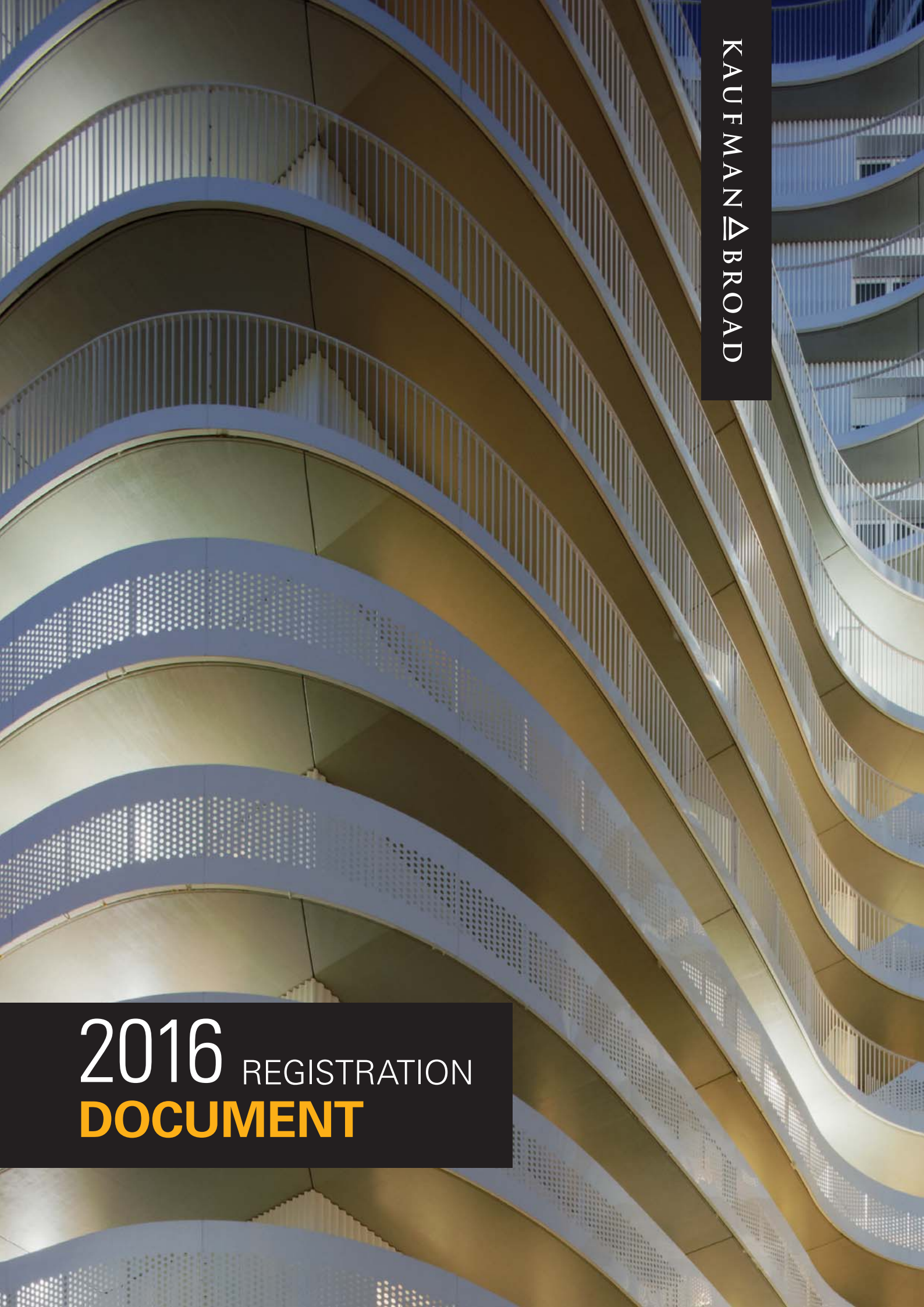




KAUFMAN & BROAD

2016 REGISTRATION
DOCUMENT

ACTIVITY REPORT 2016

01



The Kaufman
& Broad group

03



Highlights

04



Message
from the Chairman

05



Key figures
and stock market

06



Business activities and
Number of employees

08

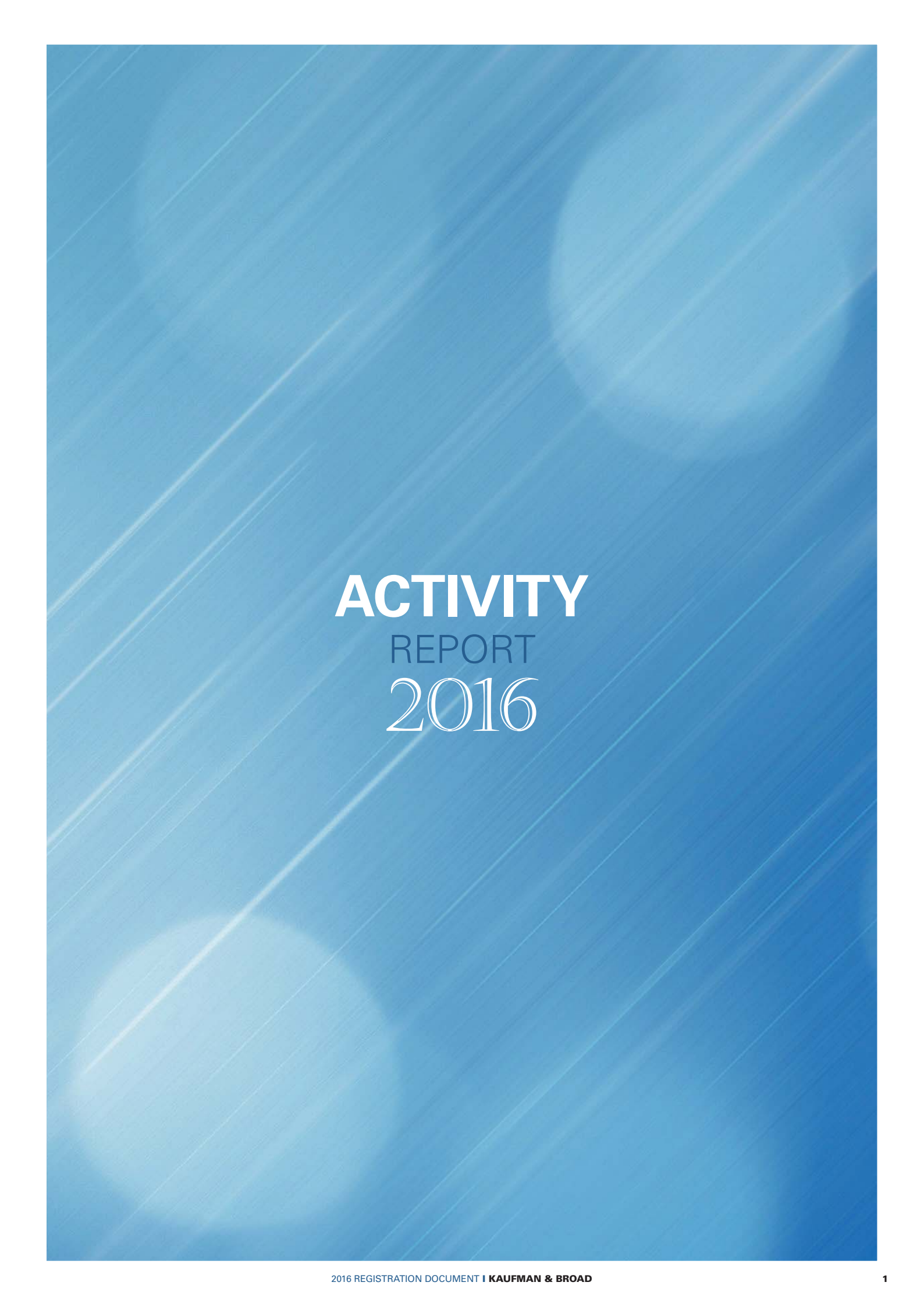


Gouvernement
d'entreprise

10

2016 REGISTRATION DOCUMENT

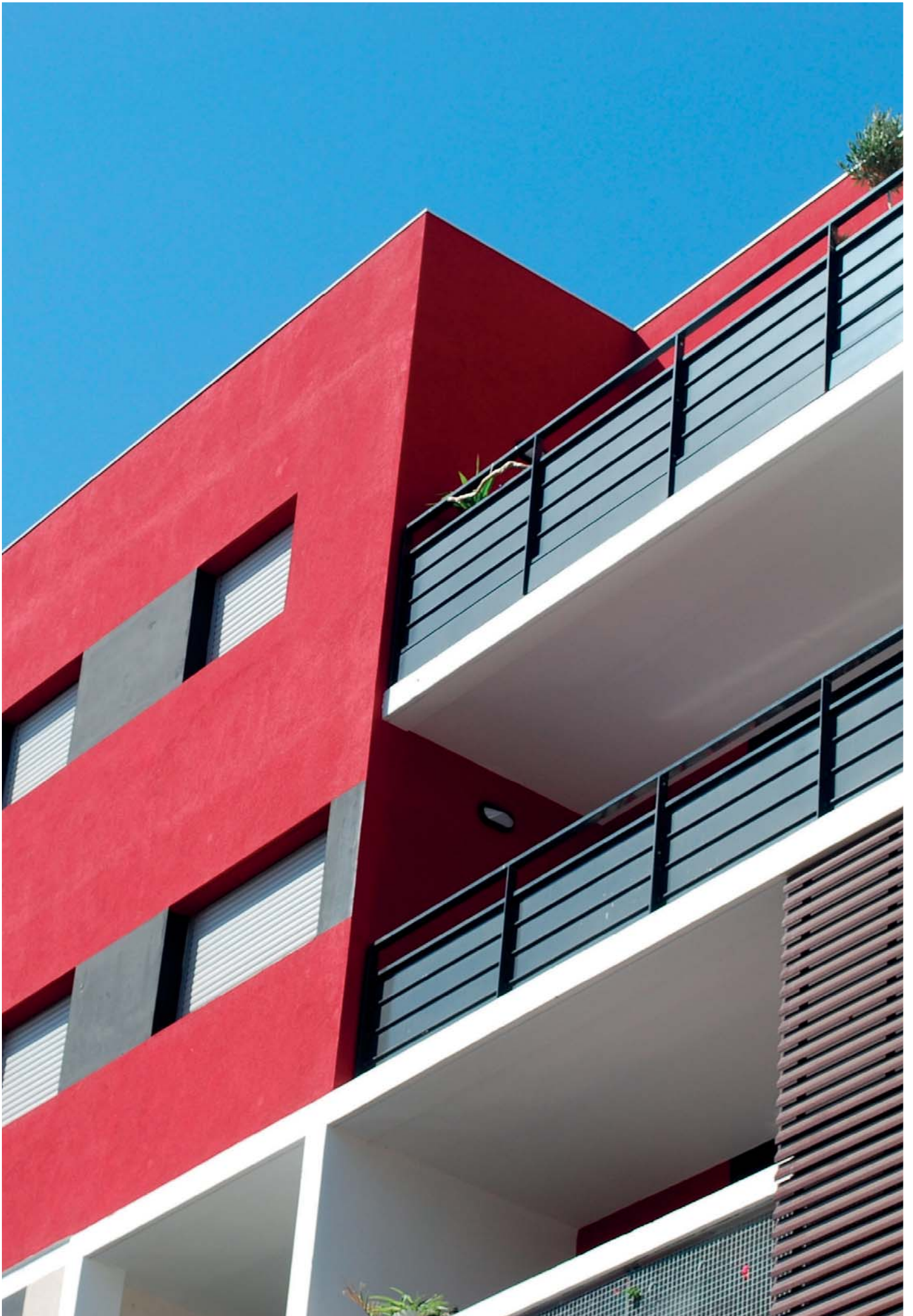
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ACTIVITY

REPORT

2016





THE KAUFMAN & BROAD GROUP

Since its formation in 1968, Kaufman & Broad has built close to 116,000 housing units and 700,000 sq.m of office and commercial space in France.

Kaufman & Broad's growth over the past five decades is tied to a combination of several factors including, in the first place, the awareness of our brand, our ability to adapt to the ever changing market trends, our national presence and lastly, a diverse offer.

Today our Kaufman & Broad brand has a leading position in terms of brand awareness and image and is synonymous with quality and innovation.

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

We have a presence in most of our country's territory with strong operations in our major cities.

We offer a broad range of products including both residential and business property suitable to meet our customers' aspirations and needs, be they individuals (first-time homebuyers or investors) or institutional clients.

Our results for fiscal year 2016 are in line with our expectations. They confirm the soundness of the development strategy that has been in place for almost three years and that has resulted in improving sales activity and land development indicators for two years in row. Our operational performance was achieved by generating a good level of profitability while preserving a strong financial structure, particularly through good control of Working Capital Requirement.

In fiscal year 2017, the market for new housing is expected to continue recording a high level of orders, with more than 120,000 lots and without the group anticipating a significant price increase. The market is expected to be supported by historically low interest rates despite the gradual rise that started a few months ago, with demand expected to remain present and underpinned, among other things, by the zero interest loan ("PTZ") incentive designed for first-time homebuyers remaining in force and the renewal of the Pinel incentive for rental investments. Commercial property is expected to confirm the good performance recorded in 2016 both in Île-de-France and in the regions.



HIGHLIGHTS

2017 CALENDAR

April 26, 2017

Publication of first quarter 2017 results (after market close)

May 11, 2017

Shareholders' Meeting

July 11, 2017

Publication of first half 2017 results (after market close)

July 13, 2017

Presentation of first half 2017 results

September 29, 2017

Publication of third quarter 2017 results (after market close)

October 2, 2017

Presentation of third quarter 2017 results (conference call)

(These dates are subject to change)

2016

Revenues:

+16.5% vs. 2015/€1,238 million

Orders:

+ 16.2%/8,017 housing units

Gross margin rate:

19.0%

Attributable net income:

€46.0 million

Net cash flow:

of €85.1 million at end-2016

Increase in property portfolio:

+ 29.7% vs. end-2015

+16.23%

Increase in gross margin compared to 2015

2015

Revenues:

- 1.9% vs. 2014/€1,063 million

Orders:

+ 17.5%/6,901 housing units

Gross margin rate:

19.1%

Attributable net income:

€39.8 million

Net cash flow:

of €27.7 million at end-2015

Increase in property portfolio:

+ 6.1% vs. end-2014



"Strong fiscal year 2016, benefiting from the development momentum that started three years ago and a strong growth market; Good prospects for 2017"

MESSAGE FROM THE CHAIRMAN

"2016 earnings continued to benefit from a strong growth trend that started in 2014. For the third consecutive year, the indicators of sales activity and property development for the group improved.

Housing orders increased in both volume and value. Growth in volume benefited from favorable market conditions for both first-time homebuyers (+33.4 %) and investors (+58.4%). The noticeable increases in land reserve (+28.2%) and backlog (+25.1%) testify to our ability to sustain the solid momentum in our business.

Commercial property posted noticeable growth in orders of more than €274 million and business was steady in terms of construction work and program structuring throughout France.

In early 2017, the market for new housing remained active. It is driven, both for investors and first-time homebuyers, by attractive and steady incentives. It is also benefiting from interest rates that are still low, even if gradual increases can be expected during the year. The combination of these factors is indicative of a market that will be at least the same as the 2016 market, i.e., with more than 120,000 housing units.

Against this backdrop, Kaufman & Broad's 2017 prospects remain positive. Revenues growth is expected to reach 8% to 10%, gross margin and adjusted EBIT rates are expected to remain at 19% and 8.5% respectively and net financial debt is expected to remain close to €100 million. "

As declared in 2016, in 2017 a dividend of €1.85 per share will be paid out for fiscal year 2016 (ended November 30, 2016), subject to the approval of the Company's Shareholders' Meeting to be held on May 11.

It will also be proposed to the Shareholders' Meeting to grant Kaufman & Broad shareholders the right to receive the dividend either 100% in cash or 100% in shares. At the completion of this transaction and in order to keep the number of shares unchanged on a fully diluted basis, the Company will cancel as many treasury shares as it will have issued to fulfill the shareholders' choice.

Lastly, I would like to emphasize two important events regarding the share capital and the life of our share.

At February 28, 2017, the free float was around 65% of the share capital of the Company, which resulted in the admission of the Kaufman & Broad shares to the "long-only" Deferred Settlement Service (SRD).

Furthermore, through Artimus Participations, which includes 125 Kaufman & Broad executives and employees, the Company Savings Plan (PEE) and, individually, at February 28, 2017 group employees held approximately 8.7% in the Company's share capital thus becoming the leading shareholders of their Company.

Accordingly, this alignment of interest among shareholders, with a broader float and higher liquidity of the stock, and the leading players in the performance of Kaufman & Broad underscores our confidence in the future.

Our sales and financial performance of recent years attest to the development momentum that we are experiencing. In the medium term, Kaufman & Broad expects to be able to confirm this momentum and reinforce its leading position throughout the country by combining a brand that is perceived as a "premium brand" and the professionalism of its teams.

On behalf of all the teams at Kaufman & Broad, thank you for your trust and support. "

Nordine Hachemi

Chairman and Chief Executive Officer



KEY FIGURES AND STOCK MARKET

STOCK MARKET DATA

High:

€38.80

Low:

€27.40

Last traded price on December 31, 2016:

€33.80

Number of shares at December 31, 2016:

20,839,037

Market capitalization at December 31, 2016:

€704.4 million

Average trading volume (January 1 to December 31, 2016):

€230,802

STOCK DATA

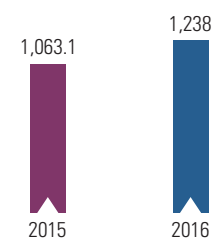
Listing market - NYSE Euronext

Compartment B Mid-caps

Indexes - CAC 40 and CAC ALL
TRADABLE

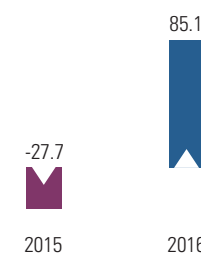
ISIN code FR 0004007813

REVENUES (in € million)



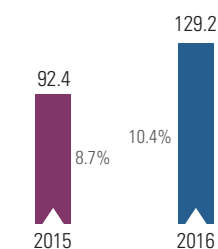
Revenues increased by 16.5% to €1,238.0 million, compared to €1,063.1 million in 2015.

NET FINANCIAL DEBT (in € million)



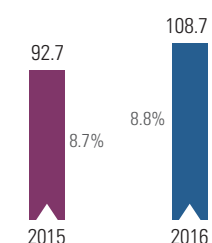
At November 30, 2016, **net financial debt** was €85.1 million compared to net cash of -€27.7 million at November 30, 2015.

WORKING CAPITAL REQUIREMENT (in € million and as a percentage of revenues)



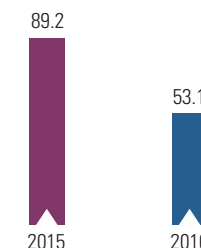
Operating **Working Capital Requirement** (excluding current taxes), was €129.2 million at November 30, 2016 compared to €92.4 million, i.e. an increase of €36.8 million.

ADJUSTED EBIT (in € million) (as a percentage of revenues)



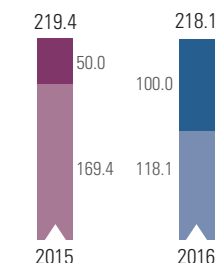
Adjusted EBIT was up 17.3% compared to November 30, 2015 when it was €92.7 million, with a current operating income of €85.7 million and borrowing costs in the amount of €7.0 million.

FREE CASH FLOW (in € million)



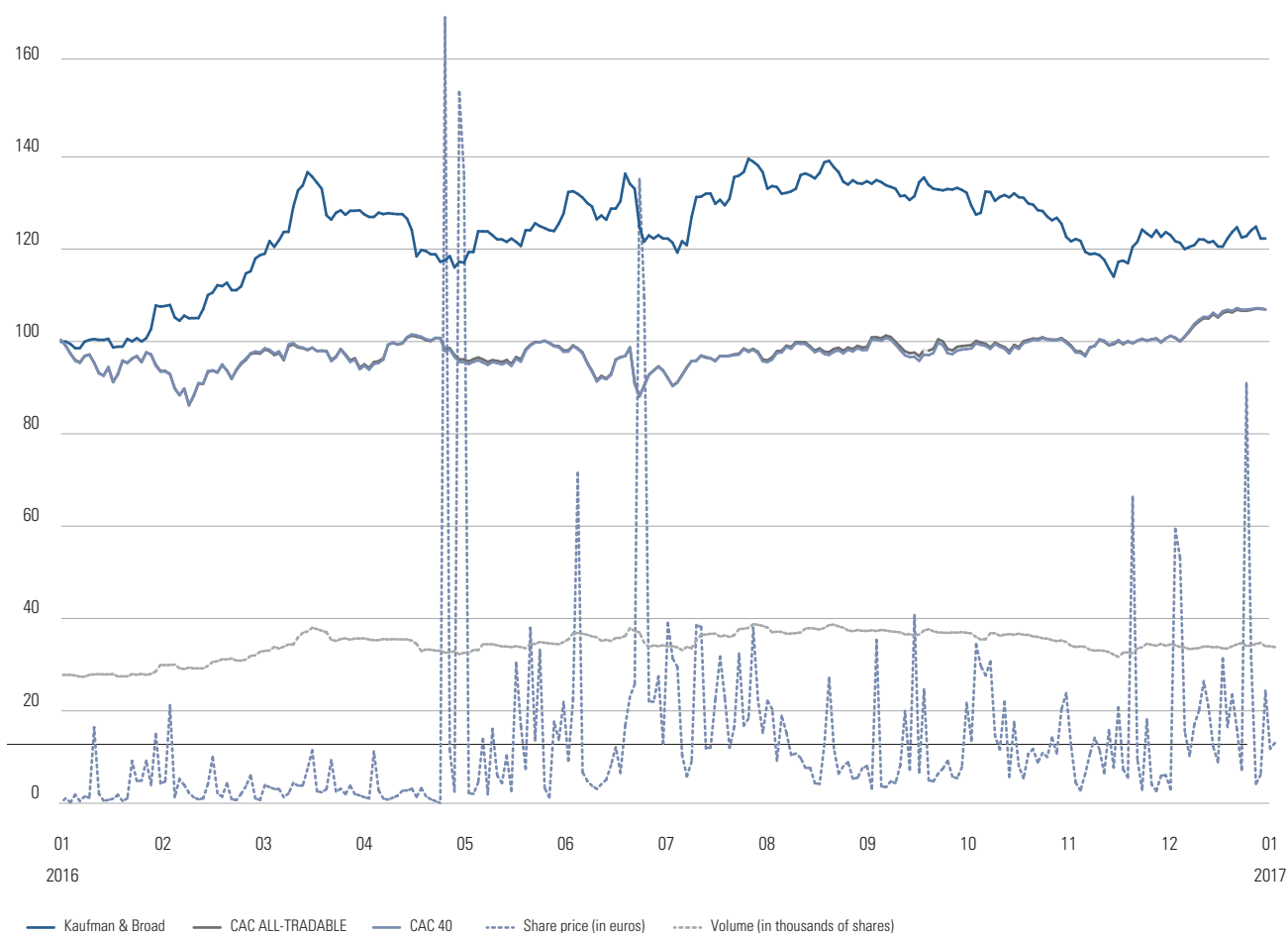
Free cash flow totaled €53.1 million at November 30, 2016 versus €89.2 million at end-2015.

BORROWING CAPACITY (in € million)

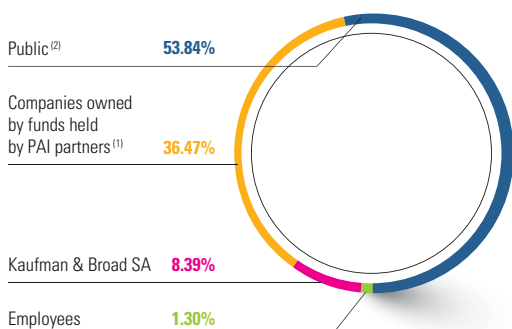


Cash and cash equivalents at November 30, 2016 totaled €118.1 million. The €100.0 million of the unutilized RCF line, added to cash and cash equivalents, bring the group's borrowing capacity at end-November 2016 to €218.1 million, versus €219.4 million at end-2015 (including €50 million in unutilized RCF in 2015).

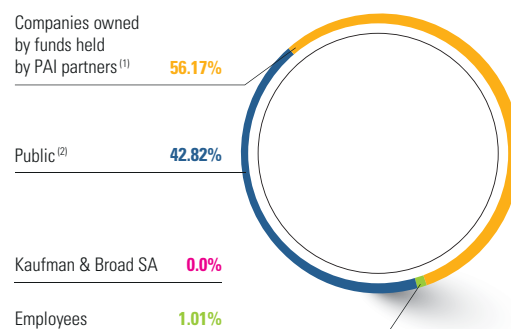
KAUFMAN & BROAD SHARE PRICE TREND COMPARED TO CAC 40 AND CAC ALL-TRADABLE



SHARE OWNERSHIP (at November 30, 2016)



VOTING RIGHTS PERCENTAGE (at November 30, 2016)



- (1) Financière Gaillon 8 holds 35.76% of the authorized capital and 55.61% of the voting rights exercisable at shareholder's meetings.
 (2) Shares held by Directors are included under the heading "Public" in the shareholding structure at November 30, 2016.



Units under construction:
14,808



Units being marketed:
9,080

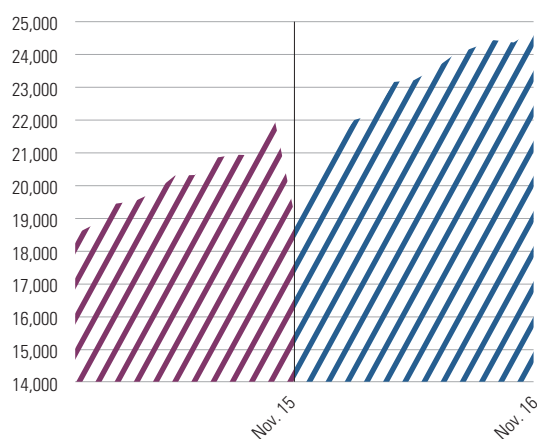


Number of units in backlog:
8,943



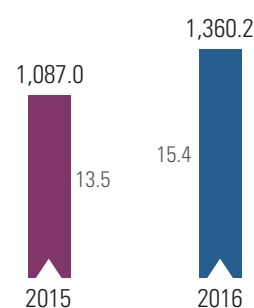
BUSINESS ACTIVITIES

LAND RESERVE (in units, number of housing units)



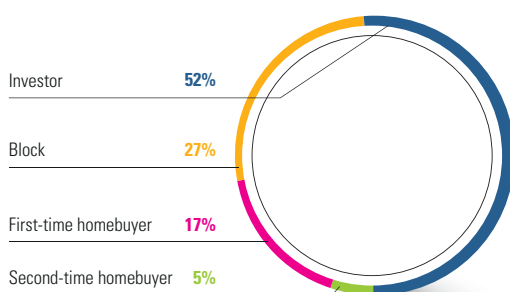
HOUSING BACKLOG

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



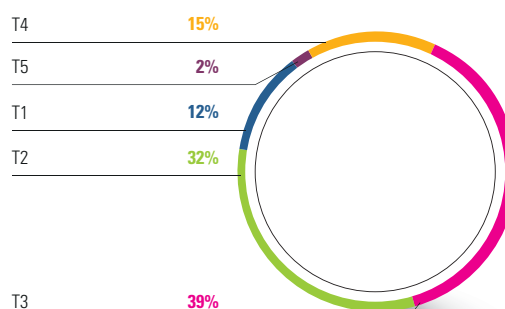
ORDERS BY TYPE OF BUYER ⁽¹⁾

(in number at November 30, 2016)



COMMERCIAL OFFER BY TYPE OF APARTMENT

(in number at November 30, 2016)

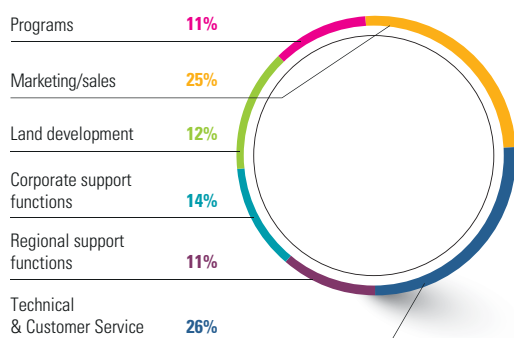


(1) including joint-ventures

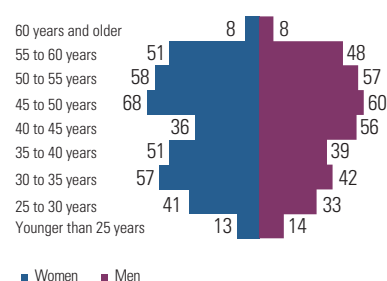


NUMBER OF EMPLOYEES

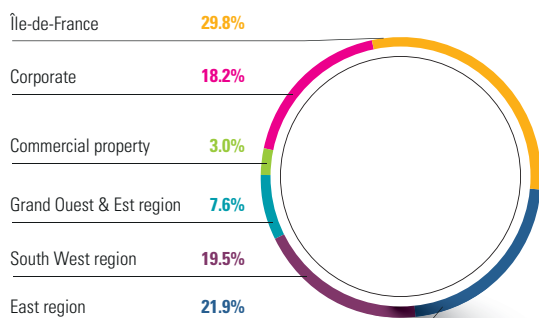
AVERAGE NUMBER OF EMPLOYEES BY FUNCTION
(at December 31, 2016)



AGE PYRAMID (registered at December 31, 2016)



AVERAGE NUMBER OF EMPLOYEES BY REGION (at December 31, 2016)



735
Employees



378
Women (51.4%)



357
Men (48.6%)
(registered
at December
31, 2016)



24,732
Units in property
reserve



8,017
Housing units
ordered



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 controls and inspections it deems necessary and is responsible for reviewing and approving the annual and half-year (statutory and/or consolidated) financial statements and for reviewing and approving the related reports required by current regulations. The Board of Directors of Kaufman & Broad SA currently has nine members, including five 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

INDEPENDENT DIRECTORS ⁽¹⁾



Sylvie Charles (SNCF Logistics)
Chairman of the Audit Committee



Yves Gabriel
(Yves Gabriel Consulting)
Chairman of the Compensation and Nominating Committee



Sophie Lombard
Director



Jean-Louis Chaussade
(Suez group)
Director



Caroline Puechoultres
(Intermarché)
Director

OTHER DIRECTORS



Michel Paris (PAI Partners)
Director



Frédéric Stévenin (PAI Partners)
Director



Thierry Lefèvre (Crédit Agricole Corporate & Investment Bank)

NON-VOTING MEMBER

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

MANAGEMENT



Nordine Hachemi
Chairman and Chief Executive Officer



Bruno Coche
Chief Financial Officer



Christian Delapierre
Senior Vice-President Institutional Sales and Île-de-France - Inner Paris suburbs



David Laurent
Senior Vice-President Commercial Property and Major Urban Projects



Dominique Podesta
Senior Vice-President Human Resources



Jacques Rubio
Senior Vice-President, Grand Sud-Ouest, Managed Housing and External Sales



William Truchy
Senior Vice-President Major Regions, Marketing, Communication and Digital and Sales and Marketing Île-de-France

OPERATIONAL DIVISIONS

Paris/Île-de-France

- Nordine Hachemi manages the Île-de-France Region
 - Christian Delapierre, Senior Vice-President Île-de-France Inner Paris Suburbs Sector 3 (75, 92, 93 and 94 North)
 - Xavier Granger, Agency Director Sector 3 (75, 92, 93 and 94 North)
 - Cyril Doucet, Senior Vice-President, Outer Paris suburbs Sectors 1 and 2 (77, 78, 91, 94 South and 95)
 - Marc Vettraino, Agency Director Sector 2 (77, 91 and 94)
 - Agency Sector 1 (78 and 95)
 - Frédéric Bourg, Vice-President Île-de-France Operations

West - Normandy - North - East - Rhône Alpes - Savoie - Southeast Region

- William Truchy, Senior Vice-President Major Regions

Grand Ouest: Loire-Atlantique - Brittany - Normandy - North Flanders

- Christophe Duretete, Regional Director Grand Ouest Nantes, Rennes, Rouen/Le Havre and Lille
 - Guillaume Basile, Agency Director Rouen/Le Havre
 - Fabien Rolland, Agency Director Rennes

- Yann Blondelle, Nantes Agency Director
- Nicolas Riflart, Développement Nord Flandres Agency Deputy Director
- Seri Ouest, Brittany, Normandy

Grand Est : East - Rhône-Alpes - Mediterranean - Savoie - Côte d'Azur - Provence

- Marc Speisser, Regional Senior Vice-President

- Thierry Guehenneuc, Regional Director Rhône-Alpes

Alpes

- Ludovic Landon-Rouly, Agency Director, Annecy - Grenoble (Alpes)

Rhône-Alpes

- Lyon (Rhône-Alpes) Agency Department

Stéphane Gress, Regional Director South-East

Côte d'Azur - Provence

- Stéphane Thirrouiez, Agency Director, Nice (Provence)
- Nicolas Batisse, Agency Director, Toulon (Var)

Mediterranean

- Marseille (Mediterranean) Agency Department

Midi-Pyrénées - Aquitaine - Languedoc-Roussillon Region

- Jacques Rubio, Senior Vice-President, Grand Sud-Ouest

Languedoc-Roussillon

- Julien Destouches Agency Director, Montpellier

Pyrénées-Atlantiques

- Denis Caniaux, Agency Director, Bayonne (Pyrénées-Atlantiques)

Gironde

- Georges Lopez, Agency Director, Bordeaux (Gironde)

Midi-Pyrénées

- Tony Aringoli, Agency Director, Toulouse (Midi-Pyrénées)

Serge Mas Promotion

Commercial Property and Logistics, Major Urban Projects

- David Laurent, Vice-President Commercial property
 - Thierry Bruneau, Vice-President Property Logistics
 - Jean-Raphaël Nicolini, Director Major Urban Projects
 - Patrick Decreton, Senior Vice-President Commercial Development property Île-de-France
 - Charles-Henri Billot, Director Commercial property Regions

Nice



400, Promenade des Anglais
06200 Nice
Tel.: 04 93 21 84 84

Lille



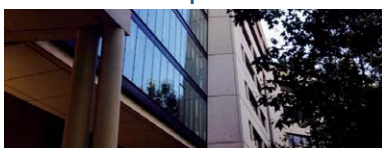
238, boulevard Clemenceau
59700 Marcq-en-Barœul
Tel.: 03 28 33 83 23

Bordeaux



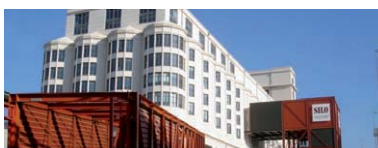
30, allée de Tourny
33064 Bordeaux Cedex
Tel.: 05 56 12 72 72

Montpellier



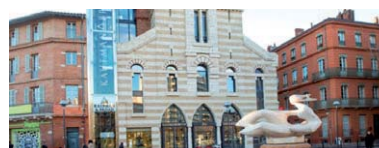
266, place Ernest Granier - 3rd floor
34000 Montpellier
Tel.: 04 67 13 82 70

Marseille



Le Silo d'Arenc
35, quai du Lazaret – CS 30010
13002 Marseille Cedex 02
Tel.: 04 96 17 32 00

Toulouse



27 bis, allée Jean-Jaurès
31010 Toulouse Cedex 6
Tel.: 05 34 41 08 08

Nantes



25, bis rue Paul Bellamy – BP 10216
44002 Nantes Cedex 1
Tel.: 02 40 74 44 44

Caen



14, rue Saint-Pierre
14000 Caen
Tel.: 02 31 15 56 56

Toulon



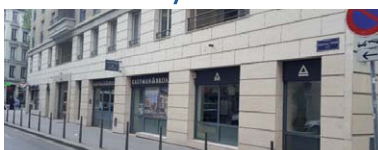
Le Palais de la Liberté -
17, place de la Liberté
83000 Toulon
Tel.: 04 94 02 99 00

Bayonne



3, rue du 49^e Régiment d'Infanterie
64100 Bayonne
Tel.: 05 59 59 60 60

Lyon



33, cours Gambetta
69446 Lyon Cedex 03
Tel.: 04 72 84 03 74

Annecy



68, rue Cassiopée – Altaïs B6 – Parc Altaïs
74650 Chavanod
Tel.: 04 50 05 61 95

Rennes



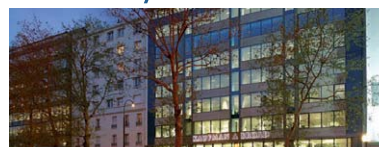
8, boulevard de la Tour d'Auvergne
35000 Rennes
Tel.: 02 99 29 72 90

Rennes Seri-Ouest



121, rue du Temple de Blossne
35136 Saint Jacques de la Lande
Tel.: 02 99 35 54 60

Neuilly-sur-Seine



(Head office – Île-de-France –
Commercial property – Showroom)
127, avenue Charles-de-Gaulle
92207 Neuilly-sur-Seine
Tel.: 01 41 43 43 43



2016 **REGISTRATION** DOCUMENT

1	INFORMATION CONCERNING THE GROUP'S BUSINESS	17	6	RECENT DEVELOPMENTS AND OUTLOOK	233
1.1.	The Kaufman & Broad group	18	6.1.	Markets	234
1.2.	Risk factors	46	6.2.	Strategies	235
1.3.	Insurance and risk management	60	6.3.	Group outlook for the fiscal year ending November 30, 2017	236
1.4.	Current litigation	63	6.4.	Group outlook over the medium-term	237
1.5.	Investment policy	64			
1.6.	Main subsidiaries and affiliates	65	7	PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT	239
1.7.	Sustainable Development	65	7.1.	Person responsible for the Registration Document	240
	Methods used in Kaufman & Broad's non-financial reporting for fiscal year 2016	86	7.2.	Declaration by the person responsible for the Registration Document	240
2	BUSINESS AND FINANCIAL REVIEW OF THE KAUFMAN & BROAD GROUP	89	7.3.	Person responsible for Financial Communications and Investor Relations	241
2.1.	Key Performance Indicators for the Kaufman & Broad group	90	7.4.	Information incorporated by reference	241
2.2.	Main Income Statement Items	104	8	PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS	243
2.3.	Management Discussion and Analysis	105	8.1.	Statutory Auditors	244
2.4.	Liquidity and capital resources	114	8.2.	Alternate Statutory Auditors	244
2.5.	Events after the balance-sheet date	118	8.3.	Fees paid by the group to the Statutory Auditors and members of their networks	244
3	CORPORATE GOVERNANCE	119	9	ADDITIONAL INFORMATION	245
3.1.	Members of the Company's Administrative and Management Bodies	120	9.1.	Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017	246
3.2.	Directors' interests	139	9.2.	Report of the Chairman of the Board of Directors on corporate governance and internal controls	259
3.3.	Incentive programs	145	9.3.	Reports of the Statutory Auditors	279
4	ASSETS, FINANCIAL STATEMENT AND RESULTS AT NOVEMBER 30, 2016	151	9.4.	Report by the independent third party on the consolidated human resources, environmental and social information included in the management report	284
4.1.	Consolidated Financial Statements at November 30, 2016	152	10	APPENDIX	287
4.2.	Statutory Financial Statements at November 30, 2016	198	10.1.	Cross-Reference Table	288
4.3.	Subsidiaries and equity affiliates	213	10.2.	Cross-reference table for the Sustainable Development section	292
4.4.	Information on related parties	214	10.3.	Annual financial report	294
4.5.	Five-year financial summary	214	10.4.	List of publications since December 2015	294
5	INFORMATION CONCERNING THE GROUP'S BUSINESS	215	10.5.	Summary table of currently valid authorizations concerning capital increases	298
5.1.	General information concerning the Company	216	10.6.	Board of Directors' report on Bonus Shares Awards	299
5.2.	General information concerning the capital	219	10.7.	Special report on Stock Purchase and Subscription Options (Shareholders' Meeting of May 11, 2017)	299
5.3.	Current distribution of the capital and the voting rights	225	10.8.	Board of Directors' report	300
5.4.	The market for the Company's shares	231	10.9.	Glossary	301
5.5.	Dividends	232			

KAUFMAN BROAD

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.



This Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 31, 2017, 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.

1

INFORMATION CONCERNING THE GROUP'S BUSINESS

1.1. The Kaufman & Broad group	18	1.4. Current litigation	63
1.1.1. History	19	1.5. Investment policy	64
1.1.2. Main characteristics of the business	21	1.5.1. Research and development	64
1.1.3. Operational organization of the group	33	1.5.2. Principal investments	64
1.1.4. Customers and products	35	1.5.3. Current and future principal investments	65
1.1.5. Marketing and sales	38	1.6. Main subsidiaries and affiliates	65
1.1.6. Sales method	40	1.7. Sustainable Development	65
1.1.7. Development process	41	1.7.1. Group CSR policy	66
1.1.8. Purchase of land	42	1.7.2. Environmental information	67
1.1.9. Land development and monitoring the construction	44	1.7.3. Employment and related information	75
1.1.10. Program financing	45	1.7.4. Societal information	82
1.1.11. Builders and suppliers	45	Methods used in Kaufman & Broad's non-financial reporting for fiscal 2016	86
1.1.12. Intellectual property	46		
1.1.13. Main offices	46		
1.2. Risk factors	46		
1.2.1. Risks related to the economic and financial environment	47		
1.2.2. Market risks	52		
1.2.3. Legal risks	53		
1.2.4. Industrial, economic and environmental risks	56		
1.2.5. Other risks	58		
1.3. Insurance and risk management	60		
1.3.1. Insurance	60		
1.3.2. Risk management	61		

1.1. The Kaufman & Broad group

For almost 50 years, Kaufman & Broad and its subsidiaries (together, the "group" or "Kaufman & Broad") have been developing and building new single-family homes in communities (grouped homes), apartments, serviced housing (including corporate, tourist and student housing and non-assisted living accommodations for older adults) and hotels, as well as commercial property in France (offices, stores and logistical warehouses).

Since its formation in 1968, Kaufman & Broad has built close to 116,000 housing units and 700,000 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 multi-occupancy housing) in France. Historically, its principal market is Île-de-France. In 2016, this market represented 34.1% of the group's housing orders versus 32.9% in 2015.

Since its creation and until July 10, 2007, Kaufman & Broad had 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 US 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 only 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 focus 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, where applicable, 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.

Lastly, for several years the group has been expanding its tourist, corporate, older people (non-assisted living accommodations) and student housing programs.

Since July 10, 2007, the majority holder of Kaufman & Broad SA was Financière Gaillon 8, a company ultimately controlled by funds managed by PAI Partners (PAI).

The changes in PAI's ownership interest are presented in detail in Section 5.3.1. "Shareholding structure of the Company at November 30, 2016 and three-year change."

On January 27, 2016, Financière Gaillon 8 SA, the principal shareholder of Kaufman & Broad SA holding 87.95% of the authorized capital at that date, had announced its intent to start the disposal of its stake in Kaufman & Broad SA through a market offering which could bring its stake to below 50% of the share capital. The private placement transaction with institutional investors occurred in late April 2016 at the price of €31.5 per Kaufman & Broad SA share. The placement was oversubscribed several times and attracted high-quality investors in France and abroad. The transaction allowed Kaufman & Broad to significantly increase its free float and the liquidity of its shares. The gross income from the disposal of 8,958,134 shares after the complete exercise of the over-allotment (greenshoe) option amounted to €282 million in favor of Financière Gaillon 8.

At November 30, 2016, Financière Gaillon 8 held a 35.76% stake in Kaufman & Broad SA's share capital and 55.61 % of the voting rights, and the free float amounted to 48.16% of Kaufman & Broad SA's share capital. At the date of this document, Financière Gaillon 8 holds a 17.70% stake in Kaufman & Broad SA's share capital and 31.97% of the voting rights.

In addition, concurrently with this market transaction, Kaufman & Broad purchased 1,587,301 shares sold by Financière Gaillon 8 SA as part of its share buyback program, at the offer price of €31.5 per share, for a total price of €50 million.

Lastly, Artimus Participations, a company owned by some group executives and employees acquired 944,444 shares sold by Financière Gaillon 8 SA at an offer price of €31.5 per share, for a price of €30 million. At November 30, 2016, Artimus Participations held 1,182,980 shares, or 5.68 % of Kaufman & Broad SA's share capital, after taking into account the Kaufman & Broad shares distributed under the bonus share award plans for shares contributed to Artimus Participations by the executives and

employees investing in Artimus Participations, and the Kaufman & Broad shares that were awarded to Artimus Participations following the contribution by these executives and employees of their Financière de Neuilly shares to Artimus Participations.

The risks associated with the Company's controls are described in Section 1.2.5.8. "Risks related to the group's shareholding structure". Note that the Company refers, in matters of Corporate Governance, to the AFEF-MEDEF Code (see Sections 3.1.1.2.1. "Corporate Governance Code" et seq.).

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	Acquisition of a stake in Safaur Partial sale of a stake in Kaufman & Broad's share capital by Financière Gaillon 8 (a company ultimately held by PAI Partners)
2015	Acquisition of Serge Mas Promotion
2016	Acquisition of the Safaur group Partial sale of a stake in Kaufman & Broad's share capital by Financière Gaillon 8 (a company ultimately held by PAI Partners)
2016	Acquisition of the Seri Ouest group

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 13 real estate partnerships ("SCI")) of Société de Missions et de Coordinations Immobilières (SMCI) and of CFP-SMCI, which build apartments in the major French cities (Paris, Marseille, Lyon, Strasbourg, Rouen and Besançon), as well as 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 the SCIs (real-estate partnerships) 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. The variable portion totaled €3.6 million.

In fiscal year 2004, Kaufman & Broad completed two acquisitions of major developers, located mainly in the Southwest of France, particularly in 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 in the Toulouse region.

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 SM2I, a regional real estate development company, for €5.1 million. This acquisition enabled the group to step up its operations in the Brittany 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 a price of €0.4 million. 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. Until 2018, Affine will remain a partner of Kaufman & Broad as a minority associate for project developments.

In October 2015, Kaufman & Broad acquired an interest in Safaur, a player in property development based in Caen. The acquisition was for €1.4 million, representing a 40% stake in the company. This equity investment is in line with Kaufman & Broad's desire to expand its presence in mid-size population areas. Safaur also covers Normand Coast and Lower Normandy. 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 price in the aggregate amount 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 completed many housing, apartment, retirement home, store and office programs as well as mixed use developments. This business combination with a well-known 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 Midi-Pyrénées. The provisional amount of this transaction is approximately €1.2 million with the definitive amount expected to be set by April 15, 2016 at the latest.

After having acquired a 40% stake on October 7, 2015, Kaufman & Broad Nantes, a subsidiary of Kaufman & Broad SA, acquired on January 6, 2016 the remaining capital and took over control of Safaur, a real estate developer in Caen. The provisional aggregate amount of this transaction was €6.0 million with provisional goodwill in the amount of €1.5 million allocated to programs in the portfolio.

On June 23, 2016, Kaufman & Broad Nantes, a wholly owned subsidiary of Kaufman & Broad SA, took a controlling interest (80%) in Seri Ouest. The company, which celebrates its 30th anniversary this year, is active in Upper and Lower Normandy, Brittany and Pays de la Loire, with a mix of housing programs (apartments and houses), managed housing and offices. This business combination with a well-known regional real estate developer will allow Kaufman & Broad to strengthen its position in major cities in the Grand-Ouest area and to expand its territorial coverage. The provisional price of this transaction was €13.3 million allocated entirely to the equity acquired.

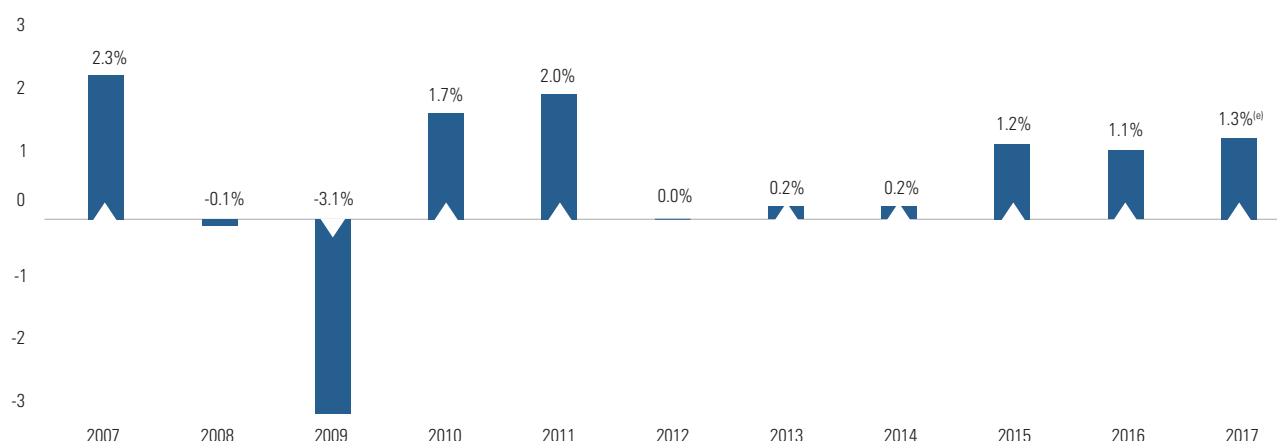
1.1.2. Main characteristics of the business

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 10 years.

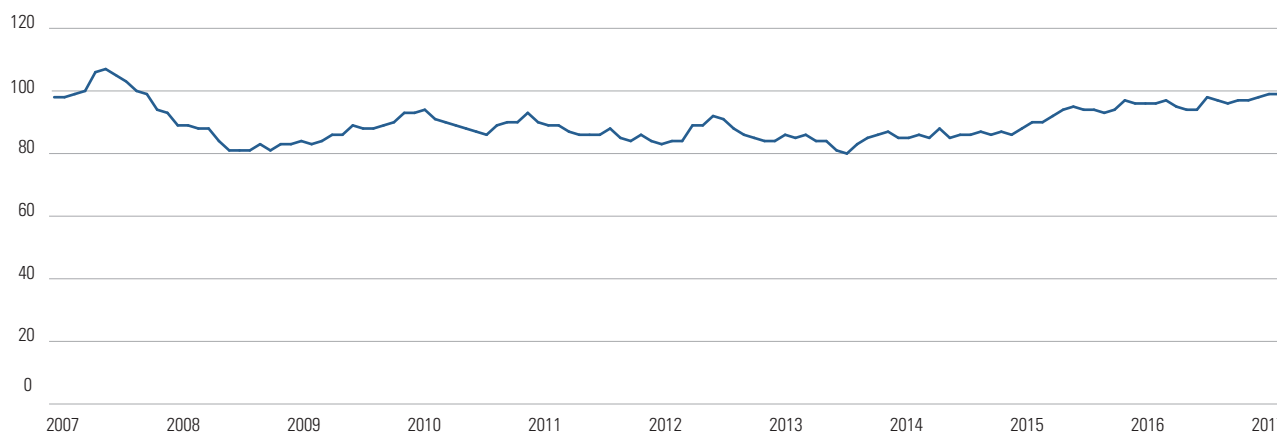
FRENCH GDP GROWTH



Source: INSEE.

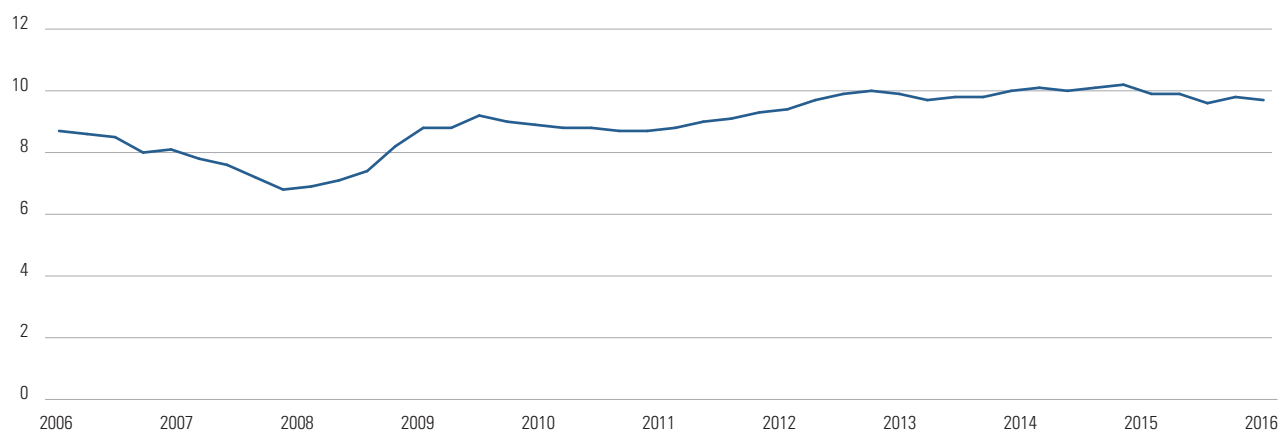
(e): IMF estimate.

CONSUMER CONFIDENCE INDEX MONTHLY TREND



Source: INSEE.

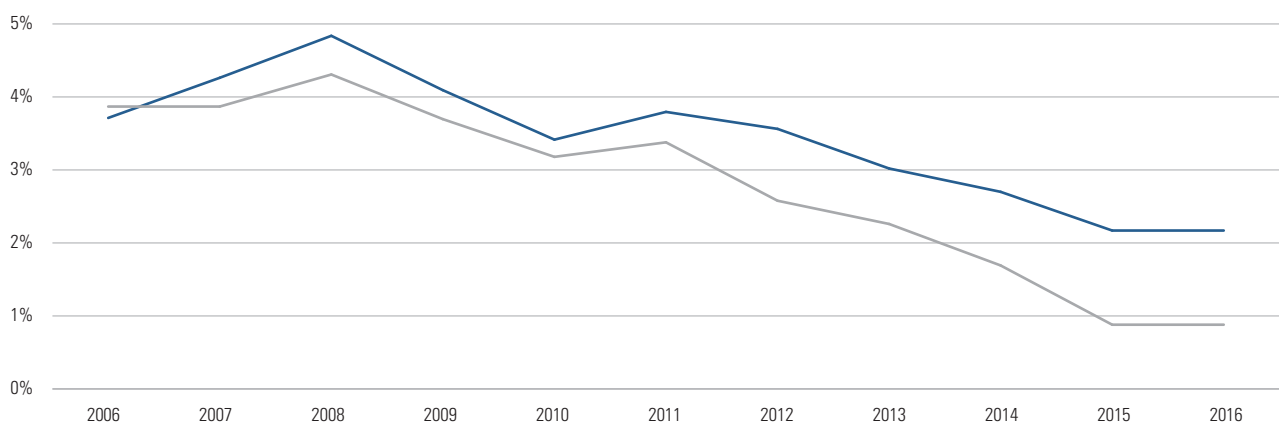
UNEMPLOYMENT IN METROPOLITAN FRANCE



Source: INSEE.

Housing property indicators

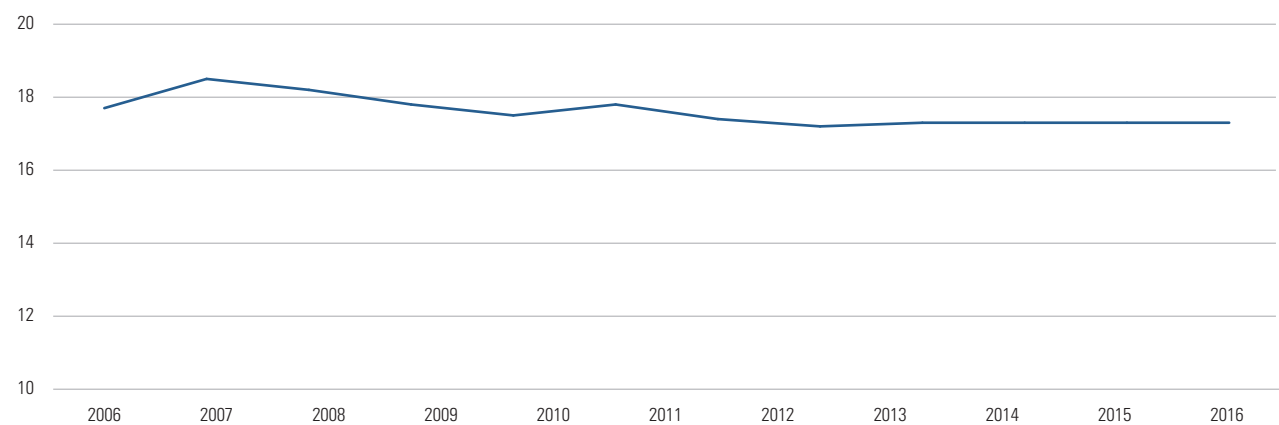
AVERAGE INTEREST RATE ON REAL ESTATE LOANS



— Average interest rate on real estate loans — Average interest rate on government bonds

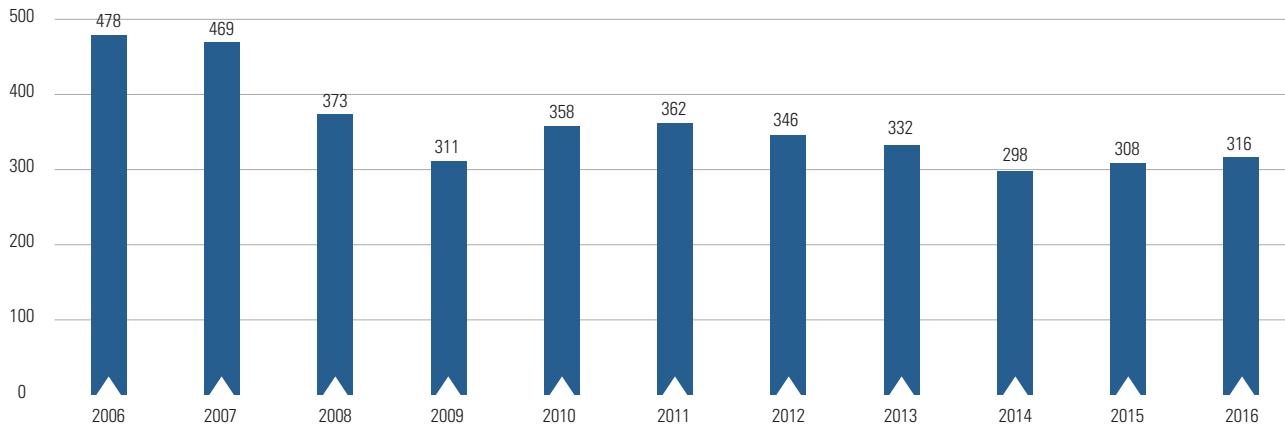
Source: Observatoire Crédit Logement.

AVERAGE TERM OF REAL ESTATE LOANS (in years)



Source: Observatoire Crédit Logement.

CHANGE IN THE NUMBER OF HOUSING UNITS UNDER CONSTRUCTION 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).

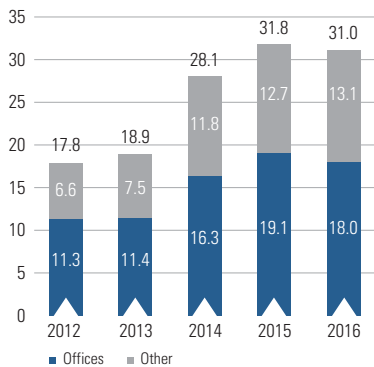
Sources: French Ministry of Ecology, Sustainable Development and Energy, Sit@del2.

At December 31, 2016 housing under construction (started) totaled 316,407 housing units versus 308,280 housing units started in 2015. They include new construction (288,471 housing units) and construction in existing buildings (27,936 housing units). They are divided into pure individual housing units (88,315), grouped homes or single-family homes in communities (32,436), multi-

occupancy housing (168,191) as well as serviced housing (27,465). The market for new housing, where Kaufman & Broad operates, comprises grouped single-family homes, multi-occupancy housing and serviced housing, excluding construction in existing buildings (which is included in the data by type of housing units described above).

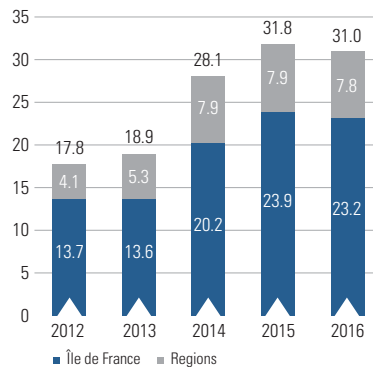
Commercial property indicators

AMOUNTS INVESTED IN FRANCE: "OFFICES" VS. "OTHER" (in € billion)



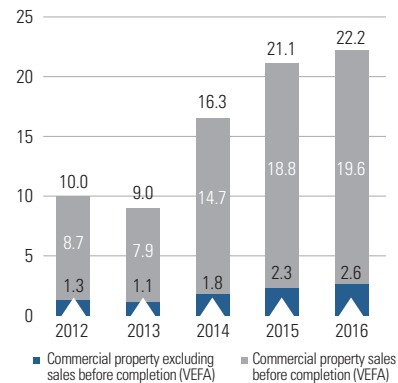
Source: BNP Paribas Real Estate.

AMOUNTS INVESTED IN FRANCE: "ÎLE-DE-FRANCE" VS. "REGIONS" (in € billion)



Source: BNP Paribas Real Estate.

COMMERCIAL PROPERTY IN ÎLE-DE-FRANCE (in € billion)



Source: Jones Lang Lasalle & 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.

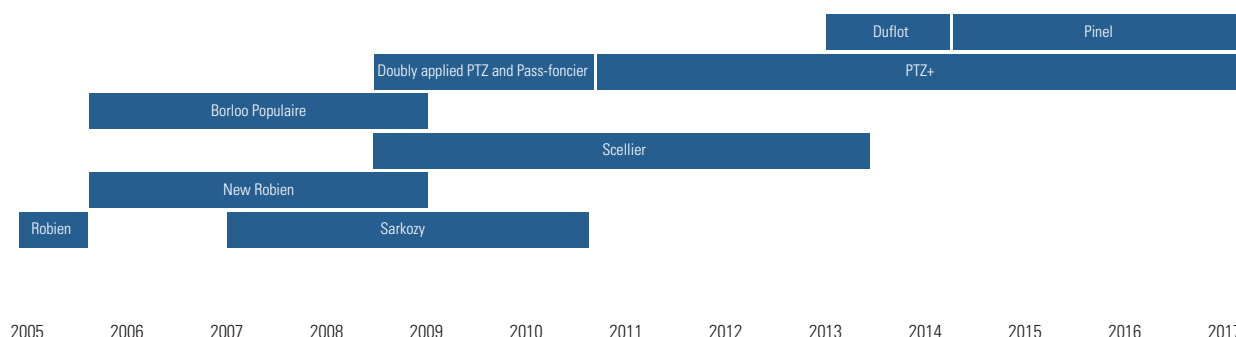
1.1.2.2. Tax incentives

The market for new housing units has benefited from various tax incentives for more than 20 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 (PTZ), which was revised in 2005, doubled in 2010 and replaced as of January 1, 2011 by the Zero-Interest Plus ("PTZ+") loan.

Created by the 2013 Budget Act, "the Duflot incentive" in addition 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 2015 Budget Act thus 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 Pinel 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 1.2.3.3. "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 10 years:



1.1.2.2.1. 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 2013 Budget Act) is intended to promote investment in rental properties as part of general Sustainable Development goals.

Accordingly, from January 1, 2013 to August 31, 2014, buyers of new rental properties were entitled to a tax reduction of 18% of the purchase price up to €300,000, i.e., 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 incentive 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 12 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 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 2016 monthly rent ceilings per square meter excluding expenses are as follows:

Zone (€/sq.m/month)	Monthly rent ceiling per square meter
A (Paris outer suburbs, Côte d'Azur and French suburbs of Geneva)	€12.50
A bis (Paris and its inner suburbs)	€16.83
B1 (cities with more than 250,000 inhabitants and some communities)	€10.07
B2 (cities of at least 50,000 inhabitants, coastal and border regions)	€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 2016 annual ceilings on tenant income were set as follows:

Composition of tenant household (in €/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	€66,460	€72,476	€48,422	€43,580
Single person or couple with two dependents	€79,606	€86,531	€58,456	€52,611
Single person or couple with three dependents	€94,240	€102,955	€68,766	€61,890
Single person or couple with four dependents	€106,049	€115,851	€77,499	€69,749
Supplement for the fifth and each additional dependent	+€11,816	+€12,908	+€8,646	+€7,780

1.1.2.2.2. 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 2013 Budget Act) has been renamed "Pinel" and recently underwent some adjustments (Law No. 2014-1654 of December 29, 2014, known as the 2015 Budget Act). Moreover, it was extended for one year by Article 68 of the Law known as the "2017 Budget Act" (Law No. 2016-1917 of December 29, 2016) and extended on an experimental basis in some municipalities in Zone C area, which is known not to be a high-demand, low-supply area.

Accordingly, from January 1, 2013 to December 31, 2017, 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 had to be nine 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 six or nine years. Accordingly the tax reduction is 12% for a six-year commitment and 18% for a nine-year commitment. The eligible investment amount is capped at €300,000 per tax household per year and cannot exceed a maximum of two housing units 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 2016.

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

Terms and conditions of the tenancy

The tenancy must take effect within 12 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 six-year commitment may be extended for three years, renewable once, i.e., for six additional years.

An initial nine-year commitment may be extended for three 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 six-year term, the rate applicable upon a first three-year extension is increased by 6%, i.e., from 12 to 18%. With the second extension, the rate is increased by 3%, i.e., from 18 to 21%.

Where a taxpayer has signed a commitment for a nine-year term at a rate of 18%, the rate applicable upon a first three-year extension is increased by 3%, to 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 (up to 12 years)	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:

Zone (€/sq.m/month)	Monthly rent ceiling per square meter	
	2016	2017
A	€12.50	€12.50
A bis	€16.83	€16.83
B1	€10.07	€10.07
B2	€8.75	€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 2016 annual ceilings on tenant income were set as follows:

Composition of tenant household (in €/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

The "Pinel" incentive has the same requirements as the "Duflot" 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 2017:

Composition of tenant household (in €/year)	Zone A	Zone A bis	Zone B1	Zone B2
Single person	€37,126	€37,126	€30,260	€27,234
Couple	€55,486	€55,486	€40,410	€36,368
Single person or couple with one dependent	€66,699	€72,737	€48,596	€43,737
Single person or couple with two dependents	€79,893	€86,843	€58,666	€52,800
Single person or couple with three dependents	€94,579	€103,326	€69,014	€62,113
Single person or couple with four dependents	€106,431	€116,268	€77,778	€70,000
Supplement for the fifth and each additional dependent	€11,859	€12,954	€8,677	€7,808

1.1.2.2.3. 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 housing aid programs.

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 extended to taxpayers subject to income requirements.

Article 107 of the 2016 Budget Act 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 since January 1, 2016 (in €/year)	Zone A	Zone B1	Zone B2	Zone C
Single person	€37,000	€30,000	€27,000	€24,000
Couple with 2 children	€74,000	€60,000	€54,000	€48,000

1.1.2.2.4. 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 2011 Supplementary Budget Act 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 2012 Supplementary Budget Act had announced an increase in the VAT rate from 7% to 10% for the aforementioned zones effective January 1, 2014.

However, the 2014 Budget Act made further changes to this tax incentive before it entered into force. 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 2016 Budget Act maintained the 5.5% rate until December 31 of the second year following the date of expiry of the agreement signed with the National Urban 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 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 exemption 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 are 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 town policy priority districts

The 2015 Budget Act (Law No. 2014-1654 of December 29, 2014, known as the 2015 Budget Act) 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 on the inhabitants' income (ref. BOI-TVA-IMM-20-20-20160203 Nos. 35 and 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 at a distance within 300 meters from these districts. Article 30 of the 2017 Budget Act (Law No. 2016-1917 of December 29, 2016, known as the 2017 Budget Act) changed this distance to 500 meters for the operations for which the building permit was filed on or after January 1, 2017, subject to certain conditions.

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 individual 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 have taken 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

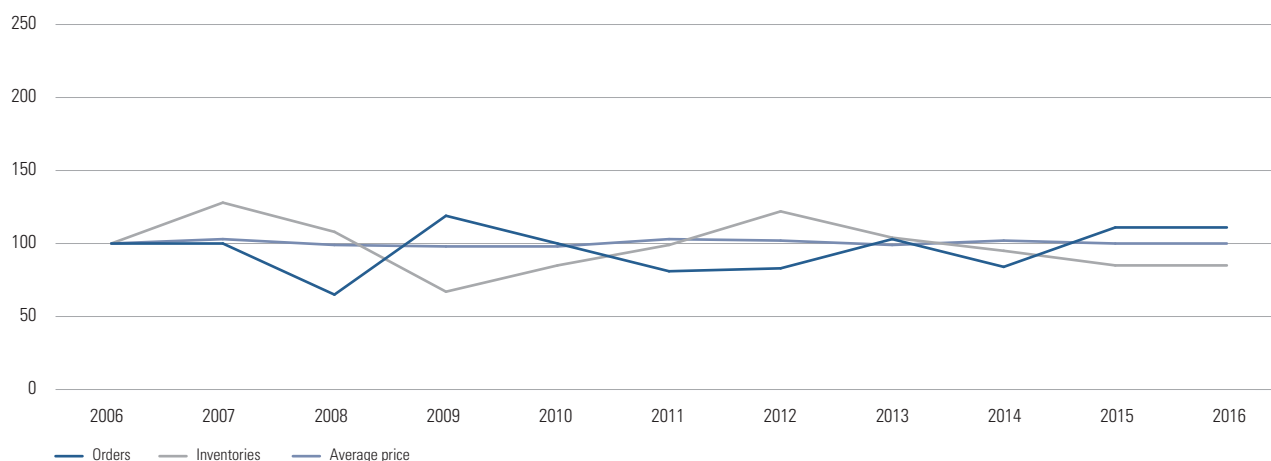
The French market for Single-family homes in communities represented 8,341 orders in 2015 and 10,212 in 2016.

Changes in orders, inventory and average price for Single-family homes in communities over the past 10 years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Orders	16,535	16,478	10,727	12,761	12,752	10,272	8,551	8,841	7,420	8,341	10,212
Inventories	11,134	14,201	15,362	10,341	8,770	8,685	10,557	11,019	10,502	9,141	7,998
Average price (in euros)	243,494	250,548	248,790	243,253	239,305	246,707	250,447	247,715	250,447	248,569	257,186

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 2006)



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

Orders	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Île-de-France	2,868	2,386	1,729	1,910	2,215	1,385	1,123	1,421	1,264	1,398	2,085
Rhône-Alpes	1,550	1,579	1,065	1,324	1,896	1,590	1,316	1,203	1,059	1,155	1,306
Provence-Côte d'Azur	1,503	1,741	929	1,474	992	803	760	839	790	838	1,013
Languedoc-Roussillon	1,530	1,551	1,066	1,041	780	766	491	530	362	486	480
Midi-Pyrénées	847	1,253	606	594	496	499	636	582	672	616	941

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

B. Apartments (multi-occupancy housing)

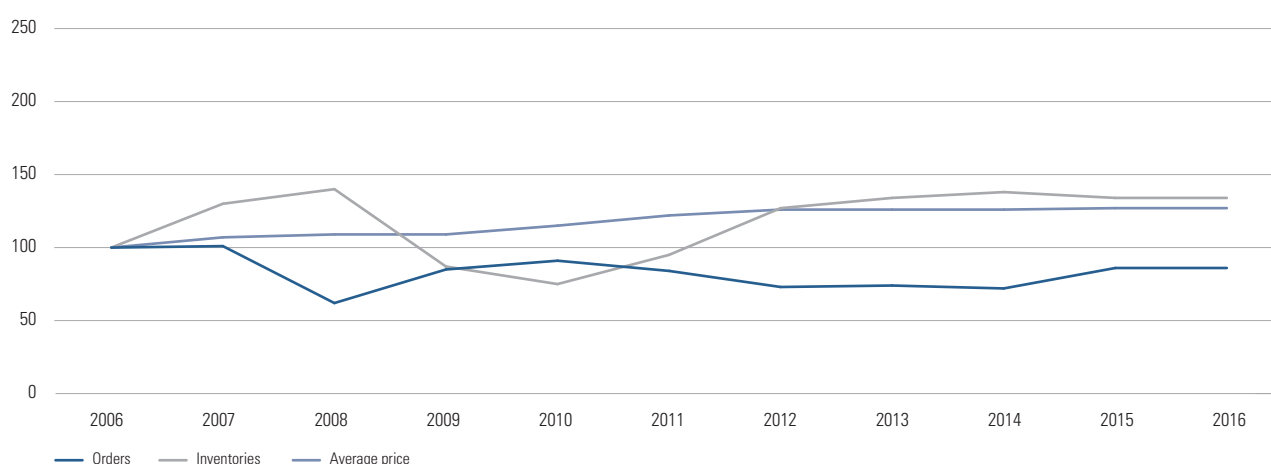
The French market for new apartments represented 95,360 orders in 2015 and 114,846 in 2016.

Changes in orders, inventory and average price per sq.m for apartments over the past 10 years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Orders	109,429	110,539	67,780	93,041	102,533	94,728	80,373	80,472	79,510	95,360	114,846
Inventories	67,506	87,866	94,425	58,880	50,560	64,139	85,505	93,083	95,181	91,232	86,324
Average price in €/sq.m	3,071	3,281	3,354	3,367	3,571	3,784	3,875	3,878	3,868	3,901	3,992

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

THE FRENCH APARTMENT MARKET (base 100 in 2006)



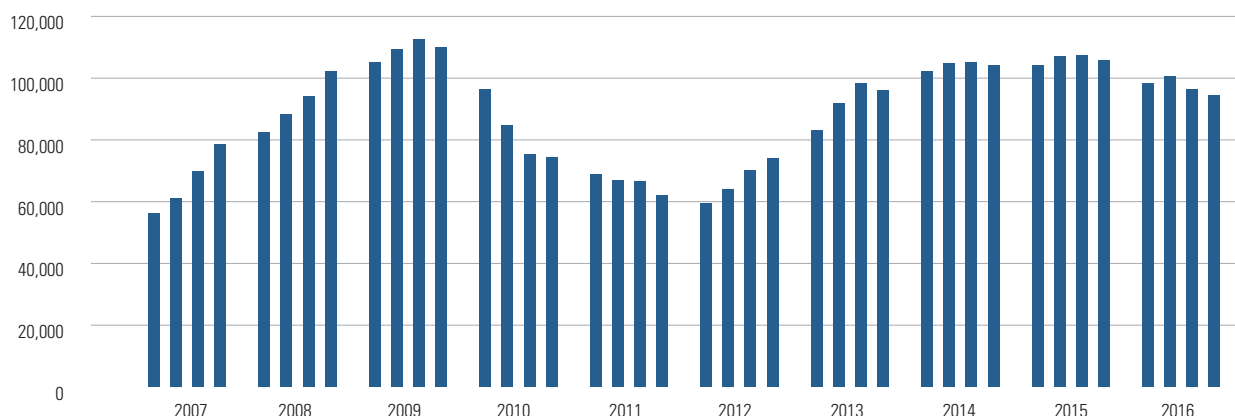
The table below shows the largest markets for apartments in France:

Orders	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Île-de-France	17,278	18,472	12,479	16,894	19,637	18,881	20,346	22,090	21,307	23,048	30,987
Rhône-Alpes	16,077	16,776	11,143	16,281	18,918	16,997	13,282	11,774	12,336	14,474	17,147
Provence-Côte d'Azur	13,108	13,340	8,695	12,473	14,134	11,777	10,261	9,609	10,105	11,636	13,427
West ^(a)	13,336	11,980	7,788	10,749	12,498	10,306	7,692	7,392	7,139	9,601	11,707
Languedoc-Roussillon	7,569	7,642	5,253	6,984	6,947	6,815	4,729	5,738	5,413	6,006	5,695
Aquitaine	7,178	6,657	3,380	4,957	5,576	5,076	4,265	4,531	4,802	3,986	6,948
Midi-Pyrénées	8,622	7,351	4,096	4,331	4,743	4,896	4,382	4,467	4,251	6,981	6,527

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

(a) Combination of the Pays-de-la-Loire and Brittany 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).

Housing inventory: projected housing, housing under construction and completed housing.

The inventory of the housing available for sale totaled 94,326 units at December 31, 2016 which represent a 6.0% decrease compared to the fourth quarter of 2015 (100,373 housing units). The level of housing inventory available for sale has been decreasing steadily since the third quarter of 2015. Such trend seems to be a reversal of the upward trends that had started in the first quarter of 2012, 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 2015, with more than 107,000 housing units. In the fourth quarter of 2016, the completed housing inventory represented respectively 5.4% of the apartments and 5.6% of the single-family homes, i.e., 6,500 housing units. At November 30, 2016, the group had 51 completed housing units remaining to be ordered which represents less than 1% of its commercial offer compared to 59 housing units for the same period in 2015.

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	2016	2015	2014
Nexity ^(a)	15,893	11,741	10,365
Bouygues Immobilier ^(b)	13,866	11,400	11,776
Cogedim ^(c)	10,011	6,011	4,526
Kaufman & Broad	8,017	6,901	5,871
Icade ^(d)	5,665	3,999	3,912
Vinci ^(e)	5,485	4,189	3,321
Les Nouveaux Constructeurs ^(f)	2,910	2,400	1,600

Sources:

(a) Nexity: Press Release of February 21, 2017.

(b) Bouygues Immobilier: "L'Abrégé" of February 23, 2017.

(c) Cogedim: Press Release 2016 Results of February 22, 2017.

(d) Icade: 2016 annual results dated February 13, 2017.

(e) Vinci: 2016 Registration Document.

(f) Les Nouveaux Constructeurs: Press Release of February 2, 2017.

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	2016	2015
Grouped homes		
Île-de-France	3.1%	7.6%
Rhône-Alpes	0.3%	1.0%
Midi-Pyrénées	10.2%	6.2%
Aquitaine	3.9%	4.0%
Languedoc-Roussillon	0.0%	0.2%
Provence-Alpes-Côte d'Azur	1.5%	0.5%
Grand-Est (Alsace)	9.5%	18.8%
TOTAL GROUPED HOMES, FRANCE	2.3%	2.9%
Apartments^(a)		
Île-de-France	8.6%	9.2%
Rhône-Alpes	3.5%	3.6%
Midi-Pyrénées	17.1%	17.9%
Aquitaine	11.8%	13.2%
West ^(b)	7.0%	6.6%
Languedoc-Roussillon	7.2%	6.0%
Provence-Alpes-Côte d'Azur	7.3%	7.5%
Grand-Est (Alsace)	7.6%	9.8%
TOTAL APARTMENT FRANCE	6.8%	7.0%
TOTAL HOUSING UNITS FRANCE	6.4%	6.7%

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

(a) Represents the multi-occupancy housing business activity of the group (apartments, residences and hotels).

(b) Combination of the Pays-de-la-Loire and Brittany regions.

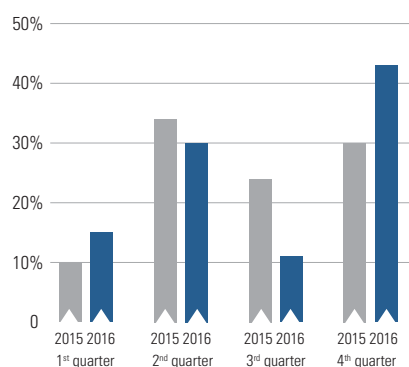
1.1.2.6. Seasonality and the business cycle

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").

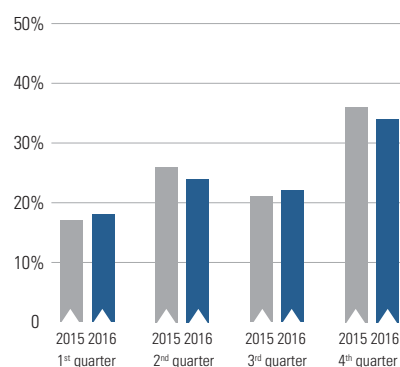
The following shows the group's sales activity, reflected in orders, during the last two fiscal years:

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 Business property. 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 Business property business line comprises the Commercial property and Logistics operating division headed by David Laurent.

In addition, Kaufman & Broad has 16 branch divisions: the Île-de-France region (divided into three sectors), Loire-Atlantique (in Nantes), Brittany (in Rennes), Upper-Normandy (in Rouen), 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 agency divisions are given substantial autonomy to identify sites, develop sales strategies, implement development and construction activities and control costs. Each agency division has a business development and project management department, a technical department, a sales department and, in some cases, a "Design Space" or 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, Major Urban Projects, Marketing/Digital and Communication, Human Resources, Architecture-Innovation and Quality.

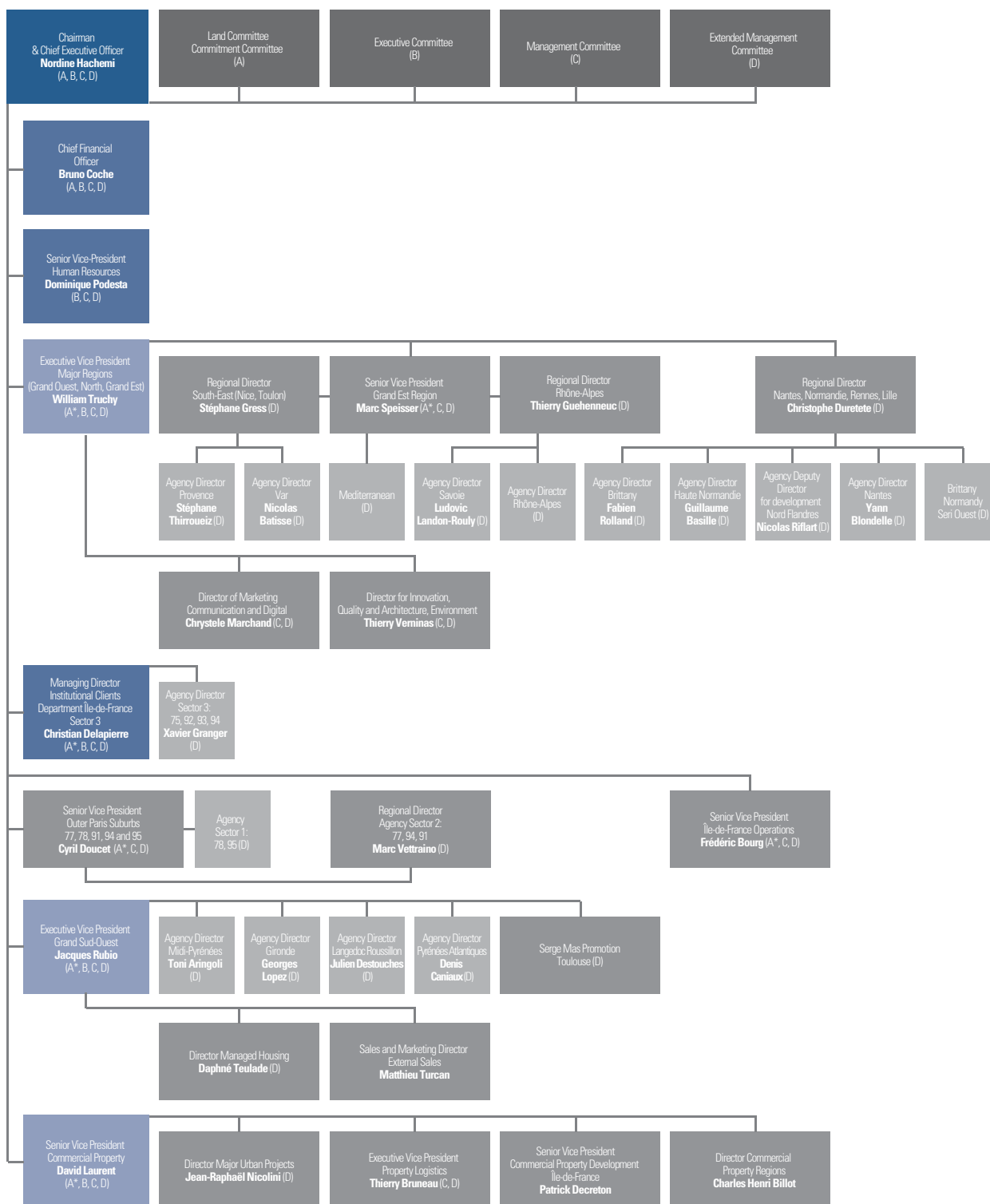
The Company provides its subsidiaries and regional divisions with various administrative and management services, and particularly consulting, in:

- project financing;
- establishment of organizations, recruitment, individual and collective employee management training, career management, salary and payroll policy and personnel files;
- accounting, legal, tax and treasury management;
- processing and installation of information systems;
- assistance and advice for sales to private customers;
- architecture, 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 Real Estate, Concerto Développement, Kaufman & Broad Grands Projets, Kaufman & Broad Innovation et Technologies, 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, SMP (Serge Mas Promotion) and Seri Ouest - 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

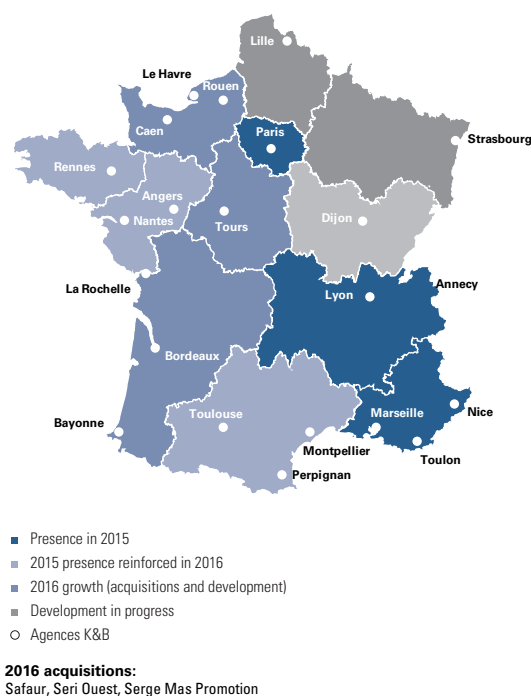
Kaufman & Broad's policy is to conduct business in geographic areas with strong potential for economic and demographic growth in the medium and long term. This objective has prompted the group to focus its business in order to increase its market share in the most dynamic Regions. In 2016, Île-de-France accounted for 41% of the group's revenues from housing with the remaining 59% 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, Dijon, Grenoble, La Rochelle, Le Havre, Lille, Lyon, Marseille, Montpellier, Nantes, Nice, Perpignan, Rennes, Rouen, Toulon, Toulouse, Strasbourg and, most importantly, Île-de-France.

Housing construction continues to do well. In fact, at end-January 2017, and compared to the same period a year ago, the number of housing units started (multi-occupancy, single-family, retirement homes, student or tourist housing) rose by 10.7%. This trend is likely to continue in the coming months, considering the increase in building permits, up 16% from 2016, another trend that became even more pronounced in the last three months, up 3.2%. Moreover, housing demand continues to outstrip supply, with 459,241 housing units authorized at end-2016 compared to close to 548,000 in 2006 (-16.2%). Therefore, no socio-economic factor is likely to bring about a sudden drop in housing demand in the coming months, especially since the residential market growth factors of the last two years are expected to continue. Note that, on the one hand, that despite being slightly up, lending interest rates are expected to remain at historically low levels; and, on the other hand, public support measures, both with respect to home ownership with the zero-interest loan (PTZ) and with respect to rental investment with the Pinel incentive, were renewed in 2017.

Kaufman & Broad thus considers that the positioning of its various programs across the country is consistent with its identified customer base. Accordingly, Kaufman & Broad has set up operations in eight new cities: Angers, Caen, Dijon, La Rochelle, Le Havre, Rouen, Perpignan 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, both single-family homes and multi-occupancy housing 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 loss of interest of second-time buyers in transactions involving 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 (in number)		Share of revenues from orders (including VAT)	
	2016	2015	2016	2015
Investor ^(a)	52%	39%	50%	41%
Block	27%	41%	23%	29%
First-time homebuyer	17%	15%	19%	19%
Second-time homebuyer	5%	5%	8%	10%
TOTAL	100%	100%	100%	100%
<i>(a) Including "DufLOT" and "Pinel" investors</i>	42%	34%	42%	36%

* 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 respond to the needs of the market, the group is focusing more on its managed housing designed for tourists, students and older adults, where demand is extremely high. In 2016, the group received a still-significant portion of its orders from investors (up 54% compared to 2015 in number), as well as from block orders. Orders for rental investment made up 50% of revenues (including VAT) (42% of which were under the "Duflot" and "Pinel" incentives), while block orders accounted for 23% of revenues. First- and second-time homebuyers accounted for 31% of revenues, against 29% in 2015.

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 orders from first-time buyers in 2016 accounted for 17% of group orders in number, due to their ongoing difficulties in obtaining loans despite the very low interest rates.

The market for second-time buyers consists of homebuyers 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. Their share in the market has remained low since the 2007 crisis; in 2015 and 2016, they accounted for 5% of orders in number within the group.

In 2016, the sales price (including VAT) of the group's single-family homes ranged from €182,500 to €1,120,000. The average price was €325,000 in Île-de-France and €250,000 in the Regions. Living space in these homes ranges from 62 to 190 sq.m, depending on the program (see Section 2.1.3. "Tracking of indicators").

In 2016, the selling price (including VAT) of multi-occupancy housing units ranged from €2,500 to €11,200 per sq.m in Île-de-France and fluctuated between €1,900 and €8,300 per sq.m in the Regions. The average selling price (including VAT) of multi-occupancy housing units (including parking) was close to €4,200 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 multi-occupancy housing units delivered by the group over the past 10 years.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Average price (in €, incl. VAT)	306,900	319,900	307,400	335,600	294,600	301,700	252,500	313,100	381,400	367,000	325,000
Average area (sq.m)	111	107	110	113	96	100	80	90	98	88	87

Average price of multi-occupancy housing units in Île-de-France and in the Regions

(in €, incl. VAT)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Île-de-France	252,600	249,900	241,900	208,500	226,900	266,900	238,800	207,800	205,800	256,300	225,900
Regions	171,600	185,900	188,000	197,300	197,100	201,420	212,000	198,500	183,700	197,500	194,000

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 2016, individual investors buying through prescribers, specialized networks or its sales offices generated 52% of its orders in number compared to 39% in 2015. According to the individual investors' declarations of intent, the group estimates that 42% of their orders were made under the Pinel incentive, against 35% under the incentives in force in 2015 (Duflot 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.

1.1.4.2. Products

Kaufman & Broad's products consist of four classes of products: (i) apartments, (ii) Single-family homes in communities, (iii) managed housing (corporate, tourist, student and serviced accommodations) and (iv) Business 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 multi-occupancy housing 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 site selection.

Each community, depending on its size, has 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 paid to light and to the optimization of space.

Each single-family home is delivered with a private planted garden 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. Multi-occupancy housing

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, they 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, Le Havre, Rouen, Caen, Lille and Strasbourg.

Kaufman & Broad pays great attention to the architecture of its buildings, the design of communal areas (entry hall, stair landings, garden 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 multi-occupancy housing 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 multi-occupancy housing 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 multi-occupancy housing units 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 housing

Kaufman & Broad develops managed housing throughout the country for tourists, students, businesses and older people (non-assisted living accommodations).

The managed housing business 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 accommodations 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 who 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 multi-occupancy housing units are offered to private homebuyers, as unrestricted investments or under the Pinel incentive.

1.1.4.2.4. Business property

For its Business 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 Developper in 2014, of one or two logistics platforms per year. As part of its business property 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 business 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

Kaufman & Broad's marketing organization structure makes it possible to respond to two major strategic goals:

- providing the sales force with a continuous flow of qualified and mature in their acquisition plans contacts who are through adapted communication tools;
- improving the acquisition costs and the transformation rates through a rigorous control of the efficiency of the actions taken and a 'test and learn' policy.

For Kaufman & Broad, marketing is a key step in customer experience and one of the important criteria for the customer's final satisfaction. Likewise, the sale support marketing tools used respond to the new usage and expectations of consumers.

1.1.5.1. Sales team

Kaufman & Broad relies on all the sales channels it has available depending on the nature of its offer and with the goal to always find the best marketing costs to take-up rate ratio. These channels are:

Direct in-house sale

At November 30, 2016, these teams consisted of 154 people, including 80 sales representatives with an average of 7.8 years with the group. The majority of the sales personnel earn a fixed salary plus sales commission. Kaufman & Broad sees its sales team as highly effective, professional and efficient. It has supervisory personnel and dedicated training that enables it to rapidly adapt to the customers' expectations be they individual investors or future occupants of their purchased property.

Depending on the structure of the offer and the sectors, salespeople can be in in-house sales or outside sales. Even though they may be working on the marketing of a dedicated program, they are trained to anticipate the customer's needs and can show the entire Kaufman & Broad offer.

Sales through intermediaries

Kaufman & Broad generally relies on:

- independent wealth management advisors;
- banking networks;
- marketing networks;
- sales platforms which it tasks with the distribution of the products developed by the brand to customers including primarily individual investors. This sales channel is supervised by an internal team of Managing Prescribers, tasked with leading the team, helping them in the selection of products and their presentations to their customers.

Block sales

Lastly, Kaufman & Broad sells a portion of its production to institutional investors. To do so, its Institutional Sales department, in constant relation with the major social or income-based housing lessors, identifies the needs and opportunities and relies on the regional departments to prepare suitable offers.

1.1.5.2 Sales points

Kaufman & Broad is fully aware of the ways in which the advent of the Internet has changed consumer behavior and uses its knowledge to shape its customer experience by adapting its points of sale to fit each marketing stage and the needs of prospects. Accordingly, it uses:

- traditional sales offices at the construction sites. In high-density catchment areas and in centrally-located sites with good visibility;
- pop-up sales offices. Very temporary and custom-built event-driven sales offices that have been set up in relation to a sales launch or to a marketing initiative;

- boutiques. Open six days a week, centrally located in an urban construction areas, they provide a permanent address for the Kaufman & Broad brand in a given geographic sector and can be used to market several developments;
- at the customer's location or at any other location that is convenient for customers based on their schedules and availability;
- decorated show apartments or show homes which are used not only as a point of sales but also as a visualization tool for the products sold.

1.1.5.3 Showrooms

One of the first things that new housing buyers expect is the personalization of their homes prior to delivery. With that expectation in mind, Kaufman & Broad offers a large range of amenities and services intended to help homebuyers make their homes their own. To do so, Kaufman & Broad has set up showrooms for its customers in Neuilly-sur-Seine, Lyon, Toulouse and Fréjus. The showrooms offer Kaufman & Broad customers a broad range of options (carpeting, tiles, hardwood floors, fireplaces, walk-in closets or storage space, bathrooms, kitchens, etc.) in context, so that customers can see their options and make their choices with the help of expert advice. This service is a highly effective way for Kaufman & Broad's customers to experience the combined efforts of the sales and technical departments.

1.1.5.4 Operational marketing and Advertising

Sales leads have three types of sources:

- product-centric single-program advertising campaigns, targeted for specific geographic locations based on the program features, the market and the competition. This type of campaign tends to be used at the time of program launches;
- customer-centric cross-media advertising campaign targeted for specific geographic locations and focused on a specific topic. These campaigns serve the double purpose of feeding data into the Kaufman & Broad's prospects database and maintaining or helping to expertly develop its brand image and awareness;
- ongoing acquisition actions using digital sources specifically through SEO and SEM, affiliate marketing campaigns, customer retention and use of new levers allowed by data management.

1.1.5.5 Digital tools

All the operational marketing and advertising actions point to digital tools dedicated to client support. In 2016, the main BtoC website (kaufmanbroad.fr) underwent an ergonomic and graphic overhaul that led to:

- more efficient user-intuitive ergonomics;
- a powerful search engine;
- detailed program sheets chock-full of information.

In addition, Kaufman & Broad developed presentation and visualization tools such as: presentation apps for touch screen tables, virtual models, presentation of layouts in 3D, virtual apartment or home visits, etc. for all the new programs being marketed.

In relation to this, the brand strives to bring clients high performance and education tools while avoiding gadget tools whose effect could impact customer perception. Digitalization is also used in the other sales channels and specifically in sales through intermediaries by allowing all contracted partners to use the kbpatriimoine.fr website.

This extranet shows the entire offer and provides a number of tools (calculators, selection tools, dashboards, etc.) to the intermediaries making it easier for them to work with their customers. Thus the offer is also distributed via secured and automated flows on various partner distribution or marketing platforms. Lastly, an extranet site dedicated to order placers, supports the entire customer experience, from order to delivery. This website, which is currently being overhauled, will help shape the relationship between the brand and the buyers with the goal to continuously improve customer satisfaction.

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 acknowledgment 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 sale before completion agreement, the law has given real estate developers the option of calling for payments from customers as and when the works progress toward 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"). Payments 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 sale before completion agreements immediately transfer to the buyer the title to the land and title to the building, as and when construction is completed.

In a sale before completion, 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 multi-occupancy housing 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 10-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 service). 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 Multi-occupancy housing

Programs for Single-family homes in communities and for Multi-occupancy housing 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 12 months on average.

A multi-occupancy housing 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. Business property

The group's Business 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 €243.6 million in 2016, €202.7 million in 2015 and €251.7 million in 2014.

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 multi-occupancy housing is 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 multi-occupancy housing may be built, 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).

The 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.

In the course of the fiscal year, the group follows the sale level of its real estate programs upon completion of the acquisition of land. At November 30, 2016, the average of pre-sale rate of the programs under which the land had been purchased during this period was 67% compared to 63% for the same period in 2015.

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. Multi-occupancy housing and Business property

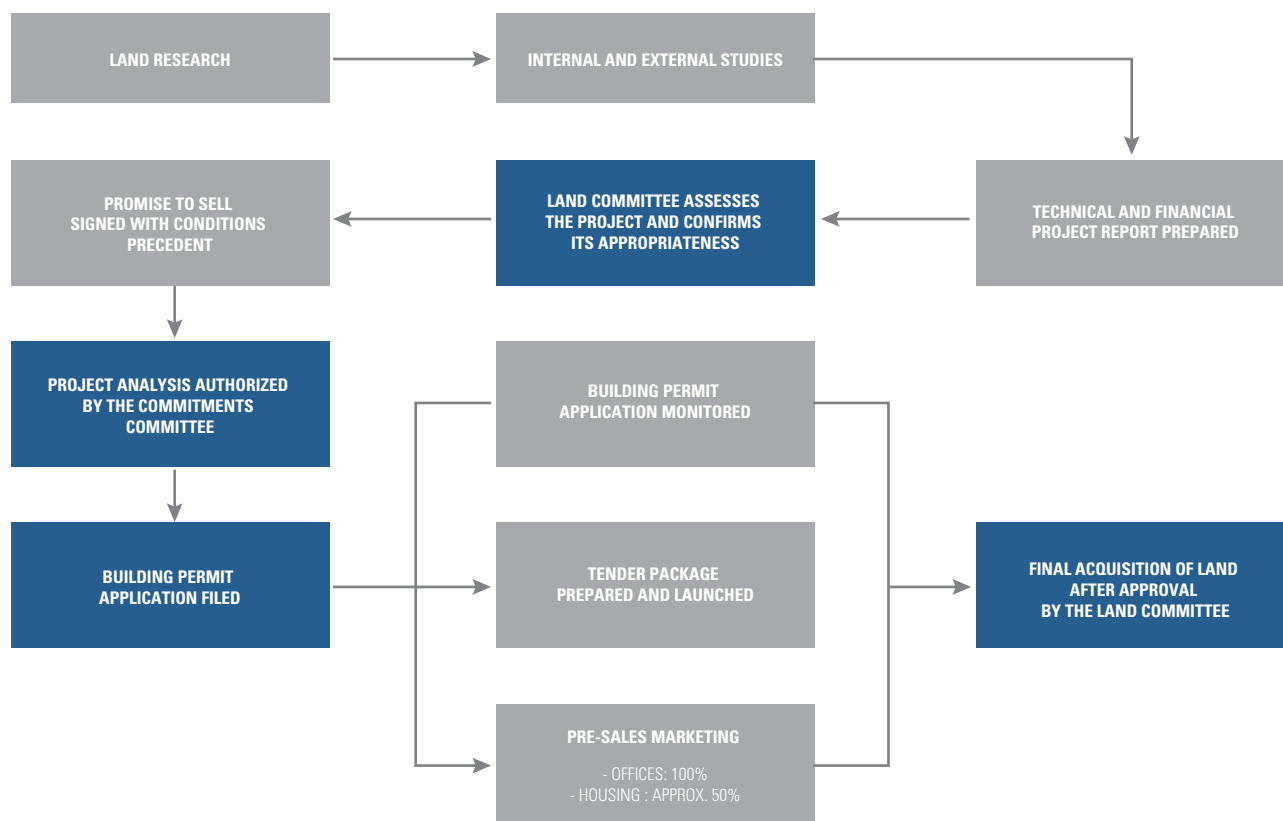
As a general rule, construction of multi-occupancy housing does not usually begin until a pre-sale rate of approximately 50% of the total development project value is attained.

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

For its Multi-occupancy housing and Business 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 1.2.1.5.1. "Risks related to the group's debt" and in Section 4.1.5. "Statement of financial position - Equity and liabilities," Note 24 "Borrowings and other financial liabilities."

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, the Crédit Mutuel group (CIC, BECM, etc.), the Banque Populaire et 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 and SFSE.

For sales before completion (VEFA), Article L. 261-10-1 of the French Construction and Housing Code requires that, before signing

a duly authenticated deed of sale, customers receive a performance bond or a financial guarantee for the repayment of any amounts paid in the event that the contract is terminated due to default of completion. Previously, for not-yet-built buildings with building permit requests filed prior to January 1, 2015, such guarantee could be given either by the program itself (through a so-called intrinsic guarantee) or through a bank guarantee (known as an extrinsic guarantee). The intrinsic guarantee option was removed by Order No. 2013-889 of October 3, 2013, ratified by Article 172(IV)(60) of the ALUR Law of March 24, 2014.

For all its programs, the group always uses the extrinsic guarantees by obtaining a financial guarantee, 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", "Centralized purchasing" paragraph).

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 multi-occupancy housing programs are also carried out by individual trade contractors. A smaller proportion is awarded to general contractors.

The majority of Business 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 of the platform 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. The Kaufman & Broad brand

The group markets its Single-family homes and apartments under the "Kaufman & Broad" brand, and, as the case may be, under the brands of its portfolio resulting from acquisitions and which benefit from a 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 over 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, Safaur, Serge Mas Promotion and Seri Ouest.

The group has also acquired stakes in the following companies in the course of the fiscal year: Safaur (since October 7, 2015, date on which Kaufman & Broad 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), of Seri Ouest (on June 23, 2016) of 80% of the capital (a real estate developer with operations in the large metropolitan areas in West, Haute-Normandie and Lower-Normandy, Brittany and Pays de la Loire).

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

1.1.13. Main offices

For the conduct of its business, the group rents offices from third-party landlords in Annecy, Angers, Bayonne, Bordeaux, Caen, La Rochelle, Le Havre, Lille, Lyon, Marseille, Montpellier, Nantes, Neuilly-sur-Seine, Nice, Perpignan, Rennes, Rouen, Toulon, Toulouse and Tours. 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, 2016, rents and rental charges totaled €5.9 million (excluding VAT), against €5.5 million (excluding VAT) in 2015 (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 verbal 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. For France, INSEE projects that growth should be around 1.1% for 2016. Moreover, International Monetary Fund forecasts for the coming year have been revised downward in view of the growth recorded for 2016, which is below its previous estimates (1.3% projected in France for 2017, source: IMF, World economic outlook, January 2017). 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 time frame 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 housing (tourist, student and corporate housing and non-assisted living accommodations for older adults) 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 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 it is 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 the Housing segment. 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 canceled 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 2016, 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 2017 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 €8.6 million in the group's Consolidated Financial Statements at November 30, 2016. 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 enforcements 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 protects. 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. Risks related to the group's debt

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

On April 4, 2016, the Company entered into a Senior Facilities Agreement (the "2016 Senior Facilities Agreement") with a syndicate of international banks. Under the 2016 Senior Facilities Agreement, the group has 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 for a maximum principal amount of approximately €100 million (the "RCF"), i.e., a total maximum amount of approximately €300 million.

At November 30, 2016 the amount of the group's cash and cash equivalents stood at €118.1 million, to which is added €100 million in an undrawn revolving credit facility, taking Kaufman & Broad's financing capacity to €218.1 million. Finally, the total amount of the group's debt totaled €203.2 million, for a net debt of €85.1 million.

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

- 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;
- 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 refinancing;
- adversely affecting the terms of loans negotiated with creditors;
- 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. 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.

In the event of insufficient liquidity to service its debt, the group could be forced to reduce or delay acquisitions or investments, sell assets, refinance its debt or seek additional funding, which could have an adverse effect on its operations or financial position. The group may not be able to refinance its debt or obtain additional financing on satisfactory terms.

At November 30, 2016, the group's main debt facilities were as follows:

(in € thousands)	Debt capacity	Utilization at November 30, 2016	Maturity date	Rate ^(a)
Tranche A			repayable by semi-annual installments of €6.25 million from October 2017 to April 2021	E ⁽¹⁾ + 250 to 275 BPS
	50,000	50,000		
Tranche B	150,000	150,000	Bullet repayment in April 2021	E ⁽¹⁾ + 275 to 300 BPS
RCF ^(b)	100,000	-	Bullet repayment in April 2021	E ⁽¹⁾ + 275 BPS
TOTAL	300,000	200,000		

(a) E = Euribor, which is, for a given maturity, the fixing, calculated every business day, of the average rate at which a panel of 50 major banks in Europe offer to make unsecured loans to other major banks.

(b) Revolving Credit Facility.

(1) The margin applicable depends on the financial leverage ratio level.

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, 2016:

	Book value	Less than one year		1 to 5 years		More than 5 years	
(in € thousands)	Nov. 30, 2016	Interest	Repayments	Interest	Repayments	Interest	Repayments
Borrowings and financial liabilities							
Syndicated credit lines	200,000	6,413	6,250	17,060	193,750	-	-
Credit facilities and other borrowings	4,599	162	4572	1	27	-	-
TOTAL	204,599	6,576	10,822	17,061	193,777	-	-

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. to the Consolidated Financial Statements, "Payment schedule."

The group's debt facilities presented in the table above are part of the 2016 Senior Facilities Agreement. Under the 2016 Senior

Facilities Agreement, the loan under tranche A is repayable by eight six-month installments from October 29, 2017 and the loan under tranche B is repayable on the maturity date, i.e., on April 29, 2021.

The 2016 Senior Facilities Agreement further states that the Company pays interest based on an interest rate equal to EURIBOR (with a floor at 0% per annum) plus a margin which depends on the group's leverage ratio, as follows:

Financial leverage ratio ^(a)	Tranche A and RCF ^(b)	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

(a) Net Financial Debt (1) divided by EBITDA (2) where:

(1) financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet commitments;

(2) 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.

(b) Net Financial Debt (1) divided by adjusted shareholders' equity (3);

(3) adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015 + cumulative income from December 1, 2015 to the end of the relevant quarter - dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2015 to the end of the relevant quarter.

1.2.1.5.2. Risks related to covenants in financing agreements

The 2016 Senior 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 2016 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. materially change the nature of their operations; and
5. grant guarantees or sureties.

For example, 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. These restrictions could also 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.

Moreover, the 2016 Senior Facilities Agreement states that some of the group's excess cash (75% (or 50% if the leverage ratio is less than or equal to 1.5) of the portion of excess cash over €5 million) is, under certain conditions, to be used to prepay part of the credit lines, starting with the end of the fiscal year ended November 30, 2017.

Furthermore, the 2016 Senior Facilities Agreement states that, for each accounting quarters from November 30, 2016 until the agreement expires on April 29, 2021, the group is required to

comply with two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratios at each six-month period-end	Threshold
Leverage ratio ^(a)	≤ 3.0
Debt/Equity ratio ^(b)	≤ 2.5 at November 30, 2016
	≤ 2.5 at May 31, 2017
	≤ 2.5 at November 30, 2017
	≤ 2.0 at May 31, 2018
	≤ 1.75 at May 31, 2019
	and at May 31, 2020

(a) Net Financial Debt (1) divided by EBITDA (2) where:

(1) financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet commitments;

(2) 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.

(b) Net Financial Debt (1) divided by adjusted shareholders' equity (3);

(3) adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015 + cumulative income from December 1, 2015 to the end of the relevant quarter - dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2015 to the end of the relevant quarter.

Lastly, Kaufman & Broad Homes SAS and Kaufman & Broad Europe SAS 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.

These restrictions could reduce the flexibility of the group in the conduct of its operations.

Moreover, the group may not be able to meet the commitments, covenants and/or financial ratios described above, in particular because of 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 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 any guarantees associated with the seizure of all group assets and/or the forgoing of any future financing by 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 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 2016 Senior Facilities Agreement.

The 2016 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 2016 Senior Facilities Agreement, a change of control would occur (i) in the event of a sale, transfer or other disposal (other than a merger, consolidation or similar transaction), in one or more related transactions, of all or a substantial part of the group's assets or (ii) if a person or group of persons acting in concert (other than PAI Partners or any person acting as guarantor bank in connection with the partial sale of its equity interest by Financière Gaillon 8 or any shareholder approved by a majority of lenders) acquires (directly or indirectly) more than 33.33% of the voting rights of Kaufman & Broad and the mandatory tender offer resulting from the crossing of that threshold: (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 has been conducted successfully.

In the event of accelerated repayment of the amounts due under the 2016 Senior Facilities Agreement, the group may not have sufficient assets for 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 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 were to decrease, thus reducing the funds available to finance operations and future commercial opportunities.

Under the 2016 Senior Facilities Agreement, the group set up hedging instruments to cover interest payment relating to at least 50% of the amounts due under the Senior Facilities Agreements (Tranches A and B) so that these amounts would be reduced

proportionally by any voluntary or mandatory repayment made by the Company. Interest-rate hedges were made by way of instruments listed on organized markets or over-the-counter with high-quality counterparties.

Since the establishment of the 2016 Senior Facilities Agreement, Kaufman & Broad has renegotiated some of the agreements for its hedging instruments (swaps) to hedge its borrowing rates for a principal amount of €145 million, including €30 million until November 30, 2017 and €115 million maturing on April 30, 2021.

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 swaps (floors). 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) and (B) ^(a)	200,000	(1, 000)	200
Credit facilities ^(d)	4,599	(23)	5
Cash and cash equivalents ^(c)	117,850	589	(118)
Investment securities	258	1	-
Swap ^(b)	145,000	725	(145)
NET IMPACT ON INCOME BEFORE TAX	-	292	(59)

Assumptions: 1-month Euribor interest rate of -0.324%.

(a) Assumptions: 1-month Euribor at -0.324%.

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: - €1,023 thousand;

- decrease: + €205 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: - €298 thousand;

- decrease: + €60 thousand.

(c) Banks, available cash and reserve balances.

(d) Excluding issue costs and fair value of derivatives.

Type of instrument	Floating/Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated lines of credit	Floating	6,250	193,750	-
Other borrowings	Floating	1,065	27	-
Credit facilities	Floating	3,195	-	-
FINANCIAL LIABILITIES		10,510	193,777	-
Bank balances and cash on hand	Floating	114,878	-	-
Short-term investments	Floating	258	-	-
Order balances	Floating	2,972	-	-
FINANCIAL ASSETS		118,108	-	-
NET POSITION BEFORE RISK MANAGEMENT		(107,598)	193,777	-
<i>Swaps</i>		(30,000)	(115,000)	-
NET POSITION AFTER RISK MANAGEMENT		(137,598)	78,777	-

At November 30, 2016, 72.5% of the amounts due under Tranches A and B were hedged by swap agreements with a weighted average interest rate of 0.253% totaling €30 million and maturing on November 30, 2017 and €115.0 million and maturing on April 30, 2021.

1.2.2.2. Equity Risks

The Company has only limited exposure 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 15, 2016"), i.e., to be used mainly for the stock option and bonus share plans, the

cancellation of the shares by the Company, acquisition of shares to be held and subsequently delivered in payment or exchange in external growth transactions, or under the liquidity agreement. 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 related to regulations applicable directly to the group

There are no specific regulations governing the group's business of developing and building single-family homes in communities, apartments and offices.

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 or payment.

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 2-year and 10-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 10-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 reparation 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 2-year or 10-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 employees without title the group ensures to ensure that the projects managers will meet their obligations of vigilance. 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 contribution obligations, before the signature of the contract and also 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.

1.2.3.2. 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 defects 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 running 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".

1.2.3.3. 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.

These tax incentives might change following the presidential and legislative elections in France, whose results will be known in May and June 2017, particularly in the event of a change of parliamentary majority.

1.2.3.4. 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.

1.2.3.5. 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, Performance Bonds and financial covenants.

1.2.3.6. 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 French Data Protection Authority (*Commission Nationale Informatique et Libertés*), 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 in a way that would cause the group's business, income and financial position to 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 subcontractors;
- 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 able to face 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 2016 as a whole, its top 10 customers, who are mainly real estate companies and institutional customers represented 32% of revenues and 22% of the 2016 total orders.

Its top 10 suppliers accounted for 17.2% of flows billed by suppliers in fiscal year 2016 and the leading supplier accounted for 4.1% 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). In addition, significant changes in the prices of raw materials (mainly concrete, steel and cement) used in the construction of buildings sold by the group could have a significant impact on the group's construction costs. 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 significant rise in land prices as a result of the current practice of land sale by auction, among other things, specifically when sold by auction by a local authority) 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 for certain development projects, depending on their nature, size and location, 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 - CNPN), 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 completion of any relevant preliminary inspections, real property requiring moderate rehabilitation 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 perils 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 might not be able to identify the suitable companies, make acquisitions on satisfactory terms and conditions or meet the obligations stipulated in the relevant acquisition/disposals' agreements. Furthermore, although 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 might also have difficulty to preserve key skills identified during the acquisition process or producing 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 can be 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, 2016, the amount of goodwill was €68.5 million (see Section 4.1. "Consolidated Financial Statements at November 30, 2016", Note 14 to the group's consolidated financial statement at November 30, 2016, which appears in Section 4.1. "Consolidated financial statement at November 30, 2016" of this Registration Document).

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 15.06 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 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 Management 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 hires.

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 and 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 or even subscribe to such coverage. This could increase its risk exposure and costs, which in turn would have a negative impact on its business, profitability and growth. Finally, insurance premium rate depending on the claim, an increase in the claim could lead to an increase the premium paid by the group and/or have an impact on the coverage risk level.

1.2.5.7. Risks related to potential fraud and scams

Kaufman & Broad is exposed, as all companies, to potential fraud, scams and embezzlement or corruption. 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.

1.2.5.8. Risks related to the group's shareholding structure

As of the date of this Registration Document, Financière Gaillon 8 (a company ultimately controlled by funds managed by PAI Partners) holds 17.70% of the capital and 31.97% of the voting rights of the company, thus remaining the largest shareholder in the Company. Financière Gaillon 8 sold 43% of the Company's share capital in April 2016 and 17.76% in February 2017 through private investments.

In the event that Financière Gaillon 8 should decide to sell, directly or indirectly, all or part of its remaining interest on the market at the end of the 60-day retention commitment made as part of the sale conducted in February 2017 or before the expiration thereof if agreed by the relevant investing banks, or if such a sale were to be perceived as imminent or likely, this could have a significant negative impact on the Company's stock market price.

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 1.2.3.1. "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 10-year guarantee. 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 10-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 SMA have been in place since January 1, 2014.

Their cost totaled €9.618 million (i.e., 0.78% of consolidated revenues) for the fiscal year ended November 30, 2016.

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 10 years, underwritten by Allianz IARD since January 1, 2014.

The premiums paid under that policy in the fiscal year ended November 30, 2016 totaled €0.056 million (i.e., 0.005% 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 Agent 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 €0.51 million in fiscal year 2016 (i.e., 0.041% 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 Agents' Liability Insurance

The group has optional Comprehensive Construction insurance and Real Estate Agents' 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.

Their cost totaled €0.77 million (i.e., 0.06% of consolidated revenues) for the fiscal year ended November 30, 2016.

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 Executive 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 Executive 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 accounting 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, purchasing, management of project-end (for principals involved in real estate programs; see Section 9.2. of the report of the Chairman of the Board, paragraph 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, the Crédit Mutuel group (CIC, BECM, etc.), 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 "Relationships with suppliers" in Section 1.7.4.1. "Business practices and ethics"). In addition, for several years, Kaufman & Broad has been engaged in a process to centralize its purchasing and to standardize its procedures for the selection of suppliers, at group level. Centralized purchasing makes it possible to develop long-term relationships with suppliers signing a framework agreement with it. 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 "Centralized purchasing" in Section 1.7.4.1. "Business practices and ethics").

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 conduct 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 Financing 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 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.

1.3.2.2.2. 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.

1.3.2.2.3. 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 duties include, among other things providing 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.

1.3.2.2.4. 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").

1.3.2.2.5. 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 of projects 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 Company 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 (level and status of sales, technical feasibility, cash plan, etc. 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 civil-law 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 signed by 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 comprised 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.

The Innovation, Quality and Architecture Department was created within the group in September 2015 with the purpose to define a product offer that stand outs, meets the technical quality criteria and is adapted to new uses.

This Department is key to fostering a culture of innovation. Its role in achieving this includes technical and competitive intelligence, as well as greater receptiveness to innovation promoters, such as Immowell-Lab, a start-up accelerator with which the group has signed a partnership. Well-being through real estate, Immowell-Lab's theme, has been identified by the group as a lever of innovation in its analysis of a certain number of collaborations to conduct testing in order to broaden Kaufman & Broad's service offer.

The group develops urban projects with certain large scale symbolic mixed-use programs. Right in the center of the Toulouse region, the "Lagrave" development spans 21,400 sq.m with multi-occupancy housing, a tourist facility, an assisted-living retirement home, and stores. The development in the "Polaris" block in Nantes is another example, with six buildings on 35,000 sq.m including an 18-floor tower, a Vatel school and campus, student housing, 5,000 sq.m of offices and stores and 250 housing units. With the creation of the Major Urban Projects in 2015, the group positioned itself as a turnkey developer and development promoter.

One primary focus for the group is the use of wood in construction as a sustainable, eco-friendly, and sound low carbon material. There is a partnership with Techniwood, a company that designs, manufactures and sells bio-sourced industrial construction panels. This partnership culminated in Bordeaux with SILVA, a 17-floor tower with a giant timber-frame primary structure that is more than 80% wood.

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 and related fees, taxes, the cost of roads and infrastructure, the cost of construction and development of show 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. The group markets all its development programs under the system of sales before completions (VEFA), which means that the title to the

land and the building is transferred to the purchaser as and when the building is constructed. In addition, revenues are recognized in accordance with, among other things, 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", 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, Notes 15 "Tangible and Intangible assets" and following to the Consolidated Financial Statements). These investment flows relating to operations for the entire group amounted to €6.4 million in 2016 compared to €4.5 million in 2015 and 3.4 million in 2014;
- 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 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. 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, Notes 16 "Non-current financial assets" and following to the Consolidated Financial Statements).

Subject to the investments and stakes mentioned above, the group made no major investment during fiscal year 2016.

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 2016. 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 audited its non-financial performance indicators for this fiscal year. The published CSR indicators changed for fiscal year 2016, in accordance with Law No. 2016-1088 of August 8, 2016 on labor,

modernization of social dialogue and professional career security and with the publication of Decree No. 2016-1138 of August 19, 2016 implementing Article L. 225-102-1 of the French Commercial Code on environmental information provided by companies.

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; and
- 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 matters (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), six Boutiks (multifunction and multiprogram places of sale) and seven showrooms. But, above all, it is in its highly regulated real estate programs that the group faces a variety of societal and environmental challenges.

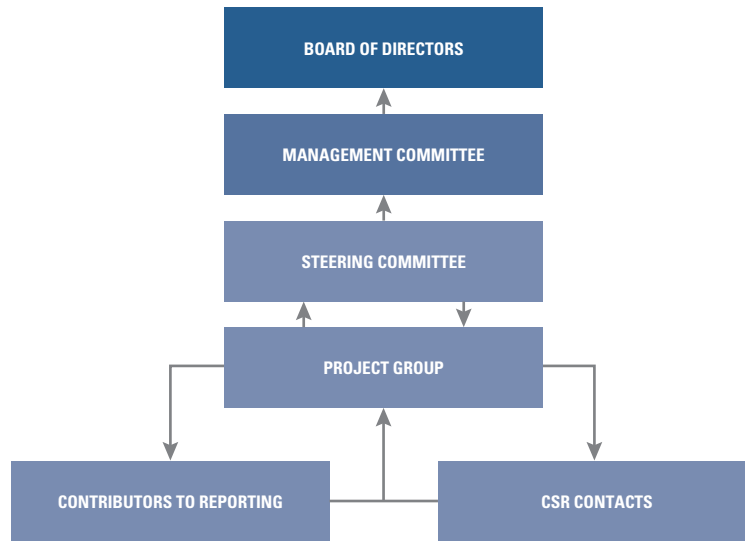
To go beyond legal requirements and formalize its strategy in this area, the group has a Corporate Social Responsibility (CSR) Charter intended to make CSR a performance driver, by making the values of the group central to its strategy.

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.).

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 SRU Law on Solidarity and Urban Renewal Law (*Solidarité et au Renouveau Urbains*) of December 13, 2000, the municipalities define Local Zoning Plans (*Plans Locaux d'Urbanisme* or PLUs) and the public entities for inter-municipal cooperation develop Territorial Consistency Rules (*Schémas de Cohérence Territoriale* or 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 (*Plan de Prévention des Risques* or 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 the 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 Water Protection Law case report 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 assessment on the land and prepare a methodological note. A contractor is then given the task of cleaning up the site if the assessment 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 2016, 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 archeology 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 assessment. 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 assessment report is necessary because the land may contain archeological remains, the developer signs an agreement to conduct it. The assessment 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 assessment, 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.

In the "Domaine du Moulin" program in Marseille in 2012, archeological excavations uncovered an ancient farmhouse and roads from the Gallo-Roman period (see Section 1.2.4.6. "Risks related to the discovery of archeological remains").

The special 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 2016, training for "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 occasion 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 multi-occupancy housing, business property, public and commercial 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.

Kaufman & Broad also performs rehabilitation projects with the purpose of changing the use of a building. As a result, housing was created from a former postal distribution site for the "Green Village" operation in Montpellier, by keeping the intermediate floors and roof slab.

Increasing awareness of the circular economy

The group wanted to begin a reflection process on how to integrate the circular economy into its projects, through competitive entries and other means. In this way, Kaufman & Broad joins the Orée association and is part of the "Deconstruction" business club and the circular economy working group that addresses this issue in connection with land development strategies.

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 is called the "Green and Blue Corridor" and it 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 zones, 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 R. 122 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 (*Directions Régionales de l'Environnement, de l'Aménagement et du Logement* or DREAL) may be implemented.

The Water Protection Law case report was thus created for the "Green Forest" program in Perray-en-Yvelines, which includes a wetland area identified by a pedological study carried out by Kaufman & Broad. In agreement with the findings of the case report, 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 Perray. 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 Mixed Development Zones (ZACs), the environmental aspect is particularly important and an environmental design firm is selected in the response for consultation and the design phases. The YOU building in the Île Seguin Rives de Seine ZAC in Boulogne Billancourt, certified to the French business building standards NF Bâtiments Tertiaires, démarche HQE® and BREEAM®, with the Effinergie + label (Cep. RT 2012 – 46%) 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 2016, training in "Major environmental constraints for project carriers" was offered to employees.

Provisions and guarantees for environmental risks

Kaufman & Broad's contracts of sale are conditional. 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, 2016.

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 imply 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 footpath for horses has been preserved and transformed into a rest area adorned with aromatic plants.

In addition to the 65 multi-occupancy housing units, the program also includes stores 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 gym and a cardio-training facility.

Environmental initiatives and certifications for housing units under construction

Among the 2016 housing unit starts, 24.8% were certified NF Habitat, *Habitat & Environnement* (H&E), Qualitel or other local benchmarks. This figure does not take into account the JVTs, which account for 1.7% of the group's net orders. These certifications can be used to measure the current levels of a building's technical and environmental quality and comfort of use.

The group has obtained the NF habitat (HQE) certification nationally. This certification is gradually replacing existing certifications and meets the expectations expressed by both professionals and individuals to simplify facility quality and performance criteria and make them more readable.

Preventing and controlling risks resulting from climate change

Climate challenges to operational performance: respect and anticipation of thermal regulations

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. They are therefore prior conditions for the approval of a building permit.

In 2016, training in "Keys to designing an RT 2012 building" "RT 2012 basics" and "How to sell RT 2012 housing" were offered to staff.

The group anticipates changes to environmental regulations in order to control costs, develop its expertise and make these restrictions a source of innovation.

Aware that the group is dependent on construction materials with a high carbon intensity for its production, such as cement, it is interested in less carbon-intensive materials, such as wood. Kaufman & Broad won the competition to design a primary wood structure housing tower on the outskirts of Bordeaux. This project was deployed on a 17,700 sq.m. space divided between 14,200 sq.m. of NF Habitat HQE certified housing, 3,000 sq.m. of offices certified BREEAM "Very Good" and 500 sq.m. of stores and a silo parking garage. The tower has 17 floors and is 50 meters high. It is over 80% wood, with a giant timber primary structure.

To work on decreasing the carbon footprint of buildings and expand its knowledge of low-carbon construction, Kaufman & Broad joined the association Bâtiment Bas Carbone (BBCA), which aims to launch a new label for structures and buildings in operation with a reduced carbon footprint.

Kaufman & Broad is also working on energy mixes for better performance of its structures and less environmental impact through reduced use of fossil fuels. The "Emergence" operation in Batignolles goes well beyond thermal regulations and is RT 2012 -17%. It uses photovoltaic panels, and the project is H&E profile A Performance option certified.

Rising energy costs and the scarcity of some resources could lead to additional costs for the group, particularly due to an increase in environmental taxation and higher corporate expenses (increased

cost of materials and increasingly heavy regulatory standards, especially for safety and the environment). Significant changes in the prices of raw materials (mainly concrete, steel and cement) used in the construction of buildings sold by the group could have a significant impact on the group's construction costs. 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. See also Section 1.2.4.3. "Risks related to construction costs."

Climate challenges for products and services

With the increase of exceptional climate conditions, the group could face additional costs linked to unexpected technical constraints. 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. See also Section 1.2.4.9. "Risks related to weather conditions."

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 garden. 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 other 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 assessment 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 the assessment, and the developer then has a general layout plans 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 in 2014. By including plants in the general layout plans, 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:

- tries 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, while adapting to 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 the regulations on 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 special measures, in cases of sensitive environments such as proximity to a school, by specifically restricting access to 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 2016, 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 & Environnement* certification to obtain some initial responses. Since program duration is not correlated to fiscal years, the group prefers to publish data for the duration of an entire program and give information on the programs for which it has reliable and comprehensive information on both water and on electricity, which explains how small the sample is.

The two programs for which the group publishes data are located in Île-de-France, and represent 2.5% of the programs completed in fiscal year 2016. This figure does not take into account the JVTs, which account for 1.7% of the group's net orders.

The "Florellys" program in Brie Comte Robert comprises 63 units and was delivered on September 21, 2016. The water consumption recorded during construction was 225 m³ and electricity consumption was 76,941 kWh.

The "Quai des Arts" program in Thorigny sur Marne has 121 units and was delivered on June 28, 2016. The water consumption recorded for that program was 3,388 m³ and electricity consumption was 285,656 kWh.

Locality	Program name	Total number of housing units	Delivery	Electricity consumption (kWh)	Water consumption (m ³)
Brie Comte Robert	Les Florellys	63	09/21/2016	76,941	225
Thorigny sur Marne	Quai des Arts	121	06/28/2016	285,656	3,388

The group currently has no knowledge of water supply difficulties that may impact the completion of its operations.

1.7.2.4. Adopting an urban logistics vision

Kaufman & Broad has acquired a stake in the capital of Urbismart, a startup created by the founders of Concerto European Developer, which deals with last-mile problems. The optimization and sharing of logistic flows are 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 and on a neighborhood scale, by incorporating the connection of services to buildings when they are designed.

1.7.2.5. Administrative activities

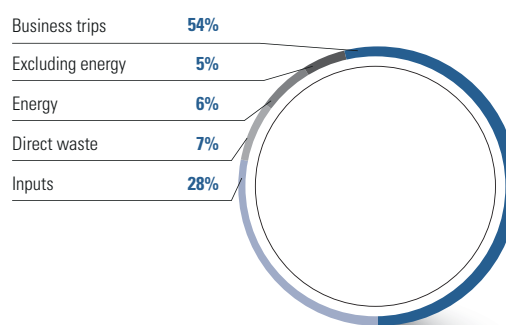
Kaufman & Broad takes into account the environmental impact of its administrative activity in order to raise awareness and mobilize its employees about objectives for the reduction of energy consumption and carbon emissions.

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.

Summary of greenhouse gas emissions by line item



Line item	Description	MT CO 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.

Analysis of significant emissions of greenhouse gases generated due to operations

To analyze the most significant carbon issues for the Company, the group must be considered within its value chain and the conditions necessary for the development of its operations.

Kaufman & Broad's Greenhouse Gas Emission Assessment (BEGES) shows that 54% of the group's greenhouse gas emissions originate from business trips made in company cars.

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.

In 2016, the group therefore 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 emissions calculation method takes into account only the "combustion" line item. The emission factors were updated in 2016 to follow the update to the ADEME Carbon Base. Overall, approximately 1,481.3 metric tons of CO₂ equivalent emissions in 2016 were for business travel. Vehicles were the main CO₂ emitter, accounting for 88.2% of emissions.

(in metric tons of CO₂ equivalent)

Entity	Number of travelers	Plane	Train	Carbon emissions			
				Personal vehicles (TOTAL card & mileage allowances)	Company vehicles	Total	Distribution
Annecy	30	2.78	0.12	16.01	38.12	57.04	3.9%
Bayonne	30	6.04	0.00	5.17	33.88	45.09	3.0%
Bordeaux	65	11.70	0.11	12.72	66.69	91.21	6.2%
Lille	19	3.18	0.06	3.29	11.65	18.18	1.2%
Lyon	65	2.45	0.75	20.28	41.57	65.04	4.4%
Marseille	75	18.76	0.30	17.08	86.18	122.32	8.3%
Montpellier	47	9.25	0.03	18.96	52.08	80.32	5.4%
Nantes	67	7.75	0.44	26.75	62.73	97.66	6.6%
Neuilly	343	52.73	1.35	122.98	382.58	559.65	37.8%
Nice	28	8.79	0.00	8.49	18.19	35.48	2.4%
Rennes	11	0.00	0.09	4.97	0.00	5.06	0.3%
Toulon	55	12.40	0.07	18.23	84.29	114.99	7.8%
Toulouse	116	35.31	0.05	18.27	135.68	189.31	12.8%
TOTAL	951	171.13	3.37	293.19	1,013.64	1,481.33	100%

Type of transportation	MTCO ₂ e	Distribution
Car	1,306.8	88.2%
Train	3.4	0.2%
Plane	171.1	11.6%
TOTAL	1,481.3	100%

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.

Indirect scope 3 emissions represent a significant share of the group's emissions. As a result, the group's second emission-related line item concerns paper, primarily external publications. The total tonnage of advertising materials contributing to the EcoFolio tax for fiscal 2015 totaled 646 metric tons.

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

Reducing our paper consumption and energy bill

Total print volume ^(a)

<i>(in thousands of pages)</i>	2016	2015
Black and white photocopies	2,677	3,158
Color photocopies	5,204	4,893
TOTAL	7,881	8,051

(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 have 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

Efforts against food waste

The group is faced with this problem on a limited scope since only its headquarters in Neuilly-sur-Seine has a shared company cafeteria. The cafeteria is managed by an external provider, and the group's responsibility is indirect. Employees are nevertheless aware of issues of product quality, supply and environmental commitment, and that provider is regularly questioned about these practices, including by the HSC. As a result, this provider has committed to a sustainable development approach that affects, among other things, the nutritional, environmental and social value of products, particularly by promoting local procurement. Furthermore, all edible oils used for meals are collected to be recycled as biofuel.

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, in order to secure the IT system, streamline costs, reduce energy costs and reduce environmental impacts. 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.

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. 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. The approach is deployed throughout the group. To date, Kaufman & Broad has one year of data for three of its sites.

Agency	Average workforce in 2016	Tonnage of waste collected for recovery (kg)	Type of waste
Bayonne agency	14	1,601	Paper / Cardboard
Lyon agency	49	1,700	Paper
Neuilly-sur-Seine HQ	362	20,919	Paper / Cardboard

The total tonnage of cardboard and paper collected and sorted by this provider was recycled in paper mills located in France.

The whole group also recovers and recycles computer equipment. In fiscal year 2016, 890 kg of cartridges were collected. 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.

Water and electricity consumption

Sustainable resources management awareness has been raised among agencies' colleagues. They are encouraged to switch off lights of their office when they leave it. Same policy is applied to computers and printers.

The same applies to the management of computer workstations as well as photocopiers and printers.

To do so, it has started monitoring the agencies' water and electricity consumption.

Agency	Average workforce in 2016	Water consumption (m³)	Electricity consumption (kWh)
Annecy	12	14	13,096
Bayonne	14	148	53,804
Bordeaux	27	150	82,461
Lille	7	-	10,927
Lyon	49	31	181,516
Marseille	47	314	69,776
Montpellier	19	105	33,477
Nantes	30	211	47,560
Neuilly	362	3,493	870,780
Nice	18	220	80,978
Rennes	5	19	4,298
Toulon	32	294	129,237
Toulouse	83	539	143,035
TOTAL		5,538	1,720,945

The data published is for the agencies active throughout the year.

1.7.3. Employment and related information

1.7.3.1. Workforce by gender, function, geographic area and age

At December 31, 2016, the group employed 735 people, 378 women and 357 men, through an Economic Interest Grouping (GIE) that has covered all the group entities in France since January 2008. 63.1% of the employees are managers and 51.4% of them are women.

Employees are assigned to group companies depending on their staffing requirements. 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, 2016

Land development	87
Programs	84
Technical & Customer Service	194
Marketing/Sales	183
Regional support functions	83
Corporate support functions	104
TOTAL	735

Workforce by entity at December 31, 2016

KB SA	134
Commercial property	22
Île-de-France	219
Nantes	30
Rennes	7
Lille	8
Caen	7
Haute Normandie	3
Val de Loire	1
Lyon	52
Grenoble	0
Annecy	11
Nice	20
Toulon	30
Marseille	48
Montpellier	19
Perpignan	1
Toulouse	80
Bayonne	14
La Rochelle	1
Bordeaux	28
TOTAL	735

Workforce by age at December 31, 2016

Under 24	16
25 to 29	99
30 to 34	115
35 to 39	123
40 to 44	92
45 to 49	90
50 to 54	99
55 to 59	74
Over 60	27
TOTAL	735

In addition, 2016 was marked by the acquisition of two companies, Serge Mas Promotion on December 22, 2015, with 19 employees, and Seri Ouest on June 23, 2016, with 24 employees at December 31, 2016.

1.7.3.2. New hires and departures**1.7.3.2.1. Potential recruitment problems**

In 2016, Kaufman & Broad hired 145 employees, including 121 on open-ended (CDI) employment contracts. A total of 82 managers, 33 employees and 30 salespeople were hired. Of the 145 employees hired on fixed-term (CDD) and open-ended (CDI) contracts in 2016, 64 were under age 30 at the time they joined the group, i.e., 44% of the employees hired. The 2016 market was particularly volatile, causing movements especially among young people and in the cities where the recruitment market can be tight. In a rather favorable industry environment, the identification of candidates and their motivation to change sometimes causes hiring to take longer. At the same time, the group capitalizes on its brand, employee confidence and co-opting to attract talent.

1.7.3.2.2. Temporary workers

In 2016, temporary workers represented 3.36% of the workforce, representing the equivalent of 24 full-time employees during the year. Temporary staff worked an average of 12.61 days per assignment in 2016.

1.7.3.2.3. Terminations

Employee-related terminations affected 16 people and 28 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 2016, the recorded turnover rate among employees in CDI was 16.1%. This rate corresponds to the trends observed in the real estate development market and reflects 2016 market dynamics.

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' Interest."

Average Compensation ^(a)

(in €)	2016			2015 ^(b)		
	Men	Women	Average	Men	Women	Average
Employees	59,404	41,698	45,492	53,147	41,219	43,621
- base salary	26,884	29,321	28,799	28,075	29,982	29,598
Managers	89,102	60,851	79,035	87,157	59,344	77,043
- base salary	65,494	48,663	59,496	65,768	48,120	59,350

(a) Total gross annual compensation per average annual number of employees

(b) The published compensation data for 2015 omitted some gross salary items. These data were restated in the 2016 publication.

Payroll taxes recognized in the accounts under compensation for fiscal years 2015 and 2016 were €22.1 million and €24.9 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) 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, the Company gives them five days of additional annual leave plus two additional days off in lieu of the extra time worked;
- 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 hours for part-time employees

In 2016, the group had 40 part-time employees: 22 employees, 15 managers and 3 salespeople. 55 % of these employees worked 20 to 30 hours per week, mainly on parental leave.

In addition, 25 employees are entitled to work-life balance related flextime.

1.7.3.4.3. Absenteeism

Absenteeism by reason ^(a)	2016	2015
Sick leave	4.09%	3.60%
Workplace and commuting accidents	0.01%	0.10%
Maternity leave	1.39%	0.89%
Family events	0.35%	0.31%
TOTAL	5.84%	4.90%

(a) Number of hours absent/theoretical number of hours worked.

Parental leave is not taken into account.

1.7.3.5. Employment relations

Employees are represented by 10 members of employee representative organizations (six managers and four 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 Delegates.

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 (*Confédération Française de l'Encadrement* or CGC).

Management and representatives of the Work Councils meet monthly, as well as the Union Delegates. Members of Health and Safety Committee (CHSCT) meet four times per year. The Trade Unions and management meet each year during the Mandatory Annual Collective Bargaining Rounds and as often as required in accordance with the schedule required by law.

1.7.3.5.1. Social initiatives

The Kaufman & Broad group's contributions in 2016 amounted to:

- additional insurance and health care coverage: €1,589 thousand;
- catering expenses: €729 thousand;
- payment to Works Councils: €420 thousand.

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 units (single-family 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 2016, unions and management unanimously signed two agreements: on October 3, a new agreement on Intergenerational of Employment and management Employment and Career Paths. This agreement is in line with the agreement signed on September 23, 2013, on intergenerational employment; and on October 27, 2016, a wage policy agreement for 2017.

1.7.3.5.2.1. Equal opportunities

The supplementary agreement was 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 was 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 terms 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 functions 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 Personal Training Account. Annual reviews and interviews are used to validate the training plan and help managers to develop employees' skills;
- career development: of 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 women applicants for any job opening. 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 their 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;
- work-life balance. Work-life balance is part of the negotiations between managers and employees during annual business interviews. Employees know the importance of the organization of meetings which can ensure work-life balance;
- measures reducing the gender pay gap. The Company reaffirms its commitment to the principle of "equal pay for equal work". 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 criteria. The Company acts according to its wage policy specifically on the population of men and women in order to gradually reduce the identified gaps.

1.7.3.5.2.2. Intergenerational Employment and management of Employment and Career Paths

GIE Kaufman & Broad entered into an agreement on October 3, 2016 relating to Intergenerational Employment and management of Employment and Career Paths for a three-year period. This agreement and the assessment report on the employment position of younger and older employees were filed with DIRECCTE of Hauts-de-Seine and with the registrar of the Conseil de Prud'hommes (Labor Tribunal) in Nanterre.

By this agreement, management and the corporate officers of GIE Kaufman & Broad reaffirmed the commitments created (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.

The 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, 2016, the Company employed 115 young people under 30, of whom nine are on fixed-term (CDD) contract and hired 64 people under 30 in 2016. The Company committed, over the three-year period 2017-2019, 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. 2016 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 for all executives hired during the year is organized at the headquarters on a regular basis as hiring takes place. The seminar is a privileged step to ensure the quality and effectiveness in new hires and enable employees to discuss the group's challenges, projects and values with managers. With approximately 6% of employees on work-study, the group shows, beyond its 4% requirement, a commitment to develop relationships with schools and encourage recruitment of students who may join their teams after their work-study period is over. The group hired 46 young people as interns or under work-study contracts in 2016;

- 2/ the commitment to retain and return to work employees 57 years of age and over, or 55 and over if they have the status of disabled worker.

At December 31, 2016, employees over 55 years of age were 13.7% of the total workforce. The group 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 does not create any notoriously arduous situations. However, the group has included in its agreement some measures that allow older employees to adjust their work hours upon request while preserving the terms of full-time employment vesting applicable to their retirement. 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.

As part of the staff reviews conducted annually at the end of the annual performance reviews, in line with its commitments the Company can anticipate career aspirations and changes in jobs and ensure the fluidity of organizations and therefore of operations. Later-stage career and professional interviews are formalized and all employees aged 45 and over may request them. The HR Department ensures that these interviews take place in addition to annual performance reviews;

- 3/ methods to enable 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. Young people are now supported during their first weeks of integration by a sponsor who oversees their assimilation into the job and the Company culture. 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.

1.7.3.5.2.3. Impact of agreements on economic performance

The commitments to gender equality as well as intergenerational employment, management of employment and career paths contribute firstly to employee retention and to a commitment to ensuring an atmosphere of fairness and trust. Efforts to ensure successful integration of young people and new hires regardless of age contribute to making them effective quickly and able to understand their roles and missions. The retention in the Company of more experienced staff age 45 and over allows the group to consolidate its expertise, base its innovation and the excellence of its operations on rich experiences, product knowledge and the expectations of our clients. Finally, anticipating changes in our businesses through watching out for job transformations ensures agility in employees, who are able to perform different functions in organizations, and anticipate changes in our markets, by comprehending the digitalization of our markets, customer experience and transforming of the expectations of our partners and customers.

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 four times per year, as well as at the request of the management or employee representatives. In 2016, the Committee met four times.

In 2016, three workplace accidents were recorded, one of which caused a work stoppage that resulted an absence of seven business days. Eight workplace accidents were recorded, six of which caused work stoppages that resulted absences of 3 to 16 business days.

In 2016, new Safety training session was organized with the presence of first-aider so that the managers can anticipate risk in the building sites. In addition, the group has equipped all technical teams with Individual Protection Equipment, and it offers the required equipment to visitors.

No health or occupational safety agreements were signed within the group in 2016.

1.7.3.7. Training

Kaufman & Broad defines and updates its training policy annually. This policy responds to the group's business challenges: leading the teams at the heart of our businesses to support the development of our operations, leveraging the performance of our operations and supporting the development of life skills and the managerial culture.

Moreover, in a rapidly changing market, within our very agile organizations, training anticipates changes to our businesses and makes our employees agile, employable and ready and confident to grasp transformations of their duties and job changes. By anticipating the growth of our organizations and taking special care to have committed and talented teams, the group has specifically created Talent Management based on identification and individual monitoring, and on customized, high-quality and selective support and training programs.

Just as Customer career paths change, employees' career paths are a major issue that the group understands by creating a digital learning platform. The challenge is learning how to learn: employees become partially autonomous in their training through accessing a wide range of available online sessions. In addition, in order to be aligned with operational challenges, in-class seminars are designed with operational staff for targeted populations and are held for each business. Individual requirements are identified at the same time and integrated into the plan based on challenges and after discussions with management during annual employee reviews following individual interviews.

The group has invested 1.9% of its payroll in training, with Real Estate, Technical and Sales and Marketing staff in particular. Combined with online sessions, the group provides nearly 7,000 hours of training per year by optimizing staff costs and time.

In 2016, more than half of employees, or 460 people, attended training, of whom 196 were women and 264 were men. A special effort was thus successfully achieved for women in the core businesses of the group.

In 2016, the Company signed or renewed 46 apprenticeship and work-study contracts. The group has 53 work-study participants who form a pool of young people prepared to integrate into the workplace as opportunities arise.

1.7.3.8. Diversity, equal opportunity and equal treatment

1.7.3.8.1. Policy and measures for promoting gender equality

The group presents the action plan carried out in order to meet its commitments to its social partners on an annual basis. In 2016, the following areas were covered in particular:

- classifications: in 2016, almost 90% of annual performance reviews were conducted. For two years, reviews of all employees with their immediate superiors made it possible to monitor each

of them individually and collectively. In this context, women's talents are identified and their ability to take responsibilities is recognized. Of the 29 promotions to key positions of directors of operations, nine were women;

- vocational training: the development of the digital training platform offers women of all businesses, including locally based non-management with family constraints, access to a variety of training sessions in the areas of customer relations and personal development in particular. In addition, the focus on business line training has allowed 100% of women in each business line to have access to training in 2016;
- work-life balance: the group responds favorably to all requests for working time arrangements: by organizing suitable meeting schedules, increasingly respecting vacation time and time off and encouraging the discussion of these matters at the annual performance reviews. These efforts affect both women and men within the Company;
- compensation: as part of salary reviews, following the signing of the annual agreement on Mandatory Collective Bargaining, an analysis of the compensation of men and women is the basis used to define the total amount of a specific increase intended to gradually erase any significant gender pay differences for the same job.

1.7.3.8.2. Policy and measure implemented in the favor of employment and integration of disabled workers

The group employed 12 disabled workers in its various entities in 2016. As part of its Disability Policy and the affirmation of its employer brand, the group participates in digital events for the recruitment of people with disabilities. Since the efforts made by the Company since 2010, the number of disabled workers employed by the Company increased from four to 12 in 2016.

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. At December 31, 2016, the group employed nine foreign nationals, 12 people with disabilities and 101 employees over 55. 51.4% of employees were women. The group is dedicated to employing and promoting employees according to the adequacy of their profile for the requirements of the proposed positions without further discriminatory criteria.

Kaufman & Broad is present only 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. Sub-contracting

As a property developer, Kaufman & Broad constantly uses 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, it subcontracts a fairly substantial part of that contract (see also Section 1.7.4.1 "Business practices and ethics" for further details on the prevention of undeclared work).

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, Caen, Grenoble, La Rochelle, Le Havre, Lille, Lyon, Marseille, Montpellier, Nantes, Nice, Perpignan, Rennes, Rouen, Toulon and Toulouse.

In four years, the group's workforce was in line with operations while remaining under control, going from 735 at end-2013 to 717 at end-2014, 711 at end-2015 and 735 at end-2016.

Through its real estate promotion activity, the Kaufman & Broad group participates in the economic development of the regions where it operates. The development of its activities thus impacts the regions where it operates.

Mobility Charter

The group encourages internal promotion and geographical mobility. The annual staff review at the end of the annual performance reviews is an opportunity to identify employees' talents and ambitions. The employees whose talents and ambitions have thus been identified are informed of job openings to which they can then apply. An individual integration program has been implemented under the group's "Mobility Charter" set up in the first quarter 2011.

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, with mailing address is 46, rue Jules-Meline – 53098 Laval CEDEX 9.

The 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 member, 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 Shareholders' 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, 2016 is described in Section 5.3.1. "Shareholding structure of the Company at November 30, 2016 and three-year change".

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 memo. 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 matters.

In case of doubt as to the legality or propriety of a decision, employees are required to contact the group's Compliance Officer at a dedicated address. They are also required to report (confidentially) 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 required, 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 six months until the completion 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 purchasing

For several years, Kaufman & Broad has been engaged in a process to centralize its purchasing and to standardize its procedures for the selection of suppliers, at group level. Centralized purchasing

makes it possible to develop long-term relationships with suppliers signing a framework agreement with the group. For Kaufman & Broad, centralized purchasing 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 are committed to environmental problems because they have greater exposure as a result of their size.

The centralized purchasing 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.

Responsible purchasing policy

Where possible, the group uses service providers and suppliers who are committed to a responsible approach. For company telephony, Kaufman & Broad is supplied by a provider who practices environmental compensation and offers eco-recycled fixed-line phones.

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 of the platform 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 year 2016, the top 10 suppliers accounted for 17.2% of flows invoiced by suppliers compared to 17.3% in 2015, and the leading supplier accounted for 4.1% of flows compared to 3.1% in 2015.

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 toward 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 multi-occupancy housing 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)	2015	2016
Investor	52%	39%
Block	27%	41%
First-time homebuyer	17%	15%
Second-time homebuyer	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 housing for older adults and students. With their specific characteristics, these businesses are a growth opportunity for the group.

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, a serviced residence for older adults, 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 stores, transport and facilities, in a secure environment. The serviced residences offer building services and also provide optional services such as dining facilities and, some of them, daily housekeeping. The first Silver Residence, Pinpirina, was built in the Caradoc district in Bayonne. Residents have access to common areas, including a shared lounge, a garden and a terrace, as well as the services of a superintendent, 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-up 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 Assessment (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 assessment. 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 canceling 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 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 show homes.

In relation to the opening of the Allée des Impressionnistes program in Argenteuil, visitors were able to take a walk-through 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 were able to 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, on the initiative of the mayor's office, consultation meetings are organized with residents to discuss the progress of the program, keep them informed and take account of their requests. These meetings, which are generally held on the initiative of the mayor's office, 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 densely populated 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 enable 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, stores 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. Kaufman & Broad was asked to develop and improve the attractiveness of the neighborhoods in which the group locates its operations. For the Terra Nostra project in Montpellier, a square of 800 sq.m was constructed then transferred back to the city, a fun and sporty structure was created then transferred back to the town of Pélissanne for the Domaine de Gaia operation and a food village with several food stores (butcher, baker) was created in Wambrechies.

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.

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 the end of 2014, Kaufman & Broad became a sponsor of the Fondation Palladio and joined the jury panel and the Pôle Avenir Palladio. The Institut Palladio aims to provoke thought and discussions among all urban developers and stakeholders about the city of tomorrow. In 2016, the Fondation Palladio developed an annual cycle on "The City of tomorrow in the era of social responsibility" for managers and policymakers and provided scholarships for university students and doctoral candidates.

In fiscal year 2016 the Kaufman & Broad group made sponsorship donations amounting to €208,655.

Teams from headquarters each year join a group of runners organized by PAI Partners to raise funds for an association supported by the PAI Human Capital Donations Fund. In 2016, runners in the Paris-Versailles race mobilized to raise money for Association Lazare, which works to reintegrate people who have lived on the street into society. The funds helped launch a bold and innovative rehabilitation project in Picardy around a permaculture farm.

Methods used in Kaufman & Broad's non-financial reporting for fiscal 2016

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 Decrees No. 2012-557 of April 24, 2012 and 2016-1138 of August 19, 2016;
- Law No. 2016-1088 of August 8, 2016 on work, the modernization of social dialogue and professional career security

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. 25-105-1 of the French Commercial Code and the Human Resources Report.

Scope of non-financial reporting

Scope of group consolidation

The Consolidated Financial Statements of the Kaufman & Broad group at November 30, 2016 include the financial statements of 338 companies, 295 of which are fully consolidated companies and 43 are recognized by the equity accounting method.

The non-financial data used in the reports are those of 295 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.).

Scope of non-financial reporting

Excluded from this scope are companies acquired during the year: Serge Mas Promotion, 86.79% legally controlled by the group, and Seri Ouest, 80% legally controlled by the group, for which the data are incomplete. These two companies are not in the GEI and are not integrated into the Human Resources Report, so data from them are not disclosed in the social information. These two companies represent 43 people out of a workforce of 735 people in the GEI at December 31st.

The 43 jointly controlled companies and those over which the group exercises significant influence are accounted for using the equity accounting method and also excluded from that scope: 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. Nonetheless, beyond the consumption of its agencies, Kaufman & Broad has an interest in its activity in this matter. The group has identified certain *Habitat & Environnement*-certified programs where water and electricity consumption have been deferred over the life of the project, so that the data is relevant.

Specific natures and changes in scope

The scope varies depending on the companies in which Kaufman & Broad holds direct or indirect control and the integration of the companies acquired with the internal tools and the GIE.

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 contracts, work-study contracts or temporary employees;
- the new hire and termination figures include the corporate officer;
- the CDI turnover rate is calculated using the following formula: $(\text{number of CDI entries} + \text{number of CDI departures}) / 2 / \text{CDI workforce at the start of the period}$.

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. The hours of e-learning training are also not counted.

Absenteeism by reason for the calendar year

Absenteeism reported is the actual absenteeism for the calendar year, January to December (the previous publication included absences from December to November).

Parental leave is not included under absenteeism.

The calculation methods regarding the number of hours of absence and the theoretical number of hours worked were revised in 2016. The new calculation methodologies are described below.

Absences are counted in calendar days and a conversion is done in terms of seven-hour working days. Half-day absences are counted as 3.5 hours. Since vendors do not work only on business days, adjustments are made for this special case.

Theoretical hours worked used to calculate the absenteeism rate is calculated as follows: number of hours per week (35) x number of weeks worked in the year (47) x average monthly workforce.

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, which represent 1.7% of the group's net orders, 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 billed in 2016 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 their affiliation (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). These emission factors were updated in 2016.

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. The data published is for the agencies active throughout the year.

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.

Program water and electricity consumption

The two projects for which the group communicates data represent 2.5% of the programs completed during 2016.

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).



2

BUSINESS AND FINANCIAL REVIEW OF THE KAUFMAN & BROAD GROUP

2.1. Key Performance Indicators for the Kaufman & Broad group

90

2.1.1.	Significant data	90
2.1.2.	Business Indicators	95
2.1.3.	Tracking of Indicators	96
2.1.4.	Outlook	102

2.2. Main Income Statement Items

104

2.2.1.	Key Figures	104
2.2.2.	Sources of net income	104

2.3. Management Discussion and Analysis

105

2.3.1.	Breakdown of deliveries, revenues and gross margin	106
2.3.2.	Operating expenses	109
2.3.3.	Current operating profit – Operating margin	111
2.3.4.	Other non-recurring income and expenses	111
2.3.5.	Cost of net financial debt	111
2.3.6.	Net income	111
2.3.7.	Income by operating segment	112

2.4. Liquidity and capital resources

114

2.4.1.	Cash flow	114
2.4.2.	Net debt	115

2.5. Events after the balance-sheet date

118

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), Multi-occupancy housing such as apartments (which may include mixed-use buildings containing apartments/business premises/retail space/offices), corporate, tourist and student housing, non-assisted living accommodations for older adults 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. 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 be they individual investors (Scellier/Duflot, LMNP, LMP, etc.) or institutional investors.

The group generally does not have any development or construction operations outside France.

2.1.1. Significant data

Market

Overall in 2016, the macroeconomic environment in France continued to improve compared to 2015:

- after three years of near-zero growth between 2012 and 2014, in 2015 growth was again above 1%, specifically at 1.2%. This trend continued, with 1.1% recorded for 2016. Projected GDP growth is 1.3% in 2017 and 1.4% in 2018;
- although the unemployment rate remains high, in 2016 it dropped below 10% in metropolitan France in the third quarter of 2016 and to 9.9% for 2016 as a whole according to INSEE (provisional data);
- according the provisional forecasts published in January, consumer prices were expected to rise sharply in January 2017 (+1.4% after posting +0.6% in December 2016) year on year. Inflation would thus reach its highest level since November 2012.
- in January 2017, household consumption of goods increased in volume (+0.6%) after posting a marked decline in December 2016 (-1.0%). Energy spending is accelerating briskly (+5.1%). Purchases of food products are picking up (+1.6%). The decline in durable goods purchases (-1.6% after -0.9% in December) is decreasing the rebound in the aggregate consumption of goods according to INSEE.

In this context, the real estate markets in which Kaufman & Broad operates consolidated in of 2016, but remain fragile considering the surrounding economic conditions.

New housing market in France

- Based on figures available for the full year of 2016 ⁽¹⁾, sales of new homes were up 20.6% compared to the same period in 2015 (125,058 sales compared to more than 103,000 at end-2015);
- in terms of buyers' types (source: FPI), the situation is as follows:
 - in the fourth quarter of 2016, the FPI observatory recorded a new increase in total home sales (retail, block and residential) to 20.6% compared to 2015, with a total of 125,058 housing orders. This increase is in keeping with the increase recorded at the end of the third quarter of 2015 year-on-year, during which sales rose by 25.1%. All market segments played a role in this sales growth: retail sales (+25.2%, or 23,493 more than in Q4 2015), to a lesser extent block sales with 1,024 units (+4.1%) and sales of serviced housing reaching 1,320 units (+30.5%);
 - sales activities remain buoyed by sales to investment consumers (+27.2%) as well as by sales to occupying owners (+28.1%): rental investment and purchasing simultaneously contributed to market growth;

(1) Based on reports by France's Ministry of Ecology, Sustainable Development and Energy.

- in terms of offer ⁽¹⁾:
 - the number of housing units available for sale is below 100,000 units, down 6% to 94,326 units compared to 100,373 units in Q4 2015;
 - commercial offer increased by 16.1% to 119,005 housing units in Q4 2016 compared to the Q4 2015;
 - a decrease in the take-up rate to 6.6 quarters compared to 8.7 quarters in 2015.
- in terms of new homes under construction ⁽¹⁾:
 - building permits were up sharply (+14.2%) at end-December 2016 year on year to 453,200 units,
 - the number of new homes under construction was up to 376,500 units (+10.4%) at end-December 2016 year on year, there too showing a trend reversal compared to end-December 2015 (308,280 units);
- in terms of financing ⁽¹⁾:
 - mortgage rates linked to 10 years OAT, after reaching the lowest level, began to rise again during 2016. After a year of going down, rates increased slightly in December (0.68%). This trend is expected to continue, but without becoming an impediment to purchasing real estate, whether for investors or first-time homebuyers,
 - according to the loan observatory, in the fourth quarter of 2016, the average term of loans granted was 214 months (17.8 years). The average of the initial maturity of housing loans extended to 2 months over the year compared to 2015, reaching 17.6 years,
 - the increase in transaction costs for consumers continued at a faster pace in 2016 (+4.6% after +1.9% in 2015). Thus the average cost reached 4.03 years of earnings in the fourth quarter (versus 3.80 years of earnings year on year). This average cost is the highest it has been since the early 2000s. The earnings of households carrying out these transactions continued to grow slowly: by 0.6% in 2016 following growth of 1.1% in 2015. This last development is logical within the context of a recovery of the markets, which has been helped by the growth of first-time home ownership and the return of modest households.

Nevertheless, thanks to these features of the favorable credit market, the indicator of solvency of demand remains high--the highest it has been since 2000.

Down payment rates fell again and made it easier for first-time buyers to come back thanks to the zero-interest loan (PTZ) incentive being included into the calculation.

Commercial property market in France

- In France in 2016, the Commercial property investment market was stable, falling from 31,793 billion to 31,038 billion compared to 2015 (-2%). As in 2015, Île-de-France represented 75% of transaction volumes, and more than 60% of these transactions represented amounts greater than €100 million;
- A 7% growth in demand, to 2.4 million sq.m taken up in Île-de-France in 2016, compared to 2.2 million sq.m in 2015, i.e., a level higher than the average of the last 10 years, around 2.3 million sq.m;
- The available offer remains high, representing 3.5 million sq.m at end-December 2016 in Île-de-France but in obsolete buildings for the most part;
- After an especially active 2015, the sales before completion (VEFA) market was again strong in 2016, with nearly €2.6 billion invested.

Kaufman & Broad

2016 earnings continued to benefit from a strong growth trend that started in 2014. For the third consecutive year, the indicators of sales activity and property development for the group improved. Housing orders increased in both volume and value. Their growth in volume benefited from favorable market conditions, for both first-time homebuyers (+33.4%) and investors (+58.4%). The noticeable increases in land reserve (+28.0%) and Backlog (+25.1%) testify to the Company's ability to keep its commercial offer substantial. Commercial property posted noticeable growth in orders of more than €274 million and business was steady in terms of works and program structuring throughout France. As of early 2017, the new housing market is still active. It is driven, both for investors and first-time homebuyers, by attractive and steady incentives. It is also benefiting from interest rates that are still low, without ruling out increases during the year. The combination of these factors is indicative of a market that will be at least equivalent to the 2016 market, i.e., more than 120,000 housing units.

Total revenues for the group increased by 16.5%, to €1,238.0 million (excluding VAT), compared to €1,063.1 million (excluding VAT) in 2015. In fiscal year 2016 as a whole, 8,017 housing units were ordered for a total amount of €1,539.6 million (including VAT) compared to 6,901 housing units in 2015 for a total amount of €1,211.6 million (including VAT); this was an increase of 16.2% in volume and 27.1% in value. Commercial property orders jumped compared to the previous year to €274.6 million (including VAT) from €154.4 million (including VAT) in 2015.

In fiscal year 2016 as a whole, orders by investors increased sharply in value to 53.9% (41.4% in 2015). Orders from homebuyers accounted for 34.5% of the total (30.2% from first-time homebuyers and 4.3% from second-time homebuyers), down from 29.3% (18.9% from first-time homebuyers and 10.4% from second-time homebuyers) in 2015. Block orders declined the most: 0.5% (29.3% in 2015).

(1) Calculated based on reports by France's Ministry of Ecology, Sustainable Development and Energy.

In 2016, 6,545 housing units were delivered compared to 5,961 the previous year, an increase of 9.8%.

The Housing backlog (order book) increased by 22.6% in volume and 25.1% in value compared to 2015. At November 30, 2016, it represented 8,943 housing units for a total of €1,360.2 million (excluding VAT). The Commercial property backlog totaled 230.4 million (excluding VAT) versus €178.4 million (excluding VAT) at end-November 2015.

At November 30, 2016, Kaufman & Broad had 211 housing programs (of which 207 for the Housing segment) on the market, of which 47 in Île-de-France and 164 in the Regions, representing a total of 4,221 units (of which 4,196 for the Housing segment) compared to 164 programs and 3,151 housing units available for sale at November 30, 2015.

The property portfolio remained high with 24,732 units (of which 24,286 for the Housing segment), representing potential revenues corresponding to four years of business. It rose 29.3% compared to that at end-November 2015.

The average monthly take-up rate for lots that entered the market (excluding JVT) was 18.2% in 2016 versus 17.3% in 2015. The attrition rate (excluding discontinued projects) was 21.1% in 2016 versus 21.4% in 2015.

In fiscal year 2016 as a whole, business property orders amounted to €274.6 million (including VAT).

Significant events of the period

Equity investments

On December 22, 2015, Kaufman & Broad Midi-Pyrénées, a wholly owned subsidiary of Kaufman & Broad SA, took control over SMP (Serge Mas Promotion), a real estate developer in Toulouse, by acquiring 86.79% of the share capital, with the goal to expand and strengthen its leading position in the Midi-Pyrénées region. The provisional price of this transaction was €1.7 million including of €1.1 million provisional goodwill. SMP and its subsidiaries contributed €52.1 million to revenues and €10.6 million to the consolidated gross margin for the period.

Having acquired a 40% stake on October 7, 2015, Kaufman & Broad Nantes, a subsidiary of Kaufman & Broad SA, acquired on January 6, 2016 the remaining share capital and took control over Safaur, a real estate developer in Caen. The total provisional purchase price of this transaction was €6.0 million including €1.5 million provisional goodwill allocated to the programs in the portfolio. Safaur and its subsidiaries contributed €5.4 million to revenues, and €1.1 million to the consolidated gross margin for the period.

On June 23, 2016, Kaufman & Broad Nantes, a wholly owned subsidiary of Kaufman & Broad SA, took a controlling interest (80%) in Seri Ouest. This company, which turns 30 this year, has operations in Haute-Normandie and Basse-Normandie, Brittany and Pays de la Loire, with a combination of housing programs (apartments and houses), managed accommodation and offices. Joining up with a renowned regional developer will enable Kaufman & Broad to strengthen its position in population areas in the Grand-Ouest area and develop its regional network. The provisional price of this transaction was €13.3 million allocated entirely to the equity acquired. Seri Ouest and its subsidiaries contributed €19.1 million to revenues and €2.8 million to the consolidated gross margin for the period.

Cancellation of treasury shares

Pursuant to the decision of the Board of Directors of Kaufman & Broad of 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 authorized capital therefore currently totals €5,417,630.14.

Since, in the Consolidated Financial Statements, treasury shares are recognized in accordance with IFRS rules as a deduction from shareholders' equity, this cancellation has no impact on consolidated shareholders' equity as a whole.

Payment of an exceptional dividend

The Annual Shareholders' Meeting of April 15, 2016 authorized the payment of an exceptional dividend of €3.85 per share, including an interim dividend of €1.85 per share paid out on March 10, 2016, with the balance paid on April 22, 2016.

Disposal of part of Financière Gaillon 8 SA's equity interest in Kaufman & Broad SA.

Financière Gaillon 8 S.A., the principal shareholder of Kaufman & Broad SA holding 87.95% of the authorized capital, announced on January 27, 2016, its intent to start disposing of its stake in Kaufman & Broad, as applicable, through a market offering which could bring its stake to below 50% of the share capital. The private placement transaction with institutional investors occurred in late April 2016 at a price of €31.5 per Kaufman & Broad SA share. The placement was oversubscribed several times and attracted high-quality investors in France and abroad. The transaction allows Kaufman & Broad to significantly increase its free float and the liquidity of its shares. The gross income from the disposal of 8,958,134 shares after the complete exercise of the over-allotment (greenshoe) option amounted to €282 million in favor of Financière Gaillon 8.

Concurrently with this market transaction, Kaufman & Broad purchased 1,587,301 shares sold by Financière Gaillon 8 SA as part of its share buyback program, at the offer price of €31.5 per share, for a total price of €50 million. Artimus Participations, a company owned by some group executives and employees acquired 944,444 shares sold by Financière Gaillon 8 SA at an offer price of €31.5 per share, for a price of €30 million.

At November 30, 2016, Artimus Participations held 1,182,980 shares, or 5.68% of Kaufman & Broad SA's share capital, after taking into account the Kaufman & Broad shares distributed under the bonus share award plans for shares contributed to Artimus Participations by the executives and employees investing in Artimus Participations, and the Kaufman & Broad shares that were awarded to Artimus Participations following the contribution by these executives and employees of their Financière de Neuilly shares to Artimus Participations.

At November 30, 2016, Financière Gaillon 8 held a 35.76% stake in Kaufman & Broad SA's share capital and 55.61% of the voting rights, and the free float amounted to 48.16% of Kaufman & Broad SA's share capital.

Under these various transactions, only Kaufman & Broad SA's purchase of its own shares has an impact. The shares thus purchased were recognized as a deduction from attributable shareholders' equity in the amount of €50 million.

Refinancing of bank debt

Kaufman & Broad SA refinanced its bank debt upon the disposal of a portion of Financière Gaillon 8's stake in its share capital. The

provision of these new loans was subject to certain conditions, including Financière Gaillon 8 SA's partial disposal of its stake in Kaufman & Broad's share capital, which occurred in late April 2016. The features of the syndicated loan are set out in Note 24. The group currently has 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. Note 24 provides further details on the transaction.

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:

Fiscal year ended November 30 <i>(in € thousands)</i>	2016	2015
Revenues	1,238,002	1,063,098
<i>of which Housing</i>	<i>1,060,008</i>	<i>963,352</i>
Gross margin	235,605	202,701
Current operating income	101,258	85,685
<i>Adjusted EBIT^(a)</i>	<i>108,667</i>	<i>92,713</i>
Operating income	101,258	86,511
Income (loss) of the consolidated group	67,479	58,946
ATTRIBUTABLE NET INCOME	46,034	39,779
Net earnings per share	€2.21	€1.93
TOTAL ORDERS (INCLUDING VAT)	1,816,235	1,367,026
<i>Total backlog (excluding VAT)</i>	<i>1,592,235</i>	<i>1,266,355</i>

(a) Adjusted EBIT is equal to Current operating income adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in gross margin. The amount included in gross margin at November 30, 2016, amounted to €7.4 million, or 3.1% of gross margin, versus €7.0 million at November 30, 2015. (see note bottom of the table (b) Section 2.3.1.1. 'Breakdown by product line').

Fiscal year ended November 30 <i>(in € thousands)</i>	2016	2015
Assets		
Non-current assets	171,818	166,539
Current assets	1,026,275	967,523
TOTAL ASSETS	1,198,093	1,134,062
Equity and liabilities		
Shareholders' equity	145,767	223,917
Non-current liabilities	260,062	190,435
Current liabilities	792,264	719,710
TOTAL EQUITY AND LIABILITIES	1,198,093	1,134,062

Fiscal year ended November 30 <i>(in € thousands)</i>	2016	2015
Cash flow before cost of financial debt and tax	121,208	97,802
Tax paid	(27,135)	(31,195)
Change in Working Capital Requirement	(15,483)	21,660
CASH FLOW FROM OPERATING ACTIVITIES	78,590	88,267
CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES	(25,524)	884
CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES	(104,319)	(69,782)
Increase (decrease) in cash	(51,253)	19,369
Cash at beginning of the period	169,361	149,993
Cash at end of the period	118,108	169,361

Group consolidated revenues for fiscal year 2016 totaled €1,238.0 million, up 16.5% compared to €1,063.1 million in 2015.

Housing segment revenues were up 10.0% to €1,060.0 million from €963.4 million for fiscal year 2015. This increase is attributable to revenues from the Apartments segment rising by €104.7 million (+11.5%) in 2016 compared to 2015, while revenues for the Single-family homes segment was down €9.0 million. The Housing segment accounted for 85.6% of total revenues in 2016 versus 90.6% in 2015.

The Apartments segment revenues totaled €1,017.7 million in 2016 versus €913.0 million in 2015. Île-de-France accounted for 41.0% of these revenues and 96.0% of the Housing segment total, versus 94.8% in 2015.

Revenues from the Single-family homes in communities segment totaled €42.3 million versus €50.4 million in 2015, a drop of 16.0%. Île-de-France accounted for 47.6% of revenues for this segment versus 53% in 2015.

The Commercial property segment generated revenues of €171.1 million versus €93.9 million in 2015.

The total gross margin rose 16.2% compared to 2015. It amounted to €235.6 million versus €202.7 million in 2015. The overall gross margin rate was 19%, unchanged from 2015. This slight decline is attributable to the change in the Housing-Commercial property mix in the group's business activities. The Housing gross margin totaled €199.2 million, up 11.0% compared to 2015, when it totaled €179.4 million. The gross margin rate was 18.8% of Housing revenues, versus 18.6% in 2015.

Current operating profit was up 18.2%, from €85.7 million in 2015 to €101.3 million in 2016. This improvement can be explained largely by the €32.9 million increase in the gross margin.

The pre-tax income of consolidated companies rose 19.5% from €82.0 million in 2015 to €98.1 million. This rise is due simultaneously to the €14.7 increase in operating income, and a €1.3 million drop in financial expenses (€3.2 million in 2016 versus €4.5 million in 2015).

Consolidated net income totaled €67.5 million versus €58.9 million in 2015. Minority interests were up €2.3 million to €21.4 million versus €19.2 million in 2015. Attributable net income amounted to €46.0 million, up 15.7% compared to 2015.

At November 30, 2016, Kaufman & Broad's balance sheet total was €1,198.1 million versus €1,134.1 million at November 30, 2015. Shareholders' equity amounted to €145.8 million at end-2016, i.e., a €78.2 million drop from 2015. This is attributable mainly to the payment of dividends and the decrease in reserves, which amounted to €88.3 million, and was partially offset by the €6.3 million increase in net income, and the inclusion of €2.3 million income outside the group reduced by €1.9 million in minority interests.

At November 30, 2016, net financial debt was €85.1 million, up by €112.8 million from November 30, 2015. The items responsible for this increase are described in Section 2.4.1. "Cash flows". Gearing (the ratio of net debt to shareholders' equity) was 58.4% versus -12.4% at November 30, 2015.

The group's cash declined from €169.4 million at the 2015 fiscal year-end to €118.1 million at November 30, 2016. Kaufman & Broad's financing capacity thus totaled €218.1 million. A detailed analysis of this change is presented in Section 2.4.1. "Cash flows".

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) and managed accommodation (corporate, tourist, student or non-assisted senior accommodation), 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).

Backlog is a summary at any given point in time that makes it possible to estimate the remaining revenues to be recognized over the coming months and as such to confirm the group's projections. It should be noted that there is an element of uncertainty regarding the conversion of backlog into income, particularly for orders that have not yet been officially notarized.

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.

	Inventories for sale end of period ^(a)	Net orders ^(b)	Housing units offered for sale ^(c)	Programs being marketed ^(d)	Employees at November 30
Fiscal year 2016	4,196	8,017	9,080	207	748
				(179 from the marketing and sales departments, 179 from the property appraisal and development departments, 197 from the technical department and 193 administrative and central support employees)	
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)	

(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.

(e) GIE employees (excl. Financière Gaillon 8, Serge Mas Promotion and Seri Ouest).

The Single-family homes in communities and Multi-occupancy housing 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	66 to 146 sq.m	€239,133 to €1,120,000	€324,485
Multi-occupancy housing ^(b)	22 to 127 sq.m	€2,476 to €11,156/sq.m	€4,159/sq.m
Regions			
Single-family homes in communities	62 to 190 sq.m	€182,500 to €958,000	€277,000
Multi-occupancy housing ^(b)	14 to 154 sq.m	€1,970 to €8,364/sq.m ^(c)	€3,961/sq.m

(a) Based on housing units ordered, sold and delivered in fiscal year 2016 (non-representative cases excluded).

(b) Including student rooms and managed products.

(c) Excluding program of Saint-Tropez increasing to 17,800 €/sq.m, the high price range for Multi-occupancy/Region.

Kaufman & Broad's Apartments 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 14 sq.m

(due to managed accommodation such as student residences) and range up to 154 sq.m at an average price of €3,961/sq.m in the Regions and €4,159/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 62 sq.m and 190 sq.m in the Regions. The average price of single-family homes is €277,000 in the Regions and €324,485 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 2015 and 2016.

Housing Segment	Number of net orders ^(a)	Orders in value (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, 2016						
First quarter	37	10,991	33	261	49,345	13.4
Second quarter	71	17,043	56	218	42,532	11.5
Third quarter	27	7,336	50	195	37,074	10.3
Fourth quarter	103	25,269	46	252	47,885	13.6
TOTAL	238	60,639	185	-	-	-
Fiscal year ended November 30, 2015						
First quarter	25	7,432	52	198	43,581	7.1
Second quarter	84	14,015	52	230	42,425	7.5
Third quarter	58	17,693	53	235	44,842	8.7
Fourth quarter	78	15,545	56	257	47,526	11.3
TOTAL	245	54,685	213	-	-	-

(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).

Housing Segment	Number of net orders ^(a)	Orders in value (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, 2016						
First quarter	1,475	273,018	1,224	7,348	1,077,501	13.7
Second quarter	1,934	372,476	1,485	7,855	1,177,734	14.8
Third quarter	1,684	333,586	1,396	8,263	1,245,815	15.1
Fourth quarter	2,686	499,888	2,255	8,691	1,312,320	15.5
TOTAL	7,779	1,478,968	6,360	-	-	-
Fiscal year ended November 30, 2015						
First quarter	1,158	182,102	1,090	6,197	947,886	13.6
Second quarter	1,763	349,225	1,343	6,617	1,032,094	14.4
Third quarter	1,343	255,775	1,207	6,753	1,056,845	14.8
Fourth quarter	2,392	369,935	2,108	7,037	1,039,447	13.7
TOTAL	6,656	1,157,037	5,748	-	-	-

(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	Orders in value (in € thousands, including VAT)	Backlog in value (in € thousands, excluding VAT)
Fiscal year ended November 30, 2016			
First quarter	-	(120)	158,099
Second quarter	25,459	221,713	238,270
Third quarter	9,714	29,742	244,997
Fourth quarter	6,859	23,040	230,376
TOTAL	42,032	274,375	-
Fiscal year ended November 30, 2015			
First quarter	42,643	34,071	144,986
Second quarter	16,454	76,401	187,934
Third quarter	43,718	30,448	168,945
Fourth quarter	4,454	13,438	178,409
TOTAL	107,269	154,358	-

2.1.3.1.1. Orders

2.1.3.1.1.1. Housing segment

In fiscal year 2016, 8,017 net housing unit orders were recorded, versus 6,901 in 2015, an increase of 16.2%. In value, orders rose 27.1% to €1,539.6 million (including VAT), compared to €1,211.6 million (including VAT) in 2015. Sales gained momentum in the second half and recorded an increase in housing orders of 16.2% in volume and 31.4% in value compared to the second half

of 2015. The Housing segment accounted for 84.8% of all group orders in value versus 88.6% in 2015.

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 2016 and 2015 (December 1 to November 30).

	Number of single-family homes ordered				Number of multi-occupancy housing units ordered			
	2016	%	2015	%	2016	%	2015	%
Île-de-France	65	27%	106	43%	2,672	34%	2,165	33%
Regions	173	73%	139	57%	5,107	66%	4,491	67%
TOTAL	238	100%	245	100%	7,779	100%	6,656	100%

Multi-occupancy housing

In fiscal 2016 as a whole, 7,779 multi-occupancy housing units were reserved versus 6,656 in 2015, a 16.9% increase. Multi-occupancy housing orders totaled €1,479.0 million (including VAT) versus €1,157.0 million (including VAT) in 2015, a 27.8% increase (+€321.9 million). This rise is the result of the 13.7% increase (616 orders) in the Regions for an additional €212.9 million (29.8%), along with a rise of 23.4% in the volume of orders in Île-de-France and a 24.6% increase in their value.

Multi-occupancy housing orders were at 34.3% in volume and 37.3% in value in Île-de-France versus, respectively, 32.5% and 38.3% in 2015. Multi-occupancy housing accounted for the largest

share of Kaufman & Broad orders, reaching 81.4% in value and 96.6% in volume of its total orders versus, respectively, 84.6% and 96.2% in 2015.

Single-family homes in communities

There were 238 orders for Single-family homes in communities, amounting to €60.6 million, versus 245 orders amounting to €54.7 million in 2015. The number of orders on Single-family homes in communities was down by 38.7% in Île-de-France and up 24.5% in the Regions. Île-de-France contributed up to 27.3% in volume and 32.4% in value for these orders versus, respectively, 43.3% and 49.4% in 2015.

Orders by operating segment

Fiscal year ended November 30,	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	2,737	571,714	-	2,271	470,066	-
Housing	2,737	571,714	208.9	2,271	470,066	207.0
Business property	-	-	-	-	-	-
Other	-	-	-	-	-	-
West	1,020	190,391	-	750	125,293	-
Housing	981	165,305	191.4	736	97,872	133.0
Business property	-	23,040	-	-	26,489	-
Other	39	2,047	-	14	932	-
Southwest	2,469	456,292	-	2,170	335,777	-
Housing	2,469	440,625	169.4	2,170	322,061	148.4
Business property	-	15,667	-	-1	13,610	-
Other	-	-	-	1	106	-
Southeast	998	214,963	-	887	184,187	-
Housing	998	214,963	215.4	885	184,020	207.9
Business property	-	-	-	2	167	-
Other	-	-	-	-	-	-
Rhône-Alpes	600	113,216	-	537	100,973	-
Housing	600	113,216	188.7	537	100,973	188.0
Business property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other Regions	232	33,786	-	302	36,638	-
Housing	232	33,786	145.6	302	36,638	121.3
Business property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Commercial property and Logistics ^(b)	-	235,873	-	-	114,091	-
Housing	-	-	-	-	-	-
Business property	-	235,873	-	-	114,091	-
Other	-	-	-	-	-	-
TOTAL GROUP	8,056	1,816,235	-	6,917	1,367,027	-
Housing	8,017	1,539,608	192.0	6,901	1,211,631	175.6
Business property ^(c)	0	274,580	-	1	154,357	-
Other ^(a)	39	2,047	-	15	1,038	-

(a) Land, building lots.

(b) See Section 2.1.3.1.1.2. "Business property".

(c) Offices, retail space, business premises, etc.

Geographically, the Multi-occupancy housing segment in Île-de-France recorded an increase of 20.5% in volume and 21.6% in value compared to 2015. The Regions posted a 14.0% increase in volume and 30.5% in value. Île-de-France's share in the Housing segment declined in favor of the Regions. The Regions represented 62.9% in volume and 65.9% in value of the group's housing unit orders, compared to 67.1% in volume and 61.2% in value in 2015.

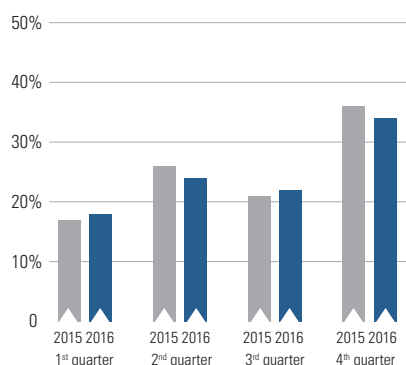
In 2016, the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) accounted for 30.8% of total housing order volume versus 12.4% for the Southeast (Marseille, Toulon, Nice) and 7.5% for the Rhône-Alpes region (Lyon, Grenoble, Annecy). At the same time, the contribution from Île-de-France fell in value from 38.8% to 37.1% and in volume from 32.9% to 34.1%.

Over the course of one year, the average price of the group's housing unit orders increased 9.4%, from €175.6 thousand (including VAT) per home in 2015 to €192.0 thousand (including VAT)

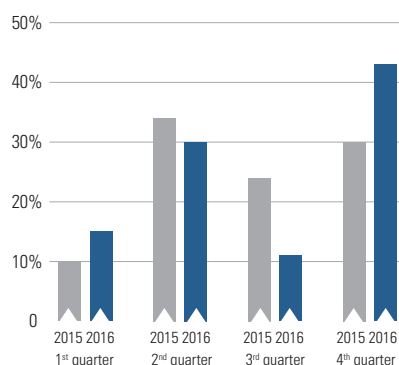
per home in 2016. The price increase concerned the Regions (14.5%), while Île-de-France posted a 0.9% increase compared to 2015.

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 2016 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 year 2015, this trend was more pronounced for Single-family homes, peaking in the second quarter of the year, in 2016 as in 2015.

2.1.3.1.1.2. Business property

In fiscal year 2016, Business property orders reached €274.6 million (including VAT), compared to €154.4 million (including VAT) in 2015.

In June, Kaufman & Broad delivered the new headquarters of Boursorama (approx. 9,000 sq.m), located on Île Seguin in

Boulogne-Billancourt. In July, EDF (SOFILO) hired Kaufman & Broad under a real estate development agreement for the new headquarters of its Aquitaine sales branch in Bordeaux (approx. 5,000 sq.m). The group also began construction on the ORA building (approx. 26,000 sq.m) in the 17th district of Paris.

2.1.3.1.2. Backlog (order book)

At November 30, 2016, the total backlog amounted to €1,592.2 million (excluding VAT) versus €1,266.4 million (excluding VAT) at November 30, 2015, representing an increase of 25.7%.

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 2016 and 2015 (December 1 to November 30).

	Backlog in number of single-family homes				Backlog in number of multi-occupancy Housing			
	2016	%	2015	%	2016	%	2015	%
Île-de-France	43	17%	107	42%	2,692	31%	2,349	33%
Regions	209	83%	150	58%	5,999	69%	4,688	67%
TOTAL	252	100%	257	100%	8,691	100%	7,037	100%

The Housing backlog totaled 8,943 units, compared to 7,294 units at November 30, 2015, a 22.6% rise. In value, it recorded a 25.1% rise compared to end-2015 and totaled €1,360.2 million (excluding VAT) at November 30, 2016.

Multi-occupancy housing

The multi-occupancy housing backlog totaled €1,312.3 million in 2016, an increase of 26.3% compared to end-2015, when it totaled €1,039.4 million. In volume, it amounted to 8,691 units, compared to 7,037 units in 2015, an increase of 23.5%. In Île-de-France, the multi-occupancy housing backlog rose by 14.6% in volume and 16.7% in value while, in the Regions, it was up both in volume and in value by, respectively, 28.0% and 32.4%.

Single-family homes in communities

The backlog for Single-family homes in communities totaled €47.9 million with 252 units, i.e., a drop of 1.9% in volume but an increase of 0.8% in value compared to November 30, 2015, when it totaled €47.5 million with 257 units. This decline in value concerned both Île-de-France and the Regions. At November 30, 2016, Île-de-France recorded a backlog of 43 single-family homes for €11.6 million, versus 107 units for €23.7 million at end-2015. In the Regions, the backlog reached 209 units for €36.3 million, versus 150 units for €23.7 million in 2015.

Backlog by operating segment

Fiscal year ended November 30	2016			2015		
	Backlog in number	Backlog in value (in € thousands, excluding VAT)	Average price (in € thousands, excluding VAT)	Backlog in number	Backlog in value (in € thousands, excluding VAT)	Average price (in € thousands, excluding VAT)
Île-de-France	2,735	487,404		2,456	431,410	-
Housing	2,735	487,404	178.2	2,456	431,410	175.7
Business property	-	-	-	-	-	-
Other	-	-	-	-	-	-
West	1,353	184,265	-	786	100,994	-
Housing	1,315	164,194	134.9	772	85,205	110.4
Business property	-	18,417	-	-	14,906	-
Other	38	1,654	-	14	883	63.1
Southwest	2,672	384,095		2,013	275,136	-
Housing	2,666	370,859	134.2	2,006	256,322	127.8
Business property	6	13,236	-	6	18,722	3,120.3
Other	-	-	-	1	92	92.0
Southeast	1,161	187,214	-	1,110	186,689	-
Housing	1,161	186,978	161.0	1,110	180,801	168.2
Business property	-	236	-	-	5,889	-
Other	-	-	-	-	-	-
Rhône-Alpes	751	113,591	-	566	88,116	-
Housing	751	113,591	151.3	566	88,116	155.7
Business property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other Regions	315	37,180	-	384	45,118	-
Housing	315	37,180	118.0	384	45,118	117.5
Business property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Commercial property and Logistics ^(b)	-	198,487	-	-	138,893	-
Housing	-	-	-	-	-	-
Business property	-	198,487	-	-	138,893	-
Other	-	-	-	-	-	-
TOTAL GROUP	8,987	1,592,234		7,315	1,266,355	-
Housing	8,943	1,360,204	152.1	7,294	1,086,972	149.8
Business property ^(c)	6	230,376	-	6	178,409	28,753.5
Other ^(a)	38	1,654	-	15	975	65.0

(a) Land, building lots.

(b) See Section 2.1.3.1.1.2. "Business property".

(c) Offices, retail space, business premises, etc.

The Housing backlog in Île-de-France rose by 11.4% in volume and 13.0% in value compared to the previous year. During the same period, the Regions were up 28.3% in volume and 33.1% in value. The Île-de-France share of the Housing backlog declined in favor of the Regions to 30.6% in volume and 35.8% in value at end-November 2016, versus 33.7% in volume and 39.7% in value at end-November 2015. The Southeast (Marseille, Toulon,

Nice) represented 13.7% in value versus 27.3% for the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) and 23.2% for the other operating segments (West/Rhône-Alpes and Other Regions).

At November 30, 2016, the Housing backlog was equivalent to 15.4 months of business compared to 13.5 months at November 30, 2015.

2.1.4. Outlook

Housing Market

After the 2012-2014 period of historically slow business (approximately 85,000 orders) and the recovery in 2015, 2016 was a year that compared to 2015 experienced a 20.6% increase in orders to 125,058 housing units ordered, after an 18% increase in 2015. The continued increase is very largely attributable to two residential market drivers. They are: on the one hand, interest rates which despite a slight increase are expected to remain historically low; and, on the other hand, public support measures, with respect to both homeownership with the zero-interest loan (PTZ) and rental investment with the Pinel incentive.

In addition, there is also a decline in available-for-sale supply. It is currently below 100,000 units, down 6% to 94,326 compared to 100,373 in Q4 2015. Similarly, data on building permits and housing starts over a rolling 12-month period at end-November confirm the trend reversal started in 2015. The number of building permits increased significantly (+14.2%) year-on-year to 453,200 units at end-December 2016. The number of housing starts was up year-on-year to 376,500 units (+10.4%) at end-December 2016 which too indicated a trend reversal compared to end-December 2015 (308,280 units).

The market recorded a new increase in total housing sales compared to 2015, regardless of property purpose. Orders from investors rose 23.7% compared to 2015. Orders from owners who are occupants increased 26.8%; Knowing that the overall the investors-occupants distributions remained more or less the same between 2015 and 2016, respectively at 53% and 47%.

All the market segments are contributing to the sales momentum: retail sales (+25.2 %, i.e., 23,493 more than in Q4 2015), to a lesser extent block sales at 1,024 units (+4.1 %) and serviced housing at 1,320 units (+30.5%).

Business property market

2016 was another excellent year for the office market with more than 2.4 million sq.m taken up in Île-de-France, a level higher than the 10-year average of approximately 2.3 million sq.m. Rents remained practically unchanged, with yields at historic lows, specifically in Île-de-France (below 3.0 %), and the amount of investments in France close to 31 billion unchanged (-2% compared to 2015). Vacant property inventory in Île-de-France continued its downward trend to 3.5 million sq. m at end-December, a 6.7% vacancy rate in Île-de-France. Office property remains the asset preferred by investors: with €19 billion, it accounts for 58% of the amounts invested in 2016. Services took second place in the market in 2016, due to the good performance of the hotel industry (€3.5 billion). Retail space property followed with close to 16% of volumes invested corresponding to €4.9 billion.

The logistics warehouse market has been experiencing mixed trend over the last two years: the 20% drop recorded in 2016 came after an exceptional 2015. This type of assets however continues to be very sought-after by investors.

Lastly, business premises in 2016 accounted for a €1.1 billion investments (best 10-year performance for this group of assets).

Office property in Île-de-France, a market on which the group is positioned well, rose 7% compared to 2015 with a little over 2,410,000 sq.m being marketed. Transactions involving areas greater than 5,000 sq.m are what pulled the market upward by posting a 23% increase in volumes compared to last year. Transactions involving areas greater than 20,000 sq.m rose 37% in 2016. Year on year supply was 4.37 sq.m at January 1, 2017, down 10% over the past twelve months. Lastly, the vacancy rate, until now trending downward and currently at 6.7% for the entire Île-de-France, could subsequently stabilize or even rise in certain segments. The current economic situation and geopolitical uncertainties are expected to lead the ECB to continue its accommodative policy and thus help decrease the long-term interest rate tensions in the eurozone, and specifically in France over the coming quarters (10-year OAT: 0.8% end 2016 and estimated at 1.1% end 2017). This situation should allow prime property yields to remain at historic lows.

General outlook

Against this background, Kaufman & Broad's outlook seems positive, given the indicators posted at end-November 2016, including:

- housing orders in number: +16.2%;
- financial backlog: +25.7%;
- housing reserve, +28.0% in lots;
- more than 100,000 sq.m of office space and 200,000 sq.m of logistics warehouse space under development;
- + 30% lots launched in the housing segment;
- take-up periods of 8 months.

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 Regions and expanding its territorial network;
- remaining attentive to external growth opportunities that could enable it to strengthen its geographical coverage and its territorial network;

- continuing its development in the field of Commercial properties in the regions and specifically in the major regional cities and maintaining the development momentum in Île-de France;
 - responding to calls for tender in major urban projects in order to gain access to major real estate opportunities, particularly in Île-de-France;
 - capitalizing on innovation.
- 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;
 - achieving control of WCR trends and generating material 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 operational WCR. The Company was able to strengthen its structure and its financing capacity and is expected to take full advantage of market trends.

Accordingly, absent any macroeconomic shocks in the coming months, the Company is expected to continue to perform well with a marked increase in revenues and gross margin while continuing to control the changes in WCR in the medium term by maintaining strict commitment criteria.

In this context, and provided that macroeconomic conditions remain the same in the coming months, Kaufman & Broad's prospects for 2017 remain favorable. Revenues are expected to grow between 8 and 10%, gross margin rate and adjusted EBIT margin rate are expected to remain around 19% and 8.5% respectively and net financial debt to remain close to €100 million.

Land reserve

Lots available for development by 2018

(at November 30, 2016)

	In units	Estimated sq.m ^{(c) (d) (e)}
Land to be developed ^(a)	24,732	1,748,168
Single-family homes	1,200	114,087
Multi-occupancy housing	23,086	1,388,055
Commercial property	418	241,126
Other	28	4,900
Land under survey ^(b)	8,726	638,843
Single-family homes	215	19,118
Multi-occupancy housing	7,990	497,555
Commercial property	-	101,800
Other	521	20,370
TOTAL - FRANCE	33,458	2,387,011

(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, 2016, the group's total property portfolio represented 24,732 lots, i.e., four years of future business. The Office property portfolio, meanwhile, included 241,126 sq.m of net surface area. The business potential for the group by 2019 thus represents 33,818 lots including 8,726 housing units and 101,800 sq.m of offices on land currently in the survey phase.

For fiscal 2017 as a whole, the group plans to develop 144 new housing unit programs for a total of 10,143 lots, including 40 programs in Île-de-France with 3,633 lots, and 100 programs in the Regions with 6,510 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 fiscal years.

Fiscal year ended November 30 (in € thousands)	2016	2015
Revenues	1,238,002	1,063,098
Gross margin	235,605	202,701
Gross margin rate (%)	19.0%	19.1%
Current operating income	101,258	85,685
Operating income	101,258	86,511
Income (loss) of the consolidated group	67,479	58,946
Attributable net income	46,034	39,779
Net earnings per share	€2.21	€1.93

2.2.2. Sources of net income

The accounting principles, estimates and assumptions used to prepare the Consolidated Financial Statements at November 30, 2016 are described in Note 1 to the Consolidated Financial Statements at November 30, 2016.

The group's revenues and margin are recognized based on the percentage completion of programs, 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.

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.

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:

- selling expenses 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;

- 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;
- 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;
- 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 "Other non-recurring income and expenses" item to state separately any unusual, infrequent and material items to make it easier to understand operating performance.

Operating income corresponds to income from continuing 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; and
- 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.

2.3. Management Discussion and Analysis

Statement of consolidated comprehensive income

Consolidated income statement

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Revenues	1,238,002	1,063,098
Cost of sales	(1,002,397)	(860,397)
GROSS MARGIN	235,605	202,701
Selling expenses	(34,891)	(30,652)
Administrative expenses	(58,214)	(50,313)
Technical and customer service expenses	(19,477)	(18,310)
Development and program expenses	(21,765)	(17,740)
CURRENT OPERATING INCOME	101,258	85,685
Other non-recurring income	-	831
Other non-recurring expenses	-	(5)
OPERATING INCOME	101,258	86,511
Financial expenses	(3,506)	(5,200)
Financial income	303	730
COST OF NET FINANCIAL DEBT	(3,203)	(4,470)
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	98,055	82,041
Income tax	(30,365)	(24,267)
NET INCOME OF CONSOLIDATED COMPANIES	67,690	57,774
Share of income (loss) of equity affiliates and joint ventures	(211)	1,172
INCOME (LOSS) OF THE CONSOLIDATED GROUP	67,479	58,946
Minority interest income (loss)	21,445	19,167
Attributable net income	46,034	39,779
Average number of shares	19,621,425	20,644,581
BASIC EARNINGS PER SHARE	€2.35	€1.93
DILUTED EARNINGS PER SHARE	€2.35	€1.93

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 2016 and 2015:

Fiscal year ended November 30 (in € thousands)	2016			2015		
	Deliveries (in EHUs) (units)	Revenues	Gross margin ^(b)	Deliveries (in EHUs) (units)	Revenues	Gross margin ^(c)
Multi-occupancy housing	6,360	1,017,673	190,229	5,748	912,971	168,811
Single-family homes	185	42,334	8,954	213	50,381	10,561
TOTAL HOUSING	6,545	1,060,008	199,183	5,961	963,352	179,373
Business property	-	171,098	35,040	2	93,909	21,997
Other ^(a)	5	376	(53)	1	68	62
Showroom	-	6,521	1,435	-	5,769	1,269
GRAND TOTAL	6,550	1,238,002	235,605	5,964	1,063,098	202,701

(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, 2016, amounted to €7.4 million, or 3.1% of the gross margin, against €7.0 million at November 30, 2015.

Deliveries (EHUs)

The number of Equivalent Housing Units (EHUs) delivered increased 9.8% between 2015 and 2016, from 5,964 units delivered in 2015 to 6,550 units delivered in 2016. Apartment deliveries rose 10.6% to 6,360 units in 2016 while deliveries of Single-family homes in communities dropped 13.1% to 185 units delivered. Multi-occupancy housing accounted for 97.2% of delivered housing units versus 96.4% in 2015.

Revenues

Compared to 2015, total group revenues (excluding VAT) were up 16.5% to €1,238.0 million, versus €1,063.1 million in 2015. This change was mainly due to the increase in revenues from Multi-occupancy housing (€104.7 million) and Commercial property (down €77.2 million).

Multi-occupancy housing segment

The Multi-occupancy housing segment's revenues increased 11.5%, from €913.0 million to €1,017.7 million in 2016. 41.0% of revenues were generated in Île-de-France versus 44.6% in 2015. Multi-occupancy housing accounted for 82.2% of total revenues, versus 85.9% in 2015. The €104.7 million jump in Multi-occupancy housing revenues came from the €94.5 million increase registered in the Regions.

Single-family homes in communities

Revenues from Single-family homes fell 16.0% compared to 2015, from €50.4 million to €42.3 million in 2016. They accounted for 3.4% of total revenues, compared to 4.7% in 2015. The €8.0 million drop breaks down as follows: €6.6 million for Île-de-France and €1.5 million for the Regions. Île-de-France accounted for 47.6% of single-family home revenues, while the Regions accounted for 52.4%.

Other business activities

Revenues from the Business property segment rose €77.2 million to €171.1 million in 2016. This is due mainly to the completion of the Pouchet project (17th district of Paris), which generated €70.5 million in revenue, and of the Paris 13 TGB (€27.0 million) and Bordeaux BAF projects (€13.4 million). The base effect on the 2015 revenues was -€43.0 million, of which -€33.1 million on the Bucheres projects.

Showroom revenues remained practically unchanged at €6.5 million compared to €5.8 million in 2015.

Gross margin

The group's gross margin totaled €235.6 million compared to €202.7 million in 2015, a 16.2% increase (+€32.9 million). The gross margin rate was unchanged at 19.0% in 2016 compared to 19.1% in 2015.

Multi-occupancy housing segment

The Multi-occupancy housing segment's gross margin totaled €190.2 million, compared to €168.8 million in 2015 (+12.7%). The gross margin rate was 18.7%, versus 18.5% in 2015. The €21.4 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 18.8 versus 19.2% in 2015. In the Regions, it stood at 18.6%, compared to 18.0% in 2015.

Single-family homes in communities

Following the same trend as revenues, the gross margin for the Single-family homes segment fell -15.2% compared to 2015.

It amounted to €9.0 million for fiscal year 2016 versus €10.6 million for fiscal year 2015. The €1.6 million drop mainly stemmed from the Regions, down €1.0 million. The gross margin rate for the single-family homes segment was 21.1% versus 21.0% last year.

Other business activities

The gross margin from other businesses was €36.4 million versus €23.3 million in 2015. The Commercial property segment accounted for €35.0 million of this amount, up €13.0 million compared to 2015.

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 2015 and 2016:

Fiscal year ended November 30 (in € thousands)		2016			2015		
		Deliveries (EHUs) (units)	Revenues	Gross margin	Deliveries (EHUs) (units)	Revenues	Gross margin
Île-de-France		2,458	441,476	84,515	2,351	437,405	84,777
	Housing	2,458	437,100	83,558	2,351	433,459	83,911
	Business property	-	-	-	-	-	-
	Other ^(a)	-	4,376	958	-	3,946	866
West		685	108,800	19,904	569	70,417	12,930
	Housing	681	93,493	16,791	569	63,228	11,734
	Business property	-	15,018	3,145	-	7,168	1,190
	Other ^(a)	4	289	(33)	-	20	7
Southwest		1,856	277,305	52,267	1,549	222,962	40,800
	Housing	1,855	259,158	49,270	1,548	222,644	40,620
	Business property	-	18,061	3,005	-	249	119
	Other ^(a)	1	86	(7)	1	69	61
Southeast		947	185,286	30,614	998	166,882	26,075
	Housing	947	177,648	29,858	996	162,710	24,975
	Business property	-	5,692	336	2	2,628	759
	Other ^(a)	-	1,946	420	-	1,544	340
Rhône-Alpes		415	72,812	14,519	369	65,216	14,418
	Housing	415	72,613	14,476	369	64,958	14,360
	Business property	-	-	-	-	-	-
	Other ^(a)	-	199	44	-	258	57
Other Regions		189	19,996	5,231	128	16,353	3,772
	Housing	189	19,996	-	128	16,353	1,329
	Business property	-	-	-	-	-	-
	Other ^(a)	-	-	-	-	-	4
Commercial property and Logistics ^(b)		-	132,327	28,554	-	83,862	19,929
	Housing	-	-	-	-	-	-
	Business property	-	132,327	28,554	-	83,862	19,929
	Other ^(a)	-	-	-	-	-	-
TOTAL		6,550	1,238,002	235,605	5,964	1,063,098	202,701
	Housing	6,545	1,060,008	199,183	5,961	963,352	179,373
	Business property	-	171,098	35,040	2	93,909	21,997
	Other ^(a)	5	6,896	1,382	1	5,837	1,331

(a) Bare lot sales, external fees and the Showroom business.

(b) Offices, shops, business premises, logistical warehouses, etc.

Deliveries (EHUs)

By geographic area, Île-de-France represented an important part in the group's Housing business with 37.6% of housing units delivered in 2016 (i.e., 37.5% for Apartments and 38.4% for Single-family homes in communities) versus 39.4% in 2015. The group has also been active in the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) and in the Southeast (Nice, Toulon, Marseille) where 28.4% and 14.5% respectively of the housing units were delivered compared to 26% and 16.7% in 2015.

Housing revenues

Housing revenues totaled €1,060.0 million in 2016 versus €963.4 million in 2015, up 10.0%. Île-de-France contributed 41.2%, versus 45.0% in 2015.

After Île-de-France, the Southeast (Nice, Toulon, Marseille) and the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) were the two biggest contributors and accounted for 16.5% and 24.4% of Housing business revenues, respectively. The West (Nantes, Rennes) contributed 8.8% and the Rhône-Alpes region (Lyon, Grenoble, Annecy) 6.9%.

The €96.7 million increase in Housing revenues compared to 2015 can be explained by the €36.5 million increase in revenues in the Southwest, along with increases in the West (+€30.3 million), the Southeast (+€14.9 million) and the Rhône-Alpes region (+€7.7 million).

Housing gross margin

The Housing gross margin at November 30, 2016 was €199.2 million versus €179.4 million in 2015, a rise of 11.0% year-on-year. The Housing gross margin rate was 18.8% in 2016 versus 18.6% in 2015.

Île-de-France contributed 42.0% of the Housing gross margin achieved by the group in 2016 (46.8% in 2015). The Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) was the second-largest contributor with 24.7% and the Southeast (Marseille, Toulon, Nice) accounted for 15.0%, for its part. The Rhône-Alpes region (Lyon, Grenoble, Annecy) and the West (Nantes, Rennes) respectively contributed 7.3% and 8.4% of the Housing segment's gross margin.

The €19.8 million increase in the Housing segment's gross margin in 2016 compared to 2015 mainly stemmed from the rise in gross margin in the Southwest (+€8.7 million) and in the West (+€5.1 million) and Southeast (+€4.9 million).

2.3.2. Operating expenses

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Selling expenses	34,891	30,652
Administrative expenses	58,214	50,313
Technical and customer service expenses	19,477	18,310
Development and program expenses	21,765	17,740
TOTAL OPERATING EXPENSES	134,347	117,015

At November 30, 2016, operating expenses totaled €134.3 million, versus €117.0 million in 2015. Operating expenses accounted for 10.9% of revenues in 2016 versus 11.0% in 2015.

The change in operating expenses primarily reflects the following items:

Selling expenses

Selling expenses amounted to €34.9 million versus €30.7 million in 2015, an increase of 13.8%. This increase can be attributed for the most part to the €1.4 million decrease in advertising expenses. In fact, block sales, which require almost no advertising and marketing expenses, rose 25.0% compared to 2015. They represented 41.4% of orders in terms of value in 2016, versus 41.4% in 2015, 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)	2016	2015
Salaries and payroll taxes	9,292	7,967
Commissions paid to the sales team	9,021	8,067
<i>As a percentage of total group revenues</i>	<i>1.5%</i>	<i>1.5%</i>

Sales commissions (in € thousands)	2016	2015
Commissions paid to the sales team	9,021	8,067
External commissions	39,872	26,744
TOTAL COMMISSIONS ON SALES	48,893	34,811
<i>As a percentage of total group revenues</i>	<i>3.9%</i>	<i>3.3%</i>
<i>As a percentage of Housing gross margin</i>	<i>24.5%</i>	<i>19.4%</i>

The amount of commissions on sales was €48.9 million in 2016, including €9.0 million for internal commissions (paid to the sales teams) and €39.9 million for external commissions (paid to specifiers). The €13.1 million increase in external commissions is partly attributable to the 53.8% increase in the number of orders by specifiers and by networks in 2016, compared to 2015. 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)	2016	2015
Advertising expenses	20,290	18,625
<i>As a percentage of revenues</i>	<i>1.64%</i>	<i>1.75%</i>

Advertising expenses in 2016 rose 8.9% compared to 2015 while revenues rose 16.5% 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 in block over the period, for which the advertising expenses were lower than for the programs intended for homebuyers and investors (see note in paragraph "selling expenses" below).

The share of advertising expenses and the costs of model areas in revenues was 1.64% versus 1.75% in 2015.

Administrative expenses

Administrative expenses were €58.2 million in 2016, compared to €50.3 million in 2015, i.e., a 15.7% increase, due mainly to the increase in the "Total estimated expenses" item, which includes the €4.2 million change in the expenses to defer bonus share plans.

Technical and customer service expenses

Technical and customer service expenses were €19.5 million versus €18.3 million in 2015. The increase came from €0.7 million in the "Total estimated expenses" item.

Development and program expenses

Development and program expenses were €21.8 million, up 22.7% from €17.7 million in 2015, mainly due to the "Total estimated expenses" item, which includes the €1.3 million change in the expenses to defer bonus share plans and the €2.9 million net change in provisions for expenditures on new projects.

2.3.3. Current operating profit – Operating margin

The group's current operating profit was up 18.2%, from €85.7 million in 2015 to €101.3 million in 2016. The current operating margin was 8.2% versus 8.1% in 2015. The €15.6 million increase in current operating profit reflects first and foremost the €32.9 million jump in gross margin.

2.3.3.1. Adjusted EBIT

Adjusted EBIT is equal to current operating income (€101.3 million) adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in the gross margin for €7.4 million, representing €108.7 million at November 30, 2016.

Adjusted EBIT was up 17.3% compared to November 30, 2015, when it stood at €92.7 million, with current operating income of €85.7 million and borrowing costs in the amount of €7.0 million.

The adjusted EBIT margin was 8.8% compared to 8.7% at November 30, 2015.

2.3.4. Other non-recurring income and expenses

At November 30, 2016, non-recurring income was zero, versus €0.8 million in 2015. Accordingly, operating income was €101.3 million versus €86.5 million in 2015.

2.3.5. Cost of net financial debt

The cost of the net financial debt was down €1.3 million from €4.47 million in 2015 to €3.20 million in 2016. This decrease was due mainly to the accelerated amortization of €4.0 million in arrangement costs for the 2014 syndicated loans, recognized at the end of fiscal year 2015. Conversely, interest expenses on syndicated

loans increased in 2016 compared to 2015 with higher outstandings following the arrangement of new syndicated loans in April 2016. Utilization of syndicated loans of up to €174.2 million on average in 2016 compared to €145.4 million for the year (see Note 11 to the Consolidated Financial Statements, "Cost of net financial debt").

2.3.6. Net income

Tax liability

Income tax amounted to €30.4 million, based on the group's net profit at November 30, 2016, compared to €24.3 million for fiscal year 2015 (see Note 12.2, "Tax Reconciliation" to the Consolidated Financial Statement).

Minority interests

The amount of minority interests was up by €2.3 million, from €19.2 million in 2015 to €21.4 million in 2016. This increase reflects the impact of a larger number of joint development programs started by Kaufman & Broad in the last two years and the recognition of their full-year income-generation under the percentage-of-completion method.

Net income

Attributable net income for fiscal year 2016 rose 15.7% compared to 2015. It amounted to €46.0 million versus €39.8 million in 2015 (restated).

The net margin (net income as a percentage of revenues) was unchanged at 3.7% in 2016.

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, 2016.

Fiscal year ended November 30, 2016 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenues	441,476	108,800	277,305	185,286
GROSS MARGIN	84,515	19,904	52,267	30,614
Selling expenses	(12,162)	(2,632)	(5,214)	(4,977)
Administrative expenses	(8,012)	(4,931)	(8,543)	(5,314)
Technical and Customer service expenses	(8,533)	(1,188)	(4,072)	(2,814)
Development and program expenses	(6,917)	(2,015)	(5,075)	(1,478)
Reallocation of portion of corporate re invoicing	(12,432)	(2,990)	(9,732)	(5,439)
CURRENT OPERATING INCOME	36,459	6,148	19,632	10,592
Other non-recurring income and expenses	-	-	-	-
OPERATING INCOME	36,459	6,148	19,632	10,592
Cost of net financial debt and other financial income/expenses	3,419	314	(134)	(847)
Reallocation of cost of net financial debt	(1,284)	(309)	(1,005)	(562)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	38,594	6,153	18,493	9,183
Income tax	(12,845)	(2,224)	(4,184)	(3,570)
Share of income (loss) of equity affiliates and joint ventures	186	(116)	(2)	-
INCOME (LOSS) OF THE CONSOLIDATED GROUP	25,935	3,813	14,307	5,613
Attributable net income	20,427	3,260	4,806	5,033
Minority interests	5,508	553	9,501	580

Fiscal year ended November 30, 2016 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other Regions	Head Office	Grand total
Revenues	72,812	132,327	19,996	-	1,238,002
GROSS MARGIN	14,519	28,554	5,231	-	235,605
Selling expenses	(2,388)	(322)	(196)	(6,999)	(34,891)
Administrative expenses	(3,280)	(2,096)	351	(26,387)	(58,214)
Technical and customer service expenses	(1,511)	(350)	(16)	(995)	(19,477)
Development and program expenses	(1,433)	(2,864)	(69)	(1,916)	(21,765)
Reallocation of portion of corporate re invoicing	(2,718)	(2,556)	(430)	36,297	
CURRENT OPERATING INCOME	3,189	20,366	4,871	-	101,258
Other non-recurring income and expenses	-	-	-	-	-
OPERATING INCOME	3,189	20,366	4,871	-	101,258
Cost of net financial debt and other financial income/expenses	286	(2,474)	(18)	(3,751)	(3,203)
Reallocation of cost of net financial debt	(281)	(264)	(44)	3,751	-
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	3,194	17,628	4,809	-	98,054
Income tax	(1,325)	(5,760)	(456)	-	(30,365)
Share of income (loss) of equity affiliates and joint ventures	(28)	(250)	-	-	(211)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	1,841	11,618	4,353	-	67,479
Attributable net income	1,639	10,140	730	-	46,034
Minority interests	202	1,478	3,623	-	21,445

Fiscal year ended November 30, 2015 (in € thousands)	Île-de-France	West ^(a)	Southwest	Southeast
Revenues	437,405	83,923	222,962	166,882
GROSS MARGIN	84,777	14,777	40,800	26,075
Selling expenses	(10,436)	(1,928)	(4,960)	(4,849)
Administrative expenses	(6,785)	(2,499)	(5,933)	(4,985)
Technical and customer service expenses	(8,564)	(1,103)	(3,736)	(2,916)
Development and program expenses	(4,979)	(1,633)	(3,854)	(3,908)
Reallocation of portion of corporate re invoicing	(11,106)	(2,833)	(7,806)	(5,470)
CURRENT OPERATING INCOME	42,907	4,781	14,511	3,947
Other non-recurring income and expenses	-	-	823	(5)
OPERATING INCOME	42,907	4,781	15,334	3,942
Cost of net financial debt and other financial income/expenses	3,294	230	21	(661)
Reallocation of cost of net financial debt	(2,587)	(660)	(1,818)	(1,274)
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	43,614	4,351	13,537	2,007
Income tax	(12,770)	(1,290)	(3,797)	(441)
Share of income (loss) of equity affiliates and joint ventures	1,278	(24)	(18)	-
INCOME (LOSS) OF THE CONSOLIDATED GROUP	32,122	3,037	9,722	1,566
<i>Attributable</i>	<i>22,014</i>	<i>1,868</i>	<i>5,611</i>	<i>(305)</i>
<i>Minority interests</i>	<i>10,108</i>	<i>1169</i>	<i>4,111</i>	<i>1,871</i>

(a) Financial statements adjusted following a new geographic demarcation between the West and Other Regions segments.

Fiscal year ended November 30, 2015 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other Regions ^(a)	Head Office	Grand total
Revenues	65,216	83,862	2,847	-	1,063,098
GROSS MARGIN	14,418	19,929	1,925	-	202,701
Selling expenses	(2,066)	(230)	(114)	(6,069)	(30,652)
Administrative expenses	(2,488)	(2,781)	(437)	(24,405)	(50,313)
Technical and customer service expenses	(1,285)	(335)	(36)	(336)	(18,310)
Development and program expenses	(1,850)	(1,078)	(218)	(220)	(17,740)
Reallocation of portion of corporate re invoicing	(2,271)	(1,542)	(2)	31,030	-
CURRENT OPERATING INCOME	4,458	13,963	1,118	-	85,685
Other non-recurring income and expenses	-	-	-	8	826
OPERATING INCOME	4,458	13,963	1,118	8	86,511
Cost of net financial debt and other financial income/expenses	413	(514)	(34)	(7,228)	(4,470)
Reallocation of cost of net financial debt	(529)	(359)	-	7,228	-
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	4,342	13,090	1,084	8	82,041
Income tax	(1,497)	(4,265)	-207	-	(24,267)
Share of income (loss) of equity affiliates and joint ventures	(11)	(49)	-	-	1,172
INCOME (LOSS) OF THE CONSOLIDATED GROUP	2,834	8,776	877	8	58,946
<i>Attributable</i>	<i>2,382</i>	<i>7,803</i>	<i>394</i>	<i>8</i>	<i>39,779</i>
<i>Minority interests</i>	<i>452</i>	<i>973</i>	<i>483</i>	<i>-</i>	<i>19,167</i>

(a) Financial statements adjusted following a new geographic demarcation between the West and Other Regions segments.

2.4. Liquidity and capital resources

2.4.1. Cash flow

The group's net cash flow totaled €118.1 million at November 30, 2016, down €51.3 million from November 30, 2015, when it totaled €169.4 million. The change is analyzed below:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Cash flow from operating activities	78,590	88,267
Cash flow provided by (used in) investing activities	(25,524)	884
Free cash flow	53,066	89,151
Cash flow provided by (used in) financing activities	(104,319)	(69,782)
Increase (decrease) in cash	(51,253)	19,369
CASH AT BEGINNING OF THE PERIOD	169,361	149,993
CASH AT END OF THE PERIOD	118,108	169,361

Cash flow from operating activities

Cash flows generated by operating activities totaled €78.6 million versus €88.3 million at November 30, 2015, a drop of €9.7 million. The change in cash flow generated from operating activities was primarily due to:

- a cash flow increase of €23.4 million;
- a €4.0 million decrease in paid taxes;
- a €37.1 million decrease in the change in Operating Working Capital Requirement (excluding current taxes), from €21.7 million at November 30, 2015, to -€15.5 million at November 30, 2016.

The change Operating Working Capital Requirement for fiscal year 2016 was -€15.5 million versus a positive change of €21.7 million at November 30, 2015.

Operating Working Capital Requirement (WCR) (excluding current taxes) totaled €129.2 million at end-November 2016 versus €92.4 million at end-November 2015, an increase of €36.8 million. The change in operating WCR items can be attributed in part to a €41.7 million increase in inventories, a €44.2 million increase in accounts receivable, a €61.4 million increase in trade payables and a €12.3 million change in other assets and liabilities including current taxes. WCR amounted to 10.4% of revenues at November 30, 2016, compared to 8.7% for the same period in 2015.

Cash flow provided by (used in) investing activities

Cash flows from investing activities amounted to -€25.5 million versus €0.9 million in fiscal year 2015. They primarily consist of the following:

- -€6.4 million in disbursements for acquisitions of property, plant and equipment and intangible assets;

- €0.8 million related to the acquisition of financial assets (loans) granted as part of real estate projects;
- €18.3 million in change of scope including:
 - the provisional price of -€1.4 million paid for the acquisition of the stake in the Serge Mas Promotion companies and their subsidiaries and the cash position of -€10.4 million of these companies on the acquisition date,
 - the -€2.2 million paid for the purchase of the balance of Safaur's shares, the cash position of this company on the acquisition date of €0.4 million and the €0.8 million sale price of the property management business,
 - the provisional price of -€6.1 million paid for the acquisition of the stake in Seri Ouest and its subsidiaries and the cash position of these companies on the acquisition date of €0.6 million.

Cash flow provided by (used in) financing activities

Cash flows from financing activities amounted to -€104.3 million versus -€69.8 million in 2015. They primarily consist of the following:

- -€79.6 million in dividends paid to shareholders;
- -€18.7 million in distributions to minority interests and -€1.8 million in acquisitions of stakes in minority interests;
- -€51.4 million in purchases of treasury shares;
- -€138.9 million corresponding to the repayment balance of the 2014 syndicated Senior Facilities line – Tranche A and Tranche B and €0.3 million related to the loans granted to the Seri Ouest transactions;
- €200 million corresponding to the origination of the new syndicated Senior Facilities line and €3.5 million related to the arrangement costs for this new loan;
- -€10.1 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:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Syndicated lines Tranches A and B – Senior Facilities	200,000	138,900
Other borrowings	1,404	326
Utilized credit facilities	3,195	429
Loan arrangement costs	(3,123)	-
Fair value of derivatives	1,726	2,018
GROSS FINANCIAL DEBT	203,202	141,673
- of which non-current	191,362	127,833
- of which current	11,840	13,840

At November 30, 2016, the group's gross financial debt totaled €203.2 million including €191.4 million in non-current debt (comprising primarily the Syndicated lines Tranches A and B – Senior Facilities), and €11.8 million in current debt. It totaled €141.7 million at November 30, 2015.

At November 30, 2016, the group had €200.0 million in syndicated lines (Senior Facilities) comprising a Tranche A of €50 million and a Tranche B of €150 million, as well as a €50 million in Revolving Credit Facilities.

Adjustment of financial ratios

In the accounting quarters from April 2016 until the agreement expires in 2021, the group is required to comply with 2 ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each six-month period-end	Threshold
Leverage ratio ^(a)	≤ 3.0
Debt/Equity ratio ^(b)	≤ 2.5 at November 30, 2016
	≤ 2.5 at May 31, 2017
	≤ 2.5 at November 30, 2017
	≤ 2.0 at May 31, 2018
	≤ 1.75 at May 31, 2019
	and at May 31, 2020

(a) Net Financial Debt (1) divided by EBITDA (2) where:

(1) financial debt means gross financial debt less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet commitments;

(2) 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.

(b) Net Financial Debt (1) divided by adjusted shareholders' equity (3);

(3) adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015 + cumulative income from December 1, 2015 to the end of the relevant quarter - dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2015 to the end of the relevant quarter.

The agreement provides for a cash sweep clause under certain conditions. Since the conditions were not met, no payment will be made in respect of the fiscal year ended November 30, 2016.

Ratio at November 30, 2016	Threshold at date	Threshold at date
Leverage ratio ^(a)	≤ 3.0	0.86
Debt/Equity ratio ^(b)	< 2.5	0.41

(a) Net Financial Debt (1) divided by EBITDA (2) where.

(b) Net Financial Debt (1) divided by adjusted shareholders' equity (3).

The group's main debt facilities

(in € thousands)	Debt capacity	Utilization at November 30, 2015	Repayment	Rate ^(a)
Facility A	50,000	50,000	repayable by semi-annual installments of €6.25 million from October 2017 to April 2021	E ⁽¹⁾ +250 to 275 BPS
Facility B	150,000	150,000	bullet repayment in April 2021	E ⁽¹⁾ +275 to 300 BPS
RCF ^(b)	100,000	-	bullet repayment in April 2021	E ⁽¹⁾ +275 BPS
TOTAL	300,000	200,000	-	-

(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.

(1) See the Leverage ratio table.

The total effective rate on the debt, taking into account the total amortization of arrangement cost incurred (i.e., €0.4 million in 2016) and the hedges, was 4.13%, versus 6.41% in 2015 (with €4.0 million in to defer arrangement costs in 2015).

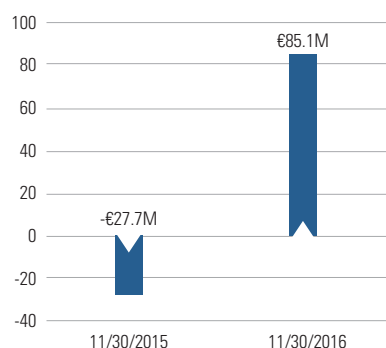
2.4.2.2. Main changes in gross financial debt

(in € thousands)	November 30, 2016
Gross financial debt at November 30, 2015	141,673
Repayment of 2014 Senior Facilities line – Tranche A and Tranche B	(138,900)
New 2016 Senior Facilities lines – Tranche A and Tranche B	200,000
Arrangement costs	(3,123)
Change in other loans and lease financing	1,076
Change in the fair value of derivative instruments	(292)
Change in credit facilities	2,768
Gross financial debt at November 30, 2016	203,202
Change in gross financial debt in 2016	61,529

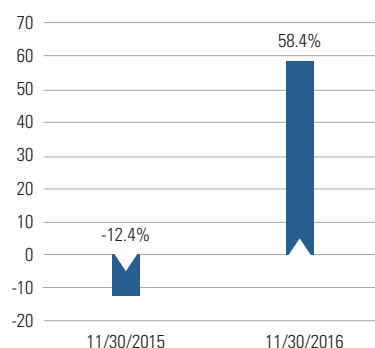
The group's gross financial debt registered a change of €61.5 million between November 30, 2015, and November 30, 2016; this is attributable mainly to the origination of the new 2016 Senior Facilities Agreement.

The following table shows the group's financial structure over the past two years and changes in the maturity of its debt:

(in € thousands)	November 30, 2016	November 30, 2015
Shareholders' equity	145.8	223.9
Financial debt*	203.2	141.7
Financial debt maturing within 1 year	11.8	13.8
Financial debt maturing between 1 and 5 years	191.4	127.8
Maturity	4.3 years	3.3 years
* of which:		
Loan arrangement costs	(3.1)	-
Fair value of derivatives	1.7	2.0
Credit facilities utilized	3.2	0.4
Other borrowings	1.4	0.3

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, 2016, net financial debt was up by €112.8 million compared to November 30, 2015, and, accordingly, net financial debt was €85.1 million.

GEARING

The gearing ratio (the net debt to consolidated shareholders' equity ratio) was 58.4% at November 30, 2016 versus -12.4% at November 30, 2015, reflecting both the €112.8 million increase in net debt and the €78.1 million drop 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 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 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 one-month Euribor lender/fixed-rate borrower swaps at November 30, 2016.

Nature	Notional amount (in € millions)	Fixed rate	Repayment		Type	Book value at November 30, 2016, (in % of nominal)
			Start date	End date		
EUR 1M fixed rate swap	20	0.1950%	April 30, 2016	April 30, 2021	Hedge	-1.34%
EUR 1M fixed rate swap	10	0.5000%	Nov. 28, 2014	Nov. 30, 2017	Hedge	-0.89%
EUR 1M fixed rate swap	20	0.5000%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-0.89%
EUR 1M fixed rate swap	10	0.1950%	April 30, 2016	Nov. 30, 2017	Hedge	-1.34%
EUR 1M fixed rate swap	15	0.1800%	May 31, 2016	April 30, 2021	Hedge	-1.28%
EUR 1M fixed rate swap	25	0.2780%	May 31, 2016	April 30, 2021	Hedge	-1.72%
EUR 1M fixed rate swap	25	0.2985%	May 31, 2016	April 30, 2021	Hedge	-1.81%
EUR 1M fixed rate swap	20	-0.1200%	May 31, 2016	April 30, 2021	Hedge	0.08%

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, 2016, was -€767 thousand.

Following the swap effectiveness tests, conducted at November 30, 2015 and at November 30, 2016, the swaps were disqualified, resulting in the spread of the hedging reserve over the remaining term.

2.5. Events after the balance-sheet date

Kaufman & Broad SA shares admitted to the “long only” Deferred Settlement Service (SRD).

As part of its annual review of its deferred settlement service (*Service de Règlement Différé / SRD*), Euronext informed Kaufman & Broad SA that its securities were eligible for the “long only” SRD effective December 28, 2016.

This status is granted to securities listed on Euronext Paris with a minimum daily transaction volume of €100,000. It highlights and supports the growing liquidity and attractiveness of Kaufman & Broad securities for investors.

Kaufman & Broad shares eligible for the PEA-PME share savings plan

On February 20, Kaufman & Broad announced that its shares are eligible for the PEA-PME plans created by the 2014 Budget Act of December 29, 2013; the terms of the plans are set out in the implementing provisions of Decree 2014-283 of March 4, 2014.

3

CORPORATE GOVERNANCE

3.1. Members of the Company's Administrative and Management Bodies 120

3.1.1.	Board of Directors	120
3.1.2.	Special committees of the Board of Directors	130
3.1.3.	Duties and powers of the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers	135
3.1.4.	Senior Executives	136

3.2. Directors' Interests 139

3.2.1.	Compensation and benefits in-kind received for any reason by members of the Company's administrative and management bodies for the latest fiscal year ended	139
3.2.2.	Total number of stock options awarded by the group	143
3.2.3.	Information on the exercise of stock options during the fiscal year	143
3.2.4.	Information on transactions concluded with members of the Company's administrative and management bodies	143
3.2.5.	Loans and guarantees to members of the Company's administrative and management bodies	144
3.2.6.	Transactions with companies that have directors in common with the Company or other group companies	144
3.2.7.	Components of the compensation due or awarded for the fiscal year ended November 30, 2016 to executive corporate officers, subject to the vote of the shareholders	144

3.3. Incentive programs 145

3.3.1.	Incentive and profit-sharing agreements	145
3.3.2.	Company savings plan	145
3.3.3.	Stock option or stock warrant plans - Awards of bonus shares - Awards of stock warrants	145
3.3.4.	Stock subscription warrants	150

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 eight 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	Investment Committee	Board of Directors	Years of service on the Board	Date of first appointment	Term of office expires ^(b)	Number of Company shares held
Chairman and Chief Executive Officer									
Nordine Hachemi	55				✓	4	06/25/2013	2017	22,806 ^(g)
Independent Directors									
Sylvie Charles	57		✓	✓	✓	5	02/16/2012	2017	250
Jean-Louis Chaussade	65				✓	1	01/27/2017 ^(c)	2018	250
Yves Gabriel	66	✓	✓	✓	✓	2	03/08/2016 ^(d)	2018	250
Sophie Lombard	47	✓	✓	✓	✓	10	07/10/2007 ^(e)	2017	250
Caroline Puechoultres	47	✓			✓	3	09/30/2014	2017	250
Other directors									
Michel Paris	59				✓	2	07/07/2015 ^(g)	2018	250
Frédéric Stévenin	50	✓			✓	10	10/07/2007	2017	250
Non-voting member									
Thierry Lefèvre	58				✓	3	09/30/2014	2017	1

(a) At March 2, 2017.

(b) Approval of the financial statements for the fiscal year.

(c) The co-option and renewal of the term of office of Jean-Louis Chaussade to replace Alexandre Dejoie, who resigned, will be submitted for approval to the Shareholders' Meeting of May 11, 2017.

(d) The co-option and renewal of the term of office of Yves Gabriel to replace Yves Galland, who resigned, were approved by the Shareholders' Meeting of April 15, 2016.

(e) Note that Sophie Lombard was not a director of the Company from January 20, 2010 to September 29, 2010.

(f) The co-option and renewal of the term of office of Michel Paris to replace Lionel Zinsou, who resigned, was approved by the Shareholders' Meeting of April 15, 2016.

(g) Nordine Hachemi also holds 25% of the share capital in Artimus Participations, which in turn held 6.73% in the share capital of the Company at February 28, 2017.

At the date of this Registration Document, with the exception of Nordine Hachemi, no member of the Board of Directors, had 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 RKCI, director of Iorga Group, Manager of SCI MD Raphael, Chairman of Artimus Participations.

Other Information

Nordine Hachemi has an MBA from INSEAD and a graduate degree in Engineering from ENSPM.

In 2001, he joined the Saur group and became its Chairman.

In 2008, he became Chairman and Chief Executive Officer of Sechilienne 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

SNCF Logistics Chief Executive Officer of Rail Freight and Multimodal Transport.

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

Sylvie Charles is a graduate of Institut d'études politiques de Paris and a former student of ENA.

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.



Jean-Louis Chaussade

Principal position held outside the Company

Chief Executive Officer of SUEZ Group.

Other directorships and positions held

Director of Criteria CaixaHolding SAU (Spain).

Chairman of the Board of Directors of Université de Technologie de Compiègne.

Other Information

Jean-Louis Chaussade began his career at Degrémont in 1978 and was then appointed Chief Operating Officer of Degrémont Spain in Bilbao in 1989. During that period, he was appointed director of Aguas de Barcelona. Jean-Louis Chaussade was subsequently appointed Chief Executive Officer of Dumez Copisa Spain in 1992.

In 1997 he was appointed Chief Operating Officer of Lyonnaise des Eaux in South America, and Executive Vice-President of Engie for South America.

He became Chairman and CEO of Degrémont in 2000 and in 2004, Senior Vice-President of Engie and Chief Executive Officer of Suez Environnement.

Since July 23, 2008, Jean-Louis Chaussade has been Chief Executive Officer of SUEZ (formerly Suez Environnement), a group listed on Euronext Paris and Brussels (€15.1 billion in revenues and 82,000 employees in 2015).

Jean-Louis Chaussade was a member of the Engie Executive Committee from May 1, 2011 to July 22, 2013. He was also Chairman of the Supervisory Board of *Institut de Prospective Economique du Monde Méditerranéen* (IPEMED) from December 2011 to December 2013.

Jean-Louis Chaussade is Co-Chairman of the France-China Committee and Chairman of France-Arabian Peninsula Business Leaders of Medef International. He also chairs the "circular economy" group within the AFEP.

Jean-Louis Chaussade has a graduate degree in Engineering from ESTP and a Master's in Economics. He is also a graduate of *Institut d'Études Politiques de Paris* and of Harvard Business School's Advanced Management Program.



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 positions held

Chairman of Yves Gabriel Consulting, Oliver Wyman Senior Advisor, Impulse Partners Strategic Advisor, director of SMABTP insurance company.

Other Information

Graduate of *École Nationale des Ponts et Chaussées*.

From 2002 to 2015, Yves Gabriel was Chairman and CEO of Bouygues Construction and a director of the Bouygues Group.

From 1996 to 2002, he was Chief Executive Officer of SAUR Group and, from 1992 to 1996, he was Chief Executive Officer of SCREG Group.

Before that, he held senior management positions in various subsidiaries of the Bouygues and SCREG Groups.



Sophie Lombard

Principal position held outside the Company

Managing Director, Parvilla

Other directorships and positions held

Member of the Supervisory Board of Banque Postale; Member of the Investment Committee of Citizen Capital; Director of Financière Gaillon 8 until March 20, 2017.

Other Information

Sophie Lombard is a graduate of EDHEC Business School and has an MBA (Columbia Business School, New York, USA).

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.

Since September 2016, Sophie Lombard has been a Member of the Strategy Committee of the TEDyBEAR Center.



Caroline Puechoultres

Intermarché

21, avenue des Mousquetaires 91070 Bondoufle

Principal position held outside the Company

Marketing & Strategy Director.

Other directorships and positions held

Director of Lexibook (public company).

Other Information

Caroline Puechoultres is a graduate of HEC.

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, she joined SIMPKI, the multi-modal, digital travel start-up, as an Associate Executive Director to reinforce the founding team, holding a strategic role before the raising of capital.

Starting in July 2016, Caroline Puechoultres became Marketing & Strategy Director of Intermarché, as a member of the brand's Management Committee, to define and oversee the new strategic directions of the company and develop its overall marketing policy as part of the new "Boost 2020" relaunch project.

Other directors

**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, PAI Europe III General Partner Ltd; Chairman of the Supervisory Board of Financière Sun SAS (B&B Hotels); Chairman of the Supervisory Board of Financière Gaillon 0 SAS and Financière Gaillon 13 SAS (Cerba European Lab); director of SAS Casavita and Chairman of Finvita SAS (DomusVi); member of the Supervisory Board of Financière Verdi III (Ethypharm); member of the Board of Directors of Riviera Topco Ltd and Riviera Midco SA (Froneri); Chairman of LB PAI HoldCo SAS and member of the Lilas France SAS Supervisory Board (Labeyrie); member of the Board of Directors of 3 Cime SpA, Marcolin SpA, Marmolada SpA (Marcolin); director and Vice Chairman of the Board of Chr. Hansen Holding; member of the Board of Directors of Koos Holding Coöperatief UA (Roompot); member of the Board of Directors of St Pey Holding; manager of G.A.V.U. Gestion Sprl and Alta Rocca Investissements SCL.

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.

**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

Member of the Supervisory Board of Financière Gaillon 0 SAS (Cerba European Lab); director of Cortefiel MEP Retail Espana SL (Cortefiel group); member of the Supervisory Board of Financière Verdi III (Ethypharm); director of Financière EMG SAS (Euro Media group), Financière Daunou 17 SA, IPH SAS (IPH), Financière Forêt Sàrl (Perstorp), Financière Kilinvest, Chairman of Sapak SAS (Kiloutou group), member of the Supervisory Board of Lilas France SAS (Labeyrie group); manager of Carolles Participations.

Other Information

Michel Paris joined PAI Partners in 1994.

He is Chairman of the Executive Committee and manager of the distribution, industrial goods and services sector teams.

Michel Paris has over 30 years of investment experience within the Company. He has been involved in a large number of transactions, among which those concerning Sogeres, Bouygues Telecom, Atos, Equant, Elior, Frans Bonhomme, Elis, Vivarte, Saur, Coin, Kwik Fit, Cortefiel, Monier, Xella and EMG.

Prior to that, he spent two years with Valeo.

Michel Paris graduated from École Centrale de Lyon in 1980 and from *École Supérieure de Commerce de Reims* in 1982.

Non-voting member**Thierry Lefèvre****Crédit Agricole-CIB**

129, place des États-Unis, 92120 Montrouge

Principal position held outside the Company

Managing Director

Head of the structured real estate finance business.

Other directorships and positions held

Director and Chief Executive Officer 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 Issymedia, 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 called to approve the 2016 financial statements, the shareholders will be asked to ratify the co-opting by the Board of Directors on January 27, 2017 of Jean-Louis Chaussade as an Independent Director to replace Alexandre Dejoie, who resigned, for the remainder of his term of office, until the close of the Shareholders' Meeting called 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.

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 2016, which may be consulted on the MEDEF website (<http://www.medef.com>).

In relation to the "Comply 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.

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 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 and reports about it to the Shareholders' Meeting. The Chairman ensures that the Company's Corporate Governance structures operate effectively and that directors are in a position to properly perform their duties.

The Board of Directors of Kaufman & Broad SA currently has eight members.

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 recommendation 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 established Internal Rules. Their most recent update of January 27, 2017 was done specifically to reflect the main changes in the AFEP-MEDEF Code of Corporate Governance, but also to incorporate the rules relating to the Investment Committee, a new committee to the Board of Directors.

The 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 also 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, half-year and annual results. They also stipulate that directors must hold their shares held at the beginning of their 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 such shares.

The Board of Directors' Internal Rules are available on the Kaufman & Broad website (<http://www.ketb.com>).

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 four times a year, either at the registered office or at any other place indicated in the notice of meeting. Board members are invited by the Chairman to meetings of the Board of Directors by any means, including verbally. 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, 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 request any document that they deem useful.

Board meetings are chaired by the Chairman or, in the Chairman's absence, by a Board member 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 Board members present and represented.

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. Duties 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 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;
- the annual budget;
- the 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 the Investment Committee or 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 material investments in organic growth and internal Company restructuring.

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

Five out of eight members of the Board of Directors of the Company are currently independent members. Four are independent as defined by the December 2008 AFEP-MEDEF Code of Corporate Governance, revised in November 2016. The Independent Directors are Sylvie Charles, Caroline Puechoultres, Yves Gabriel and Jean-Louis Chaussade.

Sophie Lombard informed the Board that she had resigned in September 2016 from her office as Chief Operating Officer and director of Financière Gaillon 8, and confirmed that she had had no contractual links with PAI Partners since November 2016 and that, in this regard, she no longer received any remuneration from PAI Partners and that, as a result, she regarded herself as free of any interest in respect of Financière Gaillon 8 and PAI Partners.

The Compensation and Remuneration Committee considered, under these circumstances, that Sophie Lombard qualifies as independent. On March 2, 2017, the Board of Directors approved her status as an Independent Director, effective December 1, 2016.

The Board's decision is in line with the recommendations of the AFEP-MEDEF Code, which stipulates that the Board may decide that a director that does not meet the criteria set forth in the Code is nevertheless independent.

At the time of each appointment 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 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 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 key 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 led 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 during the previous five years;
- has not been a director of the Company for at least twelve years.

Note however 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 Board members

At the Combined Ordinary and Extraordinary Shareholders' Meeting of April 15, 2016, the aggregate amount of directors' fees allocated annually to the Board of Directors was set at €300,000 as from the fiscal year ended November 30, 2016 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 Board members.

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, in its meeting on January 27, 2017, resolved to pay directors' fees for 2016:

- in a maximum individual amount of €50,000 to the directors of the Company who are considered independent, namely: Sylvie Charles, Caroline Puechoultres, Yves Galland and Yves Gabriel;
- 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 2016 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 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 help of an external consultant. The criteria for the assessment of the operation of the Board for fiscal year 2016 were delivered to the directors at the meeting of March 2, 2017. The outcome of the assessment will be presented at the meeting of May 11, 2017.

3.1.1.2.9. Meetings of the Board of Directors in 2016

In fiscal year 2016, the Board of Directors met ten times (the attendance rate of directors at Board meetings was 87%):

- 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 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:
 - a. payment of an interim dividend for the year ended November 30, 2015,
 - b. payment of an exceptional dividend for the fiscal year ended November 30, 2015,
 - c. refinancing of the group and establishment of a new syndicated loan agreement,
 - d. buyback of treasury shares in connection with the sale planned by Financière Gaillon 8 SA,
 - e. reorganization of the shareholding structure of the group's executives, including the management team,
- appointment of Didier Kling as independent expert in connection with the aforementioned transactions,
- authority 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. 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 management for 2016,
 - review of Company policy regarding gender and pay equality,
 - review and approval of the statutory financial statements at November 30, 2015 and proposed 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 SA,
- 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-CIB, 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 SA'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 Shareholders' Meeting and the dividend for the fiscal 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 a memorandum of understanding between the Company and Financière Gaillon 8 SA;
- on **March 29, 2016**, the Board of Directors met, attended by nine members. The Board discussed the following agenda,
 - minutes of the Audit Committee meeting of March 25, 2016,
 - approval of the financial statements for the first quarter of 2016,
 - review of the 2016 forecasts and the outlook for 2017 to 2019 (Chapter 6 of the Registration Document);
- on **April 15, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - report of the meeting of the Compensation and Nominating Committee of April 11, 2016,
 - presentation of the update to the 2016 budget,
 - 2014 bonus share plan – definitive award,
 - 2016 bonus share plan – determination of award conditions,
 - implementation of the share buyback program,
 - assessment of the operation of the Board of Directors;
- on **April 20, 2016**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - launch of the re-IPO transaction (the "Offer"):
 - a. determination of the price range set by Financière Gaillon 8 for the Offer,
 - b. amount of the buyback by the Company of its own shares from Financière Gaillon 8 concurrently with the Offer, and
 - c. authorization to distribute the international prospectus relating to the Offer;
- on **April 27, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - recording of the price set by Financière Gaillon 8 for the Offer,
 - approval of the underwriting agreement relating to the Offer,
 - buyback of treasury shares at the same time as the Offer;
- on **June 13, 2016**, the Board of Directors met, attended by ten members. The Board discussed the following agenda:
 - presentation of the proposed acquisition of the Seri Ouest Group by Kaufman & Broad Nantes;
- on **July 11, 2016**, the Board of Directors met, attended by six members. The Board discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of July 11, 2016,
 - business activities for the first half of 2016,
 - review and approval of the half-year Consolidated Financial Statements at May 31, 2016,
 - update III: presentation of the revised 2016 Plan and trends for 2017,
 - recording Olivier de Vregille's resignation from his office as director,
 - recording Frédéric Stevenin's resignation from his office as member of the Audit Committee; appointment of Yves Gabriel to replace him,
 - recording Frédéric Stevenin's resignation from his office as Chairman of the Compensation and Nominating Committee, appointment of Yves Gabriel to replace him;

- on **September 29, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of September 26, 2016,
 - presentation of the estimated consolidated financial data at August 31, 2016,
 - review and approval of the revised draft management documents for 2016 and of the report analyzing those documents,
 - record of the resignation of a director.

Since November 30, 2016, the Board of Directors has met twice:

- on **January 27, 2017**, the Board of Directors met, attended by seven members. The Board discussed the following agenda:
 - presentation by the Chairman of the Board of the 2016 review and the main strategic directions of the Company,
 - report of the Audit Committee: Minutes of the meeting of January 25, 2017,
 - review of the estimated consolidated financial data at November 30, 2016,
 - approval of the 2017 budget – review and approval of the draft management documents and the report analyzing those documents,
 - review and approval of the draft press release on the 2016 annual results,
 - report of the Compensation and Nominating Committee – minutes of the meeting of January 18, 2017,
 - compensation of corporate officers and management for fiscal years 2016 and 2017,
 - amount of directors' fees: Allocation for fiscal year 2016,
 - adoption of the new Internal Rules by the Board – creation of an Investment Committee,
 - recording of the resignation of a director – co-option of a director;

- on **March 2, 2017**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - report of the Audit Committee – minutes of the meeting of February 28, 2017,
 - report of the Compensation and Nominating Committee – minutes of the meeting of February 28, 2017,
 - compensation of corporate officers and management for 2017,
 - review of Company policy regarding gender and pay equality,
 - review and approval of the statutory financial statements at November 30, 2016 and the proposed appropriation of net profits for the fiscal year,
 - review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2016,
 - 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,
 - 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 Shareholders' Meeting and the dividend for the fiscal year ended November 30, 2016,
 - assessment of the status of Independent Director of Sophie Lombard,
 - HR presentation.

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

A charter, approved by the Board of Directors on February 18, 2010, describes the organization, powers and operation of the Audit Committee.

3.1.2.1.2. Membership of the Audit Committee

The Audit Committee is composed of three members from among the Board members, including at least two-thirds of Independent Directors as defined by the independence criteria adopted by the Company. It is chaired by an Independent Director.

The members of said Committee are appointed for an indefinite term and are chosen on the basis of:

- their independence; and
- their expertise in financial or accounting matters; and, more specifically, that at least one independent member of the Committee shall have special expertise in financial and/or accounting matters acquired during the course of his/her professional career;
- their term of office, in any event, expires at the same time as their term of office as a director; and
- at the time of their appointment, Committee members must receive information regarding the specific nature of the Company's accounting, financial and operating procedures.

The Audit Committee comprises three members appointed for their term of office as directors: Sylvie Charles, appointed on February 16, 2012 and Chairman as from September 30, 2014; Sophie Lombard, appointed on September 29, 2010 and an Independent Director as of December 1, 2016; and Yves Gabriel, appointed on July 11, 2016 to replace Frédéric Stévenin, who resigned.

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. Duties of the Audit Committee

The Charter of the Company's Audit Committee stipulates that its members are required to conduct a preliminary review of the financial statements and risks of the Company, specifically by:

- reviewing the financial statements, 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 material transaction conducted by the Company;
- monitoring the internal data collection and control procedures and the quality and reliability of the Company's financial statements;
- checking, before publication, all the accounting and financial documents, in particular in relation to the approval of the statutory financial statements and half-year 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.

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 four times 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 half-year 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.

Meetings may take place via videoconference or by conference call.

The Committee's Charter specifically stipulates that the Committee's review of the annual or half-year 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 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 accompanying notes which will be submitted to the Board of Directors, as well as any information that can be used to verify the financial statements preparation methods, 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 work;

- a briefing from the Chief Financial Officer describing the Company's main exposure to risks and significant off-balance sheet commitments;
- information that can be used to review in detail any material 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 provided and directly related to the auditing work conducted;
- 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 must, among other things, 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 statutory audit, with the exception of other work 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 fiscal year 2016

In fiscal year 2016, the Audit Committee met five times (the attendance rate of directors at Audit Committee meetings was 87%):

- 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 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. 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 the proposed 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 (DCI),
 - presentation of the draft report of KPMG, an independent third party body, on the social, environmental and societal information included in the management report;
- on **March 25, 2016**, the Audit Committee met, attended by two members. The Committee discussed the following agenda:
 - review of the financial statements for the first quarter of 2016;
- on **July 11, 2016**, the Audit Committee met, attended by two members. The Committee discussed the following agenda:
 - review of business activities in the first half of 2016,
 - review of estimated financial data for the first half of 2016 and review of the main potential risks identified to date,
 - internal audit: Presentation of the results of the DCI (Internal Control System) tests at end Q1 2016,
 - update III: Presentation of the revised 2016 Plan and trends for 2017;

- on **September 26, 2016**, the Audit Committee met, attended by three members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at August 31, 2016,
 - quarterly results of the DCI (Internal Control System) tests.

Since November 30, 2015, the Audit Committee has met twice:

- on **January 25, 2017**, the Audit Committee met, attended by three members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2016,
 - comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2016,
 - review of the 2017 budget;
- on **February 28, 2017**, the Audit Committee met, attended by three members. The Committee discussed the following agenda:
 - review of the notes to the Consolidated Financial Statements at November 30, 2016,
 - review of the statutory financial statements at November 30, 2016 and the proposed appropriation of net profits for the year,
 - comments of the Statutory Auditors on the statutory financial statements at November 30, 2016,
 - review of the Chairman's report on corporate governance and internal control,
 - internal audit:
 - results of the tests in H2 2016 on the internal control system and the annual summary for 2016,
 - 2017 draft plan of tests on the internal control system (DCI),
 - presentation of the draft report of KPMG, an independent third party body, on the social, 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 duties

The Board's Internal Rules provide that the Compensation and Nominating Committee is composed of at least three directors, at least one of whom must be independent. It is chaired by an Independent Director. It currently consists of Frédéric Stévenin,

appointed on July 10, 2007 and Chairman until July 11, 2016, Sophie Lombard, a director who became Independent effective December 1, 2016 and appointed at the Board of Directors meeting of February 17, 2011, Caroline Puechoultres, Independent Director, appointed at the Board of Directors meeting of September 30, 2014, Yves Gabriel, Independent Director, appointed on July 11, 2016 and Chairman from that date to replace Frédéric Stévenin, who remains a member of the Committee.

The duties of the Compensation and Nominating Committee are 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 1.7. 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 Executive 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, Board and Committee members, ensuring the equal representation of men and women in accordance with a non-discrimination policy.

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.

Meetings may take place via videoconference or by conference call.

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 corporate officers and directors so that it can advise the Board on succession in the event of unforeseen circumstances; and
- when making its recommendations for the appointment of corporate officers, directors and Committee members, the Committee must, 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 2016

In fiscal year 2016, the Compensation and Nominating Committee met four times (the attendance rate of directors in the meetings of the Compensation and Nomination Committee was 100%):

- on **December 15, 2015**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - 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 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 – achievement of the performance criteria set for Nordine Hachemi for a definitive award 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 – procedures for the 2016-2017 plans,
 - amount of directors' fees – proposed allocation for fiscal year 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:
 - compensation of corporate officers and management for 2016, criteria, weightings, objectives, and the tables of calculations of the variables,
 - proposal to replace Yves Galland due to the age limit,
 - bonus share award – procedures for the 2016-2017 plans;
- on **April 11, 2016**, the Compensation and Nominating Committee met attended by four members. The Committee discussed the following agenda:
 - definitive award of bonus shares which have been authorized by the Shareholder's Meeting of April 11, 2014,
 - bonus share award – proposal for 2016;

Since November 30, 2016, the Compensation and Nominating Committee has met twice:

- on **January 18, 2017**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:
 - review of the role of the Compensation and Nominating Committee,

- proposal to renew the directorships and proposed appointment of a new director,
- variable remuneration of the corporate officers and senior executives who are members of the Executive Committee for fiscal year 2016,
- bonus share award of April 15, 2016 – achievement of the performance criteria set for Nordine Hachemi in relation to the 2016 ordinary plan and the 2016 extraordinary plan,
- compensation of the corporate officers and senior executives who are members of the Executive Committee for fiscal year 2017. Amount of variable compensation, criteria, weightings, objectives, and the calculation tables of the variables,
- bonus share award – new plan proposal. Proposed performance criteria for the award of shares to the corporate officers and senior executives. Proposed award criteria by population.
- amount of directors' fees – proposal of allocation for 2016;
- on **February 28, 2017**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - 2016/2017 wage policy: compensation analysis and budget management,
 - compensation of corporate officers and executives for fiscal year 2017, criteria, weightings, objectives, and tables for the calculation of variables,
 - proposed update of the corporate officer contract,
 - bonus share award - Proposal of the new plan. Proposed performance criteria for the award of shares to the corporate officers and executives. Proposed award criteria by population,
 - qualification of Sophie Lombard as independent director.

3.1.2.3. Investment Committee

3.1.2.3.1. Membership and duties

In accordance with the Board's Internal Rules, updated at the meeting of the Board of Directors of January 27, 2017, the Investment Committee, created on January 27, 2017, must be composed of at least three members chosen from the members of the Board, at least half of whom must be Independent Directors under the independence criteria adopted by the Company. It is chaired by an Independent Director. It is currently composed of three Independent Directors, appointed at the meeting of the Board of Directors of January 27, 2017: Sophie Lombard, Independent Director as from March 2, 2017 and Chairman, Sylvie Charles, and Yves Gabriel.

The Investment Committee meets at least twice a year, and as many times as necessary, according to the development of the Company's activities. Meetings may take place via videoconference or by conference call.

The Committee's duties are to review and issue an opinion on the following projects:

- any acquisition or disposal of an entity of a material amount that may change the structure of the Company's balance sheet, and in any event any acquisition or disposal with an enterprise value of more than €10 million;
- material investment projects that do not, in the opinion of Executive Management, meet the selection and risk criteria set by the Company and described in Section 1.1.8. of the Company's Registration Document (such as, for example, an investment involving the establishment of a corporate structure or a fund in which the group invests alongside other promoters or investors, that will carry land or real estate assets for a long period of time), and involving a risk with a unit value of more than €3 million and, more generally, any investment project outside the ordinary course of business of the Company and its group.

Once a year, the Investment Committee meets to review the amount of the risks borne in relation to the investment projects reviewed in accordance with the previous paragraph, as reassessed

by Executive Management. Assuming that the total amount of risks thus reassessed is greater than €15 million, any new investment project meeting the above criteria and presented by the Executive Management to the Investment Committee must be approved by the Board of Directors; in the event of approval by the Board of Directors, said amount must be increased accordingly.

Lastly, the 10 largest transactions under way in terms of financial investment must be presented to the Investment Committee at each of its meetings.

3.1.2.3.2. Compensation of the members of the Investment Committee

Refer to Section 3.2.1.1. "Compensation paid to members of the administrative bodies".

3.1.2.3.3. Meetings of the Investment Committee

The Committee has not yet met since its creation on January 27, 2017.

3.1.3. Duties and powers of the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers

The Chairman of the Board of Directors is responsible for the Executive 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 16, 2016, the Board of Directors renewed for a term of one year the authority 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 in a total amount not exceeding €2,500,000,000, including any amounts required for Performance Bonds.

On March 02, 2017, this authority was renewed for another year and for the amount of €2,800,000,000 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 Board members. 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 removed 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, a Management Committee, and an Extended Management Committee, which also consists of regional and branch managers.

3.1.4.1. Executive Committee

Since 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 Institutional Sales and Île-de-France, Inner suburbs; David Laurent, Vice-President Commercial property and Major urban projects; Dominique Podesta, 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 and Sales and Marketing Île-de-France.

The Executive Committee implements the group's strategy and monitors its deployment, in particular through the Annual Plan by business activity. Finally, it defines any organization adjustments that may be required based on the strategic decisions of 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 Sechillienne Sidec, 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 participated in the group's growth and long-term debt and equity 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 structuring of its financing. He has been Chief Financial Officer and a member of the Management Committee since December 2009. In January 2016, Bruno Coche 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 and Île-de-France, Inner suburbs

Christian Delapierre has an undergraduate degree (DEUG) in Law and a graduate degree in real estate (ESPI); he 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 Inner Suburbs Development in Île-de-France. In January 2016, he became a member of the Executive Committee.

3.1.4.1.4. David Laurent, Senior Vice-President Commercial Property and Major Urban Projects

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. In September 2016, he became Head of the Major Urban Projects Department. In January 2017, he was appointed Senior Vice-President Commercial Property and Major Urban Projects.

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 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 and Sales and Marketing Île-de-France

After earning 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. In January 2017, he became Head of the Sales and Marketing Île-de-France Department.

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.

3.1.4.2. Management Committee

Since January 2017, the Kaufman & Broad Management Committee consists of 13 members of the Executive Committee and Chrystèle Marchand, Marketing, Digital and Communications Director; Frédéric Bourg, Senior Vice-President Île-de-France Operations; Cyril Doucet, Senior Vice-President Outer Paris Suburbs; Marc Speisser, Regional Senior Vice-President Grand Est; Thierry Verninas, Director of Innovation, Quality and Architecture; Thierry Bruneau, CEO Property Logistics (since January 1, 2017). 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.

3.1.4.3. Operational Divisions

The principal regional divisions within the group are as follows:

Paris/Île-de-France

- Nordine Hachemi manages the Île-de-France Region
 - Christian Delapierre, Senior Vice President Île-de-France Inner Paris Suburbs Sector 3 (75, 92, 93 and 94 North)
 - Xavier Granger, Agency Director Sector 3 (75, 92, 93 and 94 North)
 - Cyril Doucet, Senior Vice President, Outer Paris suburbs Sectors 1 and 2 (77, 78, 91, 94 South and 95)
 - Marc Vettraino, Agency Director Sector 2 (77, 91 and 94)
 - Agency Sector 1 (78 and 95)
 - Frédéric Bourg, Vice President Île-de-France Operations

West - Normandy - North - East - Rhône Alpes - Savoie - Southeast Region

- William Truchy, Senior Vice President Major Regions

Grand Ouest: Loire-Atlantique - Brittany - Normandy - North Flanders

- Christophe Duretete, Regional Director Grand Ouest Nantes, Rennes, Rouen/Le Havre and Lille
 - Guillaume Basile, Agency Director Rouen/Le Havre
 - Fabien Rolland, Rennes Agency Director
 - Yann Blondelle, Nantes Agency Director
 - Nicolas Riflart, Développement Nord Flandres Agency Deputy Director
 - Seri Ouest, Brittany, Normandy

Grand Est : East - Rhône-Alpes - Mediterranean - Savoie - Côte d'Azur - Provence

- Marc Speisser, Regional Senior Vice President
Thierry Guehenneuc, Regional Director Rhône-Alpes

Alpes

- Ludovic Landon-Rouly, Agency Director, Annecy - Grenoble (Alpes)

Rhône-Alpes

- Lyon (Rhône-Alpes) Agency Department

Stéphane Gress, Regional Director South-East

Côte d'Azur - Provence

- Stéphane Thirroueiz, Agency Director, Nice (Provence)
- Nicolas Batisse, Agency Director, Toulon (Var)

Mediterranean

- Marseille (Mediterranean) Agency Department

Midi-Pyrénées - Aquitaine - Languedoc-Roussillon Region

- Jacques Rubio, Senior Vice President, Grand Sud-Ouest

Languedoc-Roussillon

- Julien Destouches Agency Director, Montpellier

Pyrénées-Atlantiques

- Denis Caniaux, Agency Director, Bayonne (Pyrénées-Atlantiques)

Gironde

- Georges Lopez, Agency Director, Bordeaux (Gironde)

Midi-Pyrénées

- Tony Aringoli, Agency Director, Toulouse (Midi-Pyrénées)

Serge Mas Promotion**Commercial Property and Logistics, Major Urban Projects**

- David Laurent, Vice President Commercial property
 - Thierry Bruneau, Vice President Property Logistics
 - Jean-Raphaël Nicolini, Director Major Urban Projects
 - Patrick Decreton, Senior Vice President Development Commercial property Île-de-France
 - Charles-Henri Billot, Director Commercial property Regions

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, Manager
Kaufman & Broad Renovation SAS	Representative of Kaufman & Broad SA, Chairman
Saint-Cloud Armengaud 15 SNC	Representative of Kaufman & Broad SA, Joint Manager
Kaufman & Broad Europe SAS	Representative of Kaufman & Broad SA, Chairman

Outside directorships and positions

RKCI	Chairman
SCI M D Raphael	Manager
Artimus Participations SAS	Chairman

3.2. Directors' Interests

3.2.1. Compensation and benefits in-kind received for any reason by members of the Company's administrative and management bodies for the latest fiscal year ended

3.2.1.1. Compensation of members of the administrative bodies

On recommendation of the Compensation and Nominating Committee, the Board of Directors in its meeting of January 26, 2017, resolved to pay a total amount of €236,000 in directors' fees for the fiscal year ended November 30, 2016, broken down as follows, based on the criteria listed in Section 3.1.1.2.7: "Directors' fees allocated to Board members"

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 2017	Amount paid in fiscal year 2016
Sylvie Charles	46,800	50,000
Alexandre Dejoie	20,000	20,000
Yves Gabriel	28,100	-
Yves Galland	12,700	35,000
Sophie Lombard	20,000	20,000
Joël Monribot	20,100	26,800
Caroline Puechoultres	35,800	35,800
Frédéric Stévenin	20,000	20,000
Olivier de Vregille	12,500	20,000
Lionel Zinsou	-	15,633
Michel Paris	20,000	11,167
TOTAL	236,000	254,400

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 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; 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 for fiscal year 2016 received by 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 awarded to each executive corporate officer (amounts in euros)

Nordine Hachemi Chairman and Chief Executive Officer	Fiscal year ended November 30, 2016	Fiscal year ended November 30, 2015
Compensation for the fiscal year (detailed in Table 2)	1,426,997	1,445,008
Valuation of the multi-year variable compensation paid during the fiscal year	-	-
Options awarded during the fiscal year (detailed in table 4)	-	-
Valuation of the bonus shares awarded during the fiscal year (detailed in Table 6)	2,368,205	315,322
o/w Ordinary Plan ⁽¹⁾	550,580	-
o/w Extraordinary Plan ⁽²⁾	1,817,625	-
TOTAL	3,795,202	1,739,236

1) 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;

2) 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

Table 2 AMF Definitions

Table summarizing the compensation paid to each executive corporate officer (amounts in euros)

Nordine Hachemi Chairman and Chief Executive Officer	Fiscal year ended November 30, 2016		Fiscal year ended November 30, 2015	
	Amount due ^(a)	Amount paid	Amount due ^(a)	Amount paid
Fixed compensation ^(a)	600,000	600,000	600,000	600,000
Annual variable compensation	795,841 ^(d)	823,914 ^(c)	823,914 ^(c)	721,437 ^(b)
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	32,156	32,156	31,094	31,094
TOTAL	1,426,997	1,455,070	1,445,008	1,352,531

(a) The fixed compensation amount was approved by the Board of Directors on January 26, 2016.

(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) The variable compensation for fiscal year 2015 was approved by the Board of Directors on January 26, 2016 and was paid in January 2016.

(d) The variable compensation for fiscal year 2016 was approved by the Board of Directors on January 26, 2017 and paid in January 2017.

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. For 2016, the Company paid contributions to this plan of €24,684, 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 awarded by the issuer or by any group company to each executive corporate officer during the fiscal year ended November 30, 2016

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 awarded during the fiscal year	Exercise price
Nordine Hachemi	-	-	-	None	-

Table 5 AMF Definitions

Stock warrants or stock options exercised during the fiscal year ended November 30, 2016 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 plan	Number of shares awarded during the fiscal year ^(a)	Valuation of the shares under the method used for the Consolidated Financial Statements	Date of vesting	Date available
Nordine Hachemi					
Plan	07/07/2015	15,000	€315,322	07/08/2017	07/08/2019
o/w Ordinary Plan ⁽¹⁾	04/15/2016	20,000	€550,880	04/15/2017	04/15/2019
o/w Extraordinary Plan ⁽²⁾	04/15/2016	66,025	€1,817,625	04/15/2017	04/15/2019

(a) Nordine Hachemi has agreed to tender all his bonus shares from the 2014 and 2016 bonus share plans to Artimus Participations, a company owned by certain group executives and employees and chaired by Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad SA (who also held 25 % of the share capital and voting rights of Artimus Participations).

1) 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;

2) 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

In 2015, 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 estimated expenses, which cannot be exceeded in 2016. 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 was to be assessed, first with respect to housing unit orders, both in number and value, recorded in 2016, and secondly with respect to the increase in the development of the Commercial property business.

Both performance conditions set by the Board were met. The definitive award of shares is now therefore 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 7, 2015, i.e., at July 7, 2017.

In 2016, the Board of Directors awarded 86,025 shares to Nordine Hachemi on the following performance conditions:

1. 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;
2. 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

Table 7 AMF Definitions

Bonus shares vested during fiscal year 2016 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	04/11/2014	12,000	^(a)

(a) In 2014, the Board of Directors awarded 12,000 shares to Nordine Hachemi on the following performance conditions:

- the first condition concerned the number of housing reservations recorded as of June 30, 2014, a year after Nordine Hachemi took office;
- the second performance condition was to keep the key executives with the Company in order to ensure business continuity and company growth. The performance condition was to keep at least 80% of the members of the group's management team until the end of the fiscal year, i.e., at November 30, 2014.

Both performance conditions set by the Board were met.

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				
Chairman and Chief Executive Officer	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 €24,684 for fiscal year 2016, 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.

Furthermore, 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 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 term of office (or during his term of office, if shorter than twelve months); the Company however will have the option to reduce the period of the obligation or to release the executive from it.

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 26, 2016, the Chairman's fixed annual compensation was maintained at €600,000 gross for fiscal year 2016; in addition, it comprises variable compensation tied to Kaufman & Broad SA's business targets. The amount of this variable compensation for fiscal year 2016, 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 made 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, 2017.

After calculation and assessment of the achievement of the targets set for fiscal year 2016, the Board of Directors at its meeting of January 26, 2017 and on the recommendation of the Compensation and Nominating Committee of January 20, 2017, set the amount of the variable compensation payable to the Chairman in January 2017 at €795,841 gross.

- At the meeting of the Board of January 26, 2017, the fixed annual compensation of Nordine Hachemi was maintained at €600,000 gross for fiscal year 2017. 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 2017. 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). Furthermore, it will be proposed to the Shareholders' Meeting to be held on May 11, 2017 to authorize the Board of Directors to allocate maximum 250,000 shares, for a two-year period, including maximum 50,000 shares (i.e., 20% of the total amount) to Nordine Hachemi. The award will be subject to performance conditions mentioned above.

In addition, on March 2, 2017 the Board of Directors decided that, subject to adoption by the Shareholders' Meeting to be held on May 11, 2017 of the aforementioned resolution and to compliance with the aforementioned performance conditions, the bonus shares awarded to executive corporate officers may not exceed 20,000 bonus shares maximum for 2017.

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 2018. If he leaves the Kaufman & Broad SA group or if, for any reason, his office is terminated before such date, he will not receive any portion of this variable compensation.

3.2.1.3. Compensation paid to members of the Executive Committee

Group governance changed in 2016. It consists of the two following bodies:

- the Executive Committee defines the group's strategy and oversees its deployment. It adopts the guidelines and main decisions concerning the life of the group. It prepares the targets of the Annual Plan by activity. Finally, it defines the cross-departmental policies and sees that they are implemented. It consists of the Chairman and CEO, the Activity Vice-Presidents, Chief Financial Officer and the Senior Vice-President Human Resources;
- 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. It is composed of the Executive Committee and Regional Senior Vice-Presidents and Corporate Directors.

Consequently, the related management body is the Executive Committee. Executive 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 €2,244,917 for the fiscal year ended November 30, 2016, representing €1,127,917 in fixed salaries and €1,117,000 in variable compensation. Executive 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 2016. Moreover, Executive 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, 2016, Member of the Executive Committee held 9,736 bonus shares awarded on November 6, 2007, 2,800 bonus shares awarded on December 3, 2007, 51,125 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, 1,000 awarded on January 20, 2012, 6,500 shares awarded on January 22, 2013 and 13,200 awarded on April 11, 2014, and these shares were definitively awarded two years after they were awarded. They were also awarded 13,200 bonus shares on July 8, 2015 and 84,072 bonus shares on April 15, 2016. For the 2014 and 2015 plans, these shares will not be definitively awarded until two years after the decision to award them, and for the 2016 plan, these shares will not be definitively awarded until 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 definitive award 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 Executive 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 awarded by the group

See Section 3.3.3. "Stock option or stock warrant plans - Awards of bonus shares - Awards of stock 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 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. "Special report of the Statutory Auditors on regulated agreements and commitments".

3.2.7. Components of the compensation due or awarded for the fiscal year ended November 30, 2016 to executive corporate officers, subject to the vote of the shareholders

In accordance with recommendations of the AFEP-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 May 11, 2017 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, 2016.

Compensation components due or awarded to Nordine Hachemi, Chairman and Chief Executive Officer for the fiscal year ended November 30, 2016, subject to the vote of the shareholders

Compensation components	Amounts	Comments
Fixed compensation	€600,000	-
Variable compensation	€795,841	Amount approved by the Board of Directors on January 26, 2017
Multi-year variable compensation	-	-
Directors' fees	none	-
Exceptional compensation	none	-
Stock purchase or subscription		86,025 bonus shares awarded by the Board of Directors and subject plans or bonus shares to performance conditions. Conditions met for fiscal year 2016 ^(a)
o/w Ordinary Plan	€2,368,205	20,000 bonus shares
o/w Extraordinary Plan	€550,580	66,025 bonus shares
Pay related to entering or leaving office;	€1,817,625	-
Supplemental retirement plan	none	-
	€24,684	Annual contributions capped at 8% of gross salary up to a maximum of eight times the maximum Social Security contribution
Any type of benefits	€32,156	Unemployment insurance

(a) - 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;

- 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

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 Company savings plan was set up 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 as diversified or a “Flexi Taux court 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 stock subscription plans

The Extraordinary Shareholders’ Meeting of April 19, 2006 awarded 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 awarded 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 did not provide for any discount from the market price of the share. The options were exercisable within a maximum period of 10 years from their award date, i.e., until April 19, 2016. However, if a beneficiary left the group, the options had to 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;
- the plan lapsed on April 19, 2016.

Refer to Section 3.3.3.3.1. “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. 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 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 awarded may not exceed 100,000;
- the shares will be definitively awarded to their beneficiaries subject to a minimum vesting period of two years from the date of award by the Board of Directors;
- the minimum holding period for the shares is set at two years from their definitive award date;
- if new shares are issued by capitalization of reserves or premiums solely to the beneficiaries, the shareholders formally waive their preemptive subscription 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 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 table related to the bonus share plan.

3.3.3.2.2. 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 be definitively awarded 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 of their definitive award 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 definitive award of the shares to the beneficiaries who are corporate officers will be contingent on meeting the performance conditions as defined by the Board of Directors;
- the shares will be definitively awarded 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 preemptive subscription rights;
- 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 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;
- to determine the holding period for the shares, subject to the minimum periods indicated, 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;

- decide whether, in the event of transactions on the share capital that may occur during the vesting period of the shares awarded, there are grounds for adjusting the number of shares awarded in order to preserve the rights of beneficiaries and, if so, 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 issue premiums if required at the time when the shares are definitively awarded to beneficiaries, to set the date on which the new shares will be entitled to dividends, 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 table related to the bonus share plan.

3.3.3.2.3. 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 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 300,000 shares, while the number of shares awarded to executive corporate officers may not exceed 50,000 shares;
- the shares will be definitively awarded 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 of their definitive award 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 definitive award of the shares to the beneficiaries who are corporate officers will be contingent on meeting the performance conditions as defined by the Board of Directors;
- the shares will be definitively awarded 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 preemptive subscription rights;
- 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 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;
- determine the holding period for the shares, subject to the minimum periods indicated, 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;
- decide whether, in the event of transactions on the share capital that may occur during the vesting period of the shares awarded, there are grounds for adjusting the number of shares awarded in order to preserve the rights of beneficiaries and, if so, 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 issue premiums if required at the time when the shares are definitively awarded to beneficiaries, to set the date on which the new shares will be entitled to dividends 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.

3.3.3.2.4. 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 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 400,000 shares, while the number of shares awarded to executive corporate officers may not exceed 100,000 shares;
- the shares will be definitively awarded 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 two years from the time of their definitive award or (ii) at the end of a minimum vesting period of three 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 definitive award of the shares to the beneficiaries who are corporate officers will be contingent on meeting the performance conditions as defined by the Board of Directors;
- the shares will be definitively awarded 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 preemptive subscription rights;
- 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 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;
- determine the holding period for the shares, subject to the minimum periods indicated, 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;

- decide whether, in the event of transactions on the share capital that may occur during the vesting period of the shares awarded, there are grounds for adjusting the number of shares awarded in order to preserve the rights of beneficiaries and, if so, 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 issue premiums if required at the time when the shares are definitively awarded to beneficiaries, to set the date on which the new shares will be entitled to dividends 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

Stock purchase or subscription plan history

Extraordinary Shareholders' Meeting of April 19, 2006	Plan 1
Date of meeting of the Board of Directors	April 19, 2006
Total number of shares that may be purchased	95,500
Start of option exercise period	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 canceled or lapsed	83,900
Number of options at the fiscal year-end	-

3.3.3.3.2. Bonus share plan**2012 bonus share plan****2012 Plan**

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	April 19, 2012
Number of shares available for award	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
Vesting period, share transfer date	January 23, 2015
Lock-in period	2 years
End of lock-in period	January 23, 2017
<i>o/w number of shares awarded to corporate officers</i>	-
<i>o/w number of shares definitively awarded</i>	30,100
<i>o/w number of shares lapsed^(a)</i>	5,700

(a) At the date of this document, the number was unchanged compared to November 30, 2015.

2014 bonus share plan**2014 Plan**

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	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
Vesting period, share transfer date	April 12, 2016
Lock-in period	2 years
End of lock-in period	April 12, 2018
<i>o/w number of shares awarded to corporate officers</i>	12,000
<i>o/w number of shares definitively awarded</i>	60,230
<i>o/w number of shares lapsed^(a)</i>	9,970
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
Vesting period, share transfer date	July 8, 2017
Lock-in period	2 years
End of lock-in period	July 8, 2019
<i>o/w number of shares awarded to corporate officers</i>	15,000
<i>o/w number of shares definitively awarded</i>	-
<i>o/w number of shares lapsed^(b)</i>	13,675

(a) At the date of this document there were 9,970 shares lapsed as at November 30, 2016.

(b) At the date of this document there were 12,200 share lapsed as at November 30, 2016.

2016 bonus share plan

2016 Plan

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	April 15, 2016
Number of shares available for award	400,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	April 15, 2016
Number of beneficiaries	737
Number of bonus shares awarded on April 15, 2016	387,592
Vesting period, share transfer date	April 15, 2017
Lock-in period	2 years
End of lock-in period	April 15, 2019
<i>o/w number of shares awarded to corporate officers^(b)</i>	<i>86,025</i>
<i>o/w Ordinary Plan</i>	<i>20,000</i>
<i>o/w Extraordinary Plan</i>	<i>66,025</i>
<i>o/w number of shares definitively awarded</i>	<i>-</i>
<i>o/w number of shares lapsed (a)</i>	<i>6,776</i>

(a) At the date of this document there were 5,109 shares lapsed as at November 30, 2016.

(b) - 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;
- 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

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 have now lapsed.

Accordingly, at the date of this Registration Document, only 121,874 SSWs are still exercisable at the price of €70 per share.

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 will only be exercisable 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

ASSETS, FINANCIAL STATEMENT AND RESULTS AT NOVEMBER 30, 2016

4.1. Consolidated Financial Statements at November 30, 2016 152

4.1.1.	Significant events of the period	157
4.1.2.	General information	158
4.1.3.	Statement of comprehensive income	171
4.1.4.	Statement of financial position - Assets	176
4.1.5.	Statement of financial position – Equity and liabilities	182
4.1.6.	Additional information	189

4.2. Statutory Financial Statements at November 30, 2016 198

4.2.1.	General principles	199
4.2.2.	Analysis of the financial statements	200
4.2.3.	Tax consolidation and future tax position	210
4.2.4.	Related party transactions	210
4.2.5.	Post-closing events	210
4.2.6.	Consolidation	211
4.2.7.	Other	211

4.3. Subsidiaries and equity affiliates 213

4.4. Information on related parties 214

4.5. Five-year financial summary 214

4.1. Consolidated Financial Statements at November 30, 2016

Statement of consolidated comprehensive income

Consolidated income statement

<i>(in € thousands)</i>	Note	November 30, 2016	November 30, 2015
Revenues	(4)	1,238,002	1,063,098
Cost of sales		(1,002,397)	(860,397)
GROSS MARGIN		235,605	202,701
Selling expenses	(5B)	(34,891)	(30,652)
Administrative expenses	(6)	(58,214)	(50,313)
Technical and Customer service expenses	(7)	(19,477)	(18,310)
Development and program expenses	(8)	(21,765)	(17,740)
CURRENT OPERATING INCOME		101,258	85,685
Other non (recurring income)	(9)	-	831
Other non-recurring expenses	(9)	-	(5)
OPERATING INCOME		101,258	86,511
Financial expenses		(3,506)	(5,200)
Financial income		303	730
COST OF NET FINANCIAL DEBT	(11)	(3,203)	(4,470)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES		98,055	82,041
Income tax	(12)	(30,365)	(24,267)
NET INCOME OF CONSOLIDATED COMPANIES		67,690	57,774
Share of income (loss) of equity affiliates and joint ventures		(211)	1,172
INCOME (LOSS) OF THE CONSOLIDATED GROUP		67,479	58,946
Minority interest income (loss)	(21.2)	21,445	19,167
Attributable net income		46,034	39,779
Average number of shares	(13)	19,621,425	20,644,581
EARNINGS PER SHARE	(13)	€2.35	€1.93
DILUTED EARNINGS PER SHARE	(13)	€2.35	€1.93

Consolidated comprehensive net income

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
INCOME (LOSS) OF THE CONSOLIDATED GROUP	67,479	58,946
Change in the gross value of derivative instruments	508	149
Tax impact on derivative instruments	(175)	(51)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS	333	98
Change in actuarial gains and losses	(1,209)	24
Tax effect on actuarial gains and losses	416	(8)
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY THROUGH EQUITY THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS	(793)	16
CONSOLIDATED COMPREHENSIVE NET INCOME	67,019	59,060
Attributable	45,574	39,893
Minority interests	21,445	19,167

Statement of consolidated financial position

Assets

<i>(in € thousands)</i>	Note	November 30, 2016	November 30, 2015
Goodwill	(14)	68,661	68,511
Intangible assets	(15.1)	87,570	86,605
Property, plant and equipment	(15.2)	7,449	4,663
Equity affiliates and joint ventures	(16)	5,634	5,513
Other non-current financial assets	(16)	2,504	1,247
NON-CURRENT ASSETS		171,818	166,539
Inventories	(17)	371,381	329,664
Accounts receivable	(18)	375,669	331,428
Other receivables	(18)	158,540	135,900
Current tax	(19)	1,232	521
Cash and cash equivalents	(20)	118,108	169,361
Prepaid expenses	(18)	1,345	649
CURRENT ASSETS		1,026,275	967,523
TOTAL ASSETS		1,198,093	1,134,062

Equity and liabilities

<i>(in € thousands)</i>	Note	November 30, 2016	November 30, 2015
Authorized capital	(21)	5,418	5,612
Reserves related to capital		979	979
Attributable reserves		141,382	196,866
Other reserves		(9,658)	(13,609)
Treasury shares	(21.1)	(53,585)	(16,778)
Attributable net income		46,035	39,779
ATTRIBUTABLE SHAREHOLDERS' EQUITY		130,571	212,849
Minority interests	(21.2)	15,196	11,068
SHAREHOLDERS' EQUITY		145,767	223,917
Non-current provisions	(23)	23,229	22,334
Borrowings and other non-current financial liabilities	(24)	191,362	127,833
Deferred taxes	(19)	45,471	40,268
NON-CURRENT LIABILITIES		260,062	190,435
Current provisions	(23)	1,499	120
Borrowings and other current financial liabilities	(24.1)	11,840	13,840
Accounts payable	(25)	675,146	613,791
Other payables	(25)	97,382	85,412
Current tax	(19)	5,858	5,301
Deferred income	(25)	539	1,246
CURRENT LIABILITIES		792,264	719,710
TOTAL EQUITY AND LIABILITIES		1,198,093	1,134,062

Statement of cash flows

<i>(in € thousands)</i>	Note	November 30, 2016	November 30, 2015
Consolidated net income		67,479	58,946
Share of income (loss) of equity affiliates and joint ventures		211	(1,172)
Estimated income and expenses		19,950	11,291
CASH FLOW AFTER COST OF FINANCIAL DEBT AND TAX		87,640	69,065
Cost of net financial debt		3,203	4,470
Tax liability (income)		30,365	24,267
CASH FLOW BEFORE COST OF FINANCIAL DEBT AND TAX		121,208	97,802
Tax (paid)/received		(27,135)	(31,195)
Change in Operating Working Capital Requirement	(26)	(15,483)	21,660
CASH FLOW FROM OPERATING ACTIVITIES (A)		78,590	88,267
Investment activities			
Acquisition of tangible and intangible assets (net of disposals)		(6,384)	(4,544)
(Acquisition) Repayment of financial assets		(813)	445
Cash flow with equity affiliates and joint ventures		(41)	4,994
Change in the scope of consolidation		(18,286)	(11)
CASH FLOW FROM INVESTING ACTIVITIES (B)	(26)	(25,524)	884
FREE CASH FLOW		53,066	89,151
Financing activities			
Distributions to minority interests		(18,673)	(16,431)
Buyback of minority interests		(1,754)	(6,325)
Buyback of treasury shares, net of re-sales		(51,367)	(1,162)
New loans taken out	(24.4)	200,000	-
Loan repayments	(24.4)	(142,784)	(11,100)
Distributions to shareholders		(79,626)	(28,073)
Net financial interest paid		(10,115)	(6,691)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(26)	(104,319)	(69,782)
INCREASE (DECREASE) IN CASH (A + B + C)		(51,253)	(19,369)
Cash at beginning of the period		169,361	149,993
Cash at end of the period		118,108	169,361
INCREASE (DECREASE) IN CASH		(51,253)	19,369
Cash and cash equivalents	(20)	118,108	169,361
Credit facilities		(552)	(429)
Interest accrued on cash and cash equivalents		552	429
CASH AT END OF THE PERIOD		118,108	169,361

Statement of change in consolidated shareholders' equity

<i>(in € thousands)</i>	Number of shares	Authorized capital	Reserves related to capital	Attributable reserves	Other reserves	Treasury shares	Attributable net income	Attributable shareholders' equity	Minority interests	Total shareholders' equity
NOVEMBER 30, 2014 RESTATED	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)
Transactions on treasury shares	-	-	-	-	(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	212,850	11,068	223,917
Allocation of profit or loss	-	-	-	39,779	-	-	(39,779)	-	-	-
Actuarial gains (losses)	-	-	-	-	(793)	-	-	(793)	-	(793)
Change in hedging reserves	-	-	-	-	333	-	-	333	-	333
Gains and losses recognized directly in shareholders' equity	-	-	-	-	(460)	-	-	(460)	-	(460)
Net income at November 30, 2016	-	-	-	-	-	-	46,035	46,035	21,445	67,480
CONSOLIDATED COMPREHENSIVE NET INCOME	-	-	-	-	(460)	-	46,035	45,575	21,445	67,020
Distributions	-	-	-	(79,626)	-	-	-	(79,626)	(18,673)	(98,299)
Capital reduction	(747,619)	(194)	-	(13,789)	-	13,983	-	-	-	-
Transactions on treasury shares	-	-	-	-	(2,315)	(50,790)	-	(53,105)	-	(53,105)
Share-based payments	-	-	-	-	6,726	-	-	6,726	-	6,726
Other transactions	-	-	-	(317)	-	-	-	(317)	1,729	1,412
Buyback of minority interests	-	-	-	(1,531)	-	-	-	(1,531)	(373)	(1,904)
TOTAL TRANSACTIONS WITH SHAREHOLDERS	(747,619)	-	-	(1,848)	4,411	(50,790)	-	(48,228)	1,356	(46,872)
NOVEMBER 30, 2016	20,837,039	5,418	979	141,382	(9,657)	(53,585)	46,035	130,571	15,196	145,766

4.1.1. Significant events of the period

Equity investments

On December 22, 2015, Kaufman & Broad Midi-Pyrénées, a wholly owned subsidiary of Kaufman & Broad SA, took control over Serge Mas Promotion (SMP), a real estate developer in Toulouse, with the goal to expand and strengthen its leading position in the Midi- Pyrenees region. The provisional purchase price was €1.7 million including €1.1 million provisional goodwill. SP and its subsidiaries contributed €52.1 million to revenue, and €10.6 million to consolidated gross profit in the period.

Having acquired a 40% stake on October 7, 2015, 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 total provisional purchase price was €6.0 million including €1.5 million provisional goodwill allocated to the programs in the portfolio. Saufur and its subsidiaries contributed €5.4 million to revenue, and €1.1 million to consolidated gross profit in the period.

On June 23, 2016, Kaufman & Broad Nantes, a wholly owned subsidiary of Kaufman et Broad SA, took a controlling interest (80%) in Seri Ouest. Celebrating its 30th anniversary this year, Seri Ouest operates in Upper and Lower Normandy, Brittany and Pays de Loire, with a mix of housing options (apartments and houses), managed residences and offices. This merger with a respected regional developer will allow Kaufman & Broad to strengthen its position in cities in the West and to expand its territorial network. The provisional price of this transaction was €13.3 million allocated entirely to the equity acquired. Seri Ouest and its subsidiaries contributed €19.1 million to revenue, and €2.8 million to consolidated gross profit in the period.

Cancellation of treasury shares

In accordance with 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 impact of this cancellation of €13.7 million was charged to "Other reserves". Accordingly, the authorized capital currently totals €5,417,610.14.

Since, in the consolidated accounts, treasury shares are recognized in accordance with IFRS rules as a deduction from shareholders' equity, this cancellation has no impact on consolidated shareholders' equity as a whole.

Payment of an exceptional dividend

The Annual Shareholders' Meeting of April 15, 2016 authorized the payment of an exceptional dividend of €3.85 per share, including an interim dividend of €1.85 per share paid out on March 10, 2016, with the balance paid on April 22, 2016.

Sale of part of Financière Gaillon 8 SA's equity interest in Kaufman & Broad SA

In April 2016, Financière Gaillon 8 SA sold, as part of a private placement to institutional investors, approximately 43% of the Company's share capital at a price of €31.5 per Kaufman & Broad SA share.

Concomitantly with this market transaction, Kaufman & Broad SA acquired 1,587,301 shares sold by Financière Gaillon 8 SA, as part of its share buyback plan, at an offer price of €31.5 per share, totaling €50 million. Artimus Participations, a company owned by certain group executives and employees acquired 944,444 shares sold by Financière Gaillon 8 SA at an offer price of €31.5 per share, totaling €30 million.

At November 30, 2016, Artimus Participations owned 1,182,980 shares or 5.68% of the capital of Kaufman & Broad SA, after taking into account the Kaufman & Broad shares allocated under the bonus share plans for executives and employees investing in Artimus Participations, and the Kaufman & Broad shares allocated to Artimus Participations resulting from the transfer by executives and employees, to Artimus Participations, of their shares in Financière de Neuilly.

At November 30, 2016, Financière Gaillon 8 owned 35.76% of the share capital of Kaufman & Broad SA and 55.61% of its voting rights, and 48.16% of Kaufman & Broad SA share capital was free floating.

In December 2016, Financière Gaillon 8 sold 62,800 Kaufman & Broad SA shares for €2 million to Artimus Participations, and in February 2017 sold 3,700,000 Kaufman & Broad SA shares representing 17.76% of Kaufman & Broad SA share capital via an accelerated private placement for €133 million.

As a result of these sales, Financière Gaillon 8 holds 3,688,585 shares in Kaufman & Broad SA representing 17.70% of Kaufman & Broad SA share capital.

Refinancing of bank debt

With Financière Gaillon 8 selling part of its stake in Kaufman & Broad SA, the latter took the opportunity to refinance its bank debt by signing, on April 4, 2016, a Senior Facilities Agreement with a syndicate of international banks. The features of this syndicated loan are explained in Note 24. The group currently has 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. Note 24. provides further details of the transaction.

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, 2016 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 close to 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 March 2, 2017, the Board of Directors approved the annual Consolidated Financial Statements at November 30, 2016 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 Consolidated Financial Statements as at November 30, 2016, 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 are as follows:

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 period-end date and are consolidated on the basis of interim financial statements at November 30, corresponding to twelve months of operations, as their contribution is immaterial.

The Consolidated Financial Statements and the accompanying notes are denominated in euros.

Note 1.2.1. Standards and interpretations

The accounting principles and methods used to prepare the Consolidated Financial Statements at November 30, 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.

Standard	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 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.

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 November 30, 2016.

Standard	Date of application to periods beginning on or after
IFRS 9 – Financial Instruments: Classification and measurement and amendments ^(a)	January 1, 2018
Annual improvements (cycle 2012-2014)	January 1, 2016
Amendments to IAS 16 and IAS 38 – Clarification of acceptable 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 – Acquisition of an Interest in a Joint Operation	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	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.

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 (Note 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 (Note 14 "Goodwill" and Note 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 1.3. Options Available under the Accounting Standards and used by Kaufman & Broad

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 in the 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 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 measured 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 (one-time goodwill). 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 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 is recognized at 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;
- Residences Bernard Teillaud;
- Kaufman & Broad Rhône-Alpes;

- Kaufman & Broad Méditerranée;
- Kaufman & Broad Ouest;
- Kaufman & Broad Pyrénées-Atlantiques;
- Kaufman & Broad Côte d'Azur;
- 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 loss 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. Share-based payment

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 assessed by an independent expert.

The actuarial method used is the projected unit 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 employee's career, and to the rights applied to the seniority vested on the valuation date. The amount of the bonus, thus measured, 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 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 a stock 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 rules governing sales before completion (VEFA).

With the sale-before-completion contract, lawmakers have given real estate developers the option to call for the customers' payment in accordance with the percentage completion of programs, a payment schedule determined by law, while giving customers 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 makes the buyer the owner of the land and building progressively as its construction is completed.

Revenues are recognized in accordance with IAS 18 "Revenue" 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 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 fiscal year attributable to the group's shareholders by the average number of shares of common stock outstanding during the fiscal 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 fiscal 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 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. Adjusted EBIT

Adjusted EBIT is equal to current operating income adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in gross margin.

Note 1.24.4. 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 1.24.5. 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, 2016 include the financial statements of 338 companies, 295 of which are fully consolidated companies and 43 are recognized by the Equity 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 Savoies	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 & Broad 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
Côté Bassin	EURL	37,000	100.00%	FC
Kaufman & Broad Bretagne	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	100.00%	FC
Serge Mas Promotion	SAS	282,289	86.79%	FC
Seri Ouest	SAS	561,400	80.00%	FC
Kaufman & Broad Poitou Charentes	SARL	100,000	100.00%	FC
Kaufman & Broad Grand Projets	SAS	1,000,000	100.00%	FC
Kaufman & Broad Innovation et Technologies	SAS	1,000	100.00%	FC
Saint-Mandrier-Pin Rolland	SAS	41,500	60.00%	FC

(a) FC = Full Consolidation, EM = Equity 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 2016.

Corporate name	Legal structure	Capital	% controlled by the group	Consolidation method ^(a)
SCCV COLOMBES MARINE LOT B	SCCV	1,000	10.00%	EM
SCCV COLOMBES MARINE LOT H	SCCV	1,000	10.00%	EM
SCCV BAGNEUX - FONTAINE GUEFFIER	SCCV	1,000	51.00%	FC
SCI PARIS – 31 AV. MENDÈS FRANCE	SCI	1,000	100.00%	FC
SCI BOULOGNE - 8 RUE DE MEUDON	SCI	1,000	100.00%	FC
SCI PARIS 17 ^e - 4 RUE MOREL	SCI	1,000	100.00%	FC
SCI CLICHY - 5 BD VICTOR HUGO	SCI	1,000	100.00%	FC
SCI PUTEAUX 148 RUE DE LA RÉPUBLIQUE	SCI	1,500	51.00%	FC
SCI L'HAY LES ROSES - SENTIER DES JARDINS	SCI	1,000	51.00%	FC
SCI AIX LA DURANNE - QUARTIER DE LA DURANNE HAUTE - T1	SCI	1,000	100.00%	FC
SCI AIX LA DURANNE - QUARTIER DE LA DURANNE HAUTE - T2	SCI	1,000	100.00%	FC
SCI AIX LA DURANNE - QUARTIER DE LA DURANNE HAUTE - T3	SCI	1,000	100.00%	FC
SCI ROMAINVILLE - 98/104 RUE DE LA RÉPUBLIQUE	SCI	1,000	55.00%	FC
SCI MARSEILLE 10 ^{ÈME} - 121 BD DE SAINT LOUP	SCI	1,000	100.00%	FC
SCCV LE MÉTROPOLITAIN	SCCV	1,500	51.00%	FC
SCI MONTFERMEIL PAUL BERT	SCI	1,000	60.00%	FC
SCI CONCERTO BUCHÈRES 3	SCI	1,000	55.00%	FC
SCCV LE MONTCALM	SCCV	1,500	51.00%	FC
SCCV ALFORTVILLE VAILLANT COUTURIER	SCCV	1,000	100.00%	FC
SCI MASSY LE HONGRE - 3 GRANDE RUE	SC	1,000	70.00%	FC
SCI BOUSSY SAINT ANTOINE - CARRÉ NATURE	SC	1,000	70.00%	FC
SCI NANTES - 104-108 BLD ERNEST DALBY	SCI	1,000	55.00%	FC
SCI THORIGNY SUR MARNE - RAYMOND POINCARÉ	SC	1,000	85.00%	FC
SCCV GREENWOOD	SCCV	1,500	51.00%	FC
SCCV THORIGNY SUR MARNE - RUE CORNILLLOT	SCCV	1,000	100.00%	FC
SCCV BRÉTIGNY BOIS BADEAU	SCCV	1,500	100.00%	FC
SCCV BRIE COMTE ROBERT - RUE MOZART	SCCV	1,000	60.00%	FC
SCCV LES HAUTS DE LA HAIE VIGN	SCCV	1,000	50.00%	FC
SCI SAINT-PIERRE DU PERRAY LES RIVES DU LAC	SCI	1,000	85.00%	FC
SCCV LES RÉSIDENCES DES DUNES	SCCV	1,000	100.00%	FC
SCCV VILLECRESNES - RUE DE BOURGOGNE	SCCV	1,000	100.00%	FC
SCCV PLAISIR RÉSIDENCE PAUL VERLAINE	SCCV	1,000	50.01%	FC
SCI FRANCONVILLE - CHAUSSEE JULES CESAR	SCI	1,000	55.00%	FC
SCI BLAGNAC - 118 ROUTE DE GRENADE	SCI	1,000	70.00%	FC
SCI TOULOUSE 23 CHEMIN DES SEPT DENIERS	SCI	1,000	70.00%	FC
SCI TOULOUSE - ZAC BORDEROUGE ILÔT 6.1	SCI	1,000	80.00%	FC
SCI MONTPELLIER - RUE GEORGES BACHELARD	SCI	1,000	55.00%	FC
SCCV CHATEAU LEVAT	SCCV	1,000	51.00%	FC
SCI MONTPELLIER - AVENUE VILLENEUVE D'ANGOULÊME "EAST PARK"	SCI	1,000	51.00%	FC
SCCV SC RÉSIDENCE LES AILES D'ICARE	SCCV	1,000	51.00%	FC
SCI CASTANET TOLOSAN - 104 AVENUE DE LAURAGAIS	SCI	1,000	51.00%	FC
SCCV SOPPIM BRETAGNE 4	SCCV	1,500	98.00%	FC
SCCV SOPPIM TEREQ	SCCV	1,500	98.00%	FC

Corporate name	Legal structure	Capital	% controlled by the group	Consolidation method ^(a)
SARL KAUFMAN & BROAD BORDEAUX RIVE GAUCHE	SARL	37,000	100.00%	FC
SCCV PAVILLY	SCCV	1,500	98.00%	FC
SCCV SOPPIM LE HAVRE 2	SCCV	1,500	98.00%	FC
SCCV LEGUEVIN - TERRE D'ENVOL	SCCV	1,500	90.00%	FC
SCCV SAFRAN	SCCV	1,500	98.00%	FC
SCCV SOPPIM NORMANDIE 2	SCCV	1,540	97.40%	FC
SCCV SOPPIM NORMANDIE 4	SCCV	1,500	98.00%	FC
SCCV SOPPIM PAYS DE LA LOIRE	SCCV	1,524	98.00%	FC
SCCV SOPPIM SAUTRON	SCCV	1,500	98.00%	FC
SCCV SOPPIM NORMANDIE 5	SCCV	1,500	98.00%	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
SCI MERIGNAC 109 AVENUE HENRI VIGNEAU - AU FIL DES SAISONS	SCI	1,000	51.00%	FC
SCI LILI BOULANGER	SCI	1,000	51.09%	FC
SCI ACRIEN LEGENDRE 2	SCI	1,000	51.09%	FC
SCI EDMOND ROSTAND 164	SCI	1,000	51.09%	FC
SCCV TRENTIN 47	SCCV	1,000	51.09%	FC
SCI CHEMIN DE LAPUJADE 221	SCI	1,000	51.09%	FC
SCCV LAURAGAIS 23	SCCV	1,000	52.16%	FC
SCCV EDGAR DEGAS	SCCV	1,000	51.09%	FC
SCCV BOULEVARD D'ATLANTA	SCCV	1,000	52.16%	FC
SCI JEAN DUVERT 15	SCI	1,000	51.09%	FC
SCCV CHEMIN DE TUCAUT 207	SCCV	1,000	51.09%	FC
SCCV WAMBRECHIES CENTRE RUE DE QUESNOY	SCCV	1,000	100.00%	FC
SCI LA GRANDE ALLÉE	SCI	2,000	51.00%	FC
SCCV CHEMIN DE MOULIS 45	SCCV	1,000	60.00%	FC
SNC BORDEAUX – 204 COURS DU MÉDOC	SNC	1,000	50.10%	FC
SCI LAC	SCI	2,000	51.00%	FC

(a) FC = Full Consolidation, EM = Equity 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, 2016 (in € thousands)	Île-de-France	West	Southwest	Southeast
Revenues	441,476	108,800	277,305	185,286
GROSS MARGIN	84,515	19,904	52,268	30,614
Selling expenses	(12,162)	(2,632)	(5,214)	(4,977)
Administrative expenses	(8,012)	(4,931)	(8,543)	(5,314)
Technical and customer service expenses	(8,533)	(1,188)	(4,072)	(2,814)
Development and program expenses	(6,917)	(2,015)	(5,075)	(1,478)
Reallocation of portion of corporate re invoicing	(12,432)	(2,990)	(9,732)	(5,439)
CURRENT OPERATING INCOME	36,459	6,148	19,632	10,592
Other non-recurring income and expenses	-	-	-	-
OPERATING INCOME	36,459	6,148	19,632	10,592
Cost of net financial debt and other financial income/expenses	3,419	314	(134)	(847)
Reallocation of cost of net financial debt	(1,284)	(309)	(1,005)	(562)
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	38,594	6,153	18,493	9,183
Income tax	(12,845)	(2,224)	(4,184)	(3,570)
Share of income (loss) of equity affiliates and joint ventures	186	(116)	(2)	-
INCOME (LOSS) OF THE CONSOLIDATED GROUP	25,935	3,813	14,307	5,613
<i>Attributable</i>	<i>20,427</i>	<i>3,260</i>	<i>4,806</i>	<i>5,033</i>
<i>Minority interests</i>	<i>5,508</i>	<i>553</i>	<i>9,501</i>	<i>580</i>

Fiscal year ended November 30, 2016 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other Regions	Head Office	Grand total
Revenues	72,812	132,327	19,996	-	(1,238,002)
GROSS MARGIN	14,519	28,554	5,231	-	235,605
Selling expenses	(2,388)	(322)	(196)	(6,999)	(34,891)
Administrative expenses	(3,280)	(2,096)	351	(26,387)	(58,214)
Technical and customer service expenses	(1,511)	(350)	(16)	(995)	(19,477)
Development and program expenses	(1,433)	(2,864)	(69)	(1,916)	(21,765)
Reallocation of portion of corporate re invoicing	(2,718)	(2,556)	(430)	36,297	-
CURRENT OPERATING INCOME	3,189	20,366	4,871	-	101,258
Other non-recurring income and expenses	-	-	-	-	-
OPERATING INCOME	3,189	20,366	4,871	-	101,258
Cost of net financial debt and other financial income/expenses	286	(2,474)	(18)	(3,751)	(3,203)
Reallocation of cost of net financial debt	(281)	(264)	(44)	3,751	-
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	3,194	17,628	4,809	-	98,054
Income tax	(1,325)	(5,760)	(456)	-	(30,365)
Share of income (loss) of equity affiliates and joint ventures	(28)	(250)	-	-	(211)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	1,841	11,618	4,353	-	67,479
<i>Attributable</i>	<i>1,639</i>	<i>10,140</i>	<i>730</i>	<i>-</i>	<i>46,034</i>
<i>Minority interests</i>	<i>202</i>	<i>1,478</i>	<i>3,623</i>	<i>-</i>	<i>21,445</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 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.

Fiscal year ended November 30, 2015 (in € thousands)	Île-de-France	West ⁽¹⁾	Southwest	Southeast
Revenues	437,405	83,923	222,962	166,882
GROSS MARGIN	84,777	14,777	40,800	26,075
Selling expenses	(10,436)	(1,928)	(4,960)	(4,849)
Administrative expenses	(6,785)	(2,499)	(5,933)	(4,985)
Technical and customer service expenses	(8,564)	(1,103)	(3,736)	(2,916)
Development and program expenses	(4,979)	(1,633)	(3,854)	(3,908)
Reallocation of portion of corporate re-invoicing	(11,106)	(2,833)	(7,806)	(5,470)
CURRENT OPERATING INCOME	42,907	4,781	14,511	3,947
Other non-recurring income and expenses	-	-	823	(5)
OPERATING INCOME	42,907	4,781	15,334	3,942
Cost of net financial debt and other financial income/expenses	3,294	230	21	(661)
Reallocation of cost of net financial debt	(2,587)	(660)	(1,818)	(1,274)
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	43,614	4,351	13,537	2,007
Income tax	(12,770)	(1,290)	(3,797)	(441)
Share of income (loss) of equity affiliates and joint ventures	1,278	(24)	(18)	-
INCOME (LOSS) OF THE CONSOLIDATED GROUP	32,122	3,037	9,722	1,566
<i>Attributable</i>	<i>22,014</i>	<i>1,868</i>	<i>5,611</i>	<i>(305)</i>
<i>Minority interests</i>	<i>10,108</i>	<i>1169</i>	<i>4,111</i>	<i>1,871</i>

(a) Financial statements adjusted following a new geographical split between the West segment and Other Regions segment.

Fiscal year ended November 30, 2015 (in € thousands)	Rhône-Alpes	Commercial property and Logistics	Other Regions ^(a)	Head Office	Grand total
Revenues	65,216	83,862	2,847	-	1,063,098
GROSS MARGIN	14,418	19,929	1,925	-	202,701
Selling expenses	(2,066)	(230)	(114)	(6,069)	(30,652)
Administrative expenses	(2,488)	(2,781)	(437)	(24,405)	(50,313)
Technical and customer service expenses	(1,285)	(335)	(36)	(336)	(18,310)
Development and program expenses	(1,850)	(1,078)	(218)	(220)	(17,740)
Reallocation of portion of corporate re-invoicing	(2,271)	(1,542)	(2)	31,030	-
CURRENT OPERATING INCOME	4,458	13,963	1,118	-	85,685
Other non-recurring income and expenses	-	-	-	8	826
OPERATING INCOME	4,458	13,963	1,118	8	86,511
Cost of net financial debt and other financial income/expenses	413	(514)	(34)	(7,228)	(4,470)
Reallocation of cost of net financial debt	(529)	(359)	-	7,228	-
PRE-TAX PROFIT (LOSS) OF CONSOLIDATED COMPANIES	4,342	13,090	1,084	8	82,041
Income tax	(1,497)	(4,265)	(207)	-	(24,267)
Share of income (loss) of equity affiliates and joint ventures	(11)	(49)	-	-	1,172
INCOME (LOSS) OF THE CONSOLIDATED GROUP	2,834	8,776	877	8	58,946
<i>Attributable</i>	<i>2,382</i>	<i>7,803</i>	<i>394</i>	<i>8</i>	<i>39,779</i>
<i>Minority interests</i>	<i>452</i>	<i>973</i>	<i>483</i>	<i>-</i>	<i>19,167</i>

(a) Financial statements adjusted following a new geographical split between the West segment and Other Regions segment.

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 activities (measured in delivered Equivalent Housing Units – EHU) and the number of 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.

Note 3.2. Breakdown of inventory, debt and Working Capital Requirement by operating segment

Fiscal year ended November 30, 2016 (in € thousands)

	Île-de-France	West	Southwest	Southeast
Inventories	96,805	40,390	131,840	63,964
Accounts receivable	103,675	34,905	81,359	43,802
Other	(198,533)	(83,040)	(125,034)	(76,249)
WORKING CAPITAL REQUIREMENT	1,947	(7,745)	88,165	31,517

Fiscal year ended November 30, 2016 (in € thousands)

	Rhône-Alpes	Commercial property and Logistics	Other Regions	Head Office	Grand total
Inventories	20,257	4,247	13,566	311	371,381
Accounts receivable	29,646	78,940	3,025	317	375,669
Other	(30,474)	(83,239)	(9,549)	(11,691)	(617,809)
WORKING CAPITAL REQUIREMENT	19,429	(52)	7,042	(11,063)	129,241

Fiscal year ended November 30, 2015 (in € thousands)

	Île-de-France	West ^(a)	Southwest	Southeast
Inventories	102,363	17,721	95,215	74,329
Accounts receivable	93,266	32,559	49,480	42,157
Other	(190,996)	(47,285)	(101,550)	(72,457)
WORKING CAPITAL REQUIREMENT	4,633	2,995	43,145	44,029

(a) Financial statements adjusted following a new geographical split between the West segment and Other Regions segment.

Fiscal year ended November 30, 2015 (in € thousands)

	Rhône-Alpes	Commercial property and Logistics	Other Regions ^(a)	Head Office	Grand total
Inventories	14,651	13,118	12,268	-	329,664
Accounts receivable	15,163	95,933	2,629	241	331,428
Other	(28,159)	(114,457)	(6,607)	(7,169)	(568,680)
WORKING CAPITAL REQUIREMENT	1,655	(5,406)	8,290	(6,928)	92,412

(a) Financial statements adjusted following a new geographical split between the West segment and Other Regions segment.

4.1.3. Statement of comprehensive income

Note 4. Revenues and gross margin

(in € thousands)	November 30, 2016		November 30, 2015	
	Revenues	Gross margin	Revenues	Gross margin
Multi-occupancy housing	1,017,674	190,229	912,971	168,811
Single-family homes	42,334	8,954	50,381	10,561
TOTAL HOUSING UNITS	1,060,008	199,183	963,352	179,373
SERVICES	171,098	35,040	93,909	21,997
OTHER	6,896	1,382	5,837	1,331
TOTAL REVENUES AND GROSS MARGIN	1,238,002	235,605	1,063,098	202,701

Note 5. Operating expenses

(in € thousands)	November 30, 2016	November 30, 2015
Selling expenses	34,891	30,652
Administrative expenses	58,214	50,313
Technical and customer service expenses	19,477	18,310
Development and program expenses	21,765	17,740
TOTAL OPERATING EXPENSES	134,347	117,015

Note 5B. Selling expenses

(in € thousands)	November 30, 2016	November 30, 2015
Salaries and payroll taxes	9,292	7,967
Advertising expenses	20,290	18,625
Rents and rental expenses	251	250
Fees	451	560
Financial information	186	225
Recruitment costs	109	29
Temporary employees and documentation	595	573
Vehicle expenses - business and other travel	981	699
Telephone - electricity (EDF) - minor maintenance	111	41
Taxes	777	677
Information Systems	6	33
Discontinued	-	-
Bank fees	-	-
Insurance	-	-
Internet	848	681
Miscellaneous costs	148	88
Total estimated expenses	846	204
TOTAL SELLING EXPENSES	34,891	30,652

Sales expenses amounted to €34.9 million in 2016 versus €30.7 million in 2015. This 13.8% rise mainly reflects advertising expenses and "Salaries and payroll expenses".

Note 6. Administrative expenses

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Salaries and payroll taxes	24,476	24,265
Advertising expenses	-	-
Rents and rental expenses	5,870	5,513
Fees	5,323	4,375
Financial information	389	186
Recruitment costs	150	247
Temporary employees and documentation	407	327
Vehicle expenses - business and other travel	1,387	1,311
Telephone - electricity (EDF) - minor maintenance	2,090	2,371
Taxes	6,401	5,979
Information Systems	1,506	1,560
Discontinued	-	-
Bank fees	1,607	1,735
Insurance	195	155
Internet	-26	3
Miscellaneous costs	803	(352)
Total estimated expenses	7,636	2,638
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	58,214	50,313

General and administrative expenses totaled €58.2 million in 2016 versus €50.3 million in 2015, i.e., a 15.7% decrease, which can be attributed for the most part to the increase in "Total estimated expenses" which includes the change in expenses for the deferral of bonus share plans in the amount of €4.2 million.

Note 7. Technical and customer service expenses

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Salaries and payroll taxes	16,698	16,430
Advertising expenses	-	-
Rents and rental expenses	37	33
Fees	351	147
Financial information	-	-
Recruitment costs	25	89
Temporary employees and documentation	270	304
Vehicle expenses - business and other travel	1,228	1,125
Telephone - electricity (EDF) - minor maintenance	46	47
Taxes	238	238
Information Systems	11	13
Discontinued	-	-
Bank fees	-	-
Insurance	-	-
Internet	-	-
Miscellaneous costs	(242)	(244)
Total estimated expenses	815	128
TOTAL ESTIMATED EXPENSES	19,477	18,310

Technical and customer service expenses totaled €19.5 million in 2016 versus €18.3 million in 2015, the increase coming from "Total estimated expenses" in the amount of €0.7 million.

Note 8. Development and program expenses

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Salaries and payroll taxes	13,797	12,690
Advertising expenses	-	-
Rents and rental expenses	46	47
Fees	218	151
Financial information	-	-
Recruitment costs	36	223
Temporary employees and documentation	32	41
Vehicle expenses - business and other travel	1,654	1,289
Telephone - electricity (EDF) - minor maintenance	57	58
Taxes	274	248
Information Systems	-	3
Discontinued	2,475	4,172
Bank fees	-	-
Insurance	(2)	-
Internet	-	-
Miscellaneous costs	128	335
Total estimated expenses	3,050	(1,517)
TOTAL DEVELOPMENT AND PROGRAM EXPENSES	21,765	17,740

Development and program expenses totaled €21.8 million in 2016 versus €17.7 million in 2015, i.e., a 22.7% increase, which can be attributed for the most part to the increase in "Total estimated expenses" which includes the change in expenses for the deferral of bonus share plans in the amount of €1.3 million and the net change in provisions for new-project expenses in the amount of €2.9 million.

Note 9. Other non-recurring income and expenses

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Reversal of provisions for impairment of land ^(a)	-	783
Reversal of risk provision	-	48
TOTAL OTHER NON-CURRENT EXPENSES	-	831
Loan provision	-	5
Increase in provisions for impairment of land ^(a)	-	-
Legal fees	-	-
TOTAL OTHER NON-CURRENT EXPENSES	-	5

(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 fiscal 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:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Average number of employees (full-time equivalent)	738	714
Salaries and payroll taxes	64,264	61,351
Including salary ^(a)	49,991	41,233
o/w: employer contribution	877	881
Bonus shares ^(b)	7,565	1,011
Payroll taxes ^(c)	23,046	21,888
TOTAL PAYROLL EXPENSES	73,037	63,120

(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 €5.5 million in fiscal year 2016 compared to €5.1 million in fiscal year 2015.

Note 11. Cost of net financial debt

Cost of net financial debt

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Financial expenses	3,506	5,200
Financial income	(303)	(730)
COST OF NET FINANCIAL DEBT	3,203	4,470

The cost of net financial debt totaled €3.2 million, a reduction of €1.3 million compared to 2015.

Financial expenses can be analyzed as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Interest expenses on syndicated loans	5,352	4,831
Interest expense on swaps	608	519
Expenses for deferral of the arrangement fees for syndicated lines	417	3,986
Capitalization of financial expenses	(7,837)	(7,192)
Expenses on dedicated transactions	3,301	1,185
Fair value on swaps (ineffectiveness)	217	850
Other	1,448	1,022
FINANCIAL EXPENSES	3,506	5,200

Interest expenses on syndicated credit lines are due to the €174.2 million utilization of the syndicated credit lines on average in 2016 versus €145.4 million in 2015.

Interest expenses on syndicated credit lines increased in 2016 compared to 2015 reflecting the increase in outstandings, following the setting up of new syndicated lines of credit in April 2016.

The balance of the syndicated credit arrangement fees for 2014 were recognized at November 30, 2015 in the amount of €40 million.

The syndicated credit arrangement fees for 2016 (see "Significant events of the period") were activated in the amount of €3.5 million. The deferral amounted to €0.4 million at November 30, 2016.

Following efficiency tests on the swaps in the portfolio conducted as at November 30, 2015 and November 30, 2016, the swaps were disqualified, leading mainly to the recognition of a charge of €0.2 million for fiscal 2016, versus €0.9 million for fiscal year 2015.

The total effective rate of the debt, taking into account the total amortization of the arrangement costs incurred (€0.4 million) and hedging was 4.13% versus 6.41% in 2015; the difference is attributable primarily to the recognition at fiscal end 2015 of the balance of the 2014 Senior Facilities Agreement arrangement costs.

Cash income can be analyzed as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Capital gain on sale of money-market SICAVs and certificates of deposit	(228)	(607)
Other income from cash and cash equivalents	(75)	(123)
FINANCIAL INCOME	(303)	(730)

Note 12. Income tax

Note 12.1. Breakdown of tax liability

At November 30, 2016, the group's detailed tax liability was as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Current tax expense/(income)	27,411	25,212
Provision for tax risk ^(a)	-	531
Deferred taxes ^(b)	2,954	(1,476)
TOTAL TAX ON NET EARNINGS – EXPENSE/(INCOME)	30,365	24,267

^(a) See Note 23.4.

^(b) See Note 19.

Tax is calculated on attributable net income, since the entities with programs are fiscally transparent companies.

The current tax liability at November 30, 2016 includes a tax charge related to the 2016 tax consolidation of €24.5 million (before tax credits) and the 3% tax on dividends for 2015 in the amount of €2.4 million.

Note 12.2. Tax reconciliation

Deferred taxes are calculated on the basis of the tax rates, i.e., 34.43% for 2016 and the following years.

The reconciliation between the theoretical tax expense and the actual tax liability is as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Pre-tax income of consolidated companies	98,055	82,041
Applicable tax rate	34.43%	34.43%
Theoretical tax - expense/(income)	33,736	28,222
Tax on share of profit (loss) of equity affiliates	-73	404
Impact of fiscally transparent non-controlling interests	-7,384	-6,599
Provision for tax audits	-	531
Impact of permanent differences	4,086	1,710
GROUP TAX LIABILITY/(INCOME)	30,365	24,267

At November 30, 2016, permanent differences included primarily the 3% tax on dividends to shareholders for the 2015 results in the amount of €2.4 million, the share of fees and expenses amounting to 5% on dividends paid by a subsidiary in 2015 (€0.9 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

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Actuarial gains or losses on deferred income taxes	416	(8)
Hedging instruments (deferred tax)	(175)	(51)
TAX RECOGNIZED DIRECTLY IN EQUITY	241	(59)

Note 13. Net income and diluted earnings per share

<i>(in € thousands)</i>	Nov. 30, 2016	Nov. 30, 2015
Attributable net income	46,034	39,779
Average number of shares outstanding	19,621,425	20,644,581
Adjustment for dilutive effect of share awards	-	-
EARNINGS PER SHARE	€2.35	€1.93
DILUTED EARNINGS PER SHARE	€2.35	€1.93

The instruments issued by the group that could have a dilutive effect in the future are stock subscription warrants issued on December 3, 2007 that are still exercisable (121,874 shares).

Given their exercise price, these instruments have no impact on the calculation of diluted earnings per share at November 30, 2016.

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:

<i>(net value in € thousands)</i>	November 30, 2016	November 30, 2015
Île-de-France	8,346	8,346
Kaufman & Broad Southwest	47,287	47,287
Serge Mas Promotion ^(a)	150	-
Residences Bernard Teillaud	12,878	12,878
TOTAL GOODWILL	68,661	68,511

(a) Goodwill increased by €150K following the allocation of part of the goodwill from the acquisition of SMP (see "Significant events of the period").

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Balance at the beginning of the period	68,511	68,511
Increase	150	-
Impairment loss	-	-
BALANCE AT THE END OF THE PERIOD	68,661	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, 2016. The recoverable amount used was based on the value in use.

The discount rate used to determine the value in use at November 30, 2016 amounted to 7% (unchanged compared to November 30, 2015). 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 fiscal year-end for the 2017-2021 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, 2015). 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 executive 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 loss 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, 2016			November 30, 2015
	Gross amount	Aggregated amortization	Net amount	Net amount
Kaufman & Broad brand	80,422	-	80,422	80,422
Other intangible assets	22,053	(14,905)	7,148	6,183
TOTAL INTANGIBLE ASSETS	102,475	(14,905)	87,570	86,605

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, 2016	November 30, 2015
Balance at the beginning of the period	86,605	85,075
Acquisition of intangible assets	2,701	4,363
Sales and disposals and change in scope of consolidation	234	-
Amortization expense	(1,970)	(2,833)
BALANCE AT THE END OF THE PERIOD	87,570	86,605

The acquisition of intangible assets and amortization only concern software programs.

Note 15.2. Net property, plant and equipment

(in € thousands)	November 30, 2016			November 30, 2015
	Gross amount	Aggregated amortization	Net amount	Net amount
Land	187	-	187	186
Buildings	329	(24)	305	318
Technical facilities	2	(2)	-	-
Other property, plant and equipment	17,448	(12,350)	5,437	3,823
Property, plant and equipment in progress	1,520	-	1,520	336
TOTAL NET PROPERTY, PLANT AND EQUIPMENT	19,486	(12,376)	7,449	4,663

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:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Balance at the beginning of the period	4,663	4,323
Acquisitions of property, plant and equipment	4,241	1,196
Sales and disposals, and changes in scope of consolidation	(40)	(35)
Depreciation (net of reversals)	(1,415)	(821)
BALANCE AT THE END OF THE PERIOD	7,449	4,663

Note 16. Non-current financial assets

<i>(in € thousands)</i>	November 30, 2015	Distribution	Net income	Change of scope effect	November 30, 2016
Securities of equity-accounted companies	2,745	(1501)	(239)	(137)	868
Current accounts	2,768	634	569	795	4,766
EQUITY AFFILIATES AND JOINT VENTURES	5,513	(867)	330	658	5,634

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 16.1. 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.

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Non-current assets	-	-
Current assets	3,327	2,058
TOTAL ASSETS	3,327	2,058
Shareholders' equity	(463)	(463)
Non-current liabilities	-	-
Current liabilities	3,690	2,521
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,227	2,058

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Revenues	-	310
Cost of sales	-	(440)
GROSS MARGIN	-	(130)
Other income and expenses	(2)	68
Current operating income	(2)	(62)
NET INCOME	(2)	(61)

Note 16.2. Main items in the balance sheet and income statement of the equity associates

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Non-current assets	195	923
Current assets	22,878	39,309
TOTAL ASSETS	23,073	40,232
Shareholders' equity	2,491	8,836
Non-current liabilities	-	-
Current liabilities	20,582	31,396
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	23,073	40,232

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Revenues	4,336	36,040
Cost of sales	(3,764)	(30,836)
GROSS MARGIN	572	5,204
Other income and expenses	(1,557)	(3,244)
Current operating income	(985)	1,960
NET INCOME	(1,167)	1,752

Note 16.3. Non-current financial assets

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Security deposits and bonds	2,216	1,346
Loans	-	100
Securities	308	30
Provisions	(20)	(229)
NON-CURRENT FINANCIAL ASSETS	2,504	1,247

Note 17. Inventories

<i>(in € thousands)</i>	November 30, 2016			November 30, 2015		
	Gross	Impairment	Net	Gross	Impairment	Net
New projects	29,564	(3,706)	25,857	32,162	(2,560)	29,602
Current programs	348,939	(3,415)	345,524	301,746	(1,684)	300,062
TOTAL INVENTORIES	378,503	(7,121)	371,381	333,908	(4,244)	329,664

The change in impairment charges can be broken down as follows:

<i>(in € thousands)</i>	November 30, 2015	Change in the scope of consolidation	Expenses	Reversals	November 30, 2016
New projects	2,560	159	2,809	(1,822)	3,706
Current programs	1,684	1,376	492	(138)	3,415
TOTAL INVENTORIES	4,244	1,535	3,301	(1,960)	7,121

Inventories net of new program expenses were down €3.7 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 impairment in the amount of €1.4 million mainly reflect unused provisions for expenses where the development was uncertain at launch, the rest reflecting expenses provisioned for projects that were subsequently discontinued.

Gross inventories for current programs increased by 15.6% over the year given the increase in activity.

Provisions for current programs in the amount of €1.4 million correspond to provisions on undeveloped land acquired and to provisions for loss at termination on undeveloped programs of Seri Ouest acquired in June 2016 (see "Significant events of the period").

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.

Note 18. Trade and other receivables

	Note	November 30, 2016			November 30, 2015		
		Gross	Impairment	Net	Gross	Impairment	Net
Accounts receivable	(18.1)	376,024	(355)	375,669	331,783	(355)	331,428
Government - VAT	(18.2)	112,444	(235)	112,209	116,077	(673)	115,404
Government - Current tax	(19)	1,232	-	1,232	521	-	521
Advances and down payments		1,552	-	1,552	783	-	783
Current equity affiliates accounts	(18.3)	10,262	-	10,262	8,293	-	8,293
Other financial receivables		-	-	-	-	-	-
Receivables from civil-law notaries		21,368	-	21,368	1,394	-	1,394
Other	(18.4)	17,149	(4,001)	13,148	14,313	(4,287)	10,026
Prepaid expenses		1,345	-	1,345	649	-	649
TOTAL		541,376	(4,591)	536,785	473,813	(5,315)	468,498

All "Trade receivables" and "Other receivables" mature in less than one year.

(in € thousands)	Change in impairment				November 30, 2016
	November 30, 2015	Change in the scope of consolidation	Expenses	Reversals	
Accounts receivable	355	28	45	(73)	355
Other receivables and VAT	4,960	61	868	(1,653)	4,236
TOTAL	5,315	89	913	(1,726)	4,591

Provisions for trade and other receivables on the acquisition date of Seri Ouest in June 2016 (see "Significant events of the period") were €28 thousand and €61 thousand, respectively.

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 (€375.7 million) and the amount of calls for payment outstanding (€59.9 million) net of impairment, i.e., €315.8 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.

Civil-law notaries drafting deeds of sale are generally required to ensure that the financing of the sale is closed 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, 2016, the calls for payment by age were as follows:

0 to 30 days	€53.6 million
30 to 60 days	€3.3 million
60 to 90 days	€0.4 million
more than 90 days	€2.6 million
TOTAL CALLS FOR PAYMENT	€59.9 MILLION

Note 18.2. Government – VAT

At November 30, 2016, the “VAT” item included: the VAT deductible on recorded supplier invoices, amounting to €42.3 million (€37.9 million in 2015); the VAT recognized on invoices not received, associated with the recognition of expenses on a program percentage-of-completion basis, amounting to €60.3 million (€52.1 million in 2015); and VAT credits amounting to €9.6 million (€25.4 million in 2015).

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, 2016 on fully consolidated operations. A provision for liabilities and charges was recorded in the amount of €7.8 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, the insurance premiums paid in 2016 to be re-invoiced to programs in the amount of €0.9 million, and an advance on future profits in the amount of €2.5 million paid in 2016 as part of the agreements linked to the acquisition of SMP.

Note 19. Current and deferred taxes

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Government - current tax (assets)	1,232	521
Government - current tax (liabilities)	(5,858)	(5,301)
Deferred tax liabilities	(45,471)	(40,268)
BALANCE AT THE END OF THE PERIOD	(50,097)	(45,048)

The result of the tax consolidation of the group for 2016 was a profit of €71.2 million. Current tax receivables at November 30, 2016 in the amount of €1.2 million correspond to the 2016 CICE tax credit in the amount of €0.6 million, a carryback in the amount of €0.1 million, and installments paid by subsidiaries that are not

members of the Kaufman & Broad tax consolidation group in the amount of €0.5 million. Current tax debt corresponds to the tax in the amount of €24.5 million due by the companies in the tax consolidation group, net of installments paid.

Source of deferred taxes by type

<i>(in € thousands)</i>	Deferred tax base at November 30, 2016	Deferred taxes at November 30, 2016
Differences in recognition of real estate programs	134,619	(46,349)
Provisions and expenses with deferred deductibility	(15,670)	5,395
Kaufman & Broad brand	-	-
Bond issuance expenses	-	-
Tax deductible beneficial ownership	24,301	(8,367)
Provisions for land	-	-
Hedging swaps	(660)	227
Tax loss carry forwards (excl. tax consolidation)	(10,344)	3,561
Other	(187)	65
BALANCE AT THE END OF THE PERIOD	132,059	(45,468)

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 €13 million (basis).

Deferred taxes changed as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Balance of deferred taxes at the beginning of the period - assets/(liabilities)	(40,268)	(42,303)
Recognized in profit or (loss)	(2,954)	1,476
Recognized in equity	(2,246)	559
Other changes (change in accounting method applicable to marketing costs)	-	-
BALANCE OF DEFERRED TAXES AT THE END OF THE PERIOD - ASSETS/(LIABILITIES)	(45,468)	(40,268)

Note 20. Cash and cash equivalents

The Kaufman & Broad group's cash and cash equivalents are broken down as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Bank balances and cash in hand ^(a)	114,878	137,948
Short-term investments and term deposits ^(a)	258	28,462
Order balances ^(b)	2,972	2,951
CASH AND CASH EQUIVALENTS	118,108	169,361

(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 €3 million as of November 30, 2015 and November 30, 2016. They represent 5% of deposits made by customers 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 – Equity and liabilities

Note 21. Shareholders' equity

At November 30, 2016, Kaufman & Broad authorized capital amounted to €5,417,630.14, divided into 20,837,039 shares of common stock each with a par value of €0.26 following the capital reduction by cancellation of 747,619 treasury shares on February 10, 2016 in accordance with the Board of Directors decision of January 26, 2016 (see "Significant events of the period"). The weighted average number of common stock outstanding totaled 19,621,425 shares excluding treasury shares, compared to 20,644,581 shares excluding treasury shares at November 30, 2015.

Note 21.1. Treasury shares

At November 30, 2016, the group held 1,748,555 treasury shares, including 35,824 shares under the liquidity agreement. At November 30, 2015, the group held 941,009 treasury shares, including 7,700 shares under the liquidity agreement.

Note 21.2. Minority interests

At November 30, 2016, minority interests on the balance sheet, amounting to €15.2 million, concerned 155 companies, including receivables in the amount of €1.5 million.

At November 30, 2015, minority interests on the balance sheet, amounting to €11.1 million, concerned 126 companies. The total amount of minority interest amounted to €1.3 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, 2016.

For fiscal year 2016, buybacks of shares of holders of minority interest securities of €1.5 million were recorded versus €4.5 million in 2015. The difference between the price paid and the corresponding reduction of any minority interests is offset in group share shareholders' equity.

Note 22. Share-based Payments

Note 22.1. Stock option plans

A group stock option plan set up in 2006 expired on April 19, 2016. No new tranche was granted, nor was any new stock option plan set up or stock options exercised in 2016.

Details concerning the main features of the group's expired plan as of November 30, 2016 are set forth in the table below.

Stock options

Date of authorization by the Extraordinary Shareholders' Meeting	04/19/2006
Date of the Board of Directors' meeting granting the options/shares	04/19/2006
Number of options awarded	95,500
Number of beneficiaries	26
Start of option exercise period	04/19/2008
Expiration date	04/19/2016
Expiration of lock-in	04/19/2010
Exercise price	€44.23
Options outstanding at beginning of the fiscal year	11,100
Options granted during the fiscal year	-
Options forfeited during the fiscal year	-
Options exercised during the fiscal year	-
Expired options	11,100
Options outstanding at November 30, 2016	-
Options exercisable at November 30, 2016	-

Note 22.2. Bonus share plan

Under the April 11, 2014 bonus share plan 60,230 bonus shares were definitively awarded on April 11, 2016, at the end of the vesting period, and were delivered.

As authorized by the Shareholders' Meeting of April 15, 2016, the Board of Directors awarded 387,592 additional bonus shares at its meeting on April 15, 2016.

Details concerning the main features of the group's plans in effect at November 30, 2016 are set forth in the table below.

Bonus share plan	July 7, 2015	April 15, 2016
Date of authorization by the Extraordinary Shareholders' Meeting	April 11, 2014	April 15, 2016
Total number of bonus shares that may be awarded	129,800	400,000
Date of the Board of Directors' meeting awarding the shares	July 7, 2015	April 15, 2016
Number of beneficiaries	662	737
Types of shares	Existing	Existing
Number of bonus shares awarded	124,350	387,592
Void shares	12,200	5,109
Shares outstanding at November 30, 2016	112,150	382,483
Exercise price	-	-
Price on the award date	€27.75	€31.50
Date of vesting	July 8, 2017	April 15, 2017
Date available	July 8, 2019	April 15, 2019
Initial fair value of the plan	€2,414,943	€10,311,157
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)	€1.36 per share	€1.85 per share
• risk-free interest rate (market rate)	0.15%	-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	0% for key executives 13.5%/year for other employees

The bonus share plans generated an expense of €7.6 million over the period (versus €1 million at November 30, 2015) as detailed below, recognized through equity and detailed below:

<i>(in € thousands)</i>	April 11, 2014 Plan	July 7, 2015 Plan	April 15, 2016 Plan	Total
Initial valuation	1,172	2,415	10,308	13,895
Expense for the fiscal year	150	1,049	6,366	7,565

Note 23. Provisions

The provisions can be analyzed as follows:

<i>(in € thousands)</i>	Note	November 30, 2015	Change in the scope of consolidation	Expenses	Reversals used	Reversals unused	November 30, 2016
Provisions for retirement benefits	(23.2)	5,612	58	1,259	-	-	6,929
Provisions for associated risks	(23.3)	8,169	-	910	(77)	(315)	8,687
Provision for tax risk	(23.4)	3,361	-	428	(149)	(888)	2,752
Provisions for industrial relations risks	(23.5)	1,521	-	1,740	(1,183)	(91)	1,987
Provisions for other risks	(23.6)	3,791	307	1,553	(294)	(984)	4,373
PROVISIONS		22,454	365	5,890	(1,703)	(2,278)	24,728

Note 23.1. Repayment schedule

<i>(in € thousands)</i>	November 30, 2016	Less than one year	More than one year
Provisions for retirement benefits	6,929	-	6,929
Provisions for associated risks	8,687	-	8,687
Provision for tax risk	2,752	-	2,752
Provisions for industrial relations risks	1,987	647	1,340
Provisions for other risks	4,373	852	3,521
PROVISIONS	24,728	1,499	23,229

Note 23.2. Provisions for retirement benefits

The following assumptions were used in order to calculate retirement benefits:

- discount rate: 1.10% 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 fiscal 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 fiscal year for retirement benefits:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Costs of services rendered during the fiscal year ^(a)	1	(90)
Financial cost ^(b)	106	107
EXPENSE RECOGNIZED IN INCOME STATEMENT	107	17

(a) The cost of services rendered during the fiscal 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:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
NET LIABILITY AT THE BEGINNING OF THE PERIOD	5,612	5,619
Cost for the fiscal year	168	290
Benefits paid	(61)	(273)
Change in the scope of consolidation	58	-
Actuarial gains or losses (recognized in equity)	1,152	(24)
NET LIABILITIES AT THE END OF THE PERIOD	6,929	5,612

The provision includes the period-end reversal of employee obligations at Seri Ouest (see "Significant events of the period") in the amount of €58 thousand.

The total actuarial gain at November 30, 2016 was €1.2 million (loss of €24 thousand at November 30, 2015). The change was due for the most part to the decline in the discount rate.

As of November 30, 2016, the net liability would be €6,718 thousand with a discount rate of 1.35% and €7,101 thousand at a discount rate of 0.85%.

The actuarial gains and losses generated can be presented on an historical basis as follows:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015	November 30, 2014	November 30, 2013
Commitment	6,929	5,612	5,619	4,494
Financial assets	-	-	-	-
FINANCIAL HEDGING	6,929	5,612	5,619	4,494
Actuarial losses and (gains) generated on the commitment	1,152	(24)	320	972

Note 23.3. Provisions for associated risks

This provision of €8.6 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 €2.8 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 €0.8 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 €4.4 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.

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Syndicated bank credit line	200,000	138,900
Other borrowings	1,404	326
Utilized credit facilities	3,195	429
Issuance expenses	(3,123)	-
Fair value of derivatives	1,726	2,018
GROSS FINANCIAL DEBT	203,202	141,673
<i>of which non-current</i>	<i>191,362</i>	<i>127,833</i>
<i>of which current</i>	<i>11,840</i>	<i>13,840</i>

At November 30, 2016, the group had utilized €200 million of the syndicated bank credit line.

- On April 4, 2016, Kaufman & Broad SA signed a new Senior Facilities Agreement (the "2016 Senior Facilities Agreement") with a syndicate of international banks.

The group has syndicated loans under a Tranche A (the "Tranche A") for a principal amount of €50 million repayable by staggered payments maturing in 2021, and a Tranche B (the "Tranche B") for a principal amount of €150 million maturing in 2021, 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 credits under the 2016 Senior Facilities

Agreement have mainly been used to repay the €133.35 million 2014 Senior Facilities Agreement and to finance the group's share buyback for a maximum amount of €50 million in connection with the Transaction (see Note 3.2.1).

As of November 30, 2016, the Company had not started to utilize its revolving credit line.

Under the 2016 Senior Facilities Agreement, the loan under Tranche A is repayable by eight semi-annual installments from the eighteenth 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 year) plus a margin which would depend on the group's leverage ratio, as follows:

Leverage ratio ^(a)	Tranche A and RCF ^(b)	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

(a) Net Financial Debt (1) divided by EBITDA (2), where:

- financial debt means gross financial debt, less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;
- 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.

(b) Revolving Credit Facility.

2. Adjustment of financial ratios:

In the accounting half-year periods from August 2016 until the agreement expires in 2021, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each six-month period-end	Threshold at November 30, 2016	Ratio at November 30, 2016
Leverage ratio ^(a)	≤3.0	0.86
Debt/equity ratio ^(d)	≤2.5	0.41

(a) Namely, (1) the Net Financial Debt, divided by (2) EBITDA, where:

- financial debt means gross financial debt, less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;
- 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.

(b) Net financial Debt (1), divided by adjusted shareholders' equity (3);

- adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015; plus aggregated income from December 1, 2015 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, 2015 to the end of the relevant quarter.

3. The agreement provides for a 'cash sweep' clause in certain conditions. No repayment calculation is required for the financial statements at November 30, 2016 as, according to the SFA bank documents of April 4, 2016, this clause does not apply until the fiscal year ended November 30, 2017.

Unlike the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement requires 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 2016 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 2016 Senior Facilities Agreement, a change in control would occur (i) in the event of a sale, transfer or other disposal (other than a merger, consolidation or similar arrangement), in one or more linked transactions, of some or all of the group's assets or (ii) if a person or group of persons acting in concert (other than PAI Partners or any person acting as guarantor bank in the partial sale of its equity interest by Financière Gaillon 8 or any other shareholder approved by the majority of the lenders) acquires (directly or indirectly) more than 33.33% of the voting rights in Kaufman & Broad, and the mandatory public offering resulting from exceeding that threshold: (a) was not recommended by the Company's Board of Directors or (b) was recommended by the Company's Board of Directors and was completed successfully.

Note 24.2. The group's main debt facilities

(in € thousands)	Debt capacity	November 30, 2016	Repayment	Rate ^(a)
Facility A	50,000	50,000	repayable by semi-annual installments of €6.25 million from October 2017 to April 2021	E + 250 to 275 BPS
Facility B	150,000	150,000	bullet repayment April 2021	E + 275 to 300 BPS
TOTAL	200,000	200,000	-	-

(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.

4. The sureties to guarantee the sums owed by the Company as a borrower are described in Note 27.

Note 24.3. Repayment schedule

(in € thousands)	November 30, 2016	Less than one year	1 to 5 years	More than 5 years
Syndicated line of credit ^(a)	200,000	6,250	193,750	-
Credit facilities utilized ^(b)	3,195	3,195	-	-
Other borrowings and finance lease ^(c)	1,404	1,377	27	-
Arrangement costs ^(d)	(3,123)	(708)	(2,415)	-
Fair value of derivatives	1,726	1,726	-	-
GROSS FINANCIAL DEBT	203,202	11,840	191,362	-

(a) The syndicated bank credit lines opened in April 2016 will be repaid as follows: Tranche A (€50.0 million) is repayable by staggered payments (€6.3 million starting in October 2017) and maturing in 2021, and Tranche B has a bullet repayment due in 2021.

(b) The credit facilities include pre-acquisition authorized overdrafts on Seri Ouest operations in the amount of €2.6 million (see "Significant events of the period").

(c) Other borrowings include lease liabilities in the amount of €0.4 million and pre-acquisition loans on Seri Ouest operations in the amount of €1 million (see "Significant events of the period").

(d) Issuance costs connected with the arrangement in April 2016 of the Senior Facilities Agreement amounted to €3.5 million, of which €0.4 million had been paid off as of November 30, 2016.

Note 24.4. Change in gross financial debt

GROSS FINANCIAL DEBT AT NOVEMBER 30, 2015	141,673
Repayment of the 2014 Senior Facilities Agreement – Tranche A and B	(138,900)
New lines under the 2016 Senior Facilities Agreement – Tranche A and B ^(a)	200,000
Arrangement costs ^(b)	(3,123)
Change in other borrowings and finance leases	1,076
Change in the fair value of derivative instruments	(292)
Change in credit facilities	2,768
GROSS FINANCIAL DEBT AT NOVEMBER 30, 2016	203,202

*(a) See Note 24.**(b) See Note 11.***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:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
GROSS FINANCIAL DEBT	203,202	141,673
Cash and cash equivalents ^(a)	118,108	169,361
NET FINANCIAL DEBT	85,094	(27,688)

*(a) See Note 20.***Note 25. Current liabilities**

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Current provisions	1,499	120
Borrowings and other current financial liabilities ^(a)	11,840	13,840
Accounts payable	675,146	613,791
Other payables	97,382	85,412
Current tax	5,858	5,301
Deferred income	539	1,246
TOTAL CURRENT LIABILITIES	792,264	719,710

(a) See Note 24.3.

The “Other liabilities” item corresponds primarily to tax and Social Security liabilities of €54.8 million, including €29.5 million in VAT, €17.3 million in advances and down payments received,

€13.9 million in related current accounts, and a remaining balance of €8.6 million to be paid on the purchase of the shares of SMP, Safaur and Seri Ouest (see “Significant events of the period”).

4.1.6. Additional information

Note 26. Notes to the statement of cash flows

Cash flows from operating activities include €121.2 million in cash flow from operations before the cost of the financial debt and before taxes, an amount of -€27.1 million net of taxes paid, and a €15.5 million increase in WCR.

Details of changes in Operating Working Capital Requirement

<i>(in € thousands)</i>	November 30, 2015	Change in WCR	Change in the scope of consolidation	Other changes	November 30, 2016
Inventories	329,664	(2,557)	42,529	1,745	371,381
Accounts receivable	331,428	33,537	10,704	-	375,669
Accounts payable	(613,791)	(41,044)	(20,221)	(90)	(675,146)
Other operating assets and liabilities	49,892	25,547	(4,017)	(9,458)	61,964
OPERATING WORKING CAPITAL REQUIREMENT (STATEMENT OF CASH FLOWS)	97,193	15,483	28,995	(7,803)	133,868
Current taxes	(4,781)	(156)	311	-	(4,626)
WORKING CAPITAL REQUIREMENT	92,412	15,327	29,306	(7,803)	129,242

The change in operating Working Capital Requirement (excluding current taxes) for fiscal year 2016 was €15.5 million from November 30, 2015.

Cash flows from investing activities totaled -€25.5 million, and included:

- outflows relating to acquisitions of property, plant and equipment and intangible assets (-€6.4 million);
- repayments of financial assets (loans) granted as part of real estate projects (-€0.8 million);
- cash flow reflecting scope changes (-€18.3 million) including (see "Significant events of the period"):
 - the provisional price paid for the equity stake in Serge Mas Promotion and its subsidiaries (-€1.4 million) and the cash position of those companies at acquisition date (-€10.4 million),
 - the price paid to acquire the rest of Safaur (-€2.2 million), the cash position of that company on acquisition date (€0.4 million) and the sale price of the property management business (€0.8 million),
 - the provisional price paid for the equity stake in Seri Ouest and its subsidiaries (-€6.1 million) and the cash position of those companies at acquisition date (€0.6 million).

The cash flows from financing activities totaled -€104.3 million and consisted of:

- dividends to shareholders (-€79.6 million);
- dividends to minority interests (-€18.7 million);
- repayment of the balance of the 2014 Senior Facilities Agreement – tranche A and B (-€138.9 million) and loans to Seri Ouest operations (€0.3 million);
- the arrangement of a new syndicated senior facility (€200 million) and the associated arrangement fees (-€3.5 million);
- financial interest paid (-€10.1 million);
- acquisition of minority interests (-€1.7 million);
- buyback of treasury shares (-€51.4 million).

Other changes mainly include movements relating to goodwill allocated to inventories (€1.3 million) and remaining debts payable on acquisitions in the fiscal year (€8 million).

Note 27. Off-balance sheet commitments

At November 30, 2016, 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 issued**

All the items detailed below are related to the normal course of our operations.

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Performance Bonds ^(a)	373,961	264,578
Hoguet Law guarantees ^(b)	220	220
Reservation indemnities ^(c)	5,772	12,298
Other guarantees issued ^(d)	94,538	159,520
GUARANTEES AND BONDS ISSUED	474,491	436,616
Land non-use indemnities and works guarantees	14,487	11,475
Miscellaneous guarantees and bonds issued ^(e)	21,127	16,727
GUARANTEES ISSUED – KAUFMAN & BROAD SA	35,614	28,202
TOTAL GUARANTEES AND BONDS ISSUED	510,105	464,818

(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, and cancels receivables accruing on the sale price.

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) These are miscellaneous guarantees and bonds given by Kaufman & Broad SA, primarily a lease guarantee on head office leases and a €4 million bond as part of a protocol with a partner (see Note 27.2.).

Commitments relating to capital expenditures, purchases and rentals

<i>(in € thousands)</i>	Payments due by maturity				November 30, 2015
	November 30, 2016	Less than one year	1 to 5 years	More than 5 years	
Commitments for operating leases	21,494	6,724	12,863	1,907	23,312
Tangible and intangible investment commitments	-	-	-	-	-
TOTAL	21,494	6,724	12,863	1,907	23,312

Commitments for operating leases

The table below shows, as of November 30, 2016, the minimum future rents on operating leases not subject to termination:

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
2016	-	6,247
2017	6,724	5,432
2018	5,981	4,574
2019	4,408	3,376
2020	1,370	1,091
2021	1,104	1,087
2022 and beyond	1,907	1,505
TOTAL MINIMUM FUTURE RENTS	21,494	23,312

The rent expense recognized on the income statement at November 30, 2016 for operating leases amounted to €6.2 million (€5.8 million at November 30, 2015).

Note 27.2. Commitments received**Works and other guarantees received**

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Guarantees on contracts for works	117,953	105,831
Buyers' guarantees received	85,645	102,832
TOTAL	203,598	208,663

Unutilized syndicated credit lines

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Unutilized RCF line ^(a)	100,000	50,000

(a) In relation to the debt refinancing which took place in April 2016 (see Note 24), a Revolving Credit Facility (RCF) line for a maximum amount of €100 million with bullet repayment in April 2021 was set up to refinance the group's general and working capital requirements. This line has not been utilized since it was arranged.

As part of its equity investments (see "Significant events of the period"), Kaufman & Broad obtained the usual liability guarantees to cover pre-acquisition risks.

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 in the amount of €12 million of which €2.7 million for fiscal year 2016. 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, unchanged at November 30, 2016.

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 using instruments traded on organized markets or over-the-counter, with high-quality counterparties.

In the process of signing the new credit agreement, the rate swaps hedge portfolio was reviewed to cancel some of the swaps and agree new ones.

The following table sets forth the details of the portfolio of one-month swaps paying Euribor against fixed-rate receiving swaps at November 30, 2016.

Nature	Notional amount (in € millions)	Fixed rate	Repayment		Type	Market value November 30, 2016 as % of nominal
			Start date	End date		
EUR 1M fixed rate swap	20	0.1950%	Apr. 30, 2016	April 30, 2021	Hedge	-1.34%
EUR 1M fixed rate swap	10	0.5000%	Nov. 28, 2014	Nov. 30, 2017	Hedge	-0.89%
EUR 1M fixed rate swap	20	0.5000%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-0.89%
EUR 1M fixed rate swap	10	0.1950%	April 30, 2016	April 30, 2021	Hedge	-1.34%
EUR 1M fixed rate swap	15	0.1800%	May 31, 2016	April 30, 2021	Hedge	-1.28%
EUR 1M fixed rate swap	25	0.2780%	May 31, 2016	April 30, 2021	Hedge	-1.72%
EUR 1M fixed rate swap	25	0.2985%	May 31, 2016	April 30, 2021	Hedge	-1.81%
EUR 1M fixed rate swap	20	-0.1200%	May 31, 2016	April 30, 2021	Hedge	0.08%

The fair value of these derivatives is provided 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, 2016 was -€433 thousand.

Following efficiency tests on the swaps in the portfolio conducted as at November 30, 2015, and as at November 30, 2016, 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, 2016 was:

Type of instrument	Floating/Fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated lines of credit	Floating	6,250	193,750	-
Other borrowings	Floating	1,065	-	-
Credit facilities	Floating	3,195	-	-
FINANCIAL LIABILITIES		10,510	193,750	-
Bank balances and cash in hand ^(a)	Floating	114,878	-	-
Short-term investments	Floating	258	-	-
Order balances	Floating	2,972	-	-
FINANCIAL ASSETS		118,108	-	-
NET POSITION BEFORE RISK MANAGEMENT		(107,598)	193,750	-
Swaps		(30,000)	(115,000)	-
NET POSITION AFTER RISK MANAGEMENT		(137,598)	78,750	-

(a) Banks, available cash and reserve balances.

Interest rate sensitivity of assets and liabilities

Assumptions: 1-month Euribor at -0.324%.

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: - €1,023 thousand;
- decrease: + €205 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: - €298 thousand;
- decrease: + €60 thousand.

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.

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 buyback 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.

Kaufman & Broad conducts certain 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.

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, 2016.

(in € thousands)	Book value Nov. 30 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	200,000	6,413	6,250	17,060	193,750	-	-
Credit facilities and other borrowings	4,599	162	4,572	1	27	-	-
TOTAL	204,599	6,575	10,822	17,061	193,777	-	-

	Book value	Less than one year		1 to 5 years		More than 5 years	
(in € thousands)	Nov. 30, 2015	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 and 2016.

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, 2016	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	375,669	-	-	-	375,669	-
Cash and cash equivalents	118,108	118,108	-	-	-	-
Current tax	1,232	-	-	-	1,232	-
Other current receivables	158,540	-	-	-	158,540	-
Other non-current financial assets	2,504	-	-	-	2,504	-
TOTAL FINANCIAL ASSETS	656,053	118,108	-	-	537,945	-
Financial liabilities						
Borrowings and financial debts	203,202	1,726	-	-	-	201,476
Supplier payables	675,146	-	-	-	-	675,146
Current tax	5,858	-	-	-	-	5,858
Other current liabilities	97,921	-	-	-	-	97,921
TOTAL FINANCIAL LIABILITIES	982,127	1,726	-	-	-	980,401

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	521	-	-	-	521	-
Other current receivables	135,900	-	-	-	135,900	-
Other non-current financial assets	1,247	-	-	-	1,247	-
TOTAL FINANCIAL ASSETS	638,457	169,361	-	-	469,096	-
Financial liabilities						
Borrowings and financial debts	141,673	2,018	-	-	-	141,673
Supplier payables	613,791	-	-	-	-	613,791
Current tax	5,301	-	-	-	-	5,301
Other current liabilities	86,658	-	-	-	-	86,658
TOTAL FINANCIAL LIABILITIES	847,423	2,018	-	-	-	847,423

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, 2016 totaled €85.1 million, versus -€27.7 million at November 30, 2015. Net financial debt relative to shareholders' equity was thus equal to 58% versus -12% at November 30, 2015.

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.

With the exception of the sale of 1,587,301 Kaufman & Broad SA shares between the Company and Financière Gaillon 8 and transactions with Artimus Participations (see "Significant events of the period"), dealings with related parties, including the compensation method for executives, remained comparable to 2015 and no unusual type or amount of transaction occurred during the fiscal year.

No other entity controls or exercises significant influence over the group.

2016 Facilities Agreement

On April 4, 2016, Kaufman & Broad SA signed a new Senior Facilities Agreement (the "2016 Senior Facilities Agreement") with a syndicate of international banks. The group has syndicated loans under a Tranche A (the "Tranche A") for a principal amount of €50 million repayable by staggered payments maturing in 2021, and

a Tranche B (the "Tranche B") for a principal amount of €150 million maturing in 2021, 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 credits under the 2016 Senior Facilities Agreement have mainly been used to repay the €133.35 million 2014 Senior Facilities Agreement and to finance the group's share buyback for a maximum amount of €50 million in connection with the Transaction (see "Significant events of the period" and Note 24). Unlike the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement requires 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 grants 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 2016 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 2016 Senior Facilities Agreement, a change in control would occur (i) in the event of a sale, transfer or other disposal (other than a merger, consolidation or similar arrangement), in one or more linked transactions, of some or all of the group's assets or (ii) if a person or group of persons acting in concert (other than PAI Partners or any person acting as guarantor bank in the partial sale of its equity interest by Financière Gaillon 8 or any other shareholder approved by the majority of the lenders) acquires (directly or indirectly) more than 33.33% of the voting rights in Kaufman & Broad, and the mandatory public offering resulting from exceeding that threshold: (a) was not recommended by the Company's Board of Directors or (b) was recommended by the Company's Board of Directors and was completed successfully.

Adherence to the 2016 Senior Facilities Agreement was authorized by the Board of Directors on February 16, 2016.

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-CIB, Natixis, BECM, Goldman Sachs International and Crédit Suisse International as Arrangers, Crédit Agricole-CIB 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.

In April 2016, Kaufman & Broad repaid the balance of this existing Senior Facilities Agreement and had its existing sureties released, terminating this regulated agreement.

Terms and Conditions of Related-party Transactions

Sales and purchases entered into with related parties were conducted at market prices. Fiscal 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 fiscal years ended November 30, 2016 and November 30, 2015, 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 2015 and 2016, 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 fiscal year, members of the group's administrative and management bodies.

(in € thousands)	November 30, 2016	November 30, 2015	November 30, 2014
Short-term benefits other than employer contributions ^(a)	3,828	3,627	3,222
Short-term benefits: employer contributions	1,738	1,672	1,486
Post-employment benefits - balance sheet impact ^(b)	-	51	614
Other long-term benefits ^(c)	NA	NA	NA
Retirement indemnities	-	-	-
Directors' fees ^(d)	254	239	215
Share-based compensation	-	-	-
Stock option awards (number)	-	-	-
Bonus share awards (number)	169,827	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 fiscal year 2016, the amount recognized as expenses by our Company for this contract was €181,000 (€184,000 at November 30, 2015).

Note 31. Fees paid by the group to the Statutory Auditors and members of their networks

Years covered: 2015 and 2016 ^(a) (in € thousands)	Ernst & Young Audit				Deloitte & Associates			
	Amount (tax excl.)		%		Amount (tax excl.)		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Account audit and certification, review of the statutory and the Consolidated Financial Statements ^(b)								
Issuer: Kaufman & Broad SA	142	131	23%	28%	134	131	42%	72%
Fully consolidated subsidiaries	362	334	58%	72%	63	50	20%	28%
Other work and services directly relating to the task of the Statutory Auditor ^(c)								
Issuer: Kaufman & Broad SA	120	-	19%	-	120	-	38%	-
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
SUBTOTAL	624	465	100%	100%	317	181	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	624	465	100%	100%	317	181	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 €84 thousand in 2016 and €26 thousand in 2015.

Note 32. Events after the balance-sheet date**Kaufman & Broad SA shares admitted to the "long only" Deferred Settlement Service (SRD)**

As part of its annual review of its deferred settlement service (*Service de Règlement Différé* / SRD), Euronext informed Kaufman & Broad SA that its securities were eligible for the "long only" SRD effective December 28, 2016.

This status is granted to securities listed on Euronext Paris with a minimum daily transaction volume of €100,000. It highlights and supports the growing liquidity and attractiveness of Kaufman & Broad securities for investors.

4.2. Statutory Financial Statements at November 30, 2016

Annual financial statements at November 30, 2016

Income Statement

<i>(in € thousands)</i>	Section	November 30, 2016	November 30, 2015
Revenues	4.2.2.13	12,021	1,810
Other purchases and external charges	4.2.2.14	(6,582)	(2,041)
Wages and salaries		-	-
Taxes		(725)	(366)
Amortization, depreciation and provisions	4.2.2.8	(13,050)	(2,102)
Reversal of provisions and expense transfer		1,412	623
Other operating charges and revenues		(353)	(286)
OPERATING INCOME		(7,278)	(2,362)
Profits allocated and losses incurred	4.2.2.15	84,438	70,339
Net financial income (including dividends from subsidiaries)	4.2.2.16	13,917	44,222
CURRENT OPERATING INCOME		91,077	112,199
Non-recurring income (loss)	4.2.2.17	(839)	(382)
Corporate income tax	4.2.3	(15,594)	(16,906)
NET INCOME		74,644	94,911

Balance Sheet

Assets

<i>(in € thousands)</i>	Section	November 30, 2016	November 30, 2015
Intangible assets	4.2.2.2	-	-
Property, plant and equipment	4.2.2.3	123	125
Financial assets	4.2.2.4	398,956	416,434
NON-CURRENT ASSETS		399,080	416,559
Inventories		-	-
Receivables	4.2.2.5	115,636	87,469
Treasury shares	4.2.2.6	53,585	16,778
Cash and cash equivalents		108	36
Prepaid expenses		46	15
CURRENT ASSETS		169,375	104,299
TOTAL ASSETS		568,455	520,858

Equity and liabilities

<i>(in € thousands)</i>	Section	November 30, 2016	November 30, 2015
Authorized capital		5,418	5,612
Premiums and reserves		244,176	242,679
Net income		74,644	94,911
SHAREHOLDERS' EQUITY	4.2.2.7	324,238	343,202
Provisions for liabilities and charges	4.2.2.8	20,611	8,974
Financial debt	4.2.2.9	200,090	139,070
Trade payables and related accounts		566	609
Other payables	4.2.2.10	22,950	29,002
TOTAL EQUITY AND LIABILITIES		568,455	520,858

4.2.1. General principles

The fiscal 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 fiscal years.

Selling 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 fiscal year. At year-end, the shares of the income of the tax-transparent companies for the fiscal 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 charges

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.

4.2.1.6. Share of profits and losses incurred

As from the 2011 fiscal year, 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 fiscal 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

Cancellation of treasury shares

In accordance with 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 impact of this cancellation of €13.7 million was charged to "Other reserves". The authorized capital therefore currently totals €5,417,610.14.

Payment of an exceptional dividend

The Annual Shareholders' Meeting of April 15, 2016 authorized the payment of an exceptional dividend of €3.85 per share, including an interim dividend of €1.85 per share paid out on March 10, 2016, with the balance paid on April 22, 2016.

Sale of part of Financière Gaillon 8 SA's equity interest in Kaufman & Broad SA

Financière Gaillon 8 S.A., the Company's principal shareholder holding 87.95% of the authorized capital 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. The private placement to institutional investors was transacted in late April 2016 at a price of €31.5 per Kaufman & Broad SA share.

Concomitantly with this market transaction, Kaufman & Broad SA acquired 1,587,301 shares sold by Financière Gaillon 8 SA, as part of its share buyback plan, at an offer price of €31.5 per share, for a price of €50 million. Artimus Participations, a company owned by certain group executives and employees acquired 944,444 shares sold by Financière Gaillon 8 SA at an offer price of €31.5 per share, for a price of €30 million.

At November 30, 2016, Artimus Participations owned 1,182,980 shares or 5.68% of the capital of Kaufman & Broad SA, after taking into account the Kaufman & Broad shares awarded under the bonus share plans for executives and employees investing in Artimus Participations, and the Kaufman & Broad shares awarded to Artimus Participations resulting from the transfer by executives and employees, to Artimus Participations, of their shares in Financière de Neuilly.

At November 30, 2016, Financière Gaillon 8 owned 35.76% of the share capital of Kaufman & Broad SA and 55.61% of its voting rights, and 48.16% of Kaufman & Broad SA's share capital was free floating.

Refinancing of bank debt

With Financière Gaillon 8 selling part of its stake in Kaufman & Broad SA, the latter took the opportunity to refinance its bank

debt. The availability of these new loans was subject to certain conditions, including the completion of the partial sale of its equity interest in Kaufman & Broad by Financière Gaillon 8 SA at the end of April 2016. The features of this syndicated loan are explained in Note 4.2.2.9. The group now has 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. Note 4.2.2.9 provides further details of the transaction.

Dividends received

The income or loss from Kaufman & Broad SA's holdings at November 30, 2016 included the dividends paid by two subsidiaries in the amount of €17.8 million (see Note 4.2.2.16.).

4.2.2.2. Intangible assets

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Software licenses	274	274
Depreciation and amortization	(274)	(274)
NET INTANGIBLE ASSETS	-	-

4.2.2.3. Property, plant and equipment

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Facilities and fittings	184	184
Depreciation and amortization	(60)	(58)
FACILITIES AND FITTINGS	123	125
Office and IT equipment – furnishings	601	601
Depreciation and amortization	(601)	(601)
OFFICE AND IT EQUIPMENT – FURNISHINGS	-	-
NET PROPERTY, PLANT AND EQUIPMENT	123	125

4.2.2.4. Financial assets

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Equity interests	325,724	324,460
Receivables related to equity interests and loans ^(a)	78,558	97,933
Other financial assets ^(b)	248	1,308
Impairment ^(c)	(5,574)	(7,267)
NET NON-CURRENT FINANCIAL ASSETS	398,956	416,434

(a) Receivables relating to equity interests correspond to current account advances for business development to subsidiaries of Kaufman & Broad. The reduction mainly reflects the €43 million advance granted to Kaufman & Broad Financement SNC on November 30, 2016 (versus a receivable of €61.7 million at November 30, 2015). Kaufman & Broad Financement has been set up to coordinate and centralize all cash management needs of Kaufman & Broad group companies.

(b) Other investments and loans are largely composed of deposits and guarantees, including the €248 million in cash made available by Kepler Bank pursuant to the share purchase agreement.

(c) At November 30, 2015, the provision for securities of the subsidiaries concerned primarily KB Financement (€1.8 million), SM2I (€3.2 million), Urbisart (€0.2 million) and Kaufman & Broad Normandie (€0.1 million).

4.2.2.5. Receivables

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Value added tax ^(a)	133	7,756
Corporate income tax	-	-
Current accounts ^(b)	101,856	79,689
Intra-group customers – Invoices to be issued ^(c)	13,617	-
Other debtors	30	24
RECEIVABLES	115,636	87,469

(a) At November 30, 2015 the consolidated VAT credit was €7.7 million; at November 30, 2016 the consolidated VAT liability was shown in other liabilities (Note 4.2.2.10.)

(b) This sum comprises €87.1 million, being the share of the revenue up-streamed to the parent (versus €69.1 million at November 30, 2015); €11.2 million, being the current accounts from tax consolidation with other group companies (see Note 4.2.3.);

(c) This sum corresponds to intra-group re-invoicing relating to the bonus share awarded to employees of the Kaufman & Broad group.

<i>(in € thousands)</i>	November 30, 2016	Up to 1 year	> 1 year
Value added tax	133	133	-
Corporate income tax	-	-	-
Current accounts ^(a)	101,856	46,127	55,729
Intra-group customers – Invoices to be issued	13,617	13,617	-
Other debtors	30	30	-
RECEIVABLES	115,636	59,907	55,729

(a) The proportion at more than one year corresponds to the share of the increases in non-distributable 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 French Construction and Housing Code (see Note 4.2.1.6.).

4.2.2.6. Treasury shares

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Treasury shares	53,585	16,778
Provisions for impairment of treasury shares	-	-
TREASURY SHARES (VALUE NET OF IMPAIRMENT)	53,585	16,778

At November 30, 2016, there were 1,748,555 treasury shares including:

- 525,430 shares allocated to bonus share plans, in the amount of €14.9 million;
- 1,187,301 shares held for future use as payment or exchange in external growth transactions, in the amount of €37.4 million (see Significant events in Note 4.2.2.1.);
- 35,824 shares held pursuant to the liquidity agreement for the sum of €1.3 million.

At November 30, 2015, the group held 941,009 treasury shares, of which: 194,550 shares allocated to bonus share plans; 738,759 shares for which no allocation decision had been made; and 7,700 shares held pursuant to the liquidity agreement.

At its meeting of April 27, 2016, the Board of Directors allocated 400,000 treasury shares to a new bonus share plan. In addition 60,230 bonus shares were delivered to their beneficiaries in April 2016 (April 11, 2014 plan).

4.2.2.7. Shareholders' equity

The change in shareholders' equity is broken down and analyzed as follows:

<i>(in € thousands)</i>	Authorized capital	Legal reserve	Stock warrants	Share premium	Other reserves	Retained earnings	Net income	Shareholders' equity
NOVEMBER 30, 2014	5,612	979	781	975	30,656	204,851	32,511	276,365
Appropriation of 2014 earnings	-	-	-	-	-	32,511	(32,511)	-
Interim dividend	-	-	-	-	-	(28,073)	-	(28,073)
Net income for fiscal year	-	-	-	-	-	-	94,911	94,911
NOVEMBER 30, 2015	5,612	979	781	975	30,656	209,289	94,911	343,202
Capital reduction	(194)	-	-	-	(13,789)	-	-	(13,983)
Appropriation of 2015 earnings	-	-	-	-	-	94,911	(94,911)	-
Distributions	-	-	-	-	-	(79,626)	-	(79,626)
Net income for fiscal year	-	-	-	-	-	-	74,644	74,644
NOVEMBER 30, 2016	5,418	979	781	975	16,867	224,574	74,644	324,238

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

<i>(in €)</i>	November 30, 2015	Increase	Decrease	November 30, 2016
Number of shares	21,584,658	-	747,619	20,837,039
At par value	0.26	-	0.26	0.26
CAPITAL	5,612,011	-	(194,381)	5,417,630

At November 30, 2016, Kaufman & Broad's authorized capital amounted to €5,417,630.14, divided into 20,837,039 shares of common stock each with a par value of €0.26 following the capital reduction by cancellation of 747,619 treasury shares on February 10, 2016 in accordance with the Board of Directors decision of January 26, 2016 (see "Significant events of the period" in Note 4.2.2.1.).

4.2.2.7.1. Stock option plans

A group stock option plan set up in 2006 expired on April 19, 2016. No new tranche was granted, nor was any new stock option plan set up or stock options exercised in 2016.

4.2.2.7.2. Bonus share plan

Under the April 11, 2014 bonus share plan 60,230 bonus shares were definitively awarded on April 11, 2016, at the end of the vesting period, and were delivered.

As authorized by the Shareholders' Meeting of April 15, 2016, the Board of Directors awarded 387,592 additional bonus shares at its meeting on April 15, 2016.

Title to the shares allocated under the various award plans detailed below was transferred at the end of the vesting period.

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, 2016 are set forth in the table below.

Bonus share plan	July 7, 2015	April 15, 2016
Date of authorization by the Extraordinary Shareholders' Meeting	April 11, 2014	April 15, 2016
Total number of bonus shares that may be awarded	129,800	400,000
Date of the Board of Directors' meeting awarding the shares	July 7, 2015	April 15, 2016
Number of beneficiaries	662	737
Types of shares	Existing	Existing
Number of bonus shares awarded	124,350	387,592
Lapsed shares	12,200	5,109
Shares outstanding at November 30, 2016	112,150	382,483
Exercise price	-	-
Price on the award date	€27.75	€31.50
Date of vesting	July 8, 2017	April 15, 2017
Date available	July 8, 2019	April 15, 2019

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, 2016 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, 2016, only 121,874 SSWs could 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. Provisions for liabilities and charges

(in € thousands)	November 30, 2016	November 30, 2015
Provision for bonus share awards ^(a)	13,617	2,597
Provision for tax liabilities	-	-
Provision for subsidiary liabilities ^(b)	6,132	5,674
Other provisions for liabilities and charges	863	703
PROVISIONS FOR LIABILITIES AND CHARGES	20,611	8,974

(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 (€5.8 million).

(in € thousands)	November 30, 2015	Increase	Reversals used	Reversals unused	November 30, 2016
Provision for bonus shares awarded	2,597	12,048	(872)	(157)	13,617
Provision for subsidiary liabilities	5,674	536	-	(78)	6,132
Other provisions for liabilities and charges	703	465	-	(305)	863
PROVISIONS FOR LIABILITIES AND CHARGES	8,974	13,049	(872)	(540)	20,611

4.2.2.9. Financial debt

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Syndicated bank credit line	200,000	138,900
Utilized credit facilities	7	90
Interest accrued on borrowings	83	80
FINANCIAL DEBT	200,090	139,070

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

<i>(in € thousands)</i>	Debt capacity	November 30, 2016	Repayment	Rate ^(a)
Facility A	50,000	50,000	repayable by semi-annual installments of €6.25 million from October 2017 to April 2021	E + 250 to 275 BPS
Facility B	150,000	150,000	bullet repayment in March 2021	E + 275 to 300 BPS
TOTAL	200,000	200,000	-	-

(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, 2016, the group had utilized €200 million of the syndicated bank credit line.

- On April 4, 2016, Kaufman & Broad SA signed a new Senior Facilities Agreement with a syndicate of international banks ("2016 Senior Facilities Agreement").

The group has syndicated loans under a Tranche A (the "Tranche A") for a principal amount of €50 million repayable by staggered payments maturing in 2021, and a Tranche B (the "Tranche B") for a principal amount of €150 million maturing in 2021, 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 credits under the 2016 Senior Facilities

Agreement have mainly been used to repay the €133.35 million 2014 Senior Facilities Agreement and to finance the group's share buyback for a maximum amount of €50 million in connection with the Transaction (see Note 4.2.2.1.).

As of November 30, 2016, the Company had not started to utilize its revolving credit line.

Under the 2016 Senior Facilities Agreement, the loan under Tranche A is repayable by eight semi-annual installments from the eighteenth 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 would depend on the group's leverage ratio, as follows:

Leverage ratio ^(a)	Tranche A and RCF ^(b)	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

(a) Net Financial Debt (1) divided by (2) EBITDA, where:

- financial debt means gross financial debt, less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;
- 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.

(b) Revolving Credit Facility.

2. Adjustment of financial ratios:

In the accounting half-year periods from August 2016 until the agreement expires in 2021, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at each six-month period-end	Threshold at November 30, 2016	Ratio at November 30, 2016
Leverage ratio ^(a)	≤3.0	0.86
Debt/equity ratio ^(b)	≤2.5	0.41

(a) Namely, (1) the Net Financial Debt, divided by (2) EBITDA, where:

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

(2) 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.

(b) Net Financial Debt (3) divided by adjusted shareholders' equity (3):

(3) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2015 + cumulative income from December 1, 2015 to the end of the relevant quarter - dividends paid for the relevant period + cumulative impairment charge for the period from December 1, 2015 to the end of the relevant quarter.

3. The agreement provides for a 'cash sweep' clause in certain conditions. No repayment calculation is required for the financial statements at November 30, 2016 as, according to the SFA bank documents of April 4, 2016, this clause does not apply until the fiscal year ended November 30, 2017.

Unlike the 2014 Senior Facilities Agreement, the 2016 Senior Facilities Agreement requires 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 2016 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 2016 Senior Facilities Agreement, a change in control would occur (i) in the event of a sale, transfer or other disposal (other than a merger, consolidation or similar arrangement), in one or more linked transactions, of some or all of the group's assets or (ii) if a person or group of persons acting in concert (other than PAI Partners or any person acting as guarantor bank in the partial sale of its equity interest by Financière Gaillon 8 or any other shareholder approved by the majority of the lenders) acquires (directly or indirectly) more than 33.33% of the voting rights in Kaufman & Broad, and the mandatory public offering resulting from exceeding that threshold: (a) was not recommended by the Company's Board of Directors or (b) was recommended by the Company's Board of Directors and was completed successfully.

Repayment schedule

(in € thousands)	November 30, 2016	Less than one year	1 to 5 years repayment schedule	More than 5 years
Syndicated line of credit	200,000	6,250	193,750	-
Credit facilities utilized	7	7	-	-
Accrued interest	83	83	-	-
GROSS FINANCIAL DEBT	200,090	6,340	193,750	-

4.2.2.10. Other payables

(in € thousands)	November 30, 2016	November 30, 2015
Value added tax	5,744	602
Corporate income tax ^(a)	5,336	8,090
Other taxes	150	367
Other miscellaneous receivables	300	447
Current accounts ^(b)	11,419	19,495
OTHER PAYABLES	22,950	29,002

(a) This tax debt corresponds to the balance to be paid under the 2016 tax consolidation.

(b) This amount comprises €4.5 million, corresponding to the current account of the member companies within the scope of VAT consolidation (compared to €9.2 million at November 30, 2015), and €6.2 million for the cash advances granted to group companies (compared to €10.2 million at November 30, 2015).

<i>(in € thousands)</i>	November 30, 2016	≤ 1 year	1 to 5 years	More than 5 years
Value added tax	5,744	5,744	-	-
Corporate income tax	5,336	5,336	-	-
Other taxes	150	150	-	-
Other miscellaneous receivables	300	300	-	-
Current accounts	11,419	11,419	-	-
OTHER PAYABLES	22,950	22,949	-	-

4.2.2.11. Amounts due to or owed by equity affiliates

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Receivables from equity interests	78,558	97,933
Other receivables	115,473	79,689
Current accounts	(11,419)	(19,495)
RELATED COMPANIES RECEIVABLES AND PAYABLES	182,611	158,127

4.2.2.12. Accrued expenses and revenues

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Borrowings and financial debts	(83)	(80)
Trade payables and related accounts	(518)	(530)
Tax and Social Security liabilities	(90)	(315)
TOTAL PAYABLES	(692)	(925)

The amount listed under trade payables and related accounts corresponds primarily to fees not yet invoiced.

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Other receivables ^(a)	13,617	3,117
OTHER ACCRUED INCOME	13,617	3,117

(a) These are invoices to be issued relating to bonus share plans for employees of the Kaufman & Broad group.

4.2.2.13. Revenues

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Provision of services	12,021	1,810
TOTAL	12,021	1,810

Revenues correspond, in particular, to the re-invoicing of operating costs incurred in 2016 by Kaufman & Broad SA on behalf of group companies or some of its main shareholders, namely Financière Gaillon 8 and Artimus Participation, 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 delivery of bonus shares.

4.2.2.14. Other purchases and external charges

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Legal fees and issuance costs ^(a)	(4,029)	(628)
Audit fees ^(a)	(596)	(304)
Internal services	(847)	(784)
Other expenses	(1,110)	(325)
TOTAL	(6,582)	(2,041)

(a) In the financial statements at November 30, 2016, the group has opted to recognize in expenses for the period the €4.2 million fees for arranging the new line of credit (see "Significant events of the period" in Note 4.2.2.1.).

4.2.2.15. Profits allocated and losses incurred

This item records the income from program support companies for a net total of €84.4 million as at November 30, 2016, compared with €70.3 million as at November 30, 2015, including the portions of losses amounting to -€3.1 million at November 30, 2016 compared to -€0.1 million loss at November 30, 2015.

4.2.2.16. Financial income

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Dividends received ^(a)	17,779	52,800
Net change in provisions ^(b)	1,693	(3,488)
Financial income relating to the early repayment of the Senior B and C lines	-	-
Net interest expenses ^(c)	(5,555)	(5,090)
TOTAL	13,917	44,222

(a) The dividends and income from holdings consist of dividends received from Kaufman & Broad Europe and Kaufman & Broad Homes

(b) In 2016 this amount included:

- a reversal of €1.1 million for impairment of Kaufman & Broad Financement securities;*
- a reversal of €0.8 million for impairment of SM2I securities,*
- an allocation of €0.2 million for impairment of Urbismart 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)

<i>(in € thousands)</i>	November 30, 2016	November 30, 2015
Other non-recurring net costs ^(a)	(839)	(382)
TOTAL	(839)	(382)

(a) The non-recurring loss corresponds to the capital loss on treasury shares delivered under bonus share plans.

4.2.2.18. Off-Balance sheet items**Interest rate hedging**

Interest-rate hedges are made using instruments traded 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, 2016.

Type	Notional amount (in € millions)	Fixed rate	Repayment		Type	Market value November 30, 2016 as % of nominal
			Start date	End date		
EUR 1M fixed rate swap	20	0.1950%	Apr. 30, 2016	April 30, 2021	Hedge	-1.34%
EUR 1M fixed rate swap	10	0.5000%	Nov. 28, 2014	Nov. 30, 2017	Hedge	-0.89%
EUR 1M fixed rate swap	20	0.5000%	Nov. 30, 2014	Nov. 30, 2017	Hedge	-0.89%
EUR 1M fixed rate swap	10	0.1950%	April 30, 2016	April 30, 2021	Hedge	-1.34%
EUR 1M fixed rate swap	15	0.1800%	May 31, 2016	April 30, 2021	Hedge	-1.28%
EUR 1M fixed rate swap	25	0.2780%	May 31, 2016	April 30, 2021	Hedge	-1.72%
EUR 1M fixed rate swap	25	0.2985%	May 31, 2016	April 30, 2021	Hedge	-1.81%
EUR 1M fixed rate swap	20	-0.1200%	May 31, 2016	April 30, 2021	Hedge	0.08%

Off-balance sheet commitments received**Unutilized syndicated credit lines**

(in € thousands)	November 30, 2016	November 30, 2015
Unutilized RCF line ^(a)	100,000	50,000

^(a) In relation to the debt refinancing which took place in April 2016 (see Note 4.2.2.9.), a Revolving Credit Facility (RCF) line for a maximum amount of €100 million with bullet repayment in April 2021 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.

Off-balance sheet commitments given**Guarantees and bonds issued**

(in € thousands)	November 30, 2016	November 30, 2015
Land non-use indemnities and works guarantees	14,487	11,475
Counter-guarantees issued ^(a)	21,127	16,727
TOTAL	35,614	28,202

^(a) These are miscellaneous guarantees and bonds given by Kaufman & Broad SA, primarily a lease guarantee on head office leases and a €4 million bond as part of a protocol with a partner. Performance Bonds are provided to customers as part of sales-before-completion contracts by Kaufman & Broad SA subsidiaries. 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 by the companies running these programs, and cancels receivables accruing on the sale price.

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 € million)	Pre-tax book income (loss)	Tax adjustments ^(a)	Income for tax purposes	Tax loss carry forward to be charged	Taxable income	Kaufman & Broad SA theoretical tax	Effect of tax consolidation income/ (expense)	Recognized tax income/ (expense)	Net income
Current	91,077	(56,266)	34,811	(4,956)	29,855	(12,605)	(3,277)	(15,882)	75,195
Non-current	(839)	-	(839)	-	(839)	288	-	288	(551)
TOTAL	90,238	(56,266)	33,972	(4,956)	29,016	(12,317)	(3,277)	(15,594)	74,644

(a) The tax adjustments include mainly the deduction of dividends received from subsidiaries and the 2016 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 €2.4 million.

Due to the difference in the method for recognizing profit on programs as work stages are completed (for ledger purposes) versus on final completion (for tax purposes), there is a significant unrealized tax position. For example, the impact of differences in

the recognition of real estate programs between the tax accounts and the consolidated accounts for work stages completed amount to a taxable base of €134.6 million, which is an unrealized tax of €46.3 million at November 30, 2016.

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 other related party transactions are at arm's length and on current market terms and conditions.

With the exception of the sale of 1,587,301 Kaufman & Broad SA shares between the Company and Financière Gaillon 8 and transactions with Artimus Participations (see significant events in Note 4.2.2.1.), dealings with related parties, including the compensation method for executives, remained comparable to fiscal year 2016 and no unusual type or amount of transaction occurred during the fiscal year.

4.2.5. Post-closing events

Kaufman & Broad SA shares admitted to the "long only" Deferred Settlement Service (SRD).

As part of its annual review of its deferred settlement service (*Service de Règlement Différé* / SRD), Euronext informed Kaufman & Broad SA that its securities were eligible for the "long only" SRD effective December 28, 2016.

This status is granted to securities listed on Euronext Paris with a minimum daily transaction volume of €100,000. It highlights and supports the growing liquidity and attractiveness of Kaufman & Broad securities for investors.

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 paid to directors and corporate officers for 2016 amounted to €1,681,397, of which €254,400 was paid to non-executive directors.

4.3. 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	2,651,790	99.90%	217,436,878
Kaufman & Broad Homes SAS	2,247,403	8,210,832	100.00%	10,450,195
Kaufman & Broad Développement SAS	152,449	(1,332,828)	100.00%	152,449
SMCI Développement SAS	762,245	14,352	100.00%	762,245
Kaufman & Broad Rénovation SAS	160,000	(76,532)	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	4,433,223	100.00%	30,191,792
Kaufman & Broad Méditerranée SARL	100,000	(22,470,729)	100.00%	100,000
Kaufman & Broad Normandie SARL	100,000	(5,757,814)	100.00%	100,000
Kaufman & Broad Savoie SARL	100,000	(2,621,102)	100.00%	100,000
Kaufman & Broad Rhône-Alpes SARL	1,300,000	(15,671,858)	100.00%	1,300,000
Kaufman & Broad Pyrénées-Atlantiques SARL	100,000	(5,116,997)	100.00%	100,000
Residences Bernard Teillaud SARL	840,000	14,328,094	100.00%	15,663,729
Kaufman & Broad Midi-Pyrénées SARL	2,858,910	5,297,311	100.00%	36,404,833
SARL Kaufman & Broad Languedoc-Roussillon	100,000	(6,934,193)	99.00%	99,000
SARL Kaufman & Broad Gironde	100,000	(7,469,363)	99.00%	1,387,900
Kaufman & Broad Bretagne	1,000,000	32,477	100.00%	5,059,325
Kaufman & Broad Flandres	7,700	(2,213,999)	99.90%	449,360
Kaufman & Broad Innovations	1,000	-	100.00%	1,000
Kaufman & Broad Grands Projets	1,000,000	-	100.00%	1,000,000
Kaufman & Broad Marketing et Ventes	1,000	-	100.00%	1,000
Kaufman & Broad Poitou Charentes	100,000	-	100.00%	100,000
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)	-	-	-	30,690
2. EQUITY INTERESTS IN FRENCH COMPANIES NOT INCLUDED IN SECTION A (AGGREGATE)				
	-	-	-	458,923

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	-	-	9,143,806	7,670,141	8,789,000
10,450,195	-	-	37,611,967	1,505,355	8,990,000
152,449	-	-	10,147,251	(1,555,756)	-
762,245	-	-	668,121	1,525,624	-
73,798	2,355	-	1,993,073	(9,670)	-
2,506,399	-	-	4,717,631	(1,571,313)	-
30,191,792	382,587	-	8,033,935	656,021	-
100,000	-	-	11,410,697	6,376,521	-
-	1,681	-	-	(202,473)	-
100,000	129,369	-	3,164,705	(711,238)	-
1,300,000	19,310	-	7,740,595	(609,937)	-
100,000	-	-	3,916,078	(428,702)	-
15,663,729	-	-	54,642	96,897	-
36,404,833	547,527	-	8,657,147	(2,261,938)	-
99,000	-	-	6,844,240	1,036,661	-
1,387,900	-	-	8,645,304	1,677,218	-
1,694,658	99,283	-	2,640,782	666,809	-
449,360	87,934	-	1,740,688	945,647	-
1,000	-	-	-	(281,821)	-
1,000,000	-	-	-	(515,795)	-
1,000	-	-	-	(6,080)	-
100,000	-	-	-	(188,099)	-
990	-	-	111,156,229	10,527,574	-
990	2,700,812	-	3,243	(166,804)	-
990	-	-	262,376,016	24,454,043	-
990	4,425,813	-	167,087,399	20,135,440	-
990	-	-	55,696,159	4,397,661	-
990	1,471,038	-	65,164,420	5,425,278	-
990	536,269	-	-	4,526	-
990	483,834	-	91,471,739	4,313,591	-
990	1,123,028	-	-	9,109	-
13,024	-	-	-	-	-
152,341	-	-	-	-	-

4.4. 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.

4.5. Five-year financial summary

Type of information	2016	2015	2014	2013	2012
1 Financial position at year-end					
a) Authorized capital	5,417,630	5,612,011	5,612,011	5,612,011	5,612,011
b) Number of shares issued	20,837,039	21,584,658	21,584,658	21,584,658	21,584,658
c) Number of convertible bonds	-	-	-	-	-
2 Total income from operating activities					
a) Revenues excluding VAT	12,021,144	1,809,564	3,411,525	1,125,881	1,075,639
b) Earnings before taxes, amortization, depreciation and provisions	100,183,918	116,783,465	47,984,896	97,446,761	78,266,580
c) Tax on profits	15,594,010	16,906,321	24,871,390	15,202,518	(1,565,327)
d) Earnings after taxes, amortization, depreciation and provisions	74,644,419	94,911,060	32,510,444	79,966,898	72,042,542
e) Amount of profits distributed ⁽¹⁾	38,548,522	79,625,612	28,072,931	-	48,455,612
3 Earnings per share from operations					
a) Earnings after taxes and before amortization, depreciation and provisions	4.81	5.18	2.22	4.51	3.70
b) Earnings after taxes, amortization, depreciation and provisions	3.58	4.40	1.51	3.70	3.34
c) Dividend per share ⁽¹⁾	1.85	3.85	1.36	-	2.31
4 Workforce					
d) Number of employees	-	-	-	-	-
e) Total payroll	-	-	-	-	-
f) Amounts paid in respect of employee benefits	-	-	-	-	-

(1) 2016 figures are in line with the appropriation of net profits to be proposed to the next Shareholders' Meeting.

5

INFORMATION CONCERNING THE GROUP'S BUSINESS

5.1. General information concerning the Company 216

5.1.1.	Company name and registered office	216
5.1.2.	Legal form and applicable legislation	216
5.1.3.	Date of incorporation and term of the Company	216
5.1.4.	Corporate purpose	216
5.1.5.	Trade and companies register	217
5.1.6.	Consultation of documents	217
5.1.7.	Fiscal year	217
5.1.8.	Appropriation of income	217
5.1.9.	Shareholders' Meetings	217
5.1.10.	Double voting rights	218
5.1.11.	Disclosure thresholds	218

5.2. General information concerning the capital 219

5.2.1.	Statutory provisions governing changes in capital and the rights attached to shares	219
5.2.2.	Rights, privileges and restrictions attached to shares	219
5.2.3.	Acquisition by the Company of its own shares	219
5.2.4.	Authorized capital	223
5.2.5.	Capital authorized but not issued	223
5.2.6.	Non-equity securities	223
5.2.7.	Other securities giving rights to capital	223
5.2.8.	Table of changes in the capital	224

5.3. Current distribution of the capital and the voting rights 225

5.3.1.	Shareholding structure of the Company at November 30, 2016 and three-year change	225
5.3.2.	Changes in the distribution of authorized capital during the past three fiscal years	228
5.3.3.	Legal entities holding control of the Company	229
5.3.4.	Group organization chart	230

5.4. The market for the Company's shares 231

5.5. Dividends 232

5.5.1.	Distribution policy	232
5.5.2.	Limitation period	232

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 France
 Telephone: +33 (1) 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 service 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 (RCS).

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 of one year and ends on November 30 of the following year.

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. The 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.

As part of the group's refinancing, a Senior Facilities Agreement was signed on April 4, 2016 (see Section 4.1.5. "Statement of financial position – liabilities" Note 24.1. "Gross financial debt by type"), The Company is no longer required to comply with financial covenants ratios in order to distribute dividends. The dividend distribution policy is presented 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 attend 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 in attendance 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 in attendance 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 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 those shares. 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 such individual or legal entity 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 disclosure thresholds set forth by law or regulation) must, by registered mail with acknowledgment 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 such individual or legal entity holds, 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 acknowledgment 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 disclosure thresholds, as well as the content of the disclosures 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 disclosure, 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 disclose the crossing of statutory thresholds also apply in the event of failure to disclose 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. "Shareholding structure of the Company at November 30, 2016 and three-year change".

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, 2016, the Company's authorized capital was composed of 20,837,039 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").

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 15, 2016

The Shareholders' Meeting of April 15, 2016, with the *quorum* and majority required for Ordinary Shareholders' Meetings and after a reading of the report of the Board of Directors, authorized 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 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 €45 per share, i.e., a total maximum price of €93,700,000.

This authority was granted to be used, as needed, in order to:

- stimulate the market or the liquidity of the Company's shares through an investment service provider under a liquidity agreement 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 Company 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 award of Company shares;
- cancel all or some of the shares purchased pursuant to the seventeenth extraordinary resolution of the Shareholders' Meeting of April 15, 2016.

The purchases, disposals or transfers described above may be executed by any method compatible with applicable law or regulations, including by using 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 the offer is settled entirely in cash and subject to the lock-out periods stipulated in current legal and regulatory provisions.

The Shareholders' Meeting set the maximum number of shares that may be acquired under this resolution to 10% of share capital, adjusted for transactions made after the meeting of April 15, 2016, 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 authorized 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 has resolved that the maximum purchase price may not exceed €45 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 15, 2016.

Pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders' Meeting has set the maximum overall amount allocated to the share buyback program at €93.7 million.

This authority was granted for a period of 18 months from the date of the meeting and supersedes, for the unused portion, the authority previously granted by the seventeenth resolution of the Shareholders' Meeting of April 16, 2015.

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 (the "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 15, 2016"). On September 1, 2016, Kaufman & Broad commissioned the company Kepler Chevreux to buy and sell its shares on the Euronext Paris market to ensure liquidity and consistent pricing.

For the implementation of this agreement, €2 million was allocated to the liquidity account on its effective first day.

At December 30, 2016, the following resources were reported in the liquidity account: 36,558 shares and €225,178.99 not invested in shares.

5.2.3.2. Summary of share purchases

In connection with Financière Gaillon 8's sale of a portion of its stake in Kaufman & Broad SA which was completed on April 27, 2016, Kaufman & Broad SA simultaneously bought back its own shares from Financière Gaillon 8 in the amount of €50 million corresponding to 1,587,301 shares.

Number of shares purchased ^(*) :	158,794 shares
Average purchase price:	€34.64
Number of shares sold:	130,670 shares
Average selling price:	€33.99
Total trading cost:	€35,000

^(*) AMAFI agreement, excl. share buyback transaction with Financière Gaillon 8.

At November 30, 2016, the group held 1,748,555 treasury shares (representing 8.39% of the Company's capital), of which: 525,430 shares (representing 2.52% of the Company's capital) intended to cover the bonus share awards of July 2015 (112,150 shares representing 0.54% of the Company's capital), and the first tranche of the April 2016 plan (382,483 shares representing 1.84% of the Company's capital) as well as its remaining balance (30,797 shares representing 0.15% of the Company's capital), to ensure achievement of the other objectives of the share buyback program (share cancellations by the Company); and 35,824 shares held under the Liquidity Agreement (representing 0.17% 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 buyback 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. On July 13, 2016, Kaufman & Broad SA, in accordance with the terms of its mandate, notified Rothschild & Cie Banque of its decision to terminate this share buyback program and to transfer the balance at the Company's registrar agent CACEIS CORPORATE TRUST. At November 30, 2016, the Company held 125,430 shares acquired on this basis (representing 0.60% 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, April 2015 and April 2016, 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 April 11, 2014, awarded 70,200 bonus shares, of which 60,230 were definitively awarded at the end of the two-year vesting period and delivered in fiscal year 2016.

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 meeting of July 7, 2015 and after one year from the date of award by the Board meeting of April 15, 2016.

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, 2016 are set forth in the table below.

Bonus shares	July 7, 2015	April 15, 2016
Date of authorization by the Extraordinary Shareholders' Meeting	04/11/2014	04/15/2016
Total number of bonus shares that may be awarded	129,800	400,000
Date of the Board of Directors' meeting awarding the shares	07/07/2015	04/15/2016
Total number of shares awarded	124,350	387,592
Number of beneficiaries	662	737
Date of transfer of ownership of bonus shares	07/08/2017	04/17/2017
Date of sale of bonus shares	07/08/2018	04/17/2019
Lapsed shares	12,200	5,109
Shares outstanding at November 30, 2016	112,150	382,483

5.2.3.4. Special report on the stock options presented to the Shareholders' Meeting of May 11, 2017

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 (S or P) ^(a)	Number of awarded options	Expiration date	Exercise price	Number of options exercised in 2016	Options not exercised as of 11/30/2016
2006 Plan	04/19/2006	04/19/2006	S	95,500	04/19/2016	€44.23	-	-

(a) S: Subscription or P: Purchase.

5.2.3.4.2. Bonus shares awarded during the fiscal year ended November 30, 2016 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	Number	Price at date of award	Date of share award	Company awarding the shares
Nordine Hachemi	86,025	€31.5	04/15/2016	Kaufman & Broad SA
o/w Ordinary Plan ⁽¹⁾	20,000			
o/w Extraordinary Plan ⁽²⁾	66,025			

(a) - 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;

- 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

5.2.3.4.3. Bonus shares awarded during the fiscal year to the corporate officers by companies considered to be controlled within the meaning of Article L. 233-16, for offices or positions that they held in such companies

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	Number	Price at date of award	Date of share award	Company awarding the shares
Shares awarded, during the fiscal year to the ten group employees holding the highest number of shares thus awarded	106,358	€31.5	4/15/2016	Kaufman & Broad SA

5.2.3.4.5. Bonus shares awarded, during the fiscal year ended November 30, 2016 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 ^(a)	1	86,025
Member of the Management Committee	12	104,165
Directors of profit centers or of a support department	19	43,349
Department heads	69	70,486
Other employees	636	83,567
TOTAL	737	387,592

(a) - 20,000 shares under the ordinary plan, subject to compliance with a series of quantity and quality performance criteria with an impact on the group's business activities over the short-term (budget year) and over the medium term as defined by the Company for fiscal year 2016;

- 66,025 shares under the extraordinary plan, subject to performance conditions related primarily to the success of the extension of the free float of Financière Gaillon 8 and refinancing of the group's debt.

5.2.3.5. Summary table of securities transactions by corporate officers and their close relatives during the last fiscal year

Name	Yves Gabriel
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	€33.96
Total cost of acquisitions	€8,490.08

Name	Nordine Hachemi
Position held within the issuer	Chairman and Chief Executive Officer
Transactions executed by a person related the above person	-
Financial instrument	Shares
Total number of financial instruments sold	12,000
Weighted average price	€31.5
Total cost of sales	€378,000.00
Total number of financial instruments acquired	2,300,000
Weighted average price ⁽¹⁾	€1.0000
Total cost of acquisitions	€2,300,000.00

(1) Artimus Participations shares acquired in relation to the investment in this company by certain group executives and employees.

Name	ARTIMUS PARTICIPATIONS SAS an entity related to Nordine Hachemi, the Chairman & CEO of Kaufman & Broad SA
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	1,182,979
Weighted average price	€31.7300
Total cost of acquisitions	€37,531,941.10

5.2.4. Authorized capital

The Company's authorized capital at November 30, 2016, was €5,417,630.14, consisting of 20,837,039 ordinary shares, each with a par value of €0.26, all subscribed and fully paid up.

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 authorizations 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 15, 2016, 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 2016 fiscal year-end was 121,874 at the price of €70 per share. 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"). 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.

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	-	-	-	FF29,992,949	FF19,414,200	194,142	FF100
January 21, 2000	-	-	-	-	-	-	-
30-for-1 stock split	5,630,118	-	-	FF29,992,949	FF19,414,200	5,824,260	FF3.3333
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 issue costs	-	-	-	€35,729,089.28	-	11,138,587	€0.51
April 19, 2006	-	-	-	-	-	-	-
Capital increase by withdrawal from retained earnings	-	€111,385.87	-	€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	(692,516)	€(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".

On February 10, 2016, the Company canceled 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, 2016 and three-year change

The shareholding structure of our Company at November 30, 2016 was as follows:

Shareholders at November 30, 2016	Number of shares	% of capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Shareholder				
Public ^(b)	8,681,621	41.66%	33.36%	31.31%
Companies owned by funds held by PAI Partners ^(a)	7,599,580	36.47%	56.17%	52.73%
Kaufman & Broad SA	1,748,555	8.39%	0.00%	6.13%
Prédica	1,354,185	6.50%	5.05%	4.74%
Artimus Participations ^(c)	1,182,980	5.68%	4.41%	4.14%
Employees (PEE)	270,118	1.30%	1.01%	0.95%
TOTAL	20,837,039	100.00%	100.00%	100.00%

(a) Financière Gaillon 8 SA holds 35.76% of the authorized capital and 55.61% of the voting rights exercisable at Shareholder's Meetings.

(b) Shares held by directors are included under the heading "Public" in the shareholding structure at November 30, 2016.

(c) A company owned by certain group executives and employees under the leadership of Nordine Hachemi, CEO of Kaufman & Broad SA (who also held approximately 25% of the share capital and voting rights of Artimus Participations).

On February 10, 2016, the Company canceled 747,619 shares, reducing the number of authorized capital from 21,584,658 to 20,837,039 shares.

The total number of shares known to have double voting rights at November 30, 2016 was 7,707,965. Accordingly, at that same date, the total number of the Company's theoretical voting rights totaled 28,545,004 and the total number of voting rights exercisable at Shareholders' Meetings amounted to 26,796,449 (with the difference corresponding to the number of treasury shares held by the Company, stripped of voting rights).

There are 536 holders of registered shares, individuals and legal entities combined.

At November 30, 2016, the number of shares held by members of the Board of Directors totaled 24,556 shares representing 25,806 votes.

At the closing date, the number of shares held by employees, as defined in Article L. 225-102 of the French Commercial Code, represented 1.30% of the Company's authorized capital.

To the Company's knowledge and with the exception of the funds owned by PAI Partners, Prédica, Fidelity Worldwide Investment Ltd. and Artimus Participations, no other shareholder holds more than 5% of the capital and voting rights.

Changes in shareholding structure after the balance sheet data at the February 28, 2017	Number of shares	% of capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Shareholder				
Public ^(b)	12,233,368	58.71%	54.23%	50.44%
Companies owned by funds held by PAI Partners ^(a)	3,837,030	18.41%	32.62%	30.34%
Kaufman & Broad SA	1,730,383	8.30%	0.00%	6.98%
Prédica	1,354,185	6.50%	5.87%	5.46%
Artimus Participations ^(c)	1,403,357	6.73%	6.08%	5.66%
Employees (PEE)	278,716	1.34%	1.21%	1.12%
TOTAL	20,837,039	100.00%	100.00%	100.00%

(a) Financière Gaillon 8 SA holds 17.70% of the authorized capital and 31.97% of the voting rights exercisable at Shareholder's Meeting.

(b) Shares held by directors are included under the heading "Public" in the shareholding structure at February 28, 2017.

(c) A company owned by certain group executives and employees under the leadership of Nordine Hachemi, CEO of Kaufman & Broad SA (who also held approximately 25% of the share capital and voting rights of Artimus Participations).

The Company has no knowledge of any material changes in relation to its shareholding structure after February 28, 2017.

Disclosure thresholds on shares held in Kaufman & Broad SA

On February 12, 2016, Financière Gaillon 8 and Financière Daunou 10 notified the Company that Financière Gaillon 8 had individually exceeded the thresholds of 88% and of 90% of the share capital and the 94% threshold of the percentage of theoretical voting rights and that Financière Daunou 10 had also assimilated the shares and theoretical voting rights and had individually exceeded the thresholds of 90% of the capital and of 95% of the theoretical voting rights.

Crédit Agricole S.A. has notified the Company that on April 27, 2016 it had exceeded, indirectly through the intermediary of Prédica⁽¹⁾, a *société anonyme* it controls, the threshold of 5% of the Company's share capital and that, at the date of the statement of declaration, it held indirectly 250,000 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 6.00% of the share capital and 3.12% of the voting rights of the Company.

FIL Limited Limited (Pembroke Hall, 42 Crow Lane, Pembroke, HM19, Bermuda - FIL Limited is a holding company of an independent group of companies, acting on behalf of funds, commonly referred to as Fidelity Investments) has notified the Company that on April 29, 2016 it had exceeded the threshold of 5% of the Company's share capital and that, at the date of the statement of declaration, it held 1,042,801 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 5.004% of the share capital and 2.60% of the voting rights of the Company.

Financière Daunou 10 S.à.r.l.1 (43-45 allée Scheffer, L-2520, Luxembourg, Grand Duchy of Luxembourg), a Luxembourg *société à responsabilité limitée* stated in a declaration that on April 29, 2016, it had, directly and indirectly through the intermediary of Financière Gaillon 8, a *société anonyme* it controls, fallen below the thresholds of 95% of the voting rights, 90% and 2/3 of the share capital and of the voting rights and 50% of Kaufman & Broad SA's share capital and that it held, directly and indirectly, 8,413,956 Kaufman & Broad SA's shares representing 15,865,096 voting rights, i.e., 41.09% of the share capital and 55.52% of the voting rights of the Company, as follows:

Holders of voting rights	Shares	% share capital	Voting rights	% of voting rights
Financière Daunou 10	148,445	0.71%	148,450	0.52%
Financière Gaillon 8	8,265,511	40.38%	15,716,646	55.00%
TOTAL	8,413,956^(a)	41.09%	15,865,096	55.52%

(a) These disclosure thresholds were crossed as a result of Financière Gaillon 8's off-market sale of Kaufman & Broad shares, including: (i) the private placement of 8,143,758 Kaufman & Broad shares with book building reserved for institutional investors, (ii) the sale of 1,587,301 Kaufman & Broad shares and (iii) the sale of 944,444 Kaufman & Broad shares to Artimus Participations.

On May 4, 2016, FIL Investment International (Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, KT20 6RP, UK - A company controlled by FIL Limited, a holding company of an independent group of companies, acting on behalf of funds, commonly referred to as Fidelity Investments), acting on behalf of the funds it manages, notified Kaufman & Broad as specifically supplemented with a letter received on May 9, 2016, that on May 3, 2016 it had exceeded the threshold of 5% of the Company's share capital and that it held, on behalf of said funds, 1,163,379 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 5.58% of the share capital and 2.90% of the voting rights of the Company. In relation to this, FIL Limited had not crossed any thresholds and stated that, at the date of the statement of declaration, it held indirectly through the intermediary of FIL Investments International and FIL Fund Management Limited, companies it controls, 1,174,319 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 5.64% of the share capital and 2.93% of the voting rights of the Company.

On June 8, 2016, Amundi (a *Société Anonyme*, 90, boulevard Pasteur – 75015 Paris) informed the Company that Amundi's five fundamental management style companies, i.e., Amundi Asset Management, Société Générale Gestion, Etoile Gestion, CPR Asset Management and BFT Investment Managers, have combined their voting rights, exceeded the statutory 2% threshold of Kaufman & Broad SA's share capital and currently hold 2.05% of the Company's share capital.

On June 13, 2016, JP Morgan Asset Management (UK) Limited1 (60 Victoria Embankment, London, EC4Y 0JP, United Kingdom) acting on behalf of managed account clients, notified the Company that on June 9, 2016 it had exceeded the threshold of 5% of the Kaufman & Broad's share capital and that it held, on behalf of said clients, 1,049,110 Kaufman & Broad SA shares representing the

same number of voting rights, i.e., 5.03% of the share capital and 3.67% of the voting rights of the Company. Pursuant to L. 239-I, 4^{bis} of the French Commercial Code and Article 223-14 V of the General Regulations, JPMorgan Asset Management (UK) Limited has stated that it held by assimilation 14,250 Kaufman & Broad SA shares (taken into account in the first paragraph) resulting from 14,250 Contracts for Difference (CFDs) with no scheduled maturity date on the same number of Kaufman & Broad SA shares.

On June 16, 2016, JP Morgan Asset Management (UK) Limited (60 Victoria Embankment, London, EC4Y 0JP, United Kingdom) acting on behalf of managed account clients, notified the Company that on June 14, 2016 it had fallen below the threshold of 5% of the Kaufman & Broad's share capital and that, at the date of the statement of declaration, it held, on behalf of said clients, 977,732 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 4.69% of the share capital and 3.42% of the voting rights of the Company. Pursuant to L. 239-I, 4^{bis} of the French Commercial Code and Article 223-14 V of the General Regulations, JPMorgan Asset Management (UK) Limited has stated that it holds by assimilation 14,250 Kaufman & Broad SA shares (taken into account in the first paragraph) resulting from 14,250 Contracts for Difference (CFDs) with no scheduled maturity date on the same number of Kaufman & Broad SA shares.

On June 17, 2016, Amundi (a *Société Anonyme*, 90, boulevard Pasteur – 75015 Paris) informed the Company that Amundi's five fundamental management style companies, i.e., Amundi Asset Management, Société Générale Gestion, Etoile Gestion, CPR Asset Management and BFT Investment Managers, have combined their voting rights, fell below the statutory 2% threshold of Kaufman & Broad SA's share capital and currently hold 1.95% of the Company's share capital.

On November 14, 2016, Caisse des dépôts et consignations (CDS) (56 rue de Lille – 75356 Paris 07 SP), indirectly through the intermediary of CDC Entreprise Valeurs Moyennes, exceeded the statutory 2% threshold of the Company's share capital.

On November 15, 2016, Artimus Participations (127 avenue Charles de Gaulle, 92207 Neuilly-sur-Seine Cedex), a société par actions simplifiée stated in a declaration that on November 10, 2016 it had exceeded the threshold of 5% of Kaufman & Broad SA's share capital and that, at the date of the statement of declaration, it held 1,063,046 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 5.10% of the share capital and 3.72% of the voting rights of the Company.

On November 23, 2016, Crédit Agricole SA (12 place des États-Unis, 92127 Montrouge) notified the Company that on November 18, 2016 it had exceeded indirectly through the intermediary of Prédica and Spirica, companies it controls, the threshold of 5% of the Kaufman & Broad SA's share capital and that it held indirectly 1,428,560 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 6.86% of the share capital and 5.005% of the voting rights of the Company, as follows:

Holders of voting rights	Shares	% share capital	Voting rights	% of voting rights
Prédica	1,354,185	6.50%	1,354,185	4.74%
Spirica	74,375	0.36%	74,375	0.26%
TOTAL CRÉDIT AGRICOLE SA	1,428,560	6.86%	1,428,560	5.005%

On November 23, 2016, FIL Limited1 (Pembroke Hall, 42 Crow Lane, Pembroke, HM19, Bermuda) notified the Company that on November 17, 2016 it had, directly and indirectly through the intermediary of FIL Investments International, a company it controls, fallen below the threshold of 5% of the Kaufman & Broad SA's capital and that, at the date of the statement of declaration, it held, directly and indirectly 1,000,908 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 4.80% of the capital and 3.51% of the voting rights of the Company. In relation to this, FIL Investments International has fallen below the same threshold.

On February 20, 2017, Financière Daunou 10 S.à.r.l.1 (43-45 allée Scheffer, L-2520, Luxembourg, Grand Duchy of Luxembourg), a Luxembourg *société à responsabilité limitée* notified the Company that on February 17, 2017 it had, directly and indirectly through the intermediary of Financière Gaillon 82, a *société anonyme* it controls, fallen below the thresholds of 50% of the voting rights, 1/3 of the share capital and of the voting rights, 30%, 25% and 20% of Kaufman & Broad SA's share capital and that it held, directly and indirectly, 3,837,030 Kaufman & Broad SA's shares representing 7,526,120 voting rights, i.e., 18.41% of the share capital and 30.34% of the voting rights of the Company, as follows:

Holders of voting rights	Shares	% share capital	Voting rights	% of voting rights
Financière Daunou 10	148,445	0.71%	148,950	0.64%
Financière Gaillon 8	3,688,585	17.70%	7,377,170	31.97%
TOTAL	3,837,030^(a)	18.41%	7,526,120	30.34%

(a) In relation to this, Financière Gaillon 8, a société anonyme has stated in a declaration that, at the date of the statement of declaration, it had fallen below the thresholds of 50% of the voting rights, 1/3 and 30% of the capital and of the voting rights, 25% and 20% of the share capital of Kaufman & Broad SA. These disclosure thresholds were crossed as a result of Financière Gaillon 8's off-market sale of 3,700,000 Kaufman & Broad shares.

On March 16, 2017, Amundi (a *Société Anonyme*, 90, boulevard Pasteur – 75015 Paris) informed the Company that Amundi's five fundamental management style companies, i.e., Amundi Asset Management, Société Générale Gestion, Etoile Gestion, CPR Asset Management and BFT Investment Managers, have combined their voting rights, exceeded the statutory 2% threshold of Kaufman & Broad SA's share capital and currently hold 2.28 % of the Company's share capital.

On March 17, 2017, Crédit Agricole SA (a *Société Anonyme*, 12 place des États-Unis - 92127 Montrouge Cedex) informed the Company that Crédit Agricole Assurances has exceeded directly and passively the statutory threshold of 6% of voting rights at the date of statement of declaration and that it held 1,576,395 shares representing 7.57% of the capital and 6.35% of the voting rights in Kaufman & Broad SA.

On March 17, 2017, Crédit Agricole SA (a *Société Anonyme*, 12 place des États-Unis - 92127 Montrouge Cedex) informed the Company that it had exceeded indirectly and passively the statutory threshold of 6% of voting rights at the date of statement of declaration and that it held 1,576,395 shares representing 7.57% of the capital and 6.35% of the voting rights in Kaufman & Broad SA.

Since November 30, 2016, 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 threshold crossings subsequent to the fiscal 2016 year-end whose disclosure is required by law or by the bylaws.

Kaufman & Broad SA shares held by directors at February 28, 2017	Number of shares	Number of voting rights
Shareholder		
Sylvie Charles	250	500
Jean-Louis Chaussade	-	-
Yves Gabriel	250	250
Nordine Hachemi	22,806	22,806
Sophie Lombard	250	500
Michel Paris	250	250
Caroline Puechoultres	250	500
Frédéric Stévenin	250	500
TOTAL	24,306	25,306

5.3.2. Changes in the distribution of authorized capital during the past three fiscal years

	2016		2015		2014	
Three-year changes in shareholding structure at November 30	Number of shares	% of capital	Number of shares	% of capital	Number of shares	% of capital
Shareholder^(b)						
Public ^(b)	8,681,621	41.66%	1,252,579	5.80%	1,280,935	5.93%
Companies owned by funds held by PAI Partners ^(a)	7,599,580	36.47%	19,132,570	88.64%	19,132,820	88.64%
Kaufman & Broad SA	1,748,555	8.39%	941,009	4.36%	924,538	4.28%
Prédica	1,354,185	6.50%	-	-	-	-
Artimus Participation ^(c)	1,182,980	5.68%	-	-	-	-
Employees (PEE)	270,118	1.30%	258,500	1.20%	246,365	1.14%
TOTAL	20,837,039	100.00%	21,584,658	100.00%	21,584,658	100.00%

(a) Financière Gaillon 8 SA held 36.76% of the capital at November 30, 2016 and 87.95% at November 30, 2015.

(b) Shares held by directors are included under the heading "Public" in the shareholding structure at November 30, 2016.

(c) A company owned by certain group executives and employees under the leadership of Nordine Hachemi, CEO of Kaufman & Broad SA (who also held approximately 25% of the share capital and voting rights of Artimus Participations).

Three-year changes in voting rights at November 30

Holders	2016	2015	2014
Companies owned by funds held by PAI Partners ^(a)	56.17%	95.47%	95.28%
Public ^(b)	33.36%	3.88%	4.10%
Prédica	5.05%	-	-
Artimus Participation ^(c)	4.41%	-	-
Employees (Corporate Savings Plan)	1.01%	0.65%	0.62%
TOTAL	100.00%	100.00%	100.00%
TOTAL VOTING RIGHTS EXERCISABLE AT SHAREHOLDERS' MEETINGS	26,796,449	39,901,307	39,982,034
TOTAL VOTING RIGHTS	28,545,004	40,842,316	40,906,572

(a) Financière Gaillon 8 SA held 55.61% of the voting rights at November 30, 2016 versus 95.10% at November 30, 2015.

(b) Shares held by directors are included under the heading "Public" in the shareholding structure at November 30, 2016.

(c) A company owned by certain group executives and employees under the leadership of Nordine Hachemi, CEO of Kaufman & Broad SA (who also held approximately 25% of the share capital and voting rights of Artimus Participations).

The reduction in voting rights mainly reflects the loss of the double voting rights of the shares sold by Financière Gaillon 8 as part of the RE-IPO transaction, as well as the Company's repurchase of

its own shares from Financière Gaillon 8 for €50 million, stripping those voting rights.

5.3.3. Legal entities holding control of the Company

5.3.3.1. PAI Partners

At February 28, 2017, 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 (RCS), held 17.70% of the capital and 31.97% of the Company's voting rights, versus 87.95% of capital and 95.10% of voting rights at November 30, 2015, and 35.76% of capital and 55.61% of voting rights at November 30, 2016. Financière Gaillon 8 (ultimately controlled by Funds managed by PAI Partners) thus remains the Company's main shareholder.

As reported previously, in fiscal year 2016 Financière Gaillon 8 gradually sold off its equity interests in Kaufman & Broad SA having reduced them to less than 50% on April 27, 2016 via the RE-IPO transaction, at the end of which Financière Gaillon 8 used the proceeds from the sale to pay off High Yield Notes.

5.3.3.2. Shareholders' agreement

No shareholders' agreements have been entered into by the group's companies with contracting parties outside the group. For joint development programs, the partners have signed a Memorandum of Understanding defining the allocation of responsibilities and the fees to be invoiced to these service providers.

On December 3, 2007 and subsequently in relation to the 2009 restructuring of Financière Gaillon 8's indebtedness, a shareholders' agreement containing a number of provisions concerning Kaufman & Broad SA 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 shareholders' agreement was updated on June 16, 2014 as a result of, among other things, the refinancing of its entire indebtedness under the 2007 Senior Facilities Agreement. The purpose of the

shareholders' agreement of June 16, 2014 was, in particular, to organize the relationships within Financière Gaillon 8, between, on the one hand, Financière Daunou 10 and, on the other hand, 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 Kaufman & Broad shares they hold.

Moreover, Financière Daunou 10 had also made a certain number of commitments in respect of Kaufman & Broad SA's corporate governance, 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, under the terms and conditions described in Section 3.1. of this Registration Document.

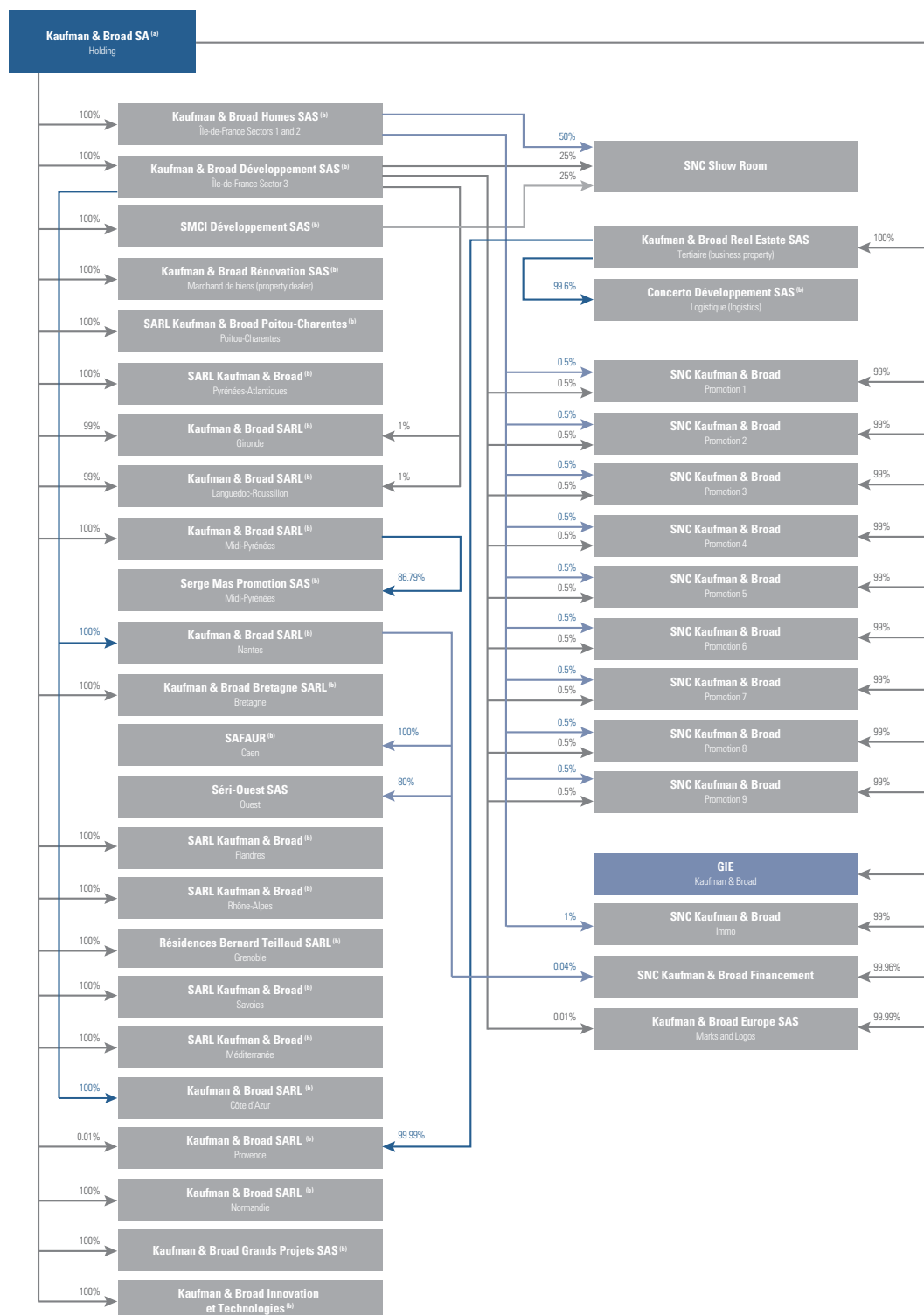
Following the completion of Financière Gaillon 8's April 2016 offer to put back on the market a portion of its ownership interest in Kaufman & Broad SA and the contribution to Artimus Participations by certain group executive officers and employees of their entire ownership interest in Financière de Neuilly, the shareholders' agreement pertaining to Financière Gaillon 8 signed between Financière Daunou 10, on the one hand, and the group managers and Financière de Neuilly, on the other hand, was terminated.

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. As this debt was repaid in full on April 27, 2016, the creditors released the pledges. To the Company's knowledge, no pledge of this type exists since then.

5.3.4. Group organization chart

The following organization chart of the companies owned by Kaufman & Broad SA at November 30, 2016, together with their percentage holding of the capital and voting rights, is shown in the following diagram:



(a) All Kaufman & Broad group subsidiaries operate in France.

(b) Group operating companies affiliated with the GIE.

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".

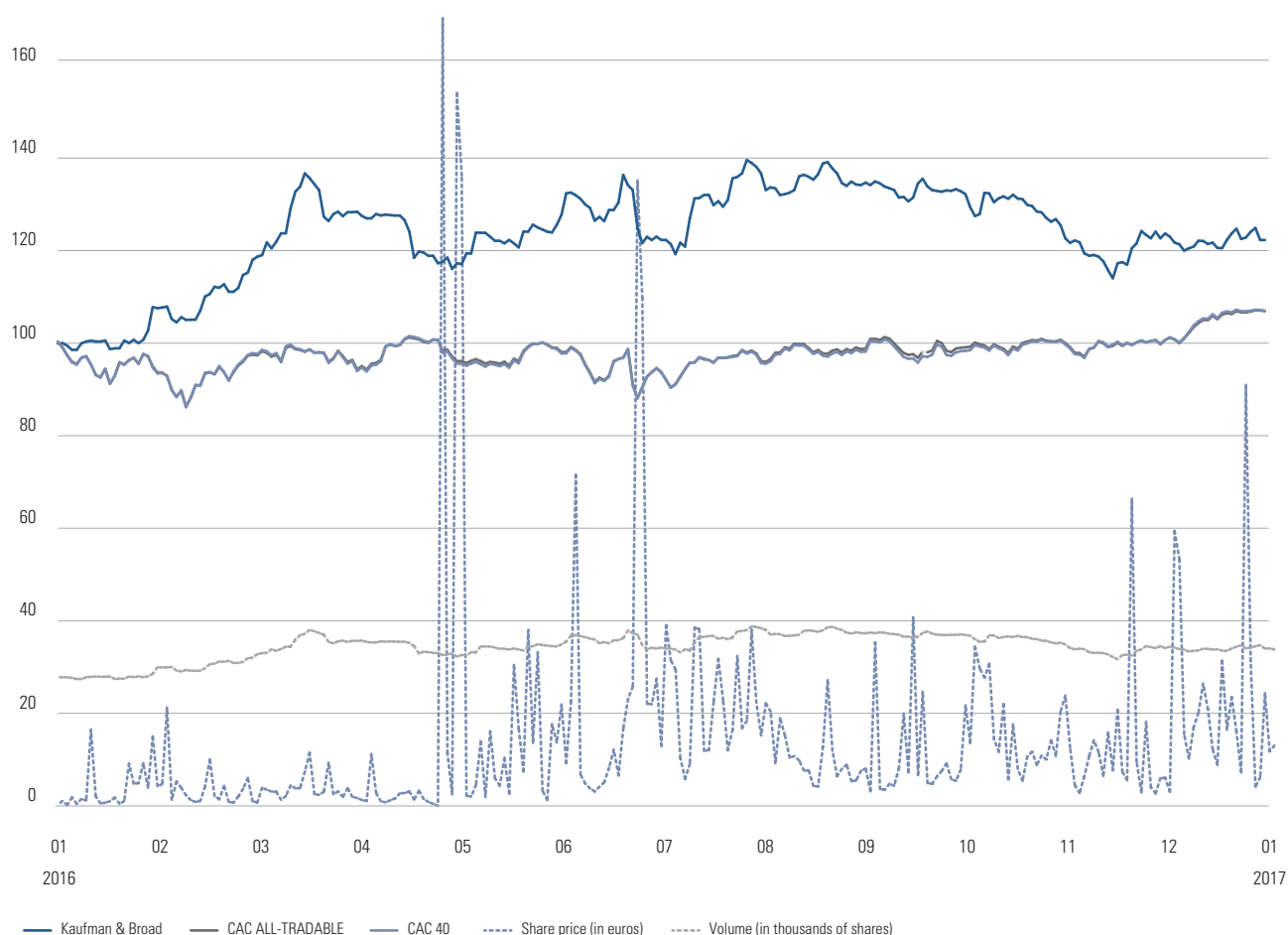
5.4. The market for the Company's shares

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 6.60%, while the shares of Kaufman & Broad SA rose by 21.58%.

2016	Cumulative monthly price	Number of days	Average price	Cumulative volume in stocks	Average volume in stocks	Average volume in capital	Cumulative volume in capital	Cumulative volume in capital
January	555.22	20	27.76	62,233	3,112	86,383	1,727,650	1,733,397
February	633.20	21	30.15	96,465	4,594	138,507	2,908,649	2,884,459
March	738.27	21	35.16	78,139	3,721	130,811	2,747,032	2,788,731
April	726.65	21	34.60	221,961	10,570	365,732	7,680,379	7,355,521
May	745.08	22	33.87	518,310	23,560	797,898	17,553,746	17,302,358
June	786.19	22	35.74	575,562	26,162	934,920	20,568,231	20,541,118
July	753.99	21	35.90	472,222	22,487	807,371	16,954,794	17,014,905
August	864.44	23	37.58	257,472	11,194	420,736	9,676,917	9,705,857
September	814.81	22	37.04	249,133	11,324	419,413	9,227,094	9,214,539
October	754.31	21	35.92	341,113	16,243	583,458	12,252,617	12,225,459
November	735.82	22	33.45	291,870	13,267	443,727	9,761,990	9,713,227
December	712.85	21	33.95	460,705	21,938	744,702	15,638,741	15,714,470

Source: January 2017 Euronext Paris data – Ticker: KOF – ISIN code 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 for which the dividend was paid	Type	Dividend paid per share (in euros)	Total amount (in euros)
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
2016	Dividends ^(a)	1.85	38,548,522.15

(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 signed on April 4, 2016, the Company is no longer required to comply with the Financial Covenants ratio to be able to distribute dividends.

The Ordinary Shareholder's Meeting of April 15, 2016 has decided the payment of a net dividend per share of €3.85. This dividend was paid after deducting an interim dividend of €1.85 per share decided by the Board of Directors, and paid on March 10, 2016.

The Board of Directors on March 2, 2017 has decided to propose to the Ordinary Shareholder's Meeting the payment of a dividend of €1.85 per share, for fiscal year 2016. This dividend will be paid no later than June 2, 2017.

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 government.

RECENT DEVELOPMENTS AND OUTLOOK

6.1. Markets **234**

6.2. Strategies **235**

**6.3 Group outlook
for the fiscal year ending
November 30, 2017** **236**

**6.4. Group outlook
over the medium-term** **237**

6.1. Markets

In early 2017, the housing market has remained positive confirming the recovery trend started in 2015 and 2016. It is characterized by fundamentals that remain favorable despite a macroeconomic environment and cyclical factors that continue to show a mixed picture.

Favorable structural factors include the fact that demand continues to outstrip supply as the desire for home ownership continues to be strong and that real estate still remains a safe haven for investors. In a saturated rental market, despite an expected gradual increase in interest rates and relatively low debt levels of French households, still-low interest rates are benefiting the demographic and sociological dynamics such as the undoubling of families and saving for retirement. Furthermore, government support measures continue to be effective, in terms of both rental investment with the Pinel incentive and home ownership with the zero-interest loan (PTZ).

Since the beginning of 2017, the consumer confidence index has improved significantly reaching the 100-point threshold (a 10-year high according to INSEE), thus going back to levels corresponding to its long-term average. This indicator is a key factor in the assessment of future household consumption levels in France. Consumption being a major driver of growth in France [along] with investment. To be specific, households' opinion on their personal financial situation has gained three points since January 2016 and returned to a level not reached since September 2007. Unemployment fears are fading as the number of job-seekers dropped by 111,300 in 2016, according to the latest French Ministry of Labor figures, published in January, which seems to confirm a trend reversal.

Housing Market

After the 2012-2014 period of historically slow business (approximately 85,000 orders) and the recovery in 2015, 2016 was a year that compared to 2015 experienced a 20.6% increase in orders to 125,058 housing units ordered, after an 18% increase in 2015. The continued increase is very largely attributable to two residential market drivers. They are: on the one hand, interest rates which despite a slight increase are expected to remain historically low; and, on the other hand, public support measures, with respect to both homeownership with the zero-interest loan (PTZ) and rental investment with the Pinel incentive.

In addition, there is also a decline in available-for-sale supply. It is currently below 100,000 units, down 6% to 94,326 compared to 100,373 in Q4 2015. Similarly, data on building permits and housing starts over a rolling 12 months period at end-November confirm the trend reversal started in 2015. The number of building permits increased significantly (+14.2%) year-on-year to 453,200 units at end-December 2016. The number of housing starts was up year-on-year to 376,500 units (+10.4%) at end-December 2016 which too indicated a trend reversal compared to end-December 2015 (308,280 units).

The market recorded a new increase in total housing sales compared to 2015, regardless of property purpose. Orders from investors rose 23.7% compared to 2015. Orders from owners who are occupants increased 26.8%; Knowing that the overall the investors-occupants distributions remained more or less the same between 2015 and 2016, respectively at 53% and 47%.

All the market segments are contributing to the sales momentum: retail sales (+25.2%, i.e., 23,493 more than in Q4 2015), to a lesser extent block sales at 1,024 units (+4.1%) and serviced housing at 1,320 units (+30.5%).

Business property market

2016 was another excellent year for the office market with more than 2.4 million sq.m taken up in Île-de-France, a level higher than the 10-year average of approximately 2.3 million sq.m. Rents remained practically unchanged, with yields at historic lows, specifically in Île-de-France (below 3.0%), and the amount of investments in France close to 31 billion unchanged (-2% compared to 2015). Vacant property inventory in Île-de-France continued its downward trend to 3.5 million sq. m at end-December, a 6.7% vacancy rate in Île-de-France. Office property remains the asset preferred by investors: with €19 billion, it accounts for 58% of the amounts invested in 2016. Services took second place in the market in 2016, due to the good performance of the hotel industry (€3.5 billion). Retail space property followed with close to 16% of volumes invested corresponding to €4.9 billion.

The logistics warehouse market has been experiencing mixed trend over the last two years: the 20% drop recorded in 2016 came after an exceptional 2015. This type of assets however continues to be very sought-after by investors.

Lastly, business premises in 2016 accounted for a €1.1 billion investments (best 10-year performance for this group of assets).

Office property in Île-de-France, a market on which the group is positioned well, rose 7% compared to 2015 with a little over 2,410,000 sq.m being marketed. Transactions involving areas greater than 5,000 sq.m are what pulled the market upward by posting a 23% increase in volumes compared to last year. Transactions involving areas greater than 20,000 sq.m rose 37% in 2016. Year on year supply was 4.37 sq.m at January 1, 2017, down 10% over the past twelve months. Lastly, the vacancy rate, until now trending downward and currently at 6.7% for the entire Île-de-France, could subsequently stabilize or even rise in certain segments. The current

economic situation and geopolitical uncertainties are expected to lead the ECB to continue its accommodative policy and thus help decrease the long-term interest rate tensions in the Eurozone, and

specifically in France over the coming quarters (10-year OAT: 0.8% end 2016 and estimated at 1.1% end 2017). This situation should allow prime property yields to remain at historic lows.

6.2. Strategies

General outlook

Against this background, Kaufman & Broad's outlook seems positive, given the indicators posted at end-November 2016, including:

- housing orders in number: +16.2%;
- financial backlog: +25.7%;
- land reserve, +28.0% in lots;
- more than 100,000 sq.m of office space and 200,000 sq.m of logistics warehouse space under development;
- + 30% lots launched in the housing segment;
- take-up periods of 8 months.

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 Regions and expanding its territorial network;
- remaining attentive to external growth opportunities that could enable it to strengthen its geographical coverage and its territorial network;
- continuing the development of Commercial property in the regions and specifically in the major regional cities and maintaining the development momentum in Île-de France;

- responding to calls for tenders in major urban projects in order to gain access to major real estate opportunities, particularly in Île-de-France;
- capitalizing on innovation;

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;
- achieving control of WCR trends and generating material 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 operational WCR. The Company was able to strengthen its structure and its financing capacity and is expected to take full advantage of market trends.

Accordingly, absent any macroeconomic shocks in the coming months, the Company is expected to continue to perform well with a marked increase in revenues and gross margin while continuing to control the changes in WCR in the medium term and maintaining strict commitment criteria.

6.3 Group outlook for the fiscal year ending November 30, 2017

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 accordingly jeopardize these goals. Furthermore, the achievement of these goals requires 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.

The group's 2017 objectives are based on the Consolidated Financial Statements for the period ended November 30, 2016 and on the following assumptions:

- the new housing market expected to exceed 120,000 units, which should be supported, among other things, by the growing strength of the "PTZ" incentive designed for first-time homebuyers;
- even though the market is expected to be positioned at a high level the group does not expect a significant price increase;

- continued good performance of the Commercial property market as in 2016, particularly, in the prime Paris market (see in particular Section 2.1.4 "Outlook" of this Registration Document);
- same group regulatory and tax environment and renewal of the Pinel incentive; and
- no change in the accounting policies applied by the group at November 30, 2016.

On the basis of the above assumptions, the group's goal for the fiscal year ending November 30, 2017 is to achieve growth in its consolidated revenues in the order of 8% to 10%.

In addition, the group aims to achieve in the current fiscal year a gross margin rate of approximately 19% of consolidated revenues, with an adjusted EBIT margin rate ⁽¹⁾ of approximately 8.5% of consolidated revenues.

Furthermore, the group's net debt is expected to total approximately €100 million at November 30, 2017.

Lastly, in 2017 the group plans to distribute for the fiscal year ending November 30, 2016, a dividend per share of €1.85, subject to the approval of the Company's annual Shareholders' Meeting. Moreover, a distribution rate of approximately 75% of attributable net income excluding non-recurring items will be proposed to the Shareholders' Meeting called to approve the financial statements for fiscal year 2017 (statements for the year ended November 30, 2017).

(1) Adjusted EBIT is equal to current operating profit adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in 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 accordingly jeopardize its ability to achieve the goals presented below.

Furthermore, the achievement of these goals requires 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 profit adjusted for borrowing costs ("Revised IAS 23") which are capitalized and recognized in gross margin. See Section 2.1.1. "Significant data".



7

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

**7.1. Person responsible for the
Registration Document** **240**

**7.2. Declaration by the Person
Responsible for the
Registration Document** **240**

**7.3. Person Responsible for
Financial Communications
and Investor Relations** **241**

**7.4. Information Incorporated
by Reference** **241**



7.1. Person responsible for the Registration Document

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 inquiries for this purpose, that the information contained in this Registration Document does, to my knowledge, present fairly the facts and contains no omission likely to affect its significance.

I declare that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and fairly present the assets and liabilities, financial position and income of the Company and its consolidated subsidiaries, and that the management report (Section 10.8.) presents fairly 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 2015, the Statutory Auditors have, without qualifying their opinion, included an emphasis paragraph drawing attention 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.

In their report on the Consolidated Financial Statements for fiscal year 2016, the Statutory Auditors did not include an emphasis paragraph.

Neuilly-sur-Seine, March 29, 2017

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.comWebsite: 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 review of the half-year results. Estimated financial results are published quarterly.

The publication timetable is as follows:

- first-quarter results, April 26, 2017 after market close;
- first-half results, July 11, 2017 after market close;
- third-quarter results, September 29, 2017 after market close;
- annual results, in January 2018.

(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 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. 15-0258;

- 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 2015 Registration Document, the French version of which was filed with the AMF on March 9, 2016 under reference No. D. 16-0125;
- the financial information presented in Sections 2.1., 2.2., and 1.1.2.1. of the 2015 Registration Document, the French version of which was filed with the AMF on March 9, 2016 under reference No. D. 16-0125.

Items not included in the above documents are either of no relevance to the investor or are covered elsewhere in the Registration Document.

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8.1. Statutory Auditors 244

8.2. Alternate Statutory Auditors 244

**8.3. Fees paid by the group
to the Statutory Auditors
and members of their
networks 244**



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 ending November 30, 2020.

DELOITTE & ASSOCIÉS

185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, represented by Bénédicte Sabadie, first appointed on April 16, 2015 until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending November 30, 2020.

8.2. 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.

BEAS

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 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".

9

ADDITIONAL INFORMATION

9.1. Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017 **246**

Combined Ordinary and Extraordinary Shareholders' Meeting of May 11, 2017	246
Conditions for attendance at the Ordinary Shareholders' Meeting of May 11, 2017	257

9.2. Report of the Chairman of the Board of Directors on corporate governance and internal controls **259**

Part I: Corporate Governance and Operation of the Board of Directors	259
Part II: Internal control and risk management system	270

9.3. Reports of the Statutory Auditors **279**

9.3.1. Report of the Statutory Auditors on the Consolidated Financial Statements	279
9.3.2. Reports of the Statutory Auditors on the Annual Financial Statements	280
9.3.3. Special Report of the Statutory Auditors on regulated agreements and commitments	281
9.3.4. Report of the Statutory Auditors on the report of the Chairman of the Board of Directors	283

9.4. Report by the independent third party on the consolidated human resources, environmental and social information included in the management report **284**



9.1. Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017

Combined Ordinary and Extraordinary Shareholders' Meeting of May 11, 2017

AGENDA:

Resolutions submitted to Ordinary Shareholders' Meetings

- review and approval of the Annual Financial Statements for the fiscal year ended November 30, 2016;
- appropriation of earnings for the fiscal year ended November 30, 2016;
- option of payment in shares of the dividend for the fiscal year ended November 30, 2016;
- review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2016;
- review and approval of agreements referred to in Article L. 225-38 of the French Commercial Code;
- opinion on the components of the compensation due or paid to Nordine Hachemi, Chairman and Chief Executive, for the fiscal year ended November 30, 2016;
- ratification of the co-option of Jean-Louis Chaussade as director;
- authority to be granted to the Board of Directors, for a period of eighteen months, for the Company to buy back its own shares.
- 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;
- 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 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 authorized capital;
- authority to be granted 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 shares or stock or debt equivalents in consideration for in-kind contributions of equity securities or stock equivalents, up to a maximum of 10% of the authorized capital;

Resolutions submitted to Extraordinary Shareholders' Meetings

- 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;
- delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to increase the authorized capital through 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 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;
- 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 offer;
- 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 offer launched by the Company;
- 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 authorized capital;
- authority to be granted to the Board of Directors, for a period of thirty-eight months, to award existing bonus shares to employees and/or executive corporate officers of the Company and related entities;

- determination of a general upper limit for delegations of authority to a nominal amount of €2,170,000 for capital increases by issuance of shares or equity securities convertible into other equity securities or securities convertible into equity securities to be issued, and of €500,000,000 for issues of debt securities convertible into an equity or debt security; determination of the specific upper limits for the capital increases that may result from the award of bonus shares.

Resolution submitted to the Ordinary Shareholders' Meeting

- powers.

TEXT OF THE RESOLUTIONS

Resolutions submitted to Ordinary Shareholders' Meetings

First resolution

(Review and approval of the Statutory Financial Statements for the fiscal year ended November 30, 2016)

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, 2016, 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 €74,644,419.30.

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, 2016.

Second resolution

(Appropriation of earnings for the fiscal year ended November 30, 2016)

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, 2016, in the amount of	€74,644,419.30
plus Retained Earnings in the amount of	€224,573,654.20
namely, a total of	€299,218,073.50
for the distribution of a dividend of	€38,548,522.15
the balance, namely	€260,669,551.35

will be allocated to Retained Earnings, which accordingly will increase from €224,573,654.20 to €260,669,551.35.

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 €1.85. This dividend will be paid out no later than June 30, 2017.

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
2013	none	n/a
2014	€1.36/share	Yes
2015	€3.85/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

(Option of payment in shares of the dividend for the fiscal year ended November 30, 2016)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the share capital is fully paid up, resolves, pursuant to Articles L. 232-18 et seq. of the French Commercial Code and the provisions of Article 24 of the Company's bylaws, to propose to each shareholder the option of either payment in cash or in new shares of the Company of the entire dividend for the fiscal year ended November 30, 2016, these options being mutually exclusive.

Pursuant to Article L. 232-19 of the French Commercial Code, the issue price of each share used to pay the dividend will be equal to a price corresponding to a minimum of 90% of the average listed price of Kaufman & Board stocks on Euronext Paris in the 20 trading sessions preceding the Shareholders' Meeting, rounded up to the nearest euro cent. The new shares thus issued will vest immediately, entitling holders to any dividend declared as of their issue date.

Subscriptions must be made for a whole number of shares. If the dividend amount for which the option is exercised does not correspond to a whole number of shares, shareholders may receive the whole number of shares immediately above by paying, on the date on which they exercise their option, the difference in cash, or receive the whole number of shares immediately below and a payment for the balance in cash.

The period for exercising the option will start on May 16, 2017, which is the ex-coupon date, and will end on May 26, 2017 inclusive. The option may be exercised on request with authorized financial intermediaries. Any shareholders not exercising their options by the end of the period established by this resolution may only receive the dividend payable to them in cash. The dividend will be paid out on June 2, 2017 ; on the same date, the shares will be delivered to those shareholders opting for payment in shares of all of the dividend payable to them.

The Shareholders' Meeting resolves that the Board of Directors will have all powers, with the option of sub-delegation under the terms and conditions set by law, to implement this resolution, and, in particular, to:

- approve the issue price of the shares used to pay the dividend, within the limits and under the conditions set by this resolution;
- carry out all transactions related or consequent to the exercise of this option;
- charge the costs of the capital increase to the amount of the premium relating thereto and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital;
- record the number of shares issued and that the capital increase has been carried out;
- consequently amend the Company's bylaws;
- and, more generally, carry out all formalities for the issue, listing and financial service of the securities issued pursuant to this resolution and do all that may be useful and necessary under the laws and regulations in force.

Fourth resolution

(Review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2016)

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, 2016, which include the consolidated balance sheet and 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, and which show attributable net income of €46,034,000.

Fifth resolution

(Review and approval of agreements referred to in Article L. 225-38 et seq. of the French Commercial Code)

The Shareholders' Meeting, voting with the quorum and majority required for Extraordinary Shareholders' Meetings, 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 this report and all its provisions, as well as the contract entitled the "Underwriting Agreement",

which was approved by the Board of Directors on April 27, 2016, entered into by the Company, its main shareholder, Financière Gaillon 8, and a banking syndicate led by BNP Paribas, Goldman Sachs International Crédit Agricole-CIB as global coordinators and Natixis as bookrunner, relating to the partial sale by Financière Gaillon 8 of its stake in the Company as part of a market offering.

Sixth resolution

(Opinion on the compensation components due or allocated to Nordine Hachemi, Chairman and Chief Executive Officer, for the fiscal year ended November 30, 2016)

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, 2016 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").

Seventh resolution

(Ratification of the co-option of Jean-Louis Chaussade 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 January 27, 2017 to co-opt Jean-Louis Chaussade as director to replace Alexandre Dejoie, 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 ending November 30, 2018.

Eighth 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 authority may be used to:

- stimulate the market or the liquidity of the Company's shares through an investment service provider under a liquidity agreement 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;
- 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;

Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017

- 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 shares acquired, subject to adoption of the ninth 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 (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 share 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 authorized 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 authorized 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 €104,185,150 and resolves that the maximum purchase price may not exceed €50 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 authority, 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 authority;

- 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 enter into any agreement specifically in order to keep the records of buy and sell transactions in compliance with applicable regulations;
- file all required disclosures and 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 authority is granted for a period of 18 months from the date of this Shareholders' Meeting.

It replaces the authority previously granted by the Shareholders' Meeting of April 15, 2016 in its sixteenth resolution.

Resolutions submitted to Extraordinary Shareholders' Meetings

Ninth 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 authority is granted for a period of twenty-six months from the date hereof.

It replaces the authority previously granted by the Shareholders' Meeting of April 15, 2016 in its seventeenth resolution.

Tenth 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, with the power of sub-delegation, 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 €813,000 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/** resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority as from the filing by a third party of a public offer for the shares of the Company, until the end of this offer period;
- 5/** 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;
- 6/** acknowledges that this resolution replaces the authority previously granted by the Shareholders' Meeting of April 15, 2016 in its eighteenth resolution.

Eleventh 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, with the power of sub-delegation, 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;
- considering 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 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 €2,170,000, being 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 in order to preserve the rights of owners of stock equivalents, stock warrants and/or of 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 twentieth resolution;

Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017

- moreover, the total maximum nominal amount of the issues of stock or debt equivalents representing claims against 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; this amount will be deducted from the maximum aggregate nominal amount for the issue of stock or debt equivalents representing claims against the Company as set forth in the twentieth 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/ resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority as from the filing by a third party of a public offer for the shares of the Company, until the end of this offer period;

6/ 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 authorized 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;

7/ duly notes that, if this authority is used, the decision to issue securities convertible into the Company's share capital 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;

8/ 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;

9/ duly notes that this authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016, in its nineteenth resolution.

Twelfth 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, with the power of sub-delegation, 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, through a public offering, to issue common stock and/or equity securities convertible into other equity securities or to debt securities and/or 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,

- considering 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 €813,000, 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 shares award 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 in order to preserve the rights of owners of stock equivalents, stock warrants and/or of 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 twentieth resolution;

- moreover, the total maximum nominal amount of the issues of stock or debt equivalents representing claims against 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; this amount will be deducted from the maximum aggregate nominal amount for the issue of stock or debt equivalents representing claims against the Company as set forth in the twentieth 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 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 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%);
- 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 Company stock equivalents;
- 8/ resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority as from the filing by a third party of a public offer for the shares of the Company, until the end of this offer period;
- 9/ 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 authorized 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;
- 10/ 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;
- 11/ duly notes that this authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016, in its twentieth resolution.

Thirteenth 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 into debt securities and/or into securities convertible into 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, with the power of sub-delegation, 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, through a public offering pursuant to Article L. 411-2 of the French Monetary and Financial Code, to issue common stock, equity securities convertible into other equity securities or into debt securities and/or other securities, including 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,
- considering 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 €542,000, 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 in order to preserve the rights of owners of stock equivalents, stock warrants and/or of stock options or rights to bonus shares;

Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017

- the issue will be limited to 20% of the authorized capital adjusted for transactions after this Shareholders' Meeting affecting the share 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 twentieth 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 of such amount on the date hereof in any other currency or unit of account established by reference to several currencies; this amount will be deducted from the maximum aggregate nominal amount for the issue of stock or debt equivalents representing claims against the Company as set forth in the twentieth 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 Company stock equivalents;
- 7/** resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority as from the filing by a third party of a public offer for the shares of the Company, until the end of this offer period;
- 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 use this authority, under the conditions defined by law, charge the costs of authorized 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;

9/ duly notes that, if this delegation of authority is used, the decision to issue Company stock equivalents 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;

10/ duly notes that this authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016, in its twenty-first resolution.

Fourteenth 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 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 authorized capital)

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 twelfth and thirteenth 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 convertible into the Company's share capital, by any means, immediately or in the future, such as the sum immediately received by the Company plus, if applicable, any 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 above;
- the maximum nominal amount of the capital resulting from the use of this resolution may not be greater than 10% of the authorized capital per 12-month period and the ceiling defined by the twentieth 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 15, 2016 in its twenty-second resolution.

Fifteenth 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 (eleventh, twelfth and thirteenth 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.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016 in its twenty-third resolution.

Sixteenth 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 convertible into share capital, up to a maximum of 10% of authorized 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, and in accordance with Article L. 225-147 of the French Commercial Code:

- hereby delegates to the Board of Directors, with the power of sub-delegation, the powers necessary to issue Company shares or stock equivalents, up to a maximum of 10% of the current share capital of the Company, in consideration for in-kind contributions made to the Company consisting of equity securities or stock equivalents, 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 twentieth 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,
- resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority as from the filing by a third party of a public offer for the shares of the Company, until the end of this offer period;

- grants powers to the Board of Directors to implement this authority, to charge the costs of the authorized 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 authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016 in its twenty-fourth resolution.

Seventeenth resolution

(Delegation of authority to be granted to the Board of Directors, for a period of twenty-six months, to issue shares and/or equity securities convertible into other equity securities or debt equivalents in consideration for securities tendered in any public exchange offer 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, with the power of sub-delegation, its authority to decide, on one or more occasions, to issue stock and/or equity securities convertible into other equity securities share or debt equivalents in consideration for 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 shares or stock equivalents or, provided that the first security is a share, convertible into debt securities, may not be greater than €813,000, considering that:
 - in case 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 share 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 stock equivalents, stock warrants and/or of stock options or rights to 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 twentieth resolution below,

Agenda and Resolutions of the Shareholders' Meeting of May 11, 2017

- 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 authority and to charge the costs of the authorized 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 authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016 in its twenty-fifth resolution.

Eighteenth resolution

(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 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, with the power of sub-delegation, its authority to (i) increase, on one or several occasions, the Company's authorized capital by issuing shares and/or stock equivalents convertible into future equity securities reserved for participants in the group's Company Savings Plans (PEE) and (ii) as applicable, to award performance shares or Company stock equivalents 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 stock equivalents that may be awarded 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 twentieth 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 Company stock equivalents;
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 award of bonus shares and/or stock equivalents and that (ii) the issue price of stock equivalents 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 Company shares or stock equivalents that may be issued under this delegation of authority and to waive all rights to the shares and stock equivalents 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 stock equivalents 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 authorized capital and of issuance of other stock equivalents against the amount of the premiums relating to these increases and to deduct from such 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.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of April 15, 2016 in its twenty-seventh resolution.

Nineteenth 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 award, on one or more occasions, 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 250,000 shares, while the number of shares awarded to executive corporate officers may not exceed 50,000 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 the date of the definitive award; or ii) at the end of a minimum vesting period of two years, and in this case with no minimum lock-in 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 lock-in period, and in the second case, extend the vesting period and/or set a lock-in 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 authority at thirty-eight (38) months from the date of this Shareholders' Meeting.

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 of authorized capital transactions occurring during the vesting period of the awarded shares, whether to adjust the number of shares awarded in order to preserve the rights of beneficiaries and, if so, to determine the terms and conditions for this adjustment,
- to carry out all formalities and, generally, to take all necessary and appropriate measures in connection therewith.

This authority does not terminate the authority granted to the Board of Directors under the twenty-eighth resolution of the Shareholders' Meeting of April 15, 2016 to award new or existing bonus shares to employees and/or executive corporate officers of the Company.

Twentieth 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 shares or equity securities convertible into other equity securities or securities convertible into debt securities to be issued, and of €500,000,000, for issues of equity securities convertible into an equity or 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 €2,170,000 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 authorized capital after the transaction to such number before the transaction;

- the total maximum nominal amount of the issues of securities representing claims against the Company and convertible into equity securities or into 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 tenth resolution shall be added to the maximum amount of the capital increases indicated above.

Resolution submitted to the Ordinary Shareholders' Meeting

Twenty-first 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.

Conditions for attendance at the Ordinary Shareholders' Meeting of May 11, 2017

Shareholders may attend this Meeting, whatever the number of shares owned, notwithstanding any Articles in the bylaws to the contrary.

The right to attend 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., May 9, 2017, 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 wish 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 including 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 revoked;
- for holders of bearer shares: by sending an e-mail to infos-actionnaire@ketb.com including their first and last name, address and complete banking information together with the first and last name of the proxy appointed or revoked 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 revoke 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 revoke 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 nor processed.

Shareholders who have 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 their shares at any time. However, if the sale occurs before the second business day prior to the meeting, i.e. before May 9, 2017 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 acknowledgment 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.

Shareholders who have already cast a postal vote, sent a proxy form, or requested an admission card or certificate of share ownership, 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. The questions must be sent to the Company's head office by registered mail with acknowledgment 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.

Duly reasoned request formulated by shareholders in respect of applicable law to add items or draft resolutions to the agenda must be addressed to the Company's head office by registered letter with acknowledgment of receipt, and be received at the latest twenty-five days before the Shareholders' Meeting is held.

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 must 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 Shareholders' Meeting will be placed online at the following address: <http://www.kaufmanbroad.fr> no later than 21 days prior to 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 N° 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 corporate officers.

This report was prepared by the Chairman with the assistance of Executive Management and the Financial 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 28, 2017. The report was approved by the Board of Directors on March 2, 2017.

Part I: Corporate Governance and Operation of the Board of Directors

The conditions under 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. Operating procedures 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 2016, which may be consulted on the MEDEF website at (<http://www.medef.com>).

Pursuant to the "Comply or Explain" principle set forth in Article N° 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.

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 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 and reports about it to the Shareholders' Meeting. The Chairman ensures that the Company's Corporate Governance structures operate effectively and that directors are in a position to properly perform their duties.

The Kaufman & Broad SA Board of Directors currently has eight members.

I.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 to monitor, in particular, the 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 recommendation 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 established Internal Rules. It was last updated on January 27, 2017, to expressly reflect the main changes to the AFEP-MEDEF Code of corporate governance, but also to incorporate rules relating to the new committee of the Board of Directors: the Investments Committee.

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 also 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, half-year and annual results. The Internal Rules also stipulate that directors must hold their shares held at the beginning of their 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 such shares.

The Internal Rules of the Board of Directors are available on the Kaufman & Broad website (<http://www.ketb.com>).

1.4. Duties 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;
- 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 the Investments Committee or an ad hoc Committee; in particular, any material 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 material 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 half-year (statutory and/or consolidated) financial statements and for reviewing and approving the related reports stipulated by current regulations.

1.5. Duties 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 Executive 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 16, 2016, the Board of Directors renewed for a term of one year the authority 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 €2,500,000,000, including any amounts required for performance bonds.

On March 02, 2017, this authority was renewed for another year and for the amount of €2,800,000,000 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 Board members. 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 removed 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 four times a year, either at the registered office or at any other place indicated in the notice of meeting. Board members are invited by the Chairman to meetings of the Board of Directors by any means, including verbally. 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 executive 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 the Chairman's absence, by a Board member designated for this purpose.

The Board may not validly deliberate unless at least half the Board members are present. Decisions are made by a majority of the votes of Board members present and represented.

Board members 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 Board member with a conflict of interest, even a potential conflict, not to participate in the deliberations.

In fiscal year 2016, the Board of Directors met five times (the attendance rate of directors at Board meetings was 87%):

- on **January 26, 2016**, the Board of Directors met, attended by nine members. The Board 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:
 - a. payment of an interim dividend for the fiscal year ended November 30, 2015,
 - b. payment of an exceptional dividend for the fiscal year ended November 30, 2015,
 - c. refinancing of the group and establishment of a new syndicated loan agreement,
 - d. buyback of treasury shares as part of the sale planned by Financière Gaillon 8 SA,
 - e. reorganization of the shareholding structure of the group's executives, including the management team,
 - appointment of Didier Kling as independent expert in connection with the aforementioned transactions,

- authority 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. 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 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 N° L. 225-38 and N° 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-CIB, acting as agent, in accordance with Article N° 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 ownership interest,
 - 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 Shareholders' Meeting and the dividend for the fiscal 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 SA;
 - on **March 29, 2016**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - minutes of the Audit Committee meeting of March 25, 2016,
 - approval of the financial statements for the first quarter of 2016,
 - review of 2016 forecast and outlook for 2017 to 2019 (Chapter 6 of the Registration Document);
 - on **April 15, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - minutes of the meeting of the Compensation and Nominating Committee of April 11, 2016,
 - presentation of the update to the 2016 budget,
 - 2014 bonus share plan – definitive award,
 - 2016 bonus share plan – determination of vesting conditions,
 - implementation of the share buyback program,
 - assessment of the operation of the Board of Directors;
 - on **April 20, 2016**, the Board of Directors met, attended by nine members. The Board discussed the following agenda:
 - launch of the transaction to extend the floating capital (the "Offer"):
 - a. recording of the price range set by Financière Gaillon 8 for the Offer,
 - b. amount of the buyback by the Company of treasury shares from Financière Gaillon 8 at the same time as the Offer, and
 - c. authorization for dissemination of the international Offer prospectus;
 - on **April 27, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - recording of the price set by Financière Gaillon 8 for the Offer,
 - approval of the guarantee agreement relating to the Offer,
 - buyback of treasury shares at the same time as the Offer;
 - on **June 13, 2016**, the Board of Directors met, attended by ten members. The Board discussed the following agenda:
 - presentation of plan to acquire the Seri Ouest group by Kaufman & Broad Nantes;
 - on **July 11, 2016**, the Board of Directors met, attended by six members. The Board discussed the following agenda:
 - report of the Audit Committee – minutes of the meeting of July 11, 2016,
 - business activities in the first half of 2016,
 - review and approval of the half-yearly Consolidated Financial Statements at May 31, 2016,
 - update III: presentation of the revised 2016 Plan and trends for 2017,
 - recording Olivier de Vregille's resignation from his office as director,
 - recording Frédéric Stévenin's resignation from his office as member of the Audit Committee; appointment of Yves Gabriel to replace him,
 - recording Frédéric Stévenin's resignation from his office as Chairman of the Compensation and Nominating Committee, appointment of Yves Gabriel to replace him;
 - on **September 29, 2016**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - report of the Audit Committee: Minutes of the meeting of September 26, 2016,
 - presentation of the consolidated financial data estimated at August 31, 2016,
 - review and approval of the revised draft management documents for 2016 and of the report analyzing these documents,
 - recording of the resignation of a director;
- Since November 30, 2016, the Board of Directors has met twice:
- on **January 27, 2017**, the Board of Directors met, attended by seven members. The Board discussed the following agenda:
 - presentation by the Chairman of the Board of Directors of the report for 2016 and the main areas of strategy,
 - report of the Audit Committee – minutes of the meeting of January 25, 2017,
 - review of the estimated consolidated financial data at November 30, 2016,
 - approval of the 2017 budget – review and approval of the draft management documents and the report analyzing these documents,
 - review and approval of the draft press release on the 2016 annual results,
 - report of the Compensation and Nominating Committee – minutes of the meeting of January 18, 2017,
 - compensation of corporate officers and management for fiscal years 2016 and 2017,
 - amount of directors' fees: Allocation for fiscal year 2016,
 - adoption of new Internal Rules for the Board – creation of an Investments Committee,
 - recording of the resignation of a director – co-option of a director;

- on **March 2, 2017**, the Board of Directors met, attended by eight members. The Board discussed the following agenda:
 - report of the Audit Committee – minutes of the meeting of February 28, 2017,
 - report of the Compensation and Nominating Committee: Minutes of the meeting of February 28, 2017,
 - compensation of corporate officers and management for 2017,
 - review of Company policy regarding gender and pay equality,
 - review and approval of the statutory financial statements at November 30, 2016 and the proposed appropriation of net profits for the year,
 - review and approval of Consolidated Financial Statements for the fiscal year ended November 30, 2016,
 - 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,
 - 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 Shareholders' Meeting and the dividend for the fiscal year ended November 30, 2016,
 - determination as to whether Sophie Lombard meets the criteria for an Independent Director,
 - HR presentation.

1.7. 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:

1.7.1. Members of the administrative bodies

At the Combined Ordinary and Extraordinary Shareholders' Meeting of April 15, 2016, the total amount of directors' fees allocated annually to the Board of Directors was set at €300,000 as from the fiscal year ended November 30, 2016 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 Board members.

The Board's Internal Rules provide that directors' fees are allocated to Board members 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 27, 2017 resolved to pay directors' fees for 2016:

- in a maximum individual amount of €50,000 to the directors of the Company who are considered independent, namely: Sylvie Charles, Caroline Puechoultres, Yves Galland and Yves Gabriel;
- 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 2016 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.

The Board, with the assistance of the Compensation and Nominating Committee, 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 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.

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 2016, the Company paid contributions to this plan of €24,684, corresponding to the annual contributions capped at 8% of gross salary, up to a maximum of eight times the Social Security ceiling.

Moreover, in the event of removal 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 removal 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.

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 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 (or during the duration of the mandate, if this is shorter) the Company however will have the option to reduce this term or release the executive from this commitment.

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 15, 2016.

At its meeting of January 27, 2017, the Board of Directors endorsed, on the proposal of the Compensation and Nominating Committee, the components of his annual compensation for 2017.

The Chairman and Chief Executive Officer's annual compensation, for fiscal year 2017, comprises a fixed and a variable part. This profit sharing incentive is calculated as follows:

- 70% of the amount is 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 2017 (these criteria were endorsed by the Board on March 2, 2017);
- 30% of the amount is based on qualitative components.

This variable compensation will be paid to Nordine Hachemi in January 2018 provided that he is still with the Company at that 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 Company's Board of Directors currently comprises five independent members from a total of eight members. Four are independent pursuant to the AFEP-MEDEF Code of Corporate Governance of December 2008, as revised in November 2016. They are Sylvie Charles, Caroline Puechoultres, Yves Gabriel and Jean-Louis Chaussade.

Sophie Lombard informed the Board that she had resigned in September 2016 from her office as Chief Operating Officer and

director of Financière Gaillon 8, and confirmed that she had had no contractual links with PAI Partners since November 2016 and that, in this regard, she no longer received any remuneration from PAI Partners and that, as a result, she regarded herself as free of any interest in respect of Financière Gaillon 8 and PAI Partners.

The Compensation and Remuneration Committee considered, under these circumstances, that Sophie Lombard qualifies as independent. The Board of Directors, at its meeting of March 2, 2017, approved this qualification as an Independent Director as from December 1, 2016.

The Board's decision is in line with the recommendations of the AFEP-MEDEF Code, which stipulates that the Board may decide that a director that does not meet the criteria set forth in the Code is nevertheless independent.

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 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 reviewed by the Compensation and Nominating Committee for a director to qualify as independent, and to prevent any risk of conflicts of interest between the director and Executive 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 key 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;
- 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.

The AFEP-MEDEF Code stipulates that the Board of Directors may estimate that a director, although meeting the criteria laid down, cannot qualify as independent given his/her specific situation or that of the Company, with regard to its shareholding structure or for any other reason. Conversely, the Board may decide that a director who does not meet the said criteria is nevertheless independent.

Note however 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. Operation of the Board of Directors

I.9.1. Membership

The Board of Directors of Kaufman & Broad SA currently has eight 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	Investments Committee	Board of Directors	Years of service on the Board	Date of first appointment	Term of office expires ^(b)	Number of Company shares held
Chairman and Chief Executive Officer									
Nordine Hachemi	55				✓	4	06/25/2013	2017	22,806 ^(g)
Independent Directors									
Sylvie Charles	57		✓	✓	✓	5	02/16//2012	2017	250
Jean-Louis Chaussade	65				✓	1	01/27/2017 ^(c)	2018	250
Yves Gabriel	66	✓	✓	✓	✓	2	03/08/2016 ^(d)	2018	250
Sophie Lombard	47	✓	✓	✓	✓	10	07/10/2007 ^(e)	2017	250
Caroline Puechoultres	47	✓			✓	3	09/30/2014	2017	250
Other directors									
Frédéric Stévenin	50	✓			✓	10	07/10/2007	2017	250
Michel Paris	59				✓	2	07/07/2015 ^(f)	2018	250
Non-voting member									
Thierry Lefèvre	58				✓	3	09/30/2014	2017	1

(a) At March 2, 2017.

(b) Approval of the financial statements for the fiscal year.

(c) The co-option of Jean-Louis Chaussade, to replace Alexandre Dejoie, who resigned, will be submitted for approval by the Shareholders' Meeting of May 11, 2017.

(d) The co-option and renewal of the term of office of Yves Gabriel, to replace of Yves Galland, who resigned, was approved by the Shareholders' Meeting of April 15, 2016.

(e) Sophie Lombard was not a director of the Company from January 20, 2010 to September 29, 2010.

(f) The co-option and renewal of the term of office of Michel Paris, in replacement of Lionel Zinsou who resigned, were approved at the Shareholders' Meeting of April 15, 2016.

(g) Nordine Hachemi also holds 25% of the share capital in Artimus Participations, which in turn held 6.73% in the share capital of the Company at February 28, 2017.

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 own operation and those of its special committees 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 2016 were delivered to the directors at the meeting of March 2, 2017. The outcome of the assessment will be presented at the meeting of May 11, 2017.

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

A charter, approved by the Board of Directors on February 18, 2010, describes the organization, powers and operation of the Audit Committee.

II.1.2. Membership of the Audit Committee

The Audit Committee is composed of at least three members taken from the members of the Board, at least two-thirds of whom are Independent Directors, pursuant to the independence criteria adopted by the Company. It is chaired by an Independent Director.

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 accounting matters; and, more specifically, that at least one independent member of the Committee must have special expertise in financial and/or accounting matters acquired in the course of his/her professional career;
- their term of office in any event expires at the same time as their term of office as a director; and
- at the time of their appointment, members of the Committee receive information regarding the specific nature of the Company's accounting, financial and operating procedures.

The Audit Committee comprises three independent members appointed for their term of office as directors: Sylvie Charles, appointed on February 16, 2012 and Chairman as from September 30, 2014, Sophie Lombard, appointed on September 29, 2010 and an Independent Director as from December 2016, and Yves Gabriel, appointed on July 11, 2016 to replace Frédéric Stévenin, who resigned.

The fact that the Audit Committee is chaired by an Independent Director strengthens management oversight and ensures a balance of powers.

II.1.3. Duties of the Audit Committee

The Charter of the Company's Audit Committee stipulates that its members are required to conduct a preliminary review of the financial statements and risks of the Company, specifically by:

- reviewing the financial statements and 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;
- monitoring the process of preparing the financial information;
- monitoring the effectiveness of internal control, internal audit and risk management systems, in particular reviewing the material off-balance sheet commitments;
- monitoring of the accounting treatment of any material transaction conducted 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 half-year 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 four times 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 half-year 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.

Meetings may take place via videoconference or by conference call.

The Committee's Charter specifically stipulates that the Committee's review of the annual or half-year 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, 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 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 important 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 accompanying notes which will be submitted to the Board of Directors, as well as any information that can be used to verify the financial statements preparation methods, 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 briefing the Chief Financial Officer describing the Company's main exposure to risks and significant off-balance sheet commitments;
- information that can be used to review in detail any material 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 must, among other things, 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 2016, the Audit Committee met five times (the attendance rate of directors at Audit Committee meetings was 87%):

- 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 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. 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 the proposed appropriation of net profits for the year,
 - proposition 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 (DCI),
 - 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 **March 25, 2016**, the Audit Committee met, attended by two members. The Committee discussed the following agenda:
 - review of the financial statements for the first quarter of 2016;

- on **July 11, 2016**, the Audit Committee met, attended by two members. The Committee discussed the following agenda:
 - review of business activities in the first half of 2016,
 - review of the estimated financial data for the first half of 2016 and review of the main potential risks identified to date,
 - internal audit: Presentation of the results of the DCI (Internal Control System) tests at end-Q1 2016,
 - update III: Presentation of the revised 2016 Plan and trends for 2017;
- on **September 26, 2016**, the Audit Committee met, attended by three members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at August 31, 2016,
 - quarterly results of the DCI (Internal Control System) tests.

Since November 30, 2015, the Audit Committee has met twice:

- on **January 25, 2017**, the Audit Committee met, attended by three members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2016,
 - comments of the Statutory Auditors on the consolidated financial data estimated at November 30, 2016,
 - review of the 2017 budget;
- on **February 28, 2017**, the Audit Committee met, attended by three members. The Committee discussed the following agenda:
 - review of the notes to the Consolidated Financial Statements at November 30, 2016,
 - review of the statutory financial statements at November 30, 2016 and the proposed appropriation of net profits for the fiscal year,
 - comments of the Statutory Auditors on the statutory financial statements at November 30, 2016,
 - review of the Chairman's report on Corporate Governance and internal control,
 - internal audit: results of the H2-2016 tests on the internal control system and the 2016 annual summary, 2017 projected plan of tests on the internal control system (DCI),
 - 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 duties

The Board's Internal Rules provide that the Compensation and Nominating Committee is composed of at least three directors, at least half of whom must be independent. It is chaired by an Independent Director. It is currently composed of Frédéric Stévenin, appointed on July 10, 2007 and Chairman until July 11, 2016, Sophie Lombard, a director who became an Independent Director as from December 1, 2016, appointed at the meeting of the Board of Directors on February 17, 2011, Caroline Puechoultres, Independent Director, appointed at the meeting of the Board of Directors on September 30, 2014, Yves Gabriel, Independent Director, appointed on July 11, 2016 and Chairman as from this date to replace Frédéric Stévenin, who is still a member of the Committee.

The duties of the Compensation and Nominating Committee are 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 Executive Management. The Committee also submits recommendations to the Board on awards of stock options or stock warrants or awards of bonus shares.

Lastly, it formulates proposals to the Board of Directors in respect of the appointment and/or reappointment of the corporate officers, the directors and the members of the Committees, taking account of the balanced representation of men and women and in accordance with a policy of non-discrimination.

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 remit.

Meetings may take place via videoconference or by conference call.

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 2016, the Compensation and Nominating Committee met four times (the attendance rate of directors at meetings of the Compensation and Nomination Committee was 100%):

- on **December 15, 2015**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - 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 Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - variable compensation of corporate officers and management for fiscal year 2015,
 - a bonus share award of July 7, 2015 – achievement of the performance criteria set for Nordine Hachemi for a definitive award on July 7, 2017,
 - compensation of corporate officers and management for 2016, criteria, weightings, objectives, and the tables of calculations of the variables,
 - a 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:
 - compensation of corporate officers and management for 2016, amount of variable compensation, criteria, weightings, objectives, and tables for calculation of the variables,
 - proposed replacement of Yves Galland due to the age limit,
 - bonus share award – proposal of the new plan for 2016 -2017;
- on **April 11, 2016**, the Compensation and Nominating Committee met, attended by four members. The Committee discussed the following agenda:
 - definitive award of bonus shares which have been authorized by the Shareholder's Meeting of April 11, 2014,
 - bonus share award – proposal for 2016.

Since November 30, 2016, the Compensation and Nominating Committee has met twice:

- on **January 18, 2017**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - reminder of the role of the Compensation and Nominating Committee,
 - proposed renewal of the terms of office of the directors and proposed appointment of a new director,
 - variable remuneration of the corporate officers and senior executives who are members of the Executive Committee for fiscal year 2016,
 - a bonus share award of April 15, 2016 – achievement of the performance criteria set for Nordine Hachemi in relation to the 2016 ordinary plan and the 2016 extraordinary plan,
 - remuneration of the corporate officers and senior executives who are members of the Executive Committee for fiscal year 2017. Amounts of variable remuneration, criteria, weightings, objectives and the tables of calculations of the variables,
 - bonus share award – proposal of the new plan. Proposed performance criteria for the allocation of shares to the corporate officers and senior executives. Proposed allocation criteria by population,
 - amount of directors' fees – proposed allocation for 2016;
- on **February 28, 2017**, the Compensation and Nominating Committee met, attended by three members. The Committee discussed the following agenda:
 - 2016/2017 wage policy: compensation analysis and budget management;
 - compensation of corporate officers and executives for fiscal year 2017, amount, criteria, weightings, objectives, and tables for the calculation of variables;
 - proposed update of the corporate officer contract;
 - bonus share award - Proposed new plan;
 - Proposed performance criteria for the award of shares to the corporate officers and executives. Proposed award criteria by population;
 - qualification of Sophie Lombard as an independent director.

II.3. Investments Committee

II.3.1. Membership and duties

The Board's Internal Rules, updated at the meeting of the Board of Directors of January 27, 2017, stipulate that the Investments Committee, created on January 27, 2017, shall be composed of at least three members taken from the members of the Board, at least half of whom shall be Independent Directors in relation to the independence criteria adopted by the Company. It is chaired by an Independent Director. It is currently composed of three Independent Directors, appointed at the meeting of the Board of Directors of January 27, 2017: Sophie Lombard, an Independent Director as from December 1, 2016 and Chairman, Sylvie Charles, and Yves Gabriel.

The Investments Committee meets at least twice a year, and as many times as necessary, according to the development of the Company's activities. Meetings may take place via videoconference or by conference call.

The Committee's duties are to review and issue an opinion on the following projects:

- any acquisition or disposal of an entity of a material amount that may change the structure of the Company's balance sheet, and in any event any acquisition or disposal with an enterprise value of more than €10 million;
- material investment projects that do not, in the opinion of Executive Management, meet the selection and risk criteria set by the Company and described in Section 1.1.8. of the Company's Registration Document (such as, for example, an investment involving the establishment of a corporate structure or a fund in which the group invests alongside other promoters or investors, that will carry land or real estate assets for a long period of time), and involving a risk with a unit value of more than €3 million and, more generally, any investment project outside the ordinary course of business of the Company and its group.

Once a year, the Investments Committee meets to review the amount of the risks borne in relation to the investment projects reviewed in accordance with the previous paragraph, as reassessed by Executive Management. Assuming that the total amount of risks thus reassessed is greater than €15 million, any new investment project meeting the above criteria and presented by the Executive Management to the Investments Committee must be approved by the Board of Directors; in the event of approval by the Board of Directors, said amount must be increased accordingly.

Lastly, the 10 largest transactions under way in terms of financial investment must be presented to the Investments Committee at each of its meetings.

II.3.2. Compensation of members of the Investments Committee

Refer to Section I.7. "Compensation and benefits granted to corporate officers", above.

II.3.3. Meetings of Investments Committee

The Committee has not yet met since its creation on January 27, 2017.

III. Information concerning factors likely to have an impact in the event of a public offer

As provided for in Article No 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 system

The Kaufman & Broad group 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 system in force within the Kaufman & Broad group is 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 Executive Management's instructions and priorities are applied;
- the Company's internal processes, especially those contributing to the safety of assets function properly;
- the accounting, financial and management information disclosed to corporate bodies and external parties is presented fairly.

The Internal Control System implemented by the group's Executive 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 Executive Management is an essential step in identifying the Company's risks.

One of the objectives of the Internal Control System is to prevent and to control risks resulting from the Company's business activities, as well as risks linked to error or fraud, especially in the financial and accounting 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. Executive Management

Executive 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 changed and are now primarily made up of an Executive Committee and a Management Committee, which can meet as an 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 Paris Suburbs; David Laurent – Senior Vice-President of Commercial Property and Major Urban Projects; 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 and Île-de-France Sales.

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

Since January 2016, the Management Committee of Kaufman & Broad has had 13 members: members of the Executive Committee as well as Chrystèle Marchand, Director of Marketing, Digital and Communication, Frédéric Bourg – Senior Vice-President Île-de-France Operations; Cyril Doucet – Regional Director, Outer Paris suburbs; Marc Speisser – Regional Director Grand Est; Thierry Verninas – Director of Innovation, Quality and Architecture; and Thierry Bruneau, CEO Property Logistics (since January 1, 2017). 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, Executive 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 2016 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 advice 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 Executive 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.

Risk 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 Executive 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

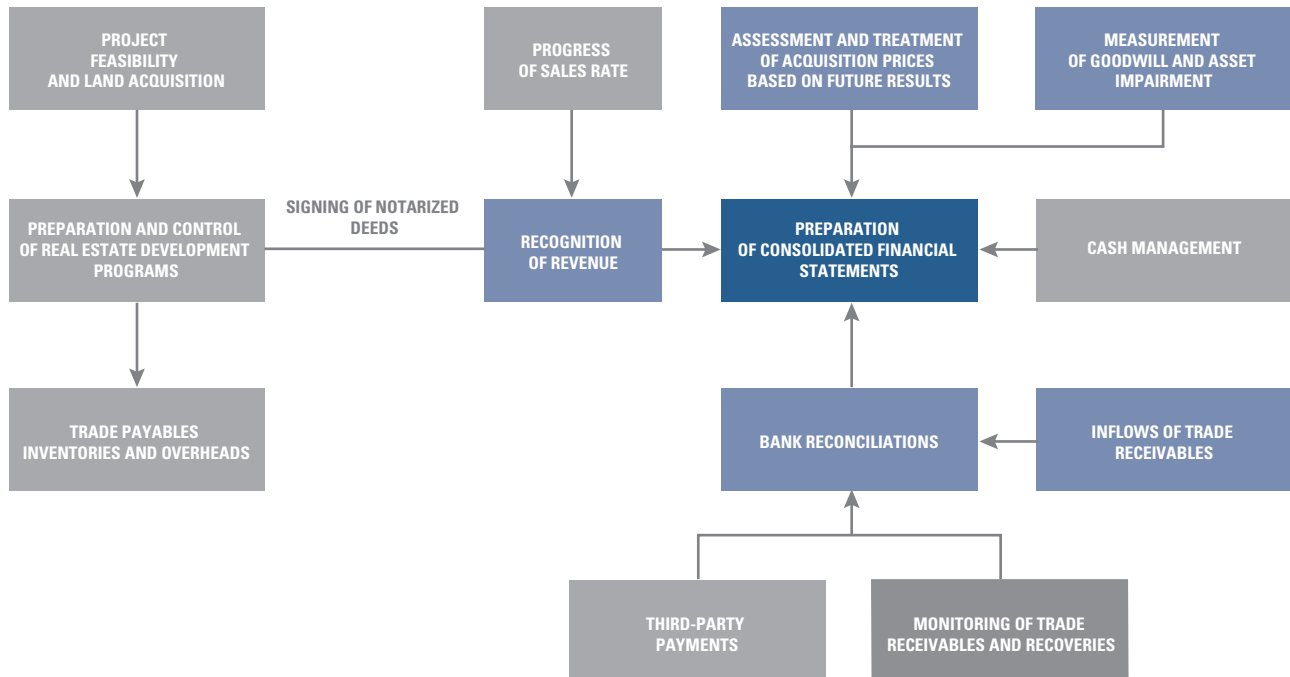
A Code of Ethics has been in effect within the group since 1997 and has been signed by all employees. This Charter is being updated in 2017 to take account of changes in the group and in the Sapin II legislation. Internal Regulations, distributed to all employees, supplement this Code and provide for 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 Executive 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 Executive 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 Executive 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 Executive 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 Executive 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 Executive Management.

Planning and control of the achievement of signing targets

The signing targets are approved by Executive 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 period-end, 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 Executive 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 civil-law 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 April 4, 2016 (€200.0 million at November 30, 2016). The policy for the management of interest rate risk is set by Executive 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/her annual performance objectives in writing every year from Executive 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 Executive 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 under the responsibility of the Chief Financial Officer, and are then submitted to the Chairman and Chief Executive Officer. At period-end, the half-year and annual consolidated financial accounts 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 half-year financial statements) by the Statutory Auditors prior to their publication. The Board of Directors then approves the 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 R. 261-21 §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 Facilities Agreement of April 4, 2016, 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, half-year 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 Executive 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.

Neuilly-sur-Seine, March 2, 2017

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

Fiscal year ended November 30, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you on the following for the fiscal year ended November 30, 2016:

- the audit of Kaufman & Broad SA's Consolidated Financial Statements, 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 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 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 for the fiscal year present fairly 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 in accordance with IFRS as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article No L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matter:

- Your group recognizes revenues and margins on sales before completion (VEFA) 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 carries out an annual 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, March 24, 2017

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.3.2. Reports of the Statutory Auditors on the Annual Financial Statements

Fiscal year ended November 30, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the fiscal year ended November 30, 2016, on:

- the audit of Kaufman & Broad SA's annual financial statements, as attached to this report;
- the justification of our assessments;
- the specific verification and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on those 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 annual 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 No L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Note 4.2.1.2 to the annual financial statements describes the accounting principles, estimates and assumption used to measure financial assets. We have assessed whether these accounting principles were appropriate and we have reviewed the assumptions used by your Company to measure such assets. We have also ensured that appropriate information was disclosed in the notes.

These assessments were made as part of our audit of the annual 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 annual 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 No L. 225-102-1 of the French Commercial Code relating to compensation and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these 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 to 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 voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2017

The Statutory Auditors

DELOITTE & ASSOCIÉS
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9.3.3. Special Report of the Statutory Auditors on regulated agreements and commitments

Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2016

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 in 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, 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 fiscal year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We planned and performed the work 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. Our work involved verifying the information provided to us against the relevant primary documents.

Agreements and undertakings subject to the approval of the Shareholder's Meeting

Agreement and commitments authorized during the fiscal year ended

Pursuant to Article No 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.

Underwriting agreement relating to the partial disposal of shares held by Financière Gaillon 8 in the capital of Kaufman & Broad SA

In relation to the partial disposal of shares in the capital of Kaufman & Broad S.A. held by Financière Gaillon 8, an "Underwriting Agreement" was signed by and between your Company, its majority shareholder Financière Gaillon 8 and a banking syndicate led by BNP Paribas, Goldman Sachs International and Crédit Agricole Corporate and Investment Bank as global coordinators and Natixis as bookrunner, relating to the partial sale by Financière Gaillon 8 of its stake in your Company as part of a market offering.

The signature of this agreement was approved by the Board of Directors on April 27, 2016. To authorize this agreement, your Board of Directors has taken into consideration your Company's interest in having a guarantee from leading banks that would ensure the successful placement of the shares sold.

Directors and shareholders concerned: Sophie Lombard, Frédéric Stevenin, Michel Paris, Olivier de Vregille, Alexandre Dejoie, Nordine Hachemi, Financière Gaillon 8 SA.

Agreements and undertakings previously approved by the Shareholders' Meeting

Agreements and commitments authorized during previous fiscal years

Pursuant to Article No R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by Shareholders' Meetings in previous fiscal years, were still being performed in the fiscal year ended.

2014 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 S.A.S. 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: (a) a term loan A for a maximum amount of €50 million; (b) a term loan B for a maximum amount of €100 million; and (c) a new Revolving Credit Facility for a maximum amount of €50 million to finance the general operating requirements and the working capital requirement of the Kaufman & Broad group.

On April 4, 2016, your Company signed a new Senior Facilities Agreement to replace the existing Senior Facilities Agreement and repaid the balance of the 2014 borrowing totaling €133.35 million in principal, terminating that regulated agreement.



Directors and shareholders concerned: Sophie Lombard, Frédéric Stevenin, Lionel Zinsou, Olivier de Vregille, Alexandre Dejoie, Nordine Hachemi, Financière Gaillon 8 SA.

Agreement and commitments authorized during the fiscal year ended

a) performed during the fiscal year ended

We have also been informed of the performance during the fiscal year ended of the following agreements previously approved by the Shareholders' Meeting on April 15, 2016, based on the Special Report of the Statutory Auditors of February 26, 2016.

Acquisition of shares from Financière Gaillon 8

In connection with the sale of a portion of your Company's shares held by Financière Gaillon 8, the latter had pledged to sell to your Company, and your Company had irrevocably pledged to acquire, the shares of your Company for an amount of €50 million, within the limit of 10% of authorized capital.

The signature of the memorandum of understanding was authorized by the Board of Directors on February 19, 2016 and approved by the Shareholders' Meeting on April 15, 2016. 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.

At the end of April 2016, your Company acquired 1,587,301 shares sold by Financière Gaillon 8 SA at the offering price of €31.5 per share, totaling €50 million.

Directors and shareholders concerned: Sophie Lombard, Frédéric Stevenin, Michel Paris, Olivier de Vregille, Alexandre Dejoie, Nordine Hachemi, Financière Gaillon 8 SA.

Defined-contribution pension granted to the Chairman and Chief Executive Officer

Nordine Hachemi is 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 €24,683.52 in 2016.

b) not performed during the fiscal year ended

In addition, we have been informed that the following agreements and commitments, previously approved by the Shareholders' Meeting during the fiscal year ended and not performed during the fiscal year ended, have remained in force.

Severance pay for dismissal from office of the Chairman and Chief Executive Officer

In the event of dismissal from office for any reason other than gross misconduct, as defined in labor law by the Court of Cassation, your Company undertakes to indemnify the Chief Executive Officer for the loss suffered in relation to the dismissal from office.

The severance pay will 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 from office, such severance pay will 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 these 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

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 term in office. In consideration, he will 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 term in office; the Company however will have the option to reduce this term or release the executive from this commitment.

Neuilly-sur-Seine and Paris La Défense, March 24, 2017

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

Report of the Statutory Auditors 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 S.A.

To the Shareholders,

In our capacity as Statutory Auditors of the Company and in accordance with Article No L. 225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company pursuant to Article No L. 225-37 of the French Commercial Code for the fiscal year ended November 30, 2016.

The Chairman's responsibility is 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 relating to matters such as corporate governance.

Our role is to:

- report our findings based on 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;
- attest that the report includes the other information required by Article No L. 225-37 of the French Commercial Code, with the understanding that our role is not to verify the fairness of such 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 plan and perform our work 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. Our work involved mainly:

- 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 No L. 225-37 of the French Commercial Code.

Other information

We attest that the report prepared by the Chairman of the Board of Directors contains the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, March 24, 2017

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

Fiscal year ended November 30, 2016

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 social, environmental and societal information for the fiscal year ended November 30, 2016, included in the management report (hereinafter named “CSR Information”), pursuant to Article No L. 225-102-1 of the French Commercial Code.

Company’s responsibility

The Management Board is responsible for preparing a management report including the CSR Information required by Article No R. 225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the “Guidelines”), summarized 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 Code of Ethics of our profession and the requirements of Article No 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 auditing 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 No R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express limited assurance that the CSR Information taken as a whole is, in all material respects, presented fairly in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved five persons and was conducted between December 2016 and February 2017 during a two-week period. We called upon our CSR experts to assist us with carrying out our work.

We performed the work described below in accordance with the order of May 13, 2013 defining the conditions under which the independent third party performs its engagement, with the auditing guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement, and with ISAE 3000 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 programs arising from them.

We compared the CSR Information presented in the management report with the list provided in Article No 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 No R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article No L. 233-1 and the controlled entities as defined by Article No L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the management report.

**Report by the independent third party on the consolidated human resources,
environmental and social information included 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:

- at consolidation level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, 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;
- at the Company's registered office, we conducted interviews to verify that procedures are properly applied and to identify any failings, and performed detailed tests, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. As the information was available at the registered office, we tested 100% of the workforce regarded as characteristic for the social component, and 100% of the environmental data regarded as characteristic for the environmental component (see the list of environmental indicators in Note 3 above).

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 judgment, 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, we found no material misstatement that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-La Défense, March 2, 2017

KPMG SA

Anne Garans

Partner

Sustainability Services

François Plat

Partner

10

APPENDIX

10.1. Cross-Reference Table	288	10.6. Board of Directors' report on Bonus Shares Awards	299
10.2. Cross-reference table for the Sustainable Development section	292	10.7. Special report on Stock Purchase and Subscription Options (Shareholders' Meeting of May 11, 2017)	299
10.3. Annual financial report	294	10.8. Board of Directors' report	300
10.4. List of publications since December 2015	294	10.9. Glossary	301
10.5. Summary table of currently valid authorizations concerning capital increases	298		

10.1. Cross-Reference Table

Topics (headings from Annex 1 to European Regulation 809/2004)		Sections	Page
1.	Persons responsible		
1.1.	Persons responsible for the information contained in the Registration Document	7.1.	240
1.2.	Statement of the persons responsible for the Registration Document	7.2.	240
2.	Statutory Auditors		
2.1.	Name and address of the issuer's Statutory Auditors	8.1./8.2.	244
2.2.	Statutory Auditors that have resigned, been removed or not been re-appointed during the period covered	N. A.	
3.	Selected financial information		
3.1.	Selected historical financial information	2.1.	90
3.2.	Selected financial information for interim periods and comparative data from the same period in the preceding financial year	N. A.	
4.	Risk factors	1.2./1.3.	46/60
5.	Information about the issuer		
5.1.	History and development of the issuer	1.1.1.	19
5.1.1.	Legal and trading name of the issuer	5.1.1./5.1.2./5.1.4.	216
5.1.2.	Place of registration of the issuer and its registration number	5.1.5./5.4.	217/231
5.1.3.	Date of incorporation and term of the issuer	5.1.3.	216
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./1.2.3.1./1.2.3.4.	216/53/55
5.1.5.	Important events in the development of the issuer's business	1.1.1.	19
5.2.	Investments	1.5.	64
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.	19/64
5.2.2.	Principal current investments of the issuer	1.5.3.	65
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.	65
6.	Business overview		
6.1.	Principal activities	1.1.2.	21
6.1.1.	Nature of the issuer's operations and its principal activities	1.1.2./1.1.3./5.1.4.	21/33/216
6.1.2.	New products and/or services that have been introduced	N. A.	
6.2.	Principal markets	1.1.2.1./1.1.2.3./1.1.2.5.	21/29/32
6.3.	Exceptional factors that have influenced the information given pursuant to items 6.1 and 6.2	N. A.	
6.4.	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.2.4.2.	56
6.5.	Basis for any statements made by the issuer regarding its competitive position	1.1.2.4./1.2.4.1.	31/56
7.	Organizational structure		
7.1.	Description of the group and the issuer's position within the group	1.1./5.3.3.	18/229
7.2.	List of the issuer's significant subsidiaries	4.3./5.3.4.	212/230
8.	Property, plant and equipment		
8.1.	Existing or planned property, plant and equipment	1.5.2./4.1.4. note 15	64/177
8.2.	Environmental questions that may affect the issuer's utilization of its property, plant and equipment	1.7.1.	66

Topics (headings from Annex 1 to European Regulation 809/2004)	Sections	Page
9. Operating and financial review		
9.1. Financial position: changes in financial condition and results of operations for each fiscal year and interim period, for which historical financial information is required	2.1./2.3./4.1.	90/105/152
9.2. Operating income	2.2./4.1.	104/152
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.	90
9.2.2. Changes in revenues and the reasons for such changes	2.3.1.	106
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	21/46/24/191
10. Capital resources		
10.1. Information concerning the issuer's capital resources (both short and long term)	2.4./4.1.5. note 21	114/182
10.2. Sources and amounts of the issuer's cash flows	1.1.10./2.4./4.1.6. note 26	45/114/189
10.3. Information on the borrowing requirements and funding structure of the issuer	1.2.2./2.4.2./4.1.5. note 24	52/115/185
10.4. Information regarding any restrictions on the use of capital resources	1.2.3.2./4.1.5. note 22	55/182
10.5. Information regarding anticipated sources of funds	1.1.10./1.2.1.5.1.	45/49
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.	64
12. Trend information		
12.1. Most significant recent trends in production, sales and inventory, and costs and selling prices, from the end of the latest fiscal year to the date of the Registration Document	1.1.2.1./1.1.2.2./1.1.2.3.	21/24/29
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 fiscal year	1.1.2.1./1.1.2.2./1.1.2.3.	21/24/29
13. Profit forecasts or estimates	6.3.	236
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.	120
- 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.	120/135
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 executive management	3.1.1.1./3.1.4.2.	120/137
- 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		
15. Compensation and benefits awarded to persons referred to in item 14.1		
15.1. Amount of compensation paid and benefits-in-kind granted by the issuer, its subsidiaries or its controlling entity	3.2.1./3.2.2./3.2.3./5.3.3.1.	139/143/229
15.2. Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or other benefits	3.2.1.3./4.1.6. note 30	143/195

Topics (headings from Annex 1 to European Regulation 809/2004)		Sections	Page
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.	120
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.	143/144
16.3.	Information about the issuer's Audit Committee and Compensation Committee	3.1.2.1./3.1.2.2./9.2. § II.	130/133/266
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.	125/259
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.	75
17.2.	Shareholdings and <i>stock</i> options of each person referred to in item 14.1; information as to their share ownership and any existing stock options	3.3.3.	145
17.3.	Description of any employee shareholding agreement	3.3.1./3.3.2.	145
18.	Major shareholders		
18.1.	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.	225
18.2.	Different voting rights	5.1.10./5.3.1.	218/225
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.	55/229
18.4.	Any arrangements which may result in a change of control of the issuer	1.2.3.1./5.3.3.2.	53/229
19.	Related party transactions	3.2.4./3.2.6./ 4.1.6. note 30/ 5.3.4.1./9.3.3.	143/144/195/230/281
20.	Financial information concerning the issuer's assets and liabilities, financial position, and profits and losses		
20.1.	Historical financial information	4.1.	152
20.2.	Pro forma financial information	N. A.	
20.3.	Financial statements	4.1./4.2.	152/198
20.4.	Audit of historical annual financial information		
20.4.1.	Declaration that the historical financial information has been audited	7.2./9.3.	240/279
20.4.2.	Other information in the Registration Document which has been verified by the Statutory Auditors	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.	
20.5.	Age of latest financial information	4.1./4.2./10.3.	152/198/254
20.6.	Interim and other financial information	N. A.	-
20.7.	Dividend policy	5.5.1.	232
20.7.1.	Dividend per share	5.1.8./5.5.1.	217/232
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	63/185
20.9.	Significant changes in the issuer's financial or trading position	6.1.	234

Topics (headings from Annex 1 to European Regulation 809/2004)	Sections	Page
21.	Additional information	
21.1.	Authorized capital	
21.1.1.	Amount of capital subscribed:	5.2.4. 223
	– number of shares issued	5.2.5. 223
	– par value per share	5.2.4./5.2.8. 223/224
	– reconciliation of the number of shares outstanding at the beginning and end of the fiscal year	5.2.8./5.3.1. 224/225
21.1.2.	Shares not representing capital	5.2.6. 223
21.1.3.	Number, book value and par value of shares held by the issuer	5.2.3./5.3.1. 219/225
21.1.4.	Convertible securities, exchangeable securities or securities with warrants	N. A.
21.1.5.	Information about the terms of any acquisition rights and/or obligations attached to capital subscribed, but not paid-up, or any undertaking to increase the capital	5.2.2./5.3.3. 219/229
21.1.6.	Information about any capital of any member of the group, which is under option or agreed to be placed under option	3.3.4. 250
21.1.7.	History of the issuer's authorized capital for the period covered by the historical financial information	5.3.1./5.3.2. 225/228
21.2.	Memorandum of association and bylaws	5.1.3. 216
21.2.1.	Corporate purpose of the issuer	5.1.4. 216
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. § I.3. 125/130/135/259
21.2.3.	Rights, preferences and restrictions attaching to each class of shares	5.2.2. 219
21.2.4.	Number of shares necessary to change the rights of shareholders	5.1.10. 218
21.2.5.	Conditions governing the manner in which Annual and Extraordinary Shareholders' Meetings are called, including conditions of admission	5.1.9. 217
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. 218/229
21.2.7.	Provisions of the bylaws, charter or rules governing the ownership threshold above which shareholder ownership must be disclosed	5.1.11. 218
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. 219
22.	Material contracts	1.1.12.1./1.2.1.5.1. 46/49
23.	Third party information, statements by experts and declarations of interest	N. A.
24.	Documents available to the public	5.1.6. 217
25.	Information on equity interests	
	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	4.3./5.3.4. 213/230

10.2. Cross-reference table for the Sustainable Development section

Indicators from Decrees 2012-557 of April 24, 2012 and 2016-1138 of August 19, 2016 on companies' transparency obligations regarding social and environmental matters, amending Article R. 225-105 of the French Commercial Code		Registration Document Section
1.	Environmental information	
a)	General environmental policy	
	Organization of Company to take into account environmental issues and, where appropriate, approaches to environmental assessment or certification	1.7.1./1.7.2.1./1.7.2.2./1.7.2.3.
	Employee training and information in matters of environmental protection	1.7.2.1./1.7.2.2./1.7.2.3.
	Resources devoted to the prevention of environmental risks and pollution	1.7.2.1./1.7.2.3.
	Amount of provisions and guarantees for environmental risks (provided that such information is not likely to cause serious harm to the Company in an ongoing dispute)	1.7.2.1.
b)	Pollution	
	Measures to prevent, reduce or remedy emissions into the air, water and soil that seriously affect the environment	1.7.2.3./1.7.2.4.
	Consideration of noise and other forms of pollution specific to an activity	1.7.2.3.
c)	Circular Economy	
i)	Pollution and waste management	
	Prevention, recycling and other forms of waste recovery and disposal measures	1.7.2.1./1.7.2.3. /1.7.2.5.
	Anti-food-waste measures	1.7.2.5.
ii)	Sustainable use of resources	
	Water supply and consumption according to local restrictions	1.7.2.1./1.7.2.3./1.7.2.5.
	Consumption of raw materials and measures to improve efficiency of their use	1.7.2.3./1.7.2.5.
	Energy consumption, measures to improve energy efficiency and use of renewable energy	1.7.2.2.
	Land use	1.7.2.1.
d)	Climate change	
	Significant greenhouse gas emissions generated by the Company's activities, particularly by the use of the goods and services that it produces	1.7.2.2./1.7.2.5.
	Adapting to the impact of climate change	1.7.2.1./1.7.2.2./1.7.2.4.
e)	Protection of biodiversity	
	Measures to preserve or enhance biodiversity	1.7.2.1.
2.	Social information	
a)	Employment	
	Total number and distribution of employees, by gender age and geographical area	1.7.3.1.
	New hires and terminations	1.7.3.2.
	Compensation and changes	1.7.3.3.
b)	Work organization	
	Organization of working time	1.7.3.4.1./1.7.3.4.2.
	Absenteeism	1.7.3.4.3.
c)	Labor relations	
	Organization of social dialogue, including information and employee consultation and negotiation procedures with it	1.7.3.5.
	Collective Bargaining Agreements	1.7.3.5.2./1.7.3.5.2.1./1.7.3.5.2.2./1.7.3.5.2.3.

Cross-reference table for the Sustainable Development section

Indicators from Decrees 2012-557 of April 24, 2012 and 2016-1138 of August 19, 2016 on companies' transparency obligations regarding social and environmental matters, amending Article R. 225-105 of the French Commercial Code		Registration Document Section
d)	Health and safety	
	Health and safety conditions at work	1.7.3.6.
	Review of agreements with trade unions or employee representatives regarding workplace health and safety	1.7.3.6.1.
	Workplace accidents, including frequency and severity, and occupational disorders	1.7.3.6.1.
e)	Training	
	Training policies implemented	
	Total hours of training	1.7.3.7.
f)	Equal treatment	
	Measures taken to promote equality between women and men	1.7.3.5.2.1/1.7.3.8.1.
	Measures taken to promote employment and inclusion of people with disabilities	1.7.3.8.2.
	Policy against discrimination	1.7.3.8.1./1.7.3.8.2./1.7.3.9.
g)	Promotion and enforcement of provisions of the fundamental conventions of the International Labor Organization relating to:	
	– the respect of the freedom of association and right to collective bargaining	1.7.3.9.
	– the elimination of discrimination in respect of employment and occupation	1.7.3.9.
	– the elimination of forced or compulsory labor	1.7.3.9.
	– the effective abolition of child labor	1.7.3.9.
3.	Information relating to societal commitments to support Sustainable Development	
a)	Territorial, economic and social impact of the Company's business	
	In employment and regional development	1.7.4.3.2.
	On regional or local populations	1.7.4.2./1.7.4.3.1./1.7.4.3.2.
b)	Relationships with persons or organizations interested in the Company's business, including the inclusion associations, educational institutions, environmental protection associations, consumer associations and local residents	
	Conditions for dialogue with these persons or organizations	1.7.4.3.1.
	Partnerships or sponsorships	1.7.4.3.2.
c)	Subcontractors and suppliers	
	Account taken of social and environmental problems in the procurement policy	1.7.4.1./1.7.4.2.
	Importance of outsourcing and consideration in relationships with suppliers and subcontractors for their social and environmental responsibility	1.7.4.1./1.7.4.2.2.
d)	Fair practices	
	Action taken to prevent corruption	1.7.4.1.
	Measures taken to promote consumer health and safety	1.7.4.2.
e)	Other action taken under societal commitments to Sustainable Development, to promote human rights	1.7.3.9.

10.3. Annual financial report

In application of Article No 222-3 and Article No 212-13, paragraphs VI and VIII, of the AMF's General Regulations, the documents constituting the annual financial report for fiscal year 2016 are incorporated by reference in this Registration Document in the Sections referred to in the table below.

Annual financial report	Section	Page
Annual Financial Statements	4.2.	198
Consolidated Financial Statements	4.1.	152
Management report (report of the Board of Directors)	10.8.	300
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.	90/46
Capital structure and factors likely to have an impact in the event of a public offer	5.2./5.3.	219/225
Information about the implementation of the share buyback program during the fiscal year	5.2.3.	219
Statement by the persons responsible for the document	7.2.	240
Statutory Auditors' reports:		
• report of the Statutory Auditors on the Consolidated Financial Statements	9.3.1.	279
• report of the Statutory Auditors on the Annual Financial Statements	9.3.2.	280
• special report of the Statutory Auditors on Related-Party Agreements and Commitments	9.3.3.	281
• report of the Statutory Auditors prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Kaufman & Broad SA Board of Directors on internal control procedures for the preparation and processing of accounting and financial information	9.3.4.	283
Report by the independent third party on the consolidated human resources, environmental and social information included in the management report	9.4.	284
Fees paid by the group to the Statutory Auditors and members of their networks	4.1.6. note 31	189/197
Report of the Chairman of the Board of Directors on Corporate Governance and internal controls	9.2.	259

10.4. List of publications since December 2015

Annual informational document prepared in accordance with Article No 222-7 of the Regulations of the *Autorité des Marchés Financiers*

Type	Date	Subject	Medium
Press release	12/09/2015	Kaufman & Broad signed a partnership with Immowell-Lab, the accelerator of innovative start-ups to well-being through real estate	Internet
Press release	01/05/2016	Half-year assessment of Kaufman & Broad's liquidity agreement	Internet
Press release	01/06/2016	"DATA Architectes" and "Bassinnet Turquin Paysagistes" winners of the competition organized by Kaufman & Broad for the design of 145 student housing units at Paris-Saclay	Internet
Press release	01/07/2016	Kaufman & Broad announces its acquisition of a stake in SPM, a property developer in Languedoc-Midi-Pyrénées area	Internet
Press release	01/14/2016	Kaufman & Broad inaugurates the "Green Lodge" program in Villepreux, Yvelines	Internet
Press release	01/27/2016	2015 annual results	Internet
Press release	01/27/2016	Publication of 2015 annual results (after market close)	Internet
Press release	02/01/2016	Kaufman & Broad opens its "Grand Sud" showroom	Internet
Press release	02/05/2016	Kaufman & Broad to carry out "Le Forum des Carmes", a development project in Istres	Internet
Press release	02/16/2016	Kaufman & Broad selected as the developer of EDF's South-West's future Headquarter in Bordeaux	Internet
Press release	02/16/2016	Proposed dividend and update on the planned initiation of the sale by Financière Gaillon 8	Internet
Press release	02/25/2016	Concerto European Developer opened the worldwide logistic platform of the trademark Petit Bateau within the "Parc Logistique de l'Aube" in Troyes	Internet
Press release	03/08/2016	Kaufman & Broad inaugurates the "Villa Néoli" program in Grasse	Internet

Type	Date	Subject	Medium
Press release	03/10/2016	Payment of an interim dividend	Internet
Press release	03/10/2016	Press release on the availability of the 2015 Registration Document	Internet
Press release	03/14/2016	Kaufman & Broad Silva "La Tour de Bois" selected by the Bordeaux Euratlantique to build ilot 4.9 of Bio Min	Internet
Press release	03/22/2016	Urbismart, supported by Kaufman & Broad and Affine, wins the first edition of the global start-ups competition launched on the occasion of MIPIM.	Internet
Press release	03/25/2016	Kaufman & Broad launches the new project "L'Initial" in Jouy-le-Moutier (95)	Internet
Press release	03/29/2016	Publication of 2016 first quarter results (after market close)	Internet
Press release	03/29/2016	Kaufman & Broad launches the "Polaris" project in Nantes	Internet
Press release	04/04/2016	New Senior Facilities Agreement signed	Internet
Press release	04/08/2016	Pyramides d'Argent awards Kaufman & Broad the 2016 Urban Mix Prize for "Village Saint-Pierre" in Carros (06)	Internet
Press release	04/12/2016	Kaufman & Broad is present at the twentieth edition of the Île-de-France Mayors' Show (Salon des Maires)	Internet
Press release	04/15/2016	Shareholders' Meeting	Internet
Press release	04/15/2016	Kaufman & Broad announce the signing of the sale of ORA consisting of 26,000 sq.m of offices in the 17th arrondissement of Paris (Porte Pouchet)	Internet
Press release	04/20/2016	2015 dividend payment	Internet
Press release	04/21/2016	Press release on the availability of the 2015 Registration Document	Internet
Press release	04/28/2016	Kaufman & Broad launches the inter-administrative center for the community of Saint-Brieuc Agglomération	Internet
Press release	04/29/2016	Kaufman & Broad launches the "Fusion'L" program in Rosny-sous-bois (93)	Internet
Press release	05/11/2016	348 new housing units for Villenave-d'Ornon	Internet
Press release	05/19/2016	Kaufman & Broad inaugurates the "L'Orée du Parc" program in Osny (95)	Internet
Press release	05/23/2016	Kaufman & Broad inaugurates the "Les Jardins des Arts" program in Aubergenville (78)	Internet
Press release	05/27/2016	Kaufman & Broad inaugurates the "O'Bois" program in Fleury-Mérogis	Internet
Press release	06/04/2016	Kaufman & Broad inaugurates the "Les Allées du Loselet" program in Montévrain (77)	Internet
Press release	06/08/2016	Chrystèle Marchand-Bacchetta joins Kaufman & Broad as Marketing and Communications Director	Internet
Press release	06/15/2016	Kaufman & Broad inaugurates the "O'en Scène" program in Sainte-Colombe	Internet
Press release	06/17/2016	Early closure of the placement by Financière Gaillon 8 of part of its equity interest in Kaufman & Broad	Internet
Press release	06/17/2016	Exercise in full of the over-allotment option as part of the sale by Financière Gaillon 8	Internet
Press release	06/17/2016	Early closure of the placement by Financière Gaillon 8 of part of its equity interest in Kaufman & Broad	Internet
Press release	06/17/2016	Launch of the sale by Financière Gaillon 8 of part of its equity interest in Kaufman & Broad	Internet
Press release	06/17/2016	Kaufman & Broad inaugurates "City Parc" in Tremblay-en-France	Internet
Press release	06/17/2016	Kaufman & Broad inaugurates "Rive Gauche" in Saint-Ouen-l'Aumône	Internet
Press release	06/23/2016	Kaufman & Broad announces the acquisition of Seri Ouest, a property developer in the Grand Ouest region	Internet
Press release	06/24/2016	"Emergence", the rebirth of a district: when planners, architects and developers work together for the good of the city	Internet
Press release	06/30/2016	Kaufman & Broad and Terreïs win the tender for the National Film and Moving Image Center (Centre National du Cinéma et de l'Image Animée)	Internet
Press release	07/12/2016	Publication of 2016 first quarter results (after market close)	Internet
Press release	09/19/2016	Kaufman & Broad launches the "Le Clos Cézanne" project in Roissy-en-Brie	Internet
Press release	09/26/2016	Kaufman & Broad inaugurates "Carré Nature" at Boussy-Saint-Antoine	Internet
Press release	09/27/2016	CNP Assurances and Kaufman & Broad launch the A9B office building project, the future headquarters of SNI Group in the 13 th arrondissement of Paris	Internet
Press release	09/30/2016	Publication of third quarter 2016 estimated results (after market close)	Internet
Press release	10/07/2016	Kaufman & Broad launches its new residence for students and young workers in Vélizy-Villacoublay	Internet
Press release	10/28/2016	Altarea Cogedim, Logipostel and Kaufman & Broad participate in the urban renewal of Bagneux and launch the "Perspectives" project	Internet
Press release	11/03/2016	Kaufman & Broad inaugurates "Les Terrasses d'Arcy" in Poissy	Internet

Type	Date	Subject	Medium
Press release	11/17/2016	Kaufman & Broad group brand Safaur and Investir Immobilier Normandie launch the "Les Hauts de la Haie Vigné" project in Caen	Internet
Press release	11/18/2016	Kaufman & Broad subsidiary Seri Ouest launches the "Kanopé 2" project in Darnétal	Internet
Press release	11/25/2016	Kaufman & Broad inaugurates "Natur'L" in Saint-Brice-sous-Forêt	Internet
Press release	01/24/2017	Kaufman & Broad inaugurates "Innove'A" in Montreuil	Internet
Press release	01/30/2017	2016 annual results	Internet
Press release	02/06/2017	Kaufman & Broad launches the "Polaris" project in Nantes	Internet
Press release	03/01/2017	Start of works on Kaufman & Broad's "Renaissance" program in the Visitation district of Le Mans	Internet
Press release	03/02/2017	Dividend of €1.85 per share proposed to the Shareholders' Meeting for the fiscal year ended November 30, 2016	Internet
Press release	03/06/2017	Kaufman & Broad lays the cornerstone of "Forum des Carmes" in Istres	Internet
Press release	03/14/2017	"Les Bassins à Flots," a student housing facility in Bordeaux wins the Architecture Prize in the ArchiDesignclub Awards 2017, Category Housing	Internet
Press release	03/23/2017	Kaufman & Broad lays the cornerstone of Domaine Victor Hugo in Pierrelaye (95)	Internet
Press release	03/24/2017	Kaufman & Broad inaugurates its new Blue Horizon project in Frejus (83)	Internet
Presentation	28/01/2016	Presentation of the 2015 annual results	Internet
Presentation	07/13/2016	Publication of first half 2016 results	Internet
Presentation	10/03/2016	Publication of third quarter 2016 estimated results (conference call)	Internet
Presentation	01/31/2017	Presentation of the 2016 annual results	Internet
Report	03/09/2016	Kaufman & Broad 2015 Registration Document	Internet
Report	07/28/2016	Half-year financial report at May 31, 2016	Internet
Legal disclosure	12/07/2015	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	12/07/2015	Disclosure of trading in own shares from November 30 to 12/4/2015	Internet
Legal disclosure	12/14/2015	Disclosure of trading in own shares from December 7 to December 11, 2015	Internet
Legal disclosure	12/21/2015	Disclosure of trading in own shares from December 14 to December 18, 2015	Internet
Legal disclosure	12/29/2015	Disclosure of trading in own shares from December 21 to December 25, 2015	Internet
Legal disclosure	01/04/2016	Disclosure of trading in own shares from December 28, 2015 to January 1, 2016	Internet
Legal disclosure	01/05/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	01/11/2016	Disclosure of trading in own shares from January 4 to January 8, 2016	Internet
Legal disclosure	01/25/2016	Disclosure of trading in own shares from January 18 to January 22, 2016	Internet
Legal disclosure	01/29/2016	Buyback of its own shares	Internet
Legal disclosure	02/01/2016	Disclosure of trading in own shares from January 25 to January 29, 2016	Internet
Legal disclosure	02/08/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	02/08/2016	Disclosure of trading in own shares from February 1 to February 5, 2016	Internet
Legal disclosure	02/15/2016	Disclosure of trading in own shares from February 8 to February 12, 2016	Internet
Legal disclosure	02/22/2016	Disclosure of trading in own shares from February 15 to February 19, 2016	Internet
Legal disclosure	29/02/2016	Disclosure of trading in own shares from February 22 to February 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
Legal disclosure	03/14/2016	Disclosure of trading in own shares from March 7 to March 11, 2016	Internet
Legal disclosure	03/21/2016	Disclosure of trading in own shares from March 14 to March 18, 2016	Internet
Legal disclosure	03/29/2016	Disclosure of trading in own shares from March 21 to March 25, 2016	Internet
Legal disclosure	04/04/2016	Disclosure of trading in own shares from March 28 to April 1, 2016	Internet
Legal disclosure	04/04/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	04/11/2016	Disclosure of trading in own shares from April 4 to April 8, 2016	Internet
Legal disclosure	04/13/2016	Buyback of its own shares	Internet
Legal disclosure	04/18/2016	Disclosure of trading in own shares from April 11 to April 15, 2016	Internet
Legal disclosure	04/25/2016	Disclosure of trading in own shares from April 18 to April 22, 2016	Internet

Type	Date	Subject	Medium
Legal disclosure	05/06/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	05/10/2016	Disclosure of trading in own shares from May 2 to May 5, 2016	Internet
Legal disclosure	05/17/2016	Disclosure of trading in own shares from May 9 to May 13, 2016	Internet
Legal disclosure	05/23/2016	Disclosure of trading in own shares from May 16 to May 20, 2016	Internet
Legal disclosure	05/30/2016	Disclosure of trading in own shares from May 23 to May 27, 2016	Internet
Legal disclosure	06/06/2016	Disclosure of trading in own shares from May 30 to June 7, 2016	Internet
Legal disclosure	06/07/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	06/13/2016	Disclosure of trading in own shares from June 6 to June 10, 2016	Internet
Legal disclosure	06/20/2016	Disclosure of trading in own shares from June 13 to June 17, 2016	Internet
Legal disclosure	06/27/2016	Disclosure of trading in own shares from June 20 to June 24, 2016	Internet
Legal disclosure	07/04/2016	Disclosure of trading in own shares from June 27 to July 1, 2016	Internet
Legal disclosure	07/04/2016	Half-year assessment of Kaufman & Broad's liquidity agreement	Internet
Legal disclosure	07/05/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	07/11/2016	Disclosure of trading in own shares from July 4 to July 8, 2016	Internet
Legal disclosure	07/18/2016	Disclosure of trading in own shares from July 11 to July 15, 2016	Internet
Legal disclosure	07/23/2016	Transfer of a liquidity agreement	Internet
Legal disclosure	07/25/2016	Disclosure of trading in own shares from July 18 to July 22, 2016	Internet
Legal disclosure	08/01/2016	Disclosure of trading in own shares from July 25 to July 29, 2016	Internet
Legal disclosure	08/03/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	09/02/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	10/07/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	11/04/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	12/05/2016	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	01/04/2017	Half-year assessment of Kaufman & Broad's liquidity agreement	Internet
Legal disclosure	01/09/2017	Kaufman & Broad SA shares admitted to the "long only" Deferred Settlement Service (SRD).	Internet
Legal disclosure	01/09/2017	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	01/17/2017	Kaufman & Broad receives the EnterNext Prize for financial transaction of the year	Internet
Legal disclosure	02/07/2017	Monthly information on the total number of shares and voting rights	Internet
Legal disclosure	02/20/2017	Kaufman & Broad shares eligible for the PEA-PME share savings plan	Internet
Legal disclosure	03/07/2017	Monthly information on the total number of shares and voting rights	Internet
French legal notice journals	03/25/2016	Notice of Annual Shareholders' Meeting	Les Échos
BALO	04/03/2016	Notice of Annual Shareholders' Meeting	BALO

10.5. Summary table of currently valid authorizations 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 15, 2016	June 15, 2018	€2,700,000 (shares or securities) €500,000,000 (debt securities)	None	None	None	€2,700,000 (shares or securities) €500,000,000 (debt securities)
Authority to increase capital without preemptive rights ^{(1) (3)}	April 15, 2016	June 15, 2018	€1,300,000 (shares or securities) €500,000,000 (debt securities)	None	None	None	€1,300,000 (shares or securities) €500,000,000 (debt securities)
Authority to increase the capital in consideration of capital contributions in kind ⁽¹⁾	April 15, 2016	June 15, 2018	10% of capital at April 15, 2016	None	None	None	10% of capital at April 15, 2016
Authority to increase the capital in the event of a company- initiated public exchange offer ^{(1) (3)}	April 15, 2016	June 15, 2018	€1,300,000	None	None	None	€1,300,000
Authority to increase capital by incorporating reserves or premiums	April 15, 2016	June 15, 2018	€1,100,000	None	None	None	€1,100,000
Authority to increase capital as part of a private placement	April 15, 2016	June 15, 2018	€1,100,000 €500,000,000 (debt securities)	None	None	None	€1,100,000
Authority to increase capital by issuing common stock/equity securities convertible into other equity securities or into debt securities and/or issuing securities convertible into equity securities to be issued by the Company without preemptive subscription rights	April 15, 2016	October 15, 2017		None	None	None	
Authority to award 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 award 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
Authority to award bonus shares (new or existing)	April 15, 2016	June 15, 2019	400,000 shares including 100,000 shares to corporate officers	None	None ⁽⁴⁾	None	€19,184

(1) The amount of the authority is deducted from the delegation of authority's maximum amount of €2,700,000 excluding adjustments for increases by issuing shares or securities and €500,000,000 for stock or debt equivalents 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 authorized capital.

(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 2016 Registration Document and have been formatted for the purposes of this Registration Document. Unformatted reports may be consulted at Kaufman & Broad's head office.

10.6. Board of Directors' report on Bonus Shares 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 May 11, 2017)

See Section 5.2.3.4. Special report on the stock purchase and subscription options presented to the Shareholders' Meeting of May 11, 2017.

10.8. Board of Directors' report

1. Business and Financial Review of Kaufman & Broad SA

See Section 5.1. "General information concerning the Company".

2. Business and financial review of the Kaufman & Broad group

See Section 2. "Business and financial review of the Kaufman & Broad group".

3. Risk-related information

See Section 1.2. "Risk Factors" and 1.3 "Insurance and risk management".

4. Other information

4.1. Shareholding structure of the Company and treasury stock

See Section 5.3. "Current distribution of the capital and voting rights".

4.2. Stock purchase and subscription plans - bonus share awards

See Section 3.3. "Incentive programs" and following.

4.3. Board of Directors

See Section 3.1.1. "Board of Directors".

4.4. Management's interests

See Section 3.2. "Management's interests".

4.5. 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".

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. "Summary table of securities transactions by corporate officers and their close relatives during the last fiscal year".

Subsidiaries and equity affiliates

See Notes to the annual financial statements, Section 4.3. "Subsidiaries and equity affiliates".

Summary table of currently valid authorizations concerning capital increases

See Section 10.5. "Summary table of currently valid authorizations concerning capital increases".

Five-year financial summary

See Section 4.1.2. "General information," Note 2. "Scope of consolidation".

10.9. Glossary

Business lines

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.
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 point in time that can be used to estimate the revenue remaining to be recognized in coming months and to confirm group forecasts – it being understood that translating the backlog into revenues involves uncertainties, especially for orders that have not yet been officially notarized.
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 carbon 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.
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).
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.
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).
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.
Gross margin	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.
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).
Land 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.
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.

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.
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: 12% to 21% for periods from 6 to 12 years.
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.
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.
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. Future works 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 payment from customers in accordance with the percentage completion of programs, a payment schedule determined by law, while giving customers a Performance Bond. The customers' cumulative 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.
Subcontracting	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 sub-contractor 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 guidelines.
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.
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.

Institutional, legal and financial

Adjusted EBIT	Adjusted EBIT (Earnings Before Interest and Taxes) is equal to Current operating income adjusted for borrowing costs ("Revised IAS 23") which are capitalized.
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.
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.
CAC 40	The continuous quotation system (<i>Cotation Assistée en Continu</i>) that is the main stock index on the Paris exchange, 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.
Cash flow	Cash flow after cost of financial debt and taxes is equal to consolidated net earnings adjusted for the portion of net earnings of equity affiliates, joint ventures and earnings of discontinued operations and estimated income and expenses.
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.
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 for a 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 they are 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".
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 (as defined by the French Ministry of Ecology, Sustainable Development and Energy).
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.
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 joint-stock companies (<i>sociétés anonymes</i>). The total amount of director's fees, which is typically divided among the Directors based on their attendance at Board Committee meetings, is set by the shareholders at an Ordinary Shareholders' Meeting. The Board of Directors freely decides the amount allocated to each director.
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.
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 estimated expenses.
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 its employees' payment by means of employer contributions. 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 due to retirement or early retirement may continue to make payments into the Employee Savings Plan.

Free cash flow	Free cash flow is equal to cash flow from operations, less net operating investments made during the period.
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 1 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 Law 2010-788 of July 12, 2010 on the national commitment to the environment, (the “Grenelle II” Law), which details the goals as more specific provisions.
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.
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.
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 executive 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).
LBO	Leveraged buyout (LBO) is a term describing the method of acquisition of a company by using “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.
Liquidity agreement	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.
Managed housing	Managed housing, also referred to as serviced housing, includes housing community consisting of housing units (homes or apartments) for residential use offering a minimum of services such as reception, linen supply, cleaning and home maintenance and breakfast. There are several different types of housing in this category: student housing including apartment complexes, mostly furnished studios with a kitchenette located in the vicinity of schools and universities and close to public transportation; tourist housing located in high-potential tourist areas offering, in addition to the usual services, amenities such as swimming pools, sports fields, sometimes saunas, steam rooms, jacuzzis and children’s clubs; corporate housing as an alternative to traditional hotels including studios (about 80%) and two-room apartments located in city centers or close to major business centers with convenient access to everything; and lastly, living accommodations for older adults (including both assisted and non-assisted living facilities for the elderly) designed to anticipate the aging of the population and housing people age 55 and over; their customers include both tenants and landlords.
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.
Net earnings per share	Attributable net income divided by the average number of shares during the fiscal year.
Nominal (or par) value of a share	The nominal value of an equity instrument (securities such as shares, bonds, etc.), also known as the face or par value, is the value set when the security is issued. The nominal value of a share is the percentage of authorized capital that it represents. For shares, the nominal value has an accounting meaning only. It is the capital classified as liabilities on the Company’s balance sheet divided by the number of shares it has issued. This value is set at the discretion of the shareholders.
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 rights exchange ratio. 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.

Senior loans (lines of credit)	Banks use senior debt to fund LBO (leveraged buyout) transactions. LBO financing by banks is risky in the bank credit market. It is characterized by a loan repayable by installments 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 “priority debt”.
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. 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.
Statutory Auditors	Representatives of shareholders that enable shareholders to vote at Shareholders’ Meetings on the financial statements, the Statutory Auditor’s primary duties (for a term of six years) are auditing the annual financial statements, which include, as integral parts, the balance sheet, income statement and accompanying notes. Their role is to certify that the financial statements present fairly, in all material respects, the results of operations, the financial position and the 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.
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.” To be sustainable, development must reconcile three major factors: social equity, environmental protection and economic efficiency.
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.
Working Capital Requirement (WCR)	WCR results 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 customers.

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