Officer and a member of the Management Committee since December 2009. In January 2016, he was promoted Senior Vice-President Finance and became a member of the Executive Committee.

3.1.4.1.3. Christian Delapierre, Senior Vice-President Institutional Sales, Major projects and Île-de-France, Inner suburbs

Christian Delapierre, with an undergraduate degree (DEUG) in Law and a graduate degree in real estate (ESPI), began his career in 1980 with Groupe Jacques Ribourel where he was in charge of development for the Haute-Savoie region. He joined the Bouygues group in 1981 serving initially as Head of Development and subsequently as an Agency Director. In 1989, he joined the Kaufman & Broad group as Vice President of Development. In 2007, he became Head of the Single-Family Homes department in Île-de-France and then of Institutional Sales, in 2009, as Senior Vice President. He has been a member of the Management Committee since January 2014. In September 2015, Christian Delapierre was appointed Senior Vice-President. He is in charge of the Major Projects Division and the Development of the Inner Suburbs of the Île-de-France region. In January 2016, he became a member of the Executive Committee.

3.1.4.1.4. David Laurent, Senior Vice President Commercial Property

David Laurent, is a graduate of École Centrale de Nantes, holds a Diploma of Advanced Studies (DEA) in Civil Engineering and a Master's in Urban Management, Environment and Services from ESSEC. He began his career with Spie Citra immobilier (Groupe Spie Batignolles) in 1996 as a business analyst for strategy and marketing, and then became head of operations. He joined Sorif (which has since been renamed Vinci Immobilier) in 1999 where he was successively manager, head and then director of programs. In 2008, he became director of Development of SOPIC Paris and then joined Kaufman & Broad at end-2011 as Senior Vice President Commercial Property. He has been a member of the Management Committee since January 2015. In January 2016, he became a member of the Executive Committee.

3.1.4.1.5. Dominique Podesta, Senior Vice President Human Resources

Dominique Podesta, a 1991 graduate of Amiens Business School (Sup de Co Amiens), began her career with the Human Resources Department of Banque Worms, and subsequently joined the Association Française des Banques as an HR Business Analyst. In 1999, at Deloitte Consulting, she continued her career as Human Resources Manager for the Information Systems Consulting entity. In 2001, she joined Groupe

Monnoyeur where she was Human Resources Manager for the Bergerat Monnoyeur subsidiary. In 2003, she assumed Corporate responsibilities and became the HR director of Groupe Monnoyeur in 2009. At the same time, she was a member of the Management Committee and managed the Bergerat Monnoyeur Human Resources. Dominique Podesta joined the Kaufman group in January 2015 as Senior Vice President Human Resources and, since that date, she has been a member of the Management Committee. In January 2016, she became a member of the Executive Committee.

3.1.4.1.6. Jacques Rubio, Senior Vice President, Southwest, Managed Residences and External Sales

In 1975, after studying engineering, Jacques Rubio and the Malardeau family formed SA Malardeau, a real estate company in southern France. He served as Corporate Secretary and then became Chairman and Chief Executive Officer in 1985. In 2004, SA Malardeau became a subsidiary of the Kaufman & Broad group and he was named Senior Vice President Kaufman & Broad Southwest. In 2009, he was named Senior Vice President Southwest Region, in charge of the agencies in Toulouse, Bordeaux and Bayonne, and Montpellier since 2014. He has been a member of the Management Committee since 2009. Jacques Rubio, develops the Managed Residences and External Sales businesses. In January 2016, he became a member of the Executive Committee.

3.1.4.1.7. William Truchy, Senior Vice President Major Regions, Marketing, Communication and Digital

After gaining a degree in business studies, William Truchy began his career in real estate in 1980, working for an agency in Nancy, before joining Promogim in 1982. He was head of sales in Burgundy and the Rhône-Alpes region, and subsequently Sales director for the Provence Côte d'Azur, Bordeaux and Toulouse regions. He was appointed National Sales Director in 1987 and then Senior Vice President in 1989. William Truchy joined Kaufman & Broad in March 2003 as Sales and Marketing Director for Île-de-France. He was appointed Senior Vice President, Marketing in January 2005, and currently leads the Sales and Marketing and Showroom operations in Paris and Île-de-France. In 2008, he was appointed Senior Vice President for Sales and Marketing. He has been a member of the Management Committee since December 2004 and Senior Vice President for the Regions since January 2009. In September 2015, he was put in charge of the Marketing,

Communication and Digital Division as well as the Innovation Division. In January 2016, he became a member of the Executive Committee.

The members of the Executive Committee have declared that they have not, for at least the previous five years:

- been convicted of fraud;
- been involved in any bankruptcies, receiverships or liquidations;
- been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities;
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer.

There are no family relationships, either between the members of the Management Committee, or between the members of the administrative bodies, or between the members of the Management Committee and the members of the Board of Directors. However, there is a family relationship between Béatrice Mortier, Regional Director for Montpellier and Yves Galland, director and member of the Audit Committee of Kaufman & Broad.SA.

3.1.4.2. Management Committee

Since January 2016, the Management Committee of Kaufman & Broad has 11 members: members of the Executive Committee as well as Frédéric Bourg – Senior Vice President Île-de-France Operations; Cyril Doucet – Regional Director, Outer Paris suburbs; Marc Speisser – Regional Director Mediterranean Rhône-Alpes; and Thierry Verninas – director of Innovation, Quality and Architecture. The Management Committee monitors the implementation of the Plan by business activity. It proposes improvement initiatives and sets the objectives to be deployed in the Agencies and Divisions. It contributes to the definition and implementation of the Group's projects.

There are no family relationships, either between the members of the Management Committee, or between the members of the administrative bodies, or between the members of the Management Committee and the members of the Board of Directors. However, there is a family relationship between Béatrice Mortier, Regional Director for Montpellier and Yves Galland, director and member of the Audit Committee of Kaufman & Broad SA.

3.1.4.3. Operational Divisions

The principal regional divisions within the group are as follows:

Paris/Île-de-France

Nordine Hachemi is in charge of management for the Île-de-France Region.

Frédéric Bourg, Senior Vice President Île-de-France Operations,

Cyril Doucet, Senior Vice President, Outer Paris suburbs (77, 78, 91, 94 and 95)

Marc Vettrai, Agency Director (77, 91 and 94)

West/Normandy/North/Rhône Alpes/Southeast Regions

William Truchy, Senior Vice President Major Regions

Loire-Atlantique/Brittany/Normandy/North Flanders

Christophe Duretete, Regional Director, Nantes, Rennes Caen and Lille

Rhône-Alpes/Méditerranée/Savoie

Marc Speisser, Regional Senior Vice President Méditerranée/Rhône-Alpes

Rhône-Alpes

François-Xavier Delfour, Agency Director, Lyon

Alpes

Ludovic Landon-Rouly, Agency Director, Annecy/Grenoble

Côte d'Azur/Provence

Stéphane Gress, Regional Director, Nice and Toulon

Midi-Pyrénées/Aquitaine/Languedoc-Roussillon Region

Jacques Rubio, Senior Vice President, Greater Southwest

Languedoc-Roussillon

Béatrice Mortier, Agency Director, Montpellier

Pyrénées-Atlantiques

Denis Caniaux, Agency Director, Bayonne

Gironde

Georges Lopez, Agency Director, Bordeaux

Midi-Pyrénées

Tony Aringoli, Agency Director, Toulouse

Commercial Property

David Laurent, Senior Vice President Commercial Property

Thierry Bruneau, CEO Property Logistics

3.1.4.4. Directorships held by the Chairman and Chief Executive Officer

Nordine Hachemi, Chairman and Chief Executive Officer

Kaufman & Broad group directorships and positions

Kaufman & Broad SA	Chairman and Chief Executive Officer
Kaufman & Broad GIE	Director
Kaufman & Broad Financement SNC	Representative of Kaufman & Broad SA, as Manager
Kaufman & Broad Rénovation SAS	Representative of Kaufman & Broad SA, as Chairman
Saint-Cloud Armengaud 15 SNC	Representative of Kaufman & Broad SA, as Joint Manager
Kaufman & Broad Europe SAS	Representative of Kaufman & Broad SA, as Chairman

Outside directorships and positions

RKCI	Chairman
Citizen Capital	Member of the Supervisory Board
Iorga Groupe	Director
Mobipark	Chairman of the Supervisory Board
SCI M D Raphael	Manager

3.2. Directors' Interests

3.2.1. Compensation and benefits in-kind granted, for whatever reason, to members of the Company's administrative and management bodies during the last fiscal year

3.2.1.1. Compensation of members of the administrative bodies

On the recommendation of the Compensation and Nominating Committee, the Board of Directors in its meeting of January 26, 2016, resolved to pay a total amount of €254,400 in directors' fees for the fiscal year ended November 30, 2015, broken down as follows, based on the criteria listed in Section 3.1.1.2.7. "Fees allocated to directors ":

Table 3 AMF Definitions

Non-executive Corporate Officers (amounts in euros)	Directors' fees received by the non-executive Corporate Officers	
	Amount paid in fiscal year 2016	Amount paid in fiscal year 2015
Sylvie Charles	50,000	47,800
Alexandre Dejoie	20,000	20,000
Yves Galland	35,000	50,000
Sophie Lombard	20,000	20,000
Joël Monribot	26,800	17,867
Alain de Pouzilhac	-	18,933
Caroline Puechoultres	35,800	4,467
Frédéric Stévenin	20,000	20,000
Olivier de Vregille	20,000	20,000
Lionel Zinsou	15,633	20,000
Michel Paris	11,167	-
Total	254,400	239,067

No other compensation was paid by the group to the directors listed above.

3.2.1.2. Compensation of members of management bodies

3.2.1.2.1. Compensation of Corporate Officers

The Board of Directors sets the compensation of the Company's Corporate Officers. The Board periodically reviews the compensation and benefits to be granted to the Chairman and Chief Executive Officer for his/her office, particularly the variable component.

In accordance with the Company's decision to refer to the AFEP-MEDEF Code of Corporate Governance, the Board, with the assistance of the Compensation and Nominating Committee, now defines the rules for determining the

compensation paid to executive Corporate Officers, ensuring, in particular, that: the rules are complete, understandable and transparent; the compensation package is balanced; the compensation is consistent, firstly, with the Company's market and the amount paid to other directors and employees of the group and, secondly, with market rates, with the performance of the director concerned and with the general interests of the company; and that the compensation will attract, retain and/or motivate high-caliber directors.

The compensation and benefits paid for fiscal year 2015 to Kaufman & Broad SA's executive Corporate Officers are listed in the following table:

Table 1 AMF Definitions

Summary table of the compensation and stock options and shares granted to each executive Corporate Officer
(amounts in euros)

Nordine Hachemi (Chief Executive Officer from July 1, 2013 to January 24, 2014; Chairman and Chief Executive Officer since January 24, 2014)	Fiscal year ended November 30, 2015	Fiscal year ended November 30, 2014
Compensation for the year (detailed in Table 2)	1,445,008	1,341,734
Valuation of the multi-year variable pay granted during the fiscal year	-	-
Options granted during the fiscal year (detailed in table 4)	-	-
Valuation of the bonus shares granted during the year (detailed in Table 6)	315,322	203,351
Total	1,739,236	1,545,085

Table 2 AMF Definitions

Table summarizing the compensation paid to each executive Corporate Officer
(amounts in euros)

Nordine Hachemi (Chief Executive Officer from July 1, 2013 to January 24, 2014; Chairman and Chief Executive Officer since January 24, 2014)	Fiscal year ended November 30, 2015		Fiscal year ended November 30, 2014	
	Amount due ^(a)	Amount paid	Amount due ^(a)	Amount paid
Fixed compensation ^(a)	600,000	600,000	600,000	600,000
Annual variable compensation	823,914 ^(d)	721,437 ^(b)	721,437 ^(b)	225,000 ^(c)
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	25,000 ^(c)
Directors' fees	-	-	-	-
Benefits in kind	31,094	31,094	20,297	20,297
Total	1,445,008	1,352,531	1,341,734	870,297

(a) The fixed compensation amount was approved by the Board of Directors on January 21, 2015.

(b) The variable compensation for fiscal year 2014 was approved by the Board of Directors on January 21, 2015 and was paid in January 2015.

(c) This variable compensation for fiscal year 2013 was paid in January 2014.

(d) The variable compensation for fiscal year 2015 was approved by the Board of Directors on January 26, 2016 and was paid in January 2016.

He is also entitled to a supplemental defined contribution pension plan since he joined the Company, pursuant to the provisions of Article 83 of the French General Tax Code. In 2015, the Company paid contributions to this plan of €24,319.36, corresponding to the annual contributions capped at 8% of gross salary, up to a maximum of eight times the Social

Security ceiling. In addition to the retirement benefits offered to all employees, the Company also provides a supplementary plan for Corporate Officers and for members of management.

Nordine Hachemi has held 22,806 Company shares since December 4, 2013.

Table 4 AMF Definitions

Stock warrants or stock options granted by the issuer or by any group company to each executive Corporate Officer during the fiscal year ended November 30, 2015

Name of executive Corporate Officer	No. and date of the plan	Type of options (stock purchase or subscription)	Valuation of the options under the method used for the Consolidated Financial Statements	Number of options granted during the year	Exercise price
Nordine Hachemi	-	-	-	None	-

Table 5 AMF Definitions

Stock warrants or stock options exercised during the fiscal year ended November 30, 2015 by each executive Corporate officer

Options exercised during the fiscal year by each executive Corporate Officer	No. and date of the plan	Number of options exercised during the fiscal year	Exercise price
Nordine Hachemi	-	None	-

Table 6 AMF Definitions

Bonus shares awarded to each Corporate Officer

Bonus shares awarded during the fiscal year to each Corporate Officer by the issuer and by all group companies (listed by name)	No. and date of the plan	Number of shares awarded during this year	Valuation of the shares under the method used for the Consolidated Financial Statements	Date of vesting	Date available
Nordine Hachemi	July 7, 2015	15,000	315,322	July 8, 2017	July 8, 2018

The Board of Directors awarded 15,000 shares to Nordine Hachemi on the following performance conditions:

1. The first performance condition concerns the control of operating expenses. The Committee set an amount, at constant scope, of operating expenses, excluding calculated expenses, which cannot be exceeded in 2015. This amount is set for the group's current structure, and would be reviewed, or recalculated in the event of change in the scope of Company.

2. The second performance condition concerned the development of the Company. This development will be assessed, first with respect to housing unit orders, both in number and value, recorded in 2015, and secondly with respect to the increase in the development of the Commercial Property business.

Both of the performance conditions set by the Board were met. Therefore, the vesting of the shares is now only subject to the double condition of being in executive office and working for the Company, as defined in the share award rules approved by the Board of Directors on July 07, 2015, namely at July 07, 2017.

Table 7 AMF Definitions

Bonus shares vested during fiscal year 2015 for each executive Corporate Officer

Bonus shares vested for executive Corporate Officers (listed by name)	Date of plan	Number of shares became exercisable during the fiscal year	Conditions of vesting
Nordine Hachemi	-	None	-

Table 11 AMF Definitions

Executive Corporate Officers	Employment contract	Supplemental retirement plan termination	Indemnities or benefits due or likely to be due by reason of the cessation or change of positions	Indemnities relating to a non-compete clause
Nordine Hachemi (Chief Executive Officer from July 1, 2013 to January 24, 2014; Chairman and Chief Executive Officer since January 24, 2014)	No	Yes ^(a)	Yes ^(b)	Yes ^(c)

(a) Nordine Hachemi is entitled to a supplemental defined contribution pension plan pursuant to the provisions of Article 83 of the French General Tax Code; the amount of contribution paid by the Company for Nordine Hachemi was €24,319.36 for fiscal year 2015, corresponding to the annual contributions capped at 8% of gross salary, up to a maximum of eight times the Social Security ceiling.

(b) Compensation for loss of office is equal to twelve months' gross fixed and variable compensation for the past fiscal year, extended to 18 months if control over the Company is taken by one or more third parties acting in concert triggering the obligation to launch a public offer for the Company's shares.

(c) Non-compete clause for twelve months, covering the territory of France, generating a gross flat monthly compensation equivalent to 50% of the gross fixed compensation that he received during the twelve months preceding the termination of his term in office (or length of the term, if it is less than twelve months) with the Company having nevertheless the option to reduce the term or to exempt the executive officer of this commitment.

The history of the awards of bonus shares is set out in Section 3.3.3.3.2 "Bonus Share Plan".

On June 25, 2013, the Board of Directors elected Nordine Hachemi as director and Deputy Chairman of the Board of Directors as from July 1, 2013. He was appointed Chief Executive Officer as from July 1, 2013 and Chairman and Chief Executive Officer as from January 24, 2014.

The terms and conditions of his contract specify that he will receive gross annual compensation in the amount of €600,000 paid in twelve monthly installments. In addition to this fixed compensation he will receive, if applicable, annual variable compensation conditional on meeting quantitative and qualitative targets set by the Board of Directors. The variable compensation will be paid in the January following the end of the fiscal year, provided that he is still with the group at that date.

Moreover, in the event of dismissal from office for any reason other than gross misconduct, as defined in labor law by the Cour de Cassation (the Supreme Court), the Company undertakes to pay the Chief Executive Officer compensation for loss of office to compensate him for the loss suffered by the loss of his position.

In the event of dismissal, compensation for loss of office will be equal to 12 months gross fixed and variable compensation for the fiscal year, extended to 18 months if control over the Company is taken by one or more third parties acting in concert, triggering the obligation to launch a public offer for the Company's shares.

Whatever the date and circumstances of the dismissal, such compensation shall be payable only if Nordine Hachemi has received or should have received, in the two fiscal years preceding the termination of his term of office, on average at least 70% of the maximum variable portion (excluding outperformance) of his compensation for each of the two fiscal years, as the variable portion is based on both quantitative and qualitative targets set at the beginning of each fiscal year.

Nordine Hachemi benefits from a supplemental defined contribution pension plan pursuant to the provisions of Article 83 of the General Tax Code. Nordine Hachemi also receives, as a benefit in kind, special unemployment insurance coverage for directors and Corporate Officers (GSC).

At the Board meeting of January 21, 2015, the Chairman's fixed annual compensation was maintained at €600,000 gross for fiscal year 2015; in addition, it comprises variable compensation tied to Kaufman & Broad SA's business targets. The amount of this variable compensation for fiscal year 2015, if 100% of targets are achieved, is set at €700,000 gross, 70% of which will be calculated using quantitative factors, each subject to weighting, and 30% will be calculated using qualitative factors (such as: management of the group's teams, diversification/development, preparation for fiscal year 2016).

Pursuant to Article L. 225-42-1 of the French Commercial Code, the provisions relating to the commitments taken for the benefit of the Chairman and Chief Executive Officer in relation to his appointment to these positions were approved by the Shareholders' Meeting of April 11, 2014.

The achievement of these qualitative targets was assessed by the Compensation and Nominating Committee at the end of the fiscal year, on, January 20, 2016.

After calculation and assessment of the achievement of the targets set for fiscal year 2015, the Board of Directors at its meeting of January 26, 2016 and on the recommendation of the Compensation and Nominating Committee of January 20, 2016, set the amount of the variable compensation payable to the Chairman in January 2016 at €823,914 gross.

- At the meeting of the Board of January 26, 2016, the fixed annual compensation of Nordine Hachemi was maintained at €600,000 gross for fiscal year 2016. His variable compensation was tied to Kaufman & Broad SA's business targets for the fiscal year. The amount of this variable compensation, based on achieving the targets, was set at €700,000 gross for fiscal year 2016. The 70% portion of the variable compensation amount will be calculated on the basis of the following quantitative items, each of which is weighted: revenues, EBITDA, attributable net income, WCR, annual housing unit orders, number of Commitment Committees lots for fiscal year 2016; and 30% of this amount, on the following qualitative elements: management of group teams, return on capital employed, control of operating expenses (including personnel expenses).

To receive this variable compensation, Nordine Hachemi must remain in office without interruption until the payment of this bonus, payable as a one-time payment in January 2017. If he leaves the Kaufman & Broad SA group or if, for any reason, his position is terminated before such date, he will not receive any portion of this variable compensation.

3.2.1.3. Compensation of members of the Management Committee

Management Committee members receive fixed and variable compensation. Total gross compensation and benefits received by members of the Management Committee (excluding Kaufman & Broad SA's Corporate Officers) came to €2,111,483 for the fiscal year ended November 30, 2015, representing €1,210,833 in fixed salaries and €900,650 in variable

compensation. Management Committee members do not receive any other deferred and/or conditional compensation and the group does not make provisions for pensions or golden parachutes. The only sums provisioned are those for retirement benefits in accordance with the legal or contractual provisions. For members of the Management Committee, the amount provisioned was €608,286 in the financial statements for fiscal year 2015. Moreover, Management Committee members, including the executive Corporate Officers, are also entitled to a supplemental defined contribution pension plan under Article 83 of the French General Tax Code.

At November 30, 2015, the members of the Management Committee held: (i) stock purchase options awarded on April 19, 2006 for the purchase of a total of 10,300 Company shares; and (ii) 9,736 bonus shares awarded on November 6, 2007; 2,800 bonus shares awarded on December 3, 2007; 46,461 bonus shares awarded on February 13 and July 8, 2009; 16,000 bonus shares awarded on January 20, 2010; 14,000 bonus shares awarded on February 17, 2011; and 6,500 bonus shares awarded on January 22, 2013. These shares vested two years after they were awarded. They were also awarded 15,000 bonus shares on April 11, 2014 and 13,200 bonus shares on July 8, 2015. These shares will only vest two years after the decision to award them if the beneficiaries meet the conditions of the Plan. The minimum holding period for the shares is set at two years from the vesting date.

NB: The compensation of executive Corporate Officers and members of the Management Committee, mentioned in Sections 3.2.1.2.1. "Compensation of Corporate Officers" and 3.2.1.3. "Compensation of members of the Management Committee", since it deals with directors' interests, is generally paid by GIE Kaufman & Broad for the fixed and variable compensation, as well as benefits in kind (GIE Kaufman & Broad is an entity dedicated to providing funds to the various legal entities comprising the group, and in particular the staff). Moreover, the stock option and bonus share plans were authorized by the Shareholders' Meeting and the awards to the beneficiaries were decided by Board of Directors of Kaufman & Broad SA. Finally, the shares delivered were taken from the Company's treasury shares.

3.2.2. Total number of stock options granted by the group

See Section 3.3.3. "Stock option or stock warrant plans – Awards of bonus shares – Awards of stock subscription warrants".

Details concerning the exercise of stock options are presented in Section 5.2.3.2. "Summary of share purchases" and the following sections.

3.2.3. Information on the exercise of stock options during the fiscal year

See Section 3.3.3. "Stock option or stock warrant plans – Awards of bonus shares – Awards of stock subscription warrants".

3.2.4. Information on transactions concluded with members of the Company's administrative and management bodies

None.

3.2.5. Loans and guarantees to members of the Company's administrative and management bodies

None.

3.2.6. Transactions with companies that have directors in common with the company or other group companies

See Sections 4.1.6 "Additional Information"(Note 30 "Related party Transactions") and 9.3.3. "Auditors' Special Report on related-party agreements and commitments".

3.2.7. Components of the compensation due or awarded for the fiscal year ended November 30, 2015 to executive Corporate Officers, subject to the vote of the shareholders

In accordance with recommendations of the AFEF-MEDEF Code revised in June 2013 (Article 24.3), the code to which the Company refers pursuant to Article L. 225 -37 of the French Commercial Code, the following components of the compensation due or awarded to each executive Corporate Officer for the fiscal year ended must be subject to the vote of the shareholders:

- fixed compensation;
- annual variable compensation and, if applicable, the multi-year variable compensation and the targets used to define such variable compensation;

- exceptional compensation;
- stock options, performance shares and any other long-term compensation component;
- compensation relating to entering or leaving office;
- supplemental retirement plan;
- any type of benefits.

Accordingly, the Shareholders' Meeting of April 15, 2016 will be asked to vote on the following components of the compensation due or awarded to Nordine Hachemi for the fiscal year ended November 30, 2015.

Compensation components due or awarded to Nordine Hachemi, Chairman and Chief Executive Officer for the fiscal year ended November 30, 2015, subject to the vote of the shareholders

Compensation components	Amounts	Comments
Fixed compensation	€600,000	-
Variable compensation	€823,914	Amount approved by the Board of Directors on January 26, 2016
Multi-year variable compensation	-	-
Directors' fees	none	-
Exceptional compensation	none	-
Stock purchase or subscription plans or bonus shares	€315,322	15,000 bonus shares awarded by the Board of Directors and subject to performance conditions. Conditions met for fiscal year 2015.
Pay related to entering or leaving office;	none	-
Supplemental retirement plan	€24,319	Annual contributions capped at 8% of gross salary up to a maximum of eight times the maximum Social Security contribution.
Any type of benefits	€31,094	Company car and entertainment expenses

3.3. Incentive Programs

3.3.1. Incentive and Profit-Sharing Agreements

There are no employee incentives or profit-sharing agreements in force within the group.

3.3.2. Company savings plan

As part of the IPO in February 2000, a *Plan d'Epargne Entreprise* (Company savings plan) was introduced and subsequently amended in February 2001, March 2002, July 2003, September and December 2006, December 2007, December 2008, December 2009 and December 2014. The savings collected under this plan are invested in the *Kaufman & Broad Actionnariat FCPE* (Company mutual fund), the assets of which consist primarily of shares of the Company or, at the choice of the employees, in *Capi euro Monétaire*, a

mutual fund classified on the basis of its investment in the money markets, or "*Capi Equilibre*" a mutual fund classified on the basis of its investment in "*diversifié*" or in Fongepargne Insertions Emplois Modéré Solidaire, a solidarity fund classified on the basis of its investment in Eurobonds, and with 5% to 10% invested in 'solidarity' businesses as defined in Article L. 214-164 of the French Monetary and Financial Code.

The *Kaufman & Broad Actionnariat FCPE* is described in Section 1.7.3.12. "Company Savings Plan".

3.3.3. Stock option or stock warrant plans – Awards of bonus shares – Awards of stock warrants

The rules governing the various stock purchase or subscription option plans introduced by the Company contain provisions enabling their beneficiaries to exercise their options prematurely during any public offer for the Company's shares and during a three-month period following a change in control, and to tender in the offer, or to sell on the market outside the offer, the shares resulting from exercise of the options, even when the tax and Social Security lock-in period has not expired. Sale of the shares before expiration of the tax and Social Security lock-in period will result in reconsideration of the tax and Social Security advantages applicable to the profit from vesting. Consequently, the profit from vesting will incur income tax and Social Security charges for the beneficiary and payroll taxes for the Company.

The bonus share award plan introduced by the Company on April 19, 2006 includes provisions that reduce the vesting period to two years from the date of award in the event of a change in control.

The terms and conditions of the stock purchase or subscription option and bonus share plans will not be modified as a result of the change of control or the offer.

Beneficiaries may freely dispose of their shares at the end of the applicable tax and Social Security lock-in period.

3.3.3.1. Stock option or subscription plans

The Extraordinary Shareholders' Meeting of April 19, 2006 granted stock warrants and/or stock options to employees and Corporate Officers in a maximum number of 400,000 of the Company's shares.

Applying this authorization, the Board of Directors granted 95,500 stock purchase options to two Corporate Officers and 24 employees on April 19, 2006, with an exercise price of €44.23 per share. The plan does not provide for any discount from the market price of the share. The options may be exercised within the maximum period of 10 years from their award date, i.e. until April 19, 2016. However, if a beneficiary leaves the group, the options must be exercised in the six months following his/her departure.

At the date of this Registration Document:

- none of the stock purchase options has been exercised;
- only 11,600 options still remain to be exercised (the rest are void because their beneficiaries have left the Company); and refer to Section 3.3.3.1. "Stock option or stock warrant plans" for the summary table relating to this option plan.

No other stock purchase or subscription plan is in force within the group.

3.3.3.2. Bonus Share Plan

3.3.3.2.1. 2009 Bonus Share Plan

At its meeting of April 09, 2009, the Shareholders' Meeting authorized the Board of Directors to award, on one or more occasions, new or existing bonus shares of the common stock of the Company to the beneficiaries it will select among the salaried employees of the Company or its related companies or entities related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, and to Corporate Officers of the Company or of companies or entities related to it within the meaning of Article L. 225-197-1 of said Code, subject to the conditions defined below:

- the total number of bonus shares granted may not exceed 220,000;
- the shares will vest to their beneficiaries subject to a minimum vesting period of two years from the date of allocation by the Board of Directors;
- the minimum holding period for the shares is set at two years from their vesting date;
- if new shares are issued, by capitalization of reserves or from premiums, solely to the beneficiaries, the shareholders formally waive their pre-emptive rights;
- the authority granted to the Board of Directors is valid for a period of thirty-eight months.

The Shareholders' Meeting has granted full powers to the Board of Directors to delegate this authority within the limits of the law, in order to apply said powers, and particularly: to determine whether the bonus shares awarded will be new or existing shares; to select the beneficiaries; to carry out any and all filing and other formalities; to implement any adjustments required as a result of transactions, if any, on the Company's capital; to charge the capital increase(s) against reserves and/or additional paid-in capital; to amend the bylaws to reflect the new capital; and generally to do whatever is necessary.

In applying this authority, the Company's Board of Directors granted: 143,515 existing shares to Company employees who are not Corporate Officers on July 8, 2009; 58,000 existing shares on January 20, 2010; 36,000 existing shares on February 17, 2011; and 20,000 shares on January 17, 2012 representing, respectively, 0.69%, 0.28%, 0.17% and 0.10% of the Company's capital.

Refer to Section 3.3.3.3.2. "Bonus Share Plan" for the summary tables related to these bonus share plans.

3.3.3.2.2. 2012 Bonus Share Plan

At its meeting of April 19, 2012, the Shareholders' Meeting authorized the Board of Directors to award, on one or more occasions, new or existing bonus shares of the common stock of the Company to the beneficiaries that it will select among the salaried employees of the Company or of companies or groups related to it within the meaning of Article L. 225-197-2 of the French Commercial Code, and to Corporate Officers of the Company or of companies or groups related to it and which meet the conditions referred to in Article L. 225-197-1 of said Code, on the conditions set forth below:

- the total number of bonus shares granted may not exceed 100,000;
- the shares will vest to their beneficiaries subject to a minimum vesting period of two years from the date of allocation by the Board of Directors;
- the minimum holding period for the shares is set at two years from the date of final allocation;
- if new shares are issued through a capitalization of reserves or premiums solely to the beneficiaries, existing shareholders implicitly waive their pre-emptive rights to purchase any new shares;
- the authority granted to the Board of Directors is valid for a period of thirty-eight months.

The Shareholders' Meeting has granted full powers to the Board of Directors to delegate this authority within the limits of the law, in order to apply said powers, and particularly: to determine whether the bonus shares awarded will be new or existing shares; to select the beneficiaries; to carry out any and all filing and other formalities; to implement any adjustments required as a result of transactions, if any, on the Company's capital; to charge the capital increase(s) against reserves and/or additional paid-in capital; to amend the bylaws to reflect the new capital; and generally to do whatever is necessary.

In application of this authority, the Company's Board of Directors awarded to group employees who are not Corporate Officers 35,800 existing shares on January 22, 2013 representing 0.17% of the Company's capital.

Refer to Section 3.3.3.3.2. "Bonus share plan" for the summary tables related to these bonus share plans.

3.3.3.2.3. 2014 Bonus Share Plan

The Company's Shareholders' Meeting of April 11, 2014 authorized the Board of Directors to award, on one or more occasions, new or existing bonus shares of the common stock of the Company to employees or to executive Corporate Officers of the Company and its related French and foreign companies or affiliated Economic Interest Groups related to it within the meaning of Article L. 225-197-2 of the French Commercial Code or to certain categories among them, subject to the conditions set forth below:

- the total number of bonus shares awarded may not exceed 200,000 shares, while the number of shares awarded to executive Corporate Officers may not exceed 50,000 shares;
- the shares will vest to their beneficiaries either (i) at the end of a minimum two-year vesting period, after the beneficiaries have held said shares for a minimum of two years from the time they vested, or (ii) at the end of a minimum vesting period of four years, and in this case with no minimum holding period. The Board of Directors shall have the option of choosing between the above two options and to apply them alternately or concurrently, and may, in the first case, extend the vesting and/or holding period and may, in the second case, extend the vesting period and/or set a holding period;
- the shares will vest to the beneficiaries who are Corporate Officers contingent on meeting the performance conditions as defined by the Board of Directors;
- the shares will vest to the beneficiaries who are employees contingent on meeting the performance conditions as defined by the Board of Directors;
- if new shares are issued, the shareholders formally waive their pre-emptive rights over the new shares;
- the authority granted to the Board of Directors is valid for a period of thirty-eight months.

The Shareholders' Meeting granted all powers to the Board of Directors, in compliance with the applicable laws and regulations and the provisions of the resolution of the Shareholders' Meeting, to award the bonus shares and, in particular, to:

- set the performance conditions and, if applicable, the criteria for the award of the bonus shares, to approve the list(s) of beneficiaries;
- set, subject to the minimum periods indicated, the holding period for the shares, knowing that in respect of any shares that may be awarded to the Corporate Officers referred to in Article L. 225-197-1, II paragraph 4 of the French Commercial Code, it is up to the Board of Directors either to decide that these shares may not be sold by the parties concerned until they leave office, or to determine the number of bonus shares the Corporate Officers will be required to hold in registered form until the end of their term of office;
- resolve, in the event of transactions on the share capital that may occur during the vesting period of the shares allotted, if there are grounds for adjusting the number of shares awarded

in order to preserve the rights of beneficiaries and, in this scenario, to determine the terms for such adjustment;

- increase the capital, if the award relates to new shares, through capitalization of the Company's reserves or share premiums if required at the time when the shares vest to beneficiaries, to set the settlement date for new shares, and to amend the bylaws accordingly;
- complete all formalities and, generally, take all necessary and appropriate measures in connection therewith.

Using this delegation, the Board of Directors of the Company awarded to the group's Corporate Officers and employees non - Corporate Officers 70 200 existing shares on April 11, 2014, representing 0.34% of the share capital and 124, 350 existing shares on July 7, 2015, representing 0.60% of the share capital.

Refer to Section 3.3.3.3.2. "Bonus share plan" for the summary tables related to these bonus share plans.

3.3.3.2.4. 2015 Bonus Share Plan

The Company's Shareholders' Meeting of April 16, 2015 authorized the Board of Directors to award, on one or more occasions, new or existing bonus shares of the Company's common stock to employees or to executive Corporate Officers of the Company and its related French and foreign companies or affiliated Economic Interest Groups related to it within the meaning of Article L. 225-197-2 of the French Commercial Code or to certain categories among them, subject to the conditions set forth below:

- the total number of bonus shares granted may not exceed 300,000 shares, while the number of shares granted to executive Corporate Officers may not exceed 50,000 shares;
- the shares will vest to their beneficiaries either (i) at the end of a minimum two-year vesting period, after the beneficiaries have held said shares for a minimum of two years from definitive allotment, or (ii) at the end of a minimum vesting period of four years, and in this case with no minimum holding period. The Board of Directors shall have the option of choosing between the above two possibilities and to apply them alternately or concurrently, and may, in the first case, extend the vesting and/or holding period and may, in the second case, extend the vesting period and/or set a holding period;
- the shares will vest to the beneficiaries who are Corporate Officers contingent on meeting the performance conditions as defined by the Board of Directors;
- the shares will vest to the beneficiaries who are employees contingent on meeting the performance conditions as defined by the Board of Directors;
- if new shares are issued, existing shareholders implicitly waive their pre-emptive rights to purchase any new shares;
- the authority granted to the Board of Directors is valid for a period of 38 months.

The Shareholders' Meeting granted all powers to the Board of Directors, in compliance with the applicable laws and

regulations and the provisions of the resolution of the Shareholders' Meeting, to award the bonus shares and, in particular, to:

- set the performance conditions and, if applicable, the criteria for the award of the bonus shares, to approve the list(s) of beneficiaries;
- set, subject to the minimum periods indicated, the holding period for the shares, knowing that in respect of any shares that may be awarded to the Corporate Officers referred to in Article L. 225-197-1, II paragraph 4 of the French Commercial Code, it is up to the Board of Directors either to decide that these shares may not be sold by the parties concerned until they leave office, or to determine the number of bonus shares the Corporate Officers will be required to hold in registered form until the end of their term of office;

- resolve, in the event of transactions on the share capital that may occur during the vesting period of the shares awarded, if there are grounds for adjusting the number of shares awarded in order to preserve the rights of beneficiaries and, in this scenario, determine the terms for such adjustment;
- increase the capital, if the award relates to new shares, through capitalization of the Company's reserves or share premiums if required at the time when the shares vest to beneficiaries, to set the settlement date for new shares, and to amend the bylaws accordingly;
- complete all formalities and, generally, take all necessary and appropriate measures in connection therewith.

This authority has not been used.

3.3.3.3. Summary Tables

3.3.3.3.1. Stock option or stock subscription plans

Table 8 AMF Definitions

History of the awards of stock warrants or stock options

Extraordinary Shareholders' Meeting of April 19, 2006

Plan 1

Date of meeting of the Board of Directors	Wednesday, April 19, 2006
Total number of shares that may be purchased	95,500
Start of option exercise period	Saturday, April 19, 2008
Expiration date	April 19, 2016
Purchase price	€44.23 per share
Exercise methods	-
Number of shares purchased as of the date of this Registration Document	-
Aggregate number of shares cancelled or void	83,900
Number of options at the fiscal year-end	11,600

3.3.3.3.2. Bonus Share Plan

2009 Bonus Share Plan

Plan 2009

Date of the Extraordinary Shareholders' Meeting authorizing the planned awards	April 09, 2009
Number of shares available for allotment	220,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	July 8, 2009
Number of beneficiaries	16
Number of bonus shares allotted at July 8, 2009	143,515
End of vesting period/Share transfer date	July 9, 2011
Lock-in period	2 years
End of lock-in period	July 9, 2013
<i>number of shares awarded to Corporate Officers on July 8, 2009</i>	-
<i>o/w number of shares vested</i>	108,817
<i>number of shares void</i>	34,698
Tranche 2 – Date of the Board of Directors' meeting awarding the shares	January 20, 2010
Number of beneficiaries	30
Number of bonus shares awarded on January 20, 2010	58,000
End of vesting period/Share transfer date	January 21, 2012
Lock-in period	2 years
End of lock-in period	January 21, 2014
<i>number of shares awarded to Corporate Officers on January 20, 2010</i>	-
<i>o/w number of shares vested</i>	55,000
<i>number of shares void</i>	3,000
Tranche 3 – Date of the Board of Directors' meeting awarding the shares	February 17, 2011
Number of beneficiaries	14
Number of bonus shares awarded on February 17, 2011	36,000
End of vesting period/Share transfer date	February 18, 2013
Lock-in period	2 years
End of lock-in period	Wednesday, February 18, 2015
<i>number of shares awarded to Corporate Officers on February 17, 2011</i>	-
<i>o/w number of shares vested</i>	34,000
<i>number of shares void</i>	2,000
Tranche 4 – Date of the Board of Directors' meeting awarding the shares	January 17, 2012
Number of beneficiaries	21
Number of bonus shares awarded on January 17, 2012	20,000
End of vesting period/Share transfer date	January 18, 2014
Lock-in period	2 years
End of lock-in period	January 18, 2016
<i>number of shares awarded to Corporate Officers on January 17, 2012</i>	-
<i>o/w number of shares vested</i>	19,000
<i>o/w number of shares void^(a)</i>	1,000

(a) At the date of this document, the number was unchanged compared to November 30, 2013.

2012 Bonus Share Plan

Plan 2012

Date of the Extraordinary Shareholders' Meeting authorizing the planned awards	Thursday, April 19, 2012
Number of shares available for allotment	100,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	January 22, 2013
Number of beneficiaries	40
Number of bonus shares awarded on January 22, 2013	35,800
End of vesting period/Share transfer date	January 23, 2015
Lock-in period	2 years
End of lock-in period	January 23, 2017
<i>number of shares allotted to Corporate Officers</i>	-
<i>o/w number of shares vested</i>	30,100
<i>o/w number of shares void^(a)</i>	5,700

(a) At the date of this document, the number was unchanged compared to November 30, 2015.

2014 Bonus Share Plan

Plan 2014

Date of the Extraordinary Shareholders' Meeting authorizing the planned awards	April 11, 2014
Number of shares available for award	200,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	April 11, 2014
Number of beneficiaries	741
Number of bonus shares awarded on April 11, 2014	70,200
End of vesting period/Share transfer date	April 12, 2016
Lock-in period	2 years
End of lock-in period	Wednesday, April 12, 2018
<i>number of shares awarded to Corporate Officers</i>	12,000
<i>o/w number of shares vested</i>	0
<i>o/w number of shares void^(a)</i>	8,500
Tranche 2 – Date of the Board of Directors' meeting awarding the shares	July 7, 2015
Number of beneficiaries	662
Number of bonus shares awarded on April 16, 2015	124,350
End of vesting period/Share transfer date	July 8, 2016
Lock-in period	2 years
End of lock-in period	July 08, 2018
<i>number of shares awarded to Corporate Officers</i>	15,000
<i>o/w number of shares vested</i>	0
<i>o/w number of shares void^(b)</i>	2,350

(a) At the date of this document, there were 7,860 shares as at November 30, 2015.

(b) At the date of this document, there were 1,000 shares as at November 30, 2015.

3.3.4. Stock subscription warrants

The Extraordinary Shareholders' Meeting of December 3, 2007 resolved to immediately issue 721,086 Company stock subscription warrants (SSWs) reserved for 21 group employees and for one Corporate officer.

The SSWs that were held by employees and Corporate Officers who are no longer with the group (i.e., at the date of this Registration Document a total of 599,212 SSWs) were bought by Financière Daunou 10, which decided not to exercise these SSWs and they are now void.

Accordingly, at the date of this Registration Document, only 121,874 SSWs may still be exercised.

The exercise of these 121,874 SSWs could result in a capital increase for a maximum nominal amount of €31,687.76, plus, if applicable, the amount of the additional capital increases necessary to preserve the rights of the SSW holders in the event of new financial transactions.

Each SSW may only be exercised in the event of a "Change in control," as defined in the terms of conditions of the SSW, occurring prior to December 3, 2017.

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4 Assets, Financial Statement and Results at November 30, 2015

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4.1. Consolidated Financial Statements at November 30, 2015

Statement of consolidated comprehensive income

Consolidated income statement

(in € thousands)

	Note	November 30, 2015	November 30, 2014, adjusted ^(a)
Revenues	(4)	1,063,098	1,083,342
Cost of sales		(860,397)	(886,628)
Gross margin		202,701	196,714
Selling expenses	(5B)	(30,652)	(32,467)
Administrative expenses	(6)	(50,313)	(53,770)
Technical and customer service expenses	(7)	(18,310)	(18,375)
Development and program expenses	(8)	(17,740)	(18,437)
Current operating income		85,685	73,664
Other non-recurring income	(9)	831	144
Other non-recurring expenses	(9)	(5)	(817)
Operating income		86,511	72,991
Financial expenses		(5,200)	(968)
Financial income		730	718
Cost of net financial debt	(11)	(4,470)	(250)
Pre-tax income of consolidated companies		82,041	72,741
Income tax	(12)	(24,267)	(25,026)
Net Income of consolidated companies		57,774	47,715
Share of income (loss) of equity affiliates and joint ventures		1,172	2,612
Income (loss) attributable to shareholders		58,946	50,327
Minority interest income (loss)	(21.2)	19,167	12,397
Attributable net income		39,779	37,930
Average number of shares	(13)	20,644,581	20,781,182
Earnings per share	(13)	€1.93	€1.83
Diluted earnings per share	(13)	€1.93	€1.83

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3.).

Consolidated net comprehensive income

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)
Income (loss) attributable to shareholders	58,946	50,327
Change in the gross value of derivative instruments	149	(1,197)
Tax impact on derivative instruments	(51)	412
Gains and losses recognized directly in equity that may be reclassified subsequently to profit and loss	98	(785)
Change in actuarial gains and losses	24	(811)
Tax effect on actuarial gains and losses	(8)	279
Total gains and losses recognized directly through equity that will not be reclassified subsequently to profit and loss	16	-532
Consolidated net comprehensive income	59,060	49,010
Attributable	39,893	37,930
Minority interests	19,167	12,397

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3.).

Statement of consolidated financial position

Assets

(in € thousands)

	Note	November 30, 2015	November 30, 2014, adjusted ^(a)
Goodwill	(14)	68,511	68,511
Intangible Assets	(15.1)	86,605	85,075
Property, plant and equipment	(15.2)	4,663	4,323
Equity affiliates and joint ventures	(16)	5,513	11,376
Other non-current financial assets	(16)	1,247	1,843
Non-current assets		166,539	171,127
Inventories	(17)	329,664	320,540
Accounts receivable	(18)	331,428	336,561
Other receivables	(18)	135,900	176,016
Current tax	(19)	521	589
Cash and cash equivalents	(20)	169,361	149,993
Prepaid expenses	(18)	649	1,437
Current assets		967,523	985,135
Total assets		1,134,062	1,156,262

Equity and liabilities

(in € thousands)

	Note	November 30, 2015	November 30, 2014, adjusted ^(a)
Authorized capital	(21)	5,612	5,612
Reserves related to capital		979	979
Attributable reserves		196,866	192,564
Other reserves		(13,609)	(14,134)
Treasury shares	(21.1)	(16,778)	(15,997)
Attributable net income		39,779	37,930
Attributable shareholders' equity		212,849	206,954
Minority interests	(21.2)	11,068	8,667
Shareholders' equity		223,917	215,621
Non-current provisions	(23)	22,334	21,485
Borrowings and other non-current financial liabilities	(24)	127,833	135,815
Deferred taxes	(19)	40,268	42,303
Non-current liabilities		190,435	199,603
Current provisions	(23)	120	2,168
Borrowings and other current financial liabilities	(24.1)	13,840	12,101
Accounts payable	(25)	613,791	618,202
Other payables	(25)	85,412	95,482
Current tax	(19)	5,301	11,376
Deferred income	(25)	1,246	1,709
Current liabilities		719,710	741,038
Total shareholders' equity and liabilities		1,134,062	1,156,262

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3.).

Statement of cash flows

(in € thousands)

	Note	November 30, 2015	November 30, 2014, adjusted ^(a)
Consolidated net income		58,946	50,327
Share of income (loss) of equity affiliates and joint ventures		(1,172)	(2,612)
Estimated income and expenses		11,291	10,826
Cash flow after cost of financial debt and tax		69,065	58,541
Cost of net financial debt		4,470	250
Tax liability (income)		24,267	25,026
Cash flow before cost of financial debt and tax		97,802	83,817
Tax (paid)/received		(31,195)	(13,434)
Change in Operating Working Capital Requirements	(26)	21,660	(1,245)
Cash flow from operating activities (A)		88,267	69,139
Investment activities			
Acquisition of tangible and intangible assets (net of disposals)		(4,544)	(3,410)
(Acquisition) Repayment of financial assets		445	18,252
Cash flow with equity affiliates and joint ventures		4,994	(518)
Change in the scope of consolidation		(11)	105
Cash flow from investing activities (B)	(26)	884	14,429
Free cash flow		89,151	83,568
Financing activities			
Distributions to minority interests		(16,431)	(16,591)
Buyback of minority interests		(6,325)	260
Buyback of treasury shares, net of re-sales		(1,162)	(6,074)
New loans taken out		-	150,000
Loan repayments		(11,100)	(242,248)
Distributions to shareholders		(28,073)	-
Net financial interest paid		(6,691)	(7,179)
Cash flow from financing activities (C)	(26)	(69,782)	(121,833)
Increase (decrease) in cash (A + B + C)		19,369	(38,265)
Cash at beginning of the period		149,993	188,258
Cash at end of the period		169,361	149,993
Increase (decrease) in cash		19,369	(38,265)
Cash and cash equivalents		169,361	149,993
Credit facilities		(429)	(585)
Interest accrued on cash and cash equivalents		429	585
Cash at end of the period		169,361	149,993

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3.)

Statement of change in consolidated shareholders' equity

(in € thousands)

	Number of shares	Authorized capital	Reserves related to capital	Attribu- table reserves	Other reserves	Treasury shares	Attribu- table net income	Attribu- table share- holders' equity	Minority interests	Total share- holders' equity
November 30, 2013 published	21,584,658	5,612	979	153,155	(13,003)	(10,199)	40,847	177,391	10,811	188,201
Advertising expenses recognized as expenses for the period	-	-	-	(1,249)	-	-	-	(1,249)	(104)	(1,353)
November 30, 2013 restated ^(a)	21,584,658	5,612	979	151,906	(13,003)	(10,199)	40,847	176,142	10,707	186,848
Allocation of profit or loss	-	-	-	40,847	-	-	(40,847)	-	-	-
Actuarial gains (losses)	-	-	-	-	(532)	-	-	(532)	-	(532)
Change in hedging reserves	-	-	-	-	(785)	-	-	(785)	-	(785)
Gains and losses recognized directly in shareholders' equity	-	-	-	-	(1,317)	-	-	(1,317)	-	(1,317)
Net income at November 30, 2014, adjusted ^(a)	-	-	-	-	-	-	37,930	37,930	12,397	50,327
Consolidated net comprehensive income	-	-	-	-	(1,317)	-	37,930	36,613	12,397	49,010
Distributions	-	-	-	-	-	-	-	-	(14,436)	(14,436)
Treasury share transactions	-	-	-	-	(373)	(5,798)	-	(6,171)	-	(6,171)
Share-based payments	-	-	-	-	558	-	-	558	-	558
Other transactions	-	-	-	(448)	-	-	-	(448)	-	(448)
Buyback of minority interests	-	-	-	260	-	-	-	260	-	260
Total transactions with shareholders	-	-	-	(189)	186	(5,798)	-	(5,801)	-	(5,801)
November 30, 2014, adjusted ^(a)	21,584,658	5,612	979	192,564	(14,134)	(15,997)	37,930	206,954	8,668	215,621
Allocation of profit or loss	-	-	-	37,930	-	-	(37,930)	-	-	-
Actuarial gains (losses)	-	-	-	-	16	-	-	16	-	16
Change in hedging reserves	-	-	-	-	98	-	-	98	-	98
Gains and losses recognized directly in shareholders' equity	-	-	-	-	114	-	-	114	-	114
Net income at November 30, 2015	-	-	-	-	-	-	39,779	39,779	19,247	59,026
Consolidated net comprehensive income	-	-	-	-	114	-	39,779	39,893	19,247	59,140
Distributions	-	-	-	(28,072)	-	-	-	(28,072)	(16,847)	(44,919)
Treasury share transactions	-	-	-	-	(218)	(781)	-	(999)	-	(999)
Share-based payments	-	-	-	-	630	-	-	630	-	630
Other transactions	-	-	-	(1,034)	-	-	-	(1,034)	-	(1,034)
Buyback of minority interests	-	-	-	(4,523)	-	-	-	(4,523)	-	(4,523)
Total transactions with shareholders	-	-	-	(5,556)	412	(781)	-	(5,925)	-	(5,925)
November 30, 2015	21,584,658	5,612	979	196,866	(13,608)	(16,778)	39,779	212,849	11,068	223,917

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3.).

4.1.1. Significant events of the period

Acquisition of Concerto Développement

On December 19, 2014, Kaufman & Broad Real Estate, a wholly owned subsidiary of Kaufman & Broad SA, took over control of Concerto Développement, acquiring one of France's leaders in logistics development from Affine, of which Concerto Développement was a subsidiary, for the sum of €4.4 million. Affine will remain a partner of Kaufman & Broad as a minority associate for projects developed until 2018. Goodwill was valued at €5.0 million, was allocated to inventory, and does not take into account the acquired entity's tax losses of €15 million. This group contributes €41.0 million to the consolidated revenues for the period, presented in the Commercial Property and logistics segment (Note 3.1). At November 30, 2015, €2.9 million of the goodwill allocated to inventory had been used up in gross margin.

The net assets acquired from Concerto Développement include essentially inventories of €21.1 million, financial debt for -€14 million, operating debt for -€7.7 million and shareholders' equity for €0.5 million.

Acquisition of the Safaur group

On October 7, 2015, Kaufman & Broad Nantes, a wholly owned subsidiary of Kaufman & Broad SA acquired a 40% stake in Safaur (recognized by the equity accounting method), a property developer in Caen, also covering Côte Normande and Basse Normandie, for €1.4 million. This business combination is in line with Kaufman & Broad's intention to expand its coverage in France by targeting mid-size population areas.

4.1.2. General information

Note 1. Accounting methods and main valuation assumptions

Note 1.1. Information concerning the Company

The Consolidated Financial Statements at November 30, 2015 reflect the transactions of Kaufman & Broad SA and its subsidiaries (the "Kaufman & Broad group" or the "group"), a French company listed on Euronext Paris, Compartment B and having its registered office in Neuilly-sur-Seine (127 Avenue Charles-de-Gaulle, 92207 Neuilly-sur-Seine Cedex).

Kaufman & Broad SA is a subsidiary of Financière Gaillon 8, a company controlled by funds managed by PAI Partners. For more than 50 years, the Kaufman & Broad group has designed, developed and sold Single-family homes in communities, apartments and offices on behalf of third parties. Its size, combined with its strong brand name, have made Kaufman & Broad one of France's leading property developers and builders.

On February 18, 2016, the Board of Directors approved the annual Consolidated Financial Statements at November 30, 2015 and the related notes.

Note 1.2. Basis for the preparation of the financial statements

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, the Kaufman & Broad group prepared its 2015 Consolidated Financial Statements in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB), as adopted by the European Union and rendered mandatory at the closing date of these financial statements.

These standards, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_en.htm), include the international accounting standards (IAS and IFRS) and the interpretations of IFRIC (the International Financial Reporting Interpretations Committee).

The accounting methods described below have been applied continuously to all the periods presented in the Consolidated Financial Statements, except for the new standards and interpretations described below.

The consolidation based on the financial statements at November 30 includes almost all the Company's businesses. Some equity affiliates have a different closing date and are included on the basis of interim financial statements at November 30, representing 12 months of operations, since their contribution is not material.

The Consolidated Financial Statements and the accompanying notes are denominated in euros.

Note 1.2.1. Standards and interpretations

The accounting principles used to prepare the Consolidated Financial Statements at November 30, 2015 are identical to those used for the financial year ended November 30, 2014, with the exception of the first-time application of the standards described in Section 1.2.1. with mandatory application in the financial year beginning December 1, 2014 and the change in method described in Section 1.2.3.

Standards, interpretations and amendments with mandatory application to the financial year beginning December 1, 2014

No new standard or interpretation whose application is mandatory for financial year beginning December 1, 2014 had any material impact on the Kaufman & Broad group's financial statements.

These standards are as follows:

Standards	Date of application to periods beginning on or after
IFRS 10 – Consolidated Financial Statements and amendments	January 1, 2014
IFRS 11 – Joint Arrangements and amendments	January 1, 2014
IFRS 12 – Disclosure of Interests in Other Entities and amendments	January 1, 2014
IAS 28 revised – Investments in Associates and Joint Ventures	January 1, 2014
IAS 27 – Separate Financial Statements	January 1, 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition guidance	January 1, 2014
Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities	January 1, 2014
Amendments to IAS 36 – Recoverable Amounts Disclosure for Non-financial Assets	January 1, 2014
Amendments to IAS 39 – Derivatives and Hedge Accounting	January 1, 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities	January 1, 2014
IFRIC 21 – Levies ^(a)	June 17, 2014

(a) The date of application planned by the European Union is June 17, 2014, with the possibility of early application at January 1, 2014.

Standards and interpretations effective after the balance sheet date

Subject to final adoption by the European Union, the standards, amendments to standards, and interpretations published by the IASB and presented below must be applied after Monday, November 30, 2015:

Standards	Date of application to periods beginning on or after
IFRS 9 – Financial Instruments: Classification and measurement and amendments ^(b)	January 1, 2018
Annual improvements (cycle 2011-2013) ^(a)	January 1, 2015
Annual improvements (cycle 2010-2012) ^(a)	February 1, 2015
Amendment to IAS 19 – Employee Benefits ^(a)	February 1, 2015
Annual improvements (2012-2014 cycle) ^(c)	January 1, 2016
Amendments to IAS 16 and IAS 38 – Methods of depreciation and amortization ^(c)	January 1, 2016
Amendments to IFRS 10 and IAS 28 – Sales or contributions of assets between an investor and its associate or joint venture ^(c)	January 1, 2016
Amendments to IFRS 11 – Acquisition of an interest in a joint operation ^(c)	January 1, 2016
Amendments to IAS 27 – Equity method in separate financial statements ^(c)	January 1, 2016
IFRS 14 – Regulatory Deferral Accounts ^(c)	January 1, 2016
IFRS 15 – Revenue from contracts with customers ^(c)	January 1, 2017
Amendment to IAS 1 – Presentation of financial statements ^(c)	

(a) The application date planned by the European Union is January 1, 2015, with the possibility of early application at January 1, 2014.

(a') The application date planned by the European Union is February 1, 2015, with the possibility of early application at July 1, 2014.

(b) The adoption process for this standard published by the IASB has been suspended by the European Union.

(c) This standard issued by the IASB has not yet been adopted by the European Union.

The Kaufman & Broad group has not adopted any of these new standards or interpretations in advance and does not anticipate any significant impact on its financial statements when they are applied because the proportional method of consolidation was abandoned at the time of the transition to the IFRS standards.

Note 1.2.2. Use of estimates and assumptions

In order to prepare the group's financial statements, the management of Kaufman & Broad is required to make estimates and assumptions for items in the financial statements that cannot be valued precisely.

These estimates and assumptions are based on past experience, on the expected changes in the markets in which the group operates or on other factors considered reasonable given the circumstances. These assessments have an effect on the amounts of income and expenses, and on the book value of assets and liabilities.

The estimates and assumptions primarily concern:

- earnings forecasts for the real-estate programs used to recognize percentage of completion transactions (Notes 1.11. "Trade and other receivables" and Note 4 "Revenues and gross margin");
- the business plans used to perform impairment tests on goodwill and other intangible assets (Notes 14 "Goodwill" and 15.1. "Net intangible assets").

The sales price and take-up rate assumptions based on earnings forecasts for real estate developments, and the actual budget results for the medium-term provisional budgets used for such purposes, may be impacted by the economic environment and regulatory changes, particularly government tax incentives.

Note 1.2.3. Change in accounting method for the marketing costs of the sales offices and model home areas

The 2014 consolidated financial statement of the Kaufman & Broad group were restated following a change in accounting method.

This change in accounting method relates to the recognition under operating expenses of the marketing costs of sales offices and model areas previously recognized under cost of sales.

This change in accounting method in the Consolidated Financial Statements enables the recognition of these expenses to be aligned with the accounting rules applied in the statutory financial statements in accordance with regulation ANC No. 2012-05 amending Article 380-1 of the PCG, which provides that advertising expenses are excluded from the expenses relating to long-term contracts, and to harmonize accounting practices among companies active in the same area of business.

These adjustments have primarily affected the gross margin (Note 4), marketing costs (Note 5B), income tax (Note 12), inventories (Note 17) and shareholders' equity.

Consolidated income statement

(in € thousands)

	November 30, 2014, reported	Impact of the change in method	November 30, 2014, adjusted ^(a)
Revenues	1,083,342	-	1,083,342
Cost of sales	(889,070)	2,443	(886,628)
Gross margin	194,272	-	196,714
Selling expenses	(29,243)	(3,224)	(32,467)
Administrative expenses	(53,770)	-	(53,770)
Technical and customer service expenses	(18,375)	-	(18,375)
Development and program expenses	(18,437)	-	(18,437)
Other expenses	-	-	-
Other income	-	-	-
Current operating income	74,446	(782)	73,664
Other non-recurring income	144	-	144
Other non-recurring expenses	(817)	-	(817)
Operating income	73,773	-782	72,991
Financial expenses	(968)	-	(968)
Financial income	718	-	718
Cost of net financial debt	(250)	-	(250)
Pre-tax income of consolidated companies	73,524	-782	72,741
Income tax	(25,295)	268	(25,026)
Net Income of consolidated companies	48,229	-514	47,715
Share of income (loss) of equity affiliates and joint ventures	2,586	26	2,612
Income (loss) attributable to shareholders	50,815	-487	50,327
Minority interest income (loss)	12,373	24	12,397
Attributable net income	38,442	-511	37,930

(a) Financial statements adjusted following a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Statement of consolidated financial position

Assets

(in € thousands)	November 30, 2014, reported	Impact of the change in method	November 30, 2014, adjusted ^(a)
Goodwill	68,511	-	68,511
Intangible Assets	85,075	-	85,075
Property, plant and equipment	4,323	-	4,323
Equity affiliates and joint ventures	11,314	62	11,376
Other non-current financial assets	1,843	-	1,843
Non-current assets	171,065	62	171,127
Inventories	323,119	(2,580)	320,540
Accounts receivable	336,561	-	336,561
Other receivables	176,016	-	176,016
Current tax	589	-	589
Cash and cash equivalents	149,993	-	149,993
Prepaid expenses	1,437	-	1,437
Current assets	987,715	-2,580	985,135
Total assets	1,158,780	-2,518	1,156,262

Equity and liabilities

(in € thousands)	November 30, 2014, reported	Impact of the change in method	November 30, 2014, adjusted ^(a)
Authorized capital	5,612	-	5,612
Reserves related to capital	979	-	979
Attributable reserves	193,813	(1,249)	192,564
Other reserves	(14,134)	-	(14,134)
Treasury shares	(15,997)	-	(15,997)
Attributable net income	38,442	(512)	37,930
Attributable shareholders' equity	208,715	(1,761)	206,954
Minority interests	8,748	(81)	8,667
Shareholders' equity	217,463	(1,842)	215,621
Non-current provisions	21,485	-	21,485
Borrowings and other non-current financial liabilities	135,815	-	135,815
Deferred taxes	43,227	(924)	42,303
Non-current liabilities	200,527	(924)	199,603
Current provisions	2,168	-	2,168
Other current financial liabilities	12,101	-	12,101
Accounts payable	617,953	248	618,202
Other payables	95,482	-	95,482
Current tax	11,376	-	11,376
Deferred income	1,709	-	1,709
Current liabilities	740,790	248	741,038
Total shareholders' equity and liabilities	1,158,780	(2,518)	1,156,262

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales.

Note 1.3. Options available under the accounting standards and used by the Kaufman & Broad group

Certain IASB accounting standards provide for options with regard to the valuation and recognition of assets and liabilities. Accordingly, the group has opted:

- for the valuation method based on the amortized historic cost of property, plant and equipment and intangible fixed assets at each closing date (IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets").

Note 1.4. Consolidation methods

Scope

The Consolidated Financial Statements include the financial statements of the parent company as well those, consolidated in accordance with the methods described below, of entities controlled by the parent (subsidiaries), of jointly controlled entities (joint ventures), as well as entities over whose management and financial policies the group has significant influence (equity affiliates).

In accordance with the new IFRS 10, the subsidiaries are all controlled entities. Control, whatever the level of interest held in an entity, results from the following three components: holding the power to direct the business activities (operational and financial activities); exposure or entitlement to the variable returns associated with the equity interest; and the ability to exercise this power in order to influence these returns. Only substantial rights, as conferred by shareholder agreements, which may be exercised when decisions on key business activities must be taken and which are not purely protective, are taken into account when determining power.

The joint ventures are partnerships in which the group and the other parties involved have joint control, agreed contractually, over the entity and have rights over the latter's net assets. Decisions concerning key business activities are subject to a unanimous vote of Kaufman & Broad and its joint venture partners.

The equity affiliates are entities over which the group exercises significant influence: Kaufman & Broad is entitled to participate in financial and operating policy decisions, without however exercising joint control or control. Significant influence is assumed to exist when the group holds, directly or indirectly, an equity interest of, or greater than, 20%.

Consolidation methods

The group applies the following consolidation methods:

The subsidiaries in which the Kaufman & Broad group exercises control are consolidated using the Full Consolidation method. The accounts are fully consolidated, line item by line item. Within the consolidated shareholders' equity, the share of minority interests in the shareholders' equity of the consolidated subsidiaries is presented as a separate line, as it is in the income statement and statement of comprehensive income. Any change in Kaufman and Broad's equity interest in a subsidiary that does not result in a loss of control is recognized directly in the shareholders' equity.

The joint ventures and equity affiliates are recognized using the equity accounting method. This method consists in retaining in the consolidated accounts only that proportion of shareholders' equity which corresponds to the percentage held by the group. If the group's share in the losses of an entity accounted for by the Equity method exceeds its equity interest in the latter, then the group's share is reduced to zero. Additional losses are subject to a provision if the group has a statutory or implied obligation in this regard.

Note 1.5. Business combinations and goodwill

In the event of a takeover, the identifiable assets, liabilities and contingent liabilities of the entity acquired that satisfy IFRS recognition requirements are generally recognized at the fair value determined on the acquisition date. For partial acquisitions, minority interests may either be recognized at their share of the fair value of the assets and liabilities acquired, or assessed at their fair value. This choice is made on a transaction-by-transaction basis.

In accordance with the provisions of the standard, the costs associated with business combinations are recognized as expenses for the period during which they were incurred.

Goodwill is determined once, on the takeover date (the concept that goodwill is unique). The allocation of the purchase-price is finalized during the valuation period, i.e. twelve months from the takeover date. The impact of subsequent percentage changes not affecting control is recognized in the shareholders' equity. Debt indexed to a price adjustment clause is recognized at fair value starting from the acquisition date. Any adjustments to the fair value of the debt are recognized in the net income.

Note 1.6. Intangible assets

Intangible assets mainly include the valuation of the Kaufman & Broad brands and logos. The life of these assets is undetermined and is therefore not amortized, but is subject to impairment testing annually or as soon as there is indication of impairment.

Other intangible assets consist of design costs and software, which are recognized at their acquisition or production cost, and are amortized using the straight line method over the useful life, which generally does not exceed five years.

Research and Development costs

For the Kaufman & Broad group, development costs comprise the expenses associated with real estate (commitments on projects for which a commitment to buy the land has been signed) and are treated as inventory, as an element of the cost price, when it is probable that the program will be developed.

Note 1.7. Property, plant and equipment

Property, plant and equipment are recognized at their acquisition cost.

Depreciation expenses are calculated on the basis of the rate of consumption of the economic benefits expected per asset on the basis of the acquisition cost less a residual value, where applicable.

In this respect, the straight-line method is generally applied over the following periods:

- fittings, fixtures, facilities: 10 years;
- construction equipment: 5 years;
- transportation equipment: 5 years;
- office equipment: 5 years;
- office furniture: 10 years;
- IT equipment: 3 years.

The assets available to the Kaufman & Broad group under a financial lease agreement, which are primarily IT equipment, are treated as if they had been acquired on credit and are depreciated on a straight-line basis over the period indicated above.

Payments under operating leases are recognized as expenses until termination of the lease.

Commitments under operating leases (and sub-leases) are shown in off-balance sheet commitments.

Note 1.8. Impairment of non-current assets

Cash Generating Units

Cash Generating Units (CGUs) are homogeneous groups of assets, the continuous use of which generates cash inflows that are largely independent of the cash inflows generated by other groups of assets. The CGUs selected by the Kaufman & Broad group are as follows (full list):

- Kaufman & Broad Paris;
- Kaufman & Broad Île-de-France;
- Kaufman & Broad Sud-Ouest;
- Résidences Bernard Teillaud;
- Kaufman & Broad Normandie;
- Kaufman & Broad Rhône-Alpes;
- Kaufman & Broad Méditerranée;
- Kaufman & Broad Nantes;
- Kaufman & Broad Pyrénées-Atlantiques;
- Kaufman & Broad Côte d'Azur;
- Kaufman & Broad Bretagne;
- Kaufman & Broad Flandres;
- Kaufman & Broad Immobilier d'Entreprise et Logistique;
- Kaufman & Broad Est.

Impairment testing

For goodwill and intangible assets with an undetermined useful life, impairment tests are carried out a minimum of once a year in order to ensure that the net book value of the goodwill and the non-amortizable intangible assets allocated to each CGU or group of CGUs is at least equal to the recoverable value.

Fixed assets (property, plant and equipment and intangible) are subject to impairment when, because of events or circumstances during the relevant period (obsolescence, physical deterioration, significant changes in the method of use, performance below forecasts, decrease in income, and other external factors, etc.), their recoverable value appears to be permanently lower than their net book value.

Impairment tests are carried out per asset group (Cash Generating Unit) by comparing their recoverable value and their net book value.

The need to recognize an impairment is assessed by comparing the book value of the assets and liabilities of the CGUs and their recoverable value. The recoverable value is the higher of the net fair value of the exit costs, and the value in use.

The net fair value of the exit costs is determined as the best estimate of the sale value net of the exit costs for a transaction made at arm's length between informed and willing parties. This estimate is determined on the basis of available market information, taking into account specific situations.

The value in use adopted by the Kaufman & Broad group corresponds to the aggregate discounted free cash flows generated over a five-year period, with a terminal value.

Note 1.9. Equity affiliates and joint ventures

The book value of equity affiliates and joint ventures corresponds to the share of net equity held. For the development business, this item includes capital and similar investments, i.e. the current account advances made by the group in order to finance programs.

Note 1.10. Inventories

"New projects" are programs that have not yet been developed. These projects are valued at cost and include reservation indemnities for the acquisition of land, design fees, land development costs and all the other costs incurred in connection with the projects.

On each accounting period end date, the part of these costs incurred in respect of projects for which contracts for purchase of land have not been signed and which are unlikely to be developed in the near future, is expensed.

Inventories of programs under development are valued at cost. This cost includes the land acquisition price and related fees, taxes, the cost of roads and infrastructure, the cost of construction and development of the model home areas, land expenses, as well as the fees and commissions inherent in the agency agreements executed by Kaufman & Broad in order to sell the real estate programs.

IAS 2 provides for the recognition of indirect fixed expenses in inventories, insofar as such expenses are clearly identifiable and can be allocated. These expenses must be integrated into the inventories by using systematic and rational methods applied in a consistent and ongoing manner to all costs with similar characteristics.

Indirect fixed expenses (salaries, payroll expenses and other expenses), for the portion directly allocable to real estate programs and incurred after a contract to purchase the land has been signed, should be included in inventories when they are related to the land, technical and general administration departments, and essentially consist of expenses related to development, works supervision, project management and after-sales management.

Since the group does not have management tools to identify and measure these costs in accordance with the IFRS criteria, they are expensed as indirect fixed costs.

Provisions are set up to cover foreseeable losses, which are valued on the basis of an analysis of the economic data and financial forecasts specific to each project.

Note 1.11. Trade and other receivables

Accounts receivable are receivables arising from the recognition of revenues in accordance with the completion of the programs. Accounts receivable include the following:

- calls for payments, made to customers at various stages of the works, in accordance with regulations in force, that are still unpaid;
- the time lag that may exist between the calls for payments and the actual percentage-of-completion recorded at the period-end.

This time lag generates most of these receivables; these receivables are not yet payable.

Accounts receivable are measured at nominal value, after deducting the impairment charges recognized when the realizable value of the amounts due is less than the book value.

Note 1.12. Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and cash equivalents as defined by IAS 7. These are short-term investments, generally for less than three months, readily convertible into a known amount of cash and not subject to any material risk of change in value; they are denominated in euros (primarily money-market SICAVs and mutual funds and certificates of deposit).

At each period-end date, short-term investments are marked to market and any difference is booked through income.

Note 1.13. Prepaid expenses

Prepayments are primarily related to rent and other maintenance expenses.

Note 1.14. Treasury shares

Purchases of treasury shares are applied against shareholders' equity on the basis of their acquisition cost. The amounts of gains and losses on the sale of treasury shares, net of tax, are posted to consolidated retained earnings.

Note 1.15. Payments in shares

Under IFRS 2 "Share-based Payment", stock options and stock warrants, offers reserved for employees and bonus awards of Kaufman & Broad shares granted to group employees and Corporate Officers are valued at the date of the award.

The group values benefits awarded to employees on the basis of their fair value on the date of allocation of the rights. The value of stock options, stock warrants and bonus shares is determined on the basis of the exercise price and term of the option, the current price of the underlying shares, the expected volatility in the share price, the dividends anticipated on the shares, the likelihood of exercise of the option and the risk-free rate of interest for the term of the option. This value is posted to general and administrative expenses on a straight-line basis between the award date and the exercise date of the options or the date of availability of the shares, with a direct contra entry posted to shareholders' equity.

Note 1.16. Current and non-current provisions

Provisions are recognized if, at the end of the year, the group has an obligation to a third party resulting from a past event, the settlement of which is expected to result for the Company in an outflow of resources representing economic benefits.

Where applicable, such outflows of resources may be discounted.

This obligation may be statutory, regulatory or contractual in nature. It may also result from the group's practices or from public commitments that created a legitimate expectation from the third parties concerned regarding the assumption of certain liabilities by the group.

The estimate of the amount included as a provision corresponds to the resource outflow that the group will probably have to suffer in order to extinguish its obligation. If no reliable estimate of such amount can be made, then no provision is recognized. The liability is then contingent.

Contingent liabilities are potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of uncertain future events not under the Company's control, or from current obligations resulting from past events, but which are not recognized because either it is unlikely that an outflow of resources representing economic benefits will be required to extinguish the obligation or because the amount of the obligation cannot be determined with sufficient reliability. These liabilities are disclosed in Note 27.3. "Contingent assets and liabilities".

Non-current provisions primarily include the following:

- a provision for risks with respect to certain equity affiliates;
- provisions for commercial and legal risks;
- provisions for tax risks;
- and employee benefits.

The group has no commitments other than the retirement benefits that are provisioned in the group's Consolidated Financial Statements.

This provision is valued by an independent expert.

The actuarial method used is the projected units of credit method. This method consists in evaluating, for each employee, the amount of the bonus corresponding to the projected salary at the end of the career, and to the rights applied to the seniority vested on the valuation date. The amount of the bonus, thus valued, is discounted and tested for probability using the mortality table and the employee turnover table.

Actuarial differences are fully and directly recognized in shareholders' equity over the course of the period in which they arise.

Note 1.17. Financial liabilities

Financial liabilities are classified into two categories and include:

- borrowings at the amortized cost;
- financial liabilities recognized at fair value in the income statement.

Current and non-current borrowings and financial liabilities

Borrowings and other financial liabilities consist primarily of the syndicated lines of credit. These borrowings are initially assessed at fair value and then at amortized cost, calculated by using the Effective Interest Rate (EIR).

Transaction costs that are directly attributable to the acquisition or the issuance of a financial liability, are deducted from this financial liability. These costs are then amortized over the life of the liability using the EIR method.

The Effective Interest Rate is the rate that discounts the expected future outflow of cash until maturity, or until the date closest to the re-fixing of the price to the market rate at the current net book value of the financial liability. This calculation includes all commissions paid or received between the parties to the agreement.

The portion of the financial debt maturing in less than one year is shown as current liabilities.

Trade payables and other accounts payable

Because of their short-term nature, the book values stated in the Consolidated Financial Statements are reasonable estimates of their market value.

Derivative financial instruments

The Kaufman & Broad group is exposed to market risk, in particular to interest rate risk. To manage this risk, the group uses a number of derivative financial instruments.

Derivatives are marked to market. Changes in the fair value of derivatives are recognized as a contra in the income statement, except in cases of hedging as indicated below.

Cash flow hedging instruments

The group uses only future cash flow hedging instruments:

- the hedging of cash flows consists in covering exposure to changes in cash flows attributable to the specific risk associated with a recognized asset or liability, or with an anticipated transaction (e.g. interest flows on floating-rate debt) where such risk would affect the reported net income;
- the effective portion of the change in fair value of the hedging instrument is directly offset against shareholders' equity. The change in the value of the ineffective portion of the hedging instrument is recognized as a profit or loss in financial income. The amounts recorded as shareholders' equity are shown in the income statement, in the same way that hedged assets and liabilities are recognized.

Note 1.18. Fair value of financial instruments

Assessments at fair value measurements are detailed by level, in accordance with the following fair-value hierarchy:

- the instrument is traded on an active market (level 1);
- the assessment uses valuation measurement techniques based on directly (price) or indirectly (derivatives of the price) observable data (level 2);
- at least one significant component of the fair value is based on non-observable data (level 3).

The fair value of financial instruments traded on active markets is based on the price quoted on the closing date of the financial

statements. A market is considered to be active if prices are readily and regularly available from an Exchange, from traders, from brokers, from an appraiser or from a regulatory agency and these prices are based on normal transactions. These instruments are classified as Level 1.

The fair value of financial instruments not quoted on an active market (for example, over-the-counter derivatives) is determined through the use of valuation techniques. These different methods make maximum use of observable market data, if available, and are only slightly based on the group's own estimates. If all the factors required for the fair value calculation are observable, this instrument is classified as Level 2.

If one or more of the main constituents of the calculation are not based on observable market data, the instrument is classified as Level 3.

Note 1.19. Deferred taxes

Deferred taxes are recognized when there are timing differences between the book values of the assets and liabilities and their tax bases, and on tax losses, according to the variable carry forward method. Deferred tax assets are recognized only when their recovery is probable.

IAS 12 requires, in particular, the recognition of deferred tax liabilities relating to all intangible assets recognized at the time of a business combination (trademarks, etc.).

Deferred tax assets and liabilities are not discounted.

The group does not currently recognize any tax expense regarding that portion of income attributed to holders of minority interests in transparent companies, given their tax status.

The main impacts on deferred tax are as follows:

- the application of the percentage of completion method for the determination of the margin on operations;
- the elimination of internal services;
- the deductibility of certain items of goodwill for tax purposes;
- timing differences relating to provisions for liabilities and charges;
- the Company recognizes its tax assets when they are recoverable, because of either tax policies or income projections.

Note 1.20. Statement of consolidated comprehensive income

As permitted by IAS 1 "Presentation of Financial Statements", the Kaufman & Broad group presents the income statement by function. The group applied CNC Recommendation 2009-R-03 of July 8, 2009 for the presentation of the income statement.

The identification of the cost of goods sold makes it possible to determine gross margin, which is an intermediate sub-total defined by the Kaufman & Broad group, in accordance with IAS 1, Section 83.

Operating income corresponds to net income before:

- financial income;
- financial expenses;
- current and deferred taxes;
- share of income (loss) of equity affiliates;
- income or loss from operations discontinued or held for sale.

Revenue recognition

The group markets all its development projects under the sale before completion (VEFA) scheme.

With the sale-before-completion contract, lawmakers have given real estate developers the option to call for the clients' funds in accordance with the percentage completion of programs, a payment schedule determined by law, while giving clients a Performance Bond. The clients' cumulated payments may not exceed 35% of the price upon completion of the foundations, 70% upon boxing up and 95% upon completion of the building. This contract makes the buyer the owner of the land and building progressively as its construction is completed.

Revenues are recognized in accordance with the IAS 18 "Revenue" standard and in accordance with the methods of IAS 11 "Construction Contracts" as regards recognition on the basis of the percentage of completion, i.e. proportionally to technical completion, the starting point of which is the acquisition of the land and the commercial completion (execution of the deeds of sale) of each program.

The revenues and margin are recognized as the works are completed, based on project forecasts and in accordance with the following rule: revenues recognized for a given program are equal to the product of the cumulated revenues from the lots for which a deed of sale has been signed, multiplied by the ratio between the amount of the land expenses and the construction expenses incurred by the group in respect of said program and the total budget of the program's expenditures.

The forecasts used were completely re-examined every quarter and, to the best of the general management's knowledge, they take account of expected changes in sales prices and in the cost of marketing and construction.

The net income (loss) is attributed to the owners of the parent company and to minority interests, even if this results in a loss for minority interests.

Minority interests include all income and expenses attributable to the minority shareholders of the companies held in partnership and fully consolidated.

Note 1.21. Earnings per share

The group discloses earnings per share and diluted earnings per share.

Earnings per share are calculated by dividing the net income of the financial year attributable to the group's shareholders by the average number of shares of common stock outstanding during the financial year.

Diluted earnings per share are calculated according to the share purchase method. They are calculated on the basis of the net income attributable to the group's shareholders, corrected for the financial costs of the dilutive instruments, net of the corresponding tax effect.

The number of shares used for the calculation of diluted earnings takes into account the conversion into shares of common stock of the dilutive instruments outstanding at the close of the period.

In order to ensure the comparability of the earnings per share presented, the weighted average numbers of shares outstanding during the financial year and during earlier years are adjusted if there has been a capital increase made at a price lower than the market price.

The treasury shares held by the Company and deducted from consolidated shareholders' equity are not included in the calculation of net earnings per share.

Note 1.22. Statement of cash flows

The cash flow statement is presented in accordance with IAS 7 and CNC Recommendation 2009-R-03.

The group's cash position, the changes in which are analyzed in the cash flow statement, is defined as the net change in the following balance sheet items:

- cash and cash equivalents;
- credit facilities;
- interest accrued on cash and cash equivalents.

Note 1.23. Off-balance sheet commitments

The summary of the group's contractual obligations and commercial commitments is provided in Note 27.

Note 1.24. Financial indicators

Definition of the main financial indicators.

Note 1.24.1. Gross margin

This indicator is the difference between revenues and the cost of goods sold. The gross margin rate is the margin-to-revenues ratio.

Note 1.24.2. EBITDA

This indicator is equal to the net income, corrected for net amortization, depreciation and provisions, Corporate income tax, the cost of net financial debt, of other financial expenses, of impairment losses, if any, of capital gains or losses on disposal of non-current assets, of non-recurring income and expenses, of the income of companies accounted for by the Equity method and of other calculated expenses.

Note 1.24.3. Free cash flow and cash flow from operations

Free cash flow is equal to cash flow from operations, less the net operating investments made during the period.

Cash flow after the cost of financial debt and taxes is equal to the consolidated net earnings adjusted for the portion of net earnings of equity affiliates, joint ventures and the earnings of discontinued operations and for the income and calculated expenses.

Note 1.24.4. Financial debt

See Note 24. "Borrowings and other financial liabilities".

Note 2. Scope of consolidation

The Consolidated Financial Statements of the Kaufman & Broad group at November 30, 2015 include the financial statements of 257 companies, 215 of which are fully consolidated companies and 42 are recognized by the equity accounting method.

The main companies within the group are as follows:

Corporate Name	Legal structure	Capital	% controlled by the group	Consolidation method ^(a)
Kaufman & Broad Financement	SNC	3,040,500	100.00%	FC
Kaufman & Broad Homes	SAS	2,247,403	100.00%	FC
Kaufman & Broad Développement	SAS	152,449	100.00%	FC
Kaufman & Broad Europe	SAS	221,440,548	100.00%	FC
Kaufman & Broad Nantes	SARL	100,000	100.00%	FC
Kaufman & Broad Rénovation	SAS	160,000	100.00%	FC
GIE Kaufman & Broad	Intercompany partnership	-	100.00%	FC
Kaufman & Broad Immo	SNC	1,000	100.00%	FC
SMCI Développement SAS	SAS	762,245	100.00%	FC
Kaufman & Broad Méditerranée	SARL	100,000	100.00%	FC
Kaufman & Broad Normandie	SARL	100,000	100.00%	FC
Kaufman & Broad Savoie	SARL	100,000	100.00%	FC
Kaufman & Broad Rhône-Alpes	SARL	1,300,000	100.00%	FC
Kaufman & Broad Pyrénées-Atlantiques	SARL	100,000	100.00%	FC
Kaufman & Broad Provence	SARL	100,000	100.00%	FC
Kaufman & Board Midi-Pyrénées	SARL	2,858,910	100.00%	FC
Kaufman & Broad Gironde	SARL	100,000	100.00%	FC
Kaufman & Broad Flandres	SARL	7,700	100.00%	FC
Show Room	SNC	457,347	100.00%	FC
Kaufman & Broad Côte d'Azur	SARL	100,000	100.00%	FC
Kaufman & Broad Real Estate	SAS	205,280	100.00%	FC
Kaufman & Broad Promotion 1	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 2	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 3	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 4	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 5	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 6	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 7	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 8	SNC	1,000	100.00%	FC
Kaufman & Broad Promotion 9	SNC	1,000	100.00%	FC
Résidences Bernard Teillaud	SARL	840,000	100.00%	FC
Coté Bassin	EURL	37,000	100.00%	FC
SM2I	SARL	1,000,000	100.00%	FC
Concerto Développement	SAS	500,000	99.60%	FC
Kaufman & Broad Languedoc-Roussillon	SARL	100,000	100.00%	FC
SAS Safaur	SAS	200,000	40.00%	EM

(a) FC = Full Consolidation, EAM = Equity Accounting Method.

Listed below are the main real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs), which are special purpose vehicles each of which supports a real estate program with revenues, calculated on the basis of the percentage-of-completion method, that exceed €1 million in 2015.

Corporate Name	Legal structure	Capital	% controlled by the group	Consolidation method ^(a)
SCCV COLOMBES MARINE LOT A	SCCV	1,000	10.00%	EM
SCCV COLOMBES MARINE LOT B	SCCV	1,000	10.00%	EM
SCI PARIS - 142 Avenue Paul Vaillant Couturier	SCI	1,000	100.00%	FC
SCCV BAGNEUX – PAUL ELUARD	SCCV	1,000	49.00%	EM
SCCV Bagneux – Fontaine Gueffier	SCCV	1,000	51.00%	FC
SCI PARIS – 31 Av.Mendes France	SCI	1,000	100.00%	FC
SCI Boulogne – 8 rue de Meudon	SCI	1,000	100.00%	FC
SCCV Bagneux – Fontaine Gueffier II	SCCV	1,000	49.00%	EM
SCI Saint-Raphaël – Allées Victoria	SCI	1,000	90.00%	FC
SCI CLICHY – 5 BD VICTOR HUGO	SCI	1,000	100.00%	FC
SNC Carros Lou Plan	SNC	50,000	100.00%	FC
SCI PUTEAUX 148 RUE DE LA REPUBLIQUE	SCI	1,500	51.00%	FC
L'Hay Les Roses – Sentier des Jardins	SCI	1,000	51.00%	FC
Aix la Duranne – Quartier de la Duranne haute – T1	SCI	1,000	49.00%	FC
Aix la Duranne – Quartier de la Duranne haute – T2	SCI	1,000	49.00%	FC
Aix la Duranne – Quartier de la Duranne haute – T3	SCI	1,000	49.00%	FC
SCI Sainte-Maxime-L'ALTHEA	SCI	10,000	90.00%	FC
SCI ROMAINVILLE – 98/104 Rue de la République	SCI	1,000	55.00%	FC
SCI ROUSSET – La Charmeraie	SCI	1,000	90.00%	FC
SCCV PERTUIS – LES FESTONS	SCCV	1,500	90.00%	FC
SCI MARSEILLE 10 ^e – 121 BD de Saint Loup	SCI	1,000	100.00%	FC
SCCV MARTIGUES ISABELLA	SCCV	1,500	90.00%	FC
SCCV MANOSQUE – LA MARQUISE	SCCV	1,500	90.00%	FC
SCCV LE METROPOLITAIN	SCCV	1,500	51.00%	FC
SCI MONTFERMEIL PAUL BERT	SCI	1,000	60.00%	FC
SCI CONCERTO BUCHERES 3	SCI	1,000	55.00%	FC
SCI CONCERTO BUCHERES 2	SCI	1,000	99.90%	FC
SCI CONCERTO BUCHERES 1	SCI	1,000	99.90%	FC
SCCV LE MONTCALM	SCCV	1,500	51.00%	FC
SCI PALAISEAU – QUARTIER	SCI	1,000	70.00%	FC
SCI La Baule – 2 Allée des Cères	SCI	1,000	100.00%	FC
SCCV – Villepreux – Rue de la pépinière	SCCV	1,000	66.70%	FC
SCI Massy Le Hongre – 3 grande rue	SCI	1,000	70.00%	FC
SCI Boussy Saint Antoine – Carré nature	SCI	1,000	70.00%	FC
SCI NANTES – 104-108 Bld Ernest Dalby	SCI	1,000	55.00%	FC
SCI THORIGNY SUR MARNE – RAYMOND POICARE	SCI	1,000	85.00%	FC
SCCV GREENWOOD	SCCV	1,500	51.00%	FC
SCI MONTEVRAIN – ZAC DES FRENES	SCI	1,000	80.00%	FC
SCCV BRETAGNE BOIS BADEAU	SCCV	1,500	100.00%	FC
SCCV BRIE COMTE ROBERT – RUE MOZART	SCCV	1,000	60.00%	FC
SNC RESIDENCE LE CERDANA	SNC	1,000	51.00%	FC
SCI MONTPELLIER – RUE GEORGES BACHELARD	SCI	1,000	55.00%	FC
SC Résidence le Carré des Pionniers	SC	1,000	51.00%	FC
SC Résidence les ailes d'Icare	SCI	1,000	51.00%	FC
SCI Castanet Tolosan – 104 Avenue de Lauragais	SCI	1,000	51.00%	FC
SCCV LEGUEVIN – TERRE D'ENVOL	SCCV	1,500	90.00%	FC
SCI ANDERNOS	SCI	1,000	51.00%	FC
SCI BORDEAUX – 62 Rue Lucien Faure	SCI	1,000	50.10%	FC
SCI CAUDERAN – SERENIS	SCI	1,000	51.00%	FC
SCCV VILLERS COTTERETS – AVENUE DE COMPIEGNE	SCCV	1,500	90.00%	FC
SCI MERIGNAC 109 AVENUE HENRI VIGNEAU –				
AU FIL DES SAISONS	SCI	1,000	51.00%	FC
SCCV WAMBRECHIES CENTRE Rue de Quesnoy	SCCV	1,000	100.00%	FC
SCI LA GRANDE ALLEE	SCI	2,000	51.00%	FC

(a) FC = Full Consolidation, EAM = Equity Accounting Method.

Note 3. Segment information

The segment information presented corresponds to the organization of the internal reports intended for the group's Management Committee, which is the main operational decision-maker.

Note 3.1. Income by operating segment

Fiscal year ended November 30, 2015 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenues	437,405	70,417	222,962	166,882
Gross margin	84,777	12,930	40,800	26,075
Selling expenses	(10,436)	(1,514)	(4,960)	(4,849)
Administrative expenses	(6,785)	(1,748)	(5,933)	(4,985)
Technical and customer service expenses	(8,564)	(1,006)	(3,736)	(2,916)
Development and program expenses	(4,979)	(1,075)	(3,854)	(3,908)
Reallocation of portion of Corporate re-invoicing	(11,106)	(2,329)	(7,806)	(5,470)
Current operating income	42,907	5,258	14,511	3,947
Other non-recurring income and expenses	-	-	823	(5)
Operating income	42,907	5,258	15,334	3,942
Cost of net financial debt and other financial income/expenses	3,294	296	21	(661)
Reallocation of cost of net financial debt	(2,587)	(543)	(1,818)	(1,274)
Pre-tax profit (loss) of consolidated companies	43,614	5,011	13,537	2,007
Income tax	(12,770)	(1,733)	(3,797)	(441)
Share of income (loss) of equity affiliates and joint ventures	1,278	-	(18)	-
Income (loss) attributable to shareholders	32,122	3,278	9,722	1,566
<i>Attributable</i>	<i>22,014</i>	<i>2,818</i>	<i>5,611</i>	<i>(305)</i>
<i>Minority interests</i>	<i>10,108</i>	<i>460</i>	<i>4,111</i>	<i>1,871</i>

Fiscal year ended November 30, 2015 (in € thousands)	Rhône-Alpes	Commercial Property and Logistics	Other Regions	Head office	Grand total
Revenues	65,216	83,862	16,353	-	1,063,098
Gross margin	14,418	19,929	3,772	-	202,701
Selling expenses	(2,066)	(230)	(528)	(6,069)	(30,652)
Administrative expenses	(2,488)	(2,781)	(1,188)	(24,405)	(50,313)
Technical and customer service expenses	(1,285)	(335)	(133)	(336)	(18,310)
Development and program expenses	(1,850)	(1,078)	(776)	(220)	(17,740)
Reallocation of portion of Corporate re-invoicing	(2,271)	(1,542)	(505)	31,030	-
Current operating income	4,458	13,963	642	-	85,685
Other non-recurring income and expenses				8	826
Operating income	4,458	13,963	642	8	86,511
Cost of net financial debt and other financial income/expenses	413	(514)	(100)	(7,228)	(4,470)
Reallocation of cost of net financial debt	(529)	(359)	(118)	7,228	-
Pre-tax profit (loss) of consolidated companies	4,342	13,090	424	8	82,041
Income tax	(1,497)	(4,265)	236	-	(24,267)
Share of income (loss) of equity affiliates and joint ventures	(11)	(49)	(24)	-	1,172
Income (loss) attributable to shareholders	2,834	8,776	636	8	58,946
<i>Attributable</i>	<i>2,382</i>	<i>7,803</i>	<i>(556)</i>	<i>8</i>	<i>39,779</i>
<i>Minority interests</i>	<i>452</i>	<i>973</i>	<i>1,192</i>	<i>-</i>	<i>19,167</i>

The re-invoicing portions of Corporate expenses (including the cost of net financial debt) are reallocated on the basis of the relative proportion of each segment in the group total. This share is assessed on the basis of the activity (measured in delivered Equivalent Housing Units – EHU) and the number of employees projected in the budget for the relevant financial year.

In addition, income tax is calculated on the basis of a theoretical tax for each of the segments based on their net income before taxes. The impact relating to the permanent differences included in the calculation of income tax are reallocated using the key described above.

Fiscal year ended November 30, 2014, adjusted (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenues	415,989	70,102	212,129	178,305
Gross margin	85,967	13,103	36,658	29,682
Selling expenses	(13,304)	(1,599)	(5,763)	(5,450)
Administrative expenses	(7,789)	(2,011)	(6,873)	(6,127)
Technical and customer service expenses	(8,250)	(957)	(4,020)	(3,282)
Development and program expenses	(5,804)	(1,064)	(5,442)	(2,107)
Reallocation of portion of Corporate re-invoicing	(10,656)	(2,355)	(7,366)	(5,313)
Current operating income	40,164	5,118	7,194	7,403
Other non-recurring income and expenses	-	-	(800)	(11)
Operating income	40,164	5,118	6,394	7,392
Cost of net financial debt and other financial income/expenses	4,342	(3)	(607)	(930)
Reallocation of cost of net financial debt	(1,041)	(230)	(719)	(519)
Pre-tax profit (loss) of consolidated companies	43,466	4,885	5,068	5,943
Income tax	(13,584)	(1,780)	(2,750)	(2,054)
Share of income (loss) of equity affiliates and joint ventures	1,305	(142)	1,430	33
Income (loss) attributable to shareholders	31,187	2,963	3,747	3,922
<i>Attributable</i>	<i>21,079</i>	<i>2,503</i>	<i>(364)</i>	<i>2,051</i>
<i>Minority interests</i>	<i>10,108</i>	<i>460</i>	<i>4,111</i>	<i>1,871</i>

At November 30, 2014, adjusted (in € thousands)	Rhône-Alpes	Commercial Property and Logistics	Other Regions	Head office	Grand total
Revenues	52,512	145,041	9,262	-	1,083,342
Gross margin	13,785	16,183	1,337	-	196,714
Selling expenses	(1,870)	(269)	(450)	(3,763)	(32,467)
Administrative expenses	(2,628)	(1,369)	(736)	(26,236)	(53,770)
Technical and Customer service expenses	(1,241)	(198)	(262)	(166)	(18,375)
Development and program expenses	(2,066)	(1,692)	(239)	(23)	(18,437)
Reallocation of portion of Corporate re-invoicing	(2,083)	(2,053)	(362)	30,188	-
Current operating income	3,897	10,602	(713)	-	73,664
Other non-recurring income and expenses	(82)	-	137	83	(673)
Operating income	3,815	10,602	(577)	83	72,991
Cost of net financial debt and other financial income/expenses	626	(649)	(81)	(2,948)	(250)
Reallocation of cost of net financial debt	(203)	(200)	(35)	2,948	-
Pre-tax income of consolidated companies	4,238	9,752	(693)	83	72,741
Income tax	(1,517)	(3,588)	248	-	(25,026)
Share of income (loss) of equity affiliates and joint ventures	(18)	(1)	(1)	5	2,612
Income (loss) attributable to shareholders	2,703	6,164	(446)	88	50,327
<i>Attributable</i>	<i>2,212</i>	<i>6,165</i>	<i>(589)</i>	<i>88</i>	<i>37,930</i>
<i>Minority interests</i>	<i>492</i>	<i>(1)</i>	<i>143</i>	<i>-</i>	<i>12,397</i>

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

Note 3.2. Breakdown of inventory, debt and working capital requirement by operating segment

Fiscal year ended November 30, 2015 (in € thousands)	Île-de-France	West	Southwest	Southeast
Inventories	102,363	13,601	95,215	74,329
Accounts receivable	93,266	28,724	49,480	42,157
Other	(190,996)	(38,251)	(101,550)	(72,457)
Working Capital Requirements	4,633	4,074	43,145	44,029

Fiscal year ended November 30, 2015 (in € thousands)	Rhône-Alpes	Commercial Property and Logistics	Other Regions	Head office	Grand total
Inventories	14,651	13,118	16,388	-	329,664
Accounts receivable	15,163	95,933	6,464	241	331,428
Other	(28,159)	(114,457)	(15,642)	(7,169)	(568,680)
Working Capital Requirements	1,655	-5,406	7,210	(6,928)	92,412

Fiscal year ended November 30, 2014 adjusted ^(a) (in € thousands)	Île-de-France	West	Southwest	Southeast
Inventories	81,296	19,385	121,944	76,387
Accounts receivable	80,512	19,904	65,183	59,097
Other	(164,158)	(31,690)	(124,177)	(62,315)
Working Capital Requirements	(2,350)	7,599	62,950	73,169

Fiscal year ended November 30, 2014 adjusted ^(a) (in € thousands)	Rhône-Alpes	Commercial Property and Logistics	Other Regions	Head office	Grand total
Inventories	15,938	4,034	1,560	(3)	320,541
Accounts receivable	9,738	99,795	1,440	891	336,561
Other	(27,649)	(117,686)	(6,369)	(14,682)	(548,727)
Working Capital Requirements	(1,974)	(13,857)	(3,368)	(13,794)	108,375

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

4.1.3. Statement of comprehensive income

Note 4. Revenues and gross margin

(in € thousands)	November 30, 2015		November 30, 2014 adjusted ^(a)		November 30, 2014 reported	
	Revenues	Gross margin	Revenues	Gross margin	Revenues	Gross margin
Total Apartments	912,971	168,811	844,315	160,524	844,315	158,435
Total Single-family homes in communities	50,381	10,561	81,519	17,213	81,519	16,935
Total Housing Units	963,352	179,373	925,834	177,737	925,834	175,370
Services	93,909	13,754	150,350	17,327	150,350	17,252
Other	5,837	9,574	7,158	1,650	7,158	1,650
Total revenues and gross margin	1,063,098	202,701	1,083,342	196,714	1,083,342	194,272

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (see Note 1.2.3.).

Note 5. Operating expenses

(in € thousands)	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Selling expenses	30,652	32,467	29,243
Administrative expenses	50,313	53,770	53,770
Technical and customer service expenses	18,310	18,375	18,375
Development and program expenses	17,740	18,437	18,437
Total operating expenses	117,015	123,049	119,825

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

Note 5B. Selling expenses

(in € thousands)	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Salaries and payroll taxes	7,967	8,785	8,785
Advertising expenses and cost of the model areas	18,625	19,983	16,759
Rents and rental expenses	250	478	478
Fees	560	279	279
Temporary employees	573	538	538
Recruitment costs	29	31	31
Vehicle expenses – Travel	699	805	805
Telephone – electricity (EDF) – minor maintenance	41	61	61
Taxes	677	610	610
Other expenses	1,231	897	897
Total selling expenses	30,652	32,467	29,243

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

Sales expenses amounted to €30.7 million in 2015 versus €32.5 million in 2014. This decrease of 5.6% was mainly due to advertising expenses.

Note 6. Administrative expenses

(in € thousands)	November 30, 2015	November 30, 2014
Salaries and payroll taxes	24,265	22,449
Rents and rental expenses	5,513	5,096
Fees	4,375	3,876
Financial reporting costs	186	291
Taxes	5,979	5,493
Recruitment costs	247	178
Temporary employees	327	328
Insurance	155	187
Internet	3	5
Telephone – electricity (EDF) – maintenance costs	2,371	2,230
Vehicle expenses – Travel	1,311	1,147
Information Systems	1,560	1,337
Bank fees	1,735	1,393
Amortization, depreciation and provision expenses (net of reversals)	2,286	9,760
Total general and administrative expenses	50,313	53,770

General and administrative expenses totaled €50.3 million in 2015 versus €53.8 million in 2014, i.e. a 6.4% decrease, which can be attributed for the most part to the decrease in the “Depreciation, amortization and provisions, net of reversals” item and to the increase in the “Salaries and payroll taxes” item.

Note 7. Technical and customer service expenses

(in € thousands)	November 30, 2015	November 30, 2014
Salaries and payroll taxes	16,430	17,043
Fees	147	41
Recruitment costs	89	69
Temporary employees	304	171
Vehicle expenses – Travel	1,125	1,106
Telephone – electricity (EDF) – minor maintenance	47	72
Taxes	238	297
Amortization, depreciation and provision expenses (net of reversals)	128	30
Other expenses	(198)	(454)
Total technical expenses and customer service	18,310	18,375

Technical and customer service expenses totaled €18.3 million in 2015 versus €18.4 million in 2014.

Note 8. Development and program expenses

(in € thousands)	November 30, 2015	November 30, 2014
Salaries and payroll taxes	12,690	12,212
Fees	151	166
Taxes	248	290
Recruitment costs	223	127
Temporary employees	41	74
Vehicle expenses – Travel	1,289	1,284
Telephone – electricity (EDF) – minor maintenance	58	63
Expenses on discontinued projects	4,172	4,222
Amortization, depreciation and provision expenses (net of reversals)	(1,518)	(83)
Other expenses	386	82
Total development and program expenses	17,740	18,437

Development and program expenses totaled €17.7 million in 2015 versus €18.4 million in 2014, i.e. a 3.8% decrease, primarily due to the decrease in the “Depreciation, amortization and provisions, net of reversals” item.

Note 9. Other non-recurring income and expenses

(in € thousands)	November 30, 2015	November 30, 2014
Reversal of provisions for impairment of land ^(a)	783	-
Reversal of risk provision	48	144
Total other non-current expenses	831	144
Loan provision	5	11
Increase in provisions for impairment of land ^(a)	-	800
Legal fees	-	6
Total other non-current expenses	5	817

(a) The group purchased land in previous years and at November 30, 2009 it considered that sale was more likely than development. In this context, a provision of €5.1 million was made to reduce the valuation of these lots to their market value. In continuation of the reorganization plan adopted in 2008, these items are classified as other non-recurring expenses. For financial year 2015, a provision adjustment was recorded for the last lot of land to be sold based on its discounted market value.

Note 10. Payroll expenses

Payroll expenses incurred for group employees are broken down as follows:

(in € thousands)	November 30, 2015	November 30, 2014
Average number of employees (full-time equivalent)	714	724
Salaries and payroll taxes	61,351	60,550
Including salary ^(a)	41,233	40,999
o/w: employer contribution	881	1,019
Bonus shares ^(b)	1,011	559
Payroll taxes ^(c)	21,088	21,813
Total payroll expenses	63,120	62,812

(a) Detailed information relative to the group's commitments for retirement benefits is provided in Note 23.2.

(b) Detailed information relative to share-based payments is provided in Note 22.

(c) The amount of the expenses recognized for pension plans was €7.0 million in financial year 2015 compared to €7.0 million in fiscal year 2014.

Note 11. Cost of net financial debt

Cost of net financial debt

(in € thousands)	November 30, 2015	November 30, 2014
Financial expenses	5,200	968
Financial income	(730)	(718)
Cost of net financial debt	4,470	250

The cost of net financial debt totaled €4.5 million, a reduction of €4.2 million compared to 2014.

Financial expenses can be analyzed as follows:

(in € thousands)	November 30, 2015	November 30, 2014
Interest expenses on syndicated loans	4,831	6,062
Interest expense on swaps	519	176
Expenses for deferral of the arrangement fees for syndicated lines	3,986	595
Capitalization of financial expenses	(7,192)	(7,740)
Expenses on dedicated transactions	1,185	883
Fair value on swaps (ineffectiveness)	850	-
Other	1,022	991
Financial expenses	5,200	968

Interest expenses on syndicated credit lines are due to the €145.4 million utilization of the syndicated credit lines on average in 2015 versus €175.9 million in 2014.

Interest expenses on syndicated credit lines decreased in 2015 compared to 2014 in terms of outstandings, following the redemptions made and the drop in interest rates.

Through the application of the total effective interest rate, financial expenses include amortization of the €4.0 million

arrangement costs for the syndicated loan. At November 30, 2015, Kaufman & Broad had paid up to €3.1 million of the balance of the arrangement costs relating to the syndicated credit line opened in 2014.

The total effective rate of the debt, taking into account the total amortization of the arrangement costs incurred and the hedges was 6.41% versus 4.07% in 2014; the difference is attributable primarily to the arrangement costs.

Cash income can be analyzed as follows:

(in € thousands)	November 30, 2015	November 30, 2014
Capital gain on sale of money-market SICAVs and certificates of deposit	(607)	(648)
Other income from cash and cash equivalents	(123)	(70)
Financial income	(730)	(718)

Note 12. Income tax

Note 12.1. Breakdown of tax liability

At November 30, 2015, the group's detailed tax liability was as follows:

(in € thousands)	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Current tax expense/(income)	25,212	31,018	31,028
Provision for tax risk ^(b)	531	(10,870)	(10,870)
Deferred taxes ^(c)	(1,476)	4,878	5,137
Total tax on net earnings – expense/(income)	24,267	25,026	25,295

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

(b) See Note 23.4.

(c) See Note 19.

Tax is calculated on the group share of net earnings, since the entities with programs are fiscally transparent companies.

The current tax liability at November 30, 2015 includes a tax charge related to the 2015 tax consolidation of €23.3 million.

Note 12.2. Tax Reconciliation

Deferred taxes are calculated on the basis of the tax rates, i.e., 34.43% for 2015 and the following years.

The reconciliation between the theoretical tax expense and the actual tax liability is as follows:

(in € thousands)	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Pre-tax income of consolidated companies	82,041	72,741	73,524
Applicable tax rate	34.43%	34.43%	34.43%
Theoretical tax – expense/(income)	28,222	25,019	25,289
Tax on share of profit (loss) of equity affiliates	404	899	890
Tax reversals on minority interests	(6,599)	(4,268)	(4,260)
Tax risk ^(b)	531	3,207	3,207
Impact of permanent differences	1,710	169	169
Group tax liability/(income)	24,267	25,026	25,295

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

(b) See Note 23.4.

At November 30, 2015, permanent differences included primarily the 3% fee relating to the payment of dividends to shareholders for the 2014 results in the amount of €0.8 million, the interest expenses for under-capitalization of subsidiaries in the amount of €0.6 million and other non-deductible expenses.

The share of the income (loss) of equity affiliates is presented before taxes in the income statement given their fiscally transparent nature. The corresponding tax liabilities are included in the group's tax liability. In addition, the group's tax liability does not include the portion for minority interests, as the subsidiaries in question are also fiscally transparent. Balance sheet tax items are described in Note 19.

Note 12.3. Breakdown of the tax applied directly against shareholders' equity

(in € thousands)	November 30, 2015	November 30, 2014
Actuarial gains or losses on deferred income taxes	(8)	279
Hedging instruments (deferred tax)	(51)	412
Tax recognized directly in equity	(59)	691

Note 13. Net income and diluted earnings per share

(in € thousands)	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Attributable net income	39,779	37,930	38,442
Average number of shares outstanding	20,644,581	20,781,182	20,781,182
Adjustment for dilutive effect of share awards	-	-	-
Earnings per share	€1.93	€1.83	€1.85
Diluted earnings per share	€1.93	€1.83	€1.85

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

The instruments issued by the group that could have a dilutive effect in the future are the stock warrants issued on December 3, 2007, which may still be exercised (570,775 shares) and the shares under tranche 1 of stock option plan 3 (11,100 options, net of void options) set up in financial year 2006.

Given their exercise price, these instruments have no impact on the calculation of diluted earnings per share at November 30, 2015.

4.1.4. Statement of financial position – Assets

Note 14. Goodwill

The main goodwill items of the consolidated companies by Cash Generating Unit (CGU) can be analyzed as follows:

(net amount in € thousands)	November 30, 2015	November 30, 2014
Île-de-France	8,346	8,346
Kaufman & Broad Southwest	47,287	47,287
Résidences Bernard Teillaud	12,878	12,878
Total goodwill	68,511	68,511

(in € thousands)	November 30, 2015	November 30, 2014
Balance at the beginning of the period	68,511	68,511
Impairment	-	-
Balance at the end of the period	68,511	68,511

Goodwill was subjected to impairment tests in accordance with the principles described in Note 1.8. The tests showed that there was no impairment at November 30, 2015. The recoverable amount used was based on the value in use.

The discount rate used to determine the value in use at November 30, 2015 amounted to 7% (unchanged compared to November 30, 2014). The group uses a single discount rate, as the geographic and industry segments do not have any specific features that might have an impact on the discount rate. This rate is calculated based on the average cost of capital employed and includes a risk premium.

The group used the projections established at financial year-end for the 2016-2020 period; these projections include growth assumptions that differ from one another depending on geographic area, and take into account current market conditions and their expected trends, considering the current situation and the uncertainties regarding future forecasts. The margins expected are consistent with the margin targets set by the Commitment Committee and the margins reported in previous years. For forecasts of more than five years into the future, the perpetual growth rate used to calculate the terminal

value was 0.5% (unchanged compared to November 30, 2014). This rate is below average five-year forecast growth rate for the business.

The tests for recoverability of assets are conducted for each CGU and take into account the goodwill allocated at the time of the various acquisitions and assets with a fixed useful life (property, plant and equipment and net working capital requirement). The Kaufman & Broad brand, the balance sheet net value of which is €80.4 million (see Note 15.1), is not allocated to the CGUs of the group and its impairment testing is carried out at group level using the discounted cash flow method.

Sensitivity tests using the previous assumptions were conducted to measure the impact of changing parameters for calculating, on the basis of variations deemed to be reasonably possible by Senior Management: an increase in the discount rate (50 basis points), a decline in the long-term growth rate (50 basis points) and an increase in the working capital requirement rate (5 basis points). No potential impairment appears using these reduced assumptions.

Note 15. Property, plant and equipment and intangible fixed assets

Note 15.1. Net intangible assets

(in € thousands)

	November 30, 2015		November 30, 2014	
	Gross amount	Aggregated amortization	Net amount	Net amount
Kaufman & Broad brand	80,422	-	80,422	80,422
Other intangible assets	19,070	(12,887)	6,183	4,653
Total intangible assets	99,492	(12,887)	86,605	85,075

The brand is tested for impairment of overall value with goodwill (see Note 14 "Goodwill").

The change in the net amount of intangible assets can be analyzed as follows:

(in € thousands)

	November 30, 2015	November 30, 2014
Balance at the beginning of the period	85,075	85,376
Acquisition of intangible assets	4,363	2,005
Sales and disposals and change in scope of consolidation	-	-68
Amortization expense	(2,833)	(2,238)
Balance at the end of the period	86,605	85,075

The acquisition of intangible assets and amortization only concern software programs.

Note 15.2. Net property, plant and equipment

(in € thousands)

	November 30, 2015		November 30, 2014	
	Gross amount	Aggregated amortization	Net amount	Net amount
Land	186	-	186	-
Buildings	329	(11)	318	-
Technical facilities	-	-	-	-
Other property, plant and equipment	14,697	(10,874)	3,823	2,848
Property, plant and equipment in progress	336	-	336	1,475
Total net property, plant and equipment	15,548	(10,885)	4,663	4,323

Other property, plant and equipment include the office fixtures and furnishings at the headquarters and various group agencies. Finance leases primarily cover IT equipment.

The change in the net amount of property, plant and equipment can be analyzed as follows:

(in € thousands)

	November 30, 2015	November 30, 2014
Balance at the beginning of the period	4,323	4,713
Acquisitions of property, plant and equipment	1,196	1,487
Sales and disposals, and changes in scope of consolidation	(35)	(1,274)
Depreciation (net of reversals)	(821)	(603)
Balance at the end of the period	4,663	4,323

Note 16. Non-current financial assets

(in € thousands)

	November 30, 2014, adjusted ^(a)	Distribution	Net income	Change of scope effect	November 30, 2015
Securities of equity-accounted companies	969	(285)	565	1,496	2,745
Current accounts	10,407	(5,792)	168	(2,015)	2,768
Equity affiliates and joint ventures	11,376	(6,077)	733	(519)	5,513

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

In application of IFRS 11 and IAS 28, both joint ventures of the Kaufman & Broad group and equity affiliates are recognized in the Equity-accounted securities line item.

Note 16.2. Main items in the balance sheet and income statement of the joint ventures

The summarized financial data (100%) of joint ventures are presented below.

The amounts presented are the amounts reported in the financial statements of the joint venture prepared in application of IFRS, after taking into account restatements to harmonize with the group's accounting principles.

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)
Non-current assets	-	-
Current assets	2,058	2,271
Total assets	2,058	2,271
Shareholders' equity	(463)	(402)
Non-current liabilities	-	-
Current liabilities	2,521	2,673
Total equity and liabilities	2,058	2,271

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)
Revenues	310	23,002
Cost of sales	(440)	(20,511)
Gross margin	(130)	2,491
Other Income and Expenses	68	(726)
Current operating income	(62)	1,765
Net income	(61)	1,758

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

Note 16.3. Main items in the balance sheet and income statement of the equity associates

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)
Non-current assets	923	-
Current assets	39,309	64,995
Total assets	40,232	64,995
Shareholders' equity	8,836	3,081
Non-current liabilities	-	-
Current liabilities	31,396	61,914
Total equity and liabilities	40,232	64,995

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)
Revenues	36,040	34,312
Cost of sales	(30,836)	(29,074)
Gross margin	5,204	5,238
Other Income and Expenses	(3,244)	(3,728)
Current operating income	1,960	1,510
Net income	1,752	1,469

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

Note 16.4. Non-current financial assets

(in € thousands)	Nov 30, 2015	Nov 30, 2014
Security deposits and bonds	1,346	1,860
Loans	100	-
Securities	30	30
Provisions	(229)	(47)
Non-current financial assets	1,247	1,843

Note 17. Inventories

(in € thousands)	November 30, 2015			November 30, 2014 adjusted ^(a)			November 30, 2014, reported		
	Gross	Impairment	Net	Gross	Impairment	Net	Gross	Impairment	Net
New projects	32,162	(2,560)	29,602	26,687	(3,536)	23,151	27,874	(3,536)	24,338
Current programs	301,746	(1,684)	300,062	300,203	(2,814)	297,389	301,595	(2,814)	298,781
Total inventories	333,908	(4,244)	329,664	326,890	(6,350)	320,540	329,469	(6,350)	323,119

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

The change in impairment charges can be broken down as follows:

(in € thousands)	November 30, 2014	Expenses	Reversals	November 30, 2015
New projects	3,536	3,555	(4,531)	2,560
Current programs	2,814	1,030	(2,160)	1,684
Total inventories	6,350	4,585	(6,691)	4,244

Gross inventories for current programs remained unchanged in the year.

The reversals of provisions for recognized impairment losses correspond for the most part to the reversal of the provision for expenses on a residual tranche of an old program with a canceled building permit recognized in expenses for abandoned projects.

Recognized reversals of provisions for impairment mainly correspond to the reduction in provisions for loss at termination on operations developed in 2007 as they progressed.

Inventories net of new program expenses were up €5.3 million.

The provision for expense inventories of new projects increased following the decision to depreciate project expenses where there was no formal decision to discontinue but whose development is uncertain. Reversals of provisions for projects that were abandoned during the financial year.

Note 18. Trade and other receivables

(in € thousands)		November 30, 2015			November 30, 2014		
	Note	Gross	Impairment	Net	Gross	Impairment	Net
Accounts receivable	(18.1)	331,783	(355)	331,428	337,030	(469)	336,561
Government – VAT	(18.2)	116,077	(673)	115,404	134,236	(980)	133,256
Government – Current tax	(19)	521	-	521	589	-	589
Advances and down payments		783	-	783	419	-	419
Current equity affiliates accounts (18.3)		8,293	-	8,293	8,742	-	8,742
Other financial receivables		-	-	-	-	-	-
Receivables from notaries		1,394	-	1,394	23,783	-	23,783
Other	(18.4)	14,313	(4,287)	10,026	13,815	(3,998)	9,817
Prepaid expenses		649	-	649	1,437	-	1,437
Total		473,813	(5,315)	468,498	520,051	(5,447)	514,604

All "Trade receivables" and "Other receivables" mature in less than one year.

(in € thousands)

	Change in impairment			
	November 30, 2014	Expenses	Reversals November 30, 2015	
Accounts receivable	469	93	(207)	355
Other receivables and VAT	4,978	1,408	(1,426)	4,960
Total	5,447	1,501	(1,633)	5,315

During the fiscal year, there were no significant allowances, or reversals of allowances, for trade and other receivables.

Note 18.1. Accounts receivable

The difference between net trade receivables (€331.4 million) and the amount of calls for payment outstanding (€41.6 million) net of impairment, i.e., €289.8 million, corresponds to the time lag between the contractual calls for payment and the program percentage-of-completion revenues recognized. Receivables corresponding to that difference are posted exclusive of tax.

The notary drafting deeds of sale is generally required to ensure that the financing of the sale has been secured at execution of the deed. Therefore, provisions for accounts receivable are rare.

Receivables beyond 90 days essentially include payment delays on calls for payment on lots not yet delivered to buyers. A provision of €0.4 million is booked for the receivables in relation to which the group believes there is a risk of non-collection.

According to the standard terms of payment, calls for payment are payable immediately upon receipt. As of November 30, 2015, the calls for payment by age were as follows:

0 to 30 days	€35.1 million
30 to 60 days	€3.1 million
between 60 and 90 days	€0.6 million
more than 90 days	€2.8 million
Total calls for payment	€41.6 million

Note 18.2. Government – VAT

At November 30, 2015, the “VAT” item included: the VAT deductible on recorded supplier invoices, amounting to €37.9 million (€57.3 million in 2014); the VAT recognized on invoices not received, associated with the recognition of expenses on a program percentage-of-completion basis, amounting to €52.1 million (€54.3 million in 2014); and VAT credits amounting to €25.4 million (€22.6 million in 2014).

Note 18.3. Current equity affiliates accounts

This item reflects the portion of the loss allocated to minority equity affiliates and not settled at November 30, 2015 on fully consolidated operations. A provision for liabilities and charges was recorded in the amount of €8.2 million to cover the non-recoverability risk associated with current accounts of equity affiliates in default (see Note 23.3). “Provisions for associated risks”).

Note 18.4. Other

The “Other” line item includes, among other things, a loan receivable from a partner in the amount of €1.2 million fully provisioned considering the legal dispute between the group and this partner and the payment of €1.9 million in relation to the Urssaf adjustment (see Note 23.5.), the sums paid in relation to the Roissy Park development litigation (Note 27.3) for €1.2 million.

Note 19. Current and deferred taxes

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Government – current tax (assets)	521	589	589
Government – current tax (liabilities)	(5,301)	(11,376)	(11,376)
Deferred tax liabilities	(40,268)	(42,303)	(43,227)
Balance at the end of the period	(45,048)	(53,090)	(54,014)

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

The result of the tax consolidation of the group for 2015 was a profit of €67.9 million. The tax loss carry forward balance was used for financial year 2014. Current tax receivables at November 30, 2015 in the amount of €0.5 million correspond to the 2015 advance payments tax credit (CICE). Current tax debt

corresponds to the tax in the amount of €23.3 million due by the companies in the tax consolidation group and to the prepayment of the 2015 Corporate income tax net of taxes due for the payment of dividends related to the allocation of the 2014 profit or loss.

Source of deferred taxes by type

(in € thousands)

	Deferred tax base at November 30, 2015	Deferred taxes at November 30, 2015
Differences in recognition of real estate programs	114,482	(39,416)
Provisions and expenses with deferred deductibility	(13,596)	4,681
Kaufman & Broad brand	-	-
Bond issuance expenses	-	-
Tax deductible beneficial ownership	24,301	(8,367)
Provisions for land	-	-
Hedging swaps	(1,168)	402
Tax loss carry forwards (excl. tax consolidation)	(4,688)	1,614
Other	(2,376)	818
Balance at the end of the period	116,956	(40,268)

Most of the deferred taxes originate in the differences in recognition of real estate programs between the fiscal accounts and the consolidated accounts (nature of the costs included in inventories and recognition of income by completion in the fiscal accounts).

Deferred taxes do not include the capitalization of Concerto's tax losses in the amount of €15 million (basis).

Deferred taxes changed as follows:

(in € thousands)

	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Balance of deferred taxes at the beginning of the period – assets/(liabilities)	(42,303)	(40,365)	(40,365)
Recognized in profit or (loss)	1,476	(3,553)	(3,553)
Recognized in equity	559	691	691
Other changes (change in accounting method applicable to marketing costs)	-	924	-
Balance of deferred taxes at the end of the period – assets/(liabilities)	(40,268)	(42,303)	(43,227)

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

Note 20. Cash and cash equivalents

The Kaufman & Broad group's cash and cash equivalents are broken down as follows:

(in € thousands)

	November 30, 2015	November 30, 2014
Bank balances and cash on hand ^(c)	137,948	126,305
Short-term investments and term deposits ^(a)	28,462	21,990
Order balances ^(b)	2,951	1,697
Cash and cash equivalents	169,361	149,992

(a) In accordance with the provisions of the Construction and Housing Code, payment of any sum owed by program companies to their equity affiliates may only be made strictly within the limits of the amounts freely available to the program companies based on the percentage of completion of building operations.

(b) Short-term investments comprised SICAV money-market funds and term deposit.

(c) Order balances were €2.9 million (adjusted for the French version) as of November 30, 2015. They represent 5% of deposits made by clients to a blocked bank account. These amounts are released and therefore available upon execution of the notarized deed.

4.1.5. Statement of financial position – Liabilities

Note 21. Shareholders' equity

At November 30, 2015, Kaufman & Broad's share capital amounted to €5,612,011.08, divided into 21,584,658 shares of common stock each with a par value of €0.26. The weighted average number of common stock outstanding totaled 20,644,581 shares excluding treasury shares, compared to 20,781,182 shares excluding treasury shares at November 30, 2014.

Note 21.1. Treasury shares

At November 30, 2015, the group held 941,009 treasury shares, including 7,700 shares under the liquidity agreement. At November 30, 2014, the group held 924,538 treasury shares, including 6,250 shares under the liquidity agreement.

Note 21.2. Minority interests

At November 30, 2015, minority interests on the balance sheet, amounting to €11.1 million, concerned 126 companies, including receivables in the amount of €1.3 million.

At November 30, 2014, in the financial statements adjusted for a change in accounting method (see Note 1.2.2), €8.7 million in minority interests on the balance sheet concerned 120 companies. The total amount of minority interest amounted to €1.6 million.

In order to take into account the risk associated with the recovery of minority interests and of debit balance current accounts of partners in co-development operations, in 2009 the group recorded a provision of €7.5 million (including €1.1 million as an allowance for impairment of receivables (see Note 18.4.), in particular covering debit balance current accounts related to this partner, up to the amount €6.4 million. This provision was maintained at November 30, 2015.

For fiscal year 2015, buybacks of shares of holders of minority interest securities of €4.5 million were recorded versus €0.3 million in 2014. The difference between the price paid and the corresponding reduction of any minority interests is offset in group share shareholders' equity.

Note 22. Shares-Based Payments

Note 22.1. Stock option plans

A group stock option plan set up in 2006 was still in progress as of November 30, 2015. No new tranche was granted, nor was any new stock option plan set up in 2015.

Details concerning the main features of the group's plans in effect at November 30, 2015 are set forth in the table below.

Stock options

Date of the Extraordinary Shareholders' Meeting authorizing the plan	4/19/2006
Date of the Board of Directors' meeting granting the options/shares	4/19/2006
Number of awarded options	95,500
Number of beneficiaries	26
Start of option exercise period	4/19/2008
Expiration date	4/19/2016
Expiration of holding period	4/19/2010
Exercise price	€44.23
Options outstanding at beginning of the financial year	14,100
Options granted during the financial year	-
Options forfeited during the financial year	-
Options exercised during the financial year	-
Expired options	3,000
Options outstanding at November 30, 2015	11,100
Options exercisable at November 30, 2015	11,100

Note 22.2. Bonus share plan

Under the January 22, 2013 bonus share plan 30,100 bonus shares were definitively awarded on January 22, 2015 at the end of the vesting period and were delivered.

As authorized by the Shareholders' Meeting of April 11, 2014, the Board of Directors awarded 124,350 additional bonus shares at its meeting on July 7, 2015.

Details concerning the main features of the group's plans in effect at November 30, 2015 are set out in the table below.

Bonus share plan	April 11, 2014	July 7, 2015
Date of the Extraordinary Shareholders' Meeting authorizing the plan	April 11, 2014	April 11, 2014
Total number of bonus shares that may be awarded	200,000	129,800
Date of the Board of Directors' meeting granting the shares	April 11, 2014	July 7, 2015
Number of beneficiaries	741	662
Types of shares	Existing	Existing
Number of bonus shares awarded	70,200	124,350
Void shares	7,860	1,000
Shares outstanding at November 30, 2015	62,340	123,350
Exercise price	-	-
Price on the award date	€22.80	€27.75
Date of vesting	April 12, 2016	July 8, 2017
Date available	April 12, 2018	July 8, 2019
Initial fair value of the plan	€1,171,678	€2,414,943
Data entered into the model:	Binomial model	Binomial model
- exercise price	-	-
- loss of liquidity of the shares (% of the forward price)	1%	1%
- anticipated dividends (as % of capitalization)	€1.35 per share	€1.36 per share
- risk-free interest rate (market rate)	0.50%	0.15%
- share lending/borrowing rate	-	-
- forward price discounting rate	Euribor +300 bps	Euribor +300 bps
- turnover rate	-	0% for key executives – 14.8%/year for other employees

The bonus share plans generated an expense of €1.011 million over the period, recognized through equity and detailed below:

(in € thousands)	Jan. 22, 2013 Plan	April 11, 2014 Plan	July 7, 2015 Plan	Total
Initial valuation	523	1,172	2,415	4,110
Expense for the financial year	32	502	477	1,011

Note 23. Provisions

The provisions can be analyzed as follows:

(in € thousands)	Notes	November 30, 2014	Expenses	Reversals used	Reversals November 30, unused	November 30, 2015
Provisions for retirement benefits	(23.2)	5,619	-	-	(7)	5,612
Provisions for associated risks	(23.3)	8,200	592	(110)	(514)	8,169
Provision for tax risk	(23.4)	2,594	1,545	(556)	(221)	3,361
Provisions for restructuring		54	-	(8)	(45)	-
Provisions for industrial relations risks	(23.5)	1,532	1,267	(809)	(469)	1,521
Provisions for other risks	(23.6)	5,655	1,404	(826)	(2,442)	3,791
Provisions		23,654	4,808	(2,309)	(3,698)	22,454

Note 23.1. Repayment schedule

(in € thousands)	November 30, 2015	Less than one year	More than one year
Provisions for retirement benefits	5,612	-	5,612
Provisions for associated risks	8,169	-	8,169
Provision for tax risk	3,361	-	3,361
Provisions for industrial relations risks	1,521	65	1,456
Provisions for other risks	3,791	55	3,736
Provisions	22,454	120	22,334

Note 23.2. Provisions for retirement benefits

The following assumptions were used in order to calculate retirement benefits:

- discount rate: 2.00% rate on "AA" Corporate bonds (value determined by the IBOXX index);
- average wage increase rate: 2.00%;
- inflation rate: 2.00%;
- retirement age of 62 for all personnel categories;

- average annual turnover: 4.5%, knowing that a differential rate calculated on the average of the last four financial years was applied by age bracket.

The discount rate applied by the Company depending on market conditions is based on commitments made over periods similar to the estimated duration of the Company's commitments for employee benefits.

The Company does not hold any assets to hedge retirement benefits plans.

This provision includes the payroll taxes that the Company would have to pay if it required employees to retire pursuant to the labor laws in force.

The table below shows the details of the expense items recognized for the financial year for retirement benefits:

(in € thousands)	November 30, 2015	November 30, 2014
Costs of services rendered during the fiscal year ^(a)	(90)	172
Financial cost ^(b)	107	142
Expense recognized in income statement	17	314

(a) The cost of services rendered during the financial year was recognized in "Salaries and payroll expenses".

(b) The financial cost is recorded under the "Cost of net financial debt".

The changes to the provision are as follows:

(in € thousands)	November 30, 2015	November 30, 2014
Net liability at the beginning of the period	5,619	4,494
Cost for the fiscal year	290	405
Benefits paid	(273)	-92
Effect of IAS 19 revised (recognized in retained earnings)	-	491
Actuarial gains or losses (recognized in equity)	(24)	320
Net liabilities at the end of the period	5,612	5,619

The total amount of actuarial gains (losses) at November 30, 2015 was -€24 thousand (€320 thousand at November 30, 2014). The losses were due for the most part to the decline in the discount rate.

As of November 30, 2015, the net liability would be €5,491 thousand with a discount rate of 2.25%, €5,719 thousand with a discount rate of 1.9%, and €5,795 thousand at a discount rate of 1.75%.

The actuarial gains and losses generated can be presented on an historical basis as follows:

(in € thousands)	November 30, 2015	November 30, 2014	November 30, 2013	November 30, 2012
Commitment	5,612	5,619	4,494	3,445
Financial assets	-	-	-	-
Financial hedging	5,612	5,619	4,494	3,445
Actuarial losses and (gains) generated on the commitment	(24)	320	972	1,566

Note 23.3. Provisions for associated risks

This provision of €8.2 million covers the risk associated with defaulting affiliates, with €6.4 million representing the risk relating to a partner as the result of a dispute (see Note 21.2. "Minority interests").

Note 23.4. Provision for tax risk

After accounting audits, several proposed corrections were communicated to subsidiaries of Kaufman & Broad by the tax authorities.

Kaufman & Broad provisioned €3.4 million for the various tax adjustments, some of which are being disputed in court.

Note 23.5. Provisions for industrial relations risks

The provision for disputes with former employees of the group was €0.3 million.

A provision in the amount of €1.2 million covers Urssaf adjustments, notice of which was given to GIE Kaufman & Broad. This adjustment, which is essentially for unpaid contributions on travel allowances, was provisioned for the risk estimated by the Company to the extent that part of the documentation to be provided must enable the amount of the adjustment to be reduced.

Note 23.6. Provisions for other risks

The provision for commercial and legal risks essentially covers current disputes concerning customers or suppliers on projects delivery for €3.8 million. €1.2 million in unused provisions covered the relocation of the headquarters which did not occur and the provisions replenished via increases in other group entities or through inventory impairment loss provisions in the amount of €0.4 million.

Note 24. Borrowings and other financial liabilities

Note 24.1. Gross financial debt by type

Gross financial debt represents:

- long-term and short-term financial liabilities;
- hedging instruments related to liabilities comprising the gross financial debt;
- interest accrued on balance sheet items that constitute gross financial debt.

(in € thousands)	November 30 2015,	November 30, 2014
Syndicated bank credit line	138,900	150,000
Other borrowings	326	-
Utilized credit facilities	429	585
Issuance expenses	-	(3,986)
Fair value of derivatives	2,018	1,317
Gross financial debt	141,673	147,916
- of which non-current	127,833	135,815
- of which current	13,840	12,101

At November 30, 2015, the group had utilized €138.9 million of the syndicated bank credit line, versus €150 million at November 30, 2014.

- On March 19, 2014, Kaufman & Broad SA signed a Senior Facilities Agreement for a total amount of €200 million to replace the existing Senior Facilities Agreement.

Kaufman & Broad SA's Senior Facilities Agreement, which has a five-year maturity, includes:

- a Revolving Credit Facility, with a bullet repayment, for a maximum principal of €50 million (the interest rate for Tranche A is 3%, plus 0.25% if the net debt-to-EBITDA ratio >0);

- a Senior Facility including:

- a Tranche A for €50 million, repayable by semi-annual installments of €5.5 million starting in March 2015 (the interest rate of Tranche A is 3%, plus 0.25% if the net debt-to-EBITDA ratio is >0), two initial repayments of Tranche A were made in March and September 2015 for up to €11.1 million;
- a Tranche B for €100 million, with a bullet repayment, (the interest rate of Tranche B is 3.25%, plus 0.25% if the net debt-to-EBITDA ratio is >0).

As of November 30, 2015, the Company had not started to utilize its revolving credit line.

2. Adjustment of financial ratios:

During the accounting quarters from August 2014 until the expiration of the agreement in 2019, the group is required to comply with two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each quarter-end	Threshold	Ratio at November 30, 2015
Leverage Ratio (non-risk weighted assets ratio) ⁽¹⁾	<3	-0.37
Debt Ratio ⁽²⁾	<1	-0.11

(1) Namely net financial debt (a) divided by EBITDA (b) where:

(a) financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;

(b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and/or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) Namely net financial debt (a) divided by adjusted shareholders' equity (c);

(c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013 + cumulative income from December 1, 2013 to the end of the relevant quarter – dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2013 to the end of the relevant quarter.

- The agreement provides for a cash sweep clause under certain conditions. Since the conditions were not fulfilled, no payment will be made in respect of the fiscal year ended November 30, 2015.

- The sureties to guarantee the sums owed by the Company as a borrower are described in Note 27.

Note 24.2. The group's main debt facilities

(in € thousands)	Debt capacity	November 30, 2015	Repayment	Rate ^(a)
			repayable by semi-annual installments of €5.5 million from March 2015 to March 2019	
Facility A	38,900	38,900		E +300 BPS
Facility B	100,000	100,000	bullet repayment March 2019	E +325 BPS
Total	138,900	138,900	-	-

(a) E = Euribor, which, for a given maturity, is the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

Note 24.3. Repayment schedule

(in € thousands)	November 30, 2015	Less than one year	1 to 5 years repayment schedule	More than 5 years
Syndicated line of credit ^(a)	138,900	11,100	127,800	-
Credit facilities utilized	429	429	-	-
Other borrowings (finance lease)	326	293	33	-
Arrangement costs ^(b)	-	-	-	-
Fair value of derivatives	2,018	2,018	-	-
Gross financial debt	141,673	13,840	127,833	-

(a) The syndicated bank credit lines opened in March 2014 will be repaid as follows: Tranche A (€50.0 million) is repayable by semi-annual installments of €5.5 million starting in March 2015; Tranche B has a bullet repayment due in March 2019.

(b) The arrangement costs related to setting up the Senior Credit Agreement in 2014 are fully amortized over the period.

Note 24.4. Change in gross financial debt

Gross financial debt at November 30, 2014	147,916
Repayment of the syndicated line of credit – tranche A	(11,100)
Change in other borrowings	326
Change in the fair value of derivative instruments	701
Deferral of arrangement costs	3,986
Change in credit facilities	(156)
Gross financial debt at November 30, 2015	141,673

Note 24.5. Main net financial debt items

Net financial debt is comprised of the gross financial debt, as defined above, less the net cash position.

The balance sheet items contributing to net financial debt are as follows:

(in € thousands)	November 30, 2015	November 30, 2014
Gross financial debt	141,673	147,916
Cash and cash equivalents ^(a)	169,361	149,992
Net financial debt	(27,688)	(2,076)

(a) See Note 20.

Note 25. Current liabilities

(in € thousands)	November 30, 2015	November 30, 2014, adjusted ^(a)	November 30, 2014, reported
Current provisions	120	2,168	2,168
Borrowings and other current financial liabilities ^(b)	13,840	12,101	12,101
Accounts payable	613,791	618,202	617,954
Other payables	85,412	95,482	95,482
Current tax	5,301	11,376	11,376
Deferred income	1,246	1,709	1,709
Total current liabilities	719,710	741,038	740,790

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of the sales offices and model home areas previously recognized under cost of sales (See Note 1.2.3.).

(b) See Note 24.3.

The “Other liabilities” item corresponds primarily to tax and Social Security liabilities of €53.1 million, including €29.5 million in VAT, €14.3 million in advances and down payments received, and €11.2 million in shareholders’ current accounts.

4.1.6. Additional information

Note 26. Notes to the statement of cash flows

Cash flows from operating activities include €97.8 million in cash flow from operations before the cost of the financial debt and before taxes, an amount of -€31.2 million net of taxes paid, and a €21.7 million decrease in WCR.

Details of changes in operating working capital requirement

(in € thousands)	November 30, 2014 adjusted ^(a)	Change in WCR	Change in the scope of consolidation	Other changes	November 30, 2015
Inventories	320,541	(17,412)	27,049	-514	329,664
Accounts receivable	336,561	24,329	(29,462)	-	331,428
Accounts payable	(618,202)	4,518	(107)	-	(613,791)
Other operating assets and liabilities	80,263	-33,095	2,724	-	49,892
Operating working capital requirement (Statement of cash flows)	119,163	(21,660)	204	(514)	97,193
Current taxes	(10,788)	5,983	-	24	(4,781)
Working Capital Requirement	108,375	(15,677)	204	(490)	92,412

(a) Financial statements adjusted to reflect a change in accounting method: recognition under operating expenses of the marketing costs of sales offices and model areas previously recognized under cost of sales (See Note 1.2.3.).

The change in operating working capital requirement (excluding current taxes) for financial year 2015 was -€21.7 million from November 30, 2014.

Cash flows from investing activities totaled €0.9 million, and included:

- outflows relating to acquisitions of property, plant and equipment and intangible assets (-€4.5 million);
- repayments of financial assets (loans) granted as part of real estate projects (+€0.4 million);
- cash flow with equity-accounted companies in the amount of €5.0 million.

The cash flows from financing activities totaled -€69.8 million and consisted of:

- distributions to minority interests in the amount of -€28.1 million;

- distributions to minority interests in the amount of -€16.4 million;
- loan repayments under the syndicated line A in the amount of -€11.1 million;
- financial interest paid in the amount of -€6.7 million;
- acquisition of minority interests in the amount of -€6.3 million;
- buyback of treasury shares in the amount of -€1.2 million.

Note 27. Off-balance sheet commitments

At November 30, 2015, the general management believes, to the best of its current knowledge, that there are no commitments likely to have a material impact on the current or future financial position of the Kaufman & Broad group, other than those indicated in this Note and in Note 24.1. "Gross financial debt by type".

Note 27.1. Commitments given

Guarantees and bonds given

All the items detailed below are related to the normal course of our operations.

(in € thousands)	November 30, 2015	November 30, 2014
Performance bonds ^(a)	264,578	204,760
Hoguet Law guarantees ^(b)	220	220
Reservation indemnities ^(c)	12,298	4,626
Other guarantees issued ^(d)	159,520	166,432
Guarantees and bonds issued	436,616	376,038
Land non-use indemnities and works guarantees	11,475	8,763
Counter-guarantees issued ^(e)	16,727	43,832
Guarantees issued – Kaufman & Broad SA	28,202	52,595
Total Guarantees and bonds issued	464,818	428,633

(a) Performance bonds are provided to customers as part of sales-before-completion contracts. Kaufman & Broad asks a financial institution, mutual guarantee institution or insurance company to issue a Performance Bond in favor of Kaufman & Broad's customers. These bonds are set up on a transaction-by-transaction basis and have a term comparable to the term for completion of the program. In consideration for these bonds, Kaufman & Broad typically gives the financial institutions or insurance companies a mortgage commitment and a non-assignment of shares undertaking if the program is funded by a special-purpose entity.

Performance bonds are shown on the balance sheet in the amount of the risk incurred by the financial institution issuing such guarantees. Such risk is valued, for each transaction, as follows: program's forecast production cost less the part financed by the group and the amount of sales signed as of the closing date. This valuation does not therefore take into account orders made as of the closing date or the percentage of completion of construction on lots not sold.

Performance bonds are valued internally each month and then the consistency of data is confirmed quarterly on the basis of the figures communicated by the financial institution based on its own reports to the Banque de France or to the Insurance Control Commission.

(b) Hoguet Law guarantees are required from companies intending to operate as a real estate agent. This purely occasional activity is not a part of the group's strategy.

(c) Order indemnities are bank guarantees given in lieu of security deposits in connection with land acquisition commitments.

(d) These other guarantees cover primarily acquisitions of land and matters relating to roads and infrastructure.

(e) Counter guarantees issued by Kaufman & Broad SA to financial institutions which have themselves delivered Performance Bonds on work guarantees and land non-use indemnities to group subsidiaries. In 2014, this amount included a payment guarantee for €34 million related to an offices project.

Pledges and liens

Liens were granted by Kaufman & Broad SA to guarantee its commitments in relation to the financing arranged in March 2014.

Type of pledge/lien	Final expiration date ^(a)	Amount of assets pledged ^(b)	Total balance sheet item	Total % of Kaufman & Broad SA balance sheet at Nov. 30, 2015
Pledge of financial instrument account				
-100% of Kaufman & Broad Homes SAS shares held by the Company		€10,450,195	€10,450,195	2%
Pledge of the credit balance in the Kaufman & Broad SA bank accounts		€35,870	€35,870	-
Framework agreement for the assignment of intra-group receivables from Kaufman & Broad SA's subsidiaries, in particular Kaufman & Broad Financement SNC		€61,714,723	€61,714,723	12%
Pledge of 100% of Kaufman & Broad Europe SAS shares		€217,436,878	€217,436,878	42%
Total		€289,637,666	€289,637,666	56%

(a) These pledges are intended to be maintained until full payment of the amounts and fees owed by the Company as borrower and guarantor under the Senior Facilities Agreement and ancillary agreements.

(b) Net book value in the statutory financial statements at November 30, 2015.

Commitments relating to capital expenditures, purchases and rentals

(in € thousands)

	Payments due by maturity				
	November 30, 2015	Less than one year	1 to 5 years	More than 5 years	November 30, 2014
Commitments for operating leases	23,312	6,247	14,473	2,592	14,568
Tangible and intangible investment commitments	-	-	-	-	-
Total	23,312	6,247	14,473	2,592	14,568

Commitments for operating leases

The table below shows, as of November 30, 2015, the minimum future rents on operating leases not subject to termination:

(in € thousands)	November 30, 2015	November 30, 2014
2015	-	5,771
2016	6,247	3,065
2017	5,432	1,570
2018	4,574	1,226
2019	3,376	1,144
2020	1,091	479
2021 and beyond	2,592	1,313
Total minimum future rents	23,312	14,568

The rent expense recognized on the income statement at November 30, 2015 for operating leases amounted to €5.8 million (€5.6 million at November 30, 2014).

Note 27.2. Commitments received**Works and other guarantees received**

(in € thousands)	November 30, 2015	November 30, 2014
Guarantees on contracts for works	105,831	110,514
Buyers' guarantees received	102,832	137,278
Total	208,663	247,792

Unutilized syndicated credit lines

(in € thousands)

	November 30, 2015	November 30, 2014
Unutilized RCF line ^(a)	50,000	50,000

(a) In relation to the debt refinancing which took place in March 2014 (see Note 24), a Revolving Credit Facility (RCF) line for a maximum amount of €50 million with bullet repayment in March 2019 was set up to refinance the group's general and working capital requirements. This line has not been utilized since it was arranged.

Pledges and liens

Under a memorandum of understanding (MoU), Kaufman & Broad SA stood surety for one of its partners, limited to €4 million excluding VAT and the provision of a first-demand bank guarantee, in respect of commitments made by two of its subsidiaries in said MoU. In exchange, this partner's main shareholder stood surety for the commitments of its subsidiary vis-à-vis joint ventures for the same amount plus its own provision of a first-demand bank guarantee.

Note 27.3. Contingent assets and liabilities

In January 2013, judgment was rendered in the dispute that originated in 1996 concerning the Roissy Park development, in which a subsidiary of Kaufman & Broad SA had been implicated for faulty workmanship and various defects. The judgment, which was immediately appealed, ordered said subsidiary to pay €6.6 million plus various adjustments for inflation or interest, with a guarantee being granted, for the most part, by the constructors and insurers. Currently, this subsidiary is financially liable for €0.9 million, of which €0.3 million was provisioned at November 30, 2013. In execution of the judgment, this subsidiary also prefunded an amount of €2.0 million in respect of which, during the first half 2014, it obtained almost complete recovery from said guarantors. A provision for the unpaid balance of €0.3 million had been made as at November 30, 2014. The Kaufman & Broad group considers that the risk of a final judgment is low.

The agreement for a long-term lease granted to Kaufman & Broad for a real estate development launched by the group in 2012 is being appealed. Proceedings relating to this

appeal were in progress at the balance sheet date. The gross margin on the sales relating to this transaction, made without conditions, was recognized at November 30, 2015 in the amount of €9.3 million of which -€0.2 million for financial year 2015.

The risk of cancellation of the long-term lease contract is considered low. However, due to developments in the legal proceedings during 2015, additional costs of up to €3 million were included in the operating budgets at November 30, 2015, resulting in the recognition of a negative gross margin of €0.2 million in respect of 2015.

Note 28. Exposure to market risks and financial instruments

Note 28.1. Interest-rate risk management

The policy for managing interest rate risk is intended to limit and control fluctuations in interest rates and their impact on net earnings and cash flow, so that the total cost of the debt remains acceptable. To achieve this objective, the group hedges its floating-rate loan interest flows with interest-rate swaps. The latter are derivatives hedging the cash flows. They are marked to market on the balance sheet. Kaufman & Broad applies cash flow hedge accounting. Under the new Senior Facilities Agreement, the group also undertook to keep hedged 50% of its borrowings.

Interest-rate hedges are made by way of instruments listed on organized markets or over-the-counter with high-quality counterparties.

The following table contains details of the portfolio of one-month Euribor lender/fixed-rate borrower swaps at November 30, 2015.

Type	Notional amount (in € millions)	Fixed rate	Expiration date		Type	Fair value as at Nov. 30, 2015 as a % nominal
			Start date	End date		
EUR 1M fixed rate swap	20	0.466%	April 30, 2014	Nov. 30, 2017	Hedge	-1.59%
EUR 1M fixed rate swap	10	0.500%	Nov. 28, 2014	Nov. 30, 2017	Hedge	-1.65%
EUR 1M fixed rate swap	20	0.500%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-1.65%
EUR 1M fixed rate swap	10	0.470%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-1.59%
EUR 1M fixed rate swap	15	0.130%	Nov. 30, 2014	Nov. 30, 2018	Hedge	-1.21%
EUR 1M fixed rate swap	50	0.300%	Nov. 28, 2014	Nov. 30, 2018	Hedge	-1.73%

The fair value of these derivatives is notified by a specialized company outside the group (level 2 valuation as defined by IFRS 7). The change in the hedging reserve net of deferred tax at November 30, 2015 was -€767 thousand.

Following efficiency tests on the swaps in the portfolio conducted as at November 30, 2015, the swaps were disqualified, leading to the spreading of the hedging reserve over their residual term.

The exposure of the group's net debt at November 30, 2015 was:

Type of instrument	Floating/Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated lines of credit	Floating	11,100	127,800	-
Credit facilities	Floating	429	-	-
Financial liabilities		11,529	127,800	-
Bank balances and cash in hand ^(a)	Floating	137,948	-	-
Short-term investments	Floating	28,462	-	-
Order balances	Floating	2,951	-	-
Financial assets		169,361	-	-
Net position before risk management		(157,832)	127,800	-
Swaps		-	(125,000)	-
Net position after risk management		(157,832)	2,800	-

(a) Banks, available cash and reserve balances.

Interest rate sensitivity of assets and liabilities

Assumptions: 1-month Euribor at -0.053%.

Before the effect of hedging, a 50 basis point rise in interest rates or a 10 basis point fall in the above liabilities would have the following impact on pre-tax earnings:

- increase: - €695 thousand;
- decrease: + €139 thousand.

After hedging is taken into account, a 50 basis point rise in interest rates or a 10 basis point fall in the above liabilities would have the following impact on pre-tax earnings:

- increase: -€73 thousand;
- decrease: +€15 thousand.

The exposure of the group's net debt at November 30, 2014 was:

Type of instrument	Floating/Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated lines of credit	Floating	11,100	138,900	-
Credit facilities	Floating	585	-	-
Financial liabilities		11,685	138,900	-
Bank balances and cash in hand ^(a)	Floating	126,305	-	-
Short-term investments	Floating	21,990	-	-
Order balances	Floating	1,697	-	-
Financial assets		149,992	-	-
Net position before risk management		(138,307)	138,900	-
Swaps		-	(125,000)	-
Net position after risk management		(138,307)	13,900	-

(a) Banks, available cash and reserve balances.

Note 28.2. Foreign exchange risk management

The group does not have exposure to foreign exchange risk since all its assets, liabilities and flows are denominated in euros.

Note 28.3. Equities risk management

The Company has only limited risk to equities risk because:

- the marketable securities held by Kaufman & Broad consist of the highest rated money-market mutual funds (SICAV) and certificates of deposit bought from recognized institutions;
- treasury shares are held either to cover the objectives presented in the description of the share buy-back plan, including stock options and bonus share plans, or as part of the liquidity agreement. The impact of all these shares and of price fluctuations is described in Note 21.

Note 28.4. Counterparty risk management

The counterparty risks incurred by the Kaufman and Broad group primarily concern suppliers and subcontractors, customers and banking counterparties.

Because of the wide spread of suppliers and subcontractors, their insolvency is unlikely to have any material impact on operations. The Kaufman and Broad group considers that the counterparty risk on accounts receivable is very limited because of the large number of customers and the fact that sales are signed exclusively in the presence of a notary, generally after financing has been obtained for the purchase of the property.

The customer-related credit risk is managed by each agency, supervised by Corporate headquarters. Due to the nature of its business, the group's exposure to customer default risks is low. The aging of customer receivables is reviewed monthly.

The Kaufman & Broad group places its cash, cash equivalents and investment securities with top rank financial institutions.

It enters into interest rate agreements with leading financial institutions.

For programs developed jointly with partners, the consequences of the measures taken in 2009, the impacts of which were felt in 2010 (particularly a reduction in sale prices), continue to pose the risk that the group may have to cover their insolvency in the financing of such programs and, as applicable, their share of the losses in non-profitable developments (see Note 21.2.).

Note 28.5. Liquidity risk management

The table below shows the group's contractual obligations for payment of interest, repayment of financial debt, derivatives excluded, and the derivatives with their positive or negative fair values. The floating rate interest payments were calculated on the basis of the latest interest rates known prior to November 30, 2015.

(in € thousands)		Book value at Nov. 30, 2015		Less than one year		1 to 5 years		More than 5 years	
				Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments
Borrowings and financial liabilities									
Syndicated credit lines	138,900			4,754	11,100	9,608	127,800	-	-
Credit facilities and other borrowings	755			25	722	1	33	-	-
Total	139,655			4,779	11,822	9,609	127,833	-	-

(in € thousands)		Book value at Nov. 30, 2014		Less than one year		1 to 5 years		More than 5 years	
				Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments
Borrowings and financial liabilities									
Syndicated credit lines	150,000			5,930	11,100	16,289	138,900	-	-
Credit facilities and other borrowings	585			22	585	-	-	-	-
Total	150,585			5,952	11,685	16,289	138,900	-	-

The interest flows are paid monthly and take account of the swaps entered into in November 2014.

Details on the syndicated credit are provided in Note 24.

Note 28.6. Book value of financial instruments by IAS 39 categories and fair value

Loans and receivables, financial assets available-for-sale

The Kaufman & Broad group believes that the balance sheet value of cash, accounts receivable and accounts payable is the value most representative of their market value because of the high level of liquidity of these items.

Debt at amortized cost

The group believes that the fair value of non-current floating-rate financial liabilities was close to their book value.

November 30, 2015	Book value	Fair value through profit/(loss)	Fair value through equity	Assets available for sale	Loans and receivables	Debt at amortized cost
Financial assets						
Accounts receivable	331,428	-	-	-	331,428	-
Cash and cash equivalents	169,361	169,361	-	-	-	-
Current tax	18,554	-	-	-	18,554	-
Other current receivables	135,900	-	-	-	135,900	-
Other non-current financial assets	1,247	-	-	-	1,247	-
Total financial assets	656,490	169,361	-	-	487,129	-
Financial liabilities						
Borrowings and financial debts	141,673	2,018	-	-	-	141,673
Supplier payables	613,791	-	-	-	-	613,791
Current tax	-	-	-	-	-	-
Other current liabilities	86,658	-	-	-	-	86,658
Total financial liabilities	842,122	2,018	-	-	-	842,122
November 30, 2014 restated	Book value	Fair value through profit/(loss)	Fair value through equity	Assets available for sale	Loans and receivables	Debt at amortized cost
Financial assets						
Accounts receivable	336,561	-	-	-	336,561	-
Cash and cash equivalents	149,993	149,993	-	-	-	-
Current tax	589	-	-	-	589	-
Other current receivables	176,016	-	-	-	176,016	-
Other non-current financial assets	1,843	-	-	-	1,843	-
Total financial assets	665,002	149,993	-	-	515,009	-
Financial liabilities						
Borrowings and financial debts	147,916	-	1,317	-	-	146,599
Supplier payables	618,202	-	-	-	-	618,202
Current tax	11,376	-	-	-	-	11,376
Other current liabilities	97,191	-	-	-	-	97,191
Total financial liabilities	874,685	-	1,317	-	-	873,368

Note 29. Management of the risk to capital

The objectives of the group in terms of management of capital are to maintain the ability of the group to continue trading as a going concern and be profitable for its shareholders and also to maintain an optimal capital structure in order to limit the cost of capital.

Net financial debt at November 30, 2015 totaled -€27.7 million. Net financial debt relative to shareholders' equity was thus equal to -12% versus -1% at November 30, 2014.

Note 30. Related party transactions

Parent company and controlling entity

The Kaufman & Broad group is controlled by Financière Gaillon 8, which in turn is controlled by Financière Daunou 10.

There have not been any transactions between the Kaufman & Broad group and Financière Daunou 10.

Transactions with Financière Gaillon were made at arms' length and do not have a significant impact for the group.

No other entity controls or exercises significant influence over the group.

2014 Facilities Agreement

On March 19, 2014, Kaufman & Broad SA became party to a Senior Facilities Agreement governed by French law, drafted in English and titled "Term and Revolving Facilities Agreement" (the '2014 Facilities Agreement') by and between Kaufman & Broad SA as Borrower, Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS as Guarantors, Crédit Agricole Corporate & Investment Bank, Natixis, BECM, Goldman Sachs International and Crédit Suisse International as Arrangers, Crédit Agricole Corporate & Investment Bank as Bookrunner, Global Coordinator, Agent and Security Agent and a syndicate of financial institutions listed under the terms of the Agreement and referred to as Original Lenders. Under the 2014 Facilities Agreement, the financial institutions named in said Agreement granted to Kaufman & Broad SA: (a) a term loan A for a maximum amount of €50 million; (b) a term loan B for a maximum amount of €100 million; the A and B term loans were granted to be used to refinance the Existing Senior Facilities Agreement; and (c) a new Revolving Facility for a maximum amount of €50 million to finance the general operating requirements and the working capital requirement of the Kaufman & Broad group. Under the 2014 Facilities Agreement,

Kaufman & Broad SA granted a number of sureties to guarantee the sums due by the Company as a borrower, including: (a) a pledge of its bank accounts; (b) a Daily assignment of trade receivables as guarantee for the trade and intragroup receivables of Kaufman & Broad SA; (c) pledges of Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS financial securities accounts. In addition, under the 2014 Senior Facilities Agreement, Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS are guarantors of Kaufman & Broad SA's commitments as Borrower and granted a pledge of their bank accounts and a pledge of their intra-group receivables in guarantee for the sums due as joint guarantors.

The signature of the 2014 Facilities Agreement, the Bank Account Pledge Agreement, the Trade Receivables Assignment Framework Agreement, and the Financial Securities Accounts Pledge Agreement were authorized by the Board of Directors at its meeting of March 10, 2014.

Terms and Conditions of Related-party Transactions

Sales and purchases entered into with related parties were conducted at market prices. Financial year-end open balances are not guaranteed, do not carry interest, and are paid in cash. No guarantees were given or received for amounts receivable from and payable to related parties. For financial years ended November 30, 2015 and November 30, 2014, the group did not book any provision for doubtful receivables in relation to amounts due from related parties. This assessment is conducted annually by reviewing the financial position of the related parties and the markets on which they operate.

Group Corporate Officers

In 2014 and 2015, the group did not grant any loans to the members of its administrative and management bodies.

Compensation of members of the administrative and management bodies

The table below shows the compensation of persons who are as of the closing date, or were during the last financial year, members of the group's administrative and management bodies.

(in € thousands)	November 30, 2015	November 30, 2014
Short-term benefits other than employer contributions ^(a)	3,627	3,222
Short-term benefits: employer contributions	1,672	1,486
Post-employment benefits – balance sheet impact ^(b)	51	614
Other long-term benefits ^(c)	NA	NA
Retirement indemnities	-	-
Directors' fees ^(d)	239	215
Shares-based compensation	-	-
Stock option awards (number)	-	-
Bonus share awards (number)	33,000	27,000

(a) Includes gross salaries, compensation, bonuses, incentives, profit-sharing and in-kind benefits paid for the year.

Compensation relates to members of the Management Committee.

(b) Services under a retirement benefit.

(c) Other compensation vested but due in the long term.

(d) Compensation paid only to non-executive Corporate Officers.

Defined contribution pensions

The members of the Management Committee, including the Corporate officer Nordine Hachemi, receive a supplemental defined contribution pension plan.

For financial year 2015, the amount recognized as expenses by our Company for this contract was €184,000 (€149,000 at November 30, 2014).

Note 31. Fees paid by the group to the Statutory Auditors and the members of their networks**Years covered: 2014 and 2015 ^(a)**

(in € thousands)

	Ernst & Young Audit				Deloitte & Associés			
	Amount (tax excl.)		%		Amount (tax excl.)		%	
	2015	2014	2015	2014	2015	2014	2015	2014
Audit								
Account audit and certification, review of the statutory and the Consolidated Financial Statements^(b)								
Issuer: Kaufman & Broad SA	131	138	28%	27%	131	138	72%	72%
Fully consolidated subsidiaries	334	381	72%	73%	50	53	28%	28%
Other work and services directly relating to the task of the Statutory Auditor^(c)								
Issuer: Kaufman & Broad SA	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	465	519	100%	100%	181	191	100%	100%
Other services rendered by the networks to the fully consolidated subsidiaries^(d)								
Legal, tax, Corporate	-	-	-	-	-	-	-	-
Other (to be specified if >10% of Audit fees)	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total	465	519	100%	100%	181	191	100%	100%

(a) For the relevant period, these are services rendered for an accounting period and posted to the income statement.

(b) Including the services of independent experts or members of the Statutory Auditor's network used by the Statutory Auditors to certify the financial statement.

(c) This item shows the audit and services rendered directly to the issuer or its subsidiaries:

- by the Statutory Auditors in compliance with the provisions of Article 10 of the Code of Ethics;
- by the member of the network in compliance with the provisions of Articles 23 and 24 of the Code of Ethics.

(d) Non-audit services rendered pursuant to the provisions of Article 24 of the Code of Ethics by a member of the network to the issuer's subsidiaries whose financial statements are being certified. This concerns the fees relating to an audit for an unsuccessful acquisition.

The fees of the other Statutory Auditors relating to the fully consolidated companies were €26 thousand in 2015 and €44 thousand in 2014.

Note 32. Events after the balance-sheet date**Equity investments**

On December 22, 2015, Kaufman & Broad Midi-Pyrénées took control over SMP, a real estate developer in Toulouse, with the goal to expand and strengthen its leading position in the Midi-Pyrénées region. The provisional price of this transaction is €1.2 million.

After having acquired a 40% stake in October 7, 2015 (see Significant events during the period), Kaufman & Broad Nantes, a subsidiary of Kaufman & Broad SA, acquired on January 6, 2016 the remaining capital and took over control over Safaur, a real estate developer in Caen. The provisional price of this transaction is €3.3 million.

Financière Gaillon 8 S.A.'s planned start of the disposal of its stake in Kaufman & Broad

Financière Gaillon 8 S.A., the Company's principal shareholder holding 87.95% of the capital stock announced on January 27, 2016 its intent to start the disposal of its stake in Kaufman & Broad, as applicable, through a market offering which could bring its stake to below 50% of capital.

Simultaneously with this market transaction, it has been planned that Kaufman & Broad would acquire a portion of the shares sold by Financière Gaillon 8 S.A. under and within the limits of its share buyback plan, whose renewal will be proposed to the next Shareholders' Meeting (a), and that Kaufman & Broad's employees and management would increase their stakes in the Company, in order to hold in the future approximately 5% of the capital.

Moreover, and considering its cash and cash equivalents which totaled €169.4 million at November 30, 2015, the Board of Directors of Kaufman & Broad will propose to the Shareholders' Meeting on April 13, 2016 the payment of an extraordinary dividend (including an interim dividend of €1.85 per share, which will be paid in March 2016). This dividend payment will take place prior to the completion of the planned disposal.

Finally, Kaufman & Broad plans to refinance its bank debt in relation to this transaction.

A disposal in the form of a market offering would allow Kaufman & Broad to significantly increase its free float and the liquidity of its stock.

Subject to favorable market conditions, the placement transaction could be completed in the first half of financial year 2016.

Cancellation of treasury shares

Pursuant to the decision of the Board of Directors of Kaufman & Broad on January 26, 2016, the Company canceled 747,619 treasury shares resulting in a reduction in capital of €0.2 million. The impact of this cancellation of €13.7 million was charged to "Other reserves". The share capital therefore now stands at €5,417,630.14.

Since, in the consolidated accounts, treasury shares are recognized as a deduction from shareholders' equity, this cancellation has no impact on the consolidated shareholders' equity.

4.2. Statutory financial statements at November 30, 2015

Annual financial statements at November 30, 2015

Income Statement

(in € thousands)	Section	November 30, 2015	November 30, 2014
Revenues	4.2.2.13.	1,810	3,412
Other purchases and external charges	4.2.2.14.	(2,041)	(7,029)
Wages and salaries		-	-
Taxes		(366)	(133)
Amortization, depreciation and provisions	4.2.2.8.	(2,102)	(2,517)
Reversal of provisions and expense transfer		623	14,634
Other operating charges and revenues		(286)	(259)
Operating income		(2,362)	8,108
Profits allocated and losses incurred	4.2.2.15.	70,339	59,877
Net financial income (including dividends from subsidiaries)	4.2.2.16.	44,222	(9,501)
Current operating income		112,199	58,484
Non-recurring income (loss)	4.2.2.17.	(382)	(1,102)
Corporate income tax	4.2.3.	(16,906)	(24,871)
Net income		94,911	32,511

Balance Sheet

Assets

(in € thousands)	Section	November 30, 2015	November 30, 2014
Intangible Assets	4.2.2.2.	-	-
Property, plant and equipment	4.2.2.3.	125	127
Financial assets	4.2.2.4.	416,434	368,534
Non-current assets		416,559	368,661
Inventories		-	-
Receivables	4.2.2.5.	87,469	65,830
Treasury shares	4.2.2.6.	16,778	15,997
Cash and cash equivalents		36	36
(prepaid expenses)		15	15
Current assets		104,299	81,878
Total assets		520,858	450,539

Liabilities

(in € thousands)	Section	November 30, 2015	November 30, 2014
Authorized capital		5,612	5,612
Premiums and reserves		242,679	238,242
Net income		94,911	32,511
Shareholders' equity	4.2.2.7.	343,202	276,365
Provisions for liabilities and charges	4.2.2.8.	8,974	7,367
Financial debt	4.2.2.9.	139,070	150,110
Trade payables and related accounts		609	781
Other payables	4.2.2.10.	29,002	15,916
Total equity and liabilities		520,858	450,539

4.2.1. General principles

The financial year lasts 12 months, from December 1 to November 30.

The annual financial statements were prepared in accordance with current French accounting regulations (General Chart of Accounts and the Commercial Code).

4.2.1.1. Property, plant and equipment and intangible fixed assets

Property, plant and equipment and intangible fixed assets are posted to the balance sheet at acquisition cost. Amortization and depreciation are calculated on a straight-line basis according to the expected life of the asset concerned.

The depreciation periods generally used are as follows:

- IT licenses: 3 years;
- fittings, fixtures, facilities: 10 years;
- office furniture: 10 years.

4.2.1.2. Financial assets

The gross amount of the equity investments of the companies listed in the balance sheet is equal to their acquisition cost. A provision is recognized when the book value is lower than the value in use.

The value in use of each Company is measured on the basis of the share of the net position held, which includes a share in the income from programs hosted by the Company. Account is taken of consolidated goodwill and the earnings outlook of the subsidiaries.

To assess the value in use of the group's subsidiaries, the general management of Kaufman & Broad makes estimates and uses assumptions that are based on past experience and anticipate changes in the markets in which these companies operate, or other factors considered to be reasonable under the circumstances.

The estimates and assumptions primarily concern:

- earnings forecasts for real estate developments;
- business plans for future financial years.

The sales price and take-up rate assumptions based on the earnings forecast for real estate developments, as well as the actual budget results for the medium-term provisional budgets used to carry out impairment tests, may be impacted by the economic environment and regulatory changes, particularly government tax incentives.

Receivables relating to equity affiliates correspond to current account advances to group companies.

The net income from the tax-transparent subsidiaries (construction and sale partnerships, or other business partnerships) of which Kaufman & Broad SA is a partner, becomes immediately and entirely vested in Kaufman & Broad SA at the end of the financial year. At year-end, the shares of the income of the tax-transparent companies for the financial year is posted in the current account.

4.2.1.3. Treasury shares

The bonus shares purchased for allocation to group employees (under bonus share plans) are recognized in a Treasury Shares account, and are categorized by purpose in accordance with the decision to allocate the shares. The treasury shares held for the purposes of the liquidity agreement, or not yet allocated, are valued at their acquisition price. A provision is recorded in the event of a loss compared to the average stock market price during the last month of the fiscal year. The treasury shares allocated under a bonus share plan are kept at their balance sheet value on the allocation date.

4.2.1.4. Provisions for liabilities and costs

Every quarter the legal and accounting departments review the provisions for litigation posted as liabilities on the balance sheet. Provisions made previously are reviewed and reassessed on the basis of the current status of the proceedings. If applicable, new provisions are made on the basis of an individual assessment of risks for new disputes. The creation of a provision is not conditional on whether or not proceedings are being litigated in court but depends on the nature of the risk.

4.2.1.5. Suspense accounts and financial instruments

Unrealized gains and losses on interest-rate instruments used in hedging transactions are not recognized. When such instruments are cancelled or terminated early, the cash balance paid is booked directly in the income statement.

4.2.1.6. Share of profits and losses incurred

As from financial year 2011, most of the group's subsidiaries have opted for the preferred percentage-of-completion method for the recognition of revenues and of the margin on real estate programs in their annual financial statements.

Recognition of revenues and margin is now carried out pro rata to technical completion, for which the starting point is the purchase of the land and the progress of sales (signed deeds of sale) of each program. This method applies whether the margin is expected to be profitable or loss making.

The taxable income of these subsidiaries is still determined using the method of recognizing revenues and margin on completion.

The bylaws of these companies, organized in the form of SCIs (real estate partnerships) and SNCs (commercial partnerships), provide for the automatic transfer of profits to their partners, in the same financial year.

In accordance with the provisions of the French Construction and Housing Code, the payment to their partners of any sum owed by companies with programs under development must be strictly limited to the sums that the companies with said programs may access freely as and when construction projects progress towards completion.

4.2.1.7. Tax consolidation

The tax consolidation agreement signed by the companies that are members of the consolidated group stipulates that tax liabilities will be borne by the consolidated companies (parent and subsidiary), as they would in the absence of tax consolidation, after deduction of their previous losses. In addition, tax savings from losses will be kept by Kaufman & Broad SA, as the parent company, and will be considered as earnings for the period even if they give rise to a liability for the period during which non-profitable subsidiaries become profitable.

4.2.1.8. Consolidated VAT

As from December 1, 2012, the Kaufman & Broad group has been declaring consolidated VAT. The agreement signed by the companies included in the scope of consolidation provides that VAT payments and credits must be transferred to Kaufman & Broad SA which, as the parent company of the group, becomes the only company responsible for paying the VAT or receiving VAT refunds.

Nevertheless, monitoring will be conducted by each legal entity, so that the VAT credits of each company included in the scope of consolidation are repaid by Kaufman & Broad SA (60 days later).

4.2.2. Analysis of the financial statements

4.2.2.1. Significant events

Acquisition of Concerto Développement

On December 19, 2014, Kaufman & Broad Real Estate, a wholly owned subsidiary of Kaufman & Broad SA, took control of Concerto Développement, acquiring one of France's leaders in logistics development from Affine, of which Concerto Développement was a subsidiary, for the amount of €4.4 million. Until 2018, Affine will remain a partner of Kaufman & Broad as a minority associate for project developments.

Acquisition of the Safaur group

On October 7, 2015, Kaufman & Broad Nantes, a wholly owned subsidiary of Kaufman & Broad SA, acquired a 40% stake in

Safaur, a property developer in Caen, also covering Côte Normande and Basse Normandie, for the sum of €1.4 million. This business combination is in line with Kaufman & Broad's desire to expand its coverage in France by targeting mid-size population areas.

Dividends received

The income or loss from Kaufman & Broad SA's holdings on November 30, 2015 included the dividends of €52.8 million paid by two subsidiaries, €50.0 million of which were the extraordinary dividends of Kaufman & Broad Europe (see Note 4.2.2.16.).

4.2.2.2. Intangible assets

(in € thousands)

	November 30, 2015	November 30, 2014
Software licenses	274	274
Depreciation and amortization	(274)	(274)
Net intangible assets	-	-

4.2.2.3. Property, plant and equipment

(in € thousands)

	November 30, 2015	November 30, 2014
Facilities and fittings	184	184
Depreciation and amortization	(58)	(57)
Facilities and fittings	125	127
Office and IT equipment – furnishings	601	601
Depreciation and amortization	(601)	(601)
Office and IT equipment – furnishings	-	-
Net property, plant and equipment	125	127

4.2.2.4. Financial assets

(in € thousands)	November 30, 2015	November 30, 2014
Equity interests	324,460	324,458
Receivables related to equity interest and loans ^(a)	97,933	46,630
Other financial assets ^(b)	1,308	1,356
Impairment ^(c)	(7,267)	(3,910)
Net non-current financial assets	416,434	368,534

(a) Receivables relating to equity holdings correspond to current account advances to subsidiaries of Kaufman & Broad SA.

(b) Other investments and loans are largely composed of deposits and guarantees, including the €1.3 million in cash made available by Banque Rothschild pursuant to the share purchase agreement.

(c) At November 30, 2015, the provision for securities of the subsidiaries concerned KB Financement (€2.9 million) and SM2I (€4.1 million).

(in € thousands)	November 30, 2014	Increase	Decrease	November 30, 2015
Equity interests	324,458	5	(3)	324,460
Receivables related to equity holdings and loans	46,630	51,303	-	97,933
Other fixed assets	1,356	-	(48)	1,308
Impairment provision	(3,910)	(3,357)	-	(7,267)
Financial assets	368,534	47,950	-51	416,434

4.2.2.5. Receivables

(in € thousands)	November 30, 2015	November 30, 2014
Value added tax ^(a)	7,756	351
Corporate income tax	-	-
Current accounts ^(b)	79,689	65,479
Other debtors	24	-
Receivables	87,469	65,830

(a) As at November 30, 2015 the consolidated VAT credit was €7.7 million.

(b) This sum comprises €69.1 million, being the share of the revenue up-streamed to the parent (versus €62.9 million at November 30, 2014); €7.4 million, being the current accounts from tax consolidation with other group companies (see Note 4.2.3.); and €3.1 million, being the intra-group re-invoicing relating to the granting of bonus share awards to employees of the Kaufman & Broad group.

(in € thousands)	November 30, 2015	Up to 1 year	> 1 year
Value added tax	7,756	7,756	-
Corporate income tax	-	-	-
Current accounts	79,689	45,640	34,049
Other debtors	24	24	-
Receivables	87,469	53,421	34,049

(a) The proportion at more than one year corresponding to the share of the increases in the undistributable income of the subsidiaries in the 12 months, taking into account the projected completion date of construction works for the programs concerned, in accordance with the provisions of the Code Construction and Housing (see, Note 4.2.1.6.).

4.2.2.6. Treasury shares

(in € thousands)	November 30, 2015	November 30, 2014
Treasury shares	16,778	15,997
Provisions for impairment of treasury shares	-	-
Treasury shares (value net of impairment)	16,778	15,997

At November 30, 2015, there were 941,009 treasury shares including:

- 194,550 shares allocated to bonus share plans, in the amount of €2.72 million;
- the shares held and for which no allocation decision has yet been made, totaling 738,759 shares in the amount of €13.842 million;
- 7,700 shares held pursuant to the liquidity agreement for the sum of €216,000.

At November 30, 2014, the group held 924,538 treasury shares, of which: 106,000 shares allocated to bonus share plans; 812,288 shares for which no allocation decision had been made; and 6,250 shares held pursuant to the liquidity agreement.

At its meeting of July 7, 2015, the Board of Directors allocated 124,350 treasury shares to a new bonus share plan. In addition 30,100 bonus shares were delivered to their beneficiaries in January 2015 (January 22, 2013 plan).

4.2.2.7. Shareholders' equity

The change in shareholders' equity is broken down and analyzed as follows:

(in € thousands)	Authorized capital	Legal reserve	Stock warrants	Share premium	Other reserves	Retained earnings	Net income	Shareholders' equity
November 30, 2013	5,612	979	781	975	30,656	124,884	79,967	243,854
Approp. of 2013 earnings	-	-	-	-	-	79,967	-79,967	-
Interim dividend	-	-	-	-	-	-	-	-
Net income for fiscal year	-	-	-	-	-	-	32,511	32,511
30 novembre 2014	5,612	979	781	975	30,656	204,851	32,511	276,365
Approp. of 2014 earnings	-	-	-	-	-	32,511	-32,511	-
Distributions	-	-	-	-	-	-28,073	-	-28,073
Net income for fiscal year	-	-	-	-	-	-	94,911	94,911
30 novembre 2015	5,612	979	781	975	30,656	209,289	94,911	343,202

In addition to the legal reserve, the Company has reserves for an amount at least equal to the value of the shares it holds.

Change in capital

(in €)	November 30, 2014	Increase	Decrease	November 30, 2015
Number of shares	21,584,658	-	-	21,584,658
At par value	0.26	-	-	0.26
Capital	5,612,011	-	-	5,612,011

At November 30, 2014 and at November 30, 2015, Kaufman & Broad's authorized capital amounted to €5,612,011.08, divided into 21,584,658 shares of common stock, each with a par value of €0.26.

4.2.2.7.1. Stock option plans

A group stock option plan set up in 2006 was still in progress as of November 30, 2015. No new tranche was granted, nor was any new stock option plan set up in 2015.

Details concerning the main features of the group's plans in effect at November 30, 2015 are set forth in the table below.

Stock options	Plan 3
Date of authorization by the Extraordinary Shareholders' Meeting	April 19, 2006
Date of the Board of Directors' meeting granting the options/shares	April 19, 2006
Number of options awarded	95,500
Number of beneficiaries	26
Start of option exercise period	April 19, 2008
Expiration date	April 19, 2016
Expiration of lock-in	April 19, 2010
Exercise price	€44.23
Options outstanding at beginning of the financial year	14,100
Options granted during the financial year	-
Options forfeited during the financial year	-
Options exercised during the financial year	-
Expired options	3,000
Options outstanding at November 30, 2015	11,100
Options exercisable at November 30, 2015	11,100

4.2.2.7.2. Bonus share plan

Under the January 22, 2013 bonus share plan 30,100 bonus shares were definitively awarded on January 22, 2015, at the end of the vesting period, and were delivered.

As authorized by the Shareholders' Meeting of April 11, 2014, the Board of Directors awarded 124,350 additional bonus shares at its meeting on July 7, 2015.

Title to the shares allocated under the various award plans detailed below was transferred at the end of the vesting period, i.e. after a period of two years from the date of award by the Board of Directors.

In addition, the beneficiaries of these plans may not transfer title to the shares that have in fact vested, by any means whatsoever, prior to the end of the lock-in period, i.e., two years after the vesting date of said shares.

Details concerning the main features of the group's plans in effect at November 30, 2015 are set forth in the table below.

Bonus share plan	April 11, 2014	July 7, 2015
Date of authorization by the Extraordinary Shareholders' Meeting	April 11, 2014	April 11, 2014
Total number of bonus shares that may be awarded	200,000	129,800
Date of the Board of Directors' meeting awarding the shares	April 11, 2014	July 7, 2015
Number of beneficiaries	741	662
Types of shares	Existing	Existing
Number of bonus shares awarded	70,200	124,350
Void shares	7,860	1,000
Shares outstanding at November 30, 2015	62,340	123,350

Stock subscription warrants

The Extraordinary Shareholders' Meeting of December 3, 2007 resolved to immediately issue 721,086 Company stock subscription warrants (SSWs) reserved for 21 group employees and for one Corporate officer.

The SSWs that were held by employees who are no longer with the group (i.e., at November 30, 2015 a total of 599,212 SSWs) were bought by Financière Daunou 10, which decided not to exercise these SSWs and they are now void.

Accordingly, at November 30, 2015, only 121,874 SSWs may still be exercised. The exercise of these 121,874 SSWs could result in a capital increase for a maximum nominal amount of €31,687.76, plus, if applicable, the amount of the additional capital increases necessary to preserve the rights of the SSW holders in the event of new financial transactions.

Each SSW may only be exercised in the event of a "Change in control," as defined in the terms and conditions of the SSW, occurring prior to December 3, 2017.

4.2.2.8. Contingencies and loss provision

(in € thousands)	November 30, 2015	November 30, 2014
Provision for the allocation of bonus shares ^(a)	2,597	1,323
Provision for tax liabilities	-	-
Provision for subsidiary liabilities ^(b)	5,674	5,544
Other provisions for liabilities and charges	703	500
Provisions for liabilities and charges	8,974	7,367

(a) Provision created up to the capital loss that the Company will incur on delivery of the bonus shares to the employees.

(b) Provision in the amount of the net negative position of the subsidiary Kaufman & Broad Normandie (€5.6 million).

(in € thousands)	November 30, 2014	Increase	Reversals used	Reversals unused	November 30, 2015
Provision for allotted bonus shares	1,323	1,725	-	-451	2,597
Provision for tax liabilities	-	-	-	-	-
Provision for subsidiary liabilities	5,544	301	-	-171	5,674
Other provisions for liabilities and charges	500	375	-	-172	703
Provisions for liabilities and charges	7,367	2,401	-	-794	8,974

4.2.2.9. Financial debt

(in € thousands)	November 30, 2015	November 30, 2014
Syndicated bank credit line	138,900	150,000
Utilized credit facilities	90	-
Interest accrued on borrowings	80	110
Financial debt	139,070	150,110

Kaufman & Broad SA has available to it a syndicated bank credit line, the terms and conditions of which are set forth in detail below.

The main uses of financial debt

(in € thousands)	Debt capacity	Utilization at November 30, 2015	Expiration date	Rate ^(a)
Senior A	38,900	38,900	repayable by semi-annual installments of €5.5 million from March 2015 to March 2019	E +300 BPS
Senior B	100,000	100,000	bullet repayment in March 2019	E +325 BPS
Total	138,900	138,900	-	-

(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

At November 30, 2015, the group had utilized €138.9 million of the syndicated bank credit line, versus €150 million at November 30, 2014.

- On March 19, 2014, Kaufman & Broad SA signed a Senior Facilities Agreement for a total amount of €200 million to replace the existing Senior Facilities Agreement.

Kaufman & Broad SA's Senior Facilities Agreement, which has a five-year maturity, includes:

- a new Revolving Credit Facility, with a bullet repayment, for a maximum principal amount of ultimately €50 million (the interest rate for Tranche A is 3%, plus 0.25% if the net debt-to-EBITDA ratio is >0);

- a Senior Credit Facility comprising:

- Tranche A for €50 million, repayable by semi-annual installments of €5.5 million starting in March 2015 (the interest rate of Tranche A is 3%, plus 0.25% if the net debt-to-EBITDA ratio is >0), two initial repayments of Tranche A were made in March and September 2015 for the sum of €11.1 million,
- Tranche B for €100 million, with a bullet repayment, (the interest rate of Tranche B is 3.25%, plus a premium of 0.25% if the net debt-to-EBITDA ratio is >0).

At November 30, 2015, the Company had not started utilizing its new revolving credit line.

2. Adjustment of financial ratios:

During the accounting quarters from August 2014 until the expiration of the agreement in 2019, the group is required to comply with two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each quarter-end	Threshold	Ratio at November 30, 2015
Leverage Ratio (ratio of non-risk weighted assets to risk) ⁽¹⁾	<3	(0.37)
Debt/Equity Ratio ⁽²⁾	<1	(0.11)

(1) Namely, (a) the Net Financial Debt, divided by (b) EBITDA, where:

(a) Financial debt means gross financial debt, less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items,
(b) EBITDA means the pre tax net earnings of the consolidated group before, in particular: the tax on income and interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses); other extraordinary and/or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses relating to the non-financial compensation of employees); gains or losses from the sale of assets; and then reduced by the revenue from minority interests.

(2) Net financial Debt (a), divided by adjusted shareholders' equity (c);

(c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013; plus aggregated income from December 1, 2013 to the end of the relevant quarter; less the dividends paid for the relevant period; plus the aggregated impairment charge for the period from December 1, 2013 to the end of the relevant quarter.

3. The agreement provides for a 'cash sweep' clause in certain conditions. Since the conditions were not fulfilled, no payment will be made in respect of the fiscal year ended November 30, 2015.

4. The sureties put in place to guarantee the sums due by the Company as a borrower are described in section 4.2.2.18.

Repayment schedule

(in € thousands)	November 30, 2015	Less than 1 year	1 to 5 years	More than 5 years
Syndicated line ^(a)	138,900	11,100	127,800	-
Credit facilities utilized	90	90	-	-
Accrued interest	80	80	-	-
Gross financial debt	139,070	11,270	127,800	-

(a) The syndicated bank credit lines opened in March 2014 will be repaid as follows: Tranche A (€50.0 million) is repayable by semi-annual installments of €5.5 million starting in March 2015; Tranche B has a bullet repayment due in March 2019.

4.2.2.10. Other payables

(in € thousands)	November 30, 2015	November 30, 2014
Value added tax	602	927
Corporate income tax ^(a)	8,090	6,815
Other taxes	367	58
Other miscellaneous receivables	447	447
Current accounts ^(b)	19,495	7,669
Other payables	29,002	15,916

(a) This tax debt corresponds to the balance to be paid under the 2015 tax consolidation.

(b) This amount comprises €9.2 million, corresponding to the current account of the member companies within the scope of VAT consolidation (compared to €1.4 million at November 30, 2014), and €10.2 million for the cash advances granted to group companies (compared to €6.3 million at November 30, 2014).

(in € thousands)	November 30, 2015	≤ 1 year	1 to 5 years	More than 5 years
Value added tax	602	257	345	-
Corporate income tax	8,090	8,090	-	-
Other taxes	367	367	-	-
Other miscellaneous receivables	447	447	-	-
Current accounts	19,495	19,495	-	-
Other payables	29,002	28,657	345	-

4.2.2.11. Receivables from, and debts to, businesses in which the Company has a participating interest

(in € thousands)	November 30, 2015	November 30, 2014
Receivables from equity holdings	97,933	46,629
Other receivables	79,689	65,830
Current accounts	(19,495)	(7,669)
Related companies receivables and payables	158,127	104,790

4.2.2.12. Accrued expenses and revenues

(in € thousands)	November 30, 2015	November 30, 2014
Borrowings and financial debts	(80)	(110)
Trade payables and related accounts	(530)	(782)
Tax and Social Security liabilities	(315)	(6)
Total payables	(925)	(898)

The amount listed under trade payables and related accounts corresponds primarily to fees not yet invoiced.

(in € thousands)	November 30, 2015	November 30, 2014
Other receivables	-	-
Other accrued income	-	-

4.2.2.13. Revenues

(in € thousands)	November 30, 2015	November 30, 2014
Provision of services	1,810	3,412
Total	1,810	3,412

Revenues correspond, in particular, to the re-invoicing of operating costs incurred in 2015 by Kaufman & Broad SA on behalf of group companies or of its main shareholder Financière Gaillon 8, and to the re-invoicing by Kaufman & Broad to the Intercompany Partnership, an entity employing the Kaufman & Broad group employees, for expenses related to the distribution of bonus shares.

4.2.2.14. Other purchases and external charges

(in € thousands)	November 30, 2015	November 30, 2014
Legal fees and issuance costs ^(a)	(628)	(5,657)
Audit fees	(304)	(266)
Internal services	(784)	(760)
Other expenses	(325)	(346)
Total	(2,041)	(7,029)

(a) The 2014 fees for arranging the new line of credit totaled €4.6 million.

4.2.2.15. Profits allocated and losses incurred

This item records the income from program support companies for a net total of €70.3 million as at November 30, 2015, compared with €59.9 million as at November 30, 2014, including the portions of losses amounting to -€0.1 million at November 30, 2015 compared to -€2.5 million at November 30, 2014.

4.2.2.16. Financial income

(in € thousands)	November 30, 2015	November 30, 2014
Dividends received ^(a)	52,800	10
Net change in provisions ^(b)	(3,488)	(1,684)
Financial income relating to the early repayment of the Senior B and C lines	-	-
Net interest expenses ^(c)	(5,090)	(7,827)
Total	44,222	(9,501)

- (a) The dividends and income from holdings consists of dividends received from subsidiaries, mainly the extraordinary dividends of €50 million distributed by Kaufman and Broad Europe.
(b) In 2015 this amount included:
- a reversal of a €2.9 million reserve for impairment losses on the shares of KB Financement,
- a reversal of €0.5 million for impairment losses on the shares of SM2I,
- an increase of €0.3 million in the provision for impairment losses on the shares of Kaufman et Broad Normandie,
- a reversal of €0.2 million for impairment of Kaufman & Broad Rénovation securities;
(c) Financial interest corresponds to interest incurred on borrowings and swaps and on intra-group current accounts.

4.2.2.17. Non-recurring income (loss)

(in € thousands)	November 30, 2015	November 30, 2014
Other non-recurring net costs ^(a)	(382)	(1,102)
Total	(382)	(1,102)

- (a) The non-recurring loss in 2015 corresponds to the capital loss on treasury shares delivered under bonus share plans in the amount of €0.3 million.

4.2.2.18. Off-Balance sheet items

Interest-rate hedges

Interest-rate hedges are made by way of instruments listed on organized markets or over-the-counter with high-quality counterparties.

The following table sets forth the details of the portfolio of one-month swaps paying Euribor against fixed-rate receiving swaps at November 30, 2015.

Type	Notional amount (in € millions)	Fixed rate	Expiration date		Type	Book value at November 30, 2015 (% of nominal)
			Start date	End date		
EUR 1M fixed rate swap	20	0.466%	April 30, 2014	Nov. 30, 2017	Hedge	-1.59%
EUR 1M fixed rate swap	10	0.500%	Nov. 28, 2014	Nov. 30, 2017	Hedge	-1.65%
EUR 1M fixed rate swap	20	0.500%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-1.65%
EUR 1M fixed rate swap	10	0.470%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-1.59%
EUR 1M fixed rate swap	15	0.130%	Nov. 30, 2014	Nov. 30, 2018	Hedge	-1.21%
EUR 1M fixed rate swap	50	0.300%	Nov. 28, 2014	Nov. 30, 2018	Hedge	-1.73%

Off-balance sheet commitments received

Unutilized syndicated credit lines

(in € thousands)	November 30, 2015	November 30, 2014
Unutilized RCF line ^(a)	50,000	50,000

- (a) Under the debt refinancing which took place in March 2014 (see Note 4.2.2.10.), a Revolving Credit Facility (RCF) line for a maximum amount of €50 million with bullet repayment in March 2019 was set up to refinance the group's general and working capital requirements. This line has not been utilized since it was arranged.

Pledges and liens

Under a memorandum of understanding (MoU), Kaufman & Broad SA stood surety for one of its partners, limited to €4 million excluding VAT and the provision of a first-demand bank

guarantee, in respect of commitments made by two of its subsidiaries in said MoU. In exchange, this partner's main shareholder stood surety for the commitments of its subsidiary vis-à-vis joint ventures for the same amount plus its own provision of a first-demand bank guarantee.

(in € thousands)

	November 30, 2015	November 30, 2014
Land non-use indemnities and works guarantees	11,475	8,763
Counter-guarantees issued ^(a)	16,727	43,832
Total	28,202	52,595

(a) These are the counter-guarantees granted by Kaufman & Broad SA to financial institutions which have themselves issued Performance Bonds for completion of the works, and secured by the Reservation Indemnities of the Land to group subsidiaries. In 2014, this amount included a payment guarantee for €34 million related to an offices project.

Pledges and liens

Liens were granted by Kaufman & Broad SA to guarantee its commitments in relation to the financing arranged in March 2014.

Type of pledge/mortgages	Final expiration date ^(a)	Amount of assets pledged ^(b)	Total balance sheet item	Total % of Kaufman & Broad SA balance sheet at Nov. 30, 2015
Pledge of financial instrument account -100% of the shares of Kaufman & Broad Homes SAS held by the Company		€10,450,195	€10,450,195	2%
Pledge of the credit balance in the Kaufman & Broad SA bank accounts		€35,870	€35,870	-
Framework agreement for the assignment of intra-group receivables from Kaufman & Broad SA's subsidiaries, in particular Kaufman & Broad Financement SNC		€61,714,723	€61,714,723	12%
Pledge of 100% partnership shares Kaufman & Broad Europe SAS		€217,436,878	€217,436,878	42%
Total		€289,637,666	€289,637,666	56%

(a) These pledges are intended to be maintained until full payment of the sums due by the Company, as borrower and guarantor, under the Senior Facilities Agreement and ancillary agreements.

(b) Net book value in the statutory financial statements at November 30, 2015.

4.2.3. Tax consolidation and future tax position

The Company opted for tax consolidation starting from the year ended November 30, 1990, in accordance with Article 223 of the French Tax Code, for a term of five years. The Company has renewed this option five times, making it valid until the end of 2019.

(in € millions)	Pre-tax book income (loss)	Tax adjust- ments ^(a)	Pre-tax fiscal income	Tax loss carry forward to be charged	Taxable income	Kaufman & Broad SA theoretical tax	Effect of tax conso- lidation income/ (expense)	Recognized tax income/ (expense)	Net income
Current	112,199	(56,731)	55,468	(28,043)	27,425	(10,857)	(6,181)	(17,038)	95,161
Non-current	(382)	-	(382)	-	(382)	132	-	132	(250)
Total	111,817	(56,731)	55,086	(28,043)	27,043	(10,725)	(6,181)	(16,906)	94,911

(a) The tax adjustments include mainly the deduction of dividends received from Kaufman and Broad Europe and the 2015 adjustment to recognition of the revenues and the margin on the progress towards completion recorded in the net income or loss offset for the calculation of taxable income at completion.

(b) This amount includes the tax on dividends paid of €0.8 million.

4.2.4. Related party transactions

By virtue of the license agreement signed with Kaufman & Broad Europe SAS, Kaufman & Broad SA is licensed to use the Kaufman & Broad brands, logos and domain names, in France,

free of charge. All related party transactions are at arm's length and on current market terms and conditions.

4.2.5. Post-closing events

Equity investments

On December 22, 2015, Kaufman & Broad Midi-Pyrénées took control over SMP (Serge Mas Promotion), a real estate developer in Toulouse, with the goal of expanding and strengthening its leading position in the Midi-Pyrénées region. The provisional price of this transaction is €1.2 million.

Having acquired a 40% stake in October 7, 2015 (see Significant events of the period), Kaufman & Broad Nantes, a subsidiary of Kaufman & Broad SA, acquired on January 6, 2016 the remaining capital and took control over Safaur, a real estate developer in Caen. The provisional price of this transaction is €3.3 million.

Financière Gaillon 8 SA's plan to start disposing of its stake in Kaufman & Broad

Financière Gaillon 8 SA, the Company's principal shareholder holding 87.95% of the authorized capital, announced on January 27, 2016 its intention to start disposing of its stake in Kaufman & Broad, possibly by a public offering which may reduce its stake to below 50% of the capital.

In parallel with this market transaction, the intention was that Kaufman & Broad would acquire a portion of the shares sold by Financière Gaillon 8 S.A. under and within the limits of its share buyback plan, the renewal of which will be proposed to the next Shareholders' Meeting, and that Kaufman & Broad's employees

and management would increase their stakes in the Company, in order to hold approximately 5% of the capital in the future.

Moreover, and considering its cash and cash equivalents which totaled €169.4 million at November 30, 2015, the Board of Directors of Kaufman & Broad SA will propose to the Annual Shareholders' Meeting on April 13, 2016 the payment of an extraordinary dividend (including an interim dividend of €1.85 per share, which will be paid in March 2016). This dividend payment will be made prior to the completion of the intended disposal.

Finally, Kaufman & Broad plans to refinance its bank debt at the time of this transaction.

A disposal in the form of a market offering would allow Kaufman & Broad to significantly increase its free float and the liquidity of its stock.

Subject to favorable market conditions, the placement could be completed in the first half of financial year 2016.

Cancellation of treasury shares

Pursuant to the decision of the Board of Directors of Kaufman & Broad on January 26, 2016, the Company canceled 747,619 treasury shares resulting in a reduction in capital of €0.2 million. The impact of this cancellation of €13.7 million was charged to "Other reserves". The share capital therefore now stands at €5,417,630.14.

4.2.6. Consolidation

Kaufman & Broad SA is the parent company in the scope of consolidation that consists of Kaufman & Broad SA and its subsidiaries. The accounts of Kaufman & Broad SA are consolidated by Full Consolidation in the consolidated accounts of Financière Gaillon 8 SA.

4.2.7. Other

Kaufman & Broad SA has no employees.

The total compensation of the directors and Corporate Officers for 2015 amounted to €1,684,075, of which €239,067 was paid to non-executive directors.

4.2.8. Subsidiaries and equity affiliates

	Capital	Shareholders' equity other than capital before appropriation of income	% ownership interest	Gross book value of shares held
A – Detailed information on investments in subsidiaries the gross book value of which exceeds 1% of Kaufman & Broad S.A.'s capital				
1. Subsidiaries (at least 50% of the capital held by the Company)				
Kaufman & Broad Europe SAS	221,440,548	46,245,786	99.90%	217,436,878
Kaufman & Broad Homes SAS	2,247,403	5,903,933	100.00%	10,450,195
Kaufman & Broad Développement SAS	152,449	(2,185,192)	100.00%	152,449
SMCI Développement SAS	762,245	(650,022)	100.00%	762,245
Kaufman & Broad Rénovation SAS	160,000	(352,268)	100.00%	152,296
Kaufman & Broad Financement SNC	3,040,500	1,032,749	99.90%	4,307,707
Kaufman & Broad Real Estate SAS	205,280	6,377,240	100.00%	30,191,792
Kaufman & Broad Méditerranée SARL	100,000	(12,636,073)	100.00%	100,000
Kaufman & Broad Normandie SARL	100,000	(4,858,173)	100.00%	100,000
Kaufman & Broad Savoie SARL	100,000	(177,336)	100.00%	100,000
Kaufman & Broad Rhône-Alpes SARL	1,300,000	(13,762,462)	100.00%	1,300,000
Kaufman & Broad Pyrénées-Atlantiques SARL	100,000	(1,059,948)	100.00%	100,000
Résidences Bernard Teillaud SARL	840,000	13,075,088	100.00%	15,663,729
Kaufman & Broad Midi-Pyrénées SARL	2,858,910	14,570,193	100.00%	36,404,833
Kaufman & Broad Languedoc-Roussillon SARL	100,000	(3,681,407)	99.00%	99,000
Kaufman & Broad Aquitaine SARL	100,000	(7,608,180)	99.00%	1,387,900
SM2I	1,000,000	(450,412)	100.00%	5,059,325
Kaufman & Broad Flandres	7,700	26,164	99.90%	636,000
2. Equity affiliates (at least 10% to 50% owned by the Company)				
B – General information on other interests with a gross value less than 1% of Kaufman & Broad S.A.'s capital				
1. Subsidiaries not included in Section A				
SNC Kaufman & Broad Promotion 1	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 2	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 3	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 4	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 5	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 6	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 7	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 8	1,000	-	99.90%	990
SNC Kaufman & Broad Promotion 9	1,000	-	99.90%	990
Other French subsidiaries (aggregate)	-	-	-	32,670
2. Equity interests in French companies not included in Section A (aggregate)				
	-	-	-	108,922

	Net book value of shares held	Outstanding loans and advances granted by the Company	Sum of guarantees and endorsements given by the Company	Last published net revenue	Last published net income (loss)	Dividends received by the Company during the fiscal year
217,436,878	-	-	-	7,389,332	7,542,548	-
10,450,195	-	-	-	33,075,773	8,932,604	-
152,449	-	-	-	16,849,839	3,613,239	-
762,245	-	-	-	560,807	847,857	-
133,609	-	-	-	1,960,430	254,055	-
1,365,259	-	-	-	416,516	-2,708,527	-
30,191,792	-	-	-	4,492,502	931,897	-
100,000	-	-	-	7,217,303	(5,510,318)	-
-	-	-	-	0	(285,973)	-
100,000	-	-	-	1,586,682	(1,574,735)	-
1,300,000	-	-	-	5,567,370	(1,146,275)	-
100,000	-	-	-	1,221,009	(3,309,298)	-
15,663,729	-	-	-	359,103	423,818	-
36,404,833	-	-	-	5,853,636	(5,033,689)	-
99,000	132,699	-	-	4,777,685	(121,017)	-
1,387,900	-	-	-	8,544,052	1,823,878	-
865,454	-	-	-	1,464,176	(203,631)	-
636,000	-	-	-	1,089,494	(1,305,818)	-
990	4,996,779	-	-	101,189,731	8,769,328	-
990	-	-	-	129,081	(43,644)	-
990	3,459,839	-	-	217,145,610	15,033,606	-
990	4,425,813	-	-	150,714,132	17,558,395	-
990	-	-	-	65,342,852	6,877,105	-
990	-	-	-	41,830,196	4,007,783	-
990	-	-	-	109,540	50,766	-
990	2,866,572	-	-	79,016,381	4,697,195	-
990	-	-	-	(8,613)	17,799	-
31,638	-	-	-	-	-	-
2,918	-	-	-	-	-	-

4.2.9. Five-year financial summary

Type of information	2015	2014	2013	2012	2011
1 Financial position at year-end					
a) Authorized capital	5,612,011	5,612,011	5,612,011	5,612,011	5,612,011
b) Number of shares issued	21,584,658	21,584,658	21,584,658	21,584,658	21,584,658
c) Number of convertible bonds		-	-	-	-
2 Aggregate result of actual operations					
a) Revenues excluding VAT	1,809,564	3,411,525	1,125,881	1,075,639	237,827
b) Earnings before taxes, amortization, depreciation and provisions	116,783,465	47,984,896	97,446,761	78,266,580	68,287,720
c) Tax on profits	16,906,321	24,871,390	15,202,518	(1,565,327)	(4,813,594)
d) Earnings after taxes, amortization, depreciation and provisions	94,911,060	32,510,444	79,966,898	72,042,542	68,015,260
e) Amount of profits distributed	80,222,600	28,072,931	-	48,455,612	-
3 Income per share from operations					
a) Earnings after taxes and before amortization, depreciation and provisions	5.18	2.22	4.51	3.70	3.39
b) Earnings after taxes, amortization, depreciation and provisions	4.40	1.51	3.70	3.34	3.15
c) Dividend per share	3.85	1.36	-	2.31	-
4 Staff					
d) Number of employees	-	-	-	-	-
e) Total payroll	-	-	-	-	-
f) Amounts paid in respect employee benefits	-	-	-	-	-

4.2.10. Fees paid by the group to the Statutory Auditors and members of their networks

See Section 4.1.6. "Additional information" – Note 31 "Fees paid by the group to the Statutory Auditors and members of their networks".

4.3. Information on Related Parties

Section 3.2.6. "Information on transactions with companies that have directors in common with the Company or other group companies" describes, in particular, the current agreements.

Section 4.1.6. "Additional Information," Note 30 "Related Party Transactions" describes the terms and conditions of related party transactions.

5 Information concerning the group's business

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5.1. General information concerning the Company

5.1.1. Company name and registered office

Company name: Kaufman & Broad SA
 Registered office: 127, avenue Charles de Gaulle
 92207 Neuilly-sur-Seine Cedex
 Telephone: +331 41 43 43 43

5.1.2. Legal form and applicable legislation

The Company is a French *société anonyme* governed by a Board of Directors, and in particular by the provisions of Book II of the French Commercial Code.

5.1.3. Date of incorporation and term of the Company

The Company was created by private deed dated June 28, 1968 and registered in the Trade and Companies Register of Nanterre on October 29, 1968. The Company is incorporated for a term of 99 years, and will be dissolved on October 29, 2067, unless it is wound up earlier or its term is extended.

5.1.4. Corporate purpose

As defined in Article 3 of the bylaws, the Corporate purpose of the Company is to perform the following, directly or indirectly, in France or abroad:

- to acquire any developed or undeveloped land, with or without structures requiring demolition, for the construction and sale, upon or before completion, of new buildings of any type (apartments, single-family homes, offices and commercial premises) as a package or in individual lots, to any individual or legal entity;
- to design and complete any project for subdivision into real estate lots or for groups of housing units, governed or not by condominium bylaws, for urban development or any program to rehabilitate or renovate existing buildings;
- to prepare all documents, take all administrative steps and perform all formalities on its own behalf or on behalf of landowners, to obtain all administrative authorizations, sign all contracts of sale or, before contracts are signed, to analyze and prepare all construction and services contracts with any contractors, architects, design firms and project owners and, more generally, all technical, legal, financial, marketing and advertising programs, transactions and campaigns to promote the implementation and sale of real estate developments;
- to construct, on behalf of landowners, buildings any kind, under real estate development contracts, Project Management contracts, Project Owner Assistance contracts or any other type of contract for the provision of services;
- to own, lease or manage any building, whether or not constructed by the Company, for the requirements of its business;
- to execute all industrial, commercial or financial transactions, in tradeable securities or real estate, relating directly or indirectly to the Corporate purpose or any similar or related purposes;
- to acquire equity interests for the Company in any existing or future businesses or companies, directly or indirectly relating to the Corporate purpose or any similar or related purposes, particularly businesses or companies the purpose of which would assist in achieving the Corporate purpose, and by any means, particularly by the creation of new companies, contributions of capital, mergers, alliances or acquisitions of ownership interests in any type of jointly owned Company or Intercompany Partnership;
- to carry out any partnership or other transactions, with any companies, directly or indirectly relating to the Corporate purpose or to any similar or related purpose, or likely to facilitate its growth or development, or make it more profitable;
- incidentally to acquire and sell, by any means and particularly by contribution, subscription, purchase, swap or otherwise, and to manage a portfolio of listed and/or unlisted securities, as well as shares in partnerships or private companies, and/or partnership interests, and rights in real estate or securities of any kind;
- to provide all services, studies, Corporate services, access to resources, interpretations, technical or legal, expert assessments and consulting services arising therefrom;

- independently, and more generally, to provide administrative, economic, marketing and technical support to all private or public organizations, businesses, local authorities or to any individuals, in all areas;
- to carry out, in whatever form, any type of transaction directly or indirectly relating to the above-mentioned purposes, including forming partnerships with any individuals, legal entities and any organizations, to acquire an ownership interest in existing businesses and to create new businesses, merging companies, or representing any French or foreign corporations or companies;
- and generally, to carry out any scientific, technical, industrial, sales, financial, securities or real estate transactions directly or indirectly relating to the above-mentioned purposes or any similar or related purposes, or that are likely to facilitate their growth or development or make them more profitable.

5.1.5. Trade and companies register

The Company is identified under number 702 022 724 in the Trade and Companies Register of Nanterre.

5.1.6. Consultation of documents

All the legal documents relating to the Company that must by law be made available to shareholders, as well as all published documents of the Kaufman & Broad group referred to in this

Registration Document, may be consulted at the Company's registered office at 127, avenue Charles de Gaulle, Neuilly-sur-Seine, or on the website www.kaufmanbroad.fr.

5.1.7. Fiscal year

The Company's fiscal year begins on December 1 and ends on November 30.

5.1.8. Appropriation of income

After approval of the financial statements and recognition of the existence of distributable income, five percent (5%) of net income is appropriated to the legal reserve. This appropriation ceases to be mandatory once the legal reserve represents one tenth of the authorized capital.

This remaining income, less any prior-year losses and plus any retained earnings, constitutes distributable income.

The Ordinary Shareholders' Meeting may decide to appropriate all or part of this income as it deems fit, either as retained earnings or to one or more special or general reserves, the allocation or use of which it shall determine.

Dividends must be distributed within nine (9) months of the end of the fiscal year, unless such period is extended by an order of the President of the Commercial Court.

As part of the group's refinancing, a Senior Facilities Agreement was signed on March 19, 2014 (see Section 4.1.5. "Statement of financial position – liabilities" Note 24.1. "Gross financial debt by type"), by virtue of which the Company may only distribute dividends if the Total Net Leverage Ratio (see Section 1.2.1.5.4. "Financial covenants under (i) the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement") is not higher than 1. The dividend distribution policy is exposed in Section 5.5.1. "Distribution Policy".

5.1.9. Shareholders' Meetings

Shareholder decisions are made at Shareholders' Meetings. Ordinary Shareholders' Meetings cover all matters that do not require amendments to the bylaws (unless otherwise stipulated by law).

Extraordinary Shareholders' Meetings may be convened to amend the bylaws (unless otherwise stipulated by law).

Shareholders' Meetings are held at the registered office or in any other location indicated in the notice of meeting.

They are convened by the Board of Directors, in the manner and within the time limit set by law. All shareholders are entitled to attend Shareholders' Meetings, either in person or by proxy, provided that they submit proof of their identity and of ownership of at least one share, in the form and at the place specified in the notice of meeting. All shareholders are entitled to be represented at Shareholders' Meetings in the manner stipulated by law. Shareholders may also cast postal votes in the manner stipulated by law.

Shareholders who participate in a Meeting via video conference or other telecommunication technology that enables them to be identified, the type and use of which are defined by law, are deemed present for the purpose of calculating a *quorum* and voting majorities. These provisions are contained in Article 18 of the Company's bylaws.

All shareholders may be represented by their spouse, their civil-part (PACS) partner, by another shareholder or by any individual or legal entity of their choice, at all Shareholders' Meetings. Shareholders may also cast postal votes in the manner stipulated by law.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by the Deputy Chairman or, in the Deputy Chairman's absence, by a director designated by the Board. The two shareholders present holding the largest number of votes in their own names and/or as proxies shall, if they agree, act as the tellers. The officers appoint the Meeting secretary, who does not have to be a shareholder.

5.1.10. Double voting rights

The voting rights attached to shares are, in principle, proportional to the equity capital they represent. However, the Company's Extraordinary Shareholders' Meeting of January 21, 2000 attributed double the voting rights which are double those attributed to other shares on the basis of the proportion of the equity capital which they represent, to all fully paid-up shares registered in the name of the same shareholder for at least two years, and to any new shares resulting from shares carrying double voting rights. Bonus shares resulting from a capital increase by incorporation of reserves, earnings or premiums will

benefit from double voting rights when they are issued, provided they are attributed on the basis of shares that already enjoy this right. Double voting rights cease for all shares that have been converted to bearer shares or have been transferred, except for all transfers from one registered owner to another registered owner as part of an inheritance or a family settlement.

Any decision to strip shares of double voting rights may be made by an Extraordinary Shareholders' Meeting, but only if authorized by a Special Meeting of the holders of such rights.

5.1.11. Disclosure thresholds

Pursuant to Article 7 of the bylaws, any individual or legal entity, acting alone or in concert with others, who directly or indirectly acquires, through one or more legal entities that it controls as defined by Article L. 233-3 of the French Commercial Code, a number of shares representing a proportion of the authorized capital or the voting rights equal to or exceeding 2% (or any multiple thereof, including above the thresholds to be declared as provided for by law or regulation) must, by registered mail with acknowledgement of receipt within five trading days of the date when such threshold was crossed, notify the Company of the total number of shares and voting rights which he/it possesses, including any securities attached thereto which give future access to the capital and voting rights.

Furthermore, according to Article L. 233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert with others, who acquires, directly or indirectly, a number of shares representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, a half, two thirds, eighteen twentieths or nineteen twentieths of the Company's capital and/or voting rights, must, by registered mail with acknowledgement of receipt at the latest before the close of trading on the fourth trading day following the day when such threshold was crossed, notify the Company, in particular, of the number of shares and voting rights which he/it holds.

The methods for calculating the crossing of these thresholds, as well as the content of the declarations to be made to the Company and to the AMF, are defined in the applicable laws and regulations.

The duty to inform the Company applies equally when the percentage of the authorized capital or voting rights held by a shareholder falls below the aforementioned thresholds.

In the event of failure to make the required declaration, the shares in excess of the relevant threshold will automatically be stripped of the right to vote at all Shareholders' Meetings until the end of a two-year period following the date on which the owner has remedied the situation. The legal penalties applicable in the event of failure to declare the crossing of statutory thresholds also apply in the event of failure to declare the crossing of thresholds stipulated in the bylaws, provided that one or more shareholders holding at least 5% of the capital or voting rights have requested this, and that said request has been entered in the minutes of the Shareholders' Meeting.

Disclosure of changes in ownership percentages is set forth in Section 5.3.1. "Shareholders at November 30, 2015 and the change over three years".

5.2. General information concerning the capital

5.2.1. Statutory provisions governing changes in capital and the rights attached to shares

Since the bylaws do not contain any specific provisions relating thereto, any change in the capital or the rights attached to shares are subject to the statutory provisions.

5.2.2. Rights, privileges and restrictions attached to shares

At November 30, 2015, the Company's authorized capital is composed of 21,584,658 shares all carrying the same rights (see Section 5.1.8. "Appropriation of income"), subject to the existence of double voting rights (see Section 5.1.10. "Double voting rights"). At February 10, 2016, the Company has cancelled 747,619 shares, reducing the number of authorized capital to 20,837,039 shares. Only the shares held by Kaufman & Broad shall, during the period that it holds them, be stripped of their voting and dividend rights, and of the rights to a share in any surplus on winding-up.

5.2.3. Acquisition by the Company of its own shares

The sixth resolution of the Combined Ordinary and Extraordinary Shareholders' Meeting of May 9, 2001 authorized the Company to implement a share buyback program, up to a maximum 10% of the number of shares comprising the Company's capital. The authority granted to the Board of Directors for the Company to buy back its own shares was renewed by the Shareholders' Meeting of April 16, 2015 for a period of eighteen months. The authority was granted to the Board of Directors of April 11, 2014, for a period of twenty-six months, to proceed with the cancellation of the shares held by the Company following the buyback of its own shares.

5.2.3.1. Buyback program authorized by the Shareholders' Meeting of April 16, 2015

The Shareholders' Meeting of April 16, 2015, with the *quorum* and majority required for Ordinary Shareholders' Meetings and after a reading of the Report of the Board of Directors, authorizes the Board of Directors, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and of European Regulation No. 2273/2003 of December 22, 2003, for a period of eighteen months, in order for the Company to buy back its own shares at a maximum price of €40 per share, i.e. a total maximum price of €60,500,000.

This authority, if required, is granted in order to enable:

- the stimulation of the market or the liquidity of the Company's shares through an investment service provider under a liquidity agreement that complies with the AMAFI's (the French Financial Markets Association's) Code of Ethics recognized by the AMF;
- the acquisition of shares to be held and subsequently used for payment or exchange in external acquisitions, in compliance with market practices approved by the AMF;

- the grant or transfer of shares to employees and/or Corporate Officers (on the terms and in the manner provided by law), particularly under a stock option plan, a bonus share grant plan, or a Company savings plan;
- the granting of the Company's shares by delivery of shares on the exercise of the rights attached to securities giving right, by means of redemption, conversion, exchange or presentation of a warrant or in any other way, to the granting of the Company's shares;
- the cancellation of all or some of the shares purchased pursuant to the eighteenth extraordinary resolution of the Shareholders' Meeting of April 11, 2014.

The purchase, disposal or transfer transactions described above may be carried out by any method in compliance with the law or applicable regulations, including by means of derivative financial instruments or block trades. These transactions may occur at any time, including during the period of a public offer for the Company's shares, provided that this offer is settled entirely in cash and subject to the lock-out periods stipulated in current legal and regulatory provisions.

The Shareholders' Meeting has set the maximum number of shares that may be acquired under this resolution at 7% of the authorized capital, adjusted for transactions made after this Meeting that may affect the capital, it being understood: (i) that under this authority, the number of treasury shares must be taken into consideration so that the Company always stays within the maximum limit of 7% of the authorized capital; and (ii) that the number of treasury shares to be used as payment or exchange in a merger, demerger or contribution may not exceed 5% of the capital.

The Shareholders' Meeting has resolved that the maximum purchase price may not exceed €40 per share, such price applying only to acquisitions decided on or after the date of the Meeting and not to any forward transactions entered into under the authority granted by a previous Shareholders' Meeting and providing for the acquisition of shares subsequent to the date of the Shareholders' Meeting of April 16, 2015.

Pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders' Meeting has set the maximum overall amount allocated to the share buy-back program at €60.5 million.

This authorization was granted for a period of 18 months from the date of the Meeting and supersedes, for the unused portion, the authorization previously granted by the thirteenth resolution of the Shareholders' Meeting of April 11, 2014.

Liquidity agreement

Effective from June 5, 2006 and for a one-year term with automatic renewal, Kaufman & Broad entrusted Rothschild & Cie Banque with the task of implementing a liquidity agreement in accordance with the Code of Ethics prepared by the French Association of Investment Firms and approved by the *Autorité des Marchés Financiers* by a decision of March 22, 2005 and published in the Bulletin des Annonces Légales Obligatoires of April 1, 2005 (the objectives of this agreement are described in Section 5.2.3.1 "Buyback program authorized by the Shareholders' Meeting of April 16, 2015").

For the implementation of this agreement, €4 million was allocated to the liquidity account, which amount subsequently was reduced from €4 million to €2 million, and finally to €0.5 million.

On July 19, 2011, Kaufman & Broad made a supplemental cash contribution of €250,000. On August 8, 2011, Kaufman & Broad made an additional cash contribution of €1,000,000.

At December 31, 2015, the following resources were reported in the liquidity account: 212,745 shares and €1,167,704.31 not invested in shares.

5.2.3.2. Summary of share purchases

Under the liquidity agreement, Kaufman & Broad SA traded its treasury shares during the 2015 fiscal year as follows:

Number of shares purchased:	66,350 shares
Average purchase price:	€27.57
Number of shares sold:	64,900 shares
Average selling price:	€27.37
Total trading cost:	€35,000

At November 30, 2015, the group held 941,009 treasury shares (representing 4.36% of the Company's capital), of which: 185,690 shares (representing 0.86% of the Company's capital) intended to cover the bonus share allotments of April 2014 and July 2015; 747,619 shares (representing 3.46% of the company's capital) to ensure achievement of the other objectives of the share buyback program; and 7,700 shares held under the liquidity agreement (representing 0.04% of the Company's capital).

On October 5, 2011 Kaufman & Broad entrusted Rothschild & Cie Banque with the task of assisting it in achieving certain objectives of its buy-back program as authorized by the Shareholders' Meeting of April 19, 2012. The company increased the number of shares allocated to the task entrusted to Rothschild & Cie Banque from 250,000 to 600,000 and then, on September 14, 2012, to 1,000,000. At November 30, 2015, the Company held 933,309 shares acquired on this basis (representing 4.32% of the Company's capital).

5.2.3.3. Summary of bonus share awards

Pursuant to the authorizations of the Shareholders' Meetings of Kaufman & Broad SA in April 2009, April 2012, April 2014 and April 2015, it was decided to set up stock option plans for certain executives of Kaufman & Broad SA and its affiliates, in particular to give them the opportunity to share in the Company's growth.

As part of the bonus share plan, the Board of Directors, at its meeting of January 22, 2013, granted 30,100 bonus shares, which were definitively granted at the end of the two-year vesting period and were delivered during the 2015 financial year.

Title to the shares allocated under the various award plans detailed below is transferred at the end of the vesting period, i.e., after a period of two years from the date of award by the Board of Directors.

In addition, the beneficiaries of these plans may not transfer title to the shares actually vested, by any means whatsoever, prior to the end of the lock-in period, i.e., two years after the vesting date of said shares.

Details concerning the main features of the group's plans in effect at November 30, 2015 are set out in the table below.

Bonus shares	April 11, 2014	July 7, 2015
Date of the Extraordinary Shareholders' Meeting authorizing the plan	April 11, 2014	April 11, 2015
Total number of bonus shares that may be awarded	200,000	129,800
Date of the Board of Directors' meeting granting the shares	April 11, 2014	July 7, 2015
Total number of shares granted	70,200	124,350
Number of beneficiaries	741	662
Date of transfer of ownership of bonus shares	April 12, 2016	July 8, 2017
Date of sale of bonus shares	April 12, 2018	July 8, 2018
Void shares	7,860	1,000
Shares outstanding at November 30, 2015	62,340	123,350

5.2.3.4. Special report on the stock options presented to the Shareholders' Meeting of April 16, 2015

5.2.3.4.1. Stock subscription and purchase options (L. 225-184, para. 1) awarded to employees and Corporate Officers

Name of the plan	Date of authorization by the Shareholders' Meeting	Date of award by the Board	Nature of option (\$ or P) ^(a)	Number of awarded options	Expiration Date	Exercise price	Number of options exercised in 2015	Options not exercised as of 11/30/2015
2006 Plan	April 19, 2006	April 19, 2006	S	95,500	April 19, 2016	€44.23	-	11,100

(a) S: subscription or P: purchase.

5.2.3.4.2. Bonus shares awarded during the fiscal year ended November 30, 2015 to Kaufman & Broad SA's Corporate Officers by Kaufman & Broad SA and by the companies that are related to it in the manner set forth in Article L. 225-197-2

Executive Corporate officer of the Company	Net number	Price at date of award	Date of share award	Company awarding the shares
Nordine Hachemi	15,000	€27.75	July 7, 2015	Kaufman & Broad SA

5.2.3.4.3. Bonus shares awarded during the fiscal year to the Corporate Officers by the controlled companies, as defined by Article L233-16, for the tasks and functions that they carry out there

None.

5.2.3.4.4. Bonus shares awarded, during the fiscal year ended November 30, 2014 by the Company and by companies or groups associated with it in the manner provided for in Article L. 225-197-2, to each of the ten employees of the Company who are not Corporate Officers and who were awarded the highest number of shares

Company employee	Net number	Price at date of award	Date of share award	Company awarding the shares
William Truchy	3,000	€27.75	July 7, 2015	Kaufman & Broad SA
Jacques Rubio	3,000	€27.75	July 7, 2015	Kaufman & Broad SA
Bruno Coche	3,000	€27.75	July 7, 2015	Kaufman & Broad SA
Christian Delapierre	3,000	€27.75	July 7, 2015	Kaufman & Broad SA
David Laurent	3,000	€27.75	July 7, 2015	Kaufman & Broad SA
Laurent Bourg	1,700	€27.75	July 7, 2015	Kaufman & Broad SA
Frédéric Doucet	1,700	€27.75	July 7, 2015	Kaufman & Broad SA
Christophe Duretete	1,700	€27.75	July 7, 2015	Kaufman & Broad SA
Stéphane Gress	1,700	€27.75	July 7, 2015	Kaufman & Broad SA
Marc Speisser	1,700	€27.75	July 7, 2015	Kaufman & Broad SA

5.2.3.4.5. Bonus shares awarded, during the fiscal year ended November 30, 2014 by the Company and by the companies or groups associated with it in the manner provided for in Article L. 225-197-2, to all eligible employees by category of beneficiary

Category	Number of beneficiaries	Number of shares awarded
Executive Corporate officer	1	15,000
Member of the Management Committee	7	18,000
Directors of profit centers/or of a support department	15	20,500
Department heads	96	31,400
Other employees	543	39,450
Total	662	124,350

5.2.3.5. Summary table of securities transactions by Corporate Officers and their close relatives during the last fiscal year

Name	Michel Paris
Position held within the issuer	Director
Transactions executed by a person related the above person	-
Financial instrument	Shares
Total number of financial instruments sold	-
Weighted average price	€0
Total cost of sales	€0
Total number of financial instruments acquired	250
Weighted average price	€28.73
Total cost of acquisitions	€7,182.50

5.2.4. Authorized capital

The Company's authorized capital at November 30, 2015, was €5,612,011.08, consisting of 21,584,658 ordinary shares, each with a par value of €0.26, all subscribed and fully paid up.

At February 10, 2016, the Company has cancelled 747,619 shares, reducing the authorized capital to €5,417,630.14 with 20,837,039 shares, without changing the nominal value.

5.2.5. Capital authorized but not issued

The summary of the authorizations granted by the Extraordinary Shareholders' Meeting to the Board of Directors to increase the authorized capital of the Company by issuing shares or

securities giving rights to said capital appears in Chapter 10 "Notes", Section 10.5. "Summary table of currently valid delegations concerning capital increases".

5.2.6. Non-equity securities

The Board of Directors has the authority, granted by the Combined Ordinary and Extraordinary Shareholders' Meeting of April 11, 2014, to issue securities giving rights to an allocation of

debt instruments for a period of 26 months, up to a maximum limit of €160 million. This authority has not been used to date.

5.2.7. Other securities giving rights to capital

The Company has introduced different bonus share and stock option plans (see in particular Sections 3.3.3. "Stock option or stock warrant plans – Bonus share awards – Stock warrants awarded" and 5.2.3.3. "Summary of bonus share awards" and Section 10.5. "Summary table of currently valid authorizations concerning capital increases").

The Shareholders' Meeting of December 3, 2007 issued 721,086 stock subscription warrants ('SSWs') reserved for 21 group employees and one Corporate officer. The SSWs that were held by employees who have left the group (namely, at the

date of this Registration Document, a total of 599,212 SSWs) were bought by Financière Daunou 10, which decided not to exercise these SSWs, which are now void. The number of SSWs remaining at the 2015 fiscal year-end was 121,874. The exercise these SSWs by their holders may result in a future capital increase in a maximum nominal amount of €31,687.76, to which will be added the amount of the supplemental capital increases made necessary to preserve the rights of SSW holders in the event of new financial transactions (See Section 3.3.4. "Stock subscription warrants").

5.2.8. Table of changes in the capital

Transaction	Number of shares issued	Nominal amount of capital variation	Premium per share	Cumulative amount of the issue premium	New authorized capital	Cumulative number of shares	Par value of shares
November 30, 1997	-	-	-	FF 29,992,949	FF 19,414,200	194,142	FF 100
January 21, 2000	-	-	-	-	-	-	-
30-for-1 stock split	5,630,118	-	-	FF 29,992,949	FF 19,414,200	5,824,260	FF 3.3333
January 21, 2000	-	-	-	-	-	-	-
Conversion of the capital into euros ^(a)	-	€ 10,696.89	-	€ 4,572,395.60	€ 2,970,372.60	5,824,260	€ 0.51
February 7, 2000	-	-	-	-	-	-	-
Capital increase in cash by a public offering	5,130,000	€ 2,616,300	€ 22.49	€ 119,946,095.60	€ 5,586,672.60	10,954,260	€ 0.51
February 7, 2000	-	-	-	-	-	-	-
Capital increase in favor of the 'Kaufman & Broad Actionnariat'	-	-	-	-	-	-	-
Company savings plan ^(d)	18,937	€ 9,657.87	€ 21.34	€ 120,350,211.18	€ 5,596,330.47	10,973,197	€ 0.51
February 10, 2000	-	-	-	-	-	-	-
Distribution of issue premium ^(b)	-	-	-	€ 34,669,383.34	-	10,973,197	€ 0.51
March 8, 2000	-	-	-	-	-	-	-
Over-allotment (Greenshoe) ^(c)	165,390	€ 84,348.90	€ 22.49	€ 38,389,004.44	€ 5,680,679.37	11,138,587	€ 0.51
March 8, 2000	-	-	-	-	-	-	-
Allocation of the issue costs	-	-	-	€ 35,729,089.28	-	11,138,587	€ 0.51
April 19, 2006	-	-	-	-	-	-	-
Capital increase by withdrawal from retained earnings	-	€ 11,385.87	-	€ 35,729,089.28	€ 5,792,065.24	11,138,587	€ 0.52
2-for-1 stock split	11,138,587	-	-	€ 35,729,089.28	€ 5,792,065.24	22,277,174	€ 0.26
December 3, 2007	-	-	-	-	-	-	-
Distribution of reserves	-	-	-	€ 975,128.67	€ 5,792,065.24	22,277,174	€ 0.26
July 8, 2009	-	-	-	-	-	-	-
Capital reduction	-629,516	-€ 180,054.16	-	€ 975,128.67	€ 5,612,011.08	21,584,658	€ 0.26
February 10, 2016	-	-	-	-	-	-	-
Capital reduction	-747,619	-€ 194,380.94	-	€ 975,128.67	€ 5,417,630.14	20,837,039	€ 0.26

(a) Conversion of the par value of the capital into euros, and rounding up the total amount by a capital increase with capitalization of reserves of €10,696.89.

(b) Pursuant to the sixth and eighth resolutions of the Shareholders' Meeting of January 21, 2000, the sum of €85,680,827.84 was granted only to those who were shareholders of the Company at the date of the Shareholders' Meeting of January 21, 2000, in proportion to the amount of their equity interests at this date.

(c) Since the offering for individual and institutional investors was oversubscribed, the capital increase of February 7, 2000 was supplemented by a further increase resulting from exercise of the greenshoe option.

(d) See Section 3.3.2. "Company savings plan".

At February 10, 2016, the Company has cancelled 747,619 shares, reducing the authorized capital to €5,417,630.14 with 20,837,039 shares, without changing the nominal value.

5.3. Current distribution of the capital and the voting rights

5.3.1. Shareholding structure of the Company at November 30, 2015 and the change over three years

The shareholding structure of our Company at November 30, 2015 was as follows:

Shareholders at November 30, 2015	Number of shares	% of authorized capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Shareholders				
Companies owned by funds held by PAI Partners ^(a)	19,132,570	88.64%	95.47%	93.27%
Public ^(b)	1,252,579	5.80%	3.88%	3.79%
Kaufman & Broad SA	941,009	4.36%	0.00%	2.30%
Employees	258,500	1.20%	0.65%	0.63%
Total	21,584,658	100.00%	100.00%	100.00%

(a) Financière Gaillon 8 SA holds 87.95% of the authorized capital and 95.10% of the voting rights.

(b) Shares held by directors are included under the heading "Public" in the shareholding structure at November 30, 2015.

The total number of shares known to have double voting rights at November 30, 2015 was 19,257,658. Accordingly, on this same date, the total number of the Company's theoretical voting rights totaled 40,842,316 and the total number of voting rights exercisable at Shareholders' Meetings amounted to 39,901,307 (with the difference corresponding to the number of treasury shares held by the Company, stripped of voting rights).

There are 105 holders of registered shares, individuals and legal entities combined.

At November 30, 2015, the number of shares held by members of the Board of Directors totaled 47,253 shares representing 70,350 votes.

At year-end, the number of shares held by employees, as defined in Article L. 225-102 of the French Commercial Code, represented 1.20% of the Company's authorized capital.

To the Company's knowledge and with the exception of the funds owned by PAI Partners, no other shareholder holds more than 5% of the capital and voting rights.

Changes in shareholding structure after the balance sheet date at February 10, 2016

	Number of shares	% of capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Shareholder				
Companies owned by funds held by PAI Partners ^(a)	19,132,820	91.82%	95.46%	95.01%
Public ^(b)	1,265,623	6.07%	3.91%	3.89%
Employees	250,506	1.20%	0.63%	0.62%
Kaufman & Broad SA	188,090	0.90%	0.00%	0.47%
Total	20,837,039	100.00%	100.00%	100.00%

(a) Financière Gaillon 8 SA holds 91.11% of the authorized capital and 95.09% of the voting rights exercisable at the Shareholder's General Meeting.

(b) Shares held by directors are included under the heading "Public" in the shareholding structure at February 10, 2016.

At February 10, 2016, the Company has cancelled 747,619 shares, reducing the number of authorized capital from 21,584,658 to 20,837,039 shares.

Disclosure thresholds on shares held in Kaufman & Broad SA

On February 12, 2016, Financière Gaillon 8 as well as Financière Daunou have notified the Company that they had crossed individually, for Financière Gaillon 8, the thresholds of 88% and 90% of the capital as well as 94% in percentage of the theoretical voting rights, and for Financière Daunou 10, 90% of the capital and the 95% in theoretical voting rights by assimilating the shares and the voting rights.

Since November 30, 2015, the Company has not been made aware of any thresholds crossing by a Company holding more than 5% of the capital or the voting rights of Kaufman & Broad SA.

The Company has not been notified of any other thresholds crossing provided by legal provisions or any other thresholds crossing provided by the by-laws, since the end of financial year 2015.

The Company is not aware of any significant changes in its shareholders' structure since February 10, 2016.

Kaufman & Broad SA shares held by directors at February 10, 2016

	Number of shares	Number of voting rights
Shareholder		
Sylvie Charles	250	500
Alexandre Dejoie	250	250
Yves Galland	600	600
Nordine Hachemi	22,806	22,806
Sophie Lombard	250	500
Joël Monribot	22,097	44,194
Michel Paris	250	250
Caroline Puechoultres	250	250
Frédéric Stévenin	250	500
Olivier de Vregille	250	500
Total	47,253	70,350

5.3.2. Changes in the distribution of authorized capital during the past three fiscal years

Changes in the shareholding structure over 3 years at November 30	2015		2014		2013	
	Number of shares	% of capital	Number of shares	% of capital	Number of shares	% of capital
Shareholders						
Companies owned by funds held by PAI Partners ^(a)	19,132,570	88.64%	19,132,820	88.64%	19,133,746	88.64%
Public	1,252,579	5.80%	1,280,935	5.93%	1,529,317	7.09%
Kaufman & Broad SA	941,009	4.36%	924,538	4.28%	681,840	3.16%
Employees	258,500	1.20%	246,365	1.14%	239,755	1.11%
Total	21,584,658	100.00%	21,584,658	100.00%	21,584,658	100.00%

(a) Financière Gaillon 8 SA held 87.95% of the capital at November 30, 2015 and 87.95% at November 30, 2014.

Changes in the voting rights over 3 years at November 30

Holders	2015	2014	2013
Companies owned by funds held by PAI Partners ^(a)	95.47%	95.28%	94.64%
Public	3.88%	4.10%	4.76%
Employees (Corporate Savings Plan)	0.65%	0.62%	0.60%
Total	100.00%	100.00%	100.00%
Total voting rights exercisable at Shareholders' Meetings	39,901,307	39,982,034	40,277,139
Total voting rights	40,842,316	40,906,572	40,958,979

(a) Financière Gaillon 8 SA held 95.10% of the voting rights at November 30, 2015 and 94.91% at November 30, 2014.

The decrease in voting rights relates primarily to the company's acquisition of its own shares, stripping them of voting rights.

5.3.3. Legal entities holding control of the company

5.3.3.1. PAI Partners

At January 31, 2015, Financière Gaillon 8, a *société anonyme* with registered office at 232 rue de Rivoli, in Paris (75001) and registered in the Trade and Companies Register of Paris under number 497 658 377, held 87.95% of the capital and 95.10% of the Company's voting rights. The Kaufman & Broad SA shares held by Financière Gaillon 8 were acquired:

- on July 10, 2007, from KB Home and Guy Nafilyan through the acquisition and contribution of a block of Kaufman & Broad SA shares;
- as part of the simplified public tender offer filed on July 10, 2007 and open from August 6 to 31, 2007, following the acquisition of KB Home's and Guy Nafilyan's block of Kaufman & Broad SA shares; and
- as to the remainder of the shares currently held by Financière Gaillon 8, through purchases on the market.

At the date of this document, the capital of Financière Gaillon 8 is held as follows:

- Financière Daunou 10 SARL, governed by Luxembourg law, and acting as an umbrella holding Company for the funds managed by the PAI Partners group, holds 40.5% of the capital and 68% of the voting rights of Financière Gaillon 8;

- the lender CA-CIB holds 40.5% of the capital and 0% of the voting rights;
- Financière de Neuilly SAS is an investment vehicle, governed by French law, held at 24.6% by the Company's managers who have invested in Financière Gaillon 8 along with the PAI Partners group, and at 75.4% by Financière Daunou 10 S.à.R.L. Financière de Neuilly SAS holds 19% of the capital and 32% of the voting rights in Financière Gaillon 8.

On March 31, 2014, Financière Gaillon 8 refinanced its entire debt under the Senior Facilities Agreement signed by the Company on July 9 and 8, 2007 in its capacity as initial borrower and initial joint guarantor for the purpose, in particular, of financing the acquisition of Kaufman & Broad SA (the "2007 Senior Facilities Agreement") by issuing bonds on March 31, 2014 represented by High Yield Notes governed by the laws of the State of New York, for a nominal amount of €370 million and bearing interest at the fixed rate of 7.00% per year (the "High Yield Notes"), issued under an Indenture, the main terms and conditions of which are set forth in the Offering Memorandum of March 26, 2014. This refinancing of the 2007 Senior Facilities Agreement was accompanied by a release of all the guarantees granted as part of the 2007 Senior Facilities Agreement".

PAI is a leading European private equity investment firm and the largest private-equity investor in France. PAI manages and advises private equity investment funds with €8.1 billion in assets under management. Since 1994, PAI has conducted 58 buyouts in ten European countries, for a total of nearly €40 billion. PAI makes investments for controlling interests as part of leveraged buyout (LBO) transactions, by acquiring majority stakes in medium- and large-sized European companies with a leadership position in their market. It invests in five core sectors: Consumer Goods, Industrial Goods, Retail, Healthcare, and Corporate Services. PAI adopts a responsible and long-term approach in its investments and, to achieve this, it establishes a strategic partnership with the companies' management teams, in order to create value by encouraging the implementation of strategic and operational improvements, by refocusing the Company's business activities, by selecting targeted investments in capital expenditure, marketing, R&D and new facilities, by evaluating new business opportunities, by identifying further acquisitions, and by using its vast network of industry and financial contacts. PAI has a team of 50 highly experienced professionals from various professional backgrounds. With professionals from nine European countries and teams based in Paris, London, Luxembourg, Madrid, Milan, Munich and Stockholm, PAI combines a strong knowledge of local markets with a deep pocket and a pan-European outlook.

On November 29, 2013, Financière Gaillon 8 and Financière Daunou 10 have entered into an assistance and consulting agreement with RKCI, a Company held by M. Nordine Hachemi, in order to organize the exit of Financière Gaillon 8 from Kaufman & Broad's capital and the potential implementation of the sale process of all or part of its investment in Kaufman & Broad SA. Depending on whether such exit would take the form of a sale of Kaufman & Broad shares or Financière Gaillon 8 shares, the beneficiary of the services would be Financière Gaillon 8 or Financière Daunou 10, majority shareholder of Financière Gaillon 8.

As a consideration for these services and subject to the completion of the sale transaction which shall also be accompanied by the entire repayment of the financial debt of Financière Gaillon 8, RKCI will be paid fees which will be calculated on the basis of the average sale price of Kaufman & Broad shares. Based on the closing price of the Kaufman & Broad share at March 8, 2016, i.e., €33.5 per share, such fees would be equal to an estimated amount of €2,129,000.

In the case of completion of the partial disposal of its stake by Financière Gaillon 8, described in Section 2.5 "Post-closing Events", and subject to the entire repayment of Financière Gaillon 8's financial debt (excluding the part of debt eventually raised to finance Financière Gaillon 8's capital reduction), RKCI would be paid fees pursuant to such assistance and consulting agreement.

Based on the closing price of the Kaufman & Broad share at March 8, 2016, i.e., €33.5 per share, such fees would be equal to an estimated amount of €2,129,000.

The risks associated with the exclusive control of the Company by the PAI Partners group are described in Section 1.2.3.3.

"Relations with the majority shareholder", it being understood that the Company does not consider that such control should be exercised in an abusive manner, considering particularly that, for Corporate governance matters, the Company applies the AFEF-MEDEF Code (see Sections 3.1.1.2.1. "Corporate Governance Code" *et seq.*).

Financière Caillon 8 has announced on January 27, 2016, its intention to initiate the sale of its stake in Kaufman & Broad SA, which would reduce its stake below 50% of the share capital. Financière Gaillon 8 has indicated that it would use the proceeds of this potential sale to redeem the High Yield Notes.

5.3.3.2. Shareholders' agreement

No shareholder agreements have been entered into by the group's companies with contracting parties outside the group. For joint promotion programs, the partners have signed a Memorandum of Understanding in order to make clear the allocation of responsibilities and the fees to be invoiced to these service providers.

On December 3, 2007, a shareholders' agreement containing a number of provisions concerning Kaufman & Broad was signed, in the presence of Financière Gaillon 8, between: Financière Daunou 10 SARL; Financière de Neuilly SAS; and certain group employees or Corporate Officers and the managers who have invested in Financière de Neuilly. The purpose of the agreement is primarily to organize relations within Financière Gaillon 8, between Financière Daunou 10, on the one hand, and the group's managers and Financière de Neuilly, on the other, as well as to provide for and organize the circumstances and conditions on which the group's managers will have the right, or the obligation, to sell the shares issued by Kaufman & Broad which they hold. This agreement includes a certain number of clauses referred to in Article L. 233-11 of the French Commercial Code and has been notified to the AMF (Notice No. 208C0035 of January 8, 2008).

As part of the re-structuring of the debt of Financière Gaillon 8 in 2009, the parties to the above shareholders' agreement, as well as PAI Partners, signed a new shareholders' agreement on June 30, 2009 superseding the shareholders' agreement signed in 2007. The shareholders' agreement was amended and updated on June 16, 2014, consequent, in particular, on the refinancing by Financière Gaillon 8 of all its indebtedness under the 2007 Senior Facilities Agreement, by issuing on March 31, 2014 a bond represented by High Yield Notes governed by the law of the State of New York, for a nominal amount of €370 million. As with the 2007 and 2009 agreements, the purpose of the shareholders' agreement of June 16, 2014 is, in particular, to organize relationships within Financière Gaillon 8, between, on the one hand, Financière Daunou 10 and, on the other, the group's managers and Financière de Neuilly, and to provide for and organize the circumstances and conditions on which the managers of the group will have the right or the obligation to sell certain of the Kaufman & Broad shares which they hold.

Moreover, Financière Daunou 10 has also made a certain number of commitments in respect of Corporate governance at Kaufman & Broad SA, which already existed under the 2007

and 2009 agreements, and in particular: (i) to maintain a structure with a Board of Directors and to maintain the operational rules and powers of the Board of Directors and of the Chairman and Chief Executive Officer, on the terms and conditions described in Section 3.1. of this document, being specified that the Board of Directors shall be composed of a number of directors of Financière Daunou or those of one of its affiliates strictly necessary in order to hold more than half of the votes in Board of Directors, the Chairman and Chief Executive Officer and Independent Directors ; and (ii) to maintain the operational rules of the Special Committees of the Board of Directors, provided that half of the members of Audit Committee should be representatives of Financière Daunou 10 or one of its

affiliates, and that two-thirds of the Compensation and Nominating Committee should be representatives of Financière Daunou 10 or one of its affiliates.

5.3.3.3. Pledges

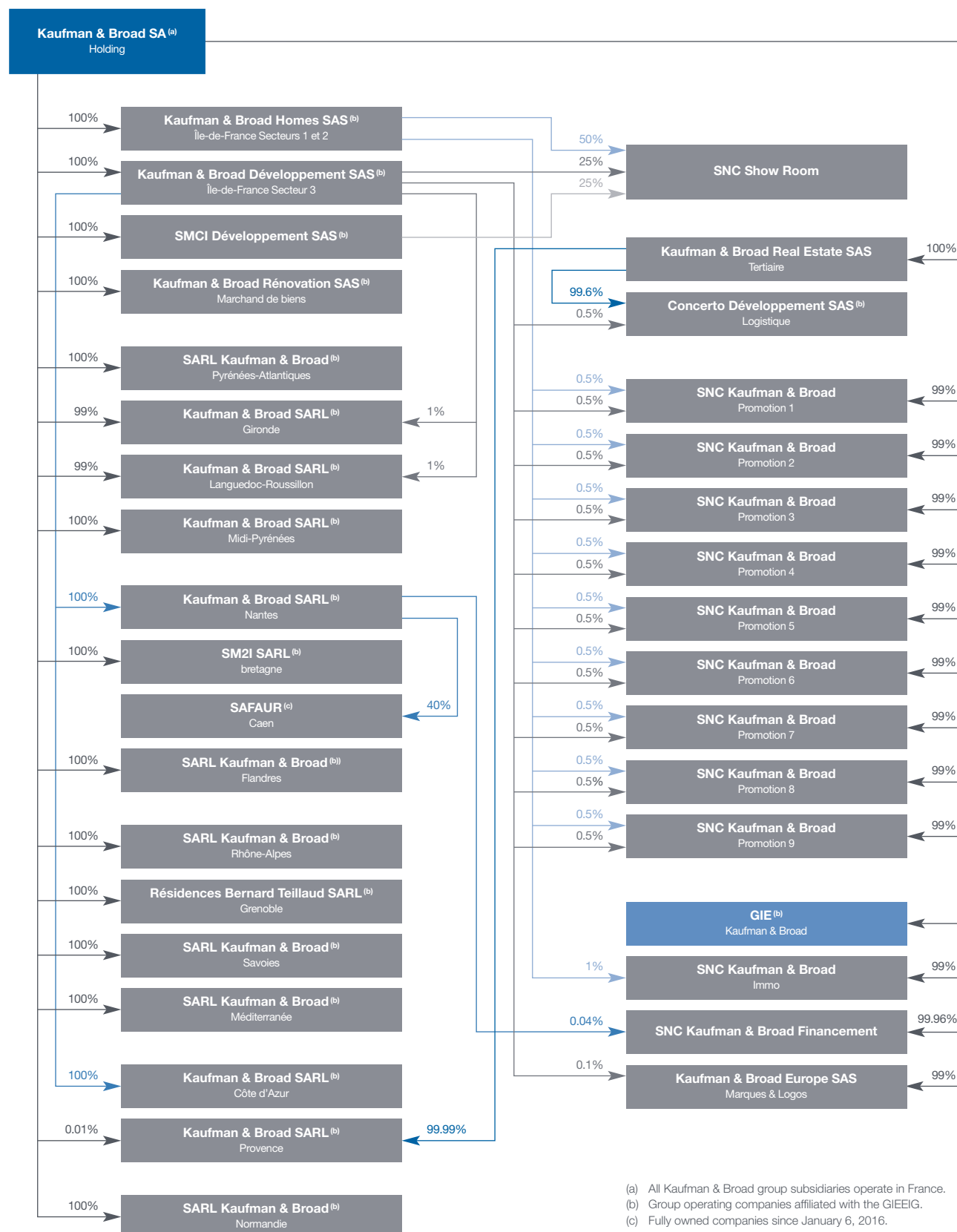
The 18,984,125 Kaufman & Broad SA shares held by Financière Gaillon 8 (representing 87.95% of the Company's authorized capital) have been pledged to The Law Debenture Trust Corporation plc, as creditor of the parallel debt and as sureties agent since March 31, 2014, and are intended to be maintained until repayment in full of the amounts due under the Indenture.

At November 30, 2015

Name of the shareholder registered in owner's name	Beneficiary	Start date of pledge	Expiration date of the pledge	Condition of release from the pledge	Number of pledge shares of the issuer	Pledged capital of the issuer
Financière Gaillon 8 SAS	Holders in relation to the High Yield Notes	March 19, 2014	March 19, 2018	This pledge is intended to remain in place until the maturity of the High Yield Notes	18,984,125	87.95%
Total					18,984,125	87.95%

5.3.4. Group organization chart

The following organization chart of the companies owned by Kaufman & Broad SA at November 30, 2015, together with their percentage holding of the capital and voting rights, are shown in the following diagram:



5.3.4.1. Related party agreements

The characteristics of, and the method for implementing the agreements concluded between the various group entities are described in Section 4.1.6. "Additional information" Note 30 "Related party transactions".

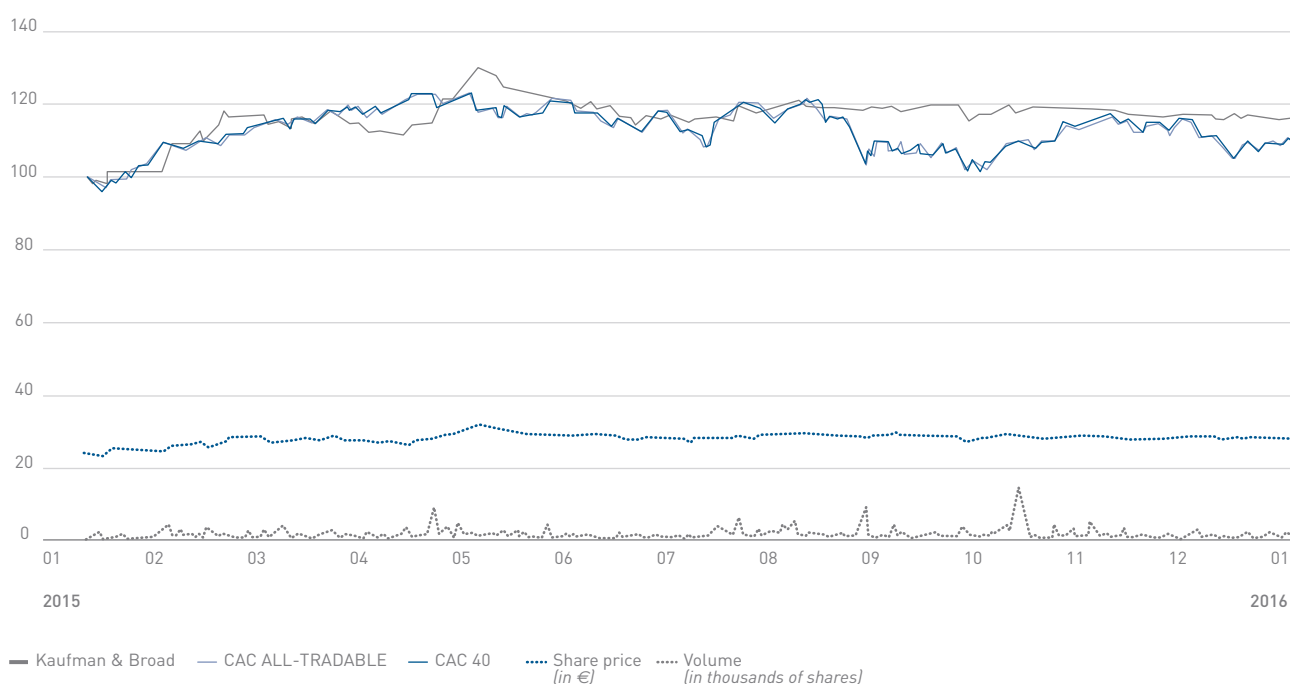
5.4. The market for the Company's shares

Since February 7, 2000, the common stock of Kaufman & Broad SA has been listed for trading on the *Premier Marché* of the Paris stock exchange, now Segment B of Euronext Paris, under ISIN code FR0004007813. From January 1 to December 31, 2015, the CAC All-Tradable rose by 9.71%, while the shares of Kaufman & Broad SA rose by 16.32%.

2015	Average price	Aggregate trading volume in shares	Average volume in shares	Average volume of capital	Aggregate volume in capital
January	24.65	18,327	873	21,512	458,390
February	27.44	20,629	1,031	28,302	564,747
March	27.61	23,394	1,063	29,363	642,921
April	28.53	36,026	1,801	51,390	1,031,543
May	29.39	22,934	1,147	33,700	674,994
June	28.15	13,394	609	17,140	375,625
July	28.18	38,835	1,688	47,581	1,094,528
August	28.58	30,799	1,467	41,923	879,908
September	28.42	20,647	939	26,670	586,305
October	28.47	50,974	2,317	65,954	1,453,089
November	28.09	15,899	757	21,269	446,117
December	27.89	17,387	790	22,038	483,597

Source: Euronext Paris' data on January 2016- Code KOF – ISIN FR 004007813.

Change in Kaufman & Broad stock compared to the CAC 40 and CAC All-Tradable and the trading volume of Kaufman & Broad stock



5.5. Dividends

5.5.1. Distribution policy

Over the last five years, the Company has paid the following dividends:

Fiscal year of dividend payment	Type	Dividend paid per share ^(a) (in €)	Total amount (in €)
2011	-	-	-
2012	Dividends	2.31	48,455,611.05
2013	-	-	-
2014	Dividends	1.36	28,072,934.00
2015	Dividends ^(a)	3.85	80,222,600.00

(a) Gross dividends, calculated on 20,837,039 shares (including dividends payable on treasury stock).

Since the refinancing of the Senior Facilities Agreement signed on January 23, 2009 (see Section 4.1.5. "Statement of financial position – Liabilities" Note 24.1. "Gross financial debt by type"), the Company has not been able to distribute any dividends during the fiscal years ended November 30, 2009, 2010 and 2011. Starting in fiscal year 2012, it would only have been able to distribute dividends if its Debt/Equity Ratio had been equal to or lower than 3. Since the refinancing of the Senior Facilities Agreement on March 19, 2014, the Company is able to distribute dividends, in particular, to the extent that, the leverage ratio (see Section 1.2.1.5.4 "Financial covenants under (i) the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement") is not higher than 1.

The Ordinary Shareholder's Meeting of April 16, 2015 has decided the payment of a net dividend per share of €1.36. Such dividend has been paid on July 20, 2015, after deducting an interim dividend of €0.68, paid on March 18, 2015.

The Board of Directors of February 16, 2016 has decided to propose to the Ordinary Shareholder's Meeting the payment of a dividend of €3.85 per share, for the financial year 2015. Such dividend will be paid after deducting an interim dividend of €1.85 per share decided by the Board of Directors, which will be paid on March 10, 2016.

5.5.2. Limitation period

Under French law, dividends which are not claimed within five years of the date of payment become statute-barred in favor of the French State.

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6 Recent Developments and Outlook

6.1. Markets

The housing market in 2016 is characterized by fundamentals that remain favorable and by cyclical factors that are less positive.

Among the favorable structural factors, the desire for home ownership continues to be strong and real estate remains a safe haven for investors. In a saturated rental market, continuing low interest rates and the low debt levels of households are benefiting the demographic and sociological dynamics such as the undoubling of families and saving for retirement. Government support measures are effective, whether provided through the Pinel incentive or through the extended zero-interest loan (PTZ) system.

The housing market

After three years of historically slow business with around 85,000 orders, 2015 proved to be a year of significant recovery, with an increase of about 18% in the number of orders compared to 2014, i.e. a market of more than 102,000 units. This growth was very largely due to the success of the Pinel incentive.

More generally, supply was lower and went back below 100,000 units for the first time in 4 years, with a take-up period that improved significantly to 13.7 months.

Similarly, available data on building permits and housing starts over a rolling 12 months at end-November show a reversal in trend.

The market may strengthen further in 2016 as the “PTZ” incentive, designed for first-time homebuyers, ramps up. The number of housing units could thus reach 105,000 to 110,000, i.e., levels close to those of 2010/2011, but prices are not expected to increase significantly.

The Commercial Property market

The market for offices had an excellent year in 2015 with more than 2.2 million sq.m sold and a drop in immediately available supply, practically unchanged rents, historically low yields particularly in Île-de-France (< 3.5%), as well as investments, including through unsecured loans, close to 2007 levels, an all-time high.

The logistics warehouse market also had an excellent year with more than 3.2 million sq.m sold, up 24% from 2014 and exceeding the 2008 and 2011 levels with an increase of more than 40% for areas of more than 20,000 sq.m; at a time when supply declined by 13% over 12 months, rents remained unchanged and yields dropped 100 points over the same period, against a backdrop of sharply rising investments (up 76% to 1.8 million).

The market environment is expected to remain favorable in the near future. Kaufman & Broad, with its position in Paris’ prime market, is now recognized as a major player and it should be able to confirm its robust performance. Similarly Concerto, a company acquired in 2014 and a recognized expert in logistics development, is expected to benefit from the growth in its market.

6.2. Strategies

General Outlook

Against this background, Kaufman & Broad's outlook at end-November 2015 is expected to be positive, given the indicators published at the end of November, which are:

- housing orders, by number: +17%;
- backlog, in financial terms: +7%;
- stock of building land for housing +7%, by lots;
- more than 80,000 sq.m of offices and 200,000 sq.m of logistics warehouse space under development;
- +30% housing units launched;
- take-up periods of 8 months.

In 2016, Kaufman & Broad will continue the strategy initiated in 2014 which is to develop the property portfolio, across all segments, and to expand the commercial offer while diversifying the customer base and its marketing approach.

A – In terms of business activities, the Company intends to continue growing and taking advantage of market trends by:

- consolidating its leadership position in the 10 major cities where it has historically been based;
- remaining attentive to growth opportunities that could enable it to strengthen its geographical coverage and its territorial network;
- strengthening its development in the field of Commercial Property in the French regions, targeting major regional cities with medium size products designed for "key accounts"; and

- developing its capacity to respond to tenders in the context of large urban projects that should enable it to have access to a significant land reserve, especially in Île-de-France ⁽¹⁾.

B – In terms of financial indicators, the group will continue to maintain the objectives it has been setting for itself for several years now:

- controlling costs;
- controlling growth in WCR and generating significant operating cash flow;
- controlling commitments and related risks.

Furthermore, operational profitability was largely unchanged compared to previous years due to the quality of its property locations and control of its WCR. The Company was able to strengthen its structure and its financing capacity and is expected to take full advantage of market trends.

Accordingly, in the absence of any macroeconomic shocks in the coming months, the Company is expected to perform well, with a marked increase in revenues and gross margin, while continuing to control WCR growth in the medium term and maintaining strict criteria for commitments.

In the medium term, the Company believes that it will be able to confirm this positive momentum and strengthen its leading position throughout France by combining a brand synonymous with quality and innovation with the professionalism of its teams.

(1) There is a potential for approximately 400,000 housing units over the next 10 years, more than 50% of which in Île-de-France (source: Adéquation, January 2016).

6.3. Group outlook for fiscal year ending November 30, 2016

The objectives presented below are based on data, assumptions and estimates that the group considered reasonable at the date of this Registration Document. These data and assumptions are likely to change or be modified due to uncertainties related to, among other things, the economic, financial, competitive, regulatory and tax environment or depending on other factors of which the group was not aware at the date of this Registration Document. In addition, should certain risks described in section 1.2 “Risk factors” of this Registration Document materialize, they may have an impact on the business activities, financial position, results of operations or prospects of the group and may therefore jeopardize the ability of the group to achieve these objectives. Furthermore, the achievement of these objectives assumes that the group’s strategy described in Section 2.1.4 “Outlook” of this Registration Document will be successful. The group therefore makes no representation and gives no warranty with respect to the achievement of the objectives set out in this section.

The group’s 2016 objectives are based on the Consolidated Financial Statements for the period ended November 30, 2015 and on the following assumptions:

- increasing volume in the new housing market of around 5%, which should be supported, among other things, by the ramp up of the “PTZ” incentive designed for first-time homebuyers;
- continuation of the Commercial Property market’s good performance recorded in 2015, particularly in the prime market in Paris (for details, see Section 2.1.4 “Outlook” of this Registration Document);

- same group regulatory and tax environment as in force at January 1, 2016; and
- no change in the accounting policies applied by the group at November 30, 2015.

On the basis of the above assumptions, the group’s objective for the fiscal year ending November 30, 2016 is to generate a growth in its consolidated revenues in the range of 7% to 10%, depending on confirmation by some of the group’s customers of orders expected in 2016.

In addition, the group aims to achieve in the current fiscal year a gross margin of approximately 19% of consolidated revenues, with an adjusted EBIT margin ⁽¹⁾ of approximately 8.5% of consolidated revenues.

In addition, the group’s net debt would amount to approximately €100 million at November 30, 2016 after taking into account the completion of the refinancing transactions concurrent to the partial sale of its stake by Financière Gaillon 8 and the buy-back of its own shares by the Company for a maximum amount of €50 million in the context of the transaction (see Section 2.5 “Events after the balance-sheet date” of this Registration Document).

Finally, the group plans to distribute in 2017 for the fiscal year ending November 30, 2016, a dividend per share of €1.85, subject to approval of the annual general meeting of shareholders of the Company.

(1) Adjusted EBIT is equal to Current operating income adjusted for borrowing costs (“Revised IAS 23”) which are capitalized and recognized in the gross margin. See section 2.1.1. “Significant data”.

6.4. Group outlook over the medium-term

The objectives and trends presented below are based on data, assumptions and estimates that the group considers as reasonable at the date of this Registration Document.

These future prospects and objectives resulting from the group's strategy do not constitute forecasts or estimates of the group's earnings. The data and assumptions presented below are likely to change or be adjusted as a result of, among other things, trends in the economic, financial, competitive, regulatory or tax environment or depending on other factors of which the group was not aware at the date of this Registration Document.

In addition, should certain risks described in section 1.2 "Risk factors" of this Registration Document materialize, they may have an impact on the business activities, financial position, results of operations or prospects of the group and may therefore jeopardize its ability to achieve the objectives presented below.

Furthermore, the achievement of these objectives assumes the success of the group strategy described in Section 2.1.4 "Outlook" of this Registration Document. The group therefore makes no representation and gives no warranty with respect to the achievement of the objectives set out in this section.

Finally, the dividend pay-out objective presented below shall not, in any circumstances, be considered as a commitment by the group. The actual amounts of future dividends will be determined after taking into account various factors, including the general situation of the Company's business and in particular its strategic objectives, financial position, the opportunities it wants to seize and the provisions of applicable laws.

Financial objectives for 2017 - 2019

The group's aim is to achieve consolidated revenues in excess of €1.3 billion for the fiscal year ending November 30, 2019, of which approximately 15% would be derived from the activity of the Commercial Property segment.

Over the 2017-2019 period, the group's ambition is to maintain a gross margin above 18% of its consolidated revenues, with an adjusted EBIT margin rate⁽¹⁾ above 8% of consolidated revenues anticipating in particular an increase in the share of revenues derived from Commercial Property sales in the group's consolidated revenues.

The group has also a target of distributing a dividend in respect of fiscal years 2017 to 2019 representing approximately 75% of its net income, Group share.

Finally, the cash generation capacity of the Group should allow it to contemplate a strengthening of its financial position by 2019, after taking account the dividend payout target presented above.

(1) Adjusted EBIT is equal to Current operating income adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in the gross margin. See section 2.1.1. "Significant data"

7 Person responsible for the Registration Document

7.1. Person responsible for the Registration Document

Mr. Nordine Hachemi

Chairman and Chief Executive Officer of Kaufman & Broad SA

7.2. Declaration by the Person Responsible for the Registration Document

I declare, after making all reasonable enquiries for this purpose, that the information contained in this Registration Document does, to the best of my knowledge, fairly represent the facts and contains no omission likely to affect its significance.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and fairly represent the assets and liabilities, financial position and income of the Company and its consolidated subsidiaries, and that the Management Report (Section 10.7) fairly presents the changes in the business, the results and financial position of the Company and its consolidated subsidiaries, and describes the principal risks and uncertainties facing the group.

I have obtained from the Statutory Auditors an audit completion letter, in which they state that they have read the entire Registration Document and have verified the information on the financial position and the accounts contained therein.

The historic financial information presented in this Registration Document has been addressed in the reports of the Statutory Auditors included in Section 9.3.

In their report on the Consolidated Financial Statements for fiscal year 2014, the Statutory Auditors have, without qualifying their opinion, included an emphasis paragraph related to a change in the presentation of the operating expenses described in Note 5 to the Consolidated Financial Statements.

In their report on the Consolidated Financial Statements for fiscal year 2015, the Statutory Auditors have, without qualifying their opinion, included an emphasis paragraph related to a change in the accounting method applied to marketing costs of onsite sales offices and model areas accounted for as operating expense described in Note 1.2.3. to the Consolidated Financial Statements.

Neuilly-sur-Seine, March 8, 2016

Chairman and Chief Executive Officer

7.3. Person Responsible for Financial Communications and Investor Relations

Bruno Coche

Chief Financial Officer

Kaufman & Broad SA

127, avenue Charles de Gaulle

92207 Neuilly-sur-Seine Cedex

Telephone: +331 41 43 43 43

Fax: +331 41 43 46 64

E-Mail: infos-invest@ketb.com

Website: www.kaufmanbroad.fr

The group's financial statements are reviewed twice yearly by the Statutory Auditors, who conduct a full audit of the annual results and a limited investigation of the half-year results. Estimated financial results are published quarterly.

The publication timetable is as follows:

- first-quarter results, March 29, 2016 after market close;
- first-half results, July 11, 2016 after market close;
- third-quarter results, September 30, 2016 after market close;
- annual results, in January 2017.

(This schedule is subject to change)

7.4. Information Incorporated by Reference

Pursuant to Article 28 of Regulation (EC) No. 809/2004 of the Commission, the following information is incorporated in this Registration Document by reference:

- the consolidated and annual financial statements and the corresponding Audit Reports, presented in Sections 4.1., 4.2., 9.3.1., and 9.3.2. respectively of the 2013 Registration Document, the French version of which was filed with the AMF on March 6, 2014 under reference No. D. 14-0121;
- the financial information presented in Sections 2.1., 2.2., and 1.1.2.1. of the 2013 Registration Document, the French version of which was filed with the AMF on March 6, 2014 under reference No. D. 14-0121;
- the consolidated and annual financial statements and the corresponding Audit Reports, presented in Sections 4.1., 4.2., 9.3.1., and 9.3.2. respectively of the 2014 Registration Document, the French version of which was filed with the AMF on March 31, 2015 under reference No. D. 15-0258;
- the financial information presented in Sections 2.1., 2.2., and 1.1.2.1. of the 2014 Registration Document, the French version of which was filed with the AMF on March 31, 2015 under reference No. D. D. 15-0258;
- items not included in the above documents are either of no relevance to the investor or are covered elsewhere in the Registration Document.

8 Persons Responsible for the Audit of the Financial Statements

8.1. Statutory Auditors

ERNST & YOUNG Audit

1-2 place des Saisons, 92400 Courbevoie, Paris La Défense 1, represented by Bruno Bizet, first appointed on April 16, 2015 until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ended November 30, 2020.

DELOITTE & ASSOCIÉS

185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, represented by Bénédicte Sabadie, first appointed on April 15, 2015 until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ended November 30, 2020.

8.2. Alternate Statutory Auditors

AUDITEX

1-2, place des Saisons, 92037 Neuilly-sur-Seine Cedex, first appointed on April 16, 2015 until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending November 30, 2020.

B.E.A.S.

195, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, first appointed on April 16, 2015 until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending November 30, 2020.

8.3. Fees paid by the group to the Statutory Auditors and the members of their networks

See Section 4.1.6. "Additional information" Note 31 "Fees paid by the group to the Statutory Auditors and the members of their networks".

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9

Additional information

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9.1. Agenda and Resolutions of the Shareholders' Meeting of April 15, 2016

Combined Ordinary and Extraordinary Shareholders' Meeting of April 15, 2016

Agenda:

Resolutions submitted to Ordinary Shareholders' Meetings

- review and approval of the annual financial statements for the fiscal year ended November 30, 2015;
- appropriation of earnings for the fiscal year ended November 30, 2015;
- review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2015;
- review and approval of the agreements referred to in Article L. 225-38 of the French Commercial Code;
- review and approval of the payment commitment made by the Company to Nordine Hachemi, Chairman and Chief Executive Officer, in the event of termination of his term of office;
- review and approval of the payment commitment made by the Company to Nordine Hachemi, Chairman and Chief Executive Officer, in consideration for his non-compete clause;
- review and approval of the commitment made by the Company to grant a complementary retirement plan and a defined-contribution supplemental retirement plan to Nordine Hachemi, Chairman and Chief Executive Officer;
- opinion on the compensation components due or allocated to Nordine Hachemi, Chairman and Chief Executive Officer, for the fiscal year ended November 30, 2015;
- ratification of the co-option of Michel Paris as director;
- record of the end of Michel Paris' term of office as director, reappointment of Michel Paris for a three-year term;
- record of the end of Olivier de Vregille's term of office as director, reappointment of Olivier de Vregille as a director for a three-year term;
- record of the end of Alexandre Dejoie's term of office as director, reappointment of Alexandre Dejoie as a director for a three-year term;
- ratification of the co-option of Yves Gabriel as director;
- record of the end of Yves Gabriel's term of office as director, reappointment of Yves Gabriel as a director for a three-year term;
- determination of the amount of directors' fees;
- authorization to be granted to the Board of Directors, for a period of eighteen months, for the Company to buyback its own stock.

Resolutions submitted to Extraordinary Shareholders' Meetings

- authorization to be granted to the Board of Directors, for a period of twenty-six months, to cancel the shares held by the Company following the buyback of its own stock;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to increase the equity capital by capitalization of reserves or premiums;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares of common stock and/or equity securities convertible into other equity securities or convertible into debt securities and/or securities convertible into equity securities to be issued by the Company, with preemptive subscription rights for shareholders;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares of common stock and/or equity securities convertible into other equity securities or to debt securities and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, as part of a public offering;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares of common stock and/or equity securities convertible into debt securities and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, as part of a private placement;
- authorization to be granted to the Board of Directors, for a period of twenty-six months, in the event of issuance of shares of common stocks and/or equity securities convertible into debt securities and/or securities convertible into equity securities to be issued by the company, without preemptive subscription rights for shareholders, to set the issue price in accordance with the terms and conditions set by the Shareholders' Meeting up to a maximum of 10% of the equity capital;
- authorization to be given to the Board of Directors, for a period of twenty-six months, to increase the number of securities to be issued in the case of a capital increase with or without shareholders' preemptive subscription rights;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue equity securities or equity securities convertible into other equity securities convertible into debt securities in payment for contributions in kind of equity securities or for securities convertible into equity capital up to a limit of 10% of the equity capital;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue stock and/or equity securities convertible into other equity securities

or into the allocation of debt securities in payment for securities tendered in any public stock-for-stock exchange offering launched by the Company;

- delegation of authority to be granted to the Board of Directors to issue common stock and/or equity securities convertible into other equity securities or into the allocation of debt securities and/or other securities convertible into equity securities to be issued by the Company, without shareholders' preemptive subscription rights, to a category of persons, in compliance with the provisions of Article L. 225-138 of the Commercial Code;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, to participants in the group's Company Savings Plan(s) for an amount of 2% of the equity capital;
- authorization to be granted to the Board of Directors, for a period of thirty-eight months, to award new or existing bonus shares to employees and/or executive Corporate Officers of the Company and related entities, subject to performance conditions;
- determination of general upper limits for delegations of authority at €2,700,000, the nominal amount of capital increases through the issuance of equity securities convertible into other equity securities or securities convertible into equity capital to be issued and at €500,000,000, in the event of capital increases through the issuance of equity securities convertible into the allocation of debt securities; determination of particular upper limits for capital increases which might result in the award of bonus shares.

Resolutions submitted to Ordinary Shareholders' Meetings

- powers.

Text of the resolutions

Resolutions submitted to the Ordinary Shareholders' Meeting

FIRST RESOLUTION

(Review and approval of the statutory financial statements for the fiscal year ended November 30, 2015)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings and after a reading of the report of the Board of Directors, the report of the Chairman of the Board regarding the Board's operations and internal control, and the reports of the Statutory Auditors, approves the annual financial statements for the fiscal year ended November 30, 2015, which include the balance sheet, income statement and accompanying notes as submitted by the Board of Directors, as well as the transactions reflected in the financial statements and summarized in the aforementioned reports, which show a net income of €94,911,059.67.

The Shareholders' Meeting duly notes that no expenditure or cost provided for under Article 39-4 of the French General Tax

Code was made by the Company for the fiscal year ended November 30, 2015.

SECOND RESOLUTION

(Appropriation of earnings for the fiscal year ended November 30, 2015)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors, resolves to appropriate:

the profit for the fiscal year ended	
November 30, 2015, in the amount of	€94,911,059.67
plus retained earnings in the amount of	€209,288,206.18
namely, a total of	€304,199,265.85
for the distribution of a dividend of	€80,222,600.15
the balance, namely	€223,976,665.70

will be allocated to retained earnings, which accordingly will increase from €209,288,206.18 to €223,976,665.70.

The dividends in respect of the Company's treasury shares at the dividend payment date shall be allocated to retained earnings.

The net dividend per share will be €3.85. It will be paid no later than April 22, 2016, after deducting the interim dividend of €1.85 which was paid on March 10, 2016.

Pursuant to Article 243-*bis* of the French General Tax Code, the Shareholders' Meeting notes that it has been informed that, over the course of the last three fiscal years, the following dividends⁽¹⁾ have been paid:

Fiscal year	Dividend	Eligible for tax relief
2012	€2.31/share	Yes
2013	none	n/a
2014	€1.36/share	Yes

(1) Amount(s) eligible for 40% tax relief available to individuals who are tax resident in France, as provided for in Article 158-3-2 of the French General Tax Code.

THIRD RESOLUTION

(Review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2015)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors, the report of the Chairman of the Board on the Board's operations and internal control, and the reports of the Statutory Auditors on the Consolidated Financial Statements, approves the Consolidated Financial Statements for the fiscal year ended November 30, 2015, which include the balance sheet, consolidated income statement and the accompanying notes as submitted by the Board of Directors, as well as the transactions reflected in the financial statements and summarized in the aforementioned reports, and which show attributable net income of €39,779,000.

FOURTH RESOLUTION

(Review and approval of agreements referred to in Article L. 225-38 of the French Commercial Code)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the special report of the Statutory Auditors on the agreements referred to in Articles L. 225-38 and L. 225-40 to L. 225-42 of the French Commercial Code, approves the report and all its provisions, as well as the memorandum of understanding described therein and signed on February 23, 2016 by and between the Company and its majority shareholder, Financière Gaillon 8 S.A., approved by the Board of Directors on February 19, 2016 whereby Financière Gaillon 8 S.A. agreed to sell to the Company and the Company undertook in exchange to acquire from Financière Gaillon 8 S.A., in relation to a partial sale of its stake in the Company pursuant to a market offering, a number of Kaufman & Broad shares corresponding to a total maximum amount of €50 million, up to a limit of 10% of the equity capital and at a price per share equal to the price resulting from the market offering, as part of the share buyback program submitted for the approval of this Shareholders' Meeting.

FIFTH RESOLUTION

(Review and approval of the indemnity commitment made by the Company to Nordine Hachemi, Chairman and Chief Executive Officer, in the event of termination of his term of office)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, after a reading of the special report of the Statutory Auditors on regulated agreements referred to in Article L. 225-42-1 of the French Commercial Code, approves the indemnification commitment, as authorized by the Board of Directors, granted by the Company to Nordine Hachemi, Chief Executive Officer, in the event of the termination of his term of office for a reason other than gross misconduct.

The indemnity will be equal to 12 months' gross fixed and variable compensation for the fiscal year ended, extended to 18 months if control of the Company is taken by one or more third parties acting in concert triggering the obligation to launch a public offering of company stock.

SIXTH RESOLUTION

(Review and approval of the indemnity commitment made by the Company to Nordine Hachemi, Chairman and Chief Executive Officer, in consideration for his non-compete clause)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, after a reading of the special report of the Statutory Auditors on regulated agreements referred to in Article L. 225-42-1 of the French Commercial Code, approves the indemnity commitment granted by the Company to Nordine Hachemi, Chairman and Chief Executive Officer, in consideration for his non-compete clause, as authorized by the Board of Directors.

The term of the commitment to Nordine Hachemi will be equal to 12 months following the end of his term of office. In exchange he will receive a gross fixed monthly allowance equivalent to

50% of the average gross fixed monthly compensation he will have received during the twelve months preceding the termination of his term of office; the Company will, however, have the option of reducing the term of, or releasing the executive officer from, this commitment.

SEVENTH RESOLUTION

(Review and approval of the commitment made by the Company to grant a complementary retirement plan and a defined-contribution supplemental retirement plan to Nordine Hachemi, Chairman and Chief Executive Officer)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, after a reading of the special report of the Statutory Auditors on regulated agreements referred to in Article L. 225-42-1 of the French Commercial Code, hereby approves the commitment made by the Company to grant a complementary retirement plan and a defined-contribution supplemental retirement plan to Nordine Hachemi, Chief Executive Officer, as authorized by the Board of Directors.

The maximum amount of annual contributions paid by the Company is limited to 8% of gross salary up to a maximum of eight times the maximum Social Security contribution. In 2015, the Company paid Social Security contributions in the amount of €24,319.36.

EIGHTH RESOLUTION

(Opinion on the compensation components due or allocated to Nordine Hachemi, Chairman and Chief Executive Officer, for the fiscal year ended November 30, 2015)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors, issues a favorable opinion about the components of the compensation due or paid for the fiscal year ended November 30, 2015 to Nordine Hachemi, Chairman and Chief Executive Officer as presented in the Registration Document (Section 4.4.1.2 of the Management Report "Compensation of Corporate Officers").

NINTH RESOLUTION

(Ratification of the appointment of Michel Paris as director)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, resolves to ratify the decision by the Board of Directors on July 7, 2015 to co-opt Michel Paris as director to replace Lionel Zinsou, who had resigned, for the remaining period of his term of office, namely until the annual Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year ended November 30, 2015.

TENTH RESOLUTION

(Record of the end of Michel Paris' term of office as a director, reappointment of Michel Paris as a director for a three-year term)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the Board of Directors' report and noting that Michel Paris' term of office as director is ending after this Shareholders' Meeting, has decided to reappoint Michel Paris as director for a

period of three years until the close of the meeting called to approve the financial statements for the fiscal year ending November 30, 2018.

Michel Paris has indicated in advance that he would accept his reappointment should it be approved.

ELEVENTH RESOLUTION

(Record of the end of Olivier de Vregille's term of office as director, reappointment of Olivier de Vregille as a director for a three-year term)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the Board of Directors' report and noting that Olivier de Vregille's term of office as director is ending after this Shareholders' Meeting, has decided to reappoint Olivier de Vregille as director for a period of three years until the close of the meeting called to approve the financial statements for the fiscal year ending November 30, 2018.

Olivier de Vregille has indicated in advance that he would accept his reappointment should it be approved.

TWELFTH RESOLUTION

(Record of the end of Alexandre Dejoie's term of office as director, reappointment of Alexandre Dejoie as a director for a three-year term)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the Board of Directors' report and noting that Alexandre Dejoie's term of office as director will end after this Shareholders' Meeting, has decided to reappoint Alexandre Dejoie as director for a period of three years until the close of the meeting called to approve the financial statements for the fiscal year ending November 30, 2018.

Alexandre Dejoie has indicated in advance that he would accept his reappointment should it be approved.

THIRTEENTH RESOLUTION

(Ratification of the co-option of Yves Gabriel as director)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, resolves to ratify the co-option, by the Board of Directors of February 16, 2016, of Yves Gabriel as director to replace Yves Galland, who had resigned, for the remaining period of his term of office, which is until the annual Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2015.

FOURTEENTH RESOLUTION

(Record of the end of Yves Gabriel's term of office as director, reappointment of Yves Gabriel as a director for a three-year term)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the Board of Directors' report and noting that Yves Gabriel's term of office as director will end after this Shareholders' Meeting, has decided to reappoint Yves Gabriel as director for a period of three years until the close of the

meeting called to approve the financial statements for the fiscal year ending November 30, 2018.

Yves Gabriel has indicated in advance that he would accept his reappointment should it be approved.

FIFTEENTH RESOLUTION

(Determination of the amount of directors' fees)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, decided to set at €300,000 the aggregate amount of director's fees allocated to the Board of Directors for the fiscal year ending November 30, 2016 and for each following fiscal year until decided otherwise by the Shareholders' Meeting.

SIXTEENTH RESOLUTION

(Authority to be granted to the Board of Directors, for a period of eighteen months, for the Company to buy back its own shares)

The Shareholders' Meeting, with the *quorum* and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors, authorizes the Board of Directors, with the power to delegate in the manner provided for by law, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and the EU regulations on market abuse, to have the Company purchase its own shares.

This authorization may be used to:

- stimulate the market or the liquidity of the Company's shares through an investment service provider under a liquidity contract that complies with the AMAFI Ethics Charter recognized by the AMF;
- acquire shares to be held and subsequently delivered in payment or exchange as part of Corporate acquisition transactions, a market practice accepted by the AMF;
- award or transfer stock to employees and/or Corporate Officers (on the terms and in the manner provided for by law) in particular as part of a stock purchase plan, a bonus share award plan or a company savings plan;
- award stock by the delivery of shares when exercising the rights attached to securities giving the right via redemption, conversion, exchange or presentation of a warrant, or in any other way, to an allocation of the Company's stock;
- cancel all or some of the stock acquired, subject to adoption of the Seventeenth Extraordinary Resolution appearing on the agenda for today's Shareholder's Meeting;
- more generally, execute any transaction allowed or that may in the future be allowed by then current rules and regulations, particularly if it is part of a market practice that may be accepted by the French Financial Markets Authority (the 'AMF').

The purchases, disposals or transfers described above may be executed by any method compatible with the applicable law or regulations, including by using derivative financial instruments or block trades. The part of the program transacted as a block may extend to the entire stock buyback program.

These transactions may take place at any time, including during the period of a public offer or a pre-offer for the Company's stock under Article 231-40 of the General Regulations of the AMF, or during a pre-offer, public tender or public exchange offer or mixed public purchase and exchange offer, initiated by the Company on the then current legal and regulatory terms and conditions and, in particular, in accordance with the provisions of Article 231-41 of the General Regulations of the AMF.

The Shareholders' Meeting sets the maximum number of shares that may be acquired under this resolution to 10% of share capital, adjusted for transactions made after this meeting that may affect the capital, it being specified: (i) that under this authority, the number of treasury shares must be taken into consideration so that the Company remains always within the limit of the number of treasury shares owned, equal to a maximum of 10% of the share capital; and (ii) that the number of treasury shares to be used as payment or in exchange as part of a merger, demerger or contribution, may not exceed 5% of the capital.

The Shareholders' Meeting resolves that the total amount for such acquisitions may not exceed €93,700,000 and resolves that the maximum purchase price may not exceed €45 per share.

In the event of a capital increase through capitalization of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of this authorization, or in the event of a stock split or reverse stock split, the Shareholders' Meeting delegates to the Board of Directors the authority to adjust, if necessary, the maximum purchase price per share referred to above to take into account the impact of such transactions on the value of the stock.

The Shareholders' Meeting grants full authority to the Board of Directors, with the option to delegate this authority under the terms provided for by law, to:

- resolve to implement this authorization;
- set the terms and conditions the observance of which ensure, if necessary, the preservation of the rights of bearers of securities convertible into equity capital, stock warrants or stock options, or rights to allocation of performance shares, in compliance with legal, regulatory or contractual provisions;
- place any stock market order and to enter into any agreement with a view, in particular, with keeping the records of buy and sell transactions in compliance with the applicable regulations;
- file all required disclosures and to comply with all formal, legal and other requirements and, in general, take all necessary measures.

The Board of Directors will inform the shareholders attending the annual Ordinary Shareholders' Meeting about all the transactions executed in application of this resolution.

This authorization is granted for a period of 18 months from the date of this Shareholders' Meeting.

It replaces the authorization previously granted by the Shareholders' Meeting of April 16, 2015.

Resolutions submitted to Extraordinary Shareholders' Meetings

SEVENTEENTH RESOLUTION

(Authority to be granted to the Board of Directors, for a period of twenty-six months, to cancel shares held by the Company following the buyback of its own shares)

The Shareholders' Meeting, with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Auditors, authorizes the Board of Directors, pursuant to the provisions of Article L. 225-209 of the French Commercial Code, to cancel, at its sole discretion, on one or more occasions, all or some of the shares of the Company that the Company holds or may hold under the aforementioned Article L. 225-209 and to reduce the equity capital by the total nominal amount of the shares thus canceled, up to a maximum of 10% of capital per 24-month period, adjusted for any capital increases subsequent to this Shareholders' Meeting that may have an impact on the capital.

The Shareholders' Meeting gives all powers to the Board of Directors to make the capital reduction or reductions, to charge the difference between the purchase price of the canceled shares and their par value against any reserves and premiums, to amend the bylaws accordingly, to reallocate the portion of the legal reserve that has become available as a result of the capital reduction, to make all declarations to the AMF, and to complete all other formalities and, generally, to do whatever is necessary.

This authorization is granted for a period of twenty-six months from the date hereof.

It replaces the authorization previously granted by the Shareholders' Meeting of April 11, 2014.

EIGHTEENTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to increase the equity capital through capitalization of reserves or premiums)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

- 1/ delegates to the Board of Directors its authority to capitalize, on one or more occasions and in the proportion and at the times it deems appropriate, all or part of the profits, reserves or premiums as allowed by law and by the bylaws and in the form of bonus share awards or via an increase of the par value of existing shares or through a combination of these two methods;
- 2/ sets the validity of this authority at twenty-six (26) months from the date of this delegation of authority;
- 3/ sets at €1,100,000 the maximum nominal amount of capital increases that may be carried out in application of this authority, it being specified that to the above maximum

amount will be added, if applicable, the nominal amount of the shares to be issued to preserve the rights of the bearers of securities convertible into equity, of stock warrants or stock options or rights to performance share awards;

- 4/ grants all powers to the Board of Directors, with the option to delegate to the Chief Executive Officer, or in agreement with the latter, to a Deputy Chief Executive Officer, to implement, on the conditions set by law, this authority, and in particular to decide that fractions of rights will not be negotiable, that the corresponding shares will be sold in accordance with the terms and conditions provided for by the applicable rules and regulations and that the proceeds of sale will be allocated to the holders of the rights.

NINETEENTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue common stock and/or equity securities convertible into other equity securities or into debt securities and/or securities convertible into equity securities to be issued by the Company, with maintenance of preemptive subscription rights for shareholders)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to the provisions of the French Commercial Code, particularly Articles L. 225-129, L. 225-129-2 and L. 228-92:

- 1/ delegates to the Board of Directors its authority, on one or more occasions and in the proportion and at the times it deems appropriate, in France and/or abroad, in euros or in any other currency or unit of account established by reference to several currencies, to issue common stock, equity securities convertible into other equity securities or to debt securities and/or all other securities, including subscription warrants or stock options convertible into equity securities to be issued by the Company, in the forms and on the terms and conditions that the Board of Directors deems appropriate; being specified that the issue of preferred stock and of securities convertible immediately or in the future to preferred stock is excluded from this delegation;
- 2/ sets the validity of this delegation of authority at twenty-six (26) months from the date of this delegation of authority;
- 3/ resolves that, if the Board of Directors uses this delegation of authority:
 - the total nominal amount (excluding issue premium) of the capital increases that may be completed as a result of the issue of shares or securities as stipulated above in point 1/is set at €2,700,000, being specified that:
 - in the event of a capital increase through the capitalization of premiums, reserves, profits or other, in the form of a bonus share award during the period of validity of this authority, the total nominal amount stipulated above will be adjusted by applying a multiplier coefficient equal to the ratio between the number of shares composing the capital after the transaction and this number before the transaction,
 - to the maximum amount above will be added the nominal amount of the shares to be issued to preserve the rights of the bearers of equity equivalents, stock options or rights to bonus shares,
 - the nominal amount of any capital increase carried out in application of this authority will be deducted from the maximum aggregate amount for capital increases as stipulated in the twenty-ninth resolution;
 - moreover, the total maximum nominal amount of the issues of securities representing claims against the Company and giving rights to the capital, or to a debt security, may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies; note that this amount will be deducted from the maximum aggregate nominal amount for the issue of securities representing claims against the Company and giving rights to the capital or to a debt security as set forth in the twenty-ninth resolution;
- 4/ resolves that, if this delegation of authority is used:
 - shareholders will have preemptive subscription rights and may subscribe to shares on the basis of their rights to new shares in proportion to the number of shares held by them at that time, and the Board will have the option to establish preemptive subscription rights on the basis of the shareholders' rights to existing shares and make provision for an extension clause with the sole intent of satisfying subscription orders on the basis of rights to existing shares that could not be handled;
 - if subscriptions on the basis of rights to new shares and, if applicable, on the basis of rights to existing shares have not used the total issue, the Board of Directors may offer, in whole or in part, the shares and/or securities not subscribed to the public;
- 5/ grants all powers to the Board of Directors, with the option of delegation to the Chief Executive Officer or, in agreement with the Chief Executive Officer, to an Executive Vice-President, to use this authority, under the conditions defined by law, charge the costs of capital increases against the amount of the related premiums, and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase;
- 6/ duly notes that, if this authority is used, the decision to issue Company stock equivalents will imply as of right waiver by the shareholders of their preemptive right to subscribe to the equity securities to which the securities issued entitle them in favor of the holders of these securities;
- 7/ resolves that the Board of Directors may suspend the exercise of rights attached to securities issued, for a period of maximum three months, and take any useful measures to make any adjustments needed in accordance with the legal and regulatory provisions in effect and, as applicable, with the contractual provisions, in order to protect the holders of rights attached to the Company stock equivalents;

- 8/ duly notes that this authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 11, 2014.

TWENTIETH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares of common stock and/or stock or debt equivalents and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights, in a public offering)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Auditors, pursuant to the provisions of the French Commercial Code, particularly Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 *et seq.* and L. 228-92:

- 1/ delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportion and at the times it deems appropriate, in France and/or abroad, in euros, or any other currency or unit of account established by reference to several currencies, through a public offering of shares of common stock and/or stock or debt equivalents and/or other securities, including subscription or purchase warrants, giving rights to the capital of the Company or to a debt security, in the forms and under the conditions, which the Board of Directors deems appropriate; being specified that the issue of preferred stock and of securities convertible immediately or in the future to preferred stock is excluded from this delegation;
- 2/ sets the validity of this delegation of authority at twenty-six (26) months from the date of this delegation;
- 3/ resolves that, if the Board of Directors uses this delegation of authority:
 - the maximum nominal amount (excluding issue premium) of the capital increases that may be completed as a result of the issue of shares or securities as stipulated above in point 1/is set at €1,300,000, and it is specified that:
 - in the event of a capital increase through the capitalization of premiums, reserves, profits, or other things, in the form of an allotment of bonus shares during the period of validity of this delegation of authority, the total nominal amount stipulated above will be adjusted by applying a multiplier coefficient equal to the ratio between the number of shares composing the capital after the transaction and what this number was before the transaction,
 - to the above maximum amount will be added the nominal amount of the shares to be issued to preserve the rights of the bearers of equity securities convertible in equity capital, stock warrants and/or stock options or rights to awards of bonus shares,
 - the nominal amount of any capital increase carried out in application of this authority will be deducted from the maximum aggregate amount for capital increases as stipulated in the twenty-ninth resolution;
 - moreover, the total maximum nominal amount of the issues of securities representing claims against the Company and giving rights to the capital, or to a debt security, may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies; note that this amount will be deducted from the maximum aggregate nominal amount for the issue of securities representing claims against the Company and giving rights to the capital or to a debt security as set forth in the twenty-ninth resolution;
- 4/ resolves to exclude shareholders' preemptive subscription rights from the shares and other securities that may be issued by the Company under this resolution;
- 5/ resolves that regarding the issues made pursuant to this authority, the Board of Directors may institute for shareholders a time limit, which is fixed or may be reduced, for preemptive subscription rights, but not giving the right to create transferable rights, and therefore delegates to the Board of Directors, with the option, subject to statutory or regulatory terms and conditions, to further sub-delegate the authority to set this time limit as well as the way it operates, in accordance with the provisions of Article L. 225-135 (5) of the French Commercial Code;
- 6/ resolves that, taking into account the issue price of independent stock subscription warrants, the amount of the consideration reverting and/or expected subsequently to revert to the Company for each share issued or to be issued under this delegation of authority shall be at least equal to the minimum price stipulated by the legal and regulatory provisions in force at the time of the issue (currently, the weighted average of the last three stock exchange trading sessions prior to the price setting, less a maximum discount of 5%);
- 7/ resolves that the Board of Directors may suspend the exercise of rights attached to securities issued, for a maximum period of three months, and may take any measures in respect of the adjustments to be made in compliance with then current legal and regulatory provisions and, if applicable, with the contractual provisions, in order to protect the holders of rights attached to the securities convertible in the Company's equity capital;
- 8/ grants all powers to the Board of Directors, with the option of delegation to the Chief Executive Officer or, in agreement with the Chief Executive Officer, to an Executive Vice-President, to implement this authority, on the terms and conditions set by law, to charge the costs of capital increases against the amount of the related premiums, and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital after each increase;
- 9/ duly notes that, if this delegation of powers is used, the decision to issue securities convertible into the Company's equity capital will automatically result, for holders of these securities, in the renunciation of their preemptive right to subscribe to the equity securities into which these securities are convertible;

- 10/ duly notes that this authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 11, 2014.

TWENTY-FIRST RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares of common stock and/or equity securities convertible into other equity securities or to debt securities and/or to securities convertible into the equity securities to be issued by the Company, without preemptive subscription rights for shareholders, as part of a private placement)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to the provisions of the French Commercial Code, particularly Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 *et seq.*, L. 228-92 and L. 228-93:

- 1/ delegates to the Board of Directors its authority, on one or more occasions in the proportion and at the times it deems appropriate in France and/or abroad in euros or in any other currency or unit of account established by reference to several currencies through an offering referred to in section II of Article L. 411-2 of the French Monetary and Financial Code, to issue common stock, equity securities convertible into other equity or debt securities and/or other securities, including independent subscription warrants, convertible into equity securities to be issued by the Company, in the forms and on the terms and conditions that the Board of Directors deems appropriate; being specified that the issue of preferred stock and of securities convertible, immediately or in the future, into preferred stock is excluded from this delegation of authority;
- 2/ sets the validity of this delegation of authority at twenty-six (26) months from the date of this Shareholders' Meeting;
- 3/ resolves that, if the Board of Directors uses this delegation of authority:
 - the maximum nominal amount (excluding issue premium) of the capital increases that may be completed as a result of the issue of shares or securities as stipulated above in point 1/is set at €1,100,000, and it is specified that:
 - in the event of a capital increase through the capitalization of premiums, reserves, profits or otherwise, in the form of a bonus share award during the period of validity of this authority, the total nominal amount stipulated above will be adjusted by applying a multiplier coefficient equal to the ratio between the number of shares composing the capital after the transaction and this number before the transaction,
 - to the above maximum amount will be added the nominal amount of the shares to be issued to preserve the rights of the bearers of equity securities convertible in equity capital, stock warrants and/or stock options or rights to awards of bonus shares,
- the issue will be limited to 20% of the capital stock adjusted for transactions after this meeting affecting the capital, per year,
- the nominal amount of any capital increase carried out in application of this authority will be deducted from the maximum aggregate amount for capital increases as stipulated in the twenty-ninth resolution,
- moreover, the total maximum nominal amount of the issues of securities representing claims against the Company and convertible into equity securities to be issued by the Company may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies; note that this amount will be deducted from the maximum aggregate nominal amount for the issue of securities representing claims against the Company and giving rights to the capital or to a debt security as set forth in the twenty-ninth resolution;
- 4/ resolves to eliminate shareholders' preemptive rights to the shares and other securities that may be issued by the Company under this resolution;
- 5/ resolves that the amount of the consideration attributable and/or to be attributable subsequently to the Company for each of the shares issued or to be issued under this authority, taking into account the issue price of said warrants in the case of an issue of autonomous equity warrants, will be at least equal to the minimum price stipulated by the legal and regulatory provisions in force at the time of the issue (i.e., to date, the weighted average of the last three trading sessions prior to the price setting, less a maximum discount of 5%);
- 6/ resolves that the Board of Directors may suspend the exercise of rights attached to securities issued, for a period of maximum three months, and take any useful measures to make any adjustments needed in accordance with the legal and regulatory provisions in effect and, as applicable, with the contractual provisions, in order to protect the holders of rights attached to the securities giving rights to the capital of the company;
- 7/ grants all powers to the Board of Directors, with the option of delegation to the Chief Executive Officer or, in agreement with the Chief Executive Officer, to an Executive Vice-President, to use this authority, under the conditions defined by law, charge the costs of capital increases against the amount of the related premiums, and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase;
- 8/ duly notes that, if this delegation of authority is used, the decision to issue securities giving rights to the capital of the Company referred to in 1/above will imply as of right waiver by shareholders of their preemptive right to subscribe to the equity securities to which the securities issued entitle them in favor of the holders of the securities issued.

TWENTY-SECOND RESOLUTION

(Authority to be granted to the Board of Directors, for a period of twenty-six months, in the event of issuance of shares of common stocks and/or stock or debt equivalents and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights, to set the issue price in accordance with the terms defined by the Shareholders' Meeting up to a maximum of 10% of capital stock)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to the provisions of Article L. 225-136 of the French Commercial Code, authorizes the Board of Directors, if the twentieth and twenty-first resolutions are implemented, to deviate from the conditions for setting the price stipulated in said resolutions and to set the price under the following conditions:

- the issue price of the shares of common stock will be at least equal to at the discretion of the Board of Directors, (i) the weighted average price of the Company share on the regulated market Euronext Paris the day prior to the date of setting the issue price, possibly less a maximum discount of 10% or (ii) to the weighted average of the prices of the Company share on the regulated market Euronext Paris for a maximum period of 6 months prior to the date of setting the price, possibly less a maximum discount of 10%;
- the issue prices of the equity securities giving rights to the Company's capital, by any means, immediately or in the future, such as the sum immediately received by the Company plus, if applicable, that sum that may subsequently be received by the Company, which will be, for each shares issued as the result of the issue of said securities, at least equal to the amount stipulated hereinabove;
- the maximum nominal amount of the capital resulting from the use of this resolution may not be greater than 10% of the share capital per 12-month period and the ceiling defined by the twenty-ninth resolution to which it is charged.

This authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 11, 2014.

TWENTY-THIRD RESOLUTION

(Delegation of authority to be given to the Board of Directors, for a period of twenty-six months, to increase the number of securities to be issued in the case of a capital increase with or without shareholders' preemptive subscription rights)

The Shareholders' Meeting, with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, delegates to the Board of Directors, for the issues to be decided under the authorities granted to the Board of Directors under the foregoing

resolutions (nineteenth, twentieth and twenty-first resolutions), its authority to increase the number of securities to be issued in the initial issue, pursuant to Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, up to the upper limits stipulated in said resolutions.

TWENTY-FOURTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares or stock or debt equivalents in consideration for in-kind contributions of equity or other securities giving rights to capital, up to a maximum of 10% of capital stock)

The Shareholders' Meeting, with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Article L. 225-147 of the French Commercial Code:

- hereby delegates to the Board of Directors the powers necessary to issue shares of the Company or equity equivalents, up to a maximum of 10% of the current capital of the Company, in consideration for in-kind contributions made to the Company consisting of equity or other equity securities, where the provisions of Article L. 225-148 of the French Commercial Code do not apply;
- resolves that the share issues completed under this authority will be charged against the upper limits stipulated in the Twenty-Ninth Resolution below;
- duly notes that the shareholders of the Company will not have a preemptive subscription right to the shares to be issued under this authority, as such securities are exclusively intended to remunerate shares tendered in an exchange offer by the Company and duly notes that this authority implies waiver by shareholders of their preemptive right to subscribe to shares of the Company to which the securities issued pursuant to this authority may entitle them;
- grants powers to the Board of Directors to implement this authority, to charge the costs of the capital increase against the amount of the premiums related to such increases, and to amend the bylaws accordingly.

This delegation of authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

This authority supersedes the delegation granted to the Board of Directors by the Shareholders' Meeting of April 11, 2014.

TWENTY-FIFTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares of common stock and/or equity securities convertible into other equity securities or to the allocation of debt securities in payment for securities tendered in any public exchange offering launched by the Company)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Articles L. 225-148, L. 225-129 and L. 228-92 of the French Commercial Code:

- delegates to the Board of Directors its authority to decide, on one or more occasions, to issue stock of equity securities convertible into other equity securities share or the allocation of debt securities, to pay for the securities tendered in any public exchange offer launched in France or abroad in accordance with local rules and regulations (for example, as part of an Anglo-Saxon type "reverse merger") by the Company;
- resolves that the total nominal amount (excluding issue premium) of the capital increases that may be made by the issue of Company stock, and equity securities convertible into the Company's equity capital or, provided that the first security is a share, convertible into debt securities, may not be greater than €1,300,000, it being specified that:
 - in the event of a capital increase by the capitalization of premiums, reserves, profits, or otherwise, in the form of an award of bonus shares during the period of validity of this delegation of authority, the total nominal amount (excluding issue premium) mentioned above shall be adjusted by applying a multiplier coefficient equal to the ratio between the number of shares composing the equity capital after the transaction and what this number was before the transaction,
 - to the above maximum amount will be added the nominal amount of the shares to be issued in order to preserve the rights of owners of equity securities convertible in equity capital, of stock warrants and/or of stock options or rights to awards of bonus shares,
 - resolves that the issue of shares and/or securities convertible into a proportion of the Company's capital or into debt securities under this delegation of authority will be charged against the upper limits stipulated in the twenty-ninth resolution below,
 - duly notes that the shareholders of the Company will not have a preemptive subscription right to the stock and/or securities to be issued under this delegation of authority, since these latter securities are exclusively intended to pay for the securities tendered in a public exchange offer launched by the Company,
 - duly notes that the price of the stock and the securities to be issued under this delegation of authority will be defined on the basis of the laws governing public exchange offers,
 - grants powers to the Board of Directors, with the option of sub-delegation on the terms and conditions set by law, to

implement this authorization and to charge the costs of the capital increase against the amount of the premiums resulting from such increases.

This delegation of authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

This authorization supersedes the delegation of authority granted to the Board of Directors by the Shareholders' Meeting of April 11, 2014.

TWENTY-SIXTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors for a period of eighteen months to issue shares of common stock and/or equity securities convertible into other equity securities or debt securities and/or into securities convertible into equity securities to be issued by the Company, without shareholders' preemptive subscription rights, to a category of individuals in accordance with Article L. 225-138 of the French Commercial Code)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code:

- delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportion and at the times it deems appropriate, in France and/or abroad, in euros or any other currency, common stock and/or stock or debt equivalents and/or securities, convertible into, immediately or in future, equity securities to be issued by the Company, in the forms and under the conditions, which the Board of Directors deems appropriate; the issue is reserved to one or more categories of beneficiaries meeting the following characteristics: (i) employees and/or Corporate Officers of the Company and/or the companies related to the Company, as defined in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code with registered offices outside France; (ii) one or more mutual investment funds or another entity, which may or may not be a separate legal entity, subscribing on behalf of the persons referred to in paragraph (i) above, and (iii) one or more financial institutions mandated by the Company to offer to the persons described in paragraph (i) above a savings or share ownership plan comparable to those offered to Company employees in France;
- sets the validity of this delegation of authority at eighteen (18) months from the date of this Shareholders' Meeting;
- resolves that, if the Board of Directors uses this delegation of authority, the maximum nominal amount (excluding share premium) of the capital increases that may be made, directly or otherwise, after issuance of the shares or securities referred to above, may not, during the validity of this delegation of authority, exceed 2% of the Company's capital at the date of the Shareholders' Meeting. This amount will be deducted from the maximum amount set in the twenty-ninth resolution, it being specified that the nominal amount of the shares to be issued to preserve the rights of bearers of securities convertible into equity capital, stock warrants and/or stock options or rights to awards of bonus shares will be added to the above mentioned limit;

- resolves to remove the shareholders' preemptive subscription rights from the shares and securities that will be issued in application of this delegation of authority and to reserve the right to subscribe for them to the aforementioned category of persons;
- duly notes that, if this delegation of powers is used, the decision to issue securities convertible into the Company's equity capital will automatically result, for holders of these securities, in the renunciation of their preemptive right to subscribe to the equity securities into which these securities are convertible;
- resolves that the issue price of the securities issued in application of this authority may not be more than 20% lower than the average of the share prices quoted for Kaufman & Broad stock during the twenty stock market sessions prior to the date of the decision to set the subscription start date, nor higher than this average. Nevertheless, when this authority is applied, the Board of Directors may reduce the amount of the discount on a case-by-case basis, among other things due to tax, labor law or accounting requirements applicable in a given country in which the entities of the group participating in the capital increase operate. Moreover, in the event of transaction carried out under this resolution at the same time as a transaction carried out in application of the twenty-seventh resolution, the subscription price of the shares issued under this resolution may be the same as the subscription price of the shares issued based on the twenty-seventh resolution;
- grants all powers to the Board of Directors, with the option to sub-delegate within legal limits, to implement, on the terms and conditions set by law, the application of this delegation of authority, to amend the bylaws, and to charge the costs of capital increases against the amount of the related premiums, and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital after each increase.

TWENTY-SEVENTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares or securities convertible into equity securities to be issued by the Company, without shareholders' preemptive subscription rights, to the participants in the group's Company Savings Plan(s) for a maximum amount of 2% of the capital)

The Shareholders' Meeting, with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the Report of the Board of Directors and the Special Report of the Statutory Auditors, pursuant to the provisions of the French Commercial Code, in particular Articles L. 225-129-2, L. 225-138, L. 225-138-1 of the French Commercial Code and L. 3332-1 *et seq.* of the French Labor Code and also in compliance with the provisions of Article L. 225-129-6 of the French Commercial Code:

1. delegates to the Board of Directors its authority to (i) increase, on one or several occasions, the Company's share capital by issuing shares and/or share equivalents giving rights to future equity securities reserved for participants in the group's Company Savings Plans (PEE) and (ii) as applicable, to grant performance shares or securities giving rights to the capital of the Company to replace in full or in part the discount referred to in 3/below in accordance with the terms and within the limits set forth in Article L. 3332-21 of the French Labor Code, it being specified, as applicable, that the Board of Directors may substitute in whole or in part such capital increase with the disposal, under the same conditions, of already existing securities held by the Company;
2. resolves that the number of shares that may result from all the shares issued under this authority, including those resulting from shares or securities giving rights to the capital that may be granted as bonus shares to replace in whole or in part the discount under the conditions set out in Article L. 3332-18 *et seq.* of the French Labor Code cannot exceed 2% of capital; the nominal amount of any capital increase carried out in application of this authority will be deducted from the total nominal maximum limit for capital increases set forth in the twenty-ninth resolution. In addition to the shares issued there may be, if applicable, a number of additional shares to be issued in order to preserve, in accordance with the Law, the rights of the holders of securities giving rights to the share capital of the Company;
3. resolves that (i) the issue price for new shares may neither exceed the average of the first share prices quoted in the twenty trading sessions prior to the day of the decision of the Board of Directors or of the Chief Executive Officer setting the subscription start date nor be lower than such average by more than 20%; the Board of Directors or the Chief Executive Officer may, as applicable, decrease or eliminate the discount that may be applied to account for, among other things, the legal and tax rules applicable outside France or elect to replace in full or in part such 20% maximum discount with the grant of bonus shares and/or securities giving rights to the capital and that (ii) the issue price of the securities giving rights to the capital will be set in accordance with the terms set forth in Article L. 3332-21 of the French Labor Code;
4. resolves to remove, in favor of the participants in the group's savings plan(s), the shareholders' preemptive rights to subscribe to shares or securities convertible into the Company's share capital that may be issued under this delegation of authority and to waive all rights to the shares and securities giving rights to the share capital that may be awarded as bonus shares under this present resolution;
5. delegates all powers to the Board of Directors, with the option to sub-delegate this authority, in compliance with the provisions of law, in order particularly to:
 - decide whether the shares must be subscribed directly by employees participating in the group's savings plans, through a company mutual fund (an 'FCPE'), or through an employees' mutual fund (a 'SICAVAS');

- identify the companies whose employees will be eligible for the subscription offer;
- decide whether employees should be given a deadline for paying up their securities;
- set the terms and conditions for joining the group's PEE plan(s), by establishing or amending their regulations;
- set the opening and closing dates for subscriptions and the issue price of the securities;
- award, within the limits set in Article L. 3332-18 *et seq.* of the French Labor Code, the bonus shares or securities convertible into the equity capital and to set the type and amount of reserves, profits or premiums to be incorporated into the share capital;
- approve the number of new shares to be issued, and the reduction rules applicable in the event of over-subscription;
- charge the cost of increases in capital and of issuance of other securities convertible into the equity capital, against the sum of the premiums relating to these increases and to deduct from this amount the sums required to increase the legal reserve to 10% of the Company's new capital after each increase.

This delegation of authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

TWENTY-EIGHT RESOLUTION

(Authority to be granted to the Board of Directors, for a period of thirty-eight months, to award new or existing bonus shares to employees and/or executive Corporate Officers of the Company and related entities, subject to performance conditions)

The Shareholders' Meeting, with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the Report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code:

- authorizes the Board of Directors to allocate, on one or more occasions, new or existing common stock of the Company as bonus shares to the employees or executive Corporate Officers of the Company and its related French and foreign companies or the Economic Interest Groups related to it on the terms and conditions set forth in Article L. 225-197-2 of the French Commercial Code or to certain categories among them;
- resolves that, without prejudice to the potential impact of the adjustments referred to below, the total number of bonus shares awarded may not exceed 400,000 shares, while the number of shares granted to executive Corporate Officers may not exceed 100,000 shares;
- resolves that the allotment of shares to their beneficiaries will become definitive either (i) at the end of a minimum one-year vesting period, after the beneficiaries have held said shares for a minimum of one year from definitive award; or ii) at the end of a minimum vesting period of two years, and in this case with no minimum holding period. It is understood that the Board of Directors will have the option of choosing between the above two possibilities and to apply them alternately or concurrently, and may, in the first case, extend the vesting and/or holding period, and in the second case, extend the vesting period and/or set a holding period.

Note, however, that the shares will vest prematurely in the event of the death or incapacity of a beneficiary under the second or third category referred to in Article L. 341-4 of the French Social Security Code.

- resolves that the shares will vest to the beneficiaries who are Corporate Officers contingent on meeting the performance conditions as defined by the Board of Directors;
- resolves that the vesting of the shares to the beneficiaries who are employees may be contingent on meeting the performance conditions as defined by the Board of Directors;
- sets the validity of this authorization at thirty-eight (38) months from the date of this Shareholders' Meeting;
- duly notes that if the allotment concerns new shares, this authorization will automatically result in renunciation by shareholders of their preemptive subscription rights, in favor of the beneficiaries of bonus shares.

The Shareholders' Meeting grants full authority to the Board of Directors, in compliance with applicable laws and regulations and with the provisions of this resolution, to award bonus shares, and in particular:

- to determine in particular the performance conditions and, if necessary, the terms and conditions on which bonus shares may be awarded, and to approve the list(s) of beneficiaries;
- to determine the holding period for the shares, subject to the minimum periods indicated above, given that, in respect of any shares that may be awarded to the executive Corporate Officers referred to in Article L. 225-197-1, II para. 4 of the French Commercial Code, the Board of Directors are responsible either for deciding that these shares may not be sold by the parties concerned until they leave office, or for determining the number of these shares that they will be required to hold in registered form until they leave office;
- to decide, in the event that transactions on the share capital that may occur during the vesting period of the awarded shares, whether there are grounds to adjust the number of shares awarded in order to preserve the rights of beneficiaries and, on this assumption, to determine the terms and conditions for this adjustment;
- to set the dates for delivery of the new shares, if the award concerns new shares to be issued by capitalizing the Company's reserves or share premiums which it may be necessary to carry out when the shares vest with their beneficiaries, and to amend the bylaws accordingly;
- to carry out all formalities and, generally, to take all necessary and appropriate measures in connection therewith.

It terminates, as of the date hereof, the authorizations previously granted under the fifteenth resolution of the Shareholders' Meeting of April 16, 2015 and under the nineteenth resolution of the Shareholders' Meeting of April 11, 2014.

TWENTY-NINTH RESOLUTION

(Determination of a general upper limit for delegations of authority to a nominal amount of €2,700,000 for capital increases by issuance of equity securities convertible into other equity securities or securities convertible into equity securities to be issued, and of €500,000,000, for issues of equity securities convertible into a debt security; determination of the specific upper limits for the capital increases that may result from the award of bonus shares)

The Shareholders' Meeting, voting with the *quorum* and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors sets, as follows, the aggregate limits on the amounts of the issues that may be decided by virtue of the delegations of authority granted to the Board of Directors under the preceding resolutions:

- the maximum nominal amount (excluding issue premium) of the capital increases through the issuance of shares or equity securities convertible into other equity securities, or of securities convertible into equity securities to be issued, may not be greater than €2,700,000 increased by the nominal amount of the capital increases to be made in order to preserve the rights of the holders of these securities in compliance with the law and, if appropriate, with the

applicable contractual provisions. In the event of a capital increase by capitalization of premiums, reserves, profits, or otherwise, in the form of a bonus share award during the period of validity of these delegations of authority, the total nominal amount (excluding issue premium) stipulated above will be adjusted by applying a multiplier coefficient equal to the ratio of the number of shares composing the capital after the transaction to this number before the transaction;

- the total maximum nominal amount of the issues of securities representing claims against the Company and giving rights to the capital, or to a debt security, may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies;
- with the understanding that the capital increases that do, or may, result from the delegation granted by the eighteenth resolution shall be added to the maximum amount of the capital increases indicated above.

Resolution submitted to the Ordinary Shareholders' Meeting

THIRTIETH RESOLUTION

(Powers)

The Shareholders' Meeting grants all powers to the bearer of any original, copy or extract hereof in order to complete all legal formalities relating to the foregoing resolutions.

Terms and conditions of participation in the Ordinary Shareholders' Meeting of April 15, 2016

Shareholders may participate in this Meeting, whatever the number of shares owned, notwithstanding any Articles in the bylaws to the contrary.

The right to participate in the Shareholders' Meetings of companies is subject to registration of the securities in the books in the name of the shareholder, or of the intermediary registered on his or her behalf, pursuant to Article L. 228-1 of the French Commercial Code, on the third business day before the Meeting, i.e., April 14, 2016, at midnight, Paris time, in either the registered share accounts kept by the Company or in the bearer securities accounts kept by the authorized intermediary.

The recording or book registration of securities in the bearer securities accounts kept by the authorized intermediary must be demonstrated by a certificate of share ownership issued by the intermediary, electronically if applicable, under the conditions defined in Article R. 225-61 of the Commercial Code, and attached to the vote by correspondence or proxy form, or to the request for an admission card established in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary.

A certificate will also be issued to shareholders who wishes to attend the Meeting and have not received their admission card at midnight, Paris time, on the third business day prior to the Meeting.

If shareholders do not attend this Meeting in person, they may choose one of the following three options:

- 1/ send a proxy form to the Company without specifying a proxy;
- 2/ give a proxy form to any individual or Corporate entity of his or her choosing in the manner set forth in Article L. 225-106 I of the French Commercial Code. Accordingly, shareholders must send a written and signed proxy form to Caceis Corporate Trust, indicating their first and last name and address, and the first and last name and address of their proxy, together with photocopies of the shareholder's and the proxy's identity document. Authorizations may be revoked in accordance with the same formal terms and conditions as those required to create the proxy;

3/ vote by post.

In accordance with the provisions of Article R. 225-79 of the French Commercial Code, notification of the appointment and the dismissal of a proxy may also take place electronically, in accordance with the following terms and conditions:

- for holders of registered shares: by sending an e-mail to infos-actionnaire@ketb.com mentioning their first and last name, address and Caceis Corporate Trust identification number for holders of direct registered shares (this information is listed in the upper left portion of their securities account statement) or identifying them with their financial intermediary for holders of administered registered shares, together with the first and last name of the proxy appointed or dismissed;
- for holders of bearer shares: by sending an e-mail to infos-actionnaire@ketb.com mentioning their first and last name, address and complete banking information together with the first and last name of the proxy appointed or dismissed and then they must ask their financial intermediary who manages their securities account to send written confirmation, by mail, to Caceis Corporate Trust – Service Assemblées Générales Centralisées -14, rue Rouget de Lisle -92862 Issy-Les-Moulineaux Cedex 9, France (or by fax to +33 1 49 08 05 82).

Only notices to appoint or dismiss proxies that are duly signed, completed and received no later than three days before the date when the Shareholders' Meeting is held, or within the period mentioned in Article R. 225-80 of the French Commercial Code, will be counted. Furthermore, only notices to appoint or dismiss proxies sent to the e-mail address mentioned above will be counted. Any other request or notice for any other purpose will not be counted and/or processed.

A shareholder who has already cast a postal vote, sent a proxy form or requested an admission card or certificate of share ownership, may sell all or some of his shares at any time. However, if the sale occurs before the second business day prior to the Meeting, i.e. before April 13, 2013 at midnight Paris time, the Company will invalidate or modify accordingly, as applicable, the postal vote, proxy form, admission card or certificate of share ownership. For this purpose, the authorized account holding intermediary must notify the Company or its agent of the sale and deliver the required information.

No sale or any other transaction executed after midnight Paris time on the second business day preceding the Meeting,

whatever method used, is notified by the authorized intermediary or counted by the Company, notwithstanding any agreement to the contrary.

Proxy and postal vote forms shall be sent automatically by post to shareholders holding directly registered or administered registered shares.

As required by Law, all the documents that must be delivered to this Shareholders' Meeting will be available to shareholders, within the legal time limits, at the head office of Kaufman & Broad

SA and on the Company's website(<http://www.kaufmanbroad.fr>) or delivered to them on simple request sent to Caceis Corporate Trust.

Proxy and postal vote forms for owners of bearer shares shall be sent to them, at their request by registered mail with acknowledgement of receipt to Caceis Corporate Trust – Service Assemblées Générales -14, rue Rouget de Lisle -92862 Issy-Les-Moulineaux Cedex 9, France no later than six days before the date of the Meeting.

To be counted, completed and signed postal vote forms must be returned to Caceis Corporate Trust – Service Assemblées Générales Centralisées -14, rue Rouget de Lisle -92862 Issy-Les-Moulineaux Cedex 9, France no later than three business days before the Meeting is held.

When the shareholder has already cast his or her postal vote, sent a proxy form, or requested an admission card or certificate of share ownership, he or she may no longer choose a different method for participating in the meeting, unless stipulated otherwise in the bylaws.

Shareholders may submit written questions to the Company in accordance with Articles L. 225-108 and R. 225-84 of the French Commercial Code. These questions must be sent to the Company's head office by registered mail with acknowledgement of receipt (or by electronic mail to infos-actionnaire@ketb.com) no later than four business days before the Shareholders' Meeting is held. They must include a book registration certificate.

Motivated request formulated by shareholders in respect of applicable law to add decision points or draft resolutions to the agenda must be addressed to the Company's head office by registered letter with notice of receipt, and be received at the latest twenty-five days before the holding at the shareholders' Meeting.

Such requests must be accompanied by a book registration certificate proving possession or representation, by the person(s) making the request, of the number of shares required by Article R. 225-71 of the French Commercial Code. The list of items added to the agenda and the text of the draft resolutions will be published on the Company's website, in accordance with Article R. 225-73-1 of the French Commercial Code. Requests to register proposed resolutions shall be accompanied by the text of the proposed resolutions, together with a brief statement explaining the reasons for including them.

It should also be noted that review by the Shareholders' Meeting of the items and resolutions presented is subject to remittance by the interested parties of a new certificate proving book registration of their securities in accordance with the same conditions stipulated above, no later than midnight Paris time on the third business day prior to the Meeting.

Documents relating to the Meeting shall be posted online at <http://www.kaufmanbroad.fr> no later than 21 days before the Shareholders' Meeting.

9.2. Report of the Chairman of the Board of Directors on Corporate governance and internal controls

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, the Chairman submits this report on Board membership, on the application of the principle of equal representation of men and women within it, on the mode of preparation and organization of the work of the Board of Directors and the internal control and risk management procedures set up by the Kaufman & Broad group, on any restrictions that may have been imposed by the Board of Directors on the powers of the Chief Executive Officer, on the provisions of the AFEP-MEDEF Corporate Governance Code that are not fully followed by the group, and on the principles and rules approved by the Board of Directors to define the

compensation and all types of benefits granted to the company's officers.

This report was prepared by the Chairman with the assistance of General Management and the Finance Department, taking into consideration the opinions and recommendations of the *Association Française des Entreprises Privées* (AFEP), the *Mouvement des Entreprises de France* (MEDEF) and the *Autorité des Marchés Financiers* (AMF).

The Audit Committee of Kaufman & Broad reviewed this report at its meeting of February 16, 2016. The report was approved by the Board of Directors on February 16, 2016.

Part I: Corporate Governance and Functioning of the Board of Directors

The conditions on which the work of the Board of Directors and its Special Committees is prepared and organized are defined by law, by the Company's bylaws, and by the provisions of the Board of Directors' Internal Rules and its committees' charters.

I. Mode and operation of the Board of Directors

I.1. Corporate Governance Code

For the preparation of this report, the Company referred to the AFEP-MEDEF Corporate Governance Code of December 2008, revised in November 2015, which may be consulted on the MEDEF website at (<http://www.medef.com>).

Pursuant to the "Apply or Explain" principle set forth in Article L. 225-37 of the French Commercial Code and referred to in Article 25.1 of the AFEP-MEDEF Code, the Company believes that its practices comply with the recommendations of the AFEP-MEDEF Code. However, certain provisions have not been followed for the reasons set forth in the table below:

AFEP-MEDEF recommendations applied partially or not applied

Explanation

16.1. The proportion of Independent Directors on the Audit Committee (excluding directors representing employed shareholders and directors representing the staff, who are not counted), must be at least two thirds and no executive Corporate officer may be on the Committee.

Independent Director. The proportion of Independent Directors on the Audit Committee and the Compensation and Nominating Committee is respectively one half and one-third as at the date of this report. This is because the Company is controlled by a majority shareholder. However, this must be qualified, since the Audit Committee is chaired by an Independent Director. However, the Compensation and Nominating Committee is not chaired by the Independent Director because he only recently took office.

18.1. No executive Corporate officer may be on the Compensation Committee, the majority of whose members must be Independent Directors. It must be chaired by an

23.2.5. The performance conditions relating to compensation for loss of office should only approve the compensation of an executive officer in the event of forced departure in the event of a change of control or strategy. Nordine Hachemi's

compensation for loss of office is subject to performance conditions and will only be paid in the event of dismissal from office for a reason other than gross misconduct, as defined in labor law by the Cour de Cassation (Supreme Court).

I.2. Provisions governing the membership of the Board of Directors

Kaufman & Broad SA is managed by a Board of Directors of at least three members and no more than eighteen members, appointed by the Ordinary Shareholders' Meeting for a term of three years. Outgoing directors may be re-elected.

The Company's bylaws provide that the number of directors aged 70 or more who are individuals or permanent representatives of legal entities may not exceed three directors at the end of each annual Ordinary Shareholders' Meeting convened to approve the statutory financial statements and that no director may hold such office after reaching their 75th birthday. The company's bylaws also provide that the Chairman of the Board of Directors must be an individual under the age of 70 and that no person may hold the office of Chief Executive Officer or Chief Operating Officer over the age of 70.

The Board's Internal Rules, detailed below, stipulate that the proportion of Independent Directors must be at least one third of the membership of the Board of Directors.

From among its members, the Board of Directors appoints a Chairman who must be an individual. The Chairman organizes and directs the work of the Board of Directors, about which he reports to the Shareholders' Meeting. He ensures that the Company's Corporate governance structures function effectively and that directors are in a position to properly perform their duties.

The Kaufman & Broad SA Board of Directors currently has ten directors.

I.3. Other provisions of the bylaws and Internal Rules

Article 16 of the Company's bylaws also stipulates that the Board of Directors may, on recommendation of the Chairman, appoint a maximum of two non-voting members, chosen from among the shareholders. The duty of non-voting members is to monitor, in particular, strict application of the bylaws. They are invited to meetings of the Board of Directors and participate in its deliberations in an advisory capacity but their absence does not affect the validity of these discussions. They review the annual financial statements and submit their observations on them to the Ordinary Shareholders' Meeting when they deem it useful to do so.

On the motion of the Chairman and Chief Executive Officer and with the agreement of the representatives of the majority shareholder, the Board of Directors, on September 30, 2014, appointed Thierry Lefèvre as non-voting member of the Company's Board for a three-year term. He performs his duties and responsibilities in accordance with Article 16 of the bylaws, without receiving director's fees.

The Company's Board of Directors has set down Internal Rules. These were last updated on February 13, 2009 in order to specifically reflect a certain number of recommendations contained in the AFEP-MEDEF Corporate Governance Code.

These Internal Rules describe the operation, powers and duties of the Board of Directors and specify the Code of Ethics applicable to its members. They also include rules that apply to holding Board meetings by videoconference or other means of telecommunications, as well as provisions relating to the frequency of meetings, the attendance of directors and the directors' duties of disclosure concerning the number of directorships held, conflicts of interest, regulated agreements, transactions involving the Company's shares.

The rules stipulate that the Board may set up committees whose members are responsible for examining issues referred to them by the Board. The Internal Rules stipulate that each director must own at least 250 shares and must not trade in the Company's shares during the 30 calendar days preceding the release of the Company's quarterly, semi-annual and annual results. The rules also stipulate that each director must hold the shares held at the beginning of his term of office, or purchased thereafter, in registered form, and must inform the AMF of any transaction executed to subscribe to, purchase or sell, directly or through intermediaries, the Company's shares, or any financial futures contracts on these shares.

The Internal Rules of the Board of Directors are available on the Kaufman & Broad website (<http://www.kaufmanbroad.fr>).

I.4. Responsibilities of the Board of Directors

The main role of the Board of Directors is to determine the Company's business strategy and oversee its implementation. With the exception of the powers directly vested in shareholders and within the limits of the Corporate purpose, the Board is responsible for dealing with all matters concerning the efficient management of the Company and for making all related decisions.

In particular, the following items are subject to the Board's prior authorization or approval:

- any significant change in the business of the Company or any of its subsidiaries;
- any acquisition or disposal of an entity with an enterprise value greater than €10 million, excluding the acquisition of an entity the assets of which are land and/or buildings for the development of real estate programs;
- any borrowings, other than credit facilities, bilateral lines of credit and authorized overdrafts;
- annual budget;
- medium-term business plan.

The Internal Rules also specify that, in general, the Board examines and makes decisions on transactions of genuine strategic importance, possibly after review by an *ad hoc* Committee; in particular, any important transaction outside the strategy announced by the Company is subject to prior approval of the Board. The scope of this prior approval covers not only external acquisitions or disposals, but also all significant investments in organic growth and internal Company restructuring.

The Board carries out the controls and verifications that it deems necessary and is responsible for reviewing and approving the annual and semi-annual (statutory and/or consolidated) financial statements and for reviewing and approving the related reports stipulated by current regulations.

1.5. Responsibilities and powers of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers

The Chairman of the Board of Directors is responsible for the overall management of the Company and also holds the position of Chief Executive Officer. The Chairman and Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. Those powers are exercised within the limits of the Corporate purpose, subject to the powers which the Law expressly attributes to Shareholders' Meetings or which it specifically reserves to the Board of Directors, as well as within the limits of the transactions that are subject to the prior authorization of the Board in accordance with its Internal Rules. The Chairman and Chief Executive Officer represents the Company with respect to third parties.

On February 19, 2015, the Board of Directors renewed for a term of one year the authorization granted to its Chairman and Chief Executive Officer, together with the right to sub-delegate such authority, to issue on the Company's behalf any sureties, pledges or guarantees (including performance bonds):

- in favor of the tax and customs authorities, without any limitation as to term or amount;
- in favor of any other third party, without any limitation as to term and for a total amount not exceeding €2,200,000,000, including any amounts required for performance bonds.

On February 16, 2016, this authorization was renewed for one more year and for the amount of €2,500,000,000 by the Board of Directors

On recommendation of the Chairman and Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers, the number of which may not exceed five. They must be individuals. They do not have to be directors. In agreement with the Chairman and Chief Executive Officer, the Board determines the scope and term of the powers granted to the Deputy Chief Executive Officers. The Company has no Deputy Chief Executive Officers.

The Chief Executive Officer may be dismissed by the Board at any time. If such removal is made without cause, it may result in the payment of damages, except when the Chief Executive Officer is also Chairman of the Board of Directors.

1.6. Board of Directors' meetings and proceedings

The Board of Directors meets whenever the Company's interests so require, at least twice a year, either at the registered office or at any other place indicated in the notice of meeting. The directors are invited by the Chairman to meetings of the Board of Directors by any means, including orally. If the Board

has not met for more than two months, one third of the Board Members may ask the Chairman to convene a meeting of the Board in order to review a specific agenda. The Chief Executive Officer may also ask the Chairman to convene a meeting of the Board in order to transact specific business, if the overall management is not exercised by the Chairman of the Board of Directors.

Directors are provided with all the information required to perform their duties and may ask for any document they deem useful.

Board meetings are chaired by the Chairman or, in his/her absence, by a director designated for this purpose.

The Board may not validly deliberate unless at least half the directors are present. Decisions are made by a majority of the votes of members present and represented.

Directors who attend the meeting via videoconferencing or other telecommunications methods in the manner defined by current regulations are deemed present for the purposes of calculating the *quorum*. This provision does not apply to meetings of the Board of Directors where the agenda includes the approval of the annual financial statements, the Consolidated Financial Statements and the management report.

Pursuant to the Internal Rules, the Chairman may ask any director with a conflict of interest, even a potential conflict, not to participate in the deliberations.

In fiscal year 2015, the Board of Directors met five times (the attendance rate of directors at Board meetings was 92%⁽¹⁾).

- on **January 21, 2015**, the Board of Directors met, attended by ten members, and discussed the following agenda:
 - report of the Audit Committee: Minutes of the meeting of January 21, 2015,
 - review of the estimated consolidated financial data at November 30, 2014,
 - approval of the 2015 budget, review and approval of the draft management documents and the report analyzing these documents,
 - proposal to pay an interim dividend for the fiscal year ended November 30, 2014,
 - marketing/communications presentation,
 - report of the Compensation and Nominating Committee – Minutes of the meeting of January 16, 2015,
 - compensation of Corporate Officers and general management for fiscal years 2014 and 2015,
 - amount of directors' fees: allocation for fiscal year 2014;
- on **February 19, 2015**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - report of the Audit Committee of February 17, 2015,
 - report of the Compensation and Nominating Committee of February 13, 2015,

(1) Pursuant to Article L.225-37 of the French Commercial Code.

- review and approval of the statutory financial statements as at November 30, 2014 and recommended appropriation of net profits for the fiscal year – payment of an interim dividend for the fiscal year ended November 30, 2014,
 - review and approval of Consolidated Financial Statements for the fiscal year ended November 30, 2014,
 - agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code,
 - preparation and approval of the Board of Directors' management report,
 - preparation and approval of special reports,
 - review and approval of the Chairman's report on Corporate governance and internal control,
 - renewal of the authority to make pledges and guarantees,
 - record of the end of the terms of office of directors – proposal to ratify the co-option of a director – appointment of directors,
 - record of the end of the terms of office of the Statutory Auditors, proposal to renew the appointment of the Statutory Auditors for a six-year term,
 - renewal of the share buyback program,
 - notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
 - review company policy regarding gender and pay equality,
 - marketing/communications presentation;
 - on **April 16, 2015**, the Board of Directors met, attended by seven members. The Board discussed the following agenda:
 - minutes of the meeting of the Compensation and Nominating Committee of April 14, 2015,
 - reappointment of Nordine Hachemi as Chairman of the Board of Directors exercising the general management of the Company,
 - setting the fixed and variable compensation of Nordine Hachemi in his capacity as Chairman and Chief Executive Officer,
 - authorization of commitments incurred for the benefit of Nordine Hachemi in connection with his office (compensation for loss of office; supplementary non-compete and retirement benefits), in accordance with Article L. 225-42-1 of the French Commercial Code,
 - report of the Audit Committee,
 - business activities for the first quarter of 2015,
 - financial results for the first quarter of 2015,
 - presentation of the update to the 2015 budget,
 - assessment of the operation of the Board of Directors,
 - implementation of the share buyback program;
 - on **July 7, 2015**, the Board of Directors met, attended by nine members, and discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of July 7, 2015,
 - business activities for the first half of 2015,
 - review and approval of the half-yearly Consolidated Financial Statements at May 31, 2015,
 - presentation on Kaufman & Broad's competitive position,
 - update III: Presentation of revised 2015 Plan and trends for 2016,
 - bonus share grants -2014 Plan,
 - recording Lionel Zinsou's resignation from his office as director;
 - on **September 29, 2015**, the Board of Directors met, attended by ten members, and discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of September 29, 2015,
 - presentation of the consolidated financial data estimated at August 31, 2015,
 - review and approval of the revised draft management documents for 2015 and of the report analyzing these documents,
 - files for external growth by acquisition.
- Since November 30, 2015, the Board of Directors has met twice:
- on **January 26, 2016**, the Board of Directors met, attended by nine members, and discussed the following agenda:
 - reports of the Compensation and Nominating Committee – Minutes of the meetings of December 15, 2015 of January 20, 2016,
 - compensation of Corporate Officers and management for fiscal years 2015 and 2016,
 - amount of directors' fees: allocation for fiscal year 2015,
 - report of the Audit Committee: Minutes of the meeting of January 25, 2016,
 - review of the estimated consolidated financial data at November 30, 2015,
 - approval of the 2016 budget, review and approval of the draft management documents and the report analyzing these documents,
 - review of the project for the partial disposal by Financière Gaillon 8 SA of its stake in the Company and related transactions,

- appointment of Didier Kling as independent expert in connection with the aforementioned transactions,
- authorization granted to the Chairman and Chief Executive Officer, with the right to sub-delegate authority, for the purpose of negotiating the main terms of a loan agreement for a total amount of approximately €300 million,
- cancellation of treasury shares held by the Company,
- review and approval of the draft press release on the 2015 annual results,
- powers for formalities;
- on **February 16, 2016**, the Board of Directors met, attended by ten members, and discussed the following agenda:
 - report of the Audit Committee of February 16, 2016,
 - report of the Compensation and Nominating Committee of February 16, 2016,
 - compensation of Corporate Officers and general management for 2016,
 - review and approval of the statutory financial statements as at November 30, 2015 and proposal for the appropriation of the net profits for the fiscal year – payment of an interim dividend for the fiscal year ended November 30, 2015,
 - review and approval of Consolidated Financial Statements for the fiscal year ended November 30, 2015,
 - review of the findings of the independent expert, Didier Kling,
 - review of the main terms of the agreement between the Company and Financière Gaillon 8 S.A,
 - authorization to enter into a new credit facility for a total amount of approximately €300 million, between, among others, the Company, acting as the borrower, Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS, acting as guarantors and Crédit Agricole Corporate and Investment Bank, acting as agent, in accordance with Article L. 225-35 of the French Commercial Code,
 - authorization to enter into an engagement letter with the banks for the placement of Financière Gaillon 8 S.A's stake,
 - agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code,
 - preparation and approval of the Board of Directors' management report,
 - preparation and approval of special reports,
 - review and approval of the Chairman's report on Corporate governance and internal control,
 - renewal of the authority to make pledges and guarantees,
 - co-option of a new director,
 - record of the end of the terms of office of directors – proposal to ratify the co-option of a director – appointment of directors,
 - renewal of the share buyback program,
 - notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
 - review of company policy regarding gender and pay equality,
 - review and approval of the draft press release relating to the notice of the meeting of the General Meeting and the allocation of dividend for the year ended November 30, 2015.

I.7. Compensation and benefits granted to Corporate Officers

The governance rules applicable to the determination of the compensation and benefits granted to the group's Corporate Officers are as follows:

I.7.1. Members of the administrative bodies

At the Combined Ordinary and Extraordinary Shareholders' Meeting of April 11, 2008, the total amount of directors' fees allocated annually to the Board of Directors was set at €260,000 as from the fiscal year ended November 30, 2008 until decided otherwise by the Shareholders' Meeting.

This package corresponds to the maximum annual amount that the Board of Directors may, on the recommendation of the Compensation and Nominating Committee, freely distribute among the directors. It has not changed since 2008.

The Board's Internal Rules provide that directors' fees are allocated to the directors who perform no duties within Kaufman & Broad group other than their role as director, and that a portion, determined by the Board and deducted from the total amount allocated to the Board, is paid to members of the various committees who perform no other duties within Kaufman & Broad. Payment of these fees is based on their attendance at meetings of these Committees.

On the recommendation of the Compensation and Nominating Committee, the Board of Directors, at its meeting on January 26, 2016 resolved to pay directors' fees for 2015:

- in a maximum individual amount of €50,000 to the directors of the Company who are considered independent, namely: Sylvie Charles, Caroline Puechoultres and Yves Galland;
- in a maximum individual amount of €20,000 to the Company's other directors, with the exception of the Chairman and Chief Executive Officer, who does not receive directors' fees.

Directors' fees allocated to each director for fiscal year 2015 take into account the attendance of each of them at the meetings of the Committees and of the Board of Directors.

1.7.2. Members of the management bodies

The Board of Directors sets the compensation of the Company's executive Corporate Officers. The Board periodically reviews the compensation and benefits to be granted to the Chairman and Chief Executive Officer for his/her office, particularly the variable component.

In accordance with the Company's decision to refer to the AFEP-MEDEF Code of Corporate Governance, the Board, with the assistance of the Compensation and Nominating Committee, now defines the rules for determining the compensation paid to executive Corporate Officers, ensuring in particular: that the rules are complete, understandable and transparent; that the compensation package is balanced; that the compensation is consistent, firstly, with the Company's market and with the compensation paid to other executive officers and employees of the group and, secondly, with market rates, with the performance of the executive officer concerned and with the general interests of the Company; and that the compensation will attract, retain and/or motivate high-caliber executive officers.

Nordine Hachemi, Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer receives, for fiscal year 2015, annual compensation comprising a fixed and a variable part. This profit sharing incentive is calculated:

- as to 70% of its amount: based on the following quantitative components, each subject to weighting: Revenues, EBITDA, attributable net income, WCR, annual housing unit orders, number of lots approved by the Commitment Committee for fiscal year 2015;
- as to 30% of its amount: based on qualitative components.

The Chairman and Chief Executive Officer also receives, as a benefit in kind, special unemployment insurance coverage for executive officers and Corporate Officers (GSC).

He is also entitled to a supplemental defined contribution pension plan pursuant to the provisions of Article 83 of the French General Tax Code. In 2015, the Company paid contributions to this plan of €24,319, corresponding to the annual contributions capped at 8% of gross salary, up to a maximum of eight times the Social Security ceiling.

Nordine Hachemi also receives, as a benefit in kind, special unemployment insurance coverage for executive officers and Corporate Officers (GSC).

Moreover, in the event of dismissal from office for any reason other than gross misconduct, as defined in labor law by the Cour de Cassation, the Company undertakes to pay to the Chairman and Chief Executive Officer compensation for loss of office intended to compensate him for the loss suffered by termination of his position.

In the event of dismissal, compensation for loss of office will be equal to 12 months gross fixed and variable compensation for the fiscal year, extended to 18 months if control over the Company is taken by one or more third parties acting in concert, triggering the obligation to launch a public offer for the Company's shares.

Whatever the date and circumstances of the dismissal, such compensation shall be payable only if the Chairman and Chief Executive Officer has received or should have received, in the two fiscal years preceding the termination of his term in office, on average at least 70% of the maximum variable portion (excluding outperformance) of his compensation for each of the two fiscal years, as the variable portion is based on both quantitative and qualitative targets set at the beginning of each fiscal year.

It follows from the foregoing that the compensation for loss of office that may be paid to the Chief Executive Officer is not contingent on a change of control or strategy, as recommended by the AFEP-MEDEF Code.

Moreover, in the event of Nordine Hachemi's departure, he will be bound by an obligation of non-competition and non-solicitation, unless waived or reduced by the group, for a period of 12 months following the termination of his term in office. In consideration, he will receive gross lump-sum monthly compensation equivalent to 50% of the gross fixed average monthly compensation he received during the twelve months preceding the termination of his term in office (or the length of the term if it is less than twelve months).

Pursuant to Article L. 225-42-1 of the French Commercial Code, the provisions relating to the commitments taken for the benefit of the Chairman and Chief Executive Officer in relation to his appointment to these positions were approved by the Shareholders' Meeting of April 11, 2014.

At its meeting of Tuesday, January 26, 2016, the Board of Directors endorsed, on the proposal of the Compensation and Nominating Committee, the components of his annual compensation for 2016.

The Chairman and Chief Executive Officer receives, for fiscal year 2016, annual compensation comprising a fixed and a variable part. This profit sharing incentive is calculated:

- as to 70% of its amount: based on the following quantitative components, each subject to weighting: Revenues, EBITDA, attributable net income, WCR, annual housing unit orders, number of lots approved by the Commitment Committee for fiscal year 2016;
- as to 30% of its amount: based on qualitative components.

This variable compensation will be paid to Nordine Hachemi in January 2017 provided that he is still with the Company at this date.

Information on the compensation paid to the executive Corporate Officers of Kaufman & Broad SA as stipulated by the AFEP-MEDEF Code of Corporate Governance is provided in the Report of the Board of Directors.

1.8. Independence of directors

The Board of Directors of the Company, which since July 10, 2007 has been majority controlled by Financière Gaillon 8, itself is controlled by funds managed by PAI Partners, currently includes three independent members out of the ten, pursuant to the AFEP-MEDEF Code of Corporate Governance of

December 2008, as revised in November 2015. They are Sylvie Charles, Caroline Puechoultres and Yves Galland.

At the time of each nomination or reappointment to the Board, the Board examines the applications having regard to the independence criteria described below. The status of each director with regard to these criteria is also discussed by the Compensation and Nominating Committee and reviewed annually by the Board of Directors.

The independence criteria currently adopted by the Company are those provided for in the AFEF-MEDEF Code of Corporate Governance:

“Directors are independent if they do not maintain a relationship of any kind with the Company, its group or its management, which may interfere with the exercise of their independent judgment. Accordingly, “Independent Director” must be understood to mean not only a non-executive director, i.e. a director who has no management-related duties within the Company or its group, but also one who has no special interest relationships (major shareholder, employee, other) with them”.

The criteria to be reviewed by the Compensation and Nominating Committee for a director to be classified as independent, and to prevent any risk of conflicts of interest between the director and the Senior Management, the Company or its group, are that he/she:

- is not an employee or executive Corporate officer of the Company, nor an employee or director of its parent company nor of a company consolidated with it, and has not been one for the previous five years;
- is not an executive Corporate officer of a company of which the Company is, directly or indirectly, a director or of which an employee designated as such or an executive Corporate officer of the Company (currently, or having been one within the previous five years) is a director;
- is not a significant customer, supplier, investment banker or commercial banker of the Company or its group or for which the Company or its group represents a significant portion of its business.

The determination whether or not a relationship with the Company or its group is material must be made by the Board, and the criteria that lead to such determination must be explained in the Registration Document, namely that he/she:

- does not have close family ties with a Corporate officer;
- has not been a Statutory Auditor of the Company within the previous five years;
- has not been a director of the Company for at least twelve years.

Please note that these are formal criteria: all directors are expected to exercise independent judgment and contribute equally to the Board's deliberations according to their skills and experience, however they are classified.

I.9. Operations of the Board of Directors

I.9.1. Membership

The Board of Directors of Kaufman & Broad SA currently has ten members and one non-voting member who provide it with a broad range of complementary skills and experience:

Name	Age ^(a)	Compensation and Nominating Committee	Audit Committee	Board of Directors	Years of service on the Board	Date of first nomination	Term of office expires ^(b)	Number of Company shares held
Chairman and Chief Executive Officer								
Nordine Hachemi	54			✓	3	06/25/2013	2017	22,806
Independent Directors								
Sylvie Charles	56		✓	✓	4	02/16/2012	2017	250
Yves Galland	74		✓	✓	11	04/28/2004 ^(c)	2015	600
Caroline Puechoultres	46	✓		✓	2	09/30/2014 ^(d)	2017	250
Other directors								
Alexandre Dejoie	33			✓	3	01/24/2014	2015	250
Sophie Lombard	46	✓	✓	✓	9	07/10/2007 ^(e)	2017	250
Joël Monribot	70			✓	2	04/11/2014	2016	22,097
Frédéric Stévenin	49	✓	✓	✓	9	10/07/2007	2017	250
Olivier de Vregille	60			✓	7	09/29/2009 ^(f)	2015	250
Michel Paris	58			✓	7	07/07/2015 ^(g)	2015	250
Non-voting member								
Thierry Lefèvre	57			✓	2	09/30/2014	2017	1

(a) At February 16, 2016.

(b) Approval of the financial statements for the fiscal year.

(c) The Board of Directors' meeting of February 16, 2016 approved the co-option of M. Yves Gabriel as from March 8, 2016 as director, to replace Yves Galland resigning on that same date, coinciding with his 75th birthday, in accordance with the provisions of the bylaws.

(d) The co-option and renewal of the term of office of Caroline Puechoultres were submitted for approval to the Shareholders' Meeting of April 16, 2015.

(e) Sophie Lombard was not a director of the Company from January 20, 2010 to September 29, 2010.

(f) Olivier de Vregille was not a director of the Company from June 25, 2013 to September 27, 2013.

(g) The co-option and renewal of the term of office of Michel Paris, in replacement of Lionel Zinsou who resigned, will be submitted for approval to the Shareholders' Meeting of April 15, 2016.

At the Shareholders' Meeting called to approve the 2015 financial statements, the shareholders will be asked to renew the terms of office of Yves Gabriel, Alexandre Dejoie, Olivier de Vregille and Michel Paris for a term of three years, until the end of the Meeting convened to approve the financial statements for the fiscal year ending November 30, 2018.

The list of the various offices held by the Company's directors other than in the group's subsidiaries over the past five years is set forth in Section 3.1.1.1. "Members of the Board of Directors" of the Company's Registration Document.

I.9.2. Annual assessment

In accordance with the AFEP-MEDEF Code of Corporate Governance and with the provisions of the Board's Internal Rules, which may be consulted on the Company's website, the assessment of its operations by the Board of Directors must appear as an agenda item at least once a year. A formal assessment is conducted every three years, which may be conducted under the direction of an Independent Director with the assistance of an external consultant. The criteria for the assessment of the operation of the Board for fiscal year 2015 were delivered to the directors at the meeting of Tuesday, February 16, 2016. The outcome of the assessment will be presented at the meeting of April 15, 2016.

II. Special Committees of the Board of Directors

II.1. Audit Committee

The Audit Committee is a special Committee of the Board of Directors. Its primary task is to conduct a preliminary review of the financial statements and the risks to the Company in order to deepen the knowledge of, and facilitate the exercise by, the Board of Directors of its responsibility to approve the statutory financial statements and Consolidated Financial Statements.

II.1.1. Charter of the Audit Committee

The organization, powers and operations of the Audit Committee are described in a charter. At the Board meetings of January 22, 2009 and February 13, 2009, several clarifications were added to the Committee's charter, to take into account the AFEP-MEDEF Code of Corporate Governance and to prepare the Company for compliance with the Ordinance of December 8, 2008 regarding Audit Committees, which transposes European Directive 2006/43/EC of May 17, 2006 regarding Statutory Auditors. At the Board of Directors meeting on February 18, 2010, the charter was amended with respect to the minimum number of members that comprise the Audit Committee.

II.1.2. Membership of the Audit Committee

The Audit Committee is composed of at least three members. At the Board of Directors meeting of February 18, 2010, it was pointed out in the Audit Committee charter that said Committee must be composed of at least one Independent Director to comply with the independence criteria adopted by the Company, and it was specified that:

- the members of said Committee are nominated for an indefinite term and are chosen on the basis of:
 - their independence,
 - their expertise in financial or accountancy matters; and, more specifically, that at least one member of the Committee shall be independent and have special expertise in financial and/or accountancy matters acquired during the course of his/her professional career,
 - their term of office will in any event expire at the same time as their term of office as a director, and
 - at the time of their nomination, members of the Committee will receive information regarding the specific nature of the Company's accounting, financial and operating procedures.

Given the level of ownership of the majority shareholder, it seems difficult to comply with the two-thirds percentage of Independent Directors on the Audit Committee recommended in the AFEF-MEDEF Code. However, the Company does exceed the percentage required by Article L. 823-19 of the French Commercial Code, since two of the four members of the Audit Committee are independent and the Committee is chaired by an Independent Director.

The Audit Committee comprises four members appointed for their term of office as directors: Sophie Lombard, appointed on September 29, 2010; Frédéric Stévenin, appointed on July 10, 2007; and two Independent Directors, Sylvie Charles, appointed on February 16, 2012 and Chairman as from September 30, 2014, and Yves Galland, nominated on July 10, 2007.

The fact that the Audit Committee is chaired by an Independent Director strengthens management oversight and ensures a balance of powers.

II.1.3. Mission of the Audit Committee

The charter of the Company's Audit Committee stipulates that its members are required to perform a prior review of the accounts and risks of the Company, specifically:

- reviewing the financial statements and the relevance and consistency of the regulatory accounting methods used to prepare the statutory financial statements and Consolidated Financial Statements and their scope of application;
- monitoring the process of preparing the financial information;
- monitoring the effectiveness of internal control, Internal Audit and risk management systems, in particular reviewing the significant off-balance sheet commitments;
- monitoring of the accounting treatment of any significant transaction entered into by the Company;

- monitoring the internal data collection and control procedures and the quality and reliability of the Company's financial statements;
- controlling, before publication, all the accounting and financial documents, in particular in relation to the approval of the statutory financial statements and semi-annual and annual Consolidated Financial Statements;
- monitoring the Company's financing policy and the risks related thereto;
- monitoring the independence and objectivity rules for the Statutory Auditors.

Members of the Audit Committee must also review the effectiveness of the group's internal control and risk management procedures to enable the Board of Directors to assess their relevance.

Finally, it should be noted that the Audit Committee does not make decisions; its role is restricted to preparing the information which the Board of Directors will use at its meetings, and drafting recommendations for use by the Board.

II.1.4. Audit Committee Procedures

Meetings of the Audit Committee are validly held if at least half its members are present. The Audit Committee's agenda is set by the Chairman of the Audit Committee.

The Committee meets at least twice a year and as many times as it deems necessary. Meetings are held prior to meetings of the Board of Directors, and at least two days prior to this meeting if the Committee's agenda includes a review of the annual and semi-annual financial statements prior to their approval by the Board. Also, the Committee may meet, either at the request of the Board of Directors or at the request of its Chairman or the majority of its members, in order to review any matter within the scope of its responsibilities.

The Committee's charter specifically stipulates that the Committee's review of the annual or semi-annual financial statements must be accompanied by a presentation by the Statutory Auditors highlighting the key points of the results and the accounting methods used, and a presentation by the Chief Financial Officer describing the Company's exposure to risks and significant off-balance sheet commitments.

The Chairman and Chief Executive Officer, the Chief Financial Officer, the Head of Management Control, Reporting and Financial Information, the Head of Accounting and Consolidation, the Head of Tax director, the Head of Internal Audit and the Statutory Auditors of the group are invited to attend Committee meetings.

The Committee may also interview the Company's employees or its Statutory Auditors without the management being present, who they be informed about this beforehand.

The Committee's Chairman submits a report of its work to the Board of Directors and also prepares a written summary. The secretary of the Committee is the secretary of the Board of Directors.

The Committee receives all material documents within the scope of its responsibilities (documents intended for financial analysts, rating agency reports). If necessary, it may request additional reports.

For its review of the financial statements, the Audit Committee receives the following documents:

- the draft financial statements and notes which will be submitted to the Board of Directors, as well as any information enabling verification of the method used to prepare the financial statements, and to ensure the consistency and relevance of the accounting methods and principles applied, of the accounting standards, and of the scope of consolidation;
- a summary note prepared by the Statutory Auditors highlighting the key points of their task;
- a communication from the Chief Financial Officer describing the Company's main exposure to risks and significant off-balance sheet commitments;
- information enabling a detailed review of the significant transactions that took place during the period.

For the review of the organization and internal control procedures:

- a presentation of the Audit Department's work program;
- periodic summaries of the inspections conducted by the Kaufman & Broad Internal Audit Department to assess compliance with internal control procedures relating to accounting and financial information;
- various reports prepared by the Kaufman & Broad Internal Audit Department.

In addition, the Committee's charter stipulates that:

- in order to enable the Committee to monitor the rules of independence and objectivity of the Statutory Auditors throughout their term of office, the Auditors must provide the following to the Committee on an annual basis:
 - the amount of fees paid to the Statutory Auditors' network by entities controlled by the Company, or by the entity which controls it, for the delivery of services not directly related to the duties of the Statutory Auditors,
 - information on the services provided and directly related to the task of the Statutory Auditor,
 - the Committee must also review with the Statutory Auditors the risks to their independence and the measures taken to protect against such risks. The Committee shall, in particular, ensure that the amount of fees paid by the Company and its group, or the percentage that these fees represent in the revenue of the audit firms and their networks, is not such as it would affect the independence of the Statutory Auditors,
 - the task of Company's Statutory Auditor must exclude any other work not related to the statutory audit, with the exception of certain other tasks previously authorized by the Committee.

II.1.5. Compensation paid to members of the Audit Committee

Refer to Section I.7. "Compensation and benefits granted to Corporate Officers", above.

II.1.6. Audit Committee Meetings

In fiscal 2015, the Audit Committee met five times (the attendance rate of directors at Audit Committee meetings was 100%):

- on **January 21, 2015**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2014,
 - comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2014,
 - review of the 2015 budget;
- on **February 17, 2015**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - review of the notes to the Consolidated Financial Statements at November 30, 2014,
 - review of the statutory financial statements at November 30, 2014 and the proposed appropriation of net profits for the year,
 - proposal to pay an interim dividend for the fiscal year ended November 30, 2014,
 - comments of the Statutory Auditors on the statutory financial statements at November 30, 2014,
 - review of the Chairman's report on Corporate governance and internal control,
 - internal audit:
 - results of the H2-2014 tests on the internal control system and the 2014 annual summary,
 - other actions taken by the Internal Audit in 2014,
 - 2015 projected plan of tests on the internal control system (D.C.I.),
 - appointment of the Statutory Auditors – recommendation to be made,
 - presentation of the draft report of KPMG, an independent third party, on the Corporate, environmental and societal information included in the management report;
- on **April 14, 2015**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - review of estimated consolidated financial data for the 1st quarter 2015 and review of the main potential risks identified to date,
 - review of the revised 2015 budget (Update II);
- on **July 07, 2015**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - review of activity in the first half of 2015,
 - internal audit: Presentation of the results of the D.C.I. (Internal Control System) tests at the end of Q1 2015,

- review of the estimated financial data for the 1st half of 2015 and review of the main potential risks identified to date,
- presentation by KPMG of its report on risk mapping,
- update III: presentation of the revised 2015 Plan and trends for 2016;
- on **September 29, 2015**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - risk mapping:
 - owners of identified risks,
 - indicators for tracking risks considered,
 - presentation of two major risks,
 - review of the estimated consolidated financial data at August 31, 2015,
 - presentation of revised management forecasts for 2015 and the analysis of those documents,
 - quarterly results of the D.C.I. (Internal Control System) tests.

Since November 30, 2015, the Audit Committee has met twice:

- on **January 25, 2016**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2015,
 - comments of the Statutory Auditors on the consolidated financial data estimated at November 30, 2015,
 - review of the 2016 budget;
- on **February 16, 2016**, the Audit Committee met, attended by four members, and discussed the following agenda:
 - review of the notes to the Consolidated Financial Statements at November 30, 2015,
 - review of the statutory financial statements at November 30, 2015 and recommended appropriation of net profits for the year,
 - proposal to pay an interim dividend for the fiscal year ended November 30, 2015,
 - comments of the Statutory Auditors on the statutory financial statements at November 30, 2015,
 - review of the Chairman's report on Corporate governance and internal control,
 - internal audit: Results of the H2 2015 tests on the internal control system and 2015 annual summary and 2016 draft plan of tests on the internal control system (D.C.I.),
 - presentation of the draft report of KPMG, an independent third party body, on the Corporate, environmental and societal information included in the management report.

The Statutory Auditors attended all meetings of the Audit Committee and were also invited to make any observations they considered useful to bring to the attention of the members of the Committee.

II.2. Compensation and Nominating Committee

II.2.1. Membership and tasks

The Board's Internal Rules provide that the Compensation and Nominating Committee is composed of three directors, and at least one of whom must be independent. It is chaired by an Independent Director. To date, its members are: Sophie Lombard, appointed at the meeting of the Board of Directors of February 17, 2011; Caroline Puechoultres, Independent Director, appointed at the meeting of the Board of Directors of September 30, 2014; and Frédéric Stévenin appointed on July 10, 2007 and Chairman as from April 11, 2014.

Given the level of ownership of the majority shareholder, and the recent entry into office of the new Independent Director, the Compensation and Nominating Committee is not composed of a majority of Independent Directors nor chaired by an Independent Director as recommended by the AFEF-MEDEF Code.

The task of the Compensation and Nominating Committee is to assist the Board of Directors in determining the compensation paid to Corporate Officers and other executive officers of the Company. To this end, the Committee considers the criteria referred to in Section I.7 above. In particular, it recommends the amounts of directors' fees and the individual compensation to be allocated to the directors, based on their attendance at meetings of the Board and its Committees. The Committee also provides the Board of Directors with advice on the general policy for the award of stock warrants and/or stock options and bonus shares, and on the stock option plans prepared by the group's General Management. The Committee also submits recommendations to the Board on awards of stock options or stock warrants or awards of bonus shares.

Finally, it prepares recommendations to the Board of Directors concerning the appointment and/or reappointment of Corporate Officers, directors and members of Committees.

It does not make decisions. Its role is to prepare information to be used by the Board of Directors during its meetings when it considers matters within the Committee's jurisdiction.

The duties and operating procedures of the Committee are described in a charter. At its meeting of February 13, 2009, the Board of Directors approved certain changes to the Committee's charter as a reminder that:

- the Committee establishes a succession plan for executive Corporate Officers and directors so that it is in a position to advise the Board on options for succession in case of unforeseen events; and
- in making its recommendations for the appointment of Corporate Officers, directors and members of Committees, the Committee shall take a variety of factors into consideration, including the skills, experience and independence of each candidate, and the balance deemed appropriate for the Board's membership based on the Company's shareholding structure.

II.2.2. Compensation Paid to Members of the Compensation and Nominating Committee

Refer to Section I.7. "Compensation and benefits granted to Corporate Officers", above.

II.2.3. Meetings of the Compensation and Nominating Committee

In fiscal year 2015, the Compensation and Nominating Committee met four times (the attendance rate of directors at meetings of the Compensation and Nomination Committee was 92%):

- on **January 16, 2015**, the Compensation and Nomination Committee met, attended by two members, and discussed the following agenda:
 - variable compensation of Corporate Officers and management for fiscal 2014,
 - bonus share award of April 11, 2014 – Achievement of the performance criteria set for Nordine Hachemi for a definitive award on April 11, 2016,
 - compensation of Corporate Officers and management for 2015, amount of variable compensation, criteria, weightings, objectives, and the tables of calculations of the variables,
 - bonus share award – proposal for 2015,
 - bonus share award – new plan proposal for 2016 -2017,
 - amount of directors' fees – proposed allocation for 2014;
- on **February 13, 2015**, the Compensation and Nomination Committee met, attended by three members, and discussed the following agenda:
 - proposal to renew the appointments of directors whose terms of office will end at the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2014, i.e. The appointments of Nordine Hachemi, Sophie Lombard, Frédéric Stévenin, Sylvie Charles, and Caroline Puechoultres,
 - bonus share award – proposal for 2015,
 - bonus share award to employed Corporate Officers: performance conditions,
 - bonus share award – proposal of the new plan for 2016 - 2017;
- on **April 14, 2015**, the Compensation and Nomination Committee met attended by three members and discussed the following agenda:
 - a proposal for the reappointment of Nordine Hachemi as Chairman of the Board of Directors exercising the general management of the Company,
 - setting the compensation of Nordine Hachemi as Chairman and Chief Executive Officer of the Company,
 - commitments made by the Company for the benefit of Nordine Hachemi;
- on **July 03, 2015**, the Compensation and Nomination Committee met attended by three members and discussed the following agenda:
 - recording Lionel Zinsou's resignation from his office as director, and the proposal for the co-option of Michel Paris to replace him.

Since November 30, 2015, the Compensation and Nominating Committee has met three times:

- on **December 15, 2015**, the Compensation and Nomination Committee met, attended by three members, and discussed the following agenda:
 - approval of the Minutes of the meeting of July 3, 2015,
 - upcoming renewal of the terms of office of directors,
 - study of the criteria for awarding 2016 bonus shares to the executive officers who are the Heads of the Profit Centers and members of the Management Committee to be submitted to the Board of Directors' meeting of January 26, 2016;
- on **January 20, 2016**, the Compensation and Nomination Committee met, attended by three members, and discussed the following agenda:
 - variable compensation of Corporate Officers and management for fiscal year 2015,
 - bonus share award of July 7, 2015 – Achievement of the performance criteria set for Nordine Hachemi for a definitive award on April 7, 2017,
 - compensation of Corporate Officers and of management for 2016, amount of variable compensation, criteria, weightings, objectives, and the tables of calculations of the variables,
 - bonus share award – Procedures for the 2016-2017 plans,
 - amount of directors' fees – proposed allocation for 2015,
 - replacement of a director;
- on **February 16, 2016**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:
 - approval of the minutes of the meeting of January 20, 2016,

- compensation of Corporate Officers and management for 2016, amount of variable compensation, criteria, weightings, objectives, and tables for calculation of the variables,
- proposal to renew the appointments of directors whose terms of office will end at the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2015: the appointments of Alexandre Dejoie, Olivier de Vregille, Michel Paris, and the one of Yves Galland, who reached the age limit,
- definitive award of bonus shares which have been authorized by the Ordinary Shareholder's Meeting of April 11, 2014,
- bonus share award – new plan proposal for 2016-2017.

III. Information on factors likely to have an impact in the event of a public offer

As provided for in Article L. 225-103-3 of the French Commercial Code, the information concerning factors likely to have an impact in the event of a public offer is provided in the management report.

IV. Information concerning the specific terms and conditions for attendance by shareholders at shareholders' meetings

Shareholders' Meetings are convened, held and conducted in accordance with the terms and conditions stipulated by French law and in Articles 18 to 21 of the Company's bylaws. The Company's bylaws also provide for a double voting right for fully-paid up shares that have been registered in the name of the same shareholder for at least two years. The terms and conditions for attendance by shareholders at Shareholders' Meetings are also found in the Company's Registration Document.

Part II: Internal control and risk management system

I. Objectives and scope of Kaufman & Broad's internal control and risk management systems

Kaufman & Broad applies AMF guidelines for the design, management and assessment of its Internal Control System. None of the group's entities uses any other framework.

The internal control and risk management systems in force within the Kaufman & Broad group are intended in particular to ensure that:

- management action, decisions and/or the execution of transactions, as well as the behavior of the staff, comply with statute and regulations;
- the group's general management's instructions and priorities are applied;
- the Company's internal processes, in particular those contributing to the safeguard of assets, function properly;

- the accounting, financial and management information disclosed to Corporate bodies and external parties is fairly presented.

The Internal Control System implemented by the group's General Management provides for a risk management system that lists and analyses the major identifiable risks to the group's objectives and ensures that measures are in place to manage these risks. The mapping of risks by General Management is an essential step in identifying the Company's risks.

One of the objectives of the Internal Control System is to prevent and control risks resulting from the Company's business activities as well as risks of error or fraud, in particular in the financial and accountancy areas. As with any control system, however, it cannot provide an absolute guarantee that such risks have been totally eliminated, and it seeks to obtain reasonable assurance that the objective of the Internal Control System are being attained.

The scope of the Internal Control System described in this report covers all the group's entities and divisions, i.e. the parent company Kaufman & Broad SA and its direct and indirect holdings, with the exception of Kaufman & Broad Europe SAS (because of its limited contribution to the consolidated results of Kaufman & Broad SA).

II. Environment and organization of internal control

II.1. General Organization of Internal Control

II.1.1. General Management

General Management is directly responsible for the Internal Control System. It defines the focus of internal control policies and supervises the implementation of all its component parts. In this respect, it ensures that all group entities are equipped with effective control mechanisms. The Chief Financial Officer is more particularly responsible for supervising and maintaining the internal control measures concerned with accounting and financial information.

II.1.2. Overall organization of the group

The group's internal control is based on:

- an overall organization with a dual structure based on the Regional Operational Divisions, which are profit centers located in France according to the group's development strategy, and the Functional Departments, which provide control, expertise and advice for the operational departments. These are, in particular, the departments of:
 - Finance,
 - Institutional Sales and Large Projects,
 - Human Resources,
 - Innovation, Quality and Architecture;
- a centralized organizational structure: Kaufman & Broad centralizes in its head office the main decision-making and procedural functions, in particular: all the acquisitions of land subject to prior approval by the Land Committee and the Commitment Committee; the recognition of revenues and their associated costs; and the consolidation process. Limited autonomy is therefore given to the regional divisions for important decisions affecting internal control and the financial statements;
- specific control bodies:
 - the Management Control, Reporting and Financial Information Department of Kaufman & Broad SA,
 - the Internal Audit Department of Kaufman & Broad SA,
 - the Audit Committee of Kaufman & Broad SA.

II.2. Management Structures

The management of the group is organized under the leadership of the Chairman and Chief Executive Officer, Nordine Hachemi.

Since January 1, 2016, the management bodies have evolved and are mainly composed of an Executive Committee and a Management Committee, and the latter may meet as the Extended Management Committee.

II.2.1. Executive Committee

As from January 2016, Kaufman & Broad's Executive Committee is composed of seven members:

Nordine Hachemi – Chairman and Chief Executive Officer; Bruno Coche – Chief Financial Officer; Christian Delapierre – Senior Vice President of Institutional Sales, Major Projects and Île-de-France, Inner Suburbs; David Laurent – Senior Vice President of Commercial Property; Dominique Podesta – Senior Vice President-Human Resources; Jacques Rubio – Vice President of the Southwest Region, Managed Accommodations and External Sales; William Truchy – Senior Vice President, Major Regions, Marketing, Communications and Digital Activities.

The Executive Committee implements the group's strategy and monitors its execution, particularly through the Annual Plan for each business activity. Finally, it defines the adjustments that may be required to the organization according to strategic decisions of the Board of Directors, and ensures their implementation.

II.2.2. Management Committee

As from January 2016, Kaufman & Broad's is composed of eleven members: the members of the Executive Committee; Frédéric Bourg – Senior Vice President of Île-de-France; Cyril Doucet – Senior Vice President of Ile de France, Outer Suburbs; Marc Speisser – Senior Vice President of the Rhône-Alpes/Mediterranean region; Thierry Verninas – Vice President for Innovation, Quality and Architecture. The Management Committee oversees the execution of the plan, by business. It proposes actions for improvement and sets objectives to be implemented in the Agencies and Divisions. It contributes to the definition and implementation of the group's projects.

The Management Committee may meet as the Extended Management Committee consisting of the Management Committee together with the Agency directors and the heads of the cross-functional operating departments. The Extended Management Committee defines and monitors the implementation of the Plan by the Agencies, while ensuring compliance with our commitments to stakeholders, and in particular our partners and customers.

II.2.3. Land Committee and Commitment Committee

These Committees are composed of the Chairman and Chief Executive Officer, the Chief Financial Officer and the Senior Vice Presidents in charge of the Regions. The Committees review each project for which the signature of a land acquisition agreement is planned.

Land Committee: familiarization with real estate projects, starting with the initial concept

The Land Committee confirms the strategic and financial suitability of the projects under consideration and the estimated budget for preliminary expenses (up to the filing of an application for a building permit). It also authorizes, if necessary, the signature of a bilateral contract of sale and the payment of earnest money (particularly in the case of unilateral contracts of sale).

Commitment Committee: authorization to continue the analysis of a project

The members of the Commitment Committee meet prior to filing the building permit application, in order to: approve the strategy for the program in question (particularly the commercial and technical aspects); validate the updated budget that will be considered as the reference budget; approve the type and structure of the program; authorize the filing of the building permit application; and to authorize the call for tenders and the marketing and sales campaigns. These decisions constitute an authorization, granted to the Agency Director concerned, to continue the analysis of the real estate development project.

II.2.4. Quarterly Committee for the Review of Real Estate Programs

Every quarter, prior to preparation of the financial statements, the General Management and the Finance Department review, with each Agency Director, the real estate programs that have been approved by the Land Committee, and assess the current sales strategy and the consistency of business forecasts. These performance reviews help determine what, if any, corrective measures need to be taken. It is the responsibility of members of the Quarterly Committee to approve the budgets for real estate programs that enable preparation of the group's Consolidated Financial Statements.

II.2.5. Monthly Meeting to review the Consolidated Financial Statements and related indicators

The Members of the Finance Department meet each month to analyze: actual vs. projected consolidated financial data; sales activity; acquisitions of land; updates for projects in progress; newly launched projects; and deliveries for the period.

II.3. Cross functional support services

The Finance Department groups together the departments listed below, which provide support and control services to Kaufman & Broad SA and its subsidiaries.

II.3.1. Management Control, Reporting and Financial Information Department

The objectives of the group's Management Control, Reporting and Financial Information Department are to:

- manage the planning processes;
- implement the reporting, steering and decision-making tools adapted to the various levels of responsibility and the various types of business activities;
- analyze the variances between achieved and targeted results, explaining the causes to the operational divisions and monitoring the implementation of the corresponding corrective measures;
- check the accuracy of the basic data and monitor the consistency of the data provided by the financial information systems;

- participate in the preparation of both internal and external operational and financial reporting;
- upgrade the management information systems;
- oversee the management control functions in the agencies;
- make sure, in collaboration with the contributing departments and the Accounting and Consolidation Department, that all the financial information and management documents are prepared, reliable and consistent.

II.3.2. Internal Audit Department

The primary duties of this department, which reports to the Chief Financial Officer, are to ensure:

- the adequacy and effectiveness of the group's procedures in terms of its operations and environment;
- compliance with these procedures by the respective players.

The Finance Department or the Audit Committee may also request this department to carry out *ad hoc* audit tasks on specific matters.

The 2015 Audit Plans were prepared by the Head of Internal Audit, who submitted them to the Chairman and Chief Executive Officer and the Chief Financial Officer before delivering them to the Audit Committee. Prior analysis of risks and changes in the group's environment and structure represent the starting point for setting priorities used to prepare these plans. The Independent Audit Department conducts checks on compliance with the Internal Control System during preparation of the consolidated accounts and on operational compliance with it by the Agencies.

II.3.3. Treasury and Financing Department

The negotiation and management of credit lines, the management of financings and investments, Performance Bonds, off-balance sheet commitments and interest rate risks are functions centralized within Kaufman & Broad's Treasury and Financing Department. This department is also in charge of managing the group's insurance policies.

II.3.4. Accounting and Consolidation Department

The objectives of the Group Accounting and Consolidation Department are:

- the management, coordination and supervision of the accounting units (general accounting; accounts payable; accounts receivable and calls for funds/payments) and the Consolidation Department;
- the preparation of the accounting and financial information documents in compliance with applicable formats and standards;
- the monitoring of changes to the accounting and consolidation systems;
- the coordination with the Statutory Auditors and making available the information required for the purposes of their audit work.

II.3.5. IT and Telecom Services Department

The definition, development and implementation of new IT solutions and the daily management of these tools are performed by the IT department based on the Company's needs.

II.3.6. Legal Department

The Legal Department is responsible for the following:

- support and advise both to the support services and operational units as part of the structuring real estate programs, in particular for the preparation of contracts and transactions;
- establishment of signature powers for the execution of the instruments required for the real estate programs managed at the headquarters, and the establishment of signature powers enabling the execution of the land acquisition deeds for the entire group;
- monitoring of the group's litigation and its legal risks;
- implementation of preventive summary proceedings;
- legal oversight of all group structures.

II.3.7. Tax Department

All tax-related subjects, whether Corporate or operational, are handled centrally by the Finance Department, within which a special section is dedicated to tax matters. Its duties are as follows:

- group tax oversight, including any developments relating to its business activity;
- approval and control of tax statements, as well as the calculation of any taxes owed;
- assistance and advice to the operational departments during the launch of real estate programs;
- monitoring of group litigation and tax risks.

III. Risk management systems

III.1. Identified material risks

The identified material risks to which the group might be exposed are described in Section 1.2 of the Company's Registration Document, "Risk Factors".

III.2. Process for identifying and managing risks

In order to maintain the effectiveness of its Internal Control System, Kaufman & Broad's General Management ensures on a regular basis that the Company relies on the appropriate procedures. For this purpose, it performs risk mapping.

In 2015, the Group carried out an initiative to map out its major risks in relation to its objectives.

Risks were identified by interviews conducted with 21 Kaufman & Broad managers and senior executives, including primarily the Regional Vice Presidents, the heads of the cross-functional departments in the headquarters, as well as the

Agency directors. These interviews made it possible to better identify the causes and potential consequences of each of these risks and the main control mechanism for their prevention.

Kaufman & Broad's framework for managing risks includes the identification of the main risks existing at the level of the operating entities in the Regions. The mapping of the relevant risks covers the entire life span of a real estate project and more specifically the following major areas:

- project feasibility and land acquisition;
- selection of the construction companies and supervision of the construction process;
- orders and sales.

For each of the identified strategic, financial and operational risks, the Company has set up controls that reduce its risk exposure to a level deemed acceptable by the Company.

These audits are carried out at the headquarters level or at the level of Kaufman & Broad's regional agencies. They include all key components of the group's Internal Control System. More specifically, they cover:

- the legal and regulatory obligations of project owners;
- land development opportunities that meet the Company's objectives for volume and profitability;
- tracking and handling of third party objections filed against building permits;
- compliance with internal procedures during the decision-making phases for real estate commitments (Land Committee and Commitment Committee), the signature of contracts for sale (delegation of powers), sales launches, land acquisition (pre-sales marketing and conditions precedent) and the cost of the works;
- preparation of documents for calls for tenders;
- construction cost estimates;
- selection of construction companies;
- control of the financial soundness of contracting companies;
- the administrative authorizations required to implement the construction process;
- regulations governing health and safety plans;
- plans for execution and sale plans;
- construction site supervision and construction schedule monitoring;
- certification of the construction costs by the general contractor;
- completion of works certificates and compliance certificates;
- draft operating budgets (changes in sale prices or production costs for a project);
- calls for payments from customers and collections;
- variable compensation allocated to the real estate and sales employees.

III.3. Risk assessment

When the Company performs risk mapping, it does so based on interviews conducted with group managers and senior executives.

The identified risks are then assessed using a defined grid:

- either the risk is correctly assessed and controlled by the systems and procedures in place;
- or the systems and procedures are in the process of being implemented to reduce the level of risk;
- or areas for improvement are identified to ensure better control of the risk.

Exposure to risk is assessed on the basis of the processes in place and their degree of effectiveness as estimated by the group managers and senior executives interviewed.

Action plans are suggested to General Management, which prioritizes and implements them.

The latest risk mapping update was carried out by a specialized firm in 2015.

IV. Key components of the internal control system implemented by the group

IV.1. Code of Ethics and Internal Regulations

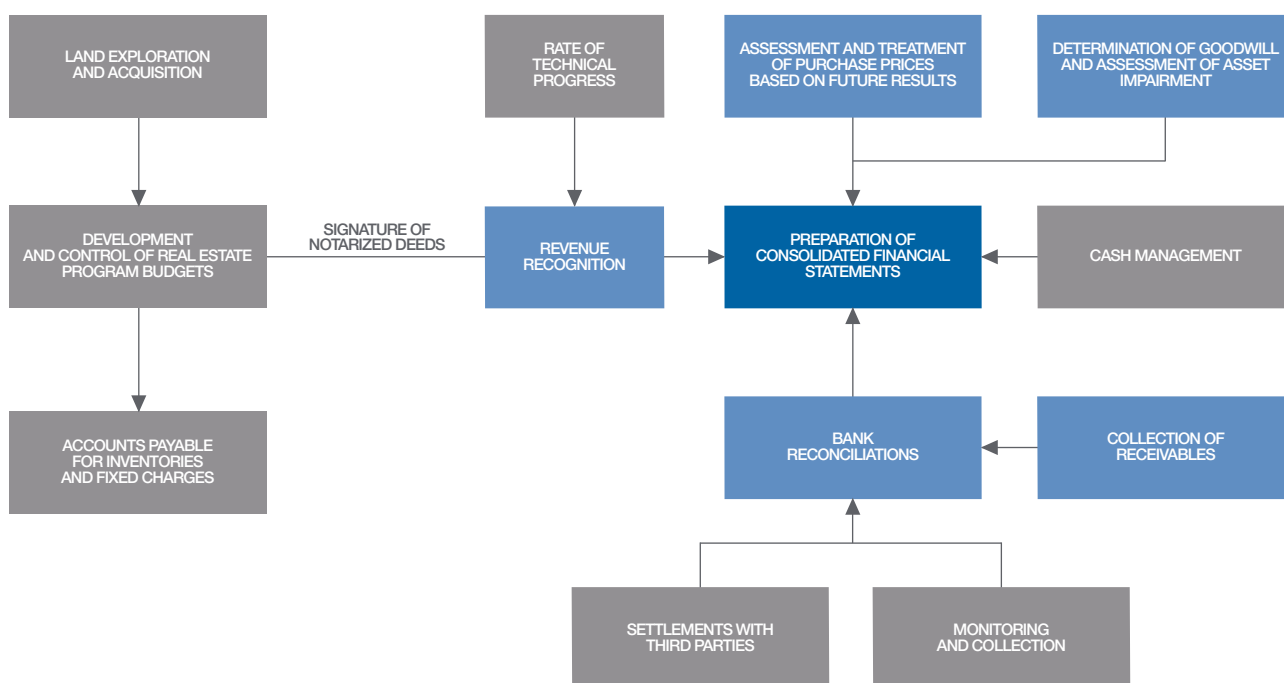
A Code of Ethics has been in effect within the group since 1997 and has been signed by all employees. Internal Regulations, distributed to all employees, supplement this Code and provide for penalties if there is any failure to fulfill the obligations provided for in the Code. In 2004, these Internal Regulations were supplemented by a user's charter covering the use of IT resources and Internet services, signed by all employees of the group.

IV.2. Internal procedures

The internal control system covers 13 subjects, broken down into 26 separate procedures, with the major ones being as follows: land acquisition, management of calls for payment and customer collections, monitoring trade receivables, debt management, bank reconciliation, bank guarantees, Human Resources, closing and consolidation, determination of goodwill and assessment of asset impairment, earn out, preparation and control of a real estate program budget and the process for preparing projections, recognition of revenue and inventories as completed, management of orders, rate of progress, fiscal planning and calculation of current taxes, management of the supplier base, recording and validation of supplier payables, supplier payment, procurement, management of project-end, annual performance reviews and exit interviews.

In addition, there are several IT procedures concerning the department's planning and organization, security, safety and the management and organization of systems.

The operational procedures, which cover the identified risks, are organized in the accounting process as follows:



The procedures describe their respective objectives, the persons responsible and the participants, the inherent risks and the possible impact of their failure on the group's financial statements. Each of these procedures includes control points, some of which are considered "key points" because of their importance in the process to prevent group risks and eliminate fraud. All of these procedures may be easily consulted by all employees on the Kaufman & Broad website.

In conclusion, the processes to identify and analyze risks and to manage those risks are constructed on the basis of mapping of the Company's strategic, operational and financial risks.

IV.3. Information systems

The IT Department of the Kaufman & Broad group reports to the Chief Financial Officer and is responsible: (i) for overall coordination of the definition, development and implementation of new IT solutions; and (ii) for the day-to-day management of existing tools.

A set of procedures has been established for procurement and to manage services and maintenance contracts. For operational management, business procedures govern the development and operating functions. Furthermore, Kaufman & Broad has circulated an IT Security Charter listing the rules and responsibilities relating to the use of IT resources. This document is handed to employees joining the Company, who are required to sign and return it to the Human Resources Department.

IV.4. Budget and management control

Planning

The operational planning process is decentralized to the regional level. This process is organized by General Management and the Finance Department, which define the governing principles and timetable, coordinate the process by entity, and verify overall consistency with the group's strategy.

The operational managers in the various agencies, assisted by their management controller, prepare a two-year plan, including a detailed budget for the next year, for their respective entities. The objectives proposed are approved by the Finance Department and General Management between October and January. The Finance Department and the Vice Presidents of the Regions consolidate and comment on the plans for each entity.

Weekly dashboard

The management control unit distributes a dashboard each week to General Management containing gross and net orders for the preceding week.

Monthly budgetary control

The annual budget is divided into periods and used as the only benchmark for budget control. The income statement and consolidated balance sheet are prepared every month and submitted to General Management. The management control unit establishes the budget control process: approval of end-of-period income and expenses; measurement of variances from

the Plan and/or from the most recent budget updates; and analysis of their potential future impact.

Reconciliation with accounting data

The accounting and management systems receive the same input (single entry of accounting documents) and are methodologically consistent. Routine monthly reconciliation of budget returns against accountancy closings makes it possible to check the reliability of financial information.

Updates

Each quarter, every entity prepares an update to its annual budget. This exercise makes it possible to revise trends at year-end, but it is not a substitute for the initial Plan as a budget control benchmark. These updates are validated by General Management and by the Finance Department during the meetings of quarterly committees bringing together the managers of each agency or subsidiary. These updates are presented at the Board of Directors' meetings preceding the publication of quarterly results.

Quarterly flash

An update of the results of the current quarter is prepared during the first ten days of the last month of each quarter. On the basis of these projected results, targets are, if necessary, redefined by General Management.

Planning and Control of the Achievement of Signing Targets

The signing targets are approved by General Management on the basis of revenue forecasts prepared by the directors of the agencies.

IV.5. Controls of Key Accounting Principles and Estimates

With respect to the key accounting principles and estimates, the internal control teams ensure that, at each closing, the principles of IAS 18 and IAS 11 are correctly applied and that the group's consolidated revenues and margin are recognized based on the percentage of completion.

From the technical point of view, the deed of purchase of land and the proof of physical completion of projects are key controls in the group's Internal Control System, together with an update, at least quarterly, of the final budgets of our property programs by the regional divisions concerned. These operating budgets are reviewed by the central support departments in charge of the Regions, prior to the quarterly closing of the accounts; they are also reviewed by the Finance Department at quarterly Committee meetings, which include the Regional management and group General Management and the Finance Department and which are held prior to the annual and semi-annual approval of the financial statements.

From the sales point of view, the signature of the notarized deeds of sale for each housing unit sold before completion (VEFA) is a crucial element recorded by the declarations systematically issued by the notaries, for each individual sale.

IV.6. Control of Liquidity and Interest Rate Risks

For the analysis of the liquidity risk, the Company has set up an integrated process of establishing cash flow forecasts for each real estate program, managed by the Treasury and Financing Department and placed under the responsibility of the Finance Department.

With respect to interest rate risk, because the group's debt is indexed to floating rates, which exposes it to risks that may result in an increase in its indebtedness, the group set up hedging instruments that cover the payment of interest on the amounts due under the Senior Facility Agreement signed on March 19, 2014 (€138.9 million at November 30, 2015). The policy for the management of interest rate risk is set by General Management on the recommendation of the Finance Department.

IV.7. Legal and Operational Controls

For legal purposes, the Chairman and Chief Executive Officer and/or the Regional Senior Vice Presidents of Kaufman & Broad SA are Corporate Officers of most of the group's subsidiaries, either in an individual capacity or as the permanent representatives of a group company. In addition, as a general rule, each Agency Director is also co-Manager of the regional legal entity that he/she represents.

At the operational level, each Agency Director receives his annual performance objectives in writing every year from General Management. The Agency Director and his/her team then take ownership of these objectives through active participation in the budget process.

At meetings of the Quarterly Committees, Agency directors submit to the relevant regional Senior Vice President and the Finance Department, a percentage of completion report for all property programs under their management, along with an updated forecast assessment of each relevant transaction.

Each Agency Director is also required to submit to the Land Committee and the Commitment Committee the details of any new program that he/she intends to develop.

Finally, Agency directors are responsible for compliance with the group's internal control procedures within their own entities.

V. Internal control concerning the preparation of accounting and financial information

Internal control of Kaufman & Broad accounting and financial information is structured around the following items:

- accounting and financial departments, which report to the Chief Financial Officer;
- accounting and financial information systems;
- procedures for preparing the financial statements;
- monitoring of commitments;
- financial reporting;
- management control, reporting and financial information department.

V.1. Accounting and financial departments

The Finance Department is responsible for:

- defining group accounting rules and principles;
- defining the tax policy;
- determining periodic deadlines for all departments concerned in the preparation of the financial statements;
- implementing the reporting tools, and controlling the reliability of the basic financial data collection and processing procedures;
- verifying the accuracy and the consistency of the data produced by the financial information systems;
- controlling the preparation of the statutory and Consolidated Financial Statements in compliance with the accounting standards, principles, rules and methods in force within the group;
- analyzing the gaps between budget and actual, and implementing and monitoring the appropriate corrective measures;
- monitoring the availability of financial reporting, in the format and within the time limited required by General Management.

The Head of Accounting and Consolidation prepares the accounting and financial information under the responsibility of the Chief Financial Officer.

V.2. Procedures for preparing the financial statements

Consolidated Financial Statements are prepared each quarter in accordance with International Financial Reporting Standards. In general, the group distributes this accounting and financial information in the month after they have been prepared. The Head of Accounting and Consolidation is responsible for preparing them.

Therefore, on the basis of fixed deadlines, the Head of Accounting and Consolidation distributes instructions to all units concerned for the roll-out the closing process and indicates the information to be entered, the adjustments to be made and the applicable time schedule.

The Management Control, Reporting and Financial Information Department reviews the consolidated income statement prepared by the Accounting and Consolidation Department and analyzes any material variances. It reports on them to the Head of Accounting and Consolidation.

The financial statements are prepared according to IFRS standards under the responsibility of the Chief Financial Officer, and are then submitted to the Chairman and Chief Executive Officer. When semi-annual and annual consolidated financial accounts are closed, they are examined by the Audit Committee and the Board of Directors, and audited (in the case of the annual financial statements) or reviewed (in the case of the semi-annual financial statements) by the Statutory Auditors prior to their publication. The Board of Directors then approves these financial statements.

V.3. Procedures to control off-balance sheet commitments

The group's main off-balance sheet commitments consist of earnest deposits for building lots, and performance bonds.

V.3.1. Earnest deposits for building lots

Whenever the group intends to buy land in order to develop a property program, the group must provide the owner with an earnest deposit until the notarized deed has been signed. This indemnity takes the form, either of a guarantee granted to the seller (general case), or of a cash payment (specific and exceptional case). Two types of guarantee may be given to sellers: a personal and joint guarantee or a first demand guarantee.

In the case of a personal and joint guarantee, the group, acting through one of its subsidiaries, asks an insurance company or a financial institution to act as the personal and joint guarantor of the group company acquiring the property. This guarantee is given to the seller in the amount of the earnest deposit. Such guarantees may also be extended by Kaufman & Broad SA. In the case of demand guarantees, the group asks an insurance company or financial institution to act as first demand guarantor vis-à-vis the seller in the amount of the earned deposit.

These guarantees are monitored by the Treasury and Financing Department, which asks insurance companies and financial institutions twice a year to provide it with a list of the relevant guarantees issued.

V.3.2. Performance Bonds

For sales before completion (VEFA), Kaufman & Broad issues, through a financial institution, a mutual guarantee institution or an insurance company, a Performance Bond for the construction that takes the form of a joint guarantee to the buyers, or an agreement to provide credit (Article R261-21 §a or §b of the French Construction and Housing Code). In consideration for these guarantees, the group generally grants the guarantor a mortgage commitment on the lots not sold and/or an undertaking not to sell any shares of the company responsible for the real estate program.

A monthly valuation is prepared internally by the Treasury and Financing Department and is thereafter updated on the basis of the amounts notified by the relevant financial institutions according to their own reports to the Banque de France or to the Commission de Contrôle des Assurances.

V.3.3. Financial covenants

Because the group is subject to observe financial ratios ("financial covenants") as part of the restructuring of its Senior Credit Facility Agreement of March 19, 2014, the Finance Department prepares each quarter the calculation of its covenants on the basis of the financial data. These financial ratios are presented to the Audit Committee and the Board of Directors before they are presented to the representatives of the lending banks. Every six months, the group's Finance Department provides the Auditors, in advance, with the financial data necessary for calculation of these covenants.

V.4. Group financial reporting

In addition to the Chairman and Chief Executive Officer, only those persons who are duly authorized by the Chairman and Chief Executive Officer may disclose financial information to the market. These persons include the Chief Financial Officer.

The following documents are produced by the Finance Department:

- Registration Document, quarterly information, semi-annual financial statements and operational reports;
- financial press releases;
- presentations for financial analysts and investors;
- presentations for rating agencies.

These documents are approved by the Chief Financial Officer and by the Chairman and Chief Executive Officer. Financial press releases are generally submitted to the Board of Directors prior to publication.

VI. Updating and reviewing the performance of the internal control system

Kaufman & Broad's current Internal Control System, as described above, is supplemented by an operational, legal and regulatory alert system designed to identify and anticipate changes in the business environment and in French or EU legislation or regulations that might impact the Company's financial position. This function is carried out by General Management and by the various Operational and Functional Departments that take all appropriate steps to promote the interests of the Kaufman & Broad group when necessary.

The correct application of the procedures related to accounting and financial information is audited by the Internal Audit Department and occasionally by an independent auditing firm supervised by the Kaufman & Broad Internal Audit Department. This work is performed at the headquarters and in most of the group's regional agencies (depending on their contribution to the Consolidated Financial Statements) and the results are delivered to the Audit Committee on a regular basis.

This periodic work by Kaufman & Broad's Audit Department is designed to ensure correct application of the financial and accounting information procedures and does not provide an assessment of the overall system for operational and financial risk control in relation to the group's operations. The above information is therefore not to be construed as an assessment of the adequacy and effectiveness of the Company's Internal Control System, because said information does not cover said system as a whole.

Signed at Neuilly-sur-Seine, on February 16, 2016

Nordine Hachemi

Chairman and Chief Executive Officer

9.3. Reports of the Statutory Auditors

9.3.1. Report of the Statutory Auditors on the Consolidated Financial Statements

This is a free translation into English of the Statutory Auditors' report on the Consolidated Financial Statements issued in French and it is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the Consolidated Financial Statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Consolidated Financial Statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the group's management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 30 November 2015, on:

- the audit of the Consolidated Financial Statements of Kaufman & Broad SA, as attached to this report;
- the justification of our assessments;
- the specific verification required by law.

These Consolidated Financial Statements have been approved by the Board of Directors. Our role is to express an opinion on these Consolidated Financial Statements based on our audit.

I. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the persons and entities that constitute the consolidated Group and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the Note 1.2.3 to the Consolidated Financial Statements which describes the change in accounting method applied to marketing costs of onsite sales offices and model areas, accounted for as operating expenses.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- your group recognizes revenues and margins on sales (so called "VEFA" agreements") before completion in accordance with the accounting methods described in Note 1.20 to the Consolidated Financial Statements. The revenues and profits recognized are therefore dependent on estimates at completion made by your group. Our audit included examining the reasonableness of the assumptions on which these estimates are based and reviewing the calculations;
- your group performs annually an impairment test on goodwill and the Kaufman & Broad brand name as described in Note 1.8 to the Consolidated Financial Statements. We have examined the impairment test procedure as well as the assumptions used, and we have verified that Note 14 to the Consolidated Financial Statements provides appropriate disclosures.

These assessments were made as part of our audit of the Consolidated Financial Statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the Consolidated Financial Statements.

Neuilly-sur-Seine and Paris La Défense, on February, 26th, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.3.2. Report of the Statutory Auditors on the Annual Financial Statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General meeting, we hereby report to you, for the year ended November 30, 2015, on:

- the audit of the accompanying financial statements of Kaufman & Broad SA, as attached to this report;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements.

It also include assessing the accounting principles adopted and the significant estimates made, as well as the overall presentation of the financial statements. We believe that the evidence we have collected provides a sufficient and appropriate basis for our opinion.

We certify that the annual financial statements present fairly and accurately in all material respects the results of operations for the fiscal year ended as well as the financial position and assets of the Company at year-end, in accordance with generally accepted French accounting principles.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

The Note 4.2.1.2 to the financial statements describes the accounting principles, estimates and assumption used to account for financial assets. We have assessed whether these accounting principles were appropriate and we have reviewed the assumptions used by your company to carry out their impairment test. We have also ensured that appropriate information was disclosed in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We also performed the specific audits required by law, in accordance with the auditing standards applicable in France.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the annual financial statements, or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris La Défense, February, 26th, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.3.3. Auditors's Special Report on related party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms, conditions, interests for your Company of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to article R.225-31 of the French Commercial Code (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and undertakings subject to the approval of the Shareholder's Meeting

Agreement and commitments authorized during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following commitments, which were previously authorized by the Board of Directors, have been brought to our attention.

On April 16, 2015, the Board of Directors renewed the mandate of Mr. Nordine Hachemi as Chairman of the Board of Directors and Chief Executive Officer and authorized the following commitments. The Board of Directors considered that these commitments satisfy the Kaufman & Broad Group's need to secure the competencies and services of a highly qualified individual in the real estate development sector.

Compensation for dismissal of the Chairman and Chief Executive Officer

Executive Corporate officer involved: Mr. Nordine Hachemi.

In the event of dismissal from office for any reason other than gross misconduct, as defined in labor law by the Court of Cassation, the Company undertakes to compensate the Chief Executive Officer for the loss suffered because of his dismissal.

The compensation shall be equal to 12 months gross fixed and variable compensation for the fiscal year ended, extended to 18 months if control over the Company is taken by one or more third parties acting in concert triggering the obligation to launch a public offering of the Company shares.

Regardless of the date and circumstances of the dismissal, such compensation shall be payable only if the Chief Executive Officer has received or should have received in the two fiscal years preceding the termination of his term in office at least 70% of the maximum variable portion (excluding outperformance) of his compensation on average for each of the two fiscal years, the variable portion being based on both quantitative and qualitative targets (determined for the first time upon his appointment and subsequently at the start of each fiscal year).

Non-compete compensation of the Chief Executive Officer

Executive Corporate officer involved: Mr. Nordine Hachemi.

In the event of Nordine Hachemi's departure, the latter shall be bound by an obligation of non-competition and non-solicitation, unless waived or reduced by the group, for a period of 12 months following the termination of his mandate. In consideration, he shall receive a gross lump-sum monthly compensation equivalent to 50% of the average monthly fixed gross compensation he received during the twelve months preceding the termination of his mandate; the Company however will have the option to reduce this term or release the executive from this commitment.

Defined-contribution pension granted to the Chairman and Chief Executive Officer

Mr. Nordine Hachemi shall be entitled to the Company supplemental executive pension plan and a supplemental defined-contribution pension plan under the same terms as the members of the Management Committee. The maximum amount of annual contributions is capped at 8% of gross salary within the limit of eight times the maximum Social Security ceiling.

The contribution paid by the Company for the Corporate officer totaled €24,319.36 in 2015.

Agreements and commitments authorized since the year-end closing

The following agreements and commitments, authorized since the year-end closing, and previously authorized by the Board of Directors, have been brought to our attention.

With Financière Gaillon 8, your Company's majority shareholder

On February 19, 2016, the Board of Directors authorized the conclusion of a Memorandum of Understanding with Financière Gaillon 8. In connection with the sale of a portion of your Company's shares by Financière Gaillon 8, the latter has pledged to sell to your Company, and your Company has irrevocably pledged to acquire, the shares of your Company for an amount of €50 million, within the limit of 10% of share capital. The purchase price shall be equal to the share price proposed under the public offering and private placement, and shall be determined based on the comparison of the shares offered with investor demands according to the "book building" technique as developed by professional practice. This price cannot exceed the maximum price set by your Company's share buyback program authorized by the Shareholders' Meeting.

To authorize this agreement, your Board of Directors has taken into consideration your Company's interest in expanding its free float and increasing its share liquidity while adopting a share ownership structure that can support its growth strategy.

Directors and shareholders concerned: Mrs. Sophie Lombard, Mr. Frédéric Stévenin, Olivier de Vregille, Alexandre Dejoie, Nordine Hachemi, Michel Paris and Financière Gaillon 8 S.A. (majority shareholder of Kaufman & Broad S.A.).

Agreements and undertakings already approved by the Shareholders' Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

2014 Senior Facilities Agreement

On March 19, 2014, Kaufman & Broad SA became a party to a Senior Facilities Agreement, governed by French law, by and between: your Company as Borrower; Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS as Guarantors; Crédit Agricole Corporate & Investment Bank, Natixis, BECM, Goldman Sachs International and Crédit Suisse International as Arrangers; Crédit Agricole Corporate & Investment Bank as Bookrunner, Global Coordinator, Agent and Security Agent; and a group of financial institutions listed under the terms of the Agreement and referred to as Original Lenders. Under the 2014 Facilities Agreement, the financial institutions named in said Agreement granted to your Company:

- (i) a term loan A in a maximum amount of €50 million;
- (ii) a term loan B in a maximum amount of €100 million;
- (iii) a new revolving credit facility in a maximum amount of €50 million, to finance the general operating requirements and the working capital requirement of the Kaufman & Broad group.

Signing this agreement has enabled your Company to refinance the existing facilities agreement and to finance its operations until March 2019.

Since it was deemed that the directors and shareholders concerned could be indirectly interested in the signing of the agreement because of their position with regard to Financière Gaillon 8 or the PAI Partners SAS fund, this agreement was subject to the regulated agreement procedure.

Directors and shareholders concerned: Mrs. Sophie Lombard, Mr. Frédéric Stévenin, Lionel Zinsou, Olivier de Vregille, Alexandre Dejoie, Nordine Hachemi, and Financière Gaillon 8 S.A. (majority shareholder of Kaufman & Broad S.A.).

Neuilly-sur-Seine and Paris La Défense, February, 26th, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.3.4. Report of the Statutory Auditors on the Report of the Chairman of the Board of Directors

Prepared pursuant to Article L. 225-235 of the French Commercial Code on the Report of the Chairman of the Board of Directors of Kaufman & Broad SA

This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L. 225-235 of French Company law on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Kaufman & Broad S.A. and in accordance with Article L. 225-235 of the French Commercial Code (*code de commerce*), we hereby report on the report prepared by the Chairman of your Company pursuant to Article 225-37 of the French Commercial Code (*code de commerce*) for the year ended 30 November 2015.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code (*code de commerce*) relating to matters such as Corporate governance.

It is our responsibility to:

- report on any matters as to the information contained in the Chairman of the Board of Directors' report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information;
- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code (*code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman of the Board of Directors' report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman of the Board of Directors' report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman of the Board of Directors' report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code (*code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code (*code de commerce*).

Neuilly-sur-Seine and Paris La Défense, February, 26th, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.4. Report by the independent third party on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as independent third party of Kaufman & Broad SA, (the "Company"), certified by COFRAC under number 3-1049⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 30 November 2015, included in the management report (hereinafter named "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Management Board is responsible for preparing a Company's management report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics (*Code de déontologie*) of our profession and the requirements of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Independent third party's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved five persons and was conducted between October 2015 and February 2016 during a two-week period.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000⁽²⁾ concerning our conclusion on the fairness of CSR Information.

1. ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

ADDITIONAL INFORMATION

Report by the independent third party on the consolidated human resources, environmental and social information included in the management report

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

Nature and scope of our work

We conducted four interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important⁽¹⁾:

- at consolidation level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- we conducted interviews to verify that procedures are properly applied and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. As the informations were available at the Company head's office, our tests were based on 100% of the headcount and on 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

French Original signed by:

Paris La Défense, 26 February 2016

KPMG S.A.

Anne Garans
Partner Climate Change
& Sustainability Services

François Plat
Partner

(1) Human resources indicators: Workforce by sex and age, Number of hires, Number of terminations, Turnover rate, Average annual compensation by level and gender, Absenteeism rate by reason, Total number of hours of training.
Environmental indicators: Water and electricity consumptions of agencies, Water and electricity consumption of construction sites certified Habitat et Environnement and completed during the exercise (scope Île-de-France), Greenhouse gases emissions due to business travel, Environmental certifications for housing units under construction.
Societal indicators: Types of buyers, Group's dependence on the leading supplier and on the top ten suppliers.
Qualitative information: Organization of social dialogue, Organization of the Company to take environmental issues into account, Consideration of noise and of any other activity specific pollution, Territorial, economic and social impact of the Company activity on the local populations, Relations with person or organization interested in the Company activity.

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10.1. Cross-Reference Table

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10.2. Cross-reference table for the Sustainable Development section

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Registration Document Section

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10.3. Annual financial report

In application of Article 222-3 and Article 212-13, paragraphs VI and VIII, of the AMF's General Regulations, the documents constituting the Annual Financial Report for fiscal year 2015 are incorporated by reference in this Registration Document in the Sections referred to in the table below.

Annual financial report	Section	Pages
Annual Financial Statements	4.2.	188
Consolidated Financial Statements	4.1.	144
Management Report (report of the Board of Directors)	10.7.	282
Objective and exhaustive analysis of the business, results and financial position of the consolidating Company and the group, as well as the main risks and uncertainties	2./1.2.	83/39
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10.4. List of publications since December 2014

Annual informational document prepared in accordance with Article 222-7 of the Regulations of the *Autorité des Marchés Financiers*

Type	Date	Subject	Medium
Press release	05/01/2015	Kaufman & Broad acquires Concerto ED under a partnership with Affine	Internet
Press release	06/01/2015	Semi-annual assessment of Kaufman & Broad's liquidity agreement	Internet
Press release	22/01/2015	2014 annual results	Internet
Press release	02/02/2015	Buyback of its own shares	Internet
Press release	19/02/2015	Payment of an interim dividend	Internet
Press release	10/03/2015	Kaufman & Broad wins the bid for a 70,000 sq.m building complex in the Paris Rive Gauche district	Internet
Press release	31/03/2015	Kaufman & Broad inaugurates the program "Les Terrasses du Val Joli" at Eaubonne (95)	Internet
Press release	01/04/2015	Kaufman & Broad inaugurates the program "L'Or'Essence" at Pontault-Combault in Seine-et-Marne	Internet
Press release	02/04/2015	Kaufman & Broad launches "Le Panoramik", un new program in the heart of the eco-friendly neighborhood Baud Chardonnet at Rennes	Internet
Press release	10/04/2015	Kaufman & Broad inaugurates the project "Carré Nature" at Boussy-Saint-Antoinein the Essonne department	Internet
Press release	15/04/2015	1 st half 2015 results	Internet
Press release	16/04/2015	Buyback of its own shares	Internet
Press release	16/04/2015	Ordinary and Extraordinary Shareholders' Meeting	Internet
Press release	21/04/2015	Ordinary and Extraordinary Shareholders' Meeting of 4/16/2015: vote result	Internet
Press release	24/04/2015	Kaufman & Broad launches the program "INNOVE'A" at Montreuil in Seine-Saint-Denis	Internet
Press release	18/05/2015	Kaufman & Broad will realize the new inter-administrative center in the area of Saint-Brieuc	Internet
Press release	26/05/2015	Kaufman & Broad inaugurates the program "Jardin Mahonia", at Aix-en-Provence	Internet
Press release	27/05/2015	Kaufman & Broad SA finalizes the sale of the "UNITED" building	Internet
Press release	02/06/2015	TNS Sofres, held by Kantar group (WPP), takes back the lease agreement of CAP 14 building realized by Kaufman & Broad	Internet
Press release	24/06/2015	Dividend payment of 2014	Internet
Press release	29/06/2015	Kaufman & Broad launches the program "HARMONIA" at Vélizy-Villacoublay (78)	Internet
Press release	02/07/2015	Affine and Kaufman & Broad partner to support the development of Urbismart, specialising in the organisation of urban logistic flows	Internet
Press release	07/07/2015	Kaufman & Broad and Aquatonic inaugurates the program "Carré Lafayette" at Nantes, a major project that combines rehabilitation and construction in the former barracks of gendarmerie	Internet
Press release	08/07/2015	1 st half 2015 results	Internet
Press release	17/07/2015	Buyback of its own shares	Internet
Press release	31/07/2015	Press release for the availability of the half-yearly financial report	Internet
Press release	24/09/2015	Kaufman & Broad and Nacarat launch the program "Le Jardin des Muses" at Brétigny-sur-Orge	Internet
Press release	30/09/2015	Results for the first nine months of 2015	Internet
Press release	07/10/2015	Kaufman & Broad announces its acquisition of a stake in Safaur, property developer based in Caen	Internet
Press release	13/10/2015	Kaufman & Broad launches the program "New' Factory" at Aubervilliers (93)	Internet
Press release	03/11/2015	Kaufman & Broad inaugurates the program "LE CARROUSEL" at Vauréal (95)	Internet
Press release	09/12/2015	Kaufman & Broad signed a partnership with Immowell-Lab, the accelerator of innovative start-ups to well-being through real estate	Internet
Press release	05/01/2016	Semi-annual assessment of Kaufman & Broad's liquidity agreement	Internet
Press release	06/01/2016	"DATA Architectes" and "Bassinnet Turquin Paysagistes" winners of the competition organised by Kaufman & Broad for the design of 145 student lodgings	Internet
Press release	07/01/2016	Kaufman & Broad announces its acquisition of a stake in SPM, property developer in Languedoc-Midi-Pyrénées area	Internet
Press release	14/01/2016	Kaufman & Broad inaugurates the program "Green Lodge" at Villepreux in les Yvelines	Internet
Press release	27/01/2016	Publication of 2015 Annual Results (after market close)	Internet
Press release	01/02/2016	Kaufman & Broad opens its showroom "Grand Sud"	Internet

Type	Date	Subject	Medium
Press release	05/02/2016	Kaufman & Broad will realize “Le Forum des Carmes” at Istres	Internet
Press release	16/02/2016	Kaufman & Broad selected as the developer of EDF's South-West's future Headquarter in Bordeaux	Internet
Press release	16/02/2016	Dividend proposed and update on the proposed initiation of the sale by Financière Gaillon 8 S.A	Internet
Press release	25/02/2016	Concerto European Developer opened the world wild logistic platform of the trademark Petit Bateau within the “Parc Logistique de l'Aube” in Troyes	Internet
Presentation	23/01/2015	Presentation of the 2014 annual results	Internet
Presentation	16/04/2015	Presentation of the Combined Ordinary and Extraordinary Shareholders' Meeting of April 16, 2014	Internet
Presentation	09/07/2015	Presentation of the first-half 2015 results	Internet
Presentation	01/10/2015	Presentation of the first nine months results of 2015	Internet
Presentation	28/01/2016	Presentation of the 2015 annual results	Internet
Report	01/04/2015	2014 Registration Document	Internet
Report	16/06/2015	2014 Sustainable Development Report	Internet
Report	31/07/2015	Half-year financial report at 5/31/2014	Internet
Legal disclosure	01/12/2014	Disclosure of trading in own shares from November 24 to 28, 2014	Internet
Legal disclosure	08/12/2014	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	09/12/2014	Disclosure of trading in own shares from December 1 to 5, 2014	Internet
Legal disclosure	10/12/2014	Description of the share buyback program	Internet
Legal disclosure	15/12/2014	Disclosure of trading in own shares from December 8 to 12, 2014	Internet
Legal disclosure	22/12/2014	Disclosure of trading in own shares from December 15 to 19, 2014	Internet
Legal disclosure	02/01/2015	Disclosure of trading in own shares from December 22 to 26, 2014	Internet
Legal disclosure	05/01/2015	Disclosure of trading in own shares from December 29, 2014 to January 2, 2015	Internet
Legal disclosure	06/01/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	12/01/2015	Disclosure of trading in own shares from January 5 to 9, 2015	Internet
Legal disclosure	19/01/2015	Disclosure of trading in own shares from January 12 to 16, 2015	Internet
Legal disclosure	26/01/2015	Disclosure of trading in own shares from January 19 to 23, 2015	Internet
Legal disclosure	02/02/2015	Disclosure of trading in own shares from January 26 to 30, 2015	Internet
Legal disclosure	03/02/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	09/02/2015	Disclosure of trading in own shares from February 2 to 6, 2015	Internet
Legal disclosure	17/02/2015	Disclosure of trading in own shares from February 9 to 13, 2015	Internet
Legal disclosure	24/02/2015	Disclosure of trading in own shares from February 16 to 20, 2015	Internet
Legal disclosure	27/02/2015	Disclosure of trading in own shares from February 23 to 27, 2015	Internet
Legal disclosure	06/03/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	09/03/2015	Disclosure of trading in own shares from March 2 to 6, 2015	Internet
Legal disclosure	16/03/2015	Disclosure of trading in own shares from March 9 to 13, 2015	Internet
Legal disclosure	23/03/2015	Disclosure of trading in own shares from March 16 to 20, 2015	Internet
Legal disclosure	30/03/2015	Disclosure of trading in own shares from March 23 to 27, 2015	Internet
Legal disclosure	03/04/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	07/04/2015	Disclosure of trading in own shares from March 30 to April 3, 2015	Internet
Legal disclosure	14/04/2015	Disclosure of trading in own shares from April 6 to 10, 2015	Internet
Legal disclosure	16/04/2015	Description of the share buyback program	Internet
Legal disclosure	20/04/2015	Disclosure of trading in own shares from April 13 to 17, 2015	Internet
Legal disclosure	27/04/2015	Disclosure of trading in own shares from April 20 to 24, 2015	Internet
Legal disclosure	04/05/2015	Disclosure of trading in own shares from April 27 to May 1, 2015	Internet
Legal disclosure	11/05/2015	Disclosure of trading in own shares from May 4 to 8, 2015	Internet
Legal disclosure	18/05/2015	Disclosure of trading in own shares from May 11 to 15, 2015	Internet
Legal disclosure	26/05/2015	Disclosure of trading in own shares from May 18 to 22, 2015	Internet
Legal disclosure	02/06/2015	Disclosure of trading in own shares from May 25 to 29, 2015	Internet
Legal disclosure	04/06/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	08/06/2015	Disclosure of trading in own shares from June 1 to 5, 2015	Internet
Legal disclosure	15/06/2015	Disclosure of trading in own shares from June 8 to 12, 2015	Internet
Legal disclosure	22/06/2015	Disclosure of trading in own shares from June 15 to 19, 2015	Internet
Legal disclosure	29/06/2015	Disclosure of trading in own shares from June 22 to 26, 2015	Internet
Legal disclosure	03/07/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	06/07/2015	Disclosure of trading in own shares from June 29 to July 3, 2015	Internet
Legal disclosure	07/07/2015	Semi-annual assessment of the Company's liquidity agreement	Internet
Legal disclosure	15/07/2015	Disclosure of trading in own shares from July 6 to 10, 2015	Internet
Legal disclosure	27/07/2015	Disclosure of trading in own shares from July 20 to 24, 2015	Internet

Legal disclosure	05/08/2015	Disclosure of trading in own shares from July 27 to 30, 2015	Internet
Legal disclosure	05/08/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	17/08/2015	Disclosure of trading in own shares from August 10 to 14, 2015	Internet
Legal disclosure	25/08/2015	Disclosure of trading in own shares from August 17 to 21, 2015	Internet
Legal disclosure	31/08/2015	Disclosure of trading in own shares from August 24 to 28, 2015	Internet
Legal disclosure	07/09/2015	Disclosure of trading in own shares from August 31 to September 4, 2015	Internet
Legal disclosure	07/09/2015	Disclosure of trading in own shares from September 7 to 11, 2015	Internet
Legal disclosure	07/09/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	21/09/2015	Disclosure of trading in own shares from August 14 to 18, 2015	Internet
Legal disclosure	28/09/2015	Disclosure of trading in own shares from August 21 to 25, 2015	Internet
Legal disclosure	05/10/2015	Disclosure of trading in own shares from September 28 to October 2, 2015	Internet
Legal disclosure	07/10/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	12/10/2015	Disclosure of trading in own shares from October 5 to 9, 2015	Internet
Legal disclosure	19/10/2015	Disclosure of trading in own shares from October 12 to 16, 2015	Internet
Legal disclosure	26/10/2015	Disclosure of trading in own shares from October 19 to 23, 2015	Internet
Legal disclosure	02/11/2015	Disclosure of trading in own shares from October 26 to 30, 2015	Internet
Legal disclosure	06/11/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	09/11/2015	Disclosure of trading in own shares from November 2 to 6, 2015	Internet
Legal disclosure	16/11/2015	Disclosure of trading in own shares from November 9 to 13, 2015	Internet
Legal disclosure	23/11/2015	Disclosure of trading in own shares from November 16 to 20, 2015	Internet
Legal disclosure	30/11/2015	Disclosure of trading in own shares from November 23 to 27, 2015	Internet
Legal disclosure	07/12/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	07/12/2015	Disclosure of trading in own shares from November 30 to December 4, 2015	Internet
Legal disclosure	14/12/2015	Disclosure of trading in own shares from December 12 to 11, 2015	Internet
Legal disclosure	21/12/2015	Disclosure of trading in own shares from December 14 to 18, 2015	Internet
Legal disclosure	29/12/2015	Disclosure of trading in own shares from December 21 to 25, 2015	Internet
Legal disclosure	04/01/2016	Disclosure of trading in own shares from December 28, 2015 to January 1, 2016	Internet
Legal disclosure	05/01/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	11/01/2016	Disclosure of trading in own shares from January 4 to 8, 2016	Internet
Legal disclosure	25/01/2016	Disclosure of trading in own shares from January 18 to 22, 2016	Internet
Legal disclosure	29/01/2016	Buyback of its own shares	Internet
Legal disclosure	01/02/2016	Disclosure of trading in own shares from January 25 to 29, 2016	Internet
Legal disclosure	08/02/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	08/02/2016	Disclosure of trading in own shares from February 1 to 5, 2016	Internet
Legal disclosure	22/02/2016	Disclosure of trading in own shares from February 15 to 19, 2016	Internet
Legal disclosure	29/02/2016	Disclosure of trading in own shares from February 22 to 26, 2016	Internet
Legal disclosure	04/03/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	07/03/2016	Disclosure of trading in own shares from February 29 to March 4, 2016	Internet
Journaux d'annonces légales	26/03/2015	Notice of Annual Shareholders' Meeting	Les Echos
BALO	27/03/2015	Notice of Annual Shareholders' Meeting	BALO

10.5. Summary table of currently valid delegations concerning capital increases

Table and Report submitted by the Board of Directors concerning the grants of authority and powers relating to the capital increase

(in €)	Date of the ESM	Delegation's expiration date	Nominal amount of authorized capital increase	Capital increase(s) made in earlier years	Capital increase(s) made during the fiscal year	Capital increase(s) made during the fiscal year	Residual amount upon the preparation of this table
Authority to increase capital with preemptive rights ^{(1) (2)}	April 11, 2014	June 11, 2016	€1,400,000 (shares or securities) €160,000,000 (debt instruments)	None	None	None	€1,400,000 (shares or securities) €160,000,000 (debt instruments)
Authority to increase capital without preemptive rights ^{(1) (2) (3)}	April 11, 2014	June 11, 2016	€1,400,000 (shares or securities) €160,000,000 (debt instruments)	None	None	None	€1,400,000 (shares or securities) €160,000,000 (debt instruments)
Authority to increase the capital in consideration of capital contributions in kind 1	April 11, 2014	June 11, 2016	10% of capital at April 11, 2014	None	None	None	10% of capital at April 11, 2014
Authority to increase the capital in the event of a company-initiated exchange offer ^{(1) (2)}	April 11, 2014	June 11, 2016	€1,400,000	None	None	None	€1,400,000
Authority to allot bonus shares (new or existing)	April 11, 2014	June 10, 2017	200,000 shares including 50,000 shares to Corporate Officers	None	None ⁽⁴⁾	None	€14,310
Authority to allot bonus shares (new or existing)	April 16, 2015	June 15, 2018	300,000 shares including 50,000 shares to Corporate Officers	None	None ⁽⁴⁾	None	€300,000

(1) The amount of the authority is deducted from the delegation of authority's maximum amount of €1,400,000 excluding adjustments for increases by issuing shares or securities and €160,000,000 for securities giving rights to capital or to a debt security as stipulated by the Combined Shareholders' Meeting of April 11, 2014.

(2) Over-allotment (greenshoe) option under the conditions in Article L. 225-135-1 of the French Commercial Code.

(3) In a public offer with preemptive rights with the possibility to set the issue price for up to 10% of the capital stock.

(4) Because of the allocation of treasury stock to fund these plans, these plans may not give rise to a capital increase.

The following reports have been incorporated by reference into this 2015 Registration Document and have been formatted for the purposes of this document. Unformatted reports may be consulted at Kaufman & Broad's head office.

10.6. Board of Directors' Report on Share Awards

See Section 5.2.3.3. "Summary of bonus share awards".

10.7. Special Report on Stock Purchase and Subscription Options (Shareholders' Meeting of April 15, 2016)

See Section 5.2.3.4, "Special report on stock options presented to the Shareholders' Meeting of April 15, 2016".

10.8. Board of Directors' Report

1. Business and Financial Review Concerning Kaufman & Broad SA

See Section 5.1. "General Information Concerning the Company".

2. Business and Financial Review Concerning the Kaufman & Broad group

See Section 2. "Operating and Financial Review of the group".

3. Other Information

3.1. Stock Purchase or Subscription Option Plans and Bonus Share Awards

See Section 3.3. "Incentive Programs", and following.

3.2. Board of Directors

See Section 3.1.1. "Board of Directors".

3.3. Interests and remuneration of directors

See Section 3.2. "directors' Interests".

3.4. Employee participation

See Section 3.3.1. "Incentive and profit-sharing agreements".

3.5. Risk Report

See Section 1.2. "Risk Factors".

3.6. Sustainable Development

See Section 1.7. "Sustainable development" and following:

- 1.7.2. "Environmental Information";
- 1.7.3. "Social information";
- 1.7.4. "Societal information".

3.7. "Structure of capital and transactions carried out by the Company on treasury stock and factors likely to have an impact in the event of a public tender offer"

See Section 5.2. "General Information Concerning the Capital".
See Section 5.3. "Current distribution of the capital and voting rights".

3.8. Research and development

See Section 1.5.1., "Research and Development".

3.9. Dividends

See Section 5.5. "Dividends."

Appendices to the Board of Directors' Report

Appendix 1 "Summary table of securities transactions by Corporate Officers and their close relatives during the last fiscal year"

See Section 5.2.3.5.

Subsidiaries and equity affiliates

See Notes to the annual financial statements, Section 4.2.8., "Subsidiaries and equity affiliates".

"Summary table of currently valid delegations concerning capital increases"

See Section 10.5." Summary table of currently valid delegations concerning capital increases".

Five-year financial summary

See Section 4.2.9. "Five-year Financial Summary".

10.9. Glossary

Business lines

Competitive bidding	Is a process that enables a principal (the Project Owner) to choose the Company (the tenderer, which will be the supplier) that is the best able to provide works, supplies or services. The goal is to have multiple companies competing to provide a product or service.
BBC-Effinergie	Low-Energy Consumption Building (Bâtiment Basse Consommation). BBC-Effinergie® is a thermal performance label for buildings intended for residential use. For new residential construction, the maximum primary energy target is set at 50 kWh/sq.m/year, which is readjusted to account for Region and altitude. So-called conventional primary energy consumption for heating, cooling, ventilation, auxiliaries, hot water production and lighting of premises is taken into account.
Bilan Carbone®	Bilan Carbone® is a carbone assessment tool for calculating greenhouse gas emissions whose objective is to allow, from readily available data, an assessment of direct and indirect emissions from business, economic or other activity.
Backlog (or order book)	Covers, for sales before completion (VEFA): ordered but undelivered housing units; sales for which a notarized deed of sale has not yet been signed ; and the incomplete portion of undelivered housing units for which a notarized deed of sale has been signed (for a program that is 30% complete, 30% is accounted for as sales, and 70% remains in the backlog). The backlog is a summary, at any given moment, which gives a projection of future revenues for the coming months and serves as a basis for the group's forecasts. It is worth noting that there is an element of uncertainty relating to the transformation of backlog into income, particularly for orders that have not yet been officially notarized.
Take-up period	The inventory take-up period is the number of months required for the available housing units to be sold if sales are maintained at the same pace as in previous months, i.e. housing units outstanding (offer available) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.
Eco-design	This term describes the commitment to design products that meet the principles of sustainable and environmental development. It is an approach that takes environmental impact into account in the design and development of the product and integrates environmentally friendly thinking throughout its life cycle (raw materials, end of product life, manufacturing, logistics, distribution and use).
H&E	The H&E (Habitat & Environment) certification process, which was implemented starting in 2003 and developed in coordination with the work of the association HQE, aims to improve the environmental quality of housing construction. This certification is only for new building projects in the residential sector (apartment buildings and individual residences in communities). The seven H&E environmental themes are grouped into three categories and define the environmental quality objectives of buildings being considered in the certification process: organizational (Environmental management of the operation, Clean site), technical (Energy – Greenhouse gas reduction, Construction segment/choice of materials, Water and Comfort, Health) and information (Green actions).
HQE®	The HQE® (Haute Qualité Environnementale or High Environmental Quality) process implemented by the association HQE® makes possible the application of an environmental policy to the construction of a building. This label allows Project Owners to specify environmental objectives on the basis of 14 targets that define the profile of their future building. This approach is also based on a managerial strategy that includes a project management system to find concrete solutions to the environmental challenges facing our planet. Its ultimate goal is the construction of comfortable buildings that are healthier and more environmentally friendly than buildings of the same generation. HQE® targets are grouped into four categories and define environmental quality objectives based on 14 items: Green building (Relationship between buildings and their immediate environment, Integration of construction process and materials, Low-pollution construction); Eco-management (Energy management, Water management, Construction waste management, Upkeep and maintenance management); Comfort (Hygrothermal comfort, Acoustic comfort, Visual comfort, Olfactory comfort); Health (Health quality of spaces, Air health quality, Water health quality).

EHU	EHUs (Equivalent Housing Units delivered) directly reflect sales. The number of EHUs is a function of multiplying (i) the number of housing units of a given program for which notarized sales deeds have been signed by (ii) the ratio between the group's property expenses and construction expenses incurred on said program and the total expense budget for said program.
Project Owner	Individual or legal entity on whose behalf construction and real estate work or more generally the services of a contractor are carried out and which, in order to do so, has entered into one or more contracts with the various trades involved in construction. The Project Owner is called this despite not being the contractor's employer since the contractor is independent. The Project Owner must not be confused with the project manager. The Project Owner selects the project manager and will charge it with coordinating and monitoring of the work of the various trades.
Gross margin	Gross margin corresponds to revenues less cost of sales. Cost of sales consists of the price of land parcels, the related property costs (taxes, etc.), commissions paid to developers and to Kaufman & Broad sales staff, as well as fees and commissions provided for in the agency agreements executed by Kaufman & Broad in order to sell its real estate programs, construction costs and borrowing costs that may be directly attributed to program development.
Commercial offer	The total inventory of properties available for sale as of the date in question, i.e., all unordered housing units as of this date (less the programs that have not entered the marketing phase).
Property portfolio	All real estate for which a commitment (such as a contract for sale) has been signed.
PTZ+	The "Zero-Interest Plus Loan": this new interest-free loan, issued by government-registered credit institutions, was spawned by the overhaul of "PTZ 2010" and the discontinuation of "Pass-Foncier" and the tax credit on loan interest, which were eliminated on January 1, 2011. It applies to individuals wishing to finance the purchase, refurbishment or construction of their primary residence as a first-time homeowner. (Buyers are considered first-time homeowners if they did not own their primary residence during the two years preceding the loan offer.)
Revivalis®	Created by Kaufman & Broad, this process is intended to determine all recovery potential of an office building for its rehabilitation while respecting its architectural heritage. It is based on a multi-criteria analysis that takes technical, regulatory, operational and urban planning aspects into account.
Orders (value)	These represent the value of the real property as expressed in order contracts signed, including VAT, for a given period. They are mentioned net of cancellations recorded during that period.
Orders of Housing Units (volume)	These are a reflection of the group's commercial activity. Orders are recognized in revenue based on the time necessary for the "conversion" of an order into a signed and notarized deed, which is the point at which income is generated. Moreover, in apartment programs that include mixed-use buildings (apartments/business premises/retail space/offices), all floor space is converted into housing equivalents. They are measured in volume (Units) and value.
Housing reserve	This includes land for development (otherwise called the land portfolio), i.e., the land for which an act or promise of sale was signed, as well as land under consideration, i.e., the land for which an act or promise of sale has not yet been signed.
Pinel (incentive)	The incentive under the Pinel law, which replaces the Duflot law, is applicable to the calendar year 2016. Its purpose is to revive the attractiveness of investment in new property. The incentive is meant to allow every buyer of a new property or a home sold before completion (VEFA) in an eligible area to benefit from a tax reduction. The part of the reduction depends on the rental period of the property from 12% to 21% between 6 and 12 years.
Sub-contracting	Sub-contracting is a contract by which a company, the "principal," asks one or more other companies, called "sub-contractors" to perform part of its production process or make some of the components necessary to its production. The sub-contractors are companies that are authorized to do certain tasks. The sub-contractor is different from a supplier because it manufactures a product designed by the sponsor or, often, it does so together with the sponsor. The product is manufactured by the subcontractor exclusively on behalf of the sponsor and does not bear the sub-contractor's name. The sub-contractor is committed exclusively regarding compliance in execution in relation to the sponsor's directives.

Take-up rate (Te)	The take-up rate (Te) represents the percentage of initial inventory sold per month in a real estate program (sales/month divided by initial inventory); i.e., net monthly orders divided by the beginning of the period inventory ratio plus the end of period inventory divided by two. NB: The reverse of the take-up ratio (1/Te) gives the projected duration (in months) of a program's promotion and marketing, in other words the take-up period. For example, a 4.0% take-up ratio corresponds to a projected promotion and marketing of 25 months.
Units	Units are used to define the number of housing units or Equivalent Housing Units (for mixed programs) of any given program. The number of Equivalent Housing Units is determined by comparing the surface area by type (business premises/retail space/offices) to the previously obtained average surface area of housing units.
Sale before completion (VEFA)	Sale before completion is a contract whereby the seller immediately transfers to the buyer its land rights and ownership of existing buildings. Works to come become the property of the purchaser as and when they are executed, and the purchaser must pay the price as work progresses. The seller retains the powers of the project owner until the acceptance of the work. With the sale-before-completion contract, lawmakers have given real estate developers the option to call for the clients' funds according to the percentage of completion of programs, based on a schedule determined by law, while giving clients a Performance Bond. The customers' cumulated payments may not exceed 35% of the prices upon completion of the foundations, 70% upon completion of the roof and 95% upon completion of the building. This contract transfers to the buyer the title to the land and building as the building is completed.
ANRU area	Area covered by the signing a multi-year agreement with the French National Agency for Urban Renewal (ANRU). In this geographical area with tax benefits, households, in particular tax households with limited resources, can purchase a new principal residence with a reduced VAT rate (5.5%) subject to certain conditions.

Institutional, legal and financial

Share	Equity instrument representative of a portion of the capital issued by the corporation that issued it. It gives the holder ownership of part of the capital, and the rights associated with it, such as the ability to be involved in the management of the Company and to derive an income therefrom known as a dividend. A share gives one vote to its owner (shareholder) at Shareholders' Meetings, and shares may be, as appropriate and in a specified manner, publicly traded.
Shares in "registered" form	Mode of holding shares in which the name of the shareholder appears in the books of the Company. The registration of certain shares in registered form maximizes the performance of a portfolio by reducing management costs, provided that the shareholder is ready to make lasting connections with the Company in which he or she wants to invest. In the registered-form system, the name of the shareholder is actually contained in the Company's records. If registered shares are "administered", that means that management of the Company's securities account is entrusted to a financial intermediary. For "pure registered" shares, all service for the securities is handled by the Company.
AMF (Autorité des Marchés Financiers)	The <i>Autorité des Marchés Financiers</i> is an independent public body with legal personality and financial independence that has the mission of overseeing the protection of savings invested in financial instruments, investor information and the proper functioning of financial instrument markets.
Net earnings per share	Attributable net income divided by the average number of shares during the fiscal year.
Working Capital Requirements (WCR)	WCR come from deferrals of cash flow: inflows and outflows relating to expenditures and operating revenues necessary for the design, production and marketing of real estate projects. The simplified expression of WCR that results is as follows: Current assets (inventory + receivables + other operating receivables + advances received + deferred income) minus current liabilities (accounts payable + tax and Social Security payables + other operating debt + prepaid expenses). The importance of WCR will depend in particular on the length of the operating cycle, the extent and duration of inventory of outstanding production, the number of projects initiated and payment terms granted by suppliers or timetable profiles granted to clients.

CAC 40	The continuous quotation system (Cotation Assistée en Continu) that is the main stock index on the Paris exchange and the main French index published by Euronext. Created with 1,000 basis points on December 31, 1987 by the Compagnie des Agents de Change, the CAC 40 index is determined from the price of forty stocks listed on the continuous market among the one hundred companies whose transaction volume is the highest on Euronext Paris, which is part of Euronext, the largest European exchange. These companies representing different business sectors in principle reflect the overall economic trends of major French companies and membership is reviewed regularly to maintain its representative nature.
Free cash flow	Free cash flow is equal to cash flow, less the net operating investments made during the year.
Cash flow	Cash flow after the cost of financial debt and taxes is equal to the consolidated net earnings adjusted for the portion of net earnings of equity affiliates, joint-ventures and earnings of discontinued operations and for the income and expenses calculated.
AFEP-MEDEF Code	The AFEP-MEDEF Code is the set of recommendations developed by the working groups of the <i>Association Française des Entreprises Privées</i> (AFEP) and the <i>Mouvement des Entreprises de France</i> (MEDEF) to define the principles of operation and transparency specific to improving their management and image among investors and the public, particularly in terms of Corporate governance and remuneration of executive directors of listed companies.
Statutory Auditor	Representatives of shareholders that enable shareholders to vote at Shareholders' Meetings on the financial statements, the Statutory Auditor's primary mission (for a term of six years) is auditing the annual financial statements, which include, as an inseparable whole, the balance sheet, income statement and notes. That mission consists of certifying that the financial statements are honest and accurate and give a true picture of the results, financial situation and assets of the Company. Statutory Auditors practice a regulated profession whose organization and bylaws are set by Decree 69-810 of August 12, 1969 (as last amended by Decree 2005-599 of May 27, 2005). Only individuals or legal entities included in a special list, which is compiled at every court of appeal, may exercise this profession. These regulations are summarized as follows: the technical qualification of Auditors is guaranteed by professional examinations that serve as gateways to the profession, standards and professional ethics and oversight of their activity. Their independence is based on the incompatibility of their task with any other activity (an expert accountant, legal counsel or Board member of a company cannot serve as its Statutory Auditor) and statutory and regulatory definition of the term.
Liquidity contract	An agreement between a listed company and a provider of investment services (a bank or stockbroker). The Company makes the cash and shares of the available to the Investment Services Provider (ISP), on condition that the investment services provider buys or sells the shares of the Company when the market for its shares is unstable.
Internal control	The Company's system, defined and implemented on its responsibility that aims to ensure: a) compliance with Laws and regulations; b) the application of instructions and guidelines issued by General Management (...); c) the proper functioning of the internal processes of the Company, including those designed to safeguard assets. The proper functioning of the process requires that the standards or operating principles have been established and that performance and profitability indicators have been put in place; d) the reliability of financial information (...) (source: AMF reference framework – June 2010).
Senior Facility (lines of credit)	Banks use senior debt to fund LBO (Leveraged Buy Out) transactions. LBO financing by banks is risky in the bank credit market. It is characterized by a loan repayable by instalments and/or, most frequently, a "bullet repayment" type loan, but also by lines of credit to finance the working capital requirements and growth policies of companies affected by this kind of acquisition. Senior debt is a debt that enjoys specific guarantees, the repayment of which has priority over other so-called subordinated debt. It is therefore "secured debt".
Sustainable Development	According to the Brundtland Report, 1987, the meaning the most commonly used is: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs and meets the needs of present generations without compromising the ability of future generations to meet theirs." To be sustainable, development must reconcile three major factors: social equity, environmental protection and economic efficiency.

Dividend	The dividend is the share of annual net profit of the Company distributed to shareholders. Its amount is proposed by the Board of Directors and is subject to approval by shareholders at the Shareholders' Meeting. It is payable within a maximum period of nine months after the end of the fiscal year.
Voting rights	Voting rights are exercised at Shareholders' Meetings of a Company and are attached to a share that entitles its holder to participate in the key business decisions of the Company. Even though single or double voting rights or no voting rights may be attached to a share, only the shareholders may hold voting rights. Unlike creditors, they have no guarantee of repayment and share in the risk of the Company.
Preemptive rights	The preemptive right is a right that allows the shareholder to subscribe to the capital increase of a company. For each existing share, one subscription right is attached. The exercise of this right then gives priority to current shareholders to participate in the issuance of new shares of the Company in question. It is called a preemptive or preferential subscription right. The number of rights required to subscribe to one new share is also called parity. Generally speaking, the issue price of new shares is less than the market price of existing shares to be attractive to current shareholders. This price difference serves as the basis for assessing the price of the subscription right. The preemptive rights themselves are traded at the start of the capital increase. They are listed during the subscription period to enable current shareholders to sell their rights if they do not wish to subscribe to new shares and to current shareholders (if they lack rights) and new shareholders to acquire a sufficient number of rights to subscribe to new shares.
EBITDA	This indicator is equal to the net income, corrected for net amortization, depreciation and provisions, Corporate income tax, the cost of net financial debt, other financial expenses, impairments, if any, capital gains or losses on disposal of non-current assets, non-recurring income and expenses, income of companies accounted for by the Equity method and other estimated expenses.
Net debt or net financial debt	The net debt or net financial debt of a company is, on one hand, the balance of its gross financial debt and the available financial assets forming its "cash and cash equivalents," on the other. It represents the creditor or debtor position of the Company with respect to third parties outside the operating cycle.
Gross debt or gross financial debt	Gross financial debt consists of long-term and short-term financial liabilities, financial hedging instrument liabilities relating to liabilities constituting gross financial debt and accrued interest on balance sheet items constituting gross financial debt.
Company mutual funds (FCPE)	Company mutual funds (FCPE) are investment funds dedicated to the employees of a company. They are managed by an undertaking for the collective investment in transferable securities of employee savings. Company mutual funds (FCPEs) are usually implemented through an incentive agreement or an employee savings plan (PEE, PEI, PERCO). They can be either 'diversified' mutual funds (composed of a basket of securities, with no security being overrepresented) or "employee shareholder" mutual funds (at least a third of which is comprised of Company shares). FCPE regulations must be approved by the AMF.
Greenhouse gases (GHG)	Greenhouse gases (GHGs) are gases that absorb some of the sun's rays and redistribute them in the form of radiation that encounters other gas molecules, thus repeating the process and creating the greenhouse effect, with an increase of temperature. The increase in the concentration of greenhouse gases in our atmosphere is indeed one of the main factors behind global warming. The most important greenhouse gases are water vapor (H ₂ O) and carbon dioxide (CO ₂). The other main greenhouse gases are methane (CH ₄), ozone (O ₃), nitrous oxide (N ₂ O) and other gases such as PFCs and CFCs.

Grenelle Environment Forum	The Grenelle Environment Forum is a series of political meetings held in France in September and October 2007 to make long-term decisions regarding the environment and sustainable development, in particular to restore biodiversity through the establishment of a green and blue framework and regional patterns of ecological coherence, while reducing greenhouse gas emissions and improving energy efficiency. The Grenelle I Law, or Law 2009-967 of August 3, 2009 relating to the implementation of the Grenelle Environment Forum is a French planning law that formalizes the 268 commitments of the Grenelle Environment Forum. It was supplemented in 2010 by the Law of July 12, 2010 on the national commitment to the environment, or the Grenelle II Law, Law 2010-788, which details the goals as more specific provisions.
Directors' fees	Directors' fees consist of fees paid to the Chairmen and Chief Executive Officers, Deputy Chief Executive Officers and directors who are members of the Supervisory Boards of public companies. The Board of Directors sets at its discretion the amount due to each director, which is in principle shared by the directors based on attendance at these Committee meetings. The total amount is set by the shareholders at an Ordinary Shareholders' Meeting.
LBO	Leveraged buyout (LBO) is a term describing the method of acquisition of a company with "leverage". This financial technique consists of financing a portion of the acquisition of a company by using bank or bond debt, which increases the return on equity. The acquisition debt, bank or other, is repaid by a greater drain on the revenues of the acquired company.
Corporate Officers	A Corporate officer is an individual appointed by an employer when the latter is a legal entity (association, company or corporation). For example: a manager for a French limited liability company (or single-shareholder limited liability company) or a Chairman and Chief Executive Officer (or a Chief Executive Officer) for a commercial company. Corporate Officers are the representatives of the employer in all actions relating to the management of the Company, for which he is responsible to the shareholders, the partners and the Law, and, more particularly, in the field of personnel management and employment law. In a <i>Société Anonyme</i> (joint stock Company) with a Board of Directors, the positions with a Corporate mandate are "the Chairman of the Board of Directors, the Chief Executive Officer (if the role is separate from that of Chairman), Deputy Chief Executive Officers and directors".
Nominal (or par) value of a share	The nominal value of an equity instrument (security such as a share, bond, etc.), also known as the face value, is the value set when the security is issued. The nominal value of a share is the percentage of share capital that it represents. For shares, the nominal value has an accounting meaning only. It is the capital classified as liabilities on the Company balance sheet divided by the number of shares it has issued. This value is set at the discretion of the shareholders.
Employee Savings Plan (PEE)	The Employee Savings Plan is a savings system implemented within companies on a collective and voluntary basis to allow employees to accumulate capital. The Employee Savings Plan may receive the proceeds from profit incentives or voluntary payments by employees. The Company may supplement the payment of its employees with matching funds. Such payments are generally locked-in for a period of five years, but they may be, as needed and in a specified manner, released early. Former employees who have left the Company following a retirement or early retirement may continue to make payments into the Employee Savings Plan.
Debt ratio (or gearing)	It is the ratio of net debt (or net financial debt) to the consolidated shareholders' equity of the Company. It measures the risk of the Company's financial structure.
Managed accommodation	When serviced housing is a housing community consisting of homes (houses or apartments) for residential use with a minimum of services such as reception, linen supply, cleaning and maintenance of housing and the provision of breakfasts. There are several different types of residences included in this category: student residences are apartment complexes, mostly furnished studios with a kitchenette located in the vicinity of schools and universities and close to public transportation; tourist residences located in high-potential tourist areas offer, in addition to the usual services, facilities such as swimming pools, sports fields, sometimes saunas, steam rooms, jacuzzis and children's clubs; and business residences are an alternative to traditional hotels and are composed of studios (about 80%) and two-room apartments that must be located in the city center or close to major business centers that are consistently underserved; senior residences (which also include homes for the elderly, whether dependent or not), which anticipate the aging of the population, house people 55 years and older, and their clientele consists of both tenants and landlords.

CSR (Corporate Social Responsibility)

Corporate Social Responsibility (CSR) is the contribution of businesses to sustainable development issues. For businesses, this strategy consists of taking into account the social and environmental impacts of their business and adopting best practices, thus contributing to the betterment of society and the protection of the environment. CSR makes it possible to combine economic thinking, social responsibility and environmental responsibility (according to the definition of the French Ministry of Ecology, Sustainable Development and Energy).

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L'AVENIR VOUS APPARTIENT

KAUFMAN BROAD

Kaufman & Broad S.A.

Société anonyme à conseil d'administration with a share capital of €5,417,630.14

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UPDATE TO THE REGISTRATION DOCUMENT



This update was filed with the Autorité des marchés financiers on April 20, 2016, in accordance with Article 212-13-IV of its General Regulation. It supplements the registration document filed with the Autorité des marchés financiers on March 9, 2016, under number D. 16-0125 (hereinafter the "Registration Document"). The Registration Document and its update can only be used to support a financial transaction if supplemented by a prospectus approved by the Autorités de marchés financiers. This document was prepared by the issuer under the responsibility of its signatories.

Copies of the Registration Document and this update are available at no cost from Kaufman & Broad's registered office, 127, avenue Charles de Gaulle, 92207 Neuilly-sur-Seine, France, on the Company website (www.kaufmanbroad.fr) and on the AMF (French Financial Markets Authority) website (www.amf-france.org).

General comments

In this update, the terms “Kaufman & Broad” and the “company” refer to the company Kaufman & Broad S.A. and the terms “group” refers to the company and all of its consolidated subsidiaries.

This document contains forward-looking statements regarding the growth, prospects and strategies of the group. These forward-looking statements are sometimes identified by the use of future and conditional tenses, as well as by terms such as “consider”, “envisage”, “think”, “aim”, “expect”, “intend”, “should”, “anticipate”, “estimate”, “believe” “wish”, or “might” or, if applicable, the negative form of such terms and other similar words, terminology and phrases. Such information has no historically factual basis and should not be interpreted as a guarantee of future performance. It is based on data, assumptions and estimates from which the group considers it reasonable to draw inferences. Such information is susceptible to change or modification due to uncertainties in economic, financial, competitive, regulatory or tax environments. In addition, the materialization of one or more of the risks described in section 1.2 “Risk Factors” of the Registration Document, as updated in this update may have an effect on the business, financial stability and results of the group, as well as its ability to reach its objectives.

Investors are encouraged to carefully consider the risk factors described in Section 1.2 “Risk Factors of the Registration Document, as updated in this update. The occurrence of all or any of these risks could have a negative effect on the group’s business, results and strategies. Moreover, other risks which may not yet have been identified or which the group may consider insignificant could have the same negative effect.

The content of this update does not constitute legal, tax or financial advice. Investors are encouraged to consult their own advisors regarding any legal, tax or financial aspects of their investment in the company.

This update contains information about the group’s markets and its competitive position therein, including information about the size of such markets. In addition to estimates made by the group, the facts on which the group bases its statements are taken from studies and statistics of independent third parties and professional organisations and figures published by the group’s competitors, suppliers and customers. Certain information contained in this update is publicly available information which the company considers to be reliable but which has not been verified by an independent expert. The company can provide no guarantee that a third party using different methods to collect, analyse or calculate data about market sectors would obtain the same results. The company makes no undertaking and provides no warranty as to the accuracy of this information. It is possible that such information will prove to be incorrect or is out of date. The company makes no undertaking to publish updates to such information, except in connection with any legal or regulatory obligation that may be applicable to it.

Certain figures (including figures expressed in thousands or millions) and percentages in this update have been rounded. The totals, if applicable, presented in this update may differ slightly from those obtained by adding together the non-rounded values of those figures.

Update to the 2015 Registration Document

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1. Information concerning the group's business

Information included in chapter 1 of the Registration Document remains accurate as at the date of this update and is updated as follows:

1.2.1.5. Liquidity risks

The Kaufman & Broad group is not rated by any rating agencies. The group's management of liquidity risks are described in Section 1.3.2.1.5 "Management of liquidity risks".

1.2.1.5.1. The group uses debt to finance its operations

The group uses debt to finance its operations, land acquisitions and real estate development programs.

On March 19, 2014, the company signed a Senior Facilities Agreement (the "2014 Senior Facilities Agreement"), simultaneously with the launch by its leading shareholder, Financière Gaillon 8 SA, of the refinancing of its entire acquisition debt by issuing high yield notes (the "High Yield Notes").

As part of the 2014 Senior Facilities Agreement, the group has syndicated loans with a tranche A for a principal amount of €50.0 million (Facility A) and a tranche B with a principal amount of €100.0 million (Facility B), and a Revolving Credit Facility (RCF) for a maximum principal amount of €50.0 million, i.e., a total maximum amount of €200.0 million. At November 30, 2015, the amount of the group's cash and cash equivalents stood at approximately €170.0 million, to which is added €50.0 million in an undrawn revolving credit facility, taking Kaufman & Broad's financing capacity to approximately €220.0 million.

The company intends to repay all the loans granted to it under the 2014 Senior Facilities Agreement, simultaneously with the partial disposal of Financière Gaillon 8 SA's stake and the buyback of the company's shares (the "Transaction"), planned as announced by the company on January 27, 2016 (see Section 2.5. "Post-Closing Events", paragraph "Proposed initiation of the sale by Financière Gaillon 8 S.A. of its stake in Kaufman & Broad" of the Registration Document).

In this context, on April 4, 2016, the Company entered into a new senior facilities agreement (the "2016 Senior Facilities Agreement") with a syndicate of international banks (the "Lenders"). The new loans granted under the 2016 Senior Facilities Agreement will be subject to conditions, including the completion of the Transaction.

Under the 2016 Senior Facilities Agreement and subject to the fulfilment of the conditions mentioned above, the group will have syndicated loans under a Tranche A (the "Tranche A") for a principal amount of €50 million and a Tranche B (the "Tranche B") for a principal amount of €150 million, as well as a revolving credit facility (the "Revolving Credit Facility") for a principal amount of €100 million, i.e., a total maximum amount of €300 million. The loans under the 2016 Senior Facilities Agreement will be used to repay the 2014 Senior Facilities Agreement and to finance the group's share buy-back for an amount of €50 million in connection with the Transaction.

At November 30, 2015, the group's pro forma net debt after taking into account the implementation of the Transaction would be equal to €102 million⁽¹⁾, excluding ancillary costs related to the Transaction and refinancing.

The amount of the group's indebtedness can have negative effects, such as:

- affecting its ability to meet obligations under facilities agreements to which it is a party;
- affecting its ability to react to changes in market conditions, whether by increasing its vulnerability to unfavorable economic conditions or by preventing it from profiting from an improvement in these conditions;
- affecting its ability to seize sales opportunities;
- limiting its ability to obtain additional financing, beyond any commitments already made, in order to cover its working capital requirements, investments, potential acquisitions and refinancings;
- adversely affecting the terms of loans negotiated with creditors;
- forcing it to dedicate a significant portion of its cash flows to payment of the sums due for such loans or of those of its leading shareholder, thus reducing its ability to utilize its cash flows for other purposes;
- limiting its ability to plan its expansion with flexibility; and
- affecting its competitive positioning, where the restrictive covenants in its facilities agreements could prevent it from adapting to changes in the market under the same conditions as its competitors.

The Group's ability to meet its debt obligations will depend on its future performance, which is itself dependent on changes that are bound to occur in the economic situation in general, the competitive environment of the Group and financial, political or other factors beyond its control.

In addition, Kaufman & Broad SA is a holding company without any business activities of its own, other than the holding of securities of its subsidiaries. As a result, Kaufman & Broad SA depends on the capacity of its operating subsidiaries to generate cash flows in order to repay loans through, in particular, the payment of dividends or intra group loans.

(1) : Net financial debt adjusted for the share buy-back for a maximum amount of €50 million, which shall be made as part of the Transaction, and a dividend for the fiscal year ended November 30, 2015 for a total amount of approximately €79 million.

1.2.1.5.2. The group's main debt facilities

At February 29, 2016, the group's main debt facilities were as follows:

(in € thousands)	Debt capacity	Utilization at February 29, 2016	Expiration date	Rate ^(a)
Facility A	38,900	38,900	repayable by semi-annual installments of €5.5 million from March 2015 to March 2019	E + 300 BPS
Facility B	100,000	100,000	bullet repayment in March 2019	E + 325 BPS
RCF ^(b)	50,000	-	bullet repayment in March 2019	E + 300 BPS
Total	188,900	138,900	-	-

(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

(b) *Revolving Credit Facility.*

The table below shows the group's contractual obligations for payment of interest and repayment of financial debt, derivatives excluded. The floating rate interest payments were calculated on the basis of the latest interest rates known at February 29, 2016.

(in € thousands)	Book value Feb. 29, 2016	Less than one year		1 to 5 years		More than 5 years	
		Interest	Repayments	Interest	Repayments	Interest	Repayments
Borrowings and financial liabilities	-	-	-	-	-	-	-
Syndicated credit lines	138,900	4,755	11,100	8,727	127,800	-	-
Credit facilities and other borrowings	7,578	270	7,557	1	21	-	-
Total	146,478	5,025	18,657	8,728	127,821	-	-

A payment schedule for contractual payments of the financial liabilities reported in the balance sheet at the period-end date can be found in Section 4.2.6. "Statement of financial position – Liabilities" Note 21.3. "Payment schedule" in appendix to the consolidated Financial Statements for the three-month period ended February 29, 2016.

The group's debt facilities presented in the table above are part of the 2014 Senior Facilities Agreement. Under the 2014 Senior Credit Facilities Agreement, dated March 19, 2014, the loan under tranche A is repayable in nine semi-annual installments from March 31, 2015 and the loan under tranche B is repayable on the maturity date, i.e., on March 31, 2019.

Under the 2016 Senior Facilities Agreement, the loan under Tranche A is repayable in eight semi-annual installments from the 18th month following the settlement date of the Transaction and the loan under Tranche B is repayable on the maturity date, i.e., five years following the settlement date of the Transaction.

The 2016 Senior Facilities Agreement provides that the payment of interest is based on an interest rate equal to EURIBOR (with a floor at 0% *per annum*) plus a margin which will depend on the group's leverage ratio, as follows:

Financial leverage ratio ⁽¹⁾	Tranche A and RCF ⁽²⁾	Tranche B
> 1.0	Margin of 2.75% per year	Margin of 3.00% per year
≤ 1.0	Margin of 2.50% per year	Margin of 2.75% per year

(1) Net Financial Debt (a) divided by EBITDA (b) where:

(a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items; and

(b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and / or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) *Revolving Credit Facility.*

1.2.1.5.3. Primary restrictive covenants under (i) the 2014 Senior Facilities Agreement, and the High Yield Notes Indenture Agreement, and (ii) the 2016 Senior Facilities Agreement

In addition to the security interests granted to the lending institutions described in Sections 1.2.3.1. "Risks related to the pledge of Kaufman & Broad SA shares held by Financière Gaillon 8 under the High Yield Notes Indenture Agreement" and 1.2.3.2. "Risks related to the pledges and sureties granted by Kaufman & Broad SA and its subsidiaries under the 2014 Senior Facilities Agreement" of the Registration Document, the 2014 Senior Credit Facilities Agreement contains several covenants limiting the ability of Kaufman & Broad SA and its subsidiaries to carry out the following transactions (on terms other than those authorized by the 2014 Senior Facilities Agreement):

1. dispose of or transfer all or part of their assets;
2. acquire ownership interests, set up or participate in joint-ventures;
3. carry out restructuring transactions such as mergers with or by another company;
4. sign new loans or extend loans;
5. materially change the nature of their operations or amend their bylaws;
6. grant guarantees or sureties;
7. issue preferential equity securities, such as preferred shares;
8. decide whether to make certain payments, including dividends or loan repayments, to their direct or indirect partners and/or decide, as applicable, the amount of such payments; and
9. enter into certain types of intra-group transactions.

The performance of certain transactions described above under the terms authorized by the 2014 Senior Facilities Agreement, particularly the transactions stipulated in paragraph 1 above, may also generate accelerated partial repayment of the debt under the 2014 Senior Facilities Agreement. In addition, the 2014 Senior Facilities Agreement stipulates that a portion of the group's excess cash flow (as defined in

the 2014 Senior Facilities Agreement) must, under certain conditions and as from the end of the fiscal year ended November 30, 2015, be used to repay early a portion of the credit lines drawn by the group.

The 2016 Senior Facilities Agreement contains several covenants limiting the ability of Kaufman & Broad SA and its subsidiaries to carry out certain transactions (on terms other than those authorized by the 2016 Senior Facilities Agreement), including the following:

1. dispose of or transfer all or part of their assets;
2. acquire ownership interests, set up or participate in joint-ventures;
3. carry out restructuring transactions such as mergers with or by another company;
4. materially change the nature of their operations ; and
5. grant guarantees or security interests.

In addition, the 2016 Senior Facilities Agreement provides that a part of the Group's excess cash flow (75% (or 50% if the leverage ratio does not exceed 1.5) of the part of excess cash flow in excess of €5 million) must, under certain conditions, be used to repay early a portion of the credit lines drawn, as from the end of the fiscal year ended November 30, 2017.

Furthermore, the Indenture, issued by Financière Gaillon 8 (the full repayment of which has been provided as part of the Transaction) contains clauses restricting, among other things, the debt capacity of Financière Gaillon 8 and of certain of its subsidiaries (including Kaufman & Broad SA) to carry out certain transactions (seeking, in particular, to contract for or guarantee additional debt, to impose restrictions on the ability of subsidiaries to pay out dividends or make other payments for its benefit, to transfer, rent or sell assets or to sign certain agreements with affiliated entities).

1.2.1.5.4. Financial covenants under (i) the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement

The 2014 Senior Facilities Agreement stipulates among other things:

1. for each accounting quarter from August 31, 2014 until the agreement expires on March 2019, the group is required to comply with two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratios at each quarter-end	Threshold	Ratio at February 29, 2016
Leverage Ratio (non-risk weighted assets ratio) ⁽¹⁾	< 3	(0.38)
Debt Ratio ⁽²⁾	< 1	(0.11)

(1) Net Financial Debt (a) divided by EBITDA (b) where:

- (a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items; and
- (b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and / or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) Net Financial Debt (a) divided by adjusted shareholders' equity (c) where:

- (c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013 plus cumulative income from December 1, 2013 to the end of the relevant quarter minus dividends paid for the relevant period plus cumulative impairment charge for the period from December 1, 2013 to the end of the relevant quarter.

2. the agreement provides for a cash sweep clause under certain conditions;
3. the security interests pledged in guarantee for the sums owed by the company as a borrower are described in Note 24.

The 2016 Senior Facilities Agreement stipulates among other things:

1. for each accounting semester from November 30, 2016 until the term of the agreement, i.e., five years following the settlement date of the Transaction, the group is required to comply with two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratios at each semester and	Threshold
Leverage Ratio ⁽¹⁾	≤ 3,0
Debt Ratio ⁽²⁾	≤ 2,5 at November 30, 2016 ≤ 2,5 at May 31, 2017 ≤ 2,5 at November 30, 2017 ≤ 2,0 at May 31, 2018 ≤ 2,0 at November, 30 2018 ≤ 1,75 at May 31, 2019 and in each semester thereafter

(1) Net Financial Debt (a) divided by EBITDA (b) where:

- (a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items; and
- (b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and / or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) Net Financial Debt (a) divided by adjusted shareholders' equity (c) where:

- (c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015 plus cumulative income from December 1, 2015 to the end of the relevant semester minus dividends paid for the relevant period plus cumulative impairment charge for the period from December 1, 2015 to the end of the relevant semester.

2. the agreement provides for a cash sweep clause under certain conditions

Unlike the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement does not require the granting of any security interest to guarantee the amounts owed by the company acting as borrower. Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS have granted guarantees (subject to the usual limitations protecting their Corporate interest) in respect of loans borrowed by the company under the 2016 Senior Facilities Agreement.

The amount of the group's debt and restrictive covenants, under (i) the 2014 Senior Facilities Agreement and / or the Indenture if applicable, (ii) the 2016 Senior Facilities Agreement (see paragraph 1.2.1.5.6 of the Registration Document) could reduce the group's flexibility in conducting its operations.

1.2.1.5.5. The group may be unable to meet its primary restrictive covenants under (i) the 2014 Senior Facilities Agreement and the High Yield Notes Indenture Agreement and under (ii) the 2016 Senior Facilities Agreement

The group may be unable to comply with the undertakings, restrictive covenants and / or financial ratios stipulated in the facilities agreements (see sections 1.2.1.5.3. "Primary restrictive covenants under (i) the 2014 Senior Facilities Agreement, and the High Yield Notes Indenture Agreement, and (ii) the 2016 Senior Facilities Agreement" and 1.2.1.5.4 "Financial covenants under (i) the 2014 Senior Facilities Agreement or under (ii) the 2016 Senior Facilities Agreement" of the Registration Document), particularly resulting from circumstances affecting the real estate market or a decline in its operating performance or profitability". A failure to comply with such covenants could constitute default under the 2014 Senior Facilities Agreement or the 2016 Senior Facilities Agreement, which could in turn allow the lenders to call for accelerated repayment of all amounts borrowed, interest, and fees under the contracts and trigger the guarantees and related security interests (see Section 1.2.3.2. "Risks related to the pledges and sureties granted by Kaufman & Broad SA and its subsidiaries under the 2014 Senior Facilities Agreement" of the Registration Document) to seize all group assets, discontinue any future financing of the group and / or trigger an eventually cross-default. In the event of a decrease of the group's operational performance, the company may have to turn to the group's creditors to requests waivers of the event of default; such waivers may not be granted to the company and accordingly the potential default could result in the company and / or one of its subsidiaries becoming insolvent. In this respect, the 2014 Senior Credit Facilities Agreement and the 2016 Senior Facilities Agreement require the prior consent of all or only some, as applicable, of the lenders under said Agreement for any easing of the group's covenants under the 2014 Senior Facilities Agreement or the 2016 Senior Facilities Agreement, as the case may be.

In the event of accelerated repayment of the amounts due under the 2014 Senior Facilities Agreement or the 2016 Senior Facilities Agreement, if applicable, the group may not be able to make full repayment. The occurrence of such events could have a material adverse effect for the group.

1.2.2. Market risks

Due to its exclusive presence in France, Kaufman & Broad is not impacted by country (with the exception of its dependence on the French market) or foreign exchange risks.

1.2.2.1. Interest rate risks

The group's debt structure, indexed to floating rates, exposes the group to direct interest rate risks that could lead to a material increase in its obligations. In the event of an interest rate increase, its unhedged floating-rate debt service obligations would increase, even if the amount borrowed remained the same and its net earnings and available cash flows to service the debt, including debt securities, were to decrease, thus reducing the funds available to finance operations and future commercial opportunities.

Under the 2014 Senior Facilities Agreement and under the 2016 Senior Facilities Agreement, the group undertook to set up hedging instruments to cover interest payment relating to at least 50% of the amounts due under the Senior Facilities Agreements (Facility A and B) so that these amounts would be reduced proportionally by any voluntary or mandatory repayment made by the company.

Interest-rate hedges are made by way of instruments listed on organized markets or over-the-counter with high-quality counterparties.

Since November 30, 2014, Kaufman & Broad has signed new hedging instruments to hedge its borrowing rates for a principal amount of €125 million, including €60 million until November 30, 2017 and €65 million maturing on November 30, 2018.

The objective of the risk management policy is to control changes in interest rates and their impact on net income and cash flows, so that the total cost of the debt remains acceptable. To achieve this objective, the group hedges its floating rate loan interest flows with interest-rate swaps.

The latter are derivatives serving to hedge cash flows. They are marked to market on the balance sheet. However, there is no assurance that the group's hedging policy will have the intended effects, especially in the event of a default by its counterparties

Interest rate sensibility of assets and liabilities

(in € thousands)

	Base	Book gain/loss 50 bps increase	Book gain/loss 10 bps decrease
Syndicated loan lines (A & B) ^(a)	138,900	(695)	139
Credit facilities	7,578	(38)	8
Cash and cash equivalents ^(c)	91,030	455	(91)
Investment securities	85,662	428	(86)
Swap ^(b)	125,000	625	(125)
Net impact on income before tax		776	(155)

Assumptions: 1-month Euribor interest rate of 0,141%.

(a) Before hedging effects, a 50 bps increase in rates or a decrease of 10 bps on the above liabilities would have an impact on pre-tax income of:

- increase: -€732 thousand;
- decrease: +€139 thousand.

(b) After accounting for hedging, a 50 bps increase or a decrease of 10 bps on the above net assets and liabilities would have an impact on pre-tax income of:

- increase: -€107 thousand;
- decrease: +€121 thousand.

(c) Banks, available cash and reserve balances.

Type of instrument	Floating/Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated credit facilities (A & B)	Floating	11,100	127,800	-
Credit facilities	Floating	7,307	-	-
Financial liabilities		18,407	127,800	-
Bank balances and cash on hand	Floating	88,771	-	-
Short-term investments	Floating	85,662	-	-
Order balances	Floating	2,258	-	-
Financial assets		176,691	-	-
Net position before risk management		(158,284)	127,800	-
Swaps		-	125,000	-
Net position after risk management		(158,284)	2,800	-

At February 29, 2016, 90.0% of the sums due under the Senior Facility A and B loans, is hedged by swap agreements with a weighted average interest rate of 0.368% totaling €125 million.

1.2.3. Legal risks

1.2.3.3. Risks related to the relations with the majority shareholder

The 2014 Senior Facilities Agreement stipulates that, in the event of a change in control of Kaufman & Broad SA, each lender will have the option to request accelerated repayment of the debt contracted by Kaufman & Broad SA under said agreement. Under the terms of the 2014 Senior Facilities Agreement, a change in control would occur if (i) PAI Partners, including the funds managed by PAI Partners (or one of its affiliates), no longer held more than 50% of the shares or voting rights in Kaufman & Broad SA or (ii) in the event of sale, transfer or other action to dispose (other than a merger, consolidation or any other similar transaction), in one or more related transactions, of all or part of the group's assets.

The 2016 Senior Facilities Agreement provides that, in the event of a change of control of Kaufman & Broad SA, each lender will have the option to request accelerated repayment of the debt contracted by Kaufman & Broad. Under the terms of the 2016 Senior Facilities Agreement, a change of control would occur (i) in the event of sale, transfer or other action to dispose (other than a merger, consolidation or any other similar transaction), in one or more related transactions, of all or substantially all of the Group's assets or (ii) if any person or group of persons acting in concert (other than PAI Partners or any entity acting in the capacity as an underwriter in connection with the Global Offering or any permitted holders approved by a majority of the lenders) acquires (directly or indirectly) more than 33.33% of the voting rights of the company and the mandatory tender offer resulting from the crossing of threshold arising therefrom: (a) has not been recommended by the board of directors of the company or (b) has been recommended by the board of directors of the company and is successful.

Financière Gaillon 8 (a company ultimately held by the funds managed by PAI Partners), in its capacity as majority shareholder holding 91.11% of the capital and 94.97% of the group's voting rights exercisable at Shareholders' Meeting (See Section 5.3. "Current distribution of the capital and the voting rights" of this update to the Registration Document) exercises significant influence over the company in that it alone holds a number of voting rights sufficient to ensure the adoption of all resolutions submitted to the company's Ordinary Shareholders' Meeting (such as resolutions on the election and removal of Board Members, payment of dividends, and approval of financial statements) and Extraordinary Shareholders' Meeting (such as resolutions on a merger, a spinoff or a capital increase or any other amendment to the bylaws), it is specified that the minority shareholders of the company do not have a veto right over major decisions made by Financière Gaillon 8 in relation to the company.

The interests and objectives of Financière Gaillon 8 may not always coincide with those of the company or those of its other shareholders.

Financière Gaillon 8 announced on January 27, 2016 the start of the disposal of its stake in Kaufman & Broad SA, which could bring its ownership interest to below 50% of capital; Financière Gaillon 8 has indicated that it would allocate the proceeds from this potential sale to the repayment of the High Yield Notes (see Section 2.5. "Post-closing Events", paragraph "Financière Gaillon 8 S.A.'s planned start of the disposal of its stake in Kaufman & Broad").

Finally, the PAI Partners group or the companies it controls could take stakes in companies engaged in businesses directly competitive with those of the group or having business dealings with the group.

1.2.3.8. Off-balance sheet commitments

Due to the nature of its business, the group has significant off balance sheet commitments that may in aggregate represent a substantial expense. These include, in particular, performance bonds; described in Note 24 "Off-balance sheet commitments" to the Consolidated Financial Statements (see Section 4.2.7. "Additional Information").

The group's main off-balance sheet commitments consist of earnest deposits for building lots and performance bonds.

1.4. Current litigation

Due to the nature of its business, the Company is exposed to legal action (civil, administrative, etc.) against it resulting primarily from structural and other defects in its programs, the failure to comply with certain legal or regulatory requirements, objections to building permits obtained, or any other type of action (local authority approval, for example).

A provision has been made for these disputes, calculated on the basis of a risk assessment carried out by the group's Legal Department and its Senior Executives working together with the specialist attorneys in charge of the cases.

The most significant current legal proceedings are described in Section 4.1.4. "Statement of financial position – Assets" note 18.4. "Others" and Section 4.1.5. "Statement of financial position – Liabilities", Note 23. "Provisions" and Note 27.3 "Contingent Assets and Liabilities" of the Registration Document and Section 4.2.5. "Statement of financial position – Assets" note 15.4. "Others" and Section 4.2.6. "Statement of financial position – Liabilities", Note 20 "Provisions" and Note 24.3. "Contingent Assets and Liabilities" of this update.

Except for the ones which are mentioned above, there are no other governmental, legal or arbitral proceedings, including all proceedings, of which the Company is aware, which are pending or threatened and are likely to have, or have had, a material impact on the Company's and / or the group's financial position and / or profitability during the past 12 months.

2. Business and financial review of the Kaufman & Broad group

The information included in chapter 2 of the Registration Document remains accurate as at the date of this update and is updated as follows:

2.1. Key Performance Indicators for the Kaufman & Broad group

The group has operated as a property developer and builder in France since 1968. The group's activities are based on two main businesses: "Housing", which covers the development of Single-Family Homes in Communities (grouped homes), multi-occupancy housing: apartments (including mixed-use buildings containing apartments/business premises/retail space/offices), corporate, tourist and student housing, residences for able-bodied seniors and "commercial property" (commercial property, logistics platforms and retail space).

In addition, the group has business activities connected with the Housing segment, such as the sale of land and building lots, Project Management Services and complementary housing services known as "Showroom" services (or Design Spaces). These are grouped under "Other operating activities".

Kaufman & Broad's core business remains primarily Housing, which is organized on the basis of two criteria:

- the first criterion concerns the group's geographic presence: firstly, the group is present in the major French cities where the market is deeper and more buoyant, and where clients are the most solvent. It focuses more specifically on Île-de-France and the Atlantic and Mediterranean coastal regions, which, for several years, have offered the strongest economic and demographic growth and the best development prospects.
- the second criterion concerns the group's client base. Kaufman & Broad's clients are traditional homebuyers (first- and second-time homebuyers) and investors (Scellier/Duflot, LMNP, LMP, etc.).

The group does not have any development or construction operations outside France.

2.1.1. Significant data

Kaufman & Broad

Significant events during the period (December 1, 2015 to February 29, 2016)

Equity investments

On December 22, 2015, Kaufman & Broad Midi-Pyrenees, a wholly-owned subsidiary of Kauffman & Broad SA, took control over Serge Mas Promotion (SMP), a real estate developer in Toulouse, holding 86.79% of its capital, in order to develop and strengthen its leading position in the Midi-Pyrenees region. The provisional price of this transaction is €1.2 million, reflecting an amount of goodwill of €0.5 million for the first provisional consolidation. SMP and its subsidiaries contributed €12.8 million to revenue and at €2.3 million to the consolidated gross margin for the period. The analysis of the terms and conditions of this acquisition is still in progress.

After acquiring a 40% stake on October 7, 2015, Kaufman & Broad Nantes, a subsidiary of Kaufman & Broad SA, acquired control of Safaur, a real estate developer in Caen, on January 6, 2016. The provisional price of this transaction is €3.3 million, reflecting an amount of goodwill of €1 million for the first provisional consolidation which was allocated to the portfolio's programs. Safaur and its subsidiaries contributed €0.7 million to revenue and €0.1 million to the consolidated gross margin for the period.

Financière Gaillon 8 S.A.'s planned start of the disposal of its stake in Kaufman & Broad and of its bank debt refinancing

Financière Gaillon 8 S.A., the company's principal shareholder with 91.11% of the authorized capital, announced on January 27, 2016 its intention to start the disposal of its stake in Kaufman & Broad SA, possibly through a market offering which could bring its stake to below 50% of the capital.

In parallel with this market transaction, Kaufman & Broad expressed its intention to acquire a portion of the shares sold by Financière Gaillon 8 S.A. for an amount of €50 million. This buyback would take place within the limits of its share buyback program. Renewal of this program will be proposed at the next Shareholders' Meeting, which would also set the maximum number of shares that may be acquired at 10% of the share capital, with the maximum purchase price per share capped at €45. Furthermore, it is anticipated that Kaufman & Broad's employees and management will increase their stakes in the company's capital, by acquiring shares at the offering price from Financière Gaillon 8, simultaneously with the offering representing approximately 5% of the company's share capital.

In addition, given its consolidated cash position of €169.4 million as at November 30, 2015, Kaufman & Broad SA's Board of Directors has proposed to the Annual General Meeting of shareholders on April 15, 2016 the payment of an exceptional dividend of €3.85 including an interim dividend of €1.85 per share that will be paid on March 10, 2016, with the balance to be paid no later than April 22, 2016.

Finally, Kaufman & Broad plans to refinance its bank debt at the time of this transaction. In relation to this, the company signed a commitment letter on February 25, 2016 with an international bank syndicate, pursuant to which the latter agreed, on certain conditions, to make available to the group new loans as part of the refinancing of the group's bank debt. The granting of these new loans is subject to certain conditions, including completion by Financière Gaillon 8 SA of the partial disposal of its stake in Kaufman & Broad.

A disposal in the form of a market offering would enable Kaufman & Broad to significantly increase its free float and the liquidity of its stock.

Subject to favorable market conditions, the placement transaction is expected to be completed during the first half of 2016.

Cancellation of treasury shares

Pursuant to the January 26, 2016 decision of the Board of Directors of Kaufman & Broad, the company canceled 747,619 treasury shares resulting in a reduction in capital of €0.2 million. The impact of this cancellation of €13.7 million was charged to "Other reserves". The share capital therefore now totals €5,417,630.14.

Since treasury shares are recognized in the consolidated financial statements as a deduction from shareholders' equity, this cancellation has no impact on the consolidated shareholders' equity as a whole.

Key financial data for the group

The following table presents the key items from the group's financial statements and leading key indicators for the first quarters of 2016 and 2015:

(in € thousands)	February 29, 2016	February 28, 2015
Revenue	229,722	210,905
<i>of which, Housing</i>	206,812	181,356
Gross margin	43,740	40,053
Gross margin rate	19.0%	19.0%
Current operating income	17,596	12,885
Adjusted EBIT	19,157	14,172
Operating income	17,596	12,855
Income (loss) attributable to shareholders ⁽¹⁾	12,737	10,283
Attributable net income ⁽²⁾	6,465	6,443
Net earnings per share (euros)	€0.31	€0.31
Total orders (including VAT)	283,889	223,510
Total backlog (excluding VAT)	1,285,036	1,136,547

(1) In this update, "Income (loss) attributable to shareholders" corresponds to "Profit (loss) for the period" as defined in IFRS.

(2) In this update, "Attributable net income" corresponds to "Profit for the period attributable to owners of the group" as defined in IFRS.

(in € thousands)	February 29, 2016	November 30, 2015
Assets		
Non-current assets	167,495	166,539
Current assets	896,561	967,523
Total assets	1,064,056	1,134,062
Equity and liabilities		
Shareholders' equity	234,447	223,917
Non-current liabilities	193,912	190,435
Current liabilities	635,697	719,710
Total shareholders' equity and liabilities	1,064,056	1,134,062

(in € thousands)	February 29, 2016	February 28, 2015
Cash flow before cost of financial debt and tax	20,786	15,446
Tax paid	(5,893)	(261)
Change in working capital requirements	5,573	(17,696)
Operating cash flow	20,465	32,881
Cash flow linked to investment activities	(8,102)	(456)
Cash flow linked to financing activities	(5,033)	(4,721)
Increase (decrease) in cash	7,330	27,704
Cash at beginning of the period	169,361	149,993
Cash at end of the period	176,691	177,697

Comprehensive revenue for the first quarter of 2016 amounted to €229.7 million versus €210.9 million in the first quarter of 2015 (+ 8.9%). Revenues for the Housing segment were €206.8 million, compared to €181.3 million for the same period in 2015. Ile-de-France accounted for 42.0% of the Housing segment revenue versus 44.6% in the first quarter of 2015.

The Multi-occupancy business including apartments and managed accommodation, generated revenues of €199.5 million, i.e. 86.8% of total revenues compared to €167.8 million in the first quarter of 2015, i.e. 79.5% of revenues.

Revenues from Single-family homes in communities totaled €7.3 million, representing 3.2% of total revenue versus €13.6 million for the quarter ended February 28, 2015 (6.4% of total revenue).

Revenues from Commercial property (offices, logistics and retail) amounted to €21.6 million of which €11.7 million was for the offices business, versus €28.0 million in the first quarter of 2015. Revenues for the Logistics business – the group's new business since 2015 – totaled €7.9 million, compared to launch results of €23.5 million in the first quarter of 2015.

The other activities including Showroom and Land contributed €1.3 million to total revenues versus €1.5 million in the first quarter of 2015.

Gross margin for the first quarter of 2016 was €43.7 million, down by 9.2% compared to the first quarter of 2015. The gross margin rate remained high and stable compared to the first quarter of 2015, at 19.0%.

Current operating income rose from €12.9 million in the first quarter of 2015 to €17.6 million in the first quarter of 2016. Current operating expenses amounted to €26.1 million (11.4% of revenues), down 3.8% versus €27.2 million in the first quarter of 2015 (12.9% of revenues).

Income (loss) attributable to shareholders totaled €12.7 million versus €10.3 million in the first quarter of 2015, representing an increase of €2.5 million.

Attributable net income amounted to €6.5 million compared to €6.4 million in the first quarter of 2015. Income from non-controlling equity interests rose from €3.8 million in the first quarter of 2015 to €6.3 million in first quarter of 2016.

Income from non-controlling equity interests amounted to €6.3 million (or 2.7% of revenues), versus €3.8 million (or 1.8% of revenues) in the first quarter of 2015. The company expects to return to historic levels (or around 1.3% of revenue) by 2019, bearing in mind that co-development will always be an integral part of the group's model.

At February 29, 2016, Kaufman & Broad's consolidated balance sheet total amounted to €1,064.1 million versus €1,134.1 million at November 30, 2015. Shareholders' equity totaled €234.4 million at February 29, 2016 versus €223.9 million at November 30, 2015.

The Group's net financial debt at February 29, 2016 amounted to -€27.9 million versus -€27.7 million at November 30, 2015 and -€29.3 million at February 28, 2015. Gearing (net debt to equity ratio) was -11.9% at February 29, 2016, versus -12.4% at November 30, 2015 and -13.1% at February 28, 2015.

At February 29, 2016, the group had cash of €176.7 million, versus €169.4 million at November 30, 2015 and €177.7 million at February 28, 2015.

2.1.2. Business Indicators

The group's key business indicators are: (i) the volume of orders, (ii) the number of EHUs (equivalent housing units) delivered and (iii) the order backlog.

Orders (in volume and per month) reflect the group's sales activity and provide a measure of its performance. Orders are recognized in revenue based on the time necessary to "convert" an order into a signed and notarized deed, which is the point at which income is generated.

Orders in volume are expressed in units within the group. Furthermore, in the multi-occupancy housing programs which include mixed-use buildings (apartments/business premises/retail space/offices) and managed accommodation (corporate, tourist and student housing, residences for able-bodied seniors) all floor space is converted into housing unit equivalents.

The Commercial offer is the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date (less the programs that have not entered the marketing phase).

The inventory take-up period is the number of months required for the available housing units to be sold if sales are maintained at the same pace as in previous months, i.e. housing units outstanding (offer available) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.

Units enable the number of housing units, or equivalent housing units (for mixed-use programs), to be determined for any given program; units are calculated on a per-program basis, with the following being considered as housing units: "Apartments", "Single-family homes in communities" and "subdivisions and building lots". Consequently, a housing unit (or lot) is equal to one unit. For business premises, retail space and small office spaces, an equivalent housing unit calculation is then applied based on the average area of the housing units in that program. The average area of housing units is calculated by comparing the total useable floor area of the housing units to the number of housing units in the program.

The number of Equivalent Housing Units is determined by comparing the surface area by type (business premises/retail space/offices) to the previously obtained average surface area of housing units.

The EHUs directly reflect business activity. They are calculated on a per-program basis and are equal to the product of (i) the number of housing units for a given program for which a notarized deed of sale has been signed, multiplied by (ii) the ratio between the amount of the land and costs incurred by the group for the program and the total budgeted costs for the program. Thus, one housing unit sold under a program for which 30% of total costs have been incurred would result in an EHU of 0.3.

The backlog includes sales before completion (VEFA), undelivered ordered units for which a notarized sale deed has not yet been signed, and the incomplete portion of undelivered units for which a notarized deed of sale has been signed up to the amount not yet recognized in revenues (for a unit program that is 30% complete, 30% is recognized as sales and 70% remains in the backlog).

The backlog is a summary at any given moment that enables an estimate to be made of the revenues for the coming months, and thus serves as a basis for the group's forecasts. It is worth noting that there is an element of uncertainty relating to the transformation of backlog into income, particularly for orders that have not yet officially been notarized.

The property portfolio represents all the land for which a commitment (such as a contract for sale) has been signed.

The land reserve includes land for development (otherwise called the property portfolio), i.e. the land for which a deed or promise of sale has been signed, as well as land under consideration, i.e. and for which a deed or promise of sale has not yet been signed.

The take-up rate (Tur) represents the percentage of initial inventory that is sold every month in a real estate program (sales/month divided by initial inventory); i.e. net monthly orders divided by the start of period inventory ratio, plus the end of period inventory divided by two.

2.1.3. Tracking of Indicators

2.1.3.1. Orders, deliveries and backlog

The following tables show, for Single-family homes in communities, multi-occupancy housing and Commercial property, the changes in quarterly orders and backlog, in volume and in value, during the first quarter of fiscal years 2015 and 2016.

Housing	Net orders ^(a)	Net orders (in € thousands, including VAT)	Deliveries (in EHUs) ^(b)	Backlog (in EHUs)	Backlog in value (in € thousands excluding VAT)	Backlog in months of business activity ^(c)

Single-family homes in communities

At February 29, 2016

First quarter	37	10,991	33	261	49,344	13.4

At February 28, 2015

First quarter	25	7,342	52	198	43,581	7.1

(a) This is the net number of orders recorded during the relevant period, i.e., number of orders signed by clients during this period, less the number of orders canceled at the end of the period.

(b) The number of Equivalent Housing Units (EHUs) delivered is calculated per program and is equal to: (i) the number of Housing units in a given program for which a notarized deed of sale has been signed; multiplied by (ii) the ratio between the cost of the land and the construction costs incurred by the group for said program, and the total budgeted costs for the program. Thus, one housing unit sold under a program in which 30% of the costs have been incurred represents 0.3 EHUs.

(c) The backlog (or order book) per months of business activity is the product of (i) the ratio between the value of the backlog at end of month "m" and the sum of revenues (excluding VAT) of the 12 preceding months from m-1 to m-12; multiplied by (ii) 12 (i.e. the previous 12 months of business activity).

Housing	Number of net orders ^(a)	Orders in value (in € thousands, including VAT)	Deliveries (in EHUs) ^(b)	Backlog (in EHUs)	Backlog in value (€ thousands excluding VAT)	Backlog in months of business activity ^(c)

Multi-occupancy housing

At February 29, 2016

First quarter	1,475	273,018	1,224	7,348	1,077,501	13.7

At February 28, 2015

First quarter	1,158	182,102	1,090	6,197	947,886	13.6

(a) This is the net number of orders recorded during the relevant period, i.e., number of orders signed by clients during this period, less the number of orders canceled at end the period.

(b) The number of Equivalent Housing Units (EHUs) delivered is calculated per program and is equal to: (i) the number of Housing units in a given program for which a notarized deed of sale has been signed; multiplied by (ii) the ratio between the cost of the land and the construction costs incurred by the group for said program, and the total budgeted costs for the program. Thus, one housing unit sold under a program in which 30% of the costs have been incurred represents 0.3 EHUs.

(c) The backlog (or order book) per months of business activity is the product of (i) the ratio between the value of the backlog at end of month "m" and the sum of revenues (excluding VAT) of the 12 preceding months from m-1 to m-12; multiplied by (ii) 12 (i.e. the previous 12 months of business activity).

Commercial Property	Sq.m ordered	Net orders (in € thousands, including VAT)	Backlog in value (€ thousands excluding VAT)

At February 29, 2016

First quarter	4,640	-120	158,099

At February 28, 2015

First quarter	42,643	34,071	144,986

As an illustration, of the 16 ongoing Commercial programs, 8 programs were registered as Commercial property backlog at February 29, 2016 and should be recognized as revenue for €150.1 million.

2.1.3.1.1. Orders

2.1.3.1.1.1. Housing segment

In the first quarter of 2016, 1,512 net housing unit orders were recorded, versus 1,183 in the first quarter of 2015, an increase of 27.6%. In value terms, these orders increased by 49.9%, reaching €284.0 million (including VAT), compared to €189.4 million (including VAT) at February 28, 2015.

The following table shows the number and part of housing units ordered by type in Île-de-France and in the Regions in the first quarters of 2016 and 2015 (from December 1 to February 28 or February 29).

Housing	Number of single-family homes ordered				Number of multi-occupancy housing units ordered			
	Q1 2016	%	Q1 2015	%	Q1 2016	%	Q1 2015	%
Île-de-France	17	46%	-1	N/A	515	35%	546	47%
Regions	20	54%	26	N/A	960	65%	612	53%
Total	37	100%	25	100%	1,475	100%	1,158	100%

Multi-occupancy housing units (apartments and managed accommodation)

At February 29, 2016, there were 1,475 orders for multi-occupancy housing and managed accommodation compared to 1,158 at the end of February 2015, i.e. an increase of 27.4%. Orders for multi-occupancy housing totaled €273.0 million (including VAT) versus €182.1 million (including VAT) at February 28, 2015, an increase of 49.9% (+€90.9 million). This increase can be mainly explained by the increase of 348 orders recorded in the Regions (+56.5%) for an additional €68.5 million (+66.9%). Orders for Île-de-France fell by 31 but increased by €22.4 million in value (+28.1%).

Orders for multi-occupancy units were at 34.9% in volume and 37.4% in value in Île-de-France versus, respectively, 47.2% and 43.8% at February 28, 2015. Multi-occupancy units accounted for the largest share of Kaufman & Broad orders, reaching 96.2% in value and 97.6% in volume of its total orders versus, respectively, 81.5% and 97.7% at February 28, 2015.

Single-family homes in communities

Orders of single-family homes in communities totaled 37 orders for €11.0 million versus 25 orders for €7.3 million at February 28, 2015. The increase in the number of Single-family homes in communities ordered (+12) was concentrated in Ile-de-France where it corresponded to +18 homes. Île-de-France contributed up to 45.9% in volume and 48.5% at February 29, 2016.

Orders by operating segment

At February 29 / February 28

	2016			2015		
	Number of net orders	Orders in value (in € thousands, including VAT)	Average price (in € thousands, including VAT)	Number of net orders	Orders in value (in € thousands, including VAT)	Average price (in € thousands, including VAT)
Île-de-France	532	107,409	-	545	79,379	-
Housing	532	107,409	201,9	545	79,379	145,6
Services	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
West	128	21,528	-	49	10,491	-
Housing	128	21,528	168,2	49	10,491	214,1
Services	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Southwest	546	98,331	-	354	58,323	-
Housing	546	98,451	180,1	354	58,323	164,8
Services	-	-120	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Southeast	226	42,538	-	140	21,642	-
Housing	226	42,538	188,2	138	21,476	155,6
Services	-	-	-	2	167	-
Other ^(a)	-	-	-	-	-	-
Rhône-Alpes	55	11,049	-	97	19,772	203,8
Housing	55	11,049	200,9	97	19,772	203,8
Services	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Other regions	25	3,035	-	-	-	-
Housing	25	3,035	121,4	-	-	-
Services	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Commercial property and logistics	-	0	-	-	33,904	-
Housing	-	0	-	-	-	-
Commercial property	-	-	-	-	33,904	-
Other ^(a)	-	-	-	-	-	-
Group total	1,512	283,889	-	1,185	223,510	-
Housing	1,512	284,009	187,8	1,183	189,444	160,1
Commercial property ^(b)	-	-120	-	2	34,071	-
Other ^(a)	-	-	-	-	-4	-

(a) Land, building lots and project management services.

(b) Offices, retail space, business premises, logistics warehouses, etc.

Geographically, the Housing segment in Ile-de-France recorded a 2.4% drop in orders in volume and a value increase of 35.3% compared to the end of February 2015. The Regions reported an increase of 53.6% in volume and 60.5% in value. Île-de-France's share in the Housing segment declined in favor of the Regions. The Regions represented 64.8% in volume and 62.2% in value of the group's housing unit orders, compared to 53.9% in volume and 58.1% in value at February 28, 2015.

In the first quarter of 2016, the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) accounted for 34.6% of total housing order revenues versus 15.0% for the Southeast (Marseille, Toulon, Nice) and 3.9% for the Rhone-Alpes region (Lyon, Grenoble, Annecy). At the same time, the contribution from Île-de-France fell in value from 41.9% to 37.8% and in volume from 46.1% to 35.2%.

Over one year, the average price of the group's housing orders recorded an increase of 17.3%, increasing from €160,100 (including VAT) in February 2015 to €187,800 (including VAT) per housing unit in February 2016. The price increase was more significant in Île-de-France, with an increase of 38.7%, while in the Regions, there was an increase of 4.5% compared to February 2015.

The growth in value housing orders (excluding the impact of the SMP and Safaur acquisitions) amounted to 18% between the first quarter of 2016 and the same period in 2015.

2.1.3.1.2. Backlog (order book)

At February 29, 2016, total backlog amounted to €1,285.0 million (excluding VAT) versus €1,136.5 million (excluding VAT) at February 28, 2015, representing a year-on-year increase of 13.1%.

The following table shows the number and share of housing units in backlog by type of product ordered in Île-de-France and in the Regions in the first quarters of the fiscal years 2016 and 2015 (from December 1 to February 28 or to February 29).

	Backlog by number of single-family homes				Backlog by number of multi-occupancy housing units			
	Q1 2016	%	Q1 2015	%	Q1 2016	%	Q1 2015	%
Île-de-France	117	45%	53	27%	2,411	33%	2,580	42%
Regions	144	55%	145	73%	4,937	67%	3,617	58%
Total	261	100%	198	100%	7,348	100%	6,197	100%

The backlog totaled 7,609 units, compared to 7,294 units at November 30, 2015, and at 6,395 units at February 28, 2015, representing an increase of 19.0%. In value, it recorded an increase of 13.7% over the year, amounting to €1,126 million (excluding VAT) at February 29, 2016, versus €1,087.0 million at November 30, 2015 and €991.5 million (excluding VAT) at February 28, 2015.

Multi-occupancy housing

The multi-occupancy housing backlog totaled €1,077.5 million at February 29, 2016, an increase of 13.7% compared to the end of the first quarter 2015, when it totaled €947.9 million. In volume, it amounted to 7,348 units, compared to 6,197 units at the end of February 2015, an increase of 18.6%.

In Île-de-France, the multi-occupancy housing backlog fell by 6.5% in volume and 4.7% in value, while in the Regions, it was up, both in volume and in value, by 36.5% and 29.9% respectively.

Single-family homes in communities

At February 29, 2016, the backlog for Single-family homes in communities totaled €49.3 million with 261 units, i.e., an increase of 31.8% in volume and 13.2% in value compared to February 28, 2015, when it totaled €43.6 million with 198 units. At February 29, 2016, Île-de-France recorded a backlog of 117 single-family homes for €26.0 million, versus 53 units for €16.9 million at February 28, 2015. The level of backlog for the Regions reached 144 units for €23.4 million versus €145 units for €26.7 million at February 28, 2015.

Backlog by operating segment

At February 29 / February 28	2016			2015		
	Backlog by number	Backlog by value (in € thousands excluding VAT)	Average price (in € thousands excluding VAT)	Backlog by number	Backlog by value (in € thousands excluding VAT)	Average price (in € thousands excluding VAT)
Île-de-France	2,528	434,319	-	2,633	445,531	-
Housing	2,528	434,319	171,8	2,633	445,531	169,2
Commercial property	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
West	932	122,879	-	767	92,280	-
Housing	932	108,975	116,9	767	92,280	120,3
Commercial property	-	13,904	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Southwest	2,227	307,571	-	1,457	217,946	-
Housing	2,220	291,259	131,2	1,449	210,329	145,2
Commercial property	6	16,220	-	7	7,523	-
Other ^(a)	1	92	-	1	94	-
Southeast	1,146	186,104	-	1,129	182,146	-
Housing	1,146	182,423	159,2	1,129	174,422	154,5
Commercial property	-	3,681	-	-	7,724	-
Other ^(a)	-	-	-	-	-	-
Rhône-Alpes	550	84,908	-	417	68,889	-
Housing	550	84,908	154,4	417	68,889	165,2
Commercial property	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Other regions	233	24,964	-	-	-	-
Housing	233	24,964	107,1	-	-	-
Commercial property	-	-	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Commercial property and logistics	-	124,294	-	-	129,739	-

Housing	-	-	-	-	129,739	-
Commercial property	-	124,294	-	-	-	-
Other ^(a)	-	-	-	-	-	-
Group total	7,616	1,285,036	-	6,403	1,136,547	-
Housing	7,609	1,126,848	148,1	6,395	991,467	155,0
Commercial property ^(b)	6	158,099	-	7	144,986	-
Other ^(a)	1	92	-	1	94	-

(a) Land, building lots.

(b) Offices, retail space, business premises, logistics warehouses, etc.

The Housing backlog in Île-de-France fell by 4.0% in volume and 2.5% in value compared to the previous year. During the same period, the Regions were up 35.1% in volume and 26.9% in value. Ile-de-France's contribution to the Housing backlog shrank compared to the Regions, falling to 33.2% in volume and 38.5% in value at the end of February 2016, compared to 41.2% in volume and 44.9% in value at the end of February 2015. The Southeast (Marseille, Toulon, Nice) accounted for 16.2% in value versus 25.8% for the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier).

The Housing backlog at February 29, 2016 was equal to 13.7 months of business compared to 13.1 months at February 28, 2015.

2.1.4. Outlook

Housing market

The publication of the 2015 French new housing market figures on February, 2016, showed a strong rebound, with a growth in orders of around 18% compared to 2014, i.e., an increase of 102,000 units. Such growth is attributable in particular to the success of the Pinel incentive. Based on the statistics of the Ministry of Ecology and Sustainable Development as well as those of the group's activity for the first quarter 2016, the company maintains its outlook for 2016.

With the growing impact of the "PTZ" incentive opened to first-time homebuyers, a level of 105,000 to 110,000 new housing units' orders could be recorded in 2016. These figures, which are close to the levels of 2010/2011, could be attained without significant price increase.

Commercial Property market

The group anticipates that in the coming months, the context could remain favorable for its commercial property activity, particularly due to its positioning on the Paris prime market. Kaufman and Broad is now recognized as a major player, and should be able to continue the dynamic development which it initiated in the recent years. Moreover, Concerto, a major logistics player, acquired in 2014, should benefit from its market dynamics.

2.2. Main Income Statement Items

2.2.1. Key Figures

The following table presents the significant items on the group's consolidated income statement for the first quarters of 2016 and 2015.

(in € thousands)	February 29, 2016	February 28, 2015
Revenues	229,722	210,905
Gross margin	43,740	40,053
Gross margin rate	19.0%	19.0%
Current operating income	17,596	12,885
Adjusted EBIT	19,157	14,172
Operating income	17,596	12,885
Income (loss) attributable to shareholders	12,737	10,283
Attributable net income	6,465	6,443
Net earnings per share	€0.31	€0.31

2.3. Comments on the results

Statement of consolidated comprehensive income

Consolidated income statement

Consolidated income statement (in € thousands)	February 29, 2016	February 28, 2015
Revenue	229,722	210,905
Cost of sales	-185,982	-170,852
Gross margin	43,740	40,053
Sales expenses	-6,545	-5,766
Administrative expenses	-11,746	-12,571
Technical and client service expenses	-4,598	-4,398
Development and program expenses	-3,255	-4,433
Current operating income	17,596	12,885
Other non-recurring income	0	0
Other non-recurring expenses	0	0
Operating income	17,596	12,885
Financial expenses	-303	-277
Financial income	133	138
Cost of net financial debt	-170	-139
Other financial expenses	0	0
Other interest income	0	0
Pre-tax profit (loss) of consolidated companies	17,425	12,746
Income tax	-4,530	-3,093
Net Income of consolidated companies	12,895	9,653
Share of income (loss) of equity affiliates and joint ventures	-158	630
Income (loss) attributable to shareholders	12,737	10,283
Income (loss) from minority interests	6,272	3,840
Attributable net income	6,465	6,443
Earnings per share (euros) ⁽¹⁾	€0.31	€0.31

(1) Based on the average number of shares outstanding during the period.

The group's quarterly financial statements at February 29, 2016 show a net profit of €12.7, compared to €10.3 million at February 28, 2015.

2.3.1. Breakdown of deliveries, revenue and gross margin

2.3.1.1. Breakdown by product line

The following table shows a breakdown of the number of Equivalent Housing Units (EHUs), revenue and gross margin, by product line, for the first quarters of 2016 and 2015:

(in € thousands)	February 29, 2016			February 28, 2015		
	Deliveries (EHU) (units)	Revenue	Gross margin ^(b)	Deliveries (EHU) (units)	Revenues	Gross margin ^(b)
Multi-occupancy housing	1,224	199,492	37,063	1,090	167,773	30,839
Single-family homes	33	7,320	1,694	52	13,583	2,896
Total housing	1,257	206,812	38,757	1,142	181,356	33,735
Commercial property	-	21,643	4,759	2	28,033	5,976
Other ^(a)	-	-	-55	-	-15	5
Showroom	-	1,267	279	-	1,532	337
Grand Total	1,257	229,722	43,740	1,144	210,905	40,053

(a) Corresponds primarily to sales of undeveloped lots and external fees (project management contracts).

(b) Revised IAS 23 "Borrowing Costs": the group has been applying this standard since December 1, 2009 before it became mandatory; this standard requires the capitalization of borrowing costs directly attributable to the acquisition and production of qualifying assets. The amount included in the gross margin at February 29, 2016 was €1.6 million, i.e. 3.6% of the gross margin versus €1.3 million at February 28, 2015 (3.2% of gross margin).

Deliveries (EHUs)

The number of Equivalent Housing Units (EHUs) delivered increased by 9.9% year on year, from 1,142 units delivered at end February 2015, to 1,257 units delivered at end February 2016. Multi-occupancy housing deliveries rose 12.3% to 1,224 units at February 29, 2016 while deliveries of single-family homes in communities dropped 36.5% to 33 delivered units. Multi-occupancy housing accounted for 97.4% of delivered housing units versus 95.3% at February, 28 2015.

Revenue

Compared to the first quarter of 2015, total group revenue (excluding VAT) was up 8.9% to €229.7 million, versus €210.9 million at the end of February 2015. This change in revenue can be explained by the increase in revenue from the multi-occupancy housing business (apartments and managed accommodation) which recorded an increase of +€31.7 million.

Multi-occupancy housing segment

Multi-occupancy business revenue increased 18.9%, from €167.8 million at the end of February 2015 to €199.5 million at February 29, 2016. 42.5% of revenue was generated in Île-de-France versus 42.4% at end February 2015. Multi-occupancy housing accounted for 86.8% of total revenue, versus 79.5% at the end of February, 2015. The €31.7 million increase in multi-occupancy housing revenue was due to the increase recorded in Ile-de-France as well as in the Regions, +€13.8 million and +€17.9 million respectively, compared to the end of February 2015.

Single-family homes in communities

Revenue for single-family homes in communities shrank by 46.1% compared to the end of February 2015, dropping from €13.6 million to €7.3 million at February 29, 2016. Multi-occupancy housing accounted for 3.2% of total revenue, versus 6.4% at the end of February, 2015. The €6.3 million reduction was primarily due to the €7.7 million drop in Ile-de-France and partly offset by a €1.5 million increase in the Regions, of which €1.2 million was in the Southwest. Île-de-France accounted for 29.2% of single-family home revenue, while the Regions accounted for 70.8% at February 29, 2016, compared to 72.8% and 27.2% respectively at February 28, 2015.

Other business activities

Revenue from the commercial property sector, including logistics platforms, fell by €6.4 million and amounted to €21.6 million at February 29, 2016. It accounted for 9.4% of total revenue at February 29, 2016, versus 13.3% at February 28, 2015.

Showroom (or Design Space) revenue fell slightly, from €1.5 million at February 28, 2015 to €1.3 million.

Gross margin

The group's gross margin totaled €43.7 million at the end of February 2016 versus €40.1 million at February 28, 2015, representing an increase of 9.2% (+€3.7 million). The gross margin rate remained stable year on year, with 19.0% at February 29, 2016, the same as at the end of February 2015.

As a reminder, between 2011 and 2015, although the market dropped by roughly 20% in volume, the decline of the gross margin rate was limited for this period to around 40 basis points, since Kaufman & Broad took a number of steps including, in particular: (i) adjusting the economic parameters for programs for which the land had not yet been acquired; and (ii) increasing the marketing effort for programs already in the pipeline (i.e., the land has been bought with outstanding products still to be marketed). Since the take-up of these outstanding products was almost completed during 2015, the group has set the objective of achieving a gross margin rate of around 19% of revenue in the 2016 financial year.

Multi-occupancy housing segment

In the multi-occupancy housing business, the gross margin totaled €37.1 million at the end of February 2016, compared to €30.8 million at February 28, 2015 (+20.2%). The gross margin rate was 18.6%, versus 18.4% at February 28, 2015. The €6.0 million increase in gross margin stemmed from a rise of €1.6 million in Île-de-France and €4.5 million in the Regions. In Île-de-France, the gross margin rate was 18.9% versus 20.2% at the end of February 2015. The Regions reported a gross margin of 18.4% versus 17.0% at February 28, 2015.

Single-family homes in communities

Following the same trend as its revenue, the gross margin for the single-family homes segment dropped compared to the end of February 2015 (-41.5%). It amounted to €1.7 million at February 29, 2016 versus €2.9 million at February 28, 2015.

The decrease of €1.0 million stemmed mainly from activity in Île-de-France, which was down €1.3 million. The gross margin rate for the single-family homes segment remained stable at 23.1%.

Other business activities

Gross margin for other business activities amounted to €5.0 million at February 29, 2016 versus €6.3 million at February 28, 2015. The commercial property segment accounted for €4.8 million of this amount, down €1.2 million year on year. The gross margin rate for the commercial property segment was 22.0% at the end of February 2016 versus 21.3% at February 28, 2015.

2.3.2.2. Breakdown by operating segment

The following table shows a breakdown of the number of housing units (EHUs) delivered, the revenue, and the gross margin by geographic area for the first quarters of 2015 and 2016:

At February 29 / February 28	2016			2015		
	Deliveries (unit)	Revenue(in € thousands)	Gross margin (b) (in € thousands)	Deliveries (unit)	Revenue (in € thousands)	Gross margin (b) (in € thousands)
Île-de-France	460	87,706	17,058	448	81,929	16,805
Housing	460	86,974	16,897	448	80,949	16,573
Commercial property						
Other (a)		732	161		980	233
West	94	12,684	2,559	97	11,461	2,060
Housing	94	11,681	2,100	97	11,460	2,053
Commercial property		1,002	459			6
Other (a)						

Southwest	378	55,562	9,953	289	42,748	7,693
Housing	378	53,279	9,620	289	42,717	7,695
Commercial property		2,283	387	-	46	10
Other (a)			-55		-15	-12
Southeast	190	38,053	5,876	232	33,241	4,466
Housing	190	35,504	5,679	232	32,501	4,259
Commercial property		2,042	85		249	99
Other (a)		507	112		491	109
Rhône-Alpes	71	12,667	2,805	78	13,788	2,919
Housing	71	12,638	2,798	78	13,728	2,906
Commercial property						
Other (a)		29	6		60	13
Other regions	64	6,734	1,661		2	249
Housing	64	6,734	1,661		2	249
Commercial property						
Other (a)						
Commercial property and Logistics		16,317	3,828		27,736	5,861
Housing						
Commercial property		16,317	3,828		27,736	5,861
Other (a)						
Group total	1,257	229,722	43,740	1,144	210,905	40,053
Housing	1,257	206,812	38,757	1,144	181,356	33,735
Commercial property	-	21,643	4,759	-	28,033	5,976
Other (a)	-	1,267	224	-	1517	342

(a) Corresponds to the Showroom, land and building lots business.

(b) Revised IAS 23 "Borrowing Costs": the group has been applying this standard since December 1, 2009 before it became mandatory; this standard requires the capitalization of borrowing costs directly attributable to the acquisition and production of qualifying assets. The amount included in the gross margin at February 29, 2016 was €1.6 million, i.e., 3.6% of the gross margin versus €1.3 million at February 28, 2015 (3.2% of gross margin).

Deliveries (EHUs)

By geographic sector, Île-de-France accounts for a significant share in the group's Housing business with 36.6% of housing delivered for the first quarter of 2016 versus 39.2% in the first quarter of 2015. The group is also active in the Southeast (Nice, Toulon, Marseille) and in the Southwest (Montpellier, Toulouse, Bordeaux, Bayonne) where it generated 15.1% and 30.1% of the deliveries, respectively.

Housing - revenue

Housing revenue totaled €206.8 million in the first quarter of 2016 versus €181.4 million in the first quarter of 2015, up by 14.0%. The Regions accounted for 57.9% of Housing revenue compared to 55.4% in the first quarter of 2015.

The Southwest (Montpellier, Toulouse, Bordeaux, Bayonne) and the Southeast (Nice, Toulon, Marseille) are the two major contributors after Île-de-France, with contributions of 25.8% and 17.2% to the Housing revenue respectively. The West (Nantes, Rennes) contributed 5.6% and the Rhône-Alpes region (Lyon, Grenoble, Annecy) 6.1%.

The €25.5 million increase recorded at February 29, 2016 compared to the end of February 2015 can be broken down primarily into a Kaufman & Broad organic growth contribution of around €5.3 million and an extension of its scope for €20.2 million. Contributions from new entities to revenue at February 29, 2016 totaled €0.7 million for Safaur (West), €6.7 million for the Agence Est (other Regions) and €12.8 million for SMP (Southeast).

Commercial property - revenue

Revenue for the commercial property segment totaled €21.6 million compared to €28.0 million, down by €6.4 million compared to the prior period, which was mainly due to the retreat of the logistics business, which decreased from €23.5 million to €7.8 million at February 29, 2016.

Housing - gross margin

At February 29, 2016, the gross margin of the Housing segment amounted to €38.8 million versus €33.7 million for the same period in 2015, representing an increase of 14.8%. The Housing gross margin rate was 18.7% versus 18.6% in the first quarter of 2015.

Île-de-France contributed 43.6% of the Housing gross margin achieved by the group in the first three months of 2016 versus 49.1% for the same period in 2015. The Southwest (Toulouse, Bordeaux, Bayonne and Montpellier) accounted for 24.8%, and the Southeast (Marseille, Toulon, Nice) represents the third highest contributor with 14.7%. The Rhône-Alpes (Lyon, Grenoble, Annecy) and West (Nantes, Rennes) regions respectively contributed 7.2% and 5.4% of the Housing segment's gross margin.

The €5.0 million increase in Housing gross margin for the period stemmed from the €0.9 million of organic growth achieved by the housing business, and from external growth in the amount of €4.1 million. The new contributors to gross margin include Safaur (West) for €0.1 million, the Agence Est (Other Regions) for €1.7 million, and SMP (Southwest) for €2.3 million.

Commercial property - gross margin

At February 29, 2016, the gross margin of the Commercial property segment amounted to €4.8 million versus €6.0 million for the same period in 2015, representing a drop of €1.2 million, in line with the decline in its revenues. The commercial property gross margin rate was 22.0% versus 21.3% in the first quarter of 2015.

2.3.2. Operating expense

(in € thousands)	February 29, 2016	February 28, 2015
Sales expenses	6,545	5,766
Administrative expenses	11,746	12,571
Technical and client service expenses	4,598	4,398
Development and program expenses	3,256	4,433
Total operating expenses	26,144	27,168

At February 29, 2016, operating expenses amounted to €26.1 million, versus €27.2 million for the same period in 2015. Operating expenses accounted for 11.4% of revenues in the first quarter of 2016 versus 12.9% in the first quarter of 2015.

The change in operating expenses primarily reflects the following items:

Sales expenses

The cost of sales amounted to €6.6 million versus €5.8 million at February 28, 2015, an increase of 12.1%. This increase was primarily due to the increase in salaries and payroll expenses of €0.5 million as well as vehicle and travel expenses for €0.1 million.

Advertising expenses remained stable at €2.7 million in the first quarter of 2016, compared to €2.8 million in the same period of 2015. It accounted for 1.0% of orders in value for the first quarter of 2016, compared to 1.5% for the first quarter of 2015, representing savings of €0.1 million in advertising costs.

Administrative expenses

Administrative expenses amounted to €11.7 million at February 29, 2016 versus €12.6 million at February 28, 2015, representing a drop of 6.6%. This net decrease can primarily be explained by the €0.5 million decrease in "Taxes".

Technical and client service expenses remained stable year on year, at €4.6 million versus €4.4 million at February 28, 2015.

Development and program expenses

Development and program expenses totaled €3.3 million, down 26.6% compared to February 28, 2015 when they amounted to €4.4 million. The net decrease of €1.1 million was primarily due to the €1.3 million decrease in the "Estimated expenses" line item.

2.3.3. Current operating profit - Operating margin

The group's current operating profit was up 36.6%, from €12.9 million at February 28, 2015, to €17.6 million. The current operating margin was 7.7% versus 6.1% at February 28, 2015. The €4.8 million increase in current operating profit primarily reflects the €3.7 million increase in gross margin, supported by the reduction in operating expenses by €1.0 million between February 28 2015 and February 29, 2016.

2.3.3.1. Adjusted EBIT

Adjusted EBIT corresponds to the group's current operating income (€17.6 million) adjusted for borrowing costs ("Revised IAS 23") capitalized and recognized in gross margin for €1.6 million, representing €19.2 million at February 29, 2016.

Adjusted EBIT was up 35.2% compared to February 28, 2015 when it stood at €14.2 million, with a current operating income of €12.9 million and borrowing costs of €1.3 million.

2.3.4. Other non-recurring income and expenses

At February 29, 2016, the amount of non-recurring income and expenses was nil, just as it was at February 28, 2015.

2.3.5. Cost of net financial debt

The cost of financial debt dropped from €0.139 million at February 28, 2015 to €0.170 million at February 29, 2016.

2.3.6. Net income

Tax liability

Income tax amounted to €4.5 million, based on the group's net profit at February 29, 2016, compared to €3.1 million at February 28, 2015 (see Note 11.2. "Tax reconciliation" in the Notes to the interim consolidated financial statements of February 29, 2016)

Minority interests

The amount of income from minority interests rose €2.4 million, from €3.8 million at February 28, 2015 to €6.3 million at February 29, 2016. This increase reflects the significant progress made on jointly developed programs.

Net income

Attributable net income for the first quarter 2016 was stable compared to the first quarter of 2015. It amounted to €6.5 million, versus €6.4 million in the first quarter of 2015.

The net margin, expressed as a percentage of revenue, was 2.8% at February 29, 2016 versus 3.1% at February 28, 2015.

2.3.7. Income by operating segment

Pursuant to IFRS 8, segment information reflects the organization of the internal reporting intended for the group's management. Details of this segment analysis are provided in Note 3.1 "Income by operating segment" to the consolidated financial statements at February 29, 2016.

At February 29, 2016 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenue	87,706	12,684	55,562	38,053
Gross margin	17,058	2,559	9,953	5,876
Sales expenses	-2,522	-316	-1,303	-858
Administrative expenses	-1,074	-557	-2,127	-1,006
Technical and client service expenses	-2,026	-303	-1,005	-624
Development and program expenses	-1,048	-478	-993	-202
Reallocation of portion of corporate re-invoicing	-2,456	-591	-1,922	-1,074
Current operating income	7,932	314	2,603	2,112
Other non-recurring income and expenses	-	-	-	-
Operating income	7,932	314	2,603	2,112
Cost of net financial debt and other financial income / expenses	1,082	125	139	-102
Reallocation of cost of net financial debt	-401	-97	-314	-176
Pre-tax income of consolidated companies	8,613	342	2,428	1,834
Income tax	-2,785	-111	-318	-703
Share of income (loss) of equity affiliates and joint ventures	3	-76	2	-
Income (loss) attributable to shareholders	5,831	155	2,112	1,131
Attributable net income (group share)	4,565	33	29	1,014
Minority interests	1,266	122	2,083	117

At February 29, 2016 (in € thousands)	Rhône-Alpes	Commercial property and logistic	Other regions	Head office	Total
Revenue	12,667	16,317	6,734	-	229,722
Gross margin	2,805	3,828	1,661	-	43,740
Sales expenses	-456	-52	-70	-967	-6,545
Administrative expenses	-641	-567	34	-5,808	-11,746
Technical and client service expenses	-343	-80	-8	-209	-4,598
Development and program expenses	-293	-48	-8	-186	-3,255
Reallocation of portion of corporate re-invoicing	-537	-505	-85	7,170	
Current operating income	535	2,576	1,524	-	17,596
Other non-recurring income and expenses	-	-	-	-	-
Operating income	535	2,576	1,524	-	17,596
Cost of net financial debt and other financial income / expenses	118	-370	11	-1,173	-170
Reallocation of cost of net financial debt	-88	-83	-14	1,173	-
Pre-tax income of consolidated companies	565	2,123	1,521	-	17,425
Income tax	-179	-323	-109	-	-4,530
Share of income (loss) of equity affiliates and joint ventures	-17	-70	-	-	-158
Net income (loss) attributable to shareholders	369	1,730	1,412	-	12,737
Attributable net income (group share)	180	465	182	-	6,465
Minority interests	189	1,265	1,230	-	6,272

At February 28, 2015 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenue	81,929	11,461	42,748	33,241
Gross margin	16,805	2,060	7,693	4,466
Sales expenses	-1,927	-359	-1,110	-627
Administrative expenses	-1,458	-522	-1,397	-1,191
Technical and client service expenses	-2,135	-264	-833	-710
Development and program expenses	-1,741	-385	-709	-648
Reallocation of portion of corporate re-invoicing	-2,907	-741	-2,043	-1,432

Current operating income	6,637	-211	1,601	-142
Other non-recurring income and expenses	-	-	-	-
Operating income	6,637	-211	1,601	-142
Cost of net financial debt and other financial income/expenses	832	51	13	-61
Reallocation of cost of net financial debt	-398	-101	-280	-196
Pre-tax income of consolidated companies	7,071	-261	1,334	-399
Income tax	-1,811	148	-118	336
Share of income (loss) of equity affiliates and joint ventures	630	-	4	-
Net income (loss) attributable to shareholders	5,890	-113	1,220	-63
Attributable net income (group share)	3,642	-230	362	-541
Minority interests	2,248	117	858	478

At February 28, 2015 (in € thousands)	Rhône-Alpes	Commercial property	Other regions	Head office	Total
Revenue	13,788	27,736	2	-	210,905
Gross margin	2,919	5,861	249	-	40,053
Sales expenses	-344	-25	-3	-1,371	-5,766
Administrative expenses	-501	-919	46	-6,629	-12,571
Technical and client service expenses	-303	-42	11	-123	-4,398
Development and program expenses	-361	-446	-143	1	-4,433
Reallocation of portion of corporate re-invoicing	-594	-404	-1	8,122	-
Current operating income	816	4,025	159	-	12,885
Other non-recurring income and expenses	-	-	-	-	-
Operating income	816	4,025	159	-	12,885
Cost of net financial debt and other financial income/expenses	146	-7	-2	-1,111	-139
Reallocation of cost of net financial debt	-81	-55	-	1,111	-
Pre-tax income of consolidated companies	881	3,963	157	-	12,746
Income tax	-245	-1,350	-53	-	-3,093
Share of income (loss) of equity affiliates and joint ventures	-4	-	-	-	630
Net income (loss) attributable to shareholders	632	2,613	104	-	10,283
Attributable net income (group share)	508	2,597	104	-	6,443
Minority interests	124	16	-	-	3,840

2.4. Liquidity and capital resources

2.4.1. Cash flow

The group's net cash flow totaled €176.7 million at February 29, 2016, up €7.3 million from November 30, 2015, when it totaled €169.4 million. The change is analyzed as below:

(in € million)	February 29, 2016	February 28, 2015
Operating cash flow	20.5	32.9
Cash flow linked to investment activities	-8.1	-0.5
Free cash flow	12.4	32.4
Cash flow linked to financing activities	-5.0	-4.7
Increase (decrease) in cash	7.3	27.7
Cash at beginning of the period	169.4	149.9
Cash at end of the period	176.7	177.7

Operating cash flow

Cash flows generated by operating activities totaled €20.5 million versus €32.9 million at February 28, 2015, a decrease of €12.4 million. The change in cash flow generated from operating activities was primarily due to:

- a cash flow increase of €5.3 million;
- a €5.6 million increase in paid taxes;
- a €12.1 million decrease in the change in Operating Working Capital Requirements (excluding current taxes), which dropped from €17.7 million at February 28, 2015 to €5.6 million at February 29, 2016.

The change in operating WCR items can be attributed in part to a €30.3 million increase in inventories, a €95.3 million decrease in accounts receivable and a €78.7 million drop in accounts payable and other assets and liabilities.

Working Capital Requirements (WCR) totaled €106.1 million at end-February 2016 versus €90.9 million at end-February 2015. WCR amounted to 9.8% of revenue at February 29, 2016, compared to 8.35% for the same period in 2015. The Company's commercial property activity contributes positively to the WCR (see note 4.2.3.2. "Breakdown of inventory debt and working capital requirement by operating segment").

Cash flow linked to investment activities

Cash flows from investing activities totaled -€8.1 million compared to -€0.5 million at February 28, 2015. In the first quarter of 2016 they included mainly:

- -€0.9 million in disbursements for acquisitions of property, plant and equipment and intangible assets;
- -€0.4 million in reimbursements of equity-accounted companies.
- -€6.7 million in disbursements linked to changes in the reporting structure.

Cash flow linked to financing activities

Cash flows from investing activities totaled -€5.0 million compared to -€4.7 million at February 28, 2015. In the first quarter of 2016 they primarily included:

- -€2.4 million in distributions to minority interests and -€1.1 million in acquisitions of stakes in minority interests;
- €0.2 million in resales of treasury shares;
- -€1.7 million in net financial interest paid.

2.4.2. Net debt

2.4.2.1. Gross financial debt

Gross financial debt consists of long term and short-term financial liabilities, financial hedging instruments related to liabilities and accrued interest on balance sheet items.

It is broken down as follows:

(in € thousands)	February 29, 2016	November 30, 2015
Syndicated Senior Credit Facility, Tranches A and B	138,900	138,900
Other borrowings	7,042	326
Utilized credit facilities	536	429
Arrangement expenses	-	-
Fair value of derivatives	2,350	2,018
Gross financial debt	148,829	141,673
of which non-current	127,821	127,833
of which current	21,008	13,840

At February 29, 2016 the group's gross financial debt totaled €148.8 million, including €127.8 million in non-current debt (primarily the Senior Credit A and B lines) and €21.0 million in current debt. It totaled €141.4 million at February 28, 2015.

At February 29, 2016 the group had drawn €138.9 million under its Senior Credit Facilities (Senior Credit) comprising a Tranche A of €38.9 million and a Tranche B of €100 million, as well as a €50 million in Revolving Credit Facilities.

Adjustment of financial ratios:

In the accounting quarters from August 2014 until the Senior Credit Facilities expires in 2019, the group is required to comply with two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each quarter-end	August 2014 to 2019	Ratio at Feb. 29. 2016
Leverage Ratio (ratio of non-weighted assets to risk) ^(a)	<3	(0.38)
Debt/equity ratio ^(b)	<1	(0.11)

(a) Net Financial Debt divided by EBITDA (EBITDA = net income corrected for net amortization, depreciation and provisions, corporate income tax, the cost of net financial debt, other financial expenses, impairments, if any, capital gains or losses on disposal of non-current assets, non-recurring income and expenses, income of companies accounted for by the equity method and other estimated expenses).

(b) Net Financial Debt divided by adjusted shareholders' equity (adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013 + cumulative income from December 1, 2013 to the end of the relevant quarter - dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2013 to the end of the relevant quarter).

The agreement provides for a cash sweep clause under certain situations (at financial year end).

The collateral securing the sums owed by the company as a borrower are described in Note 24 of the notes to the consolidated financial statements at February 29, 2016.

The group's main debt facilities:

(in € thousands)	Debt capacity	Utilization at February 29, 2016	Expiration date	Rate ^(a)
Syndicated Credit Facility, Tranche A	38,900	38,900	March 2019	E +300 bps
Syndicated Credit Facility, Tranche B	100,000	100,000	March 2019	E +325 bps
RCF ^(b)	-	-	-	-
Total	138,900	138,900	-	-

(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

(b) Revolving credit facility.

Update to the 2015 Registration Document

The total effective rate on the debt, taking into account the total amortization of the arrangement expenses incurred (nil in 2016) and the hedges, was 5.306%, versus 4.835% in 2015 (with €0.8 million in 2015).

2.4.2.2. Main changes in gross financial debt

(in € thousands)

February 29, 2016

Gross financial debt at November 30, 2015	141,673
Repayment of syndicated credit line (Tranche (A))	
Change in other borrowings	6,717
Change in derivative instruments	332
Change in arrangement expenses	
Change in credit facilities	107
Gross financial debt at February 29, 2016	148,829
Change in gross financial debt in 2016	7,157

The group's gross financial debt increased by €7.1 million between February 29, 2016 and November 30, 2015 which was primarily due to the inclusion of the credit bank balances of the subsidiaries of Serge Mas Promotion for €6.8 million.

The following table shows the group's financial structure over the periods and the changes in the maturity of its debt:

(in € million)

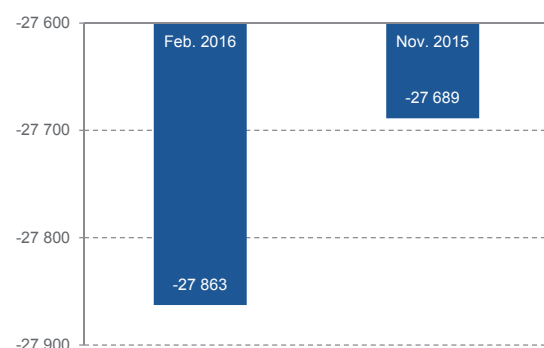
February 29, 2016 November 30, 2015 February 28, 2015

Shareholders' equity	234.4	223.9	223.4
Financial debt*	148.8	141.7	148.4
Financial debt maturing within 1 year	21.0	13.8	12.5
Financial debt maturing between 1 and 5 years	127.8	127.8	136.0
Maturity	2.9 years	3.3 years	4.1 years
*Of which:			
Loan arrangement expenses	-	-	-3.8
Hedging instruments	2.3	2.0	1.5
Bilateral credit lines	7.6	0.8	0.7
Syndicated Senior Credit Facility Tranches A and B	138.9	138.9	150.0

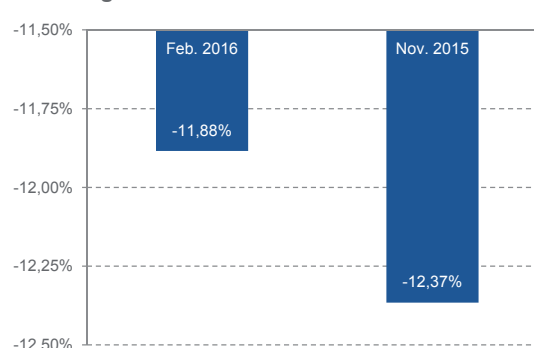
2.4.2.3. Change in net financial debt

Net financial debt

in € thousands



Gearing



Net financial debt refers to gross financial debt less cash and cash equivalents. At February 29, 2016, the group's net cash amounted to €27.9 million, versus €27.7 million at November 30, 2015 and a net financial debt of €29.3 million at February 28, 2015.

Gearing (the ratio of net debt to consolidated shareholders' equity) was -11.9% at February 29, 2016 versus -12.4% at November 30, 2015, reflecting both the stability of net debt and the €10.5 million increase in shareholders' equity since November 30, 2015.

2.4.2.4. Swap contracts – interest rate risk hedging

The following table provides details of the portfolio of one-month Euribor lender/fixed-rate borrower swaps at February 29, 2016.

Type	Notional amount (in € millions)	Fixed rate	Expiration date		Type	Market value at February 29, 2016 as % of the nominal	Market value at November 30, 2015 as % of the nominal
			Start date	End date			
€1m fixed rate swap	20	0.466%	Apr. 30 2014	Nov. 30 2017	Hedge	- 1.68%	- 1.59%
€1m fixed rate swap	10	0.500%	Nov. 28 2014	Nov. 30 2017	Hedge	- 1.74%	- 1.65%
€1m fixed rate swap	20	0.500%	Nov. 30 2014	Nov. 30 2017	Hedge	- 1.74%	- 1.65%

€1m fixed rate swap	10	0.470%	Nov. 30 2014	Nov. 30 2017	Hedge	- 1.68%	- 1.59%
€1m fixed rate swap	15	0.130%	Nov. 30 2014	Nov. 30 2018	Hedge	- 1.67%	- 1.21%
€1m fixed rate swap	50	0.300%	Nov. 28 2014	Nov. 30 2018	Hedge	- 2.15%	- 1.73%

The fair value of these derivatives is notified by a specialized company outside the group (Level 2 valuation as defined by IFRS 7). The change in the hedging reserve, net of deferred tax, at February 29, 2016 was -€683,000.

Kaufman & Broad intends to maintain the hedging level at 50%. Following effectiveness tests on the swaps in portfolio conducted on November 30, 2015 and on February 29, 2016, the swaps were reclassified, resulting in the spreading of the hedging reserve over their residual term.

2.5. Post-closing Events

Signature of a new senior facilities agreement

On April 4, 2016, the company signed a new Senior Facilities Agreement (the "2016 Senior Facilities Agreement") with a syndicate of eight international banks, led by Crédit Agricole Corporate and Investment Bank, acting as Coordinator, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International and Natixis, acting as Bookrunners and Mandated Lead Arrangers, and comprising Arkea Banque Entreprises et Institutionnels, Banque Européenne du Crédit Mutuel, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International Bank, La Banque Postale, Monte Paschi Banque and Natixis, as Lenders. The new loans granted under the 2016 Senior Facilities Agreement are subject to conditions, including the completion of the Transaction.

As part of the 2016 Senior Facilities Agreement and subject to the fulfillment of the aforesaid conditions, the group will have syndicated loans under a tranche A (the "Tranche A") for a principal amount of €50 million and a tranche B (the "Tranche B") for a principal amount of €150 million; and a revolving credit facility (the "Revolving Credit") for a principal amount of €100 million, i.e. a total maximum amount of €300 million. The loans under the 2016 Senior Facilities Agreement will, in particular be allocated to repay the senior facilities agreement signed by the company on March 19, 2014 (the "2014 Senior Facilities Agreement") and to financing the company's share buyback for an amount of €50 million as part of the Transaction.

Pursuant to the provisions of the 2016 Senior Credit Facilities Agreement, the loan under Tranche A is repayable by eight semi-annual installments from the 18th month following the settlement date of the Transaction and the loan under Tranche B is repayable in one installment on the maturity date, i.e. five years following the settlement date of the Transaction.

Furthermore, the 2016 Senior Facilities Agreement provides that the payment of interest by the company will be based on an interest rate equal to EURIBOR (with a floor of 0% per annum) plus a margin, which depends on the group's leverage ratio, as follows:

Financial leverage ratio ⁽¹⁾	Tranche A and RCF ⁽²⁾	Tranche B
More than 1.0	Margin of 2.75% per year	Margin of 3.0% per year
Equal to or less than 1.0	Margin of 2.50% per year	Margin of 2.75% per year

(1) Net Financial Debt (a), divided by EBITDA (b) where:

- (a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items; and
- (b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and / or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) *Revolving Credit Facility*.

The 2016 Senior Facilities Agreement provides, in particular:

1. For each accounting half-year starting from November 30, 2016 until the term of the agreement, i.e. five years after the settlement date of the Transaction, the group is required to comply with two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratios at each half-year end	Threshold
Financial leverage ratio ⁽¹⁾	≤3.0
Debt/equity ratio ⁽²⁾	≤2.5 at November 30, 2016 ≤2.5 at May 31, 2017 ≤2.5 at November 30, 2017 ≤2.0 at May 31, 2018 ≤2.0 at May 31, 2018 ≤1.75 at May 31, 2019 and in each semester thereafter

(1) Net Financial Debt (a) divided by EBITDA (b) where :

- (a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items; and
- (b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses and other financial expenses), other extraordinary and / or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) Net Financial Debt (a) divided by adjusted shareholders' equity (c) where:

- (c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015 plus cumulative income from December 1, 2015 to the end of the relevant semester minus dividends paid for the relevant period plus cumulative impairment charge for the period from December 1, 2015 to the end of the relevant semester.

2. For a cash sweep clause under certain conditions.

Unlike the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement does not require any collateral to secure the sums due by the company as a borrower. Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS have granted joint guarantees as surety (subject to the usual limitations protecting their corporate interests) in respect of loans borrowed by the company under the 2016 Senior Facilities Agreement.

Finally, the 2016 Senior Facilities Agreement provides that, in the event of a change of control of Kaufman & Broad SA, each lender will have the option to request accelerated repayment of the debt contracted by Kaufman & Broad. Under the terms of the 2016 Senior Facilities Agreement, a change of control would occur (i) in the event of sale, transfer or other action to dispose (other than a merger, consolidation or any other similar transaction), in one or more related transactions, of all or substantially all of the Group's assets or (ii) if any person or group of persons acting in concert (other than PAI Partners or any entity acting in the capacity as an underwriter in connection with the Global Offering or any permitted holders approved by a majority of the lenders) acquires (directly or indirectly) more than 33.33% of the voting rights of the company and the mandatory tender offer resulting from the crossing of threshold arising therefrom: (a) has not been recommended by the board of directors of the company or (b) has been recommended by the board of directors of the company and is successful.

Payment of an exceptional dividend and implementation of the share buyback program.

The Shareholders' Meeting of April 15, 2016 approved the payment of an exceptional dividend of €3.85 per share (including an interim dividend of €1.85 per share paid on March 10, 2016), expected to be paid on April 22, 2016.

As part of the partial disposal of its stake in Kaufman & Broad by Financière Gaillon 8 SA, the company's major shareholder, Kaufman & Broad would purchase part of the shares being sold by Financière Gaillon 8 SA, for an amount of €50 million. This share buyback would be made under, and within the limits, of the share buyback program authorized by the Shareholders' Meeting of April 15, 2016 setting the maximum number of shares that may be purchased under this plan at 10% of the share capital, and at a maximum purchase price per share capped at €45. The shares so purchased by Kaufman & Broad would be allocated in priority to the following purposes: (i) external growth transactions paid in whole or in part in shares and (ii) hedging employees' bonus share plans.

3. Corporate Governance

Information included in chapter 3 of the Registration Document remains accurate as at the date of this update and is updated as follows:

3.1. Members of the Company's Administrative and Management Bodies

3.1.1. Board of Directors

3.1.1.1. Members of the Board of Directors

The Shareholders' Meeting of April 15, 2016 approved the co-option and the renewal of the terms of office of Yves Gabriel for a term of three years, which will end after the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending November 30, 2018. Yves Gabriel is an independent director, pursuant to the criteria set out in Section 3.1.1.2.6. "Independence of directors" of the Registration Document.

Yves Gabriel's curriculum vitae is presented as follows:

Yves Gabriel

YVES GABRIEL CONSULTING
21 bis route de Choisel
78460 CHEVREUSE

Principal position held outside the Company

Chairman of Yves Gabriel Consulting

Other directorships and position held

A Graduate of the *Ecole Nationale des Ponts et Chaussées*, Yves Gabriel has been the Chairman and CEO of Bouygues Construction from 2002 to 2015 and director of Bouygues Group.

He was the CEO of SAUR Group from 1996 to 2002 and CEO of SCREG Group from 1992 to 1996. Formerly, he held general management positions of different subsidiaries of the SCREG Group and the Bouygues Group.

Other Information

He is today the chairman of Yves Gabriel Consulting, Senior Advisor of Oliver Wyman, Strategic Advisor of Impulse Partners.

Yves Gabriel is also the director of the insurance company SMABTP.

Furthermore, the Shareholders' Meeting of April 15, 2016 approved the co-option and the renewal of the terms of office of Michel Paris and approved the renewal of the terms of office of Alexandre Dejoie and Olivier de Vregille for a term of three years, which will end after the Meeting convened to approve the financial statements for the fiscal year ending November 30, 2018.

Since April 15, 2016, Mrs. Sophie Lombard is a member of the Supervisory Board and member of the (i) Risk Committee, the (ii) Audit Committee, the (iii) Compensation and Nominating Committee and the (iv) Strategy Committee of La Banque Postale.

The company will take into account the target of 40% women on the Board of Directors within one year as from the approval of the financial statements for fiscal year ending November 30, 2016.

3.1.1.2.6. Independence of directors

The Board of Directors of the company, which since July 10, 2007 has been majority – controlled by Financière Gaillon 8, itself controlled by funds managed by PAI Partners, currently includes three Independent Directors out of the ten Board members, pursuant to the AFEP-MEDEF Code of Corporate Governance of December 2008 and revised in November 2015. The Independent Directors are Sylvie Charles, Caroline Puechoultres and Yves Gabriel.

Furthermore, after the partial disposal of its stake in Kaufman & Broad by Financière Gaillon 8 (See in particular Section 2.5 "Post-closing Events" of the Registration Document) (the "Transaction"), Olivier de Vregille, who is not considered as independent pursuant to the Corporate Governance Code AFEP-MEDEF, would resign from his office and would not be replaced, bringing to a third the proportion of Independent Directors at the Board of Directors.

3.1.2. Special Committees of the Board of Directors

3.1.2.1. Audit Committee

3.1.2.1.1. Membership of the Audit Committee

The Board's Internal Rules provide that the Audit Committee is composed of three directors, at least one of whom must be independent.

As of today, the Audit Committee is composed of three directors for the terms of their office as director: Sophie Lombard, appointed on September 29, 2010, Frédéric Stévenin, appointed on July 10, 2007 and Sylvie Charles, an Independent Director, appointed on February 16, 2012 and chairman of the Committee as from September 30, 2014.

After the completion of the Transaction, M. Frédéric Stévenin will leave the Audit Committee and will be replaced by an Independent Director, within the meaning of the AFEP-MEDEF Code.

3.1.2.2. Compensation and Nominating Committee

3.1.2.2.1. Membership and tasks

The Board's Internal Rules provide that the Compensation and Nominating Committee is composed of three directors, at least one of whom must be independent. It is chaired by an Independent Director.

As of today, its members are: Sophie Lombard, appointed at the meeting of the Board of Directors of February 17, 2011; Caroline Puechoultres, Independent Director, appointed at the meeting of the Board of Directors of September 30, 2014; and Frédéric Stévenin appointed on July 10, 2007 and Chairman as from April 11, 2014.

Given the level of ownership of the majority shareholder, and the recent entry into office of the new Independent Director, the Compensation and Nominating Committee is not composed of a majority of Independent Directors nor chaired by an Independent Director as recommended by the AFEP-MEDEF Code.

However, Yves Gabriel, an Independent Director, will chair the Compensation and Nominating Committee after the completion of the Transaction, replacing Frédéric Stévenin, who will however remain a member of the Compensation and Nominating Committee.

Furthermore, after the Transaction, the company intends to gradually increase the proportion of Independent Directors in the Compensation and Nominating Committee so that, in the future it will be composed of a majority of Independent Directors.

3.3. Incentive Programs

3.3.3.2. Bonus Share Plan

3.3.3.2.5. 2016 Bonus Share Plan

The company's Shareholders' Meeting of April 15, 2016 authorized the Board of Directors to award, on one or more occasions, new or existing bonus shares of the company's common stock to employees or to executive Corporate Officers of the company and its related French and foreign companies or affiliated Economic Interest Groups related to it within the meaning of Article L. 225-197-2 of the French Commercial Code or to certain categories among them, subject to the conditions set forth below:

- the total number of bonus shares granted may not exceed 400,000 shares, while the number of shares granted to executive Corporate Officers may not exceed 100,000 shares;
- the shares will vest to their beneficiaries either (i) at the end of a minimum one-year vesting period, after the beneficiaries have held said shares for a minimum of one year from definitive allotment, or (ii) at the end of a minimum vesting period of two years, and in this case with no minimum holding period. The Board of Directors shall have the option of choosing between the above two possibilities and to apply them alternately or concurrently, and may, in the first case, extend the vesting and / or holding period and may, in the second case, extend the vesting period and / or set a holding period;
- the shares will vest to the beneficiaries who are Corporate Officers contingent on meeting the performance conditions as defined by the Board of Directors;
- the shares may vest to the beneficiaries who are employees contingent on meeting the performance conditions as defined by the Board of Directors;
- if new shares are issued, existing shareholders implicitly waive their pre-emptive rights to purchase any new shares;
- the authority granted to the Board of Directors is valid for a period of 38 months.
- the Shareholders' Meeting granted all powers to the Board of Directors, in compliance with the applicable laws and regulations and the provisions of the resolution of the Shareholders' Meeting, to award the bonus shares and, in particular, to:
- set the performance conditions and, if applicable, the criteria for the award of the bonus shares, and to approve the list(s) of beneficiaries;
- set, subject to the minimum periods indicated, the holding period for the shares, knowing that in respect of any shares that may be awarded to the Corporate Officers referred to in Article L. 225-197-1, II paragraph 4 of the French Commercial Code, it is up to the Board of Directors either to decide that these shares may not be sold by the parties concerned until they leave office, or to determine the number of bonus shares the Corporate Officers will be required to hold in registered form until the end of their term of office;
- decide, in the event of transactions on the share capital that may occur during the vesting period of the shares awarded, if there are grounds for adjusting the number of shares awarded in order to preserve the rights of beneficiaries and, in this scenario, determine the terms for such adjustment;
- increase the capital, if the award relates to new shares, through capitalization of the company's reserves or share premiums if required at the time when the shares vest to beneficiaries, to set the settlement date for new shares, and to amend the bylaws accordingly;
- complete all formalities and, generally, take all necessary and appropriate measures in connection therewith.

Pursuant to such delegation, the company's Board of Directors decided to set up an exceptional bonus share plan in the context of the Transaction, by granting on April 15, 2016, 388,000 bonus shares to corporate officers and to group's employees who are not corporate officers, representing approximately 1.9% of the company's capital on the date of this update. The vesting period has been set at one year and the lock-in period has been set at two years. A maximum number of 86,815 bonus shares has been awarded to Nordine Hachemi. The shares vested to Nordine Hachemi are subject to performance conditions, in particular the success of the offering and the group's debt refinancing that are part of the Transaction.

After the completion of the Transaction and the implementation of the 2016 Bonus Share Plan, the group intends to revert to its historical bonus share policy, i.e., a bonus share plan every two years limited to approximately 200,000 shares.

3.3.3.3. Summary Tables

3.3.3.3.2. Bonus Share Plan

2016 Bonus Share Plan

Plan 2016

Date of the Extraordinary Shareholders' Meeting authorizing the planned awards	April 15, 2016
Number of shares available for award	388,000
Date of the Board of Directors' meeting awarding the shares	April 15, 2016
Number of beneficiaries	713
Number of bonus shares awarded on April 15, 2016	388,000
Vesting period, Share transfer date	April 16, 2017
Lock-in period	Two years
End of lock-in period	April 16, 2019
number of shares awarded to Corporate Officers	Maximum de 86 815
o / w number of shares vested	-
o / w number of shares void	-

4. Assets, Financial Statement and Results at February 29, 2016

The information included in chapter 4 of the Registration Document remains accurate as at the date of this update and is updated as follows:

4.1. Consolidated Financial Statements at February 29, 2016

4.1.1. Statement of consolidated comprehensive income

Consolidated income statement

(in € thousands)	Notes	February 29, 2016	February 28, 2015
Revenue	(3)	229,722	210,905
Cost of sales		(185,982)	(170,852)
Gross margin	(3)	43,740	40,053
Sales expenses	(5)	(6,545)	(5,766)
Administrative expenses	(6)	(11,746)	(12,571)
Technical and customer service expenses	(7)	(4,598)	(4,398)
Development and program expenses	(8)	(3,255)	(4,433)
Current operating income		17,596	12,885
Operating income		17,596	12,885
Financial expenses		(303)	(277)
Financial income		133	138
Cost of net financial debt	(10)	(170)	(139)
Pre-tax income of consolidated companies		17,425	12,746
Income tax	(11)	(4,530)	(3,093)
Net income of consolidated companies		12,895	9,653
Share of income (loss) of equity affiliates and joint ventures		(158)	630
Income (loss) attributable to shareholders		12,737	10,283
Minority interest income (loss) ⁽¹⁾		6,272	3,840
Attributable net income		6,465	6,443
Average number of shares		20,646,342	20,648,325
Earnings per share (€)		€0,31	€0,31
Diluted earnings per share (€)		€0,31	€0,31

(1) In this update, "Minority interest income" corresponds to "Profit for the period attributable to non-controlling interests" as defined in IFRS.

Consolidated net comprehensive income

(in € thousands)	Notes	February 29, 2016	February 28, 2015
Income (loss) attributable to shareholders		12,737	10,283
Change in gross value of derivative instruments		126	(172)
Tax impact on derivative instruments		(43)	59
Total gains and losses recognized directly through equity to be reclassified subsequently to profit and loss		83	(113)
Change in actuarial gains and losses		-	-
Tax effect on actuarial gains and losses		-	-

Total gains and losses recognized directly through equity that will not be reclassified subsequently to profit and loss	-	-
Consolidated net comprehensive income	12,820	10,170
<i>group share</i>	6,548	6,330
<i>Minority interests</i>	6,272	3,840

4.1.2. Statement of consolidated financial position

Assets

(in € thousands)	Notes	February 29, 2016	Nov. 30, 2015
Goodwill	(12)	68,511	68,511
Intangible Assets		86,805	86,605
Property, plant and equipment		5,050	4,663
Equity affiliates and joint ventures	(13)	5,663	5,513
Other non-current financial assets	(13)	1,466	1,247
Non-current assets		167,495	166,539
Inventories	(14)	359,971	329,664
Accounts receivable	(15)	236,108	331,428
Other receivables	(15)	116,009	135,900
Current tax	(16)	6,983	521
Cash and cash equivalents	(17)	176,691	169,361
Prepaid expenses	(15)	799	649
Current assets		896,561	967,523
Total assets		1,064,056	1,134,062

Equity and liabilities

(in € thousands)	Notes	February 29, 2016	Nov. 30, 2015
Authorized capital	(18)	5,418	5,612
Reserves related to capital		979	979
Attributable reserves		221,293	196,866
Other reserves		(13,260)	(13,609)
Treasury shares		(2,587)	(16,778)
Attributable net income		6,465	39,779
Attributable shareholders' equity		218,308	212,849
Minority interests	(18.3)	16,139	11,068
Shareholders' equity		234,447	223,917
Non-current provisions	(20)	22,119	22,334
Borrowings and other non-current financial liabilities	(21)	127,821	127,833
Deferred taxes	(16)	43,972	40,268
Non-current liabilities		193,912	190,435
Current provisions	(20)	906	120
Borrowings and other current financial liabilities	(21)	21,008	13,840
Accounts payable		526,291	613,791
Other payables		79,862	85,412
Current tax		6,327	5,301
Deferred income		1,303	1,246
Current liabilities	(22)	635,697	719,710
Total shareholders' equity and liabilities		1,064,056	1,134,062

4.1.3. Statement of cash flows

(in € thousands)	Notes	February 29, 2015	February 28, 2015
Consolidated net income		12,737	10,283
Share of income (loss) of equity affiliates and joint ventures		158	(630)
Estimated income and expenses		3,190	2,561
Cash flow after cost of financial debt and tax		16,085	12,214
Cost of net financial debt		170	139
Tax liability (income)		4,530	3,093
Cash flow before cost of financial debt and tax		20,785	15,446
Tax (paid)/received		(5,893)	(261)
Change in operating Working Capital Requirements	(23)	5,573	17,696
Operating cash flow (A)		20,465	32,881
Investment activities			
Acquisition of tangible and intangible assets (net of disposals)		(858)	(909)
(Acquisition) Repayment of financial assets		(104)	(281)
Cash flow with equity affiliates and joint ventures		(407)	755
Change in the scope of consolidation ⁽¹⁾		(6,733)	(21)
Cash flow linked to investment activities (B)	(23)	(8,102)	(456)
Free cash flow		12,363	32,425
Financing activities			
Distributions to minority equity interests		(2,392)	(2,119)
Buyback of minority equity interests		(1,117)	(269)
Buyback of treasury shares, net of re-sales		208	(637)
New loans taken out		-	-
Loan repayments		-	-
Distributions to shareholders		-	-
Net financial interest paid		(1,732)	(1,696)
Cash flow linked to financing activities (C)	(23)	(5,033)	(4,721)
Increase (decrease) in cash (A + B + C)		7,330	27,704
Cash at start of period		169,361	149,993
Cash at end of period		176,691	177,697
Increase (decrease) in cash		7,330	27,704
Cash and cash equivalents		176,691	177,697
Credit facilities		(536)	(665)
Interest accrued on cash and cash equivalents		536	665
Cash at end of period		176,691	177,697

(1) This amount includes the provisional price paid for the acquisition of ownership interest in the Serge Mas Promotion companies and subsidiaries totaling -€0.9 million, and the cash position of those companies at the acquisition date totaling -€10.4 million, as well as the price paid for the acquisition of the remaining shares in Safaur totaling -€2.2 million, and the cash position of that company at the acquisition date totaling €0.4 million (see Significant events of the period).

4.1.4. Statement of changes in consolidated shareholders' equity

(in € thousands)	Number of shares	Authorized capital	Reserves related to capital	Attributable reserves	Other reserves	Treasury shares	Attributable net income	Attributable shareholders' equity	Minority equity interests	Total shareholders' equity
At Nov. 30, 2014, published	21,584,658	5,612	979	193,814	(14,135)	(15,997)	38,442	208,715	8,748	217,463
Advertising expenses recognized as expenses for the period	-	-	-	(1,249)	-	-	(512)	(1,761)	(81)	(1,842)
At November 30, 2014, adjusted^(a)	21,584,658	5,612	979	192,565	(14,135)	(15,997)	37,930	206,954	8,667	215,621
Allocation of profit (loss)	-	-	-	37,930	-	-	(37,930)	-	-	-
Actuarial gains (losses)	-	-	-	-	-	-	-	-	-	-
Change in hedging reserves	-	-	-	-	(113)	-	-	(113)	-	(113)
Gains and losses recognized directly in shareholders' equity	-	-	-	-	(113)	-	-	(113)	-	(113)
Net income at February 28, 2015	-	-	-	-	-	-	6,443	6,443	3,840	10,283
Consolidated net comprehensive income	-	-	-	-	(113)	-	6,443	6,330	3,840	10,170
Treasury share transactions	-	-	-	-	76	(637)	-	(561)	-	(561)
Share-based payments	-	-	-	-	(220)	-	-	(220)	-	(220)
Buyback of minority equity interests	-	-	-	(270)	-	-	-	(270)	-	(270)
Other transactions	-	-	-	592	-	-	-	592	-	592
Total transactions with shareholders	-	-	-	322	(144)	-	-	(459)	-	(459)
Distributions	-	-	-	-	-	-	-	-	(1,978)	(1,978)
At February 28, 2015	21,584,658	5,612	979	230,817	(14,392)	(16,634)	6,443	212,825	10,529	223,354
At November 30, 2015	21,584,658	5,612	979	196,866	(13,608)	(16,778)	39,779	212,849	11,068	223,917
Allocation of profit (loss)	-	-	-	39,779	-	-	(39,779)	-	-	0
Actuarial gains (losses)	-	-	-	-	-	-	-	-	-	0
Change in hedging reserves	-	-	-	-	83	-	-	83	-	83
Gains and losses recognized directly in shareholders' equity	-	-	-	-	83	-	-	83	-	83
Net income at February 29, 2016	-	-	-	-	-	-	6,465	6,465	6,272	12,737
Consolidated net comprehensive income	-	-	-	-	83	-	6,465	6,548	6,272	12,820
Treasury share transactions	-	-	-	-	(140)	208	-	68	-	68
Share-based payments	-	-	-	-	405	-	-	405	-	405
Buyback of minority equity interests	-	-	-	(1,117)	-	-	-	(1,117)	-	(1,117)
Reduction of capital (1)	(747,619)	(194)	-	(13,789)	-	13,983	-	-	-	-
Other transactions	-	-	-	(445)	-	-	-	(445)	-	(445)
Total transactions with shareholders	(747,619)	(194)	-	(15,351)	265	14,191	-	(1,089)	-	(1,089)
Distributions	-	-	-	-	-	-	-	-	(1,201)	(1,201)
At February 29, 2016	20,837,039	5,418	979	221,294	(13,260)	(2,587)	6,465	218,308	16,139	234,447

(1) See Section 4.2.1. on the cancellation of treasury shares

4.2. Notes to the quarterly condensed consolidated financial statements

4.2.1. Significant events of the period (From December 1, 2015 to February 29, 2016)

Equity investments

On December 22, 2015, Kaufman & Broad Midi-Pyrénées, a wholly owned Kaufman et Broad SA subsidiary, took control over SMP (Serge Mas Promotion), a real estate developer in Toulouse, for 86,79% of its capital, with the goal to expand and strengthen its leading position in the Midi-Pyrénées region. The provisional price of this transaction is €1.2 million, i.e., an amount of goodwill of €0.5 million for the first provisional consolidation. SMP and its subsidiaries contribute up to €12.8 million to revenues and up to €2.3 million to the consolidated gross margin for the period. The analysis of the terms and conditions of such acquisition is still in progress.

After acquiring a stake of 40% in October 7, 2015 (see Significant events of the period), Kaufman & Broad Nantes, a subsidiary of Kaufman & Broad SA, acquired the remaining capital and took over control of Safaur, a real estate developer in Caen, on January 6, 2016. The total provisional price of this transaction is €3.3 million i.e., an amount of goodwill of €1 million for the first provisional consolidation which was allocated to the portfolio's programs. Safaur and its subsidiaries contribute at €0.7 million to revenue and at €0.1 million to the consolidated gross margin for the period.

Planned start of Financière Gaillon 8 S.A.'s disposal of its stake in Kaufman & Broad

Financière Gaillon 8 S.A., the company's principal shareholder with 91.11% of the authorized capital, announced on January 27, 2016 its intention to start the disposal of its stake in Kaufman & Broad SA, possibly through a market offering which could bring its stake to below 50% of the capital.

In parallel with this market transaction, the intention was that Kaufman & Broad would acquire a portion of the shares sold by Financière Gaillon 8 S.A. for a maximum amount of €50 million. This buyback would take place within the limits of its share buyback program. Renewal of this program will be proposed at the next Shareholders' Meeting, which would also set the maximum number of shares that may be acquired at 10% of the share capital, with the maximum purchase price per share not exceeding €45. Furthermore, it is anticipated that Kaufman & Broad's employees and management will increase their stakes in the company's capital by acquiring shares at the offering price from Financière Gaillon 8, simultaneously with the Offering and for approximately 5% of the company's share capital.

In addition, given the consolidated net cash position of €169.4 million as at November 30, 2015, Kaufman & Broad's Board of Directors will propose to the Annual Shareholders' Meeting on April 15, 2016 the payment of an extraordinary dividend of €3.85, including an interim dividend of €1.85 per share which was paid on March 10, 2016, with the balance to be paid no later than April 22, 2016.

Finally, Kaufman & Broad plans to refinance its bank debt at the time of this transaction. In relation to this, the company signed a commitment letter on February 25, 2016 with an international banking syndicate, pursuant to which the latter agreed, on certain conditions, to make available to the group new loans as part of the refinancing of the group's bank debt. The granting of these new loans is subject to certain conditions, such as completion by Financière Gaillon 8 SA of the partial disposal of its stake in Kaufman & Broad.

A disposal in the form of a market offering would enable Kaufman & Broad to significantly increase its free float and the liquidity of its stock.

Subject to favorable market conditions, the placement transaction is expected to be completed during the first half of 2016.

Cancellation of treasury shares

Pursuant to the January 26, 2016 decision of the Board of Directors of Kaufman & Broad, the company canceled 747,619 treasury shares resulting in a reduction in capital of €0.2 million. The impact of this cancellation of €13.7 million was charged to "Other reserves." The share capital therefore now totals €5,417,630.14.

Since treasury shares are recognized in the consolidated financial statements as a deduction from shareholders' equity, this cancellation has no impact on the consolidated shareholders' equity as a whole.

4.2.2. Note 1. Accounting Methods and Main Valuation Assumptions

4.2.2.1. Information concerning the company

The consolidated financial statements at February 29, 2016 reflect the transactions of Kaufman & Broad SA and its subsidiaries (the "Kaufman & Broad group" or the "group"), a French company listed for trading in Compartment B of Euronext Paris and having its registered office in Neuilly-sur-Seine (127 Avenue Charles-de-Gaulle, 92207 Neuilly-sur-Seine Cedex).

Kaufman & Broad SA is a subsidiary of Financière Gaillon 8, a company controlled by funds managed by PAI Partners. For almost 50 years, the Kaufman & Broad group has designed, developed and sold single-family homes in communities, apartments and offices on behalf of third parties. Its size, combined with its strong brand name, have made Kaufman & Broad one of France's leading developer-homebuilders.

4.2.2.2. Basis for the preparation of the financial statements

The Kaufman & Broad group has prepared its condensed consolidated financial statements as at February 29, 2016 in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and mandatory at the closing date of these financial statements.

These standards, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_en.htm), include the international accounting standards (IAS and IFRS) and the interpretation of them by IFRIC (the International Financial Reporting Interpretations Committee).

The quarterly condensed consolidated financial statements for the period ended February 29, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting," which allows for the presentation of a selection of accompanying notes. These quarterly condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for fiscal year 2015 (available on the Kaufman & Broad website, www.kaufmanbroad.com).

Since this is the first time that Kaufman & Broad S.A. is preparing quarterly condensed consolidated financial statements, the period from December 1, 2014 to February 28, 2015 presented for comparison purposes has not been audited or reviewed.

The quarterly condensed consolidated financial statements have been prepared under the context of the proposed initiation of the sale by Financière Gaillon 8 S.A. of its stake in Kaufman & Broad.

The quarterly condensed consolidated financial statements for the period ended February 29, 2016 were approved by the Board of Directors on March 29, 2016.

The quarterly condensed consolidated financial statements and the accompanying notes are denominated in euros.

4.2.2.1.1. Standards and interpretations

The accounting principles used to prepare the quarterly condensed consolidated financial statements at February 29, 2016 are identical to those used for the fiscal year ended November 30, 2015 and presented in the 2015 Registration Document.

Standards, interpretations and amendments with mandatory application to the fiscal year beginning December 1, 2015.

No new standard or interpretation whose application is mandatory for the fiscal year beginning December 1, 2015 had any material impact on the Kaufman & Broad group's financial statements.

These standards are as follows:

Standards	Date of application to periods beginning on or after
Annual improvements (cycle 2011-2013) ^(a)	January 1, 2015
Annual improvements (cycle 2010-2012) ^(a')	February 1, 2015
Amendment to IAS 19 – Employee Benefits ^(a')	February 1, 2015

(a) The date of application planned by the European Union is January 1, 2015, with the possibility of early application as at July 1, 2014.

(a') The date of application planned by the European Union is February 1, 2015, with the possibility of early application as at July 1, 2014.

Standards and interpretations effective after the balance sheet date

Subject to final adoption by the European Union, the standards, amendments to standards, and interpretations published by the IASB and presented below must be applied after February 29, 2016.

Standards	Date of application to periods beginning on or after
IFRS 9 - Financial Instruments: Classification and Measurement and Modifications ^(c)	January 1, 2018
Annual Improvements (2012-2014 cycle)	January 1, 2016
Amendments to IAS 16 and IAS 38 - Methods of Depreciation and Amortization	January 1, 2016
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(b)	Suspended
Amendments to IFRS 11 - Acquisitions of Interests in Joint Operations (c)	January 1, 2016
IFRS 15 - Recognition of Revenue - Income from Contracts with Clients	January 1, 2018
Amendment to IAS 1 - Presentation of Financial Statements ^(c)	January 1, 2016
IFRS 16 - Leases ^(c)	January 1, 2019

(b) The adoption process for this standard published by the IASB has been suspended by the European Union.

(c) This standard issued by the IASB has not yet been adopted by the European Union.

4.2.2.1.2. Use of estimates and assumptions

In order to prepare the group's financial statements, the management of Kaufman & Broad is required to make estimates and assumptions for items in the financial statements that cannot be valued precisely.

These estimates and assumptions are based on past experience, on the expected changes in the markets in which the group operates, or on other factors considered reasonable given the circumstances. These assessments have an effect on the amounts of income and expenses and on the book value of assets and liabilities.

With respect to the preparation of the quarterly condensed consolidated financial statements, the significant judgments made by management in applying the group's accounting methods and the key sources of uncertainty regarding estimates are identical to those described in the consolidated financial statements for the year ended November 30, 2015.

4.2.3. Note 2. Segment Reporting

The segment information presented corresponds to the organization of the internal reports intended for the group's Management Committee, which is the main operational decision-maker.

4.2.3.1. Income by operating segment

February 29, 2016 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenue	87,706	12,684	55,562	38,053
Gross margin	17,058	2,559	9,953	5,876
Sales expenses	(2,522)	(316)	(1,303)	(858)
Administrative expenses	(1,074)	(557)	(2,127)	(1,006)
Technical and customer service expenses	(2,026)	(303)	(1,005)	(624)
Development and program expenses	(1,048)	(478)	(993)	(202)
Reallocation of portion of Corporate re-invoicing	(2,456)	(591)	(1,922)	(1,074)
Current operating income	7,932	314	2,603	2,112
Other non-recurring income and expenses	0	0	0	
Operating income	7,932	314	2,603	2,112
Cost of net financial debt and other financial income/expenses	1,082	125	139	(102)
Reallocation of cost of net financial debt	(401)	(97)	(314)	(176)
Pre-tax income of consolidated companies	8,613	342	2,428	1,834
Income tax	(2,785)	(111)	(318)	(703)
Share of income (loss) of equity affiliates and joint ventures	3	(76)	2	0
Income (loss) attributable to shareholders	5,831	155	2,112	1,131
<i>group share</i>	<i>4,565</i>	<i>33</i>	<i>29</i>	<i>1,014</i>
<i>Minority interests</i>	<i>1,266</i>	<i>122</i>	<i>2,083</i>	<i>117</i>

February 29, 2016 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other regions	Head office	Grand total
Revenue	12,667	16,317	6,734	0	229,722
Gross margin	2,805	3,828	1,661	0	43,740
Sales expenses	(456)	(52)	(70)	(967)	(6,545)
Administrative expenses	(641)	(567)	34	(5,808)	(11,746)
Technical and customer service expenses	(343)	(80)	(8)	(209)	(4,598)
Development and program expenses	(293)	(48)	(8)	(186)	(3,255)
Reallocation of portion of Corporate re-invoicing	(537)	(505)	(85)	7,170	
Current operating income	535	2,576	1,524	0	17,596
Other non-recurring income and expenses	0	0	0	0	0
Operating income	535	2,576	1,524	0	17,596
Cost of net financial debt and other financial income/expenses	118	(370)	11	(1,173)	(170)
Reallocation of cost of net financial debt	(88)	(83)	(14)	1,173	
Pre-tax income of consolidated companies	565	2,123	1,521	0	17,425
Income tax	(179)	(323)	(109)	0	(4,530)
Share of income (loss) of equity affiliates and joint ventures	(17)	(70)	0	0	(158)
Income (loss) attributable to shareholders	369	1,730	1,412	0	12,737
<i>group share</i>	<i>180</i>	<i>465</i>	<i>182</i>	<i>0</i>	<i>6,465</i>
<i>Minority interests</i>	<i>189</i>	<i>1,265</i>	<i>1,230</i>	<i>0</i>	<i>6,272</i>

The re-invoicing portions of Corporate expenses (including the cost of net financial debt) are reallocated on the basis of the relative proportion of each segment in the group total. This share is assessed on the basis of business activity (measured in delivered Equivalent Housing Units – EHU) and of the employees projected in the budget for the relevant fiscal year. In addition, income tax is calculated on the basis of a theoretical tax for each of the segments based on their net income before taxes. The impact relating to the permanent differences included in the calculation of income tax are reallocated using the key described above.

At February 28, 2015 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenue	81,929	11,461	42,748	33,241
Gross margin	16,805	2,060	7,693	4,466
Sales expenses	(1,927)	(359)	(1,110)	(627)
Administrative expenses	(1,458)	(522)	(1,397)	(1,191)
Customer service & technical expenses	(2,135)	(264)	(833)	(710)
Development & Programs expenses	(1,741)	(385)	(709)	(648)
Reallocation of portion of Corporate re-invoicing	(2,907)	(741)	(2,043)	(1,432)
Current operating income	6,637	(211)	1,601	(142)
Other non-recurring income and expenses	0	0	0	0
Operating income	6,637	(211)	1,601	(142)
Cost of net financial debt and other financial income/expenses	832	51	13	(61)
Reallocation of cost of net financial debt	(398)	(101)	(280)	(196)

Pre-tax income of consolidated companies	7,071	(261)	1,334	(399)
Income tax	(1,811)	148	(118)	336
Share of income (loss) of equity affiliates and joint ventures	630	0	4	0
Income (loss) attributable to shareholders	5,890	(113)	1,220	(63)
group share	3,642	(230)	362	(541)
Minority interests	2,248	117	858	478

At February 28, 2015 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other regions	Head office	Grand total
Revenue	13,788	27,736	2	0	210,905
Gross margin	2,919	5,861	249	0	40,053
Sales expenses	(344)	(25)	(3)	(1,371)	(5,766)
Administrative expenses	(501)	(919)	46	(6,629)	(12,571)
Customer service & technical expenses	(303)	(42)	11	(123)	(4,398)
Development & Programs expenses	(361)	(446)	(143)	1	(4,433)
Reallocation of portion of Corporate re-invoicing	(594)	(404)	(1)	8,122	0
Current operating income	816	4,025	159	0	12,885
Other non-recurring income and expenses	0	0	0	0	0
Operating income	816	4,025	159	0	12,885
Cost of net financial debt and other financial income/expenses	146	(7)	(2)	(1,111)	(139)
Reallocation of cost of net financial debt	(81)	(55)	0	1,111	0
Pre-tax income of consolidated companies	881	3,963	157	0	12,746
Income tax	(245)	(1,350)	(53)	0	(3,093)
Share of income (loss) of equity affiliates and joint ventures	(4)	0	0	0	630
Income (loss) attributable to shareholders	632	2,613	104	0	10,283
group share	508	2,597	104	0	6,443
Minority interests	124	16	0	0	3,840

4.2.3.2. Breakdown of inventory, debt and working capital requirement by operating segment

Fiscal year ended February 29, 2016 (in € thousands)	Île-de-France	West	Southwest	Southeast
Inventories	105,703	24,975	123,444	70,196
Accounts receivable	72,432	22,752	43,164	34,946
Other	(153,467)	(43,960)	(101,774)	(54,193)
Working Capital Requirements	24,668	3,767	64,834	50,949

Fiscal year ended February 29, 2016 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other regions	Head office	Grand total
Inventories	13,557	13,430	8,666	0	359,971
Accounts receivable	13,828	44,355	4,389	241	236,108
Other	(23,255)	(106,746)	(8,093)	1,495	(489,993)
Working Capital Requirement	4,130	(48,961)	4,962	1,736	106,086

Fiscal year ended November 30, 2015 (in € thousands)	Île-de-France	West	Southwest	Southeast
Inventories	102,363	13,601	95,215	74,329
Accounts receivable	93,266	28,724	49,480	42,157
Other	(190,996)	(38,251)	(101,550)	(72,457)
Working Capital Requirement	4,633	4,074	43,145	44,029

Fiscal year ended November 30, 2015 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other regions	Head office	Grand total
Inventories	14,651	13,118	16,388	-	329,664
Accounts receivable	15,163	95,933	6,464	241	331,428
Other	(28,159)	(114,457)	(15,642)	(7,169)	(568,680)
Working Capital Requirement	1,655	(5,406)	7,210	(6,928)	92,412

4.2.4. Statement of comprehensive income

Note 3. Revenues and gross margin

(in € thousands)	February 29, 2016		February 28, 2015	
	Revenues	Gross margin	Revenues	Gross margin
Total Multi-family housing	199,492	37,063	167,773	30,839
Total Single-family homes in communities	7,320	1,694	13,583	2,896
Total housing units	206,812	38,757	181,356	33,735
Commercial property	21,643	4,759	28,033	5,976
Other	1,267	224	1,517	342
Total revenues and gross margin	229,722	43,740	210,905	40,053

The group does not provide services other than those provided as part of project management contracts and there was no significant exchange of goods or services at February 29, 2016.

Note 4. Operating expenses

(in € thousands)	February 29, 2016	February 28, 2015
Sales expenses	6,545	5,766
Administrative expenses	11,746	12,571
Technical and customer service expenses	4,598	4,398
Development and program expenses	3,255	4,433
Total operating expenses	26,144	27,168

Note 5. Selling expenses

(in € thousands)	February 29, 2016	February 28, 2015
Salaries and payroll taxes	2,562	2,020
Advertising costs	2,743	2,858
Rents and rental expenses	64	104
Fees	65	137
Temporary employees and documentation	167	98
Recruitment costs	-	3
Vehicle expenses - Travel	310	191
Telephone - Electricity (EDF) - Minor maintenance	19	23
Taxes	241	156
Information Systems	5	6
Financial reporting	25	-
Discontinued	-	-
Bank charges	-	-
Insurance	0	-
Internet	211	164
Misc. fees	20	30
Total estimated expenses	114	(23)
Total sales expenses	6,545	5,766

Selling expenses amounted to €6.5 million versus €5.8 million at February 28, 2015, an increase of 13.5%, attributable primarily to the increase in the "Salaries and payroll expenses" line item.

Note 6. Administrative expenses

(in € thousands)	February 29, 2016	February 28, 2015
Salaries and payroll taxes	4,893	5,275
Advertising costs	-	(5)
Rents and rental expenses	1,528	1,334
Fees	1,114	1,422
Temporary employees and documentation	42	109
Recruitment costs	42	190
Vehicle expenses - Travel	229	273
Telephone - Electricity (EDF) - Minor maintenance	553	581
Taxes	1,261	1,822
Information Systems	378	457
Financial reporting	67	107
Discontinued	-	-

Bank charges	432	415
Insurance	46	25
Internet	(3)	-
Misc. fees	232	627
Total estimated expenses	929	(60)
Total general and administrative expenses	11,746	12,571

General and administrative expenses amounted to €11.7 million versus €12.6 million at February 28, 2015.

Note 7. Technical and client service expenses

(in € thousands)	February 29, 2016	February 28, 2015
Salaries and payroll taxes	4,013	4,000
Advertising costs	-	-
Rents and rental expenses	7	4
Fees	51	17
Temporary employees and documentation	59	33
Recruitment costs	8	26
Vehicle expenses - Travel	306	251
Telephone - Electricity (EDF) - Minor maintenance	9	17
Taxes	58	60
Information Systems	4	2
Financial reporting	-	-
Discontinued	-	-
Bank charges	-	-
Insurance	-	-
Internet	-	-
Misc. fees	25	(23)
Total estimated expenses	58	13
Technical expenses and client services	4,598	4,398

Technical and client service expenses amounted to €4.6 million versus €4.4 million at February 28, 2015.

Note 8. Development and program expenses

(in € thousands)	February 29, 2016	February 28, 2015
Salaries and payroll taxes	3,251	3,302
Advertising costs	-	-
Rents and rental expenses	(1)	7
Fees	28	23
Temporary employees and documentation	5	6
Recruitment costs	14	31
Vehicle expenses - Travel	397	325
Telephone - Electricity (EDF) - Minor maintenance	13	17
Taxes	74	77
Information Systems	-	1
Financial reporting	-	-
Discontinued	277	174
Bank charges	-	-
Insurance	-	-
Internet	-	-
Misc. fees	55	37
Total estimated expenses	(859)	434
Total development and program expenses	3,255	4,433

Development and program expenses totaled €3.3 million at February 29, 2016 versus €4.4 million at February 28, 2015, i.e. a reduction of 26.6%, attributable primarily to estimated expenses.

Note 9. Payroll expenses

Payroll expenses incurred for group employees are broken down as follows:

(in € thousands)	February 29, 2016	February 28, 2015
Average number of employees (Full Time Equivalent)	731	711

Salaries and payroll taxes	14,719	14,596
Of which: Salaries and benefits	10,161	9,440
Of which: employer contribution	392	400
bonus shares ^(a)	405	161
Payroll taxes	5,235	5,581
Total payroll expenses	15,396	15,022

(a) Detailed information relative to share-based payments is provided in Note 19.

Note 10. Cost of net financial debt

(in € thousands)	February 29, 2016	February 28, 2015
Financial expenses	303	277
Financial income	(133)	(138)
Cost of net financial debt	170	139

Note 10.1. Financial expenses

(in € thousands)	February 29, 2016	February 28, 2015
Interest expenses on syndicated credit facilities	1,117	1,286
Interest expense on swaps	178	111
Charges for deferral of arrangement fees for syndicated credit facilities	0	224
Capitalization of financial expenses	(2,189)	(1,871)
Charges for dedicated transactions	478	250
Fair value on swaps (ineffectiveness)	460	
Other	259	277
Financial expenses	303	277

Interest expenses on the syndicated credit lines were due to utilization of the syndicated credit lines in the average amount of €138.9 million during the first quarter of 2016 versus €150.0 million in the first quarter of 2015.

The balance of the arrangement fees for the 2014 syndicated credit lines was paid at November 30, 2015. These totaled €0.2 million at February 28, 2015.

Following effectiveness tests on the swaps in portfolio conducted on November 30, 2015 and on February 29, 2016, the swaps were reclassified, resulting primarily in the recognition of €0.5 million for the first quarter of 2016 from the change in their fair value.

The total effective rate on the debt, taking into account the complete amortization of the issuance fees incurred and the hedges, was 5.306% versus 4.835% at February 28, 2015.

Note 10.2. Financial income

(in € thousands)	February 29, 2016	February 28, 2015
Capital gain on sale of money-market SICAVs and certificates of deposit	(5)	(7)
Other income from cash and cash equivalents	(128)	(131)
Financial income	(133)	(138)

Other income from cash and cash equivalents consisted primarily of income from term deposits.

Note 11. Income tax

Note 11.1. Breakdown of tax liability

At February 29, 2016, the group's detailed tax liability was as follows:

(in € thousands)	February 29, 2016	February 28, 2015
Current tax expense/(income)	-	581
Provision/expense for tax risk	-	-
Deferred taxes	4,530	2,512
Total tax on net earnings - expense/(income)	4,530	3,093

The income tax charge for the period was determined based on an estimate of the taxable consolidated income. Once determined, the expense is charged, after accounting for the prepaid income tax, to deferred tax liabilities. No change in current taxes was calculated.

The result was an impact statement between current income tax and deferred tax liabilities.

Note 11.2. Tax Reconciliation

Deferred tax is calculated on the basis of statutory tax rates, i.e. 34.43% for 2016 and the following years.

The reconciliation of the group's theoretical tax to the effective tax liability is as follows:

(in € thousands)	February 29, 2016	February 28, 2015
Pre-tax income of consolidated companies	17,425	12,746
Applicable tax rate	34.43%	34.43%
Theoretical tax - expense/(income)	5,974	4,363
Tax on share of profit (loss) of equity affiliates	(54)	217
Impact of shares in fiscally transparent minority interests	(2,160)	(1,322)

Tax inspection provision	-	0
Impact of other permanent variances	770	(165)
group tax liability/(income)	4,530	3,093

Permanent differences include, in particular, up to €0.9 million of the share of the 5% fees and expenses on dividends paid by a subsidiary for fiscal year 2015.

The share of the income of equity affiliates and joint ventures is presented before taxes in the income statement given their fiscally transparent nature. The corresponding tax liabilities are included in the group's tax liability. In addition, the group's tax liability does not include the portion for minority interests as the subsidiaries in question are also fiscally transparent. The balance sheet tax items are described in Note 16.

Note 11.3. Breakdown of the tax applied directly against shareholders' equity

(in € thousands)	February 29, 2016	February 28, 2015
Actuarial gains or losses on deferred income taxes	-	-
Hedging instruments (deferred tax)	-	59
Tax recognized directly in equity	-	59

4.2.5. Statement of financial position – Assets

Note 12. Non-current assets

The group conducted a review at February 29, 2016 of impairment indicators relating to goodwill and non-current assets. No impairment indicators were identified at February 29, 2016. The conclusions expressed at November 30, 2015 therefore remain valid.

Note 13. Non-current financial assets

Note 13.1. Equity affiliates and joint ventures

(in € thousands)	November 30, 2015	Distribution	Net income	Impact of changes in scope	February 29, 2016
Securities of equity-accounted companies	2,745	(8)	(175)	(526)	2,036
Current accounts	2,768	431		428	3,627
Equity affiliates and joint ventures	5,513	423	(175)	(98)	5,663

In application of IFRS 11 and IAS 28, both the equity interests in the Kaufman & Broad group's joint ventures, as well as the equity affiliates, are recognized in the "Equity-accounted securities" line item.

Note 13.2. Main items in the balance sheet and income statement of the joint ventures

The summarized financial data (100%) of the joint ventures are presented below.

The amounts presented are the amounts reported in the financial statements of the joint venture prepared in application of IFRS, after taking into account restatements to harmonize with the group's accounting principles.

(in € thousands)	February 29, 2016	November 30, 2015
Non-current assets	-	-
Current assets	2,900	2,058
Total assets	2,900	2,058
Shareholders' equity	(458)	(463)
Non-current liabilities	0	0
Current liabilities	3,358	2,521
Total equity and liabilities	2,900	2,058

(in € thousands)	February 29, 2016	February 28, 2015
Revenue	-	119
Cost of sales	-	(115)
Gross margin	-	4
Other income and expenses	4	(9)
Current operating income	4	(5)
Net income	4	(4)

Note 13.3. Main items in the balance sheet and income statement of the equity associates

The summarized financial data (100%) of equity associates are presented below.

The amounts presented are the amounts reported in the financial statements of the equity associates prepared in application of IFRS, after taking into account restatements to harmonize with the group's accounting principles.

(in € thousands)	February 29, 2016	November 30, 2015
Non-current assets	334	923
Current assets	34,453	39,309
Total assets	34,787	40,232

Shareholders' equity	5,397	8,836
Non-current liabilities	-	-
Current liabilities	29,390	31,396
Total equity and liabilities	34,787	40,232

(in € thousands)	February 29, 2016	February 28, 2015
Revenue	1,425	8,622
Cost of sales	(1,333)	(7,067)
Gross margin	92	1,555
Other income and expenses	(632)	(767)
Current operating income	(540)	788
Net income	(589)	796

Note 13.4. Non-current financial assets

(in € thousands)	February 29, 2016	November 30, 2015
Security deposits and bonds	1,472	1,346
Loans	100	100
Securities	183	30
Provisions	(289)	(229)
Non-current financial assets	1,466	1,247

Note 14. Inventories

(in € thousands)	February 29, 2016			November 30, 2015		
	Gross	Impairment	Net	Gross	Impairment	Net
New projects	34,747	(1,642)	33,105	32,162	(2,560)	29,602
Current programs	328,539	(1,673)	326,866	301,746	(1,684)	300,062
Total inventories	363,286	(3,315)	359,971	333,908	(4,244)	329,664

The change in impairment charges can be broken down as follows:

(in € thousands)	November 30, 2015	Expenses	Recoveries	February 29, 2016
New projects	2,560	80	(998)	1,642
Current programs	1,684		(11)	1,673
Inventories	4,244	80	(1,009)	3,315

Note 15. Trade and other receivables

(in € thousands)		February 29, 2016			November 30, 2015		
	Notes	Gross	Impairment	Net	Gross	Impairment	Net
Accounts receivable	(15.1)	236,445	(337)	236,108	331,783	(355)	331,428
Government - VAT	(15.2)	87,245	(673)	86,572	116,077	(673)	115,404
Government – Current tax	(16)	6,983		6,983	521		521
Advances and payments on account		703		703	783		783
Current accounts of equity affiliates	(15.3)	11,634		11,634	8,293		8,293
Receivables from notaries		2,860		2,860	1,394		1,394
Other	(15.4)	18,332	(4,091)	14,241	14,313	(4,287)	10,026
Prepaid expenses		799		799	649		649
Total		365,001	(5,101)	359,900	473,813	(5,315)	468,498

All "Accounts receivable," excluding "Current tax receivables", mature in less than one year.

Change in impairment

(in € thousands)	November 30, 2015	Expenses	Recoveries	February 29, 2016
Accounts receivable	355	-	(18)	337
Other receivables and VAT	4,960	-	(196)	4,764
Total	5,315	-	(214)	5,101

During the quarter, there were no significant impairment provisions for account receivables and other receivables.

Note 15.1. Accounts receivable

The difference between net trade receivables (€236.1 million) and the outstanding amount of calls for payment (€32.5 million) net of impairment, i.e. €204.0 million, corresponds to the time lag between the contractual calls for payment and the revenues recognized under percentages-of-completion programs. Receivables corresponding to this difference are posted exclusive of tax.

Since civil-law notaries drafting deeds of sale are, in general, required to ensure that financing for the sale has been assured when the deed is executed, provisions for accounts receivable are therefore rare.

Receivables beyond 90 days essentially include payment delays on calls for payment on lots not yet delivered to buyers. A provision of €0.3 million is booked for the receivables in relation to which the group believes there is a risk of non-collection.

According to the standard terms of payment, calls for payment are payable immediately upon receipt. As of February 29, 2016, the calls for payment by age were as follows:

0 to 30 days	€270 million
30 to 60 days	€1.8 million
60 to 90 days	€ 0.0 million
more than 90 days	€3.7 million

Total calls for payment €32.5 million

Note 15.2. Government - VAT

At February 29, 2016, the "VAT" line item included the VAT deductible on recorded supplier invoices, amounting to €25.9 million (€37.9 million at November 30, 2015), the VAT recognized on unreceived invoices associated with the recognition of expenses on a program percentage-of-completion basis, amounting to €47.7 million (€52.1 million at November 30, 2011), and VAT credits amounting to €13.6 million (€25.4 million at November 30, 2015).

Note 15.3. Current accounts of equity affiliates

This item reflects the portion of the loss allocated to minority equity affiliates and not settled at February 29, 2016 on fully consolidated operations. A provision for liabilities and charges was recorded in the amount of €8.2 million to cover the non-recoverability risk associated with current accounts of equity affiliates in default (see Note 20.2).

Note 15.4. Other

The "Other" line item includes, in particular: a loan debt receivable from a partner in the amount of €1.2 million fully provisioned considering the legal dispute between the group and this partner; the payment for the Urssaf adjustment in the amount of €1.9 million (see Note 20.4); insurance premiums paid and to be invoiced to programs annually for a total of €1.2 million; and the sums paid in relation to the Roissy Park development litigation (Note 24.3) for €1.2 million.

Note 16. Current and deferred taxes

The assets and liabilities of current and deferred taxes are as follows:

(in € thousands)	February 29, 2016	November 30, 2015
Government - current tax (assets)	6,983	521
Government - current tax (liabilities)	(6,327)	(5,301)
Deferred tax liabilities	(43,972)	(40,268)
Balance at end of period	(43,316)	(45,048)

Current tax debt at February 29, 2016 in the amount of €7.0 million corresponds to the €5.8 million pre-payment of the 2016 corporate income tax and other tax credits, such as the 2015 advance payment tax credit (CICE) of up to €0.6 million.

Note 17. Cash and cash equivalents

The Kaufman & Broad group's cash and cash equivalents are broken down as follows:

(in € thousands)	February 29, 2016	November 30, 2015
Bank balances and cash in hand ^(a)	88,771	137,948
Short-term investments and time deposits ^(b)	85,662	28,462
Order balances ^(c)	2,258	2,951
Cash and cash equivalents	176,691	169,361

(a) In accordance with the provisions of the Construction and Housing Code, any sum owed by program companies to their equity affiliates may only be paid within the strict limits of the amounts freely available to the program companies based on the percentage of completion of building works.

(b) Short-term investments comprise money-market SICAVs and time deposits.

(c) Order balances represented 5% of deposits paid by clients into a blocked bank account, when the order contract is signed. They will be released and therefore available once the signature of the deed of sale has been notarized.

4.2.6. Statement of financial position - Liabilities

Note 18. Shareholders' equity

At February 29, 2016, Kaufman & Broad's authorized capital totaled €5,417,630.14, divided into 20,837,039 common stock with a par value of €0.26 each following the reduction in capital through the cancellation of 747,619 treasury shares on February 10, 2016, in accordance with the decision of the Board of Directors of January 26, 2016 (see Significant events of the period). The weighted average number of common stock outstanding totaled 20,646,342 shares excluding treasury shares at February 29, 2016, compared to 20,644,581 shares excluding treasury shares at November 30, 2015.

(in € thousands)	November 30, 2015	Increase	Decrease	February 29, 2016
Number of shares	21,584,658		(747,619)	20,837,039
par value (in €)	0.26		0.26	0.26
Total (in € 000s)	5,612	0	(194)	5,418

Note 18.1. Treasury shares

At February 29, 2016, the group held 185,965 treasury shares, including 275 shares under the liquidity agreement. At November 30, 2015, the group held 941,009 treasury shares, including 7,700 shares under the liquidity agreement. During the quarter, the group acquired treasury shares in the amount of €0.5 million (See Note 4.2.1 on Significant events of the period)

Note 18.2. Dividends

The Shareholders' Meeting of April 15, 2016 will consider the payment of a dividend of €3.85 per share, of which €1.85 was paid as an interim dividend on March 10, 2016, amounting to €38.2 million (see Significant events of the period and Note 28 "Events after the balance-sheet date"). The balance will be paid no later than April 22, 2016. The balance of the 2015 profit will be allocated to retained earnings.

Note 18.3. Minority interests

At February 29, 2016, non-controlling equity interests on the balance sheet, amounting to €16.1 million, concerned 140 companies, including receivables in the amount of €1.4 million.

At November 30, 2015, non-controlling equity interests on the balance sheet, amounting to €11.1 million, concerned 126 companies, including receivables in the amount of €1.3 million.

In order to take account of the risk associated with the recovery of debts from non-controlling equity interests and of debit balances on the current account of one of its partners in co-development operations, the group created a provision for 2009 of €7.5 million (including €1.1 million as an allowance for impairment of receivables (see Note 15.4.), covering, in particular, the debit balance on current account of €6.4 million connected with this partner. This provision was maintained at February 29, 2016.

At February 29, 2016, the amount of €1.1 million was recognized for the buyback of minority interests. The difference between the price paid and the corresponding reduction of any minority interests is offset in group share shareholders' equity.

Note 19. Share-Based Payments

The bonus share plans generated an expense of €405,000 over the year, recognized in income with a counterpart in shareholders' equity as detailed below:

(in € thousands)	Plan 4/11/2014	Plan 7/7/2015	Total
Initial valuation	1,172	2,415	3,587
Expense for the period	115	290	405

Note 20. Provisions

The provisions can be analyzed as follows:

(in € thousands)	Notes	November 30, 2015	Change in scope	Expenses	Recoveries used	Recoveries unused	February 29, 2016
Provisions for retirement benefits		5,612					5,612
Provisions for associated risks	(20.2)	8,169					8,169
Provision for tax risk	(20.3)	3,361		238			3,599
Provisions for industrial relations risks	(20.4)	1,521		621	(319)	(51)	1,772
Provisions for other risks	(20.5)	3,791	60	172	(20)	(130)	3,873
Provisions		22,454	60	1,031	(339)	(181)	23,025

Note 20.1. Repayment schedule

(in € thousands)	February 29, 2016	Less than one year	More than one year
Provisions for retirement benefits	5,612		5,612
Provisions for associated risks	8,169		8,169
Provision for tax risk	3,599		3,599
Provisions for industrial relations risks	1,772	394	1,378
Provisions for other risks	3,873	512	3,361
Provisions	23,025	906	22,119

Note 20.2. Provisions for associated risks

This provision of €8.2 million covers the risk associated with defaulting affiliates, with €6.4 million representing the risk relating to a partner as the result of a dispute (see Note 18.3. "Non-controlling interests").

Note 20.3. Provision for tax risk

After accounting audits, several proposed corrections were communicated to subsidiaries of Kaufman & Broad by the tax authorities.

Kaufman & Broad provisioned €3.6 million for the various tax adjustments, some of which are being challenged in court.

Note 20.4. Provisions for industrial relations risks

The provision for disputes with former employees of the group was €0.6 million.

A provision in the amount of €1.2 million covers Urssaf adjustments, notice of which was given to the Kaufman & Broad GIE Intercompany Partnership. This adjustment, which is essentially for unpaid contributions on travel allowances, was provisioned for the risk estimated by the company to the extent that part of the documentation to be provided must enable the amount of the adjustment to be reduced.

Note 20.5. Provisions for other risks

The provision for commercial and legal risks essentially covers current disputes concerning clients or suppliers on projects delivered for €3.9 million.

Note 21. Borrowings and other financial liabilities

Note 21.1. Gross financial debt by type

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Gross financial debt represents:

- long-term and short-term financial liabilities;
- financial hedging instruments related to the liabilities that comprise the gross financial debt;
- interest accrued on balance sheet items that constitute gross financial debt.

(in € thousands)	February 29, 2016	November 30, 2015
Syndicated bank credit facility	138,900	138,900
Other borrowings	7,042	326
Utilized credit facilities	536	429
Arrangement expenses	-	-
Fair value of derivatives	2,350	2,018
Gross financial debt	148,828	141,673
- of which non-current	127,821	127,833
- of which current	21,008	13,840

At February 29, 2016, the group had utilized €138.9 million of the syndicated bank credit line, as well as €6.8 million in loans part of the SMP transaction.

1. On March 19, 2014, Kaufman & Broad SA a signed a new Senior Facilities Agreement for a total amount of €200 million to replace the existing Senior Facilities Agreement.

Kaufman & Broad SA's Senior Facilities Agreement, which has a five-year maturity, includes:

- a new Revolving Credit Facility, with a bullet repayment, for a maximum amount in principal of €50 million (the interest rate for Tranche A is 3%, plus 0.25% if the net debt-to-EBITDA ratio is > 0);
- a Senior Facility including:
 - Tranche A for €50 million, repayable by semi-annual installments of €5.5 million starting in March 2015 (the interest rate for Tranche A is 3%, plus 0.25% if the net debt-to-EBITDA ratio is > 0); two initial repayments of tranche A were made in March and September 2015 in an amount of €11.1 million.
 - Tranche B for €100 million, with a bullet repayment, (the interest rate of tranche B is 3.25%, plus 0.25% if the net debt-to-EBITDA ratio is > 0).

At February 29, 2016, the company had not started utilizing its Revolving Credit Facility.

2. Adjustment of financial ratios:

During the accounting quarters from August 2014 until the expiration of the agreement in 2019, the group is required to comply with two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each quarter-end	Threshold	Ratio at February 29, 2016
Leverage Ratio (non-risk weighted assets ratio) ^(a)	<3	(0.38)
Debt ratio ^(d)	< 1	(0.11)

(1) Net Financial Debt (a) divided by EBITDA (b) where:

- (a) Financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;
- (b) EBITDA means net earnings of the consolidated group before tax on income, interest income (including net financial expenses, foreign exchange gains and losses, and other financial expenses), other extraordinary and/or non-recurring income and expenses, excluding estimated charges (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, income and expenses related to the non-financial compensation of employees) and gains and losses from the sale of assets, and less minority interests.

(2) Net Financial Debt (a) divided by adjusted shareholders' equity (c);

- (c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2013 + consolidated cumulative income from December 1, 2013 to the end of the relevant quarter – dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2013 to the end of the relevant quarter.

3. The agreement provides for a cash sweep clause under certain conditions.

4. The sureties given to guarantee the sums owed by the company as a borrower are described in Note 24.

Note 21.2. The group's main debt facilities:

(in € thousands)	Debt capacity	February 29, 2016	Expiration date	Rate ^(a)
Facility A	38,900	38,900	repayable by semi-annual installments of €5.5 million from March 2015 to March 2019	E + 300 bps
Facility B	100,000	100,000	bullet repayment March 2019	E + 325 bps
Total	138,900	138,900	-	-

^(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of fifty major banks in Europe offer to make unsecured loans to other major banks.

Note 21.3. Repayment schedule

(in € thousands)	February 29, 2016	Maturing <1 year	Maturing >1 year and <5 years	Maturing >5 years
Syndicated credit line ^(a)	138,900	11,100	127,800	-
Arrangement costs ^(b)	-	-	-	-
Utilized credit facilities	536	536	-	-
Other borrowings (c)	7,042	7,021	21	-
Fair value of derivatives	2,350	2,350	-	-
Gross financial debt	148,829	21,008	127,821	-

(a) The syndicated bank credit lines set up in March 2014 will be repaid as follows: Tranche A (€50.0 million) is repayable by semi-annual installments of €5.5 million starting in March 2015; Tranche B has a bullet repayment due in March 2019.

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(b) The arrangement costs related to setting up the Senior Credit Agreement in 2014 have been fully amortized since November 30, 2015.

(c) This amount includes the loans of the Serge Mas Promotion subsidiaries in the amount of €6.8 million (see Significant event during the period).

Note 21.4. Change in gross debt

(in € thousands)

Gross financial debt at November 30, 2015	141,673
Senior Credit Facility repayment – Tranche A ^(a)	
Arrangement expenses ^(a)	
Change in other borrowings (b)	6,717
Change in the fair value of derivative instruments	332
Change in credit facilities	107
Gross financial debt at February 29, 2016	148,829

(a) The Senior Credit Facility contract is detailed in Note 21.1.

(b) This amount includes the loans of the Serge Mas Promotion subsidiaries in the amount of €6.8 million (see Significant event during the period).

Note 21.5. Main net financial debt items

Net financial debt comprises the gross financial debt, as defined above, less the net cash position.

The balance sheet items contributing to net financial debt are as follows:

(in € thousands)	February 29, 2016	November 30, 2015
Gross financial debt	148,829	141,673
Cash and cash equivalents	176,692	169,361
Net financial debt	(27,863)	(27,688)

Note 22. Current liabilities

(in € thousands)

	February 29, 2016	November 30, 2015
Current provisions	906	120
Borrowings and other current financial liabilities	21,008	13,840
Accounts payable	526,291	613,791
Other payables	79,862	85,412
Current tax	6,327	5,301
Deferred income	1,303	1,246
Total current liabilities	635,697	719,710

The “Other liabilities” item corresponds primarily to tax and social security liabilities of €46.6 million, including €30.2 million in VAT, €12.7 million in advances and down-payments received, and €14.0 million in shareholders’ current accounts.

4.2.7. Additional information

Note 23. Notes to the statement of cash flows

Cash flows generated by operating activities totaled €20.5 million and include €20.8 million in operating cash flow before costs of financial debt and taxes, an amount of -€5.9 million net of taxes and an increase in WCR of €5.6 million.

Details of changes in operating Working Capital Requirement

(in € thousands)	November 30, 2015	Change in WCR	Change in the scope of consolidation	Other changes	February 29, 2016
Inventories	329,664	1,006	27,413	1,888	359,971
Accounts receivable	331,428	(99,943)	4,605	18	236,108
Accounts payable	(613,791)	96,400	(8,901)		(526,292)
Other operating assets and liabilities	49,892	(5,073)	(9,382)	206	35,643
Operating Working Capital Requirement (Statement of cash flows)	97,193	(7,610)	13,735	2,112	105,430
Current taxes	(4,781)	5,397	110	(70)	656
Working Capital Requirement	92,412	(2,213)	13,845	2,042	106,086

The change in operating Working Capital Requirement (excluding current taxes) over the period was -€7.6 million compared to November 30, 2015.

Note 24. Off-balance sheet commitments

At February 29, 2016, Management considered that, to the best of its current knowledge, there were no commitments likely to have a material impact on the Kaufman & Broad group’s current or future financial position, except as indicated in this note. Covenant details are provided in Note 21 to the financial statements.

Note 24.1. Commitments given

Bonds and sureties issued

All the items detailed below are related to the normal course of our operations (excluding Serge Mas Promotion and its subsidiaries):

(in € thousands)	February 29, 2016	November 30, 2015
Performance bonds ^(a)	195,209	264,578
Hoguet Law guarantees ^(b)	220	220
Earnest money ^(c)	13,772	12,298
Other guarantees given ^(d)	126,648	159,520
Bonds and sureties given – Financial institutions	335,849	436,616
Indemnities for non-use of land and works guarantees	17,232	11,475
Counter-guarantees issued	18,097	16,727
Guarantees issued – Kaufman & Broad SA	35,329	28,202
Total bonds and sureties issued	371,178	464,818

(a) Performance bonds are issued to clients as part of contracts for sales before completion. Kaufman & Broad asks a financial institution, a mutual guarantee institution or an insurance company to issue a performance bond in favor of Kaufman & Broad's clients. These bonds are issued on a transaction-by-transaction basis and have a term comparable to the term for completion of the program.

In consideration for these bonds, Kaufman & Broad typically gives the financial institutions or insurance companies a commitment to mortgage and an undertaking of non-assignment of shares if the program is funded by a special purpose vehicle.

Performance bonds are shown on the balance sheet in the amount of the risk incurred by the financial institution issuing such guarantees. Such risk is valued, for each transaction, as follows: program's forecast production cost, less the part financed by the group and the amount of sales signed as of the closing date. This valuation therefore does not take into account orders made as of the closing date or the percentage of completion of construction on lots not sold.

Performance bonds are valued internally each month and then the consistency of data is confirmed quarterly on the basis of the figures communicated by the financial institution based on its own reports to the Banque de France or to the Insurance Control Commission.

(b) Hoguet Law guarantees are required from companies intending to operate as a real estate agent. This purely occasional activity is not a part of the group's strategy.

(c) Reservation indemnities are bank guarantees given in lieu of security deposits in connection with land acquisition commitments.

(d) These other guarantees cover primarily acquisitions of land and matters relating to roads and infrastructure.

Pledges and liens

Liens were granted by Kaufman & Broad SA to guarantee its commitments in relation to the Senior Credit Facility arranged in March 2014.

Types of pledge/mortgages	Expiration	Amount of assets pledged ^(b)	Total balance sheet item	Total % of Kaufman & Broad SA balance sheet at Nov. 30, 2015
Pledge of the financial instruments account - 100% of the shares of Kaufman & Broad Homes SAS held by the company	(a)	€10,450,195	€10,450,195	2%
Pledge of the credit balance in the Kaufman & Broad SA bank accounts	(a)	€35,870	€35,870	-
Framework agreement for the assignment of intra-group receivables from Kaufman & Broad SA's subsidiaries, in particular Kaufman & Broad Financement SNC	(a)	€61,714,723	€61,714,723	12%
Pledge of 100% of Kaufman & Broad Europe SAS shares	(a)	€217,436,878	€217,436,878	42%
Total		€289,637,666	€289,637,666	56%

(a) These pledges are intended to be maintained until full payment of the amounts and fees owed by the company as borrower and guarantor under the Senior Facilities Agreement and ancillary agreements.

(b) Net book value in the statutory financial statements at November 30, 2015.

At February 29, 2016, other commitments had not changed substantially compared with November 30, 2015.

Note 24.2. Commitments received

Unutilized syndicated credit lines

(in € thousands)	February 29, 2016	Nov. 30, 2015
Unutilized RCF line ^(a)	50,000	50,000

(a) In relation to the debt refinancing which took place in March 2014 (see Note 21), a new Revolving Credit Facility (RCF) line for a maximum amount of €50 million with bullet repayment in March 2019 was set up to refinance the group's general and working capital requirements. This line has not been utilized since it was arranged.

Pledges and liens

Under a memorandum of understanding (MoU), Kaufman & Broad SA stood surety for one of its partners, limited to €4 million excluding VAT and the provision of a first-demand bank guarantee in respect of commitments made by two of its subsidiaries in said MoU. In exchange, this partner's main shareholder stood surety for the commitments of its subsidiary vis-à-vis the joint ventures, for the same amount plus its own provision of a first-demand bank guarantee.

Note 24.3. Contingent Assets and Liabilities

In January 2013, judgment was rendered in the dispute that originated in 1996 concerning the Roissy Park development, in which a subsidiary of Kaufman & Broad SA had been implicated for faulty workmanship and various defects. The judgment, which was immediately appealed, ordered said subsidiary to pay €6.6 million plus various adjustments for inflation or interest, with a guarantee being granted, for the most part, by manufacturers and insurers. Currently, this subsidiary is financially liable for €0.9 million, of which €0.3 million was provisioned at November 30, 2013. In execution of the judgment, this subsidiary also prefunded an amount of €2.0 million in respect of which, during the first half of 2014, it obtained almost complete recovery from said guarantors. A provision for the unpaid balance of €0.3 million had been made as at November 30, 2014. The Kaufman & Broad group considers that the risk of a final judgment is low.

The agreement for a long-term lease granted to Kaufman & Broad for a real estate development launched by the group in 2012 is the subject of legal action. The proceedings relating to this legal action were in progress at the balance sheet date. The gross margin on the

sales relating to this transaction, entered into unconditionally, was recognized at February 29, 2016 in the amount of €12.4 million, of which €0.7 million over the period from December 1, 2015 to February 29, 2016. The risk of cancellation of the long-term lease contract is considered low. However, due to developments in the legal proceedings in 2015, additional costs of up to €3 million were included in the operating budgets at November 30, 2015.

Note 25. Exposure to Market Risks and Financial Instruments

Note 25.1. Interest-rate risk management

The policy for managing interest rate risk is intended to limit and control fluctuations in interest rates and their impact on net earnings and cash flow, so that the total cost of the debt remains acceptable. To achieve this objective, the group hedges its floating-rate loan interest flows with interest-rate swaps. The latter are derivatives that hedge the cash flows. They are marked to market on the balance sheet. Kaufman & Broad applies cash flow hedge accounting. Under the new Senior Facilities Agreement, the group also undertook to keep 50% of its borrowings hedged.

Interest-rate hedges are put in place using instruments listed on organized or over-the-counter markets, with high-quality counterparties.

The following table contains details of the portfolio of one-month Euribor lender/fixed-rate borrower swaps at February 29, 2016.

Type	Notional amount (€ millions)	Fixed rate	Expiration date		Type	Market value at Feb. 29, 2016 as a % of the nominal	Market value at Nov. 30, 2015 as a % nominal
			Start date	End date			
EUR 1m fixed rate swap	20	0.466%	April 30, 2014	Nov. 30, 2017	hedge	(1.68)%	1.59%
EUR 1m fixed rate swap	10	0.500%	Nov. 28, 2014	Nov. 30, 2017	hedge	(1.74)%	1.65%
EUR 1m fixed rate swap	20	0.500%	Nov. 30, 2014	Nov. 30, 2017	hedge	(1.74)%	1.65%
EUR 1m fixed rate swap	10	0.470%	Nov. 30, 2014	Nov. 30, 2017	hedge	(1.68)%	1.59%
EUR 1m fixed rate swap	15	0.130%	Nov. 30, 2014	Nov. 30, 2018	hedge	(1.67)%	1.21%
EUR 1m fixed rate swap	50	0.300%	Nov. 28, 2014	Nov. 30, 2018	hedge	(2.15)%	1.73%

The fair value of these derivatives is notified by a specialized company outside the group (Level 2 valuation as defined by IFRS 7). The change in the hedging reserve net of deferred tax at February 29, 2016 was -€683,000.

Following effectiveness tests on the swaps in portfolio conducted on November 30, 2015 and on February 29, 2016, the swaps were reclassified, resulting in the spreading of the hedging reserve over their residual term.

The exposure of the group's net debt at February 29, 2016 was:

Type of instrument	Variable/fixe	Moins d'un an	De 1 à 5 ans	Plus de 5 ans
Syndicated credit lines	variable	11,100	127,800	-
Credit facilities	variable	7,307	-	-
Financial liabilities	-	18,407	127,800	-
Bank balances and cash in hand ^(a)	variable	88,771	-	-
Short-term investments	variable	85,662	-	-
Order balances	variable	2,258	-	-
Financial assets	-	176,691	-	-
Net position before risk management	-	(158,284)	127,800	-
Swaps	-	-	(125,000)	-
Net position after risk management	-	(158,284)	2,800	-

(a) Banks, available cash and reserve balances.

The exposure of the group's net debt at November 30, 2015 was:

Type of instrument	Floating/Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated credit lines	Floating	11,100	127,800	
Credit facilities	Floating	429		
Financial liabilities		11,529	127,800	0
Bank balances and cash in hand ^(a)	Floating	137,948		
Short-term investments	Floating	28,462		
Order balances	Floating	2,951		
Financial assets		169,361		
Net position before risk management		(157,832)	127,800	0
Swaps			(125,000)	
Net position after risk management		(157,832)	2,800	0

(a) Banks, available cash and reserve balances.

Note 25.2. Foreign exchange risk management

The group does not have exposure to foreign exchange risk since all its assets, liabilities and flows are denominated in euros.

Note 25.3. Equities risk management

The company has only limited risk to equities risk because:

- the marketable securities held by Kaufman & Broad consist of the highest rated money-market mutual funds (SICAVs) and certificates of deposit bought from recognized institutions.
- treasury shares are held either to cover the objectives presented in the description of the share buy-back plan, including stock options and bonus share plans, or as part of the liquidity agreement. The impact of all these shares and of price fluctuations is described in Note 18.1.

Note 25.4. Counterparty risk management

The counterparty risks incurred by the Kaufman and Broad group primarily concern suppliers and subcontractors, clients and banking counterparties.

Because of the wide spread of suppliers and subcontractors, their insolvency is unlikely to have any material impact on operations. The Kaufman and Broad group considers that the counterparty risk on accounts receivable is very limited because of the large number of clients and the fact that sales are signed exclusively in the presence of a notary, generally after financing has been obtained for the purchase of the property. The client-related credit risk is managed by each agency, supervised by Corporate headquarters. Due to the nature of its business, the group's exposure to client default risks is low. The aging of client receivables is reviewed monthly. The Kaufman & Broad group places its cash, cash equivalents and investment securities with top rank financial institutions.

It enters into interest rate agreements with leading financial institutions.

Kaufman & Broad conducts certain real estate development programs in conjunction with external shareholders, which inject capital into the programs and provide shareholder loans. Depending, in particular, on the current economic and financial situation, certain partners of the group participating in joint development programs may default during the property development phase and may fail to honor their commitments, which would result in the group having to meet the cash requirements generated by the relevant property programs.

Note 25.5. Liquidity risk management

The table below shows the group's contractual obligations concerning the payment of interest, the repayment of financial debt, excluding derivatives, and the derivative instruments with their positive or negative fair values. The floating rate interest payments were calculated on the basis of the latest interest rates known prior to February 29, 2016.

(in € thousands)	Book value at Feb. 29, 2016	Less than one year		1 to 5 years		More than 5 years	
		Interest	Repayments	Interest	Repayments	Interest	Repayments
Borrowings and financial liabilities							
Syndicated credit lines	138,900	4,755	11,100	8,727	127,800		
Credit facilities and other borrowings	7,578	270	7,557	1	21		
Total	146,478	5,025	18,657	8,728	127,821	-	-

(in € thousands)	Book value Nov. 30 2015	Less than one year		1 to 5 years		More than 5 years	
		Interest	Repayments	Interest	Repayments	Interest	Repayments
Borrowings and financial liabilities							
Syndicated credit lines	138,900	4,754	11,100	9,608	127,800		
Credit facilities and other borrowings	755	25	722	1	33		
Total	139,655	4,779	11,822	9,609	127,833	-	-

The interest flows are paid monthly and take account of the swaps entered into in November 2014.

Details on the syndicated credit are provided in Note 21.

Note 26. Capital risk management

The objectives of the group in terms of management of capital are to maintain the ability of the group to continue trading as a going concern and be profitable for its shareholders, and also to maintain an optimal capital structure in order to limit the cost of capital.

The group calculates its debt/equity ratio by dividing its net financial debt by total shareholders' equity. At February 29, 2016, net financial debt totaled -€27.9 million versus -€27.7 million at November 30, 2015. At February 29, 2016, the debt ratio was -11.88% versus -12% at November 30, 2015.

Note 27. Related party transactions

With the exception for the agreement signed with Financière Gaillon on February 23, 2016, the relationships with related parties, including the terms and conditions of executive compensation, were unchanged from fiscal year 2015, and no transaction that was unusual in nature or amount took place during the period.

Note 28. Post-closing Events

Payment of an interim dividend

The Board of Directors held on February 16 approved the payment of an interim dividend for 2015 of €1.85, which was paid on March 10, 2016, i.e. a total amount paid of €38.2 million. This interim dividend is deducted from the payment of a dividend of €3.85 proposed to the Annual Shareholders' Meeting of April 15, 2016, the balance of which must be paid no later than April 22, 2016.

5. General information concerning the group's business

Information included in chapter 5 of the Registration Document remains accurate as at the date of this update and is updated as follows:

5.1. General Information concerning the Company

5.1.8. Approbation of income

After approval of the financial statements and recognition of the existence of distributable income, five percent (5%) of net income is appropriated to the legal reserve. This appropriation ceases to be mandatory once the legal reserve represents one tenth of the authorized capital.

The remaining income, less any prior-year losses and plus any retained earnings, constitutes distributable income.

The Ordinary Shareholders' Meeting may decide to appropriate all or part of this income as it deems fit, either as retained earnings or to one or more special or general reserves, the allocation or use of which it shall determine.

Dividends must be distributed within nine (9) months of the end of the fiscal year, unless such period is extended by an order of the President of the Commercial Court.

Pursuant to the 2014 Senior Facilities Agreement which was signed on March 19, 2014 (see Section 4.1.5. "Statement of financial position – liabilities" Note 24.1. "Gross financial debt by type" of the Registration Document), the company may only distribute dividends if the Total Net Leverage Ratio (see Section 1.2.1.5.4. "Financial covenants under the 2014 Senior Facilities Agreement") is not higher than 1.

Pursuant to the 2016 Senior Facilities Agreement (see Section 2.5. "Post-closing Events" of this update), the company may distribute dividends without restrictions, with the exception of the fiscal year ending November 30, 2016, during which the total amount of dividend distributions, dividends paid to shareholders, share buy-backs and capital decreases shall not exceed €140,000,000.

The dividend distribution policy is described in Section 5.5.1. "Distribution Policy" of the Registration Document.

5.3. Current distribution of the capital and the voting rights

Changes in shareholding structure after the balance sheet date at April 18, 2016:

	Number of shares	Percentage of authorized capital	Percentage of voting rights exercisable at Shareholders' Meetings	Percentage of theoretical voting rights
Shareholders				
Companies owned by funds managed by PAI Partners ^(a)	19,132,820	91.82%	95.34%	95.04%
Public ^(b)	1,311,596	6.29%	4.00%	3.98%
Kaufman & Broad SA	127,505	0.61%	-	0.32%
FCPE Kaufman & Broad Actionnariat	265,118	1.27%	0.66%	0.66%
Total	20,837,039	100.00%	100.00%	100.00%

(a) Financière Gaillon 8 SA holds 91.11% of the authorized capital (i.e. 18,984,375 shares) and 94.97% of the voting rights exercisable at shareholders' meetings (i.e. 37,968,500 voting rights exercisable in shareholders' meetings).

(b) Shares held by Directors are included under the heading "Public" in the shareholding structure at April 18, 2016

5.3.3. Legal entities holding control of the company

5.3.3.2. Shareholders' agreement

Subject to the completion of the Offering and the contribution to Artimus Participations of their stake in Financière de Neuilly by certain managers and employees of the group (see section 5.3.3.4. "Reorganization of the group's shareholding structure and investment in the company by managers and employees of the group in the context of the partial disposal of its stake by Financière Gaillon 8" of this update), the shareholders' agreement relating to Financière Gaillon 8 entered into on June 30, 2009 and amended on June 16, 2014, between Financière Daunou 10, on the one hand, and managers of the group and Financière de Neuilly, on the other hand (see section 5.3.3.2. "Shareholders' agreement" of the Registration Document), would be terminated.

5.3.3.4. Reorganization of the group's shareholding structure and investment in the company by managers and employees of the group in the context of the partial disposal of its stake by Financière Gaillon 8

As of the date hereof, certain managers and employees of the company hold company shares:

- either directly, through shares attributed to them pursuant to the 2009, 2012 and 2014 Bonus Share Plans (see Section 3.3.3.3.2 "Bonus Share Plan" of the Registration Document); or
- indirectly, through Financière de Neuilly (see Section 5.3.3.1 "PAI Partners" of the Registration Document).

Subject to the completion of the partial disposal of its stake in Kaufman & Broad by Financière Gaillon 8 (see in particular Section 2.5. "Post-Closing Events " of the Registration Document) (the "Offering"), approximately 130 managers ⁽¹⁾ and employees of the group have decided to:

- reclassify their direct shareholding (through the bonus shares awarded under the 2014 and 2016 Bonus Share Plans⁽²⁾) and indirect shareholding (through the participation in Financière de Neuilly⁽³⁾) in Kaufman & Broad, in a special purpose vehicle, set up for such purpose, Artimus Participations;
- provide to Artimus Participations, in the form of external borrowings⁽⁴⁾ and cash contributions⁽⁵⁾ by such corporate officers and employees, the means to acquire from Financière Gaillon 8, on the settlement date of the Offering, a block of shares for an amount of approximately €30 million representing approximately 5% of capital, at the Offering price. The Kaufman & Broad shares held by Artimus Participations will be pledged in favor of the lending banks acting in connection with the financing referred to above.

Artimus Participations was incorporated on April 4, 2016 in the form of a *société par actions simplifiée* (simplified joint stock company). It is chaired by M. Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad.

The shares of Artimus Participations held by managers and employees resulting from the contributions described above (the "Artimus Participations Shares") would not be transferable for a period of 8 years, subject to certain exceptions, in particular in case of departure from the group (death or incapacity, retirement, and any other cause of departure after two years), in which case the Artimus Participations Shares may be repurchased by its shareholders or by new employees of the group as part of an internal exchange, or by Artimus Participations itself, which would benefit from a call option over the Artimus Participations Shares to be sold.

Furthermore, at the expiration of the 8-year period, the Artimus Participations Shares' liquidity would be provided through an internal exchange or through other transactions subject to certain terms and conditions that would be decided by Artimus Participations' shareholders.

(1) Including in particular Nordine Hachemi and Bruno Coche, who would hold respectively, approximately 25% and approximately 10% of Artimus Participations' share capital and voting rights. Mr. Nordine Hachemi would contribute to Artimus Participations all its bonus shares awarded under the 2014 and 2016 Bonus Share Plans and the amount (net of taxes) of the fees paid pursuant to the assistance and consulting agreement between RKCI and Financière Gaillon 8, described in section 5.3.3.1. "PAI Partners" of the Registration Document. Mr. Bruno Coche would contribute to Artimus Participations all its bonus shares awarded under the 2014 and 2016 Bonus Share Plans and its stake in Financière de Neuilly.

(2) This reclassification through contributions to Artimus Participations includes the shares definitively vested under the 2014 Bonus Share Plan and those not yet definitively vested under the 2016 Bonus Shares Plan which would be contributed to Artimus Participations at the end of the vesting period. The vesting and lock-in conditions applicable to the contributed free shares will not be modified.

(3) Managers would contribute to Artimus Participations the shares in Financière de Neuilly held by them in the days following the Offering.

(4) The contemplated external indebtedness would take the form of a €15 million senior financing with one tranche having a two-year maturity and two tranches having a seven-year maturity and a €7.5 million mezzanine financing having an eight-year maturity.

(5) Up to an amount of approximately €8 million.

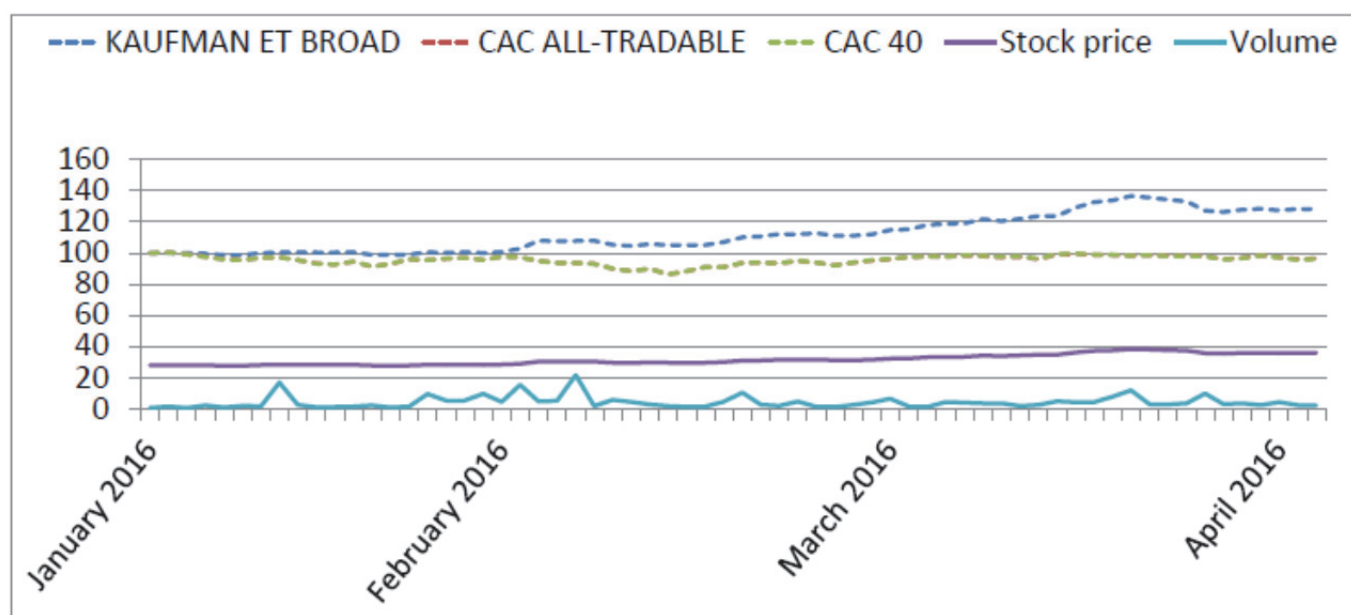
5.4. The market for the company's shares

Since February 7, 2000, the common stock of Kaufman & Broad SA has been listed for trading on the Premier Marché of the Paris Stock Exchange, now Segment B of Euronext Paris, under ISIN code FR0004007813. From January 1, 2016 to March 31, 2016, the CAC All-Tradable decreased by 3.48%, while the shares of Kaufman & Broad SA rose by 27.45%.

2016	Average price (in €)	Average trading volume in shares	Average volume in shares	Average volume of capital (in € thousand)	Average volume in capital (in € thousand)
January	27.76	62,233	3,112	86,383	1,727,650
February	30.15	96,465	4,594	138,507	2,908,649
March	35.16	78,139	3,721	130,811	2,747,032

Source : Euronext Paris' data on April 2016- Code KOF – ISIN FR 004007813.

Change in Kaufman & Broad stock compared to the CAC 40 and CAC All-Tradable and the trading volume of Kaufman & Broad stock



6. Recent Developments and Outlook

As of the date hereof, the company confirms the market trends, the group's strategies as well as the group's outlook for the fiscal year ending November 30, 2016 and the group's medium term outlook described in Chapter 6 "Recent Developments and Outlook" of the Registration Document.

However, regarding the group's outlook for fiscal year ending November 30, 2016, it is specified that the group's objective for such period is to generate a growth in its consolidated revenues at the upper end of the range of 7% to 10% set out in Section 6.3 "Group outlook for fiscal year ending November 30, 2016" of the Registration Document, depending on confirmation by some of the group's customers of orders expected in 2016.

7. Person responsible for the Update to the Registration Document

Information included in chapter 7 of the Registration Document remains accurate as at the date of this update and is updated as follows:

7.1. Person responsible for the Update to the Registration Document

Mr. Nordine Hachemi
Chairman and Chief Executive Officer of Kaufman & Broad SA

7.2. Declaration by the Person Responsible for the Update to the Registration Document

I declare, after making all reasonable enquiries for this purpose, that the information contained in this update to the Registration Document does, to the best of my knowledge, fairly represent the facts and contains no omission likely to affect its significance.

I have obtained from the Statutory Auditors an audit completion letter, in which they state that they have read the entire update to the Registration Document and have verified the information on the financial position and the accounts contained therein.

The historic financial information presented in this update to the Registration Document has been addressed in the reports of the Statutory Auditors included in Section 9.3.1 of this update, which specifies that the company Kaufman & Broad S.A. prepared the condensed quarterly consolidated financial statements for the first time, the comparative information relating to the period from December 1, 2014 to February 28, 2015 has not been audited or reviewed.

Neuilly-sur-Seine, April 20, 2016
Chairman and Chief Executive Officer

9. Additional Information

Information included in chapter 9 of the Registration Document remains accurate as at the date of this update and is updated as follows:

9.3. Reports of the Statutory Auditors

9.3.1. Report of the Statutory Auditors on the Consolidated Financial Statements

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Period from December 1, 2015 to February 29, 2016

Statutory auditors' review report on the condensed quarterly consolidated financial statements

To the Chief Executive Officer,

In our capacity as statutory auditors of Kaufman & Broad S.A. and in accordance with your request in connection with the planned disposal of the shares held by Financière Gaillon 8 in your company, we have performed a review of the condensed quarterly consolidated financial statements for the period from December 1, 2015 to February 29, 2016.

Please note that the company Kaufman & Broad S.A. prepared the condensed quarterly consolidated financial statements for the first time, the comparative information relating to the period from December 1, 2014 to February 28, 2015 has not been audited or reviewed.

The preparation of these condensed quarterly consolidated financial statements is the responsibility of your board of directors. Our role is to express a conclusion on this condensed quarterly consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed quarterly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information

This report has been prepared solely for your attention within the context described above and may not be used, circulated or quoted for any other purpose. We assume or take no responsibility to third parties to whom this report is distributed or is made available.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim, dispute or difference resulting from our engagement letter or the present report, or any related matters. Each party irrevocably waives its right to oppose any action brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Neuilly-sur-Seine and Paris-La Défense, April 6, 2016

The statutory auditors

French original signed by

DELOITTE & ASSOCIES

Bénédicte Sabadie

ERNST & YOUNG Audit

Bruno Bizet

10. Appendices

10.1. Cross-Reference Table of the Update to the Registration Document

Information included in chapter 10 of the Registration Document remains accurate as at the date of this update and is updated as follows:
Topics (headings from Annex 1 to European Regulation 809/2004)

		Registration Document		Update to the Registration Document	
		Sections	Pages	Sections	Pages
1.	Persons responsible				
1.1.	Persons responsible for the information contained in the document	7.1	225	7.1.	57
1.2.	Statement of the persons responsible for the Document	7.2	225	7.2.	57
2.	Statutory Auditors				
2.1.	Name and address of the issuer's Statutory Auditors	8.1./8.2.	227	N/A	
2.2.	Statutory Auditors that have resigned, been removed or not been re-appointed during the period covered	N/A		N/A	
3.	Selected financial information				
3.1.	Selected historical financial information	2.1.	84	2.1.	10
3.2.	Selected financial information for interim periods and comparative data from the same period in the preceding financial year	N.A.		2.1.	10
4.	Risk Factors	1.2./1.3.	39	1.2.1.5. / 1.2.2./ 1.2.3.	4 / 7 / 8
5.	Information about the issuer				
5.1.	History and development of the issuer	1.1.1.	13	N/A	
5.1.1.	Legal and trading name of the issuer	5.1.1. / 5.1.2. / 5.1.4.	204	N/A	
5.1.2.	Place of registration of the issuer and its registration number	5.1.5./5.4.	205	N/A	
5.1.3.	Date of incorporation and term of the issuer	5.1.3.	204	N/A	
5.1.4.	Registered office and legal form of the issuer, legislation under which the issuer operates, country of incorporation, and address and telephone number	5.1.1. / 5.1.2. / 1.2.3.4.	204 / 49	N/A	
5.1.5.	Important events in the development of the issuer's business	1.1.1.	13	N/A	
5.2.	Investments	1.5.	59	N/A	
5.2.1.	Principal investments of the issuer for each fiscal year for the period covered by the historical financial information	1.1.1.3. / 1.5.2.	13 / 59	N/A	
5.2.2.	Principal current investments of the issuer	1.5.3.	60	N/A	
5.2.3.	Information concerning the issuer's principal future investments in respect of which its management bodies have already made firm commitments	1.5.3.	60	N/A	
6.	Business overview				
6.1.	Principals activities	1.1.2.	15	N/A	
6.1.1.	The nature of the issuer's operations and its principal activities	1.1.2./1.1.3. / 5.1.4.	15 / 204	N/A	
6.1.2.	New products and/or services that have been introduced on the market	N/A		N/A	
6.2.	Principal markets	1.1.2.1. / 1.1.2.3./ 1.1.2.5.	15 / 23	N/A	
6.3.	Exceptional factors that have influenced the information given pursuant to items 6.1 and 6.2	N/A		N/A	
6.4.	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing	1.2.4.2.	51	N/A	

	processes				
6.5.	Basis for any statements made by the issuer regarding its competitive position	1.1.2.4. / 1.2.4.1.	25 / 51	N/A	
7.	Organizational structure				
7.1.	Description of the group and the issuer's position within the group	1.1. / 5.3.3.	12 / 214	N/A	
7.2.	List of the issuer's significant subsidiaries	4.2.8. / 5.3.4.	200 / 217	N/A	
8.	Property, plant and equipment				
8.1.	Existing or planned property, plant and equipment	1.5.2. / 4.1.4. note 15	59 / 168	N/A	
8.2.	Environmental questions that may affect the issuer's utilization of its property, plant and equipment	1.7.1.	60	N/A	
9.	Operating and financial review				
9.1.	Financial situation: changes in financial condition and results of operations for each year and interim period, for which historical financial information is required	2.1. / 2.3. / 4.1.	84 / 98 / 144	2.1. / 2.3. / 4.1.	10 / 17 / 31
9.2.	Operating Income	2.2. / 4.1.	96 / 143	2.2. / 4.1.	17 / 31
9.2.1.	Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations	2.1.	84	2.1.	10
9.2.2.	Changes in revenues and the reasons for such changes	2.3.1.	99	2.3.1.	18
9.2.3.	Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, the issuer's business	1.1.2.1. / 1.2. / 1.1.2.2. / 4.1.6. note 28	15 / 39 / 17 / 181	1.2.1.5. / 1.2.2. / 1.2.3. / 4.2.7. note 25	4 / 7 / 8 / 50
10.	Capital resources				
10.1.	Information concerning the issuer's capital resources (both short and long term)	2.4. / 4.1.5. note 21.	106 / 173	2.4. / 4.2.6. note 18	23 / 46
10.2.	Sources and amounts of the issuer's cash flows	1.1.10. / 2.4. / 4.1.6 note 26	38 / 106 / 178	2.4. / 4.2.7. note 23	23 / 49
10.3.	Information on the borrowing requirements and funding structure of the issuer	1.2.2. / 2.4.2. / 4.1.5. note 24	46 / 107 / 176	1.2.2. / 2.4.2. / 4.2.6. note 21	7 / 24 / 47
10.4.	Information regarding any restrictions on the use of capital resources	1.2.3.2. / 4.1.5. note 22	48 / 173	4.2.7. note 24	49
10.5.	Information regarding anticipated sources of funds	1.1.10. / 1.2.1.5.1.	38 / 42	1.2.1.5.1.	4
11.	Research and development, patents and licenses				
	Description of the issuer's research and development policies, including the amount spent on issuer-sponsored research and development activities	1.5.	59	N/A	
12.	Trend information				
12.1.	The most significant recent trends in production, sales and inventory, and costs and selling prices, from the end of the last fiscal year to the date of the Registration Document	1.1.2.1. / 1.1.2.2. / 1.1.2.3.	15 / 17 / 23	N/A	
12.2.	Known trends, uncertainty or demand or any commitment or event, which could reasonably materially impact the outlook of the issuers, at least for the current year	1.1.2.1. / 1.1.2.2. / 1.1.2.3.	15 / 17 / 23	N/A	
13.	Profit forecasts or estimates	6.3.	223	6	56
14.	Administrative, management and supervisory bodies and executive management				
14.1.	Information on the positions and other directorships held by the following persons, and the absence of criminal convictions:				
	- members of the administrative, management or supervisory bodies	3.1.1.1.	112	3.1.1.1.	28
	- any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business	3.1.1.1. / 3.1.3.	112 / 126	3.1.1.1.	28
14.2.	Conflicts of interest of administrative, management and				

	supervisory bodies and management:				
	- any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or member of general management	3.1.1.1. / 3.1.4.2.	112 / 128	N/A	
	- details of any restrictions agreed to by the persons referred to item 14.1 on the disposal within a certain period of time of their holdings of the issuer's securities			N/A	
15.	Compensation and benefits awarded to persons referred to in item 14.1				
15.1.	The amount of compensation paid and benefits-in-kind granted by the issuer, and its subsidiaries	3.2.1. / 3.2.2. / 3.2.3. / 5.3.3.1.	130 / 134	N/A	
15.2.	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	3.2.1.3. / 4.1.6. note 30	185	4.2.7. note 27	50
16.	Board practices				
16.1.	Date of expiration of the current terms of office of members of the issuer's administrative, management and supervisory bodies	3.1.1.1.	112	3.1.1.1.	28
16.2.	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries	3.2.4. / 3.2.6.	135	N/A	
16.3.	Information about the issuer's Audit Committee and Compensation Committee	3.1.2.1. / 3.1.2.2. / 9.2.§II.	122 / 122 / 251	3.1.2.1. / 3.1.2.2.	28 / 29
16.4.	Statement as to whether or not the issuer complies with its country of incorporation's Corporate governance rules	3.1.1.2.1. / 9.2.§I.1.	117 / 244	N/A	
17.	Employees				
17.1.	Number of employees at the end of the period or the average for each fiscal year for the period covered by the historical financial information, and a breakdown of persons employed by category	1.7.3.	69	N/A	
17.2.	Shareholdings and stock options of each person referred to in item 14.1; information as to their share ownership and any existing stock options	3.3.3.	136	3.3.3.2.	29
17.3.	Description of any employee shareholding agreement	3.3.1. / 3.3.2.	136	N/A	
18.	Major shareholders				
18.1.	The name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights, which must be notified under the issuer's national law	5.3.1.	212	5.3.	53
18.2.	Different voting rights	5.1.10. / 5.3.1.	206 / 212	N/A	
18.3.	Control over the issuer and measures in place to ensure that such control is not abused	1.2.3.3. / 5.3.3.	48 / 214	1.2.3.3. / 5.3.3.	8 / 53
18.4.	Any arrangements which may result in a change of control of the issuer	1.2.3.1. / 5.3.3.2.	46 / 215	5.3.3.2.	53
19.	Related party transactions	3.2.4. / 3.2.6. / 4.1.6. note 30 / 5.3.4.1. / 9.3.3.	135 / 185 / 218 / 266	4.2.7.note 27	50
20.	Financial information concerning the issuer's assets and liabilities, financial position, and profits and losses				
20.1.	Historical financial information	4.1.	144	4.1.	31
20.2.	Pro forma financial information	N/A		N/A	
20.3.	Financial statements	4.1. / 4.2.	144 / 188	4.1. / 4.2.	31 / 36
20.4.	Audit of historical annual financial information				
20.4.1.	Declaration that the historical financial information has been audited	7.2. / 9.3.	225 / 260	7.2. / 9.3.	57 / 58
20.4.2.	Other information in the Registration Document which has been verified by the Statutory Auditors	N/A		N/A	

20.4.3.	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, statement of the source of the data and that the data is unaudited	N/A		N/A	
20.5.	Age of latest financial information	4.1. / 4.2. / 10.3.	144 / 188 / 277	4.1./ 4.2.	31 / 36
20.6.	Interim and other financial information	N/A		4.1./ 4.2.	31 / 36
20.7.	Dividend policy	5.5.1.	219	N/A	
20.7.1.	Dividend per share	5.1.8. / 5.5.1.	205 / 211 / 219	N/A	
20.8.	Legal and arbitration proceedings	1.4./4.1.5. note 23.4/4.1.5 note 23.5/ 4.1.5 note 23.6	58 / 176	1.4./ 4.2.5.note 15.4./ 4.2.6.note 20/ 4.2.7.note 24.3	9 / 44 / 47 / 49
20.9.	Significant changes in the issuer's financial or trading position	6.1.	221	N/A	
21.	Additional information				
21.1.	Authorized capital				
21.1.1.	The amount of issued capital and:	5.2.4.	210	N/A	
	- number of shares issued	5.2.5.	210	N/A	
	- par value per share	5.2.4. / 5.2.8.	210 / 211	N/A	
	- reconciliation of the number of shares outstanding at the beginning and end of the fiscal year	5.2.8. / 5.3.1	211 / 212	5.3.	53
21.1.2.	Shares not representing capital	5.2.6.	210	N/A	
21.1.3.	Number, book value and par value of shares held by the issuer	5.2.3. / 5.3.1.	207 / 212	5.3.	53
21.1.4.	The amount of any convertible securities, exchangeable securities or securities with warrants	N/A		N/A	
21.1.5.	Information about the terms of any acquisition rights and/or obligations attached to capital subscribed, but not paid, or an undertaking to increase the capital	5.2.2. / 5.3.3.	207 / 214	5.3.3.	53
21.1.6.	Information about any capital of any member of the group, which is under option or agreed to be put under option	3.3.4.	141	N/A	
21.1.7.	History of the issuer's capital stock for the period covered by the historical financial information	5.3.1. / 5.3.2.	212 / 214	N/A	
21.2.	Memorandum of Association and Bylaws	5.1.3.	204	N/A	
21.2.1.	Corporate purpose of the issuer	5.1.4.	204	N/A	
21.2.2.	Summary of the provisions of the issuer's bylaws, charter or rules with respect to the members of the administrative, management and supervisory bodies	3.1.1.2. / 3.1.2. / 3.1.3. / 9.2.\$1.3.	117 / 122 / 126 / 245	3.1.2.	28
21.2.3.	Rights, preferences and restrictions attaching to each class of shares	5.2.2.	207	N/A	
21.2.4.	Number of shares necessary to change the rights of shareholders	5.1.10.	206	N/A	
21.2.5.	Conditions governing the manner in which Annual and Extraordinary General Shareholders' Meetings are called, including the conditions of admission	5.1.9.	205	N/A	
21.2.6.	Provisions of the issuer's bylaws, charter or rules that would have the effect of delaying, deferring or preventing a change in control of the issuer	5.1.11. / 5.3.3.2.	206 / 215	N/A	
21.2.7.	Provisions of the bylaws, charter or rules governing the ownership threshold above which shareholder ownership must be disclosed	5.1.11.	206	N/A	
21.2.8.	Conditions imposed by the bylaws, charter or rules governing changes in the capital, where such conditions are more stringent than is required by Law	5.2.1.	207	N/A	
22.	Material contracts	1.1.12.1. / 1.2.1.5.1	39 / 42	1.2.1.5.1/2.5.	4 / 26
23.	Third party information, statements by experts and declarations of any interest	N/A		N/A	
24.	Documents available to the public	5.1.6.	205	N/A	
25.	Information on holdings				

Information on businesses in which the issuer holds a proportion of the capital, which could have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	4.2.8. / 5.3.4.	200 / 217	N/A