

Universal Registration Document

2019



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Universel registration document

2019

This document contains forward-looking statements regarding the growth prospects and strategies of the group. These forward-looking statements are sometimes identified by the use of future and conditional tenses, as well as by terms such as “consider”, “envisage”, “think”, “aim”, “expect”, “intend”, “should”, “anticipate”, “estimate”, “believe”, “wish”, or “might” or, if applicable, the negative form of such terms and other similar words, terminology and phrases. Such information has no historically factual basis and should not be interpreted as a guarantee of future performance. It is based on data, assumptions and estimates from which the group considers it reasonable to draw inferences. Such information is 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 organizations 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, analyze 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 Universal Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 31, 2020, in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation.

The Universal Registration Document may be used for the purposes of a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a transaction note or securities note and, where applicable, a summary and any amendments made to the Universal Registration Document. The resulting package is approved by the AMF in accordance with Regulation (EU) 2017/1129.



GROUP PROFILE

Since it was created in 1968, Kaufman & Broad has marketed or commissioned the construction of nearly 139,000 homes and 1,050,000 sq.m of office and business space in France.

Kaufman & Broad is a solid group that is national in scope, driven by men and women with an entrepreneurial spirit who, for more than 50 years, have shared the same vision of our business: customers and users are central to our strategy and our decisions.

"We listen, imagine, and share to learn about new usage habits and lifestyles every day, and to offer a unique experience in the neighborhoods, residential and office buildings, serviced residences, and shops that we build all across France."

Kaufman & Broad is present across France, with locations in the main metropolitan areas and in geographic sectors with high potential for economic and demographic development over the medium and long term. The group offers a broad range of products and associated services including both residential and Commercial Property suitable to meet our customers' aspirations and needs, be they individuals or institutions, first-time or second-time homebuyers or investors.

In line with our expectations, in a pre-electoral context, the housing market in France was less dynamic, with a decline in the issuance of building permits and housing starts in 2019. Despite these conditions, Kaufman & Broad's business activity resulted in a sharp increase in its backlog (+16.8%) and its land portfolio (+9.9%). A sale-before-completion (VEFA) agreement was signed for the office space of the Austerlitz project (approximately 50,000 sq.m), meaning the program has now been sold in full.

The 2019 results confirm the quality of Kaufman & Broad's fundamentals under less dynamic market conditions. They show that its growth model is capable of generating profit and cash flow. This model guarantees a long-term capacity for distribution while reinforcing its financial solidity and its outlook for growth.

MESSAGE FROM THE CHAIRMAN



In 2019, Kaufman & Broad continued to demonstrate its capacity to combine profitability and cash flow in a less dynamic market.

The adjusted EBIT margin of 9.5% reflects solid operational management of sale prices and operating expenses. The result is a positive net cash position of €56.0 million, an increase of more than €32 million in shareholders' equity and financing capacity of €458.1 million at end-November 2019.

The success of our economic model is based on the key points of our strategy: consolidating our position as a leader in regions outside of Paris, developing our local network and our Business Property network in Île-de-France and in other regions, and, above all, innovating to better serve our customers.

For more than 50 years, our group has been able to adapt our products to our customers, whether this requires innovating to listen to customers' needs or innovating in the area of services, quality, or techniques. Kaufman & Broad is constantly striving to understand and keep up with market trends to better anticipate and satisfy our customers' expectations.

For 2020, in the light of recent developments in the ongoing health crisis and its impact on general economic activity, Kaufman & Broad has decided to put the annual objectives announced at the end of January on hold. Kaufman & Broad will propose new objectives for 2020 as soon as the general situation allows for a relevant full-year forecast.

"IN 2019, KAUFMAN & BROAD CONTINUED TO DEMONSTRATE ITS CAPACITY TO GENERATE PROFITABILITY AND CASH FLOW TO PAVE THE WAY FOR FUTURE GROWTH"

Kaufman & Broad fully assumes its responsibilities to our employees, whose health and safety is essential, but also to our customers, for whom continuity of service is maintained whenever possible, and to all of our suppliers, whose ability to weather this crisis is vital to restarting construction activity as soon as possible.

In this difficult period, the end of which is uncertain, and in addition to maintaining control over costs, working capital requirements and capital expenditures, Kaufman & Broad can rely on two fundamental factors:

- nil net debt, and therefore an extremely solid financial structure as at February 29, 2020, characterised by:
 - a high level of available and mobilizable cash of €412.5 million;
 - average gross debt maturity of more than four years;
 - consolidated shareholders' equity of €308.8 million;
- development indicators that give Kaufman & Broad visibility beyond the next few months;
 - a global backlog that stands at €3.403 billion at February 29, 2020, and at €2.073 billion for the Housing business alone. As a reminder, backlog is a summary at any given point in time that makes it possible to estimate the remaining revenue to be recognized in the future. 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 or for projects that have not yet obtained final administrative authorization (i.e. approximately 40% for housing and 85% for commercial);

- a Housing property portfolio that reached an all-time high of 33,429 units at end-February 2020. The Housing property portfolio represents all the land for which a commitment (such as a contract for sale, for instance) has been signed.

Kaufman & Broad will continue to closely monitor developments in the health situation in the coming weeks and will inform the market of its impact on its operations as necessary.

Subject to any changes in applicable legal or regulatory provisions, market recommendations or the practices of comparable companies (in particular SBF 120 companies) related to the current health crisis (see paragraph 2.5 "Events after the balance-sheet date" of this Universal Registration Document), the Board of Directors will propose to the Shareholders' Meeting of May 5, 2020, the payment of a dividend of €2.50 per share, with an option to be paid in cash, in shares or in cash and shares.

On behalf of myself and the Board of Directors, I would like to thank you and all the group's employees for your commitment and your trust.

Nordine Hachemi

Chairman and Chief Executive Officer



2019 HIGHLIGHTS

Once again in 2019, the quality of Kaufman & Broad's fundamentals were confirmed under less dynamic market conditions.



-5.5%

Revenue
(2019/€1,472.1 million)

-9.9%

Reservations for
8,222 housing units

Refinancing of Kaufman & Broad SA's bank debt

On February 1, 2019, Kaufman & Broad SA announced it had signed a syndicated loan agreement of €250 million with an initial 5-year maturity. This loan replaces the current Senior and RCF loans, worth respectively €50 million and €100 million. The implementation of this corporate line will enable the Company to prolong the maturity of its resources and lower its cost of debt, while providing it with greater flexibility in terms of utilization according to needs/opportunities, on top of its available cash. For the first time in the real estate development sector, this facility includes a positive incentive mechanism linked to several CSR indicators, reflecting the Company's environmental commitment. It has been underwritten by several first tier French and European banks (Arkea Banque Entreprises et Institutionnels, Banque Espírito Santo et de La Venetie (BESV), Banco Sabadell, Banque Européenne du Crédit Mutuel (BECM), La Banque Postale, BNP Paribas, Crédit Agricole-CIB (CACIB), Société Centrale Pour Le Financement De L'Immobilier (SOCFIM), Société Générale). BNP Paribas and Crédit Agricole-CIB acted as Mandated Arrangers and advised Kaufman & Broad on the CSR aspects as Sustainability Coordinators. Gide Loyrette Nouel advised Kaufman & Broad and De Pardieu Brocas Maffei worked with the lenders.

Payment in shares of the dividend for the fiscal year ended November 30, 2018

Kaufman & Broad SA's Shareholders' Meeting held on May 2, 2019 offered shareholders the option of receiving payment of all or part of the dividend in stock for the year ended November 30, 2018. The issue price of these new shares was set at €32.23, corresponding to 95% of the average price of Kaufman & Broad SA shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of said Shareholders' Meeting, less the net dividend of €2.50 per share, rounded up to the nearest euro cent. The option was open for acceptance from May 17 to June 6, 2019 inclusive. At the end of this period, the shareholders who chose payment of the dividend in stock accounted for 8.96% of Kaufman & Broad SA shares. To pay the stock dividend, 150,690 new shares were issued, representing 0.70% of the share capital and 0.59% of the voting rights of Kaufman & Broad SA on the basis of the share capital and voting rights at May 31, 2019. The settlement/delivery of the shares and their admission to trading on the Euronext Paris regulated market took place on June 14, 2019. The total dividend in cash to be paid to those shareholders who did not accept the stock dividend option, or who opted for partial payment in shares, amounted to €48.7 million and was paid on June 14, 2019.

“KAUFMAN & BROAD WILL CONTINUE ITS STRATEGY OF MARKETING PROJECTS THAT RESPECT ITS CUSTOMERS’ EXPECTATIONS AND THEIR FINANCIAL MEANS.”

“KB Actions 2019” shareholding offer reserved for employees

On May 13, 2019, Kaufman & Broad SA announced the launch of its “KB Actions 2019” shareholding offer with leverage and investment guarantee, reserved for group employees who are participants in the savings plan. On November 21, 2019, Kaufman & Broad SA recognized the increase in its share capital resulting from subscriptions to the “KB Actions 2019” offer. The offer was very successful with a 66.1% participation rate of eligible employees and a total of 283,991 shares subscribed through the “KB Actions 2019” compartment of the KB ACTIONS FCPE (mutual fund) for an amount of €7,832,471.78. The capital increase resulting from the offer brings the share of capital held by the group’s employees through the various shareholding schemes to nearly 15% (including the shares held in the “KB Actions 2017” and “KB Actions 2019” compartments of the KB ACTIONS FCPE, as well as in the Kaufman & Broad Actionnariat FCPE proposed under the savings plan, shares resulting from bonus share plans, and shares held through Artimus Participations). Through this operation, the group’s employees have strengthened their position as Kaufman & Broad SA’s largest shareholder, thus demonstrating their commitment and trust in their company. The 283,991 new shares issued under the offer are common stock, fully comparable to the existing shares, and carry immediate dividend rights.

Governance

At the meeting of the Board of Directors of Kaufman & Broad of January 29, 2020, Frédéric Stévenin, a member of the Executive Committee and of the Investment Committee of PAI Partners, expressed his desire to resign from his position as director, which was due to expire at the General Meeting of Shareholders called to approve the financial statements for 2020. The Board of Directors of Kaufman & Broad expressed its warmest thanks to Mr. Stévenin for his contribution to the development of the Company throughout his twelve years as director. On the proposal of the Compensation and Nominating Committee, the Board co-opted André Martinez as director on the same day. Mr. Martinez will sit on the Board for the remainder of Mr. Stévenin’s term of office, i.e. until the close of the General Meeting of Shareholders called to approve the financial statements for the 2020 financial year. The next Annual General Meeting of Shareholders, to be held on May 5, 2020, will be asked to ratify this co-optation in accordance with the provisions of Article L. 225-24 of the French Commercial Code.

A graduate of HEC and IEP-Paris, André Martinez has served notably as Managing Director of the Accor group’s budget hotel business and subsequently as a member of its Management Board, director and Chairman of Global Lodging at Morgan Stanley Real Estate from 2006 to 2009, Special Advisor to the Minister for the Economy and Finance, Pierre Moscovici, and the Minister for Foreign Trade, Nicole Bricq, and as Chairman of the Board of Directors of Icade from 2015 to 2019. Since January 1, 2020, André Martinez has been a member of the Board of Directors and Chairman of the Strategy and Investment Committee of Société Nationale SNCF SA.



€56.0 million
Cash net
of financial debt



+9.9%
Increase
in Housing
property portfolio



€76.3 million
Attributable
net income



19.3%
Gross margin rate

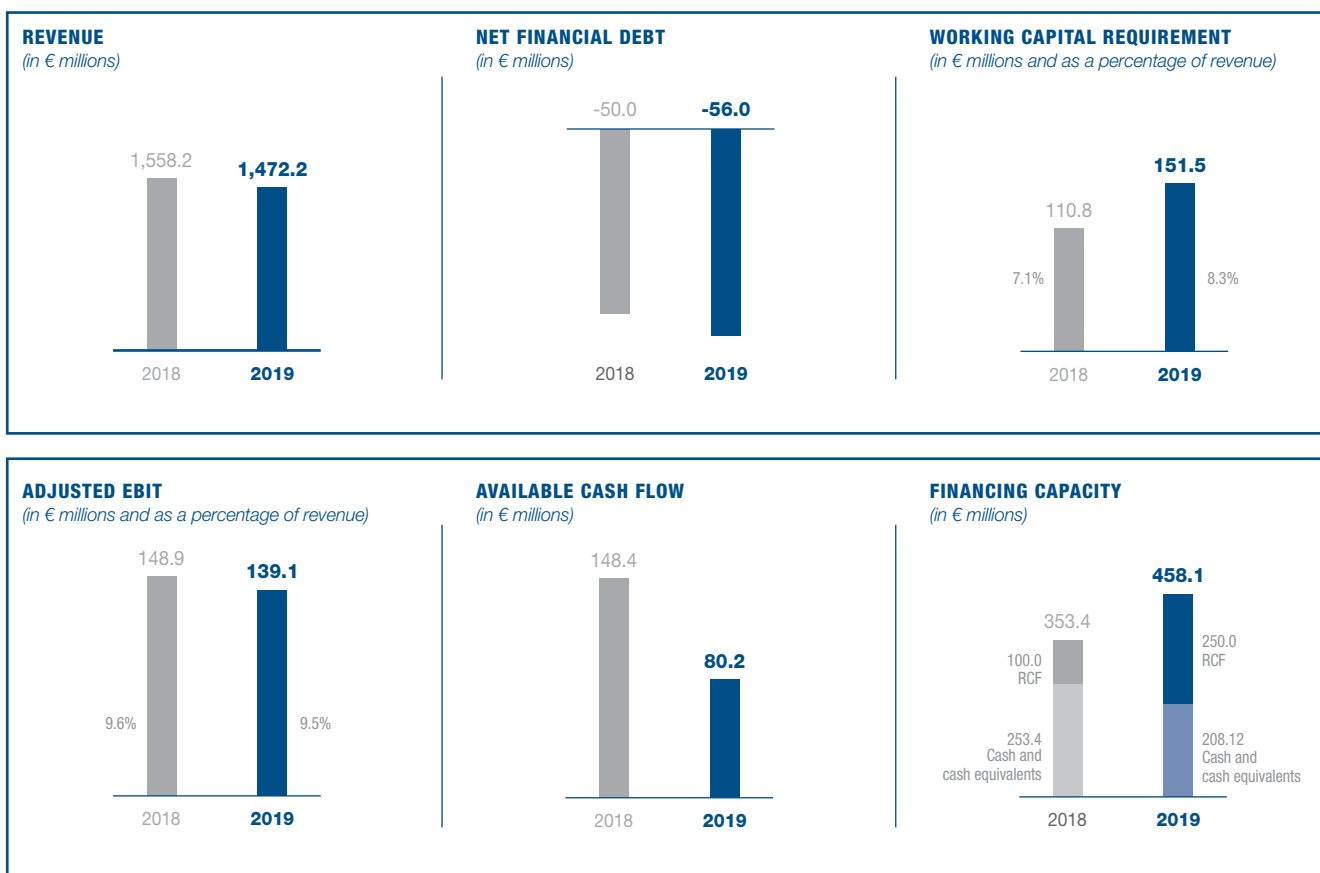
2020 calendar

March 19, 2020 Publication of Q1 2020 results (after market close)	March 20, 2020 Presentation of Q1 2020 results (conference call)	May 5, 2020 Company’s Shareholders’ Meeting	July 9, 2020 Publication of H1 2020 results (after market close)	July 10, 2020 Presentation of H1 2020 results	September 30, 2020 Publication of Q3 2020 results (after market close)	October 1, 2020 Presentation of Q3 2020 results (conference call)

(This schedule is subject to change)

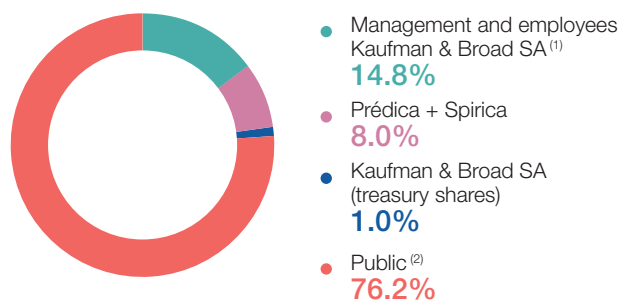


KEY FIGURES AND STOCK MARKET DATA



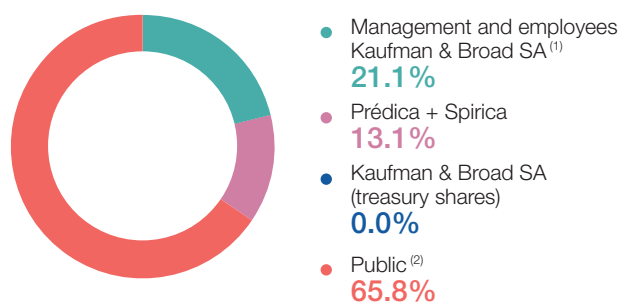
BREAKDOWN OF SHARE CAPITAL

(at November 30, 2019)



PERCENTAGE OF VOTING RIGHTS

(at November 30, 2019)



(1) Includes executives and employees of the Company via Artimus Participations, the Kaufman & Broad Actionnariat FCPE and the KB Actions 2017 and KB Actions 2019 FCPEs. They make up 14.8% of the share capital and 21.12% of voting rights, including employees holding registered shares in their personal capacity.

(2) Shares held by directors are included under the heading "Public" in the shareholding structure at November 30, 2019.

Stock market data

€**38.02**

High

€**20.23**

Low

€**37.00**

Last traded price on December 31, 2019

22,088,023

Number of shares at December 31, 2019

€**817.3 million**

Market capitalization at December 31, 2019

77,313

Average daily volume on all platforms⁽¹⁾
(from January 1 to December 31, 2019)
of which Euronext platform: 26,600

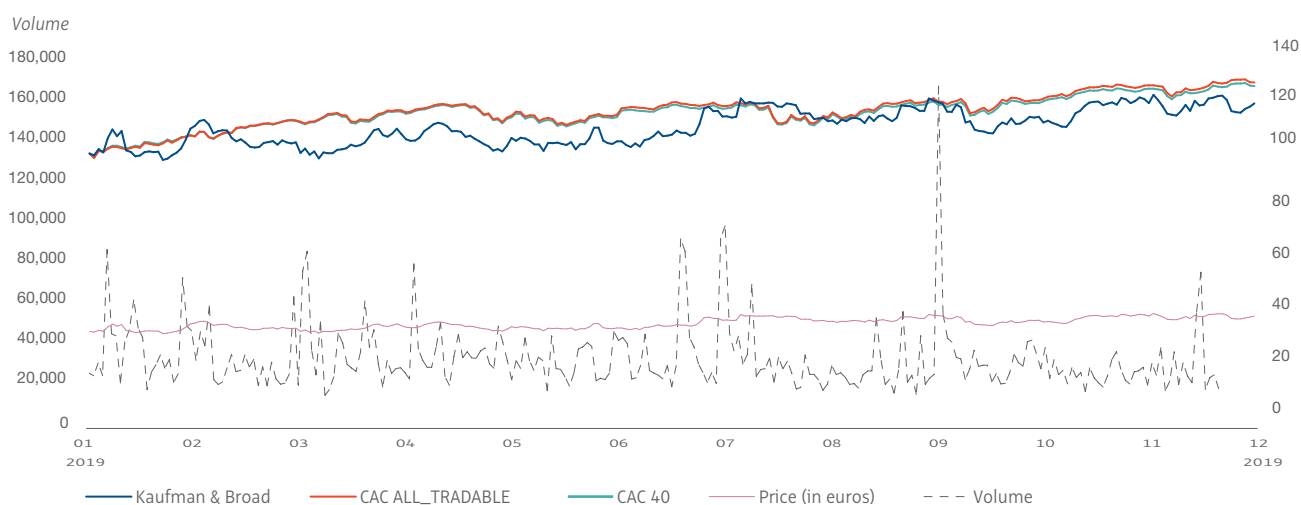
Euronext Market

Compartment B Mid-caps

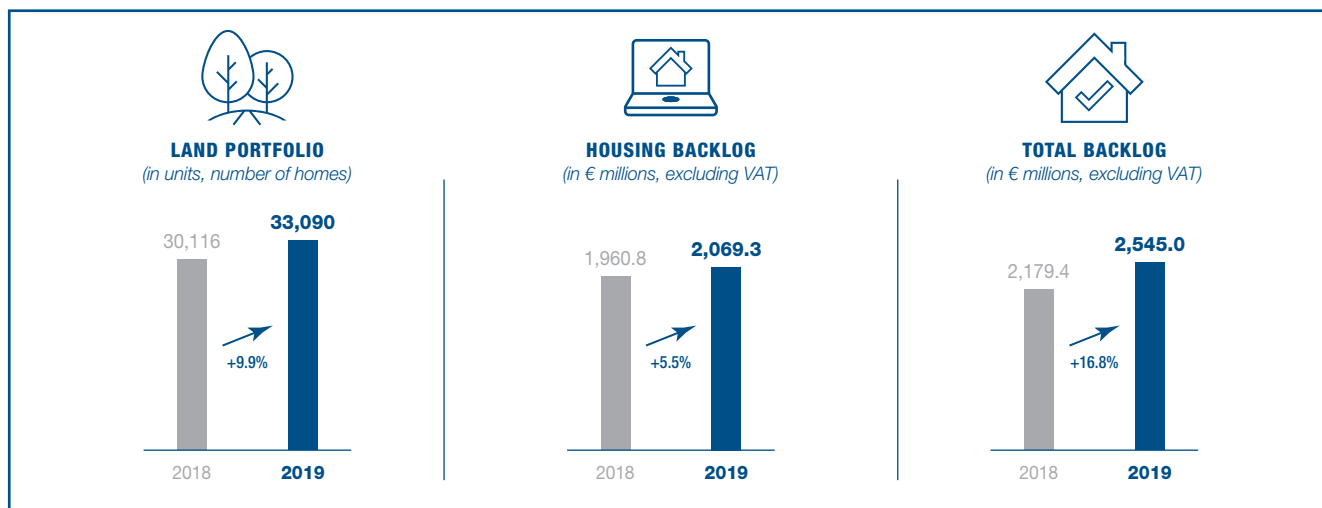
CAC 40 and CAC ALL TRADABLE indexes

ISIN code FR 0004007813

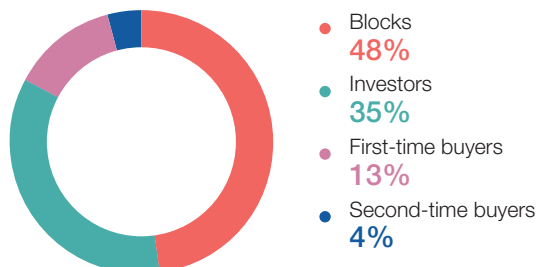
KAUFMAN & BROAD SHARE PRICE TREND COMPARED WITH THE CAC 40 AND CAC ALL-TRADABLE



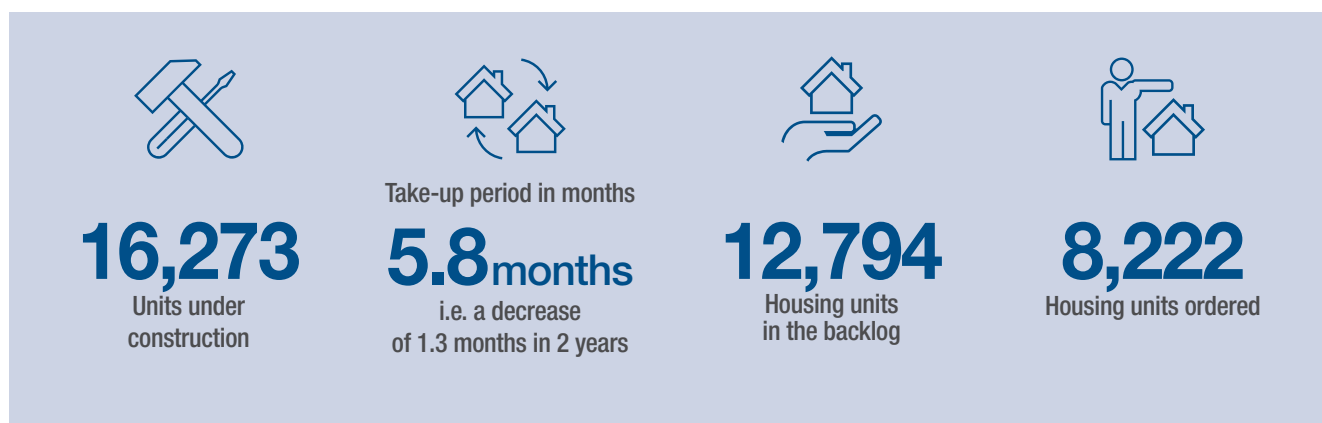
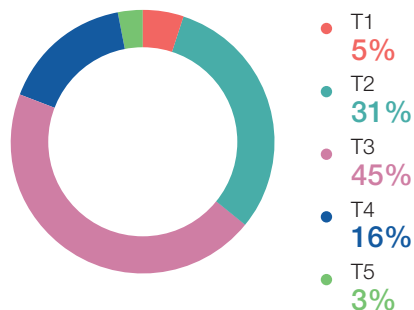
BUSINESS ACTIVITIES



ORDERS BY TYPE OF BUYER
(in terms of number at November 30, 2019)



COMMERCIAL OFFER BY APARTMENT TYPE
(in terms of number at November 30, 2019)

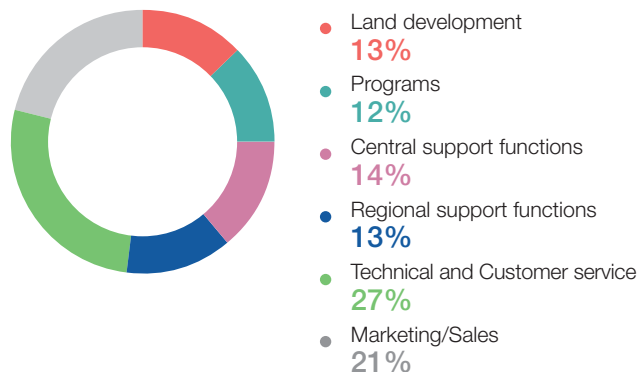




HEADCOUNT

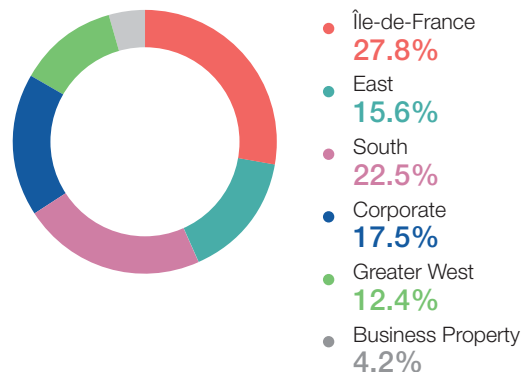
AVERAGE HEADCOUNT BY FUNCTION

(at December 31, 2019)



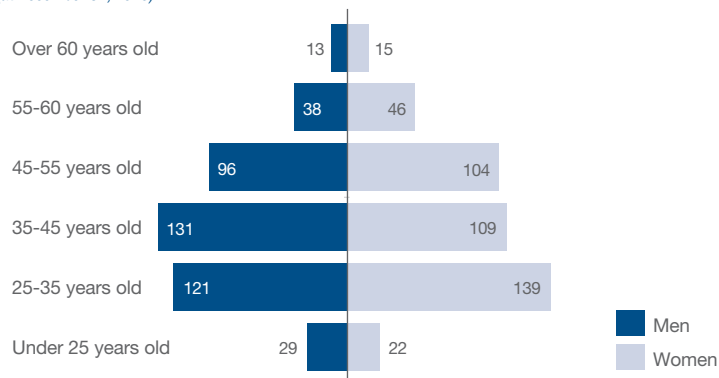
AVERAGE HEADCOUNT BY REGION

(at December 31, 2019)



AGE PYRAMID

(at December 31, 2019)



863
Employees

435
Women

428
Men

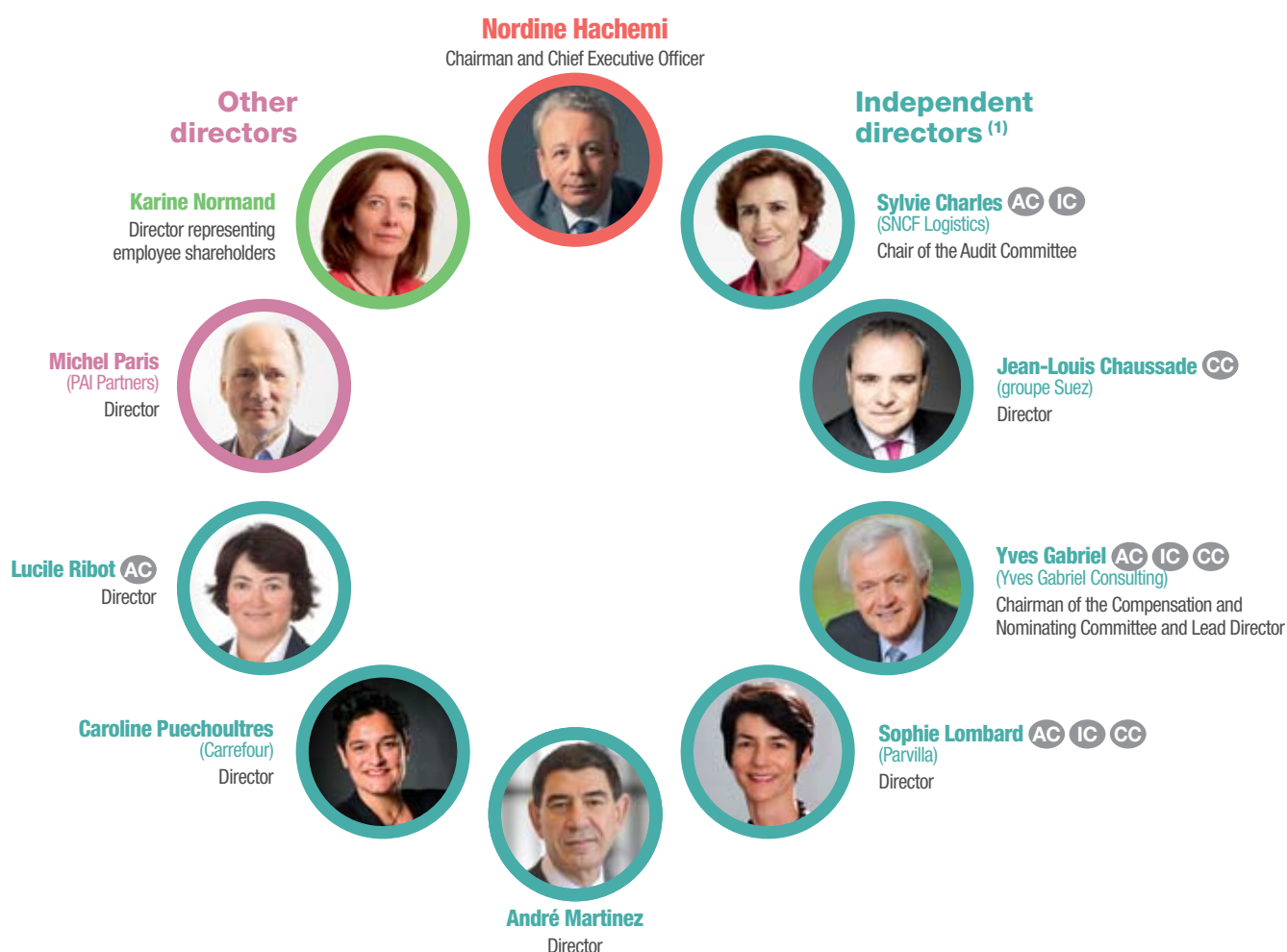


CORPORATE GOVERNANCE

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 ten members, including seven independent members, who bring a broad range of complementary skill sets and experience:

Board of Directors



AC Audit Committee **IC** Investment Committee **CC** Compensation and Nominating Committee

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



Executive Committee Management Committee

Nordine Hachemi

Chairman and Chief Executive Officer

Marc Vettraino

Vice-President Paris and Inner Suburbs

Thierry Verninas

Senior Vice-President,
Architecture and Quality

William Truchy

Executive Vice-President,
Marketing and Sales

Jacques Rubio

Executive Vice-President, Regions
and Managed Accommodation

Philippe Ribouet

Vice-President, Sud-Ouest

Chrystèle Marchand

Senior Vice-President, Marketing, Communication and Digital

Virginia Bernoux

Executive Vice-President, Nord-Est

Frédéric Bourg

Vice-President,
Operations Île-de-France

Bruno Coche

Chief Financial Officer

Christian Delapierre

Executive Vice-President,
Île-de-France and Institutional Sales

David Laurent

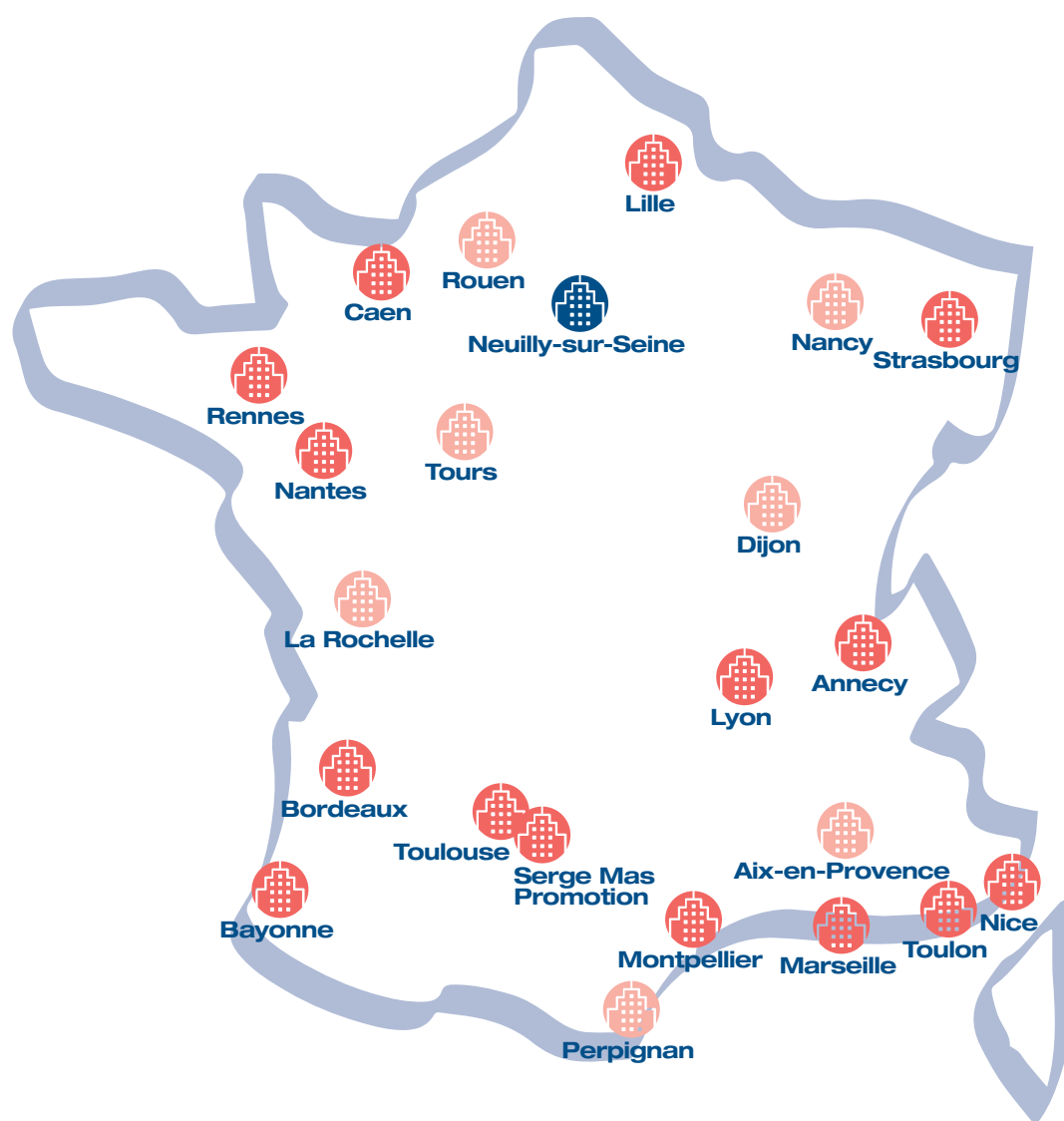
Executive Vice-President,
Business Property, Logistics,
Real Estate Development

Sophie Letierce

Senior Vice-President, Human Resources



MAIN GROUP LOCATIONS



Head office



Agencies



Local offices

INFORMATION

ABOUT THE GROUP'S BUSINESS ACTIVITIES

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1.1. The Kaufman & Broad group

For over 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, managed 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 platform).

Since it was created in 1968, Kaufman & Broad has marketed or commissioned the construction of nearly 139,000 homes and 1,050,000 sq.m of office and business 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 2019, the Île-de-France market represented 33.3% of the group's housing orders versus 40.8% in 2018.

Over the past several years, Kaufman & Broad has become one of France's leading real estate players in both residential and Commercial Property. Thanks to its unique receptiveness, creativity and know-how, Kaufman & Broad is able to provide tailored solutions that reconcile the aims and requirements of each party concerned and respond to the major challenges faced by communities, planners and local residents, as well as investors (private, institutional and public) and future users.

Housing Segment

Private housing (Multi-occupancy or Single-family) and managed accommodation

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 builder-developer whose policy is to:

- only buy the land required for the growth of its business, rather than purchasing land for speculative investment;
- focus on the design and quality of its products, rather than anticipating any significant increases in real estate prices when acquiring land;
- review the financing plans of its customers to ensure their ability to finance their purchases;
- ensure that all group employees are conversant and duly comply with the new Ethics Charter, governing employee relations with customers, subcontractors, suppliers and, more generally, all of the group's contacts;
- 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 sales cycle, thereby reducing each project's financial risk and allowing 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 a strong reputation on local markets.

By listening to its customers and stakeholders, by observing their evolution, their ways of living and working, the group has been able to imagine and create products that match their expectations and have become benchmarks in its sector. Kaufman & Broad's reputation has been built mainly on the quality of its design and project execution. A building is a link at the heart of the city, the neighborhood, the urban fabric, between the present and the future; a link with the partners of the group, in other words a link between the city, the developer, the user and the investor. This link is crucial for the Company, allowing it to create truly customized projects, establishing a genuine relationship, a continual exchange with its customers and partners. This link does not stop with the delivery of the building: the group continues to advise its customers during the first two years of operation.

Kaufman & Broad offers its customers the opportunity to move into a ready-to-live-in home, which they can customize thanks to the wide range of options on offer. 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 more than a decade, the group has been expanding its tourist, corporate, senior (non-assisted living accommodations) and student housing programs.

Commercial Property

Kaufman & Broad's Commercial Property teams design, develop and commission the construction of office projects, commercial complexes, hotels, and logistics platforms. For the group, building an office building means first of all creating value for the community, its investors and its users. This depends in particular on factors such as quality, sustainability, security of investment, long-term profitability, a respected and protected environment and economic attractiveness.

The group operates this business either on behalf of third parties (project management contracts and real estate development contracts), or on its own behalf with a view to marketing the buildings, under a strict policy of purchasing land after the entire program has been presold (sale before completion or “VEFA”).

New offices

For Kaufman & Broad, every project is unique. Kaufman & Broad is there every step of the way to help its clients create their tailor-made project. A new office building is the culmination of a meticulous creation process, the combination of strict parameters and decisive choices made in close collaboration with our partners:

- choose the best locations;
- providing responses tailored to the needs of businesses;
- incorporate the requirements of public authorities and investors;
- construct the healthiest and most comfortable, the most economical and virtuous, the most efficient and profitable buildings.

Redeveloped offices

In terms of building rehabilitation, the challenges of redevelopment are to make the real estate complex attractive again to generate a new cycle of long-term profitability and optimal liquidity for these real estate assets.

Logistics and business platforms

Through Concerto, created in 1998, Kaufman & Broad is one of France's leading logistics engineering companies. A subsidiary of the Kaufman & Broad group since 2014, Concerto represents a strategic addition to the expertise and know-how of Kaufman & Broad's Business Property segment. It has demonstrated its ability to create value for its industrial customers or distributors by offering them bespoke solutions and projects that respond to the new technical challenges currently faced by logistics businesses.

Concerto offers professionals solutions for logistics functions to enable them to turn fixed costs into variable costs and stay focused on their core business. In this context, Concerto, with its experience in logistics engineering, designs turnkey projects tailored to the needs of its customers in a spirit of long-term partnership, and carries out the reconversion/rehabilitation of sites close to urban centers. Concerto is active in high value-added logistics sectors in all areas of industry and distribution, as well as in the development of new business parks.

Hotels

To develop new concepts and diversify the assets of future customers, Kaufman & Broad's Commercial Property teams bring the group's expertise in hotel project design to the largest national and international brands.

These teams can offer their future customers tailor-made projects so that they can:

- reap the benefits of the growth and globalization of tourism;

- develop new hotel concepts that create more value and are more attractive to customers;
- respond to urban issues and find their place in the heart of the city.

Retail areas

Kaufman & Broad never designs a program without giving consideration to the residents, employees, neighborhood and to people's uses and habits. The group makes its know-how and expertise in Business Property available to users and the city to develop ground-floor commercial premises in residential or managed accommodation buildings.

Urban Projects and Innovation

In 2014, Kaufman & Broad created an Urban Projects Department, with the aim of helping local authorities create new-generation eco-urban projects. This creation is based on the conviction that the success of a sustainable neighborhood depends on the coherence of all the components of its ecosystem. To respond to the requirements of local authorities, the Urban Projects Department incorporates the Innovation Department, introducing a new model for neighborhood projects that integrate the entire life cycle of the neighborhood right from the design stage, by establishing a long-term partnership relation with the local authorities at a very early stage.

Lastly, to help these projects blend into their urban environment, each program includes a component aimed at developing and supporting local initiatives led by residents. Kaufman & Broad is thus committed to working with local authorities to encourage and support stakeholders in local development, such as local businesses, local charities, back-to-work initiatives and start-ups, among others.

Real Estate Development, Urban Projects and Innovation

At the end of 2019, Kaufman & Broad decided to set up an organization dedicated to its planning activities. The Real Estate Development Department offers strong expertise and a structured approach in putting together and implementing mixed programming operations, as well as specific resources for the completion and implementation of projects with a vision on an urban scale. Management is also committed to a strategy of integrating and mastering innovations in Mobility, Energy, Circular Economy and new urban services to promote a new generation of sustainable neighborhoods. Under this approach, for each project, target objectives of excellence and measurement indicators are established in agreement with the local authorities, which the group pledges to achieve over the long term. The programs vary widely in terms of size and are based on the conviction that the success of a sustainable neighborhood depends on the coherence of all the components of its ecosystem.

1.1.1. History

1.1.1.1. Milestones

1968	Creation 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 SA by PAI Partners
2010	Acquisition of SM2I
2013	Acquisition of Flandres Promotion
2014	Acquisition of Concerto Développement
2015	Acquisition of an equity interest in Safaur
2015	Acquisition of Serge Mas Promotion
2016	Acquisition of the Safaur group Partial sale of the equity interest in Kaufman & Broad's share capital by Financière Gaillon 8 (a company controlled by funds managed by PAI Partners) Acquisition of the Seri Ouest group
2017	Sale of the remaining equity interest in Kaufman & Broad's share capital by Financière Gaillon 8 (a company controlled by funds managed by PAI Partners) Creation of the Cosy Diem company in partnership with Sérénis (a company that runs retirement homes and healthcare facilities)
2018	Employees are the group's main shareholder with nearly 13% of the capital
2019	Creation of KB Aménagement

1.1.1.2. Background

In 1968, the Company started 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 in France from 1983.

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

From July 10, 2007 and until May 2017, the majority holder of Kaufman & Broad SA was Financière Gaillon 8, a company ultimately controlled by funds managed by PAI Partners (PAI). Changes in PAI's ownership interest are presented in detail in Section 5.3.1. "Shareholding structure of the Company at November 30, 2019 and three-year change".

On January 27, 2016, Financière Gaillon 8 SA, the main shareholder of Kaufman & Broad SA with 87.95% of the share capital at that date, announced its intention to begin selling its interest in Kaufman & Broad SA through a market offering, if necessary, which could reduce its stake to less than 50% of the share capital. The private

placement transaction with institutional investors took place 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 stock. The gross income from the disposal of 8,958,134 shares after full exercise of the over-allotment option amounted to €282 million in favor of Financière Gaillon 8. Financière Gaillon 8 successively sold 43% of the Company's share capital in April 2016 and 17.76% in February 2017 through private placements, selling the balance of the Company's share capital in May 2017. As of the date of this Universal Registration Document, Financière Gaillon 8, a company ultimately controlled by funds managed by PAI Partners, no longer appears in the Company's share capital.

Artimus Participations, a company owned by a number of the group's 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. As of February 28, 2018, Artimus Participations held 2,321,440 shares or 10.62% of the share capital of Kaufman & Broad SA, after taking into account the Kaufman & Broad shares awarded under the bonus share plans awarded to Artimus Participations by the executives and employees investing in Artimus Participations, and the Kaufman & Broad shares awarded to Artimus Participations resulting from the contribution by these executives and employees to Artimus Participations of their shares in Financière de Neuilly, and successive buybacks.

On September 21, 2017, Kaufman & Broad SA announced the launch of its "KB Actions 2017" share ownership scheme, with leverage and an investment guarantee, reserved for the employees of the group who are members of the savings plan. The offer was very successful with a subscription rate of 65.4% among eligible employees. A total of 236,496 shares were subscribed for through the KB Actions 2017 fund for an amount of €7,357,390.56. Through this transaction, the group's employees strengthened their position as the leading shareholder of Kaufman & Broad SA, thus demonstrating their commitment and trust in their company. The capital increase resulting from this offer (KB Actions 2017 fund), the shares held through Artimus Participations, and those held by the Kaufman & Broad Actionnariat FUND therefore increased the employees' shareholding in the Company Kaufman & Broad SA to just under 14%.

On May 13, 2019, Kaufman & Broad announced the launch of its "KB Actions 2019" share ownership scheme, with leverage and an investment guarantee, reserved for group employees who are members of the savings plan. Kaufman & Broad SA recognized the increase of its share capital resulting from subscriptions for "KB Actions 2019" shares on November 21, 2019. The offer was as successful as in 2017, with a subscription rate of 66.1% among eligible employees and a total of 283,991 shares subscribed for through the "KB Actions 2019" sub-fund of the KB Actions fund, for a total amount of €7,832,471.78. The increase in the share capital as a result of the offer brings the share of capital held by the group's employees through the various shareholding schemes to nearly 15% (including the shares held in the "KB Actions 2017" and "KB Actions 2019" sub-funds of the KB Actions fund and the Kaufman & Broad Actionnariat fund offered under the savings plan, together with the shares resulting from the bonus share allocation plans, and shares held through Artimus Participations). With this transaction, the group's employees strengthened their position as Kaufman & Broad SA's largest shareholder, thus demonstrating their commitment and trust in their company. The 283,991 new shares issued pursuant to the offer are common stock, fully fungible with existing shares and vested.

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, or SCI) of Société de Missions et de Coordinations Immobilières (SMCI) and of CFP-SMCI, which builds 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 into account the reversal of assets and 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 their apartment programs), which specialize 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 Company's market share 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 acquisitions illustrate the Company's acquisition policy of setting up in new regional markets with high growth potential through the acquisition of existing, experienced local entities. These four acquisitions represented a total investment of €45 million.

In August 2001, Kaufman & Broad acquired Progesti SA (the Résidences Bernard Teillaud group), a leading builder-developer 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 primarily in Southwest France, more specifically Midi-Pyrénées and Aquitaine. The Avantis group, the first of these acquisitions, was acquired in 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 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 Brittany with a property portfolio of more than 400 units, with 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 enabled the group to expand its presence in this region.

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

In October 2015, Kaufman & Broad acquired an interest in Safaur, a real estate development company based in Caen. The acquisition was for €1.4 million, representing a 40% stake in the company's share capital. This equity investment was in line with Kaufman & Broad's desire to expand its presence in mid-size population areas. Safaur also covers the Normandy coast and Lower Normandy. The two companies share the same values, with a keen determination to build high-quality homes. On January 6, 2016, Kaufman & Broad acquired the balance of the capital of Safaur for a provisional price in the aggregate amount of €5.5 million, representing goodwill of €1.8 million allocated to portfolio programs.

In December 2015, Kaufman & Broad Midi-Pyrénées took over control of SMP (Serge Mas Promotion), a real estate developer in the

Toulouse region. SMP is an active player in development-construction-sale in Toulouse and in Southwest France and has completed many housing, apartment, retirement home, shop and office programs as well as mixed use developments. This business combination with a well-known regional real estate developer reflects Kaufman & Broad's commitment to developing and strengthening its leadership position in the Languedoc-Roussillon and Midi-Pyrénées regions. The amount of this transaction was €1.7 million.

On June 23, 2016, Kaufman & Broad Nantes, a wholly-owned subsidiary of Kaufman & Broad SA, took a controlling interest (80%) in Seri Ouest, a company with operations in Upper and Lower Normandy, 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 enabled Kaufman & Broad to strengthen its position in population areas in the Grand-Ouest region and develop its local network. The remaining 20% of Seri Ouest shares was acquired on June 23, 2017.

The final total price of this transaction amounted to €14 million.

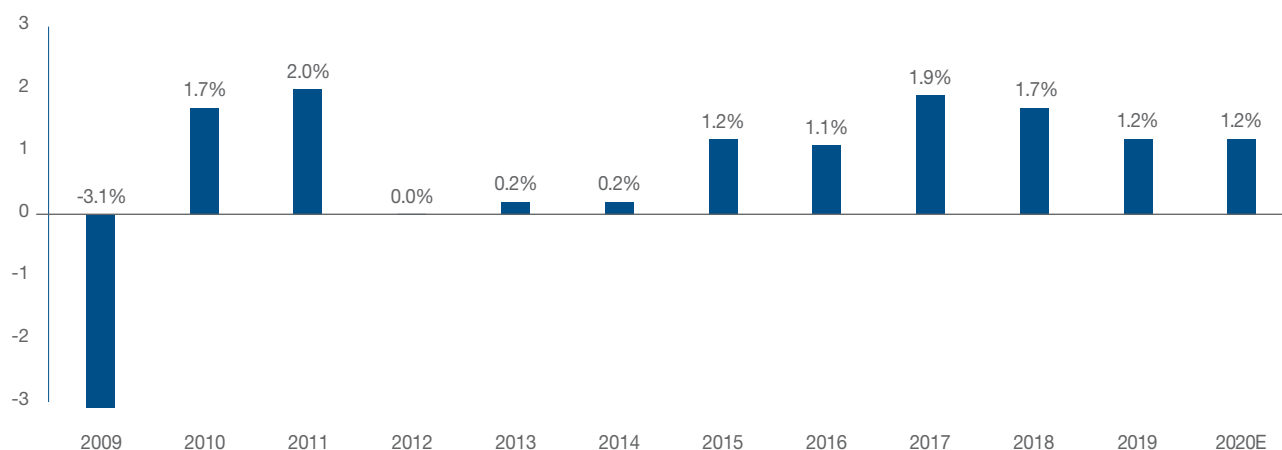
1.1.2. Main characteristics of the business

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

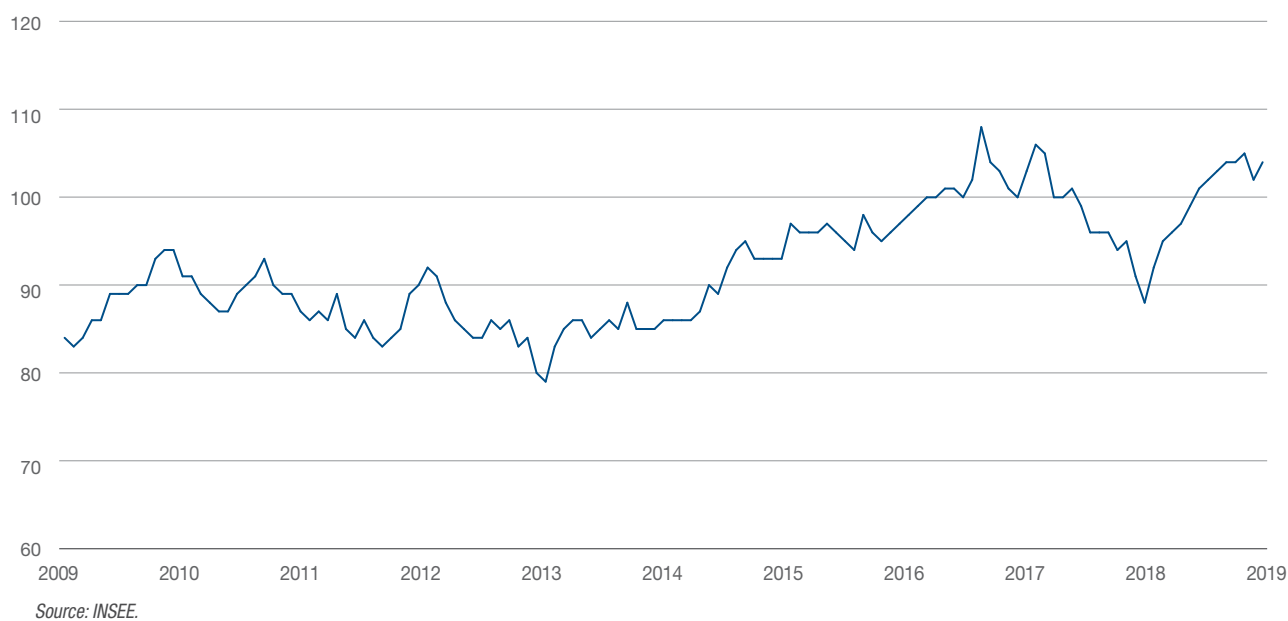
The following graphs illustrate the changes in the various macroeconomic indicators over the past 10 years.

FRENCH GDP GROWTH

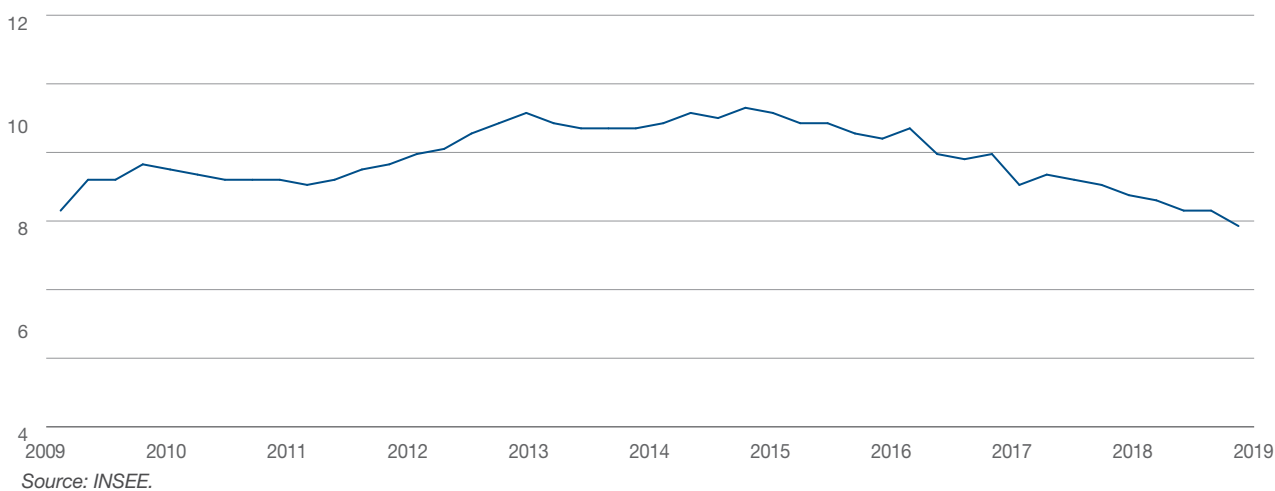


Source: INSEE and OECD 2020 estimate on 1 January 19, 2020.

CONSUMER CONFIDENCE INDEX MONTHLY TREND

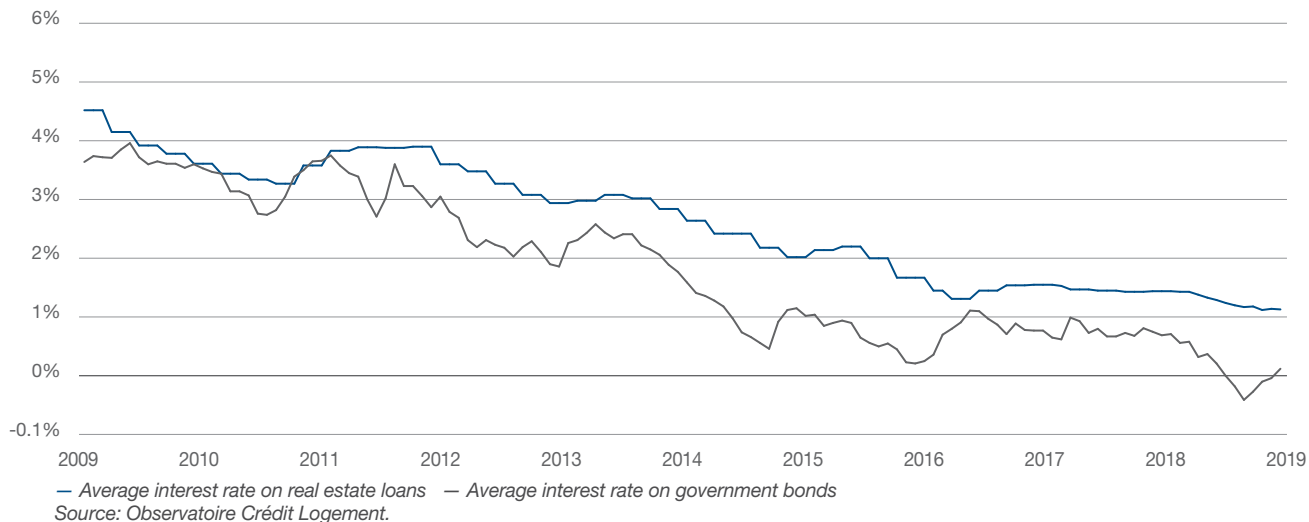


TREND IN THE UNEMPLOYMENT RATE IN METROPOLITAN FRANCE



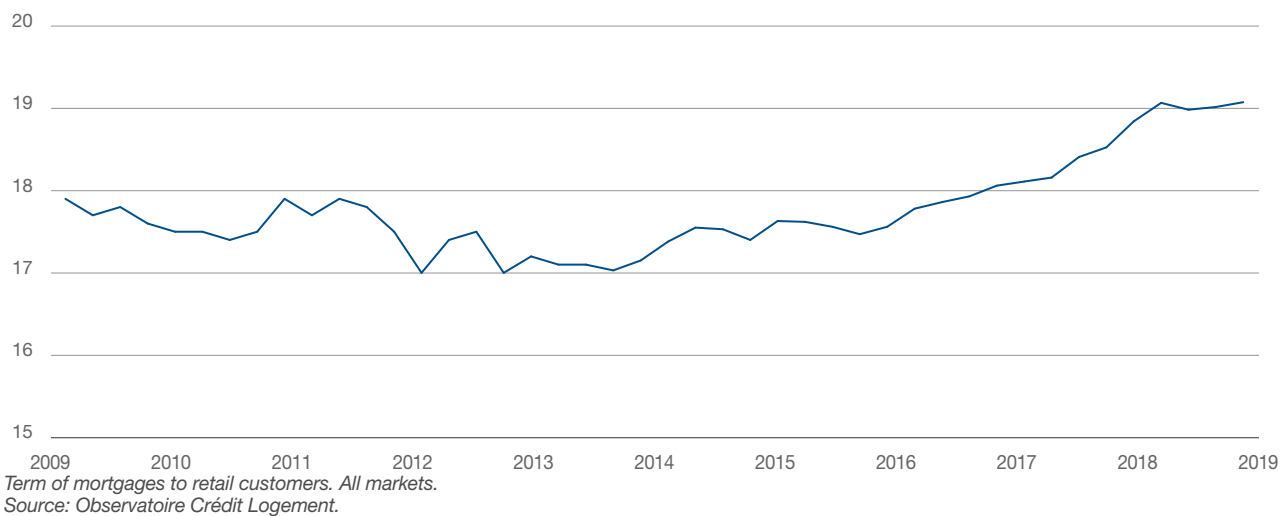
Housing property indicators

AVERAGE INTEREST RATE ON REAL ESTATE LOANS

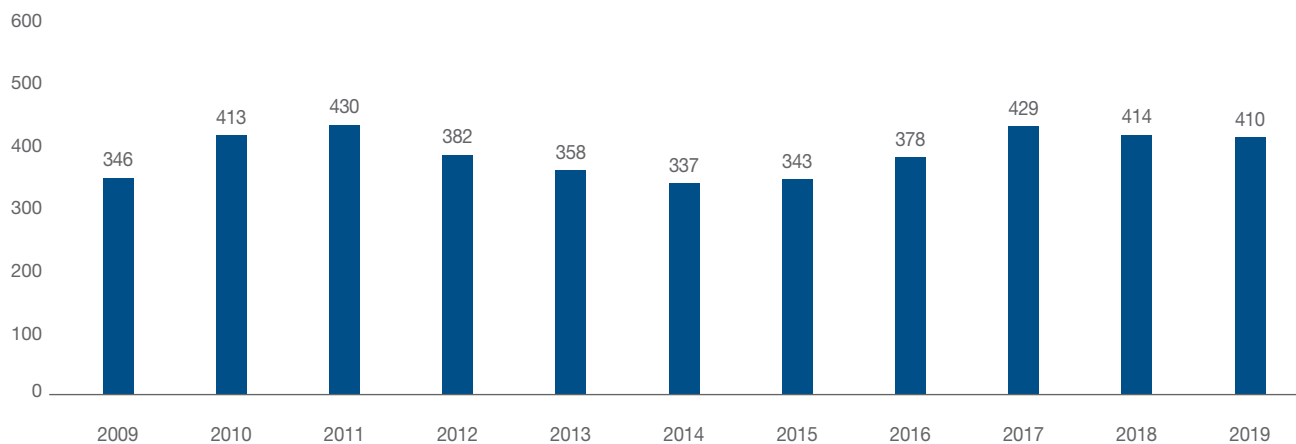


AVERAGE TERM OF REAL ESTATE LOANS

(in years)

TREND IN THE NUMBER OF HOUSING UNITS UNDER CONSTRUCTION IN FRANCE ^(a)

(in thousand housing units)



(a) Housing units under construction: pure individual housing, grouped individual housing, multi-family housing, accommodation (new construction and construction in existing buildings).
Source: Ministry of Ecology, Sustainable Development and Energy, Sit@del2 - from 2014 to 2018, the number of housing starts has been recalculated by the Ministry.

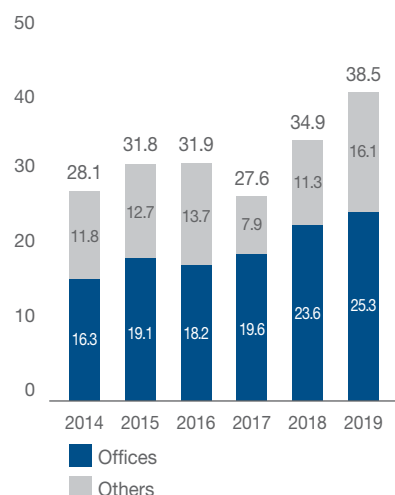
At December 31, 2019, housing under construction (started) totaled 410,300 housing units versus 414,400 housing units started in 2018. They are divided into pure individual housing units (120,600), grouped homes or single-family homes in communities (42,800), multi-occupancy housing (217,000) as well as serviced housing (29,900). The new housing

market in which 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).

Business Property indicators

AMOUNTS INVESTED IN BUSINESS PROPERTY IN FRANCE: "OFFICES" VS. "OTHER"

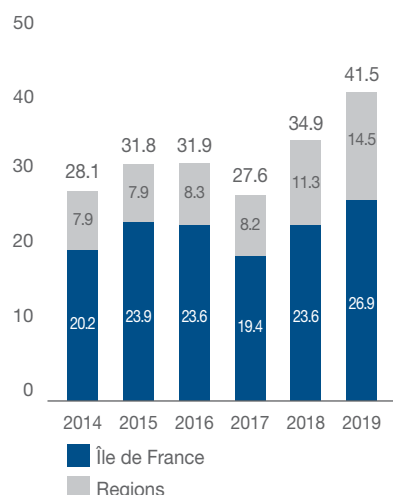
(in € billions)



Source: BNP Paribas Real Estate.
Publication: At a Glance Investment in France - Q4 2019

AMOUNTS INVESTED IN BUSINESS PROPERTY IN FRANCE: "ÎLE-DE-FRANCE" VS. "REGIONS"

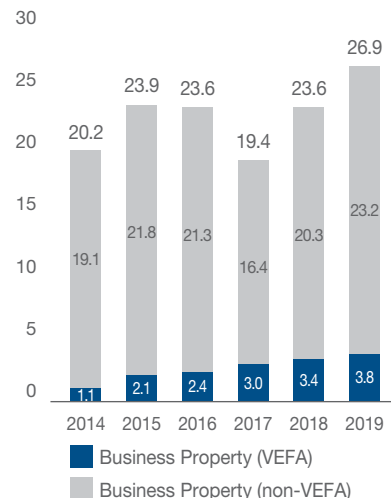
(in € billions)



Source: BNP Paribas Real Estate.
Publication: At a Glance Investment in France - Q4 2019

BUSINESS PROPERTY IN ÎLE-DE-FRANCE

(in € billions)



Source: BNP Paribas Real Estate.
Publication: At a Glance Investment in France - Q4 2019

1.1.2.2. Tax incentives

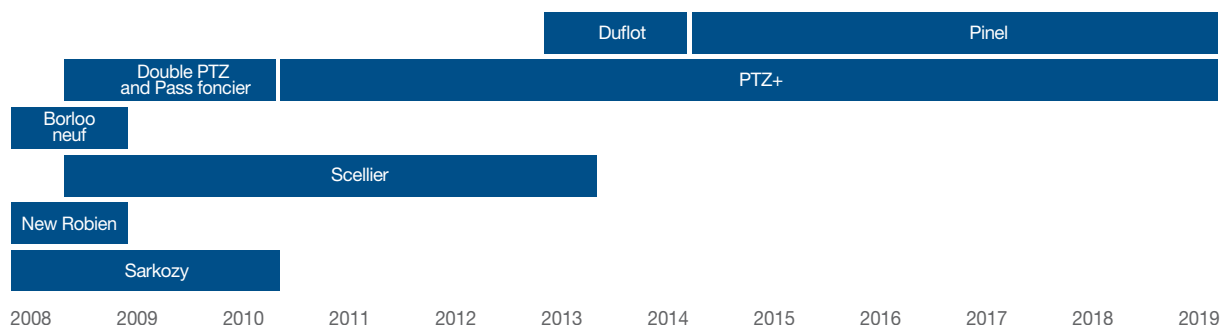
The market for new housing units has benefited from various tax incentives over the last 20 years. The French government set up financing incentives to finance home ownership through loans such as the home ownership assistance loan (PAP), which was replaced in 1995 by the zero-interest loan (PTZ), which was revised in 2005, doubled in 2010 and then replaced by the Zero-Interest Plus (PTZ+) loan as of January 1, 2011.

Introduced by the 2013 Budget Act, the "Duflot" incentive allowed individuals who acquired a new home or a home sold before completion

(VEFA) between January 1, 2013, and December 31, 2016 to benefit, under certain conditions, from an income tax reduction. The 2015 Budget Act made several adjustments to the latter incentive, renamed "Pinel", in a bid to boost the construction of intermediate housing in vulnerable areas (see Section 1.1.2.2.1. "The « Pinel » incentive").

The group considers that these tax incentives have already had, and are expected to continue to have, a positive influence on the new housing market, although it is not possible to quantify their impact precisely (see details in Section 1.2.5.2. "Risks relating to tax incentives that may affect the new housing market and to changes in tax regulations").

The chart below summarizes the sequence of the various tax incentives affecting the housing market over the last ten years:



1.1.2.2.1. The “Pinel” incentive (in force since 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 underwent some adjustments in 2014 (Law No. 2014-1654 of December 29, 2014, known as the 2015 Budget Act). Furthermore, 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 (the so-called “zone non tendue” with lower demand and higher supply).

Article 68 of the 2018 Budget Act (Law No. 2017-1837 of December 30, 2017) has once again reproduced the incentive through December 31, 2021 and re-centered it in high-demand, low-supply areas. These modifications apply to the acquisitions carried out beginning January 1, 2018 or to the construction of housing units for which a building permit request has been filed on or after this date.

Accordingly, from January 1, 2013 to December 31, 2021, 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. The investment can be made directly by the taxpayer or through the intermediary of a company not subject to corporation tax other than a real estate investment trust (“SCPI”).

For purchases made prior to September 1, 2014, the fixed term of the leasing commitment had to be nine years. The tax reduction, set at 18%, is calculated on the eligible cost price of the housing unit, limited to €5,500 per square meter of living area and with the total amount capped at €300,000.

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.

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 2018.

The rental commitment must contain a statement which stipulates that the rent and the tenant's resources do not exceed a ceiling set by decree (initially Decree No. 2012-1532 of December 29, 2012 as codified in Articles 199-novovicies II of the French General Tax Code and 2-terdecies D of Annex III of the French General Tax Code).

Lastly, all housing units sold before completion and purchased after September 1, 2014 must be completed within the following 30 months, no longer measured from the date of announcing the construction, but now from the date of signing of the notarized deed by each buyer.

Terms and conditions of the tenancy

The tenancy must become effective within 12 months of the acquisition or completion of construction of the building. It must be effective and continuous for a minimum period of six or nine years, the duration of the tenancy being calculated from date to date, from the date on which the initial lease takes effect. 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 is not renewable beyond that.

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

The home must be rented unfurnished for use as the tenant's primary residence. The tenancy may be entered into with an ascendant or descendant of the taxpayer for investments made on or after January 1, 2015, provided that the ascendant or descendant is not a member of the taxpayer's household.

The homes must be located in specific geographic areas in which there is an imbalance between supply and demand. These are zones A, Aa, B1 and B2. The 2018 Budget Act re-centered the incentive in zones A, Aa and B1 of the territory such as what has been defined by order dated August 1, 2014. This shift applies to acquisitions carried out on or after January 1, 2018. However, units for which building permits were filed before December 31, 2017 are eligible for the Pinel incentive in zone B2 as long as the deed of sale is notarized before March 15, 2019.

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%, and rises 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%

Rent ceiling

During the agreed term of the tenancy, the monthly rent must be less than the annual ceiling set by decree according to the area where the housing is located and its type. 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 follows for leases signed in 2018 and leases signed or renewed in 2019:

Zones (€/sq.m/month)	Monthly rent ceiling per square meter	
	2018	2019
A	€12.59	€12.75
Aa	€16.96	€17.17
B1	€10.15	€10.28
B2	€8.82	€8.93

These rent ceilings are then multiplied by a factor (which varies according to the surface area of the housing unit to take into account the reality of the rental market) calculated using the following formula, where "S" is the surface 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 when applying the ceiling is the reference tax income shown in the tax assessment for the year prior to the year preceding the signing of the tenancy agreement.

The income ceiling to apply depends on the composition of the tax household on the date of lease signing. This ceiling is raised on January 1 of each year in accordance with the Rent Reference Index.

The tenant's income is calculated once and for all on the date of lease signing.

The annual ceilings on tenant income are as follows for leases signed or renewed in 2019:

Composition of tenant household (in €/year)	Zone A	Zone Aa	Zone B1	Zones B2 and C
Single person	€38,236	€38,236	€31,165	€28,049
Couple	€57,146	€57,146	€41,618	€37,456
Single person or couple with one dependent	€74,912	€68,693	€50,049	€45,044
Single person or couple with two dependents	€89,439	€82,282	€60,420	€54,379
Single person or couple with three dependents	€106,415	€97,407	€71,078	€63,970
Single person or couple with four dependents	€119,745	€109,613	€80,103	€72,093
Supplement for the fifth and each additional dependent	+€13,341	+€12,213	+€8,936	+€8,041

1.1.2.2.2. 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. It is reserved for individuals whose total income amounts to less than a cap defined according to, first, the number of people planning to occupy the housing unit as a primary residence and, second, the geographic area where the housing unit is located. The income to be taken into account is the sum of the reference tax incomes shown in the tax assessment for the prior year of the persons planning to occupy the housing unit. Article 107 of the 2016 Budget Act has simplified and broadened the Zero-Interest loan since January 1, 2016. Under the aforementioned law, Decree No. 2015-1813 of December 29, 2015 amended the income ceilings, loan ratios and transaction ceilings as well as the repayment options. Loan repayment may be deferred by 5, 10 or 15 years, depending on income, and households may rent out their home after six 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.

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The 2018 Budget Act extended the scheme, which applies to loan offers issued through December 31, 2021.

In existing buildings requiring renovation, the PTZ scheme has been re-centered over less vulnerable areas for loan offers issued since January 1, 2018 (in practice, zones B and C). Correspondingly, homes located in zones A, Aa and B1 are no longer eligible for the PTZ scheme since this date. The PTZ scheme in existing buildings subject to sale of the social park to its occupants has not, on the other hand, been modified. It can be granted no matter where the home is located.

In new builds, the incentive is maintained over the entire area for the loan offers issued in 2018 and 2019. It was to be re-centered in the most vulnerable zones (zones A, Aa and B1) from 2020 but this article was

removed from the 2020 Budget Act. Consequently, homes located in zones B2 and C remain eligible for the PTZ scheme of January 1, 2020.

The PTZ amount corresponds to a percentage of the cost of the transaction which varies by type of housing. For loan offers issued since January 1, 2018, the shares are set at 40% for homes to renovate and 10% for operations involving the sale of the social park.

However, for new builds, the share of the loan remains at 40% for zones A and B1 but is reduced to 20% in zones B2 and C for loan offers issued since January 1, 2018.

Moreover, the acquisitions of existing homes carried out as part of a sale of buildings to be renovated mentioned in Article L. 262-1 of the Construction and Housing Code (CCH) are now eligible for the PTZ in existing buildings requiring renovation.

The purchaser's annual ceilings are set, from 1 January 2016, at the following amounts:

Composition of purchaser household since January 1, 2016

(in €/year)	Zones A and Aa	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

In order to determine the amount of the interest-free loan, a percentage is applied to the total transaction cost (including VAT) limited to a ceiling. The maximum amounts (for loan offers issued in 2018 and 2019) are the following:

Number of people occupying the home			1	2	3	4	5 or more
Zone A and Aa	Maximum amount used for the transaction		€150,000	€210,000	€255,000	€300,000	€345,000
	Maximum amount of the loan	New home	€60,000	€84,000	€102,000	€120,000	€138,000
		Existing home/HLM (rent-controlled)	€15,000	€21,000	€25,500	€30,000	€34,500
Zone B1	Maximum amount used for the transaction		€135,000	€189,000	€230,000	€270,000	€311,000
	Maximum amount of the loan	New home	€54,000	€75,600	€92,000	€108,000	€124,400
		Existing home/HLM (rent-controlled)	€13,500	€18,900	€23,000	€27,000	€31,100
Zone B2	Maximum amount used for the transaction		€110,000	€154,000	€187,000	€220,000	€253,000
	Maximum amount of the loan	New home	€22,000	€30,800	€37,400	€44,000	€50,600
		Existing home to be renovated	€44,000	€61,600	€74,800	€88,000	€101,200
		Existing home/HLM (rent-controlled)	€11,000	€15,400	€18,700	€22,000	€25,300
Zone C	Maximum amount used for the transaction		€100,000	€140,000	€170,000	€200,000	€230,000
	Maximum amount of the loan	New home	€20,000	€28,000	€34,000	€40,000	€46,000
		Existing home to be renovated	€40,000	€56,000	€68,000	€80,000	€92,000
		Existing home/HLM (rent-controlled)	€10,000	€14,000	€17,000	€20,000	€23,000

1.1.2.2.3. Trend in VAT rate for housing

The VAT rate applicable to sales of new housing has undergone numerous changes in recent years, particularly in the social sector.

The table below sets out the VAT rate applicable to the various sales since December 1, 2019:

Sectors or premises concerned	Subdivision of Article 278 <i>sexies</i>	Rate
Social rental housing financed by a subsidized rental loan for very low-income households (<i>Prêt Locatif Aidé d'Intégration</i> , or PLAI)	1° of A of II	5.5%
Social rental housing financed by a rental loan for social use and covered by the urban renewal policy	2° of A of II	5.5%
Other social rental housing	3° of A of II	10%
Premises subject to an acquisition-improvement when the acquisition is financed by a PLAI loan or a rental loan for social use	2° of B of II	5.5%
Housing equivalent to social rental housing	C of II	10%
Home ownership for low income households	III	5.5%
Social and medico-social sector	IV	5.5%
Building land for premises subject to a transaction taxable at the reduced rate	V	10%

1.1.2.3. Home ownership for low income households

1.1.2.3.1 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 and 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 ANRU zones (areas covered by an agreement with the National Urban Renewal Agency (ANRU)), and also became applicable in an area reduced from a 500-meter radius to a 300 meter-radius around those zones. Finally, for developments not yet completed by January 1, 2014 and located in that same area, the VAT rate was 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, 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%, with the notable exception of 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 has been signed with the National Urban Renewal Agency or which are located within 300 meters of the boundary of these districts;

- a housing unit purchased by individuals is intended for use 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.

1.1.2.3.2. Priority neighborhoods in urban policy

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, which are now slated to disappear. Benefiting from a taxation system similar to that of ANRU zones, these new neighborhoods should allow the construction of housing in new areas.

The city contracts in question are concluded at intermunicipal level between, on the one hand, the State and its public establishments and, on the other hand, the municipalities and the relevant public entities for intermunicipal cooperation with special tax treatment, the departments and the Regions in order to implement actions contributing to the achievement of the objectives of urban 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 a gap in economic and social development assessed by a criterion of the inhabitants' income.

Article 30 of the 2017 Budget Act extended, subject to conditions, the eligible geographical scope up to 500 meters around the priority district

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for town policy priority districts covered by an inter-community contract and an agreement signed with the ANRU in the framework of the New National Urban Renewal Program (NNURP) starting from January 1, 2018.

Consequently, for home ownership operations in priority districts of the city's policy (known as QPV) whose building permit was filed after January 1, 2018, buildings now must meet new geographic conditions assessed on the date on which the building permit is filed. Namely, the building must be:

- located within a QPV covered by a city contract; or
- entirely located within 300 meters of the boundary of a QPV; or
- provided the QPV is covered by a multi-year urban renewal agreement signed with the ANRU under the NNURP, be integrated within a building complex located entirely, on the same date, within 500 meters of the boundary of a QPV and partially within 300 meters of the same boundary.

According to the administration, a "building complex" is understood as:

- a building or group of buildings covered by the same building permit;

- a group of buildings authorized under multiple building permits awarded over an 18-month period, each containing the same planning document guaranteeing an overall unity.

The priority districts were defined in the Urban Planning and Urban Cohesion Law of February 21, 2014, which became effective on January 1, 2015. To be eligible for this incentive, individuals must meet certain income requirements.

The homebuyer's income may not exceed the maximum ceilings provided for in Article L. 411-2 (8) of the French 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 programs for which a building permit request is filed between January 1, 2015 and December 31, 2024.

The incentive also applies to building permits filed between January 1, 2015 and the date of signature of the city contract, which must be no later than January 31, 2015.

1.1.2.4. New housing market indicators

1.1.2.4.1. Market volume

A. Single-family homes in communities

The French market for single-family homes in communities represented 9,452 orders in 2018 and 8,607 in 2019.

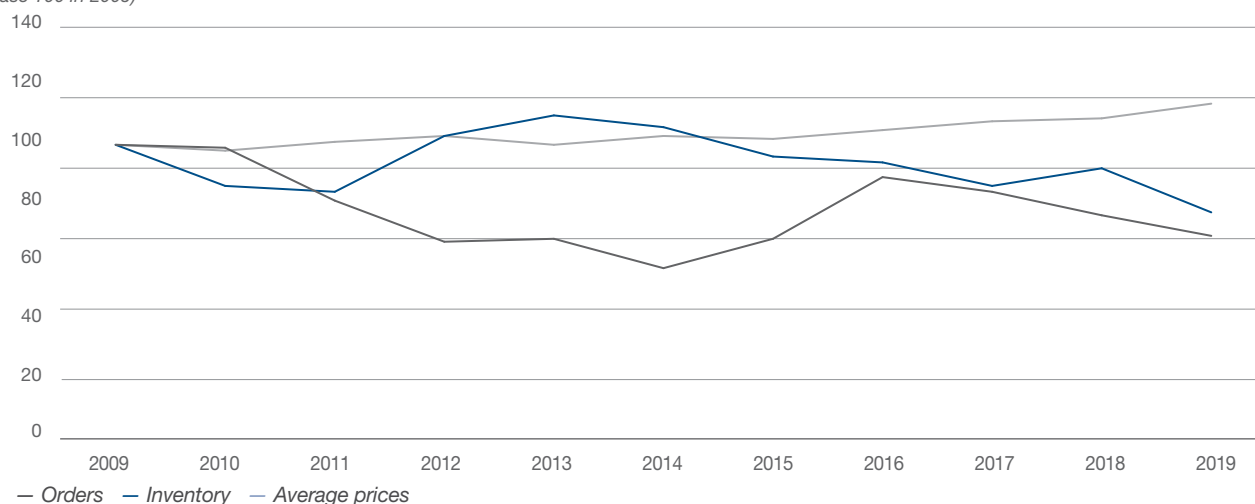
Trend in orders, inventory and average price for Single-family homes in communities over the past 10 years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Orders	12,406	12,247	9,997	8,349	8,450	7,215	8,385	11,043	10,469	9,452	8,607
Inventory	9,997	8,550	8,441	10,340	10,964	10,552	9,584	9,375	8,632	9,185	7,693
Average price (in euros)	243,515	237,921	245,490	249,628	244,702	251,819	249,012	255,556	262,998	266,117	278,795

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

TREND IN THE MARKET FOR SINGLE-FAMILY HOMES IN COMMUNITIES

(base 100 in 2009)



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

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

Orders	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Île-de-France	1,817	2,051	1,346	1,096	1,244	1,194	1,492	2,310	1,764	1,919	1,722
Occitanie	1,628	1,252	1,233	1,100	1,066	986	1,105	1,468	1,490	1,091	972
West ^(a)	1,437	1,831	1,524	922	973	645	686	838	913	894	744
Provence-Alpes-Côte d'Azur	1,405	896	773	736	805	760	780	1,105	792	685	653
Rhône-Alpes ^(b)	1,367	1,917	1,609	1,373	1,206	1,085	1,212	1,505	1,651	1,451	1,451

(a) Pays de la Loire and Brittany.

(b) Rhône-Alpes including Auvergne.

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 120,048 orders in 2018 and 120,940 in 2019.

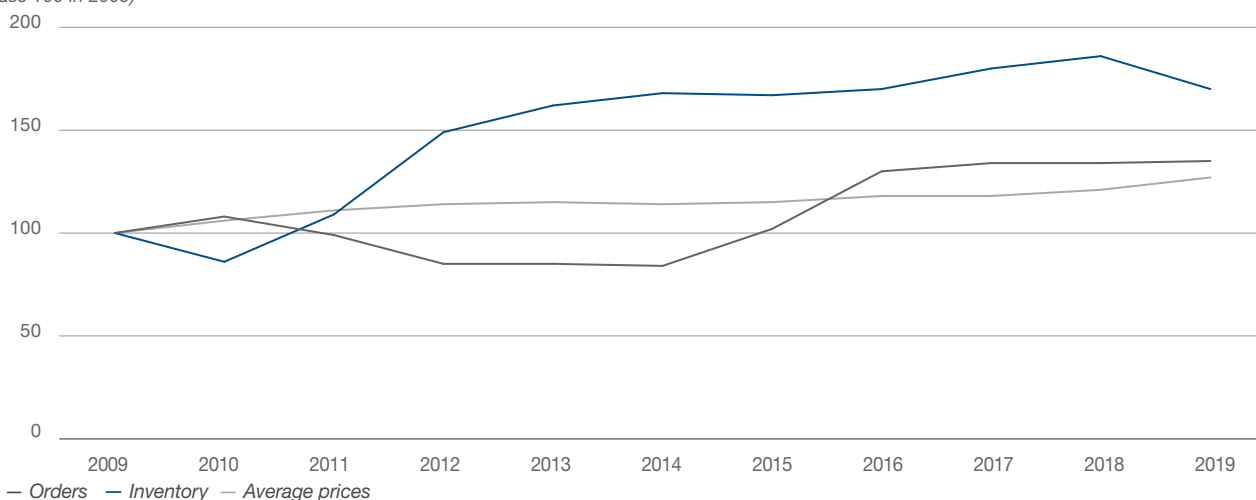
Trend in orders, inventory and average price per sq.m for apartments over the past 10 years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Orders	89,638	96,843	89,090	75,826	76,580	75,701	91,711	116,320	120,407	120,048	120,940
Inventory	55,527	47,874	60,727	82,477	89,745	93,511	92,853	94,511	99,851	103,454	94,413
Average price (in €/sq.m)	3,359	3,557	3,745	3,843	3,850	3,835	3,874	3,956	3,965	4,081	4,250

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

TREND IN THE MARKET FOR APARTMENTS

(base 100 in 2009)



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

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

Orders	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Île-de-France	16,152	18,251	17,534	19,355	21,173	20,360	23,150	31,401	33,723	37,095	38,563
Occitanie	10,982	11,426	11,365	8,529	8,554	8,493	10,458	12,472	14,055	14,632	14,464
West ^(a)	10,366	12,118	10,017	7,367	7,032	6,801	9,330	11,737	12,529	11,708	11,028
Provence-Alpes-Côte d'Azur	11,995	13,395	10,834	9,767	9,038	9,547	10,983	13,124	12,856	12,385	11,975
Rhône-Alpes ^(b)	16,820	18,786	16,723	13,183	11,740	12,396	14,963	18,041	17,963	16,510	16,720

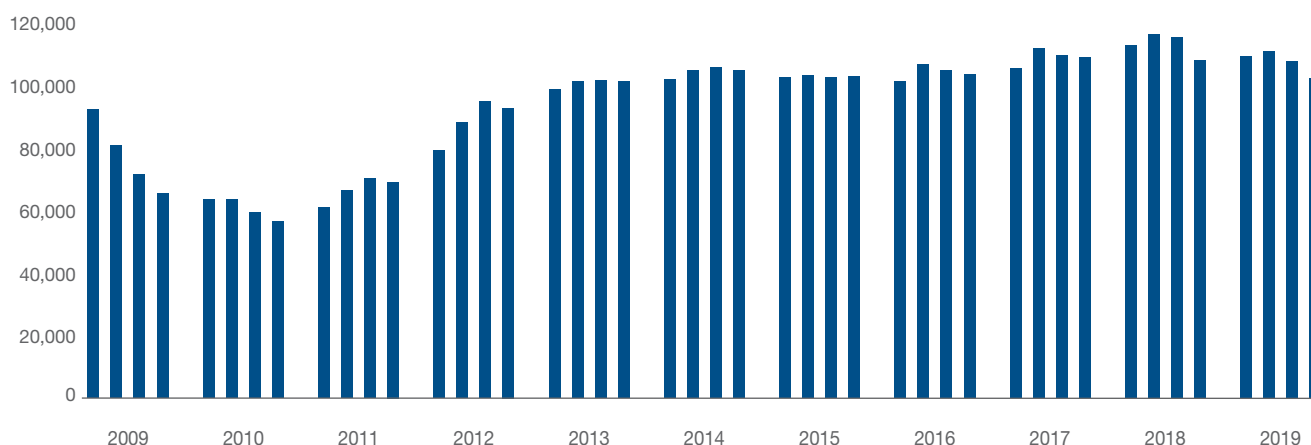
(a) Pays de la Loire and Brittany.

(b) Rhône-Alpes including Auvergne.

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

1.1.2.4.2. Inventory of housing units available for sale in France

(in 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 housing available for sale decreased at end-December 2019 (-9.4%) to 102,106 units, compared to 112,639 units at end-December 2018. In 2019, 129,547 housing units were ordered, stable compared to 2018. Meanwhile, the units put up for sale slipped 13.3% between 2018 and 2019. Finally, cancellations remained at high levels, up 4.4% between 2018 and 2019, accounting for 11.6% and 12.1% respectively of annual orders, as reported by the Ministry of

Ecology, Sustainable Development and Energy, New Housing Unit Sales Survey (ECLN) in the fourth quarter of 2019.

At November 30, 2019, the group had 30 completed housing units remaining to be ordered, which represents less than 0.8% of its commercial offering compared to 50 housing units for the same period in 2018.

1.1.2.5. Main competitors

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

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

Market operators	2019	2018	2017
Nexity ^(a)	21,837	19,609	18,351
Cogedim ^(b)	12,128	11,782	11,189
Bouygues Immobilier ^(c)	11,297	13,449	15,199
Kaufman & Broad	8,222	9,122	9,027
Vinci ^(d)	6,215	6,333	6,630
Icade ^(e)	5,067	4,938	5,776
Bassac ^(f)	3,693	3,603	3,369

Sources:

(a) Nexity: Press release of February 25, 2020.

(b) Cogedim: Press release of March 2, 2020 on 2019 results.

(c) Bouygues Immobilier: "Condensed version" of the 2019 Registration Document, February 20, 2020.

(d) Vinci: Press release of February 5, 2020 on 2019 results.

(e) Icade: Press release of February 17, 2020 on 2019 results.

(f) Bassac (formerly Les Nouveaux Constructeurs): Press release of March 20, 2020 on 2019 results.

1.1.2.6. 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	2019	2018
Grouped homes		
Île-de-France	17.3%	16.1%
Grand Est	0.0%	0.0%
Hauts-de-France	0.0%	0.0%
Normandy	8.5%	1.6%
Brittany	0.0%	2.9%
Pays de la Loire	0.0%	2.6%
Nouvelle-Aquitaine	0.0%	6.3%
Auvergne-Rhône-Alpes	2.1%	5.3%
Occitanie	5.1%	1.7%
Provence-Alpes-Côte d'Azur	1.8%	2.7%
TOTAL GROUPED HOMES, FRANCE	4.2%	5.4%
Apartments^(a)		
Île-de-France	6.9%	9.2%
Grand Est	8.2%	0.6%
Hauts-de-France	3.2%	3.4%
Normandy	9.4%	6.5%
Brittany	4.1%	6.0%
Pays de la Loire	3.8%	6.9%
Nouvelle-Aquitaine	9.2%	9.2%
Auvergne-Rhône-Alpes	5.2%	5.6%
Occitanie	7.9%	11.0%
Provence-Alpes-Côte d'Azur	8.7%	7.2%
TOTAL APARTMENTS, FRANCE	6.5%	7.3%
TOTAL HOUSING UNITS, FRANCE	6.3%	7.1%

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

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

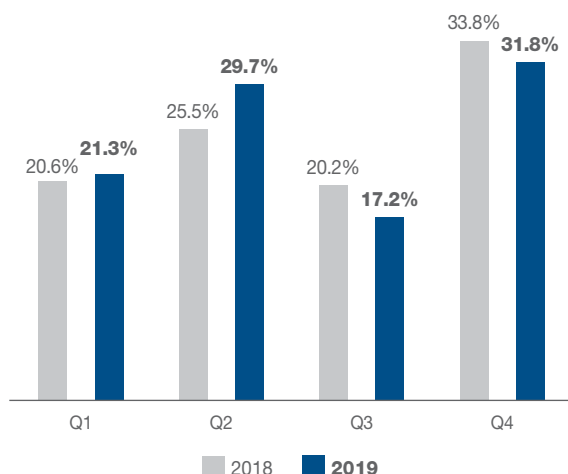
1.1.2.7. Seasonality and business cycle

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").

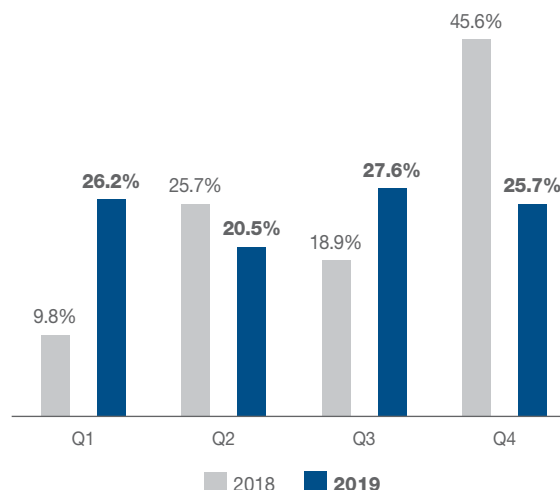
The following shows the group's sales activity, reflected in orders, during the last two fiscal years:

Orders by quarter

MULTI-OCCUPANCY HOUSING



SINGLE-FAMILY HOMES IN COMMUNITIES



See analysis of cycles and seasonality of orders in Section 2.1.3.1.1.1. "Housing", paragraph "Cycles and seasonality of housing orders by product type (in volume)".

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 two business lines, namely Housing and Commercial Property.

Housing comprises two operating divisions headed respectively by Christian Delapierre for Île-de-France, Marc Vettraino for Paris and Inner Paris Suburbs, and Jacques Rubio for the Regions. Jacques Rubio is supported by Virginia Bernoux for the Northeast region and Philippe Ribouet for the Southwest Region.

Commercial Property, headed by David Laurent, comprises the Business property, Logistics and Development operating divisions.

In addition, Kaufman & Broad has 21 agency divisions and local offices: the Île-de-France region (with six agencies), Loire-Atlantique (Nantes, Val de Loire), Brittany (Rennes), Normandy (Caen, Le Havre

and Rouen), North Flanders (Lille/Reims/Nancy), East (Strasbourg), Rhône-Alpes (Lyon and Dijon), Savoie (Annecy and Grenoble), Côte d'Azur (Nice), Provence (Toulon), Mediterranean (Marseille), Languedoc-Roussillon (Montpellier and Perpignan), Midi-Pyrénées (Toulouse), Serge Mas Promotion (Toulouse), Pyrénées-Atlantiques (Bayonne) and Gironde (Bordeaux and La Rochelle), and finally Commercial Property. Furthermore, Kaufman & Broad regularly opens local offices in smaller-sized urban areas to strengthen its local network. The staff in these local offices only handle tasks related to developing, arranging and monitoring programs, and marketing if necessary. They have access to the resources of the agencies on which they depend to develop their property projects. The management teams in each of these agencies have significant experience in their local markets.

Also, in addition to its operating divisions in the Housing and Commercial business lines, the group has set up departments aimed at enhancing its activities, namely:

- an Urban Projects Department, whose aim is to support local authorities in creating new-generation eco-urban projects;
- a Real Estate Development Department, whose purpose is to enable the group to develop its business activity over longer periods (five to ten years), and in more complex (multi-product) large-scale projects to be carried out on land to be transformed;

- lastly, in 2017, Kaufman & Broad created a new way of developing joint-development programs through two structures: on the one hand, Kapital Partners Promotion aims to take minority stakes in residential housing development projects carried out by local developers, and on the other hand, the group is responsible for marketing the housing units through KETB Partenaires, a company specializing in marketing networks.

In order for the group to leverage the expertise of its local offices, the agency divisions are given substantial autonomy to identify land, develop sales strategies, steer development and construction operations and control costs. Each operational agency has a Business Development and Project Management Department, a Technical Department, a Sales Department and, in some cases, a "Design Space" or showroom. For the local offices, all or some of these departments are shared among the agencies. The agency divisions are also supported by shared regional resources (legal, management control, technical purchases, sales administration) as well as the group's central resources, namely the corporate divisions of Finance, Audit, Information Technology, Legal, Tax, Marketing/Digital and Communication, Human Resources, Architecture and Quality.

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

- project financing;
- organization, recruitment, training on individual and collective employee management, 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.

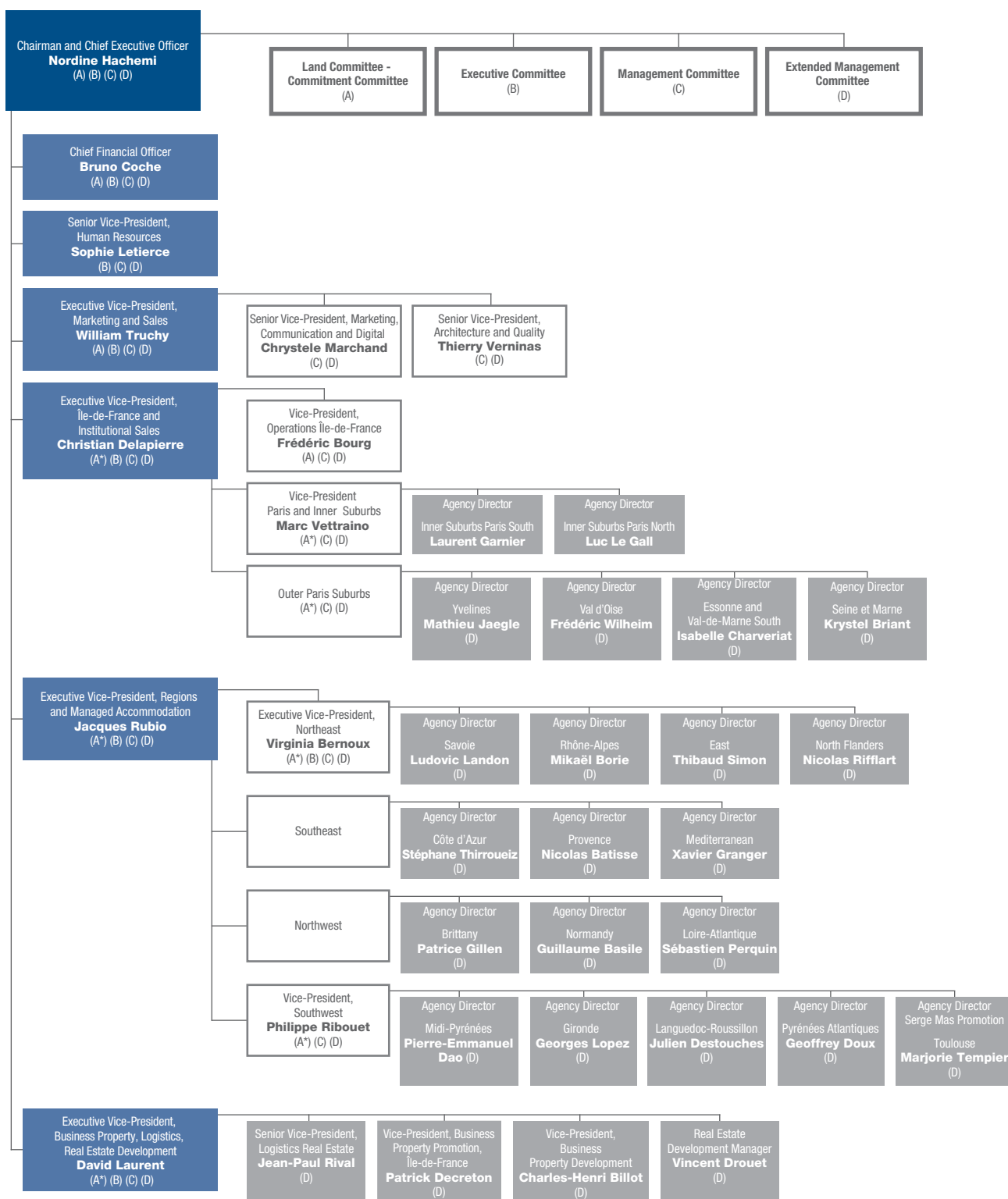
With the exception of corporate and IT costs, which are all rebilled to the subsidiaries using a distribution matrix fixed each year in the budget based on the business volume and the office space used by each subsidiary, the cost of the services listed above is divided among companies of the group through the intercompany partnership, known as an Economic Interest Grouping (GIE), 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 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, Kaufman & Broad Bretagne, Kaufman & Broad Flandres, Safaur, SMP (Serge Mas Promotion), Seri Ouest, Kaufman & Broad Poitou-Charentes, Kaufman & Broad Pyrénées-Orientales, Kaufman & Broad Normandie, Kaufman & Broad Est, Kaufman & Broad Champagne, Kaufman & Broad Bourgogne-Franche Comté, Kaufman & Broad Europe, Kaufman & Broad Financement, Kaufman & Broad Immo, Kaufman & Broad Grands Projets (Aménagement), Kaufman & Broad Innovation et Technologies, Kaufman & Broad Marketing et Ventes ; Kaufman & Broad Investissements, KETB Partenaires, Kapital Partenaires Promotion and Cosy Diem – supply the companies running real estate programs with development, management, marketing, and technical assistance services for project owners. As remuneration for the services provided, the service provider companies receive fees in accordance with the agreements concluded. These agreements generally provide for payment of 4.8% (excluding VAT) of post-tax revenues for management, administrative, legal, financial and accounting services; 5.5% (excluding VAT) of post-tax revenues for marketing and use of the brand; and 3% (excluding VAT) of the technical cost (excluding VAT) for technical management assistance services.

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KAUFMAN & BROAD ORGANIZATION



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 over the medium and long term. This objective has led the group to focus its activity in the most dynamic Regions in order to increase its market share. In 2019, Île-de-France accounted for 49% of the group's revenue from housing with the remaining 51% coming from the Regions.

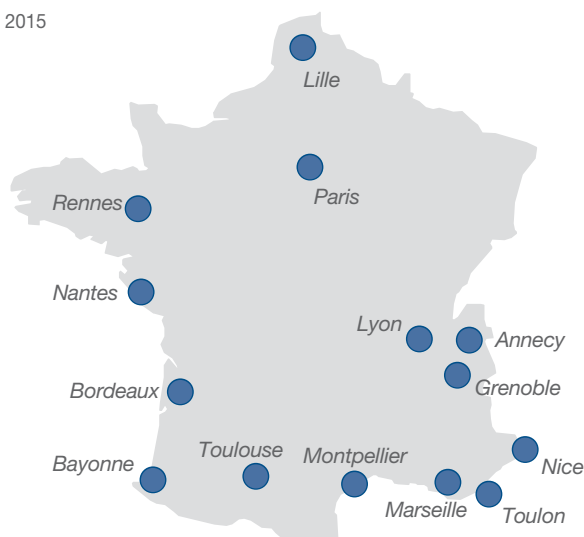
Kaufman & Broad intends to continue to develop its operations in the major economic and demographic regions where it still sees strong

growth potential, such as: Aix-en-Provence, Amiens, Angers, Annecy, Annemasse, Bayonne, Bordeaux, Caen, Dijon, Grenoble, La Rochelle, Le Mans, Lille, Lyon, Marseille, Montpellier, Nancy, Nantes, Nice, Perpignan, Reims, Rennes, Rouen, Toulon, Toulouse, Tours, Strasbourg, and especially the Île-de-France region.

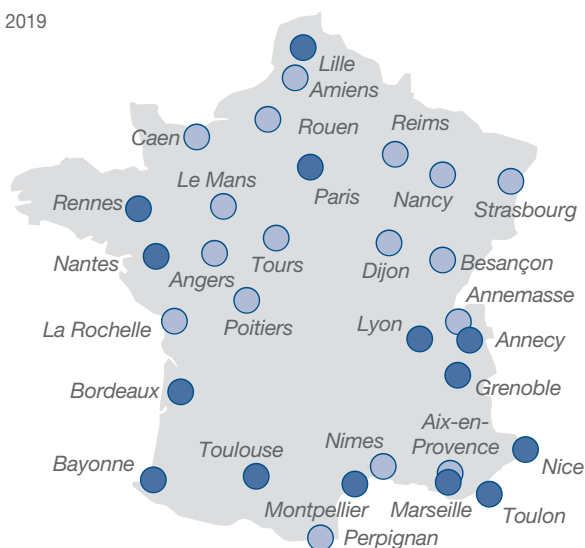
Kaufman & Broad considers that the positioning of its various programs across the country is consistent with its identified customer base. Accordingly, Kaufman & Broad has set up operations in 17 new cities since 2015: Amiens, Angers, Annemasse, Aix-en-Provence, Caen, Dijon, Le Mans, La Rochelle, Nancy, Perpignan, Reims, Rouen, Strasbourg and Tours.

The two maps below show the development of the group's operations in France:

2015



2019



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. Since the real estate crises of 2008 and 2011 and the loss of interest of second-time buyers in transactions involving new housing units, Kaufman & Broad has realigned its strategy and reoriented its commercial offering by now offering more compact products. These types of products are better adapted to the financial profitability requirements of investors (both institutional and private), as well as to the solvency criteria of first-time buyers, who are now the group's main customers.

Buyer type	Share of orders (in number)		Share of revenues from orders (excluding VAT)	
	2019	2018	2019	2018
Investor ^(a)	35%	31%	35%	31%
Block	48%	50%	40%	41%
First-time homebuyer	13%	13%	17%	18%
Second-time homebuyer	4%	6%	8%	10%
TOTAL	100%	100%	100%	100%
(a) of which "Pinel" scheme.	25%	25%	27%	26%

In a context of slowing economic growth in France, but where solid fundamentals are supporting demand for new housing, Kaufman & Broad's strategy is to continue to strengthen its activities focused on first-time homebuyers supported by the Zero-Interest Plus Loan incentive, while continuing to develop products intended for investors in light of the four-year extension of the "Pinel" scheme by developing programs that meet the expectations and financial capacities of these players. Furthermore, in order to better cover market needs, the group is strengthening its offer of managed housing for tourists, students and senior, where the needs are extremely high. In 2019, a substantial part of the group's orders were for block sales, 48% in number and 40% in value (down by close to 14% in number compared with 2018), although still at a high level; and a still substantial part of orders from investors, which accounted for more than 35% of its total orders in both number and value. Orders for rental investment (excluding VAT) made up 35% of revenue (including 25% under the "Pinel" incentive scheme), stable compared with 26% in 2018. First- and second-time homebuyers remained virtually stable at 25% of revenue, compared with 28% in value in 2018 (including VAT).

1.1.4.1.1. Buyers of primary residences

The market for first-time buyers consists of homebuyers making their first property purchase. These are typically couples aged between 25 and 35, with or without children, with a monthly household income of around €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 continue to represent strong business potential, even though orders from first-time buyers in 2019 accounted for 13% of group orders in number and 17% in value, 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. They are typically couples between 35 and 60 years of age, with one or more children. Their monthly household income is usually between €4,000 and €8,000. Second-time buyers typically purchase a home with 80 to 160 sq.m of living space. Their market share has remained at low levels since the 2007 crisis, accounting for 4% and 6% respectively in 2019 and 2018 of orders by number of units within the group.

In 2019, the sale price (including VAT) of the group's single-family homes ranged from €162,800 to €802,000. The average price was €351,775 in Île-de-France and €255,974 in the Regions. Living area in these homes ranges from 61 to 152 sq.m, depending on the program (see Section 2.1.3. "Tracking of indicators").

In 2019, the sale price (including VAT) of multi-occupancy housing units ranged from €2,700 to €12,300/sq.m in Île-de-France and fluctuated between €1,400 and €13,900/sq.m in the Regions. The average sale price (including VAT) of multi-occupancy housing units (including parking) was close to €4,908/sq.m in Île-de-France and €4,226/sq.m in the Regions.

(See Section 2.1.3. "Tracking of indicators", chart on characteristics of single-family homes in communities and multi-occupancy housing.)

The following tables show the change in the average price (including VAT) and in the average living area (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 area of single-family homes in Île-de-France

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Average price (in €, incl. VAT)	335,600	294,600	301,700	252,500	313,100	381,400	367,000	325,000	365,500	375,200	351,775
Average area (sq.m)	113	96	100	80	90	98	88	87	94	94	92

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

(in €, incl. VAT)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Île-de-France	208,500	226,900	266,900	238,800	207,800	205,800	256,300	225,900	235,800	256,200	283,077
Regions	197,300	197,100	201,420	212,000	198,500	183,700	197,500	194,000	205,800	227,300	213,975

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 2019, individual investors buying through prescribers, specialized networks, or its sales offices generated 35% of its orders in number compared to 31% in 2018. According to the individual investors' declarations of intent, the group estimates that 25% of its orders in number were made under the Pinel incentive, against 26% in 2018.

1.1.4.1.3. Institutional investors and public housing operators

For several years, Kaufman & Broad has been developing strong partnerships 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 offering consists of four classes of products: (i) apartments, (ii) single-family homes in communities, (iii) managed housing (corporate, tourist, student and serviced accommodations) and (iv) Commercial Property.

Kaufman & Broad has built its reputation 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 programs of single-family homes in communities, 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, possible 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, which favors architecture that blends in with urban sites, can call on the services of well-known architects and strives to design functional interiors that optimize available space.

Private homes (multi-occupancy or single-family)

The group offers its future customers who are considering owning an apartment or a house the option of a new apartment or a new house, allowing them to benefit from the many advantages that this type of property offers: enhanced comfort and safety, energy savings (compliance with labels and standards), financing assistance, specific legal provisions, etc.

The benefits are as follows:

- 1) made to measure" real estate projects: the group offers its customers numerous possibilities for fitting out and customizing their homes, such as moving partitions or doors, replacing a bath with a shower, etc. Depending on the progress of the work, dedicated teams may suggest more or less extensive adaptations. Investing in a new home also gives customers the opportunity to personalize their decoration, including paint color, choice of tiles, flooring, etc. The group has showrooms and Design Spaces where customers can find out about contractual services as well as a wide range of options;
- 2) labels and certifications: buying a new home means that customers can benefit from a number of labels and certifications, which guarantee quality, safety and energy performance: certifications and labels on the quality of the building and fittings (Qualitel certification, Vivrelec label); energy labels and thermal regulations (the BBC label, RT 2012); environmental certification (Habitat & Environment (NF) certification, and even for some NF Habitat HQE certification);
- 3) financing assistance, tax benefits and reduced fees, such as:
 - Zero-Interest Plus Loan (PTZ+): this is an interest-free government advance to finance the borrower's primary residence, which can cover up to 40% of the purchase,
 - a government-regulated loan. This loan is not subject to any income conditions. Its interest rate is similar to that of loans in the private sector,

- the 1% home loan: If the future buyers work in a company with at least ten employees, they can benefit from a 1% home loan. Although this loan is capped at €17,700, it offers an attractive interest rate (1.5% excluding insurance and guarantees),
- notary fees (or registration fees) are reduced for the purchase of a new home, to between 2% to 3% of the purchase price (compared with 7% to 8% for an existing home),
- or, if they buy a new build home as their primary residence in a so-called ANRU (or QPV) zone, buyers can benefit from a reduced VAT rate of 5.5%, compared with 20%. This benefit can be combined with the benefits offered by the PTZ+ loan,
- tax benefits related to the investment. These government incentives are intended to increase private rental stock while maintaining a social commitment by capping rents. The main system is the Pinel scheme, which allows for a tax reduction of 12%, 18% or 21% of the amount of the transaction in exchange for a rental commitment of 6, 9 or 12 years (see Section 1.1.2.2. "Tax incentives"). However, other regimes applicable to new builds are possible, such as the Censi-Bouvard regime for managed accommodation and the LMNP (non-professional rental of furnished property) regime for furnished apartments,
- exemption from the municipal share of the property tax when it has been voted by the town in which the building is constructed, as when buying a new home (apartment or single-family home for sale before completion), purchasers can be exempted from property tax for two years from January 1 of the year following that of completion of the construction;

- 4) guarantees: various guarantees are provided on new home purchases, such as:

- money back or completion guarantee,
- apparent defects guarantee,
- perfect completion guarantee,
- two-year good performance guarantee,
- ten-year guarantee.

1.1.4.2.1. Single-family homes in communities

The group has been developing the concept of Single-family homes in communities in France for more than 50 years. Particular attention is paid to the choice of sites.

Each community, depending on its size, has different models, with the average size of a program ranging from 20 to 60 houses.

The strong points that make Kaufman & Broad's reputation in 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 volume optimization.

Each single-family home is delivered with a private grassed and planted garden.

These home models 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;
- minimal impact of roadways and vehicle traffic;
- special attention to pedestrian areas and low-impact 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.

To meet the expectations of its customers, Kaufman & Broad regularly updates its housing line, 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 pays close attention to site selection. 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 towns like Aix-en-Provence, Amiens, Angers, Annecy, Annemasse, Bayonne, Bordeaux, Caen, Dijon, Grenoble, La Rochelle, Le Mans, Lille, Lyon, Marseille, Montpellier, Nancy, Nantes, Nice, Perpignan, Reims, Rennes, Rouen, Toulon, Toulouse, Tours, and Strasbourg, and especially in Île-de-France.

Kaufman & Broad pays great attention to the architecture of its buildings, the design of communal areas (entrance hall, floor landings, garden and green spaces), interior fittings, space optimization, and views toward the outside. The group also produces buildings that take account of, or even go beyond, the latest energy savings requirements in compliance with the RT 2012 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 65 sq.m at prices typically ranging from €3,700/sq.m to €5,700/sq.m (including VAT);
- second-time buyers in the inner and middle Paris suburbs, offering an average surface area of 65 to 92 sq.m at prices typically ranging from €4,500/sq.m to €7,800/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 65 sq.m at prices typically ranging from €2,700/sq.m to €4,800/sq.m,
 - second-time buyers, with apartments offering an average surface area of 60 to 90 sq.m at prices typically ranging from €4,000/sq.m to €7,000/sq.m.

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

In addition, Kaufman & Broad's programs located on quality sites on the Atlantic, Brittany and Mediterranean coasts attract a clientele of retirees. These remain highly attractive areas in which Kaufman & Broad has positioned itself for several years.

1.1.4.2.3. Managed housing

Kaufman & Broad develops managed housing throughout the country for tourists, students, business people and seniors (non-assisted living accommodation).

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.

The development of this activity is based on three main strategic areas:

- student housing: the group aims to maintain the level of development in "classic" student housing in order to meet the growing needs in this sector, while developing concepts of "new generation" student housing;
- tourist and corporate housing: the group intends to open up its land search to social managed accommodation and to take on new products such as co-living, youth hostels, etc.;

- senior housing: Kaufman & Broad is positioned as a key player in the Silver Economy and responds to the national challenge of keeping people with reduced independence in their homes by offering two solutions: housing adaption services for the majority of projects and, for people seeking social ties, group housing for seniors, in partnership with a nationally recognized service provider. These multi-occupancy housing units are offered for purchase, free investment or under the “Pinel” incentive.

Furthermore, to better address the new needs and expectations of a growing aging population (by 2060, nearly one third of the French population will be over 60 and more than 5 million people will be over 85); seniors want to grow old in their own homes, where they have always lived, for as long as possible. To meet this demand, Kaufman & Broad launched an innovative concept in 2017: “Cosy Diem”. The concept aims to meet this population group’s need for autonomy and independence and their wish to prolong this autonomy while benefiting from the presence of other people and a friendly environment.

This concept is based on the following elements:

- a personalized coaching program developed with the assistance of G rontop le, to maintain the residents’ abilities according to their wishes;
- on-site catering based on healthy, organic, fresh products, designed for the health of local residents and from short supply chains;
- maintaining social bonds and developing intergenerational ties through a location in the heart of cities and the openness of the residence to its immediate environment, both geographic and societal (e.g. an accessible local market, stores, partnership with childcare facilities, etc.).

1.1.4.2.4. Commercial Property

In the past, Kaufman & Broad had a large Business Property Division, an activity that buttressed its strong reputation in  le-de-France. Since 2011, the group has been relaunching this activity at an average rate of one to two office programs per year and, since the acquisition of Concerto European Developer at the end of 2014, one to two logistics platforms per year. As part of its Commercial 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 development contracts), or on its own behalf with a view to marketing the buildings, under a strict policy of purchasing land after the entire program has been presold (sale before completion or “VEFA”).

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

- users, by designing:
 - high-quality spaces, pleasant to use and adapted to new ways of working,
 - efficient buildings (optimization of surface area per workstation), with high technical and environmental performance and optimized operating costs;
- investors, by maximizing the value of their investment through a high quality design (top-of-the-range buildings), with a focus on the flexibility of the spaces and their scalability over time, and therefore their durability.

New offices

Each new office complex project is unique. The teams from Kaufman & Broad’s Commercial Property Division are therefore present at every stage of the project from the design stage to completion, assisting customers, investors and occupants in the creation of a tailor-made project. A new office building is the culmination of a meticulous creation process, the combination of strict parameters and decisive choices made in close collaboration with our partners, in order to:

- choose the best locations;
- provide responses tailored to the needs of businesses;
- incorporate the requirements of public authorities and investors;
- construct the healthiest and most comfortable, the most economical and virtuous, the most efficient and profitable buildings.

Redeveloped offices

Since 2010, Kaufman & Broad and Elithis have been in a partnership known as Revivalis , in order to combine their expertise and enter the market for the redevelopment of Commercial Property in compliance with France’s low-energy consumption standard, BBC-Effinergie R novation. 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.

For the group, the challenges of restructuring can be described as follows:

- creating “Core” assets by repositioning them through their redevelopment in the premium segment of the Business Property sale-before-completion market;
- restoring the functional and technical features of new buildings;
- optimizing surfaces and spaces;
- enhancing the charm and authenticity of the original architecture or proposing a new interpretation of the site.

With this in mind, Kaufman & Broad pays particular attention to:

- anticipating the legal and regulatory framework;
- reducing the energy consumption and carbon footprint of the user companies;
- protecting the health of users.

The aim is to make the property attractive again so that a fresh cycle of long-term profitability and optimal liquidity can be generated for the real estate assets.

Logistics and business platforms (Concerto)

Concerto, which was established in 1998, is a leading French logistics engineering company. A subsidiary of the Kaufman & Broad group since 2014, Concerto represents a strategic addition to the expertise and know-how of Kaufman & Broad’s Business Property segment. It has demonstrated its ability to create value for its industrial customers or distributors by offering them bespoke solutions and projects that respond to the new technical challenges currently faced by logistics businesses.

Concerto offers these professionals a range of solutions for their real estate/logistics operations, enabling them to transform fixed costs into variable costs and focus more on their core business. In this context, Concerto, with its experience in logistics engineering, designs turnkey projects tailored to the needs of its customers in a spirit of long-term partnership, and carries out the reconversion/rehabilitation of sites close to urban centers. Concerto is active in high value-added logistics sectors in all areas of industry, local logistics (mass retail, retail), and the logistics of new premises.

Hotels

To develop new concepts and diversify its future customer base, Kaufman & Broad places its expertise in hotel project design at the service of the largest national and international brands.

These teams can offer their future customers tailor-made projects so that they can:

- reap the benefits of the growth and globalization of tourism;
- develop new hotel concepts that create more value and are more attractive to customers;
- respond to urban issues and find their place in the heart of the city.

Retail areas

Kaufman & Broad never designs a program without giving consideration to the residents, employees, neighborhood and to people's uses and habits. The group makes its know-how and expertise in Business

Property available to users and the city to develop ground-floor commercial premises in residential or managed accommodation buildings.

1.1.4.2.5. Real Estate Development, Urban Projects and Innovation

The group believes that the development of complex urban projects could offer growth potential in the coming years. At the end of 2019, Kaufman & Broad therefore created a Real Estate Development Department to support and meet the needs of local authorities in their eco-urban projects. This department is introducing a new model for neighborhood projects that integrate the entire life cycle of the neighborhood from the design stage, by establishing, very early on and for the long-term, a partnership relationship with the local authorities.

The Real Estate Development Department offers strong expertise and a structured approach in putting together and implementing mixed programming operations, as well as specific resources for the completion and implementation of projects with a vision on an urban scale. Management is also committed to a strategy of integrating and mastering innovations in Mobility, Energy, Circular Economy and new urban services to promote a new generation of sustainable neighborhoods. Under this approach, for each project, target objectives of excellence and measurement indicators are established in agreement with the local authorities, which the group pledges to achieve over the long term. The programs vary widely in terms of size and are based on the conviction that the success of a sustainable neighborhood depends on the coherence of all the components of its ecosystem.

1.1.5. Marketing and sales

The marketing organization structure of Kaufman & Broad responds to two major strategic goals:

- provide the sales force with a continuous flow of contacts, qualified and mature in their acquisition project, thanks to adapted communication tools;
- improve the acquisition costs and the transformation rates through a rigorous control of the effectiveness of the actions implemented and a test-and-learn policy.

For Kaufman & Broad, marketing is a key step in the customer experience and one of the important criteria for the customer's final satisfaction. As such, sales support marketing tools are used to address new consumer uses and expectations.

1.1.5.1. Sales team

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

Direct in-house sales

At November 30, 2019, the sales teams comprised 130 people, including 82 sales representatives with an average of 7.6 years with the group. The majority of the sales personnel earn a fixed salary plus a sales commission. Kaufman & Broad believes that its sales team is highly effective, professional and efficient. The team has supervisory personnel and dedicated training to enable it to rapidly adapt to customers' expectations in terms of support, whether they are individual investors or future occupants of their purchased property.

Depending on the structure of the offer and the sectors, salespeople can be in-house sales or outside sales. Although they are sometimes involved in marketing a dedicated program, they are trained to anticipate and support customers' needs and are able to present Kaufman & Broad's regional or even national offer. To meet customer expectations, Kaufman & Broad has developed the *Boutiks* concept: these are modern multi-program spaces that offer a personalized on-line experience. Since 2017, *Boutiks* have been opened in around 20 large cities in which the group operates, notably Lyon, Nantes, Lille, Reims, Annemasse, Caen, Bordeaux, Toulouse, Perpignan, Montpellier, La Rochelle, Nice, Aix-en-Provence, amongst others, as well as in Île-de-France, Neuilly-sur-Seine and Athis-Mons.

Sales through intermediaries

Kaufman & Broad generally relies on:

- independent wealth management advisors;
- banking networks;
- marketing networks;
- sales platforms which it tasks with distribution of the products developed by the brand to a clientele composed mainly of individual investors. This sales channel is supervised by an internal team of Prescription Managers tasked with coordinating these players, helping them in selecting products and presenting them to their customers, using dedicated marketing tools and in particular an extranet site, kbpatrimoine.fr.

Block sales

Lastly, Kaufman & Broad sells a portion of its production to institutional investors. For this purpose, its Institutional Sales Department, in constant contact with the major social or income-based housing lessors, identifies 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 the customer experience by adapting its points of sale to fit each marketing stage and the needs of prospective customers. Accordingly, it implements:

- on an ad hoc basis, traditional sales offices at the construction sites in high-density catchment areas and in mixed development zones (ZAC);
- pop-up sales offices. These are very temporary, custom-built event-driven sales offices set up for a sales launch or a marketing initiative;
- *Boutiks*. Open six days a week, centrally located in an urban construction area, they provide a permanent address for the Kaufman & Broad brand in a given geographic sector and can be used to market all the projects;
- 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 sale 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 visualize their options and make choices with the help of expert advice. This service is a highly effective way for Kaufman & Broad customers to experience the combined efforts of the sales and technical departments.

1.1.5.4. Operational marketing and Advertising

Sales leads have two 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 campaigns targeted for specific geographic locations and focused on a specific topic. These campaigns serve the dual purpose of feeding data into Kaufman & Broad's prospects database and maintaining or enhancing its brand image and reputation.

These actions are decided on and steered using data reporting tools, which allow the team to ensure precisely and in real time the return on investment of the actions carried out.

1.1.5.5. Digital tools

All the operational marketing and advertising actions refer to digital tools dedicated to customer support. In 2018, the main B2C website, kaufmanbroad.fr, was revamped, with as a result:

- more efficient, user-intuitive ergonomics;
- a powerful search engine;
- detailed, informative program sheets;
- a content structure favoring natural Search Engine Optimization.

In addition, the Company developed presentation and visualization tools such as touch-table presentation applications, virtual models, 3D layout presentation, virtual tours of apartments or houses, etc., for all the new programs brought to market.

Kaufman & Broad strives to provide its customers with high-performance, educational tools, but to avoid gadgets, whose effect could impact the customer's perception. Digitalization is also used in the other sales channels and specifically in sales through intermediaries by allowing all contracted partners to use the kbpatrimoine.fr website. This extranet presents 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. 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, mon-espace.kaufmanbroad.fr, supports the entire customer experience, from order to delivery.

This platform, which was overhauled in 2018, shapes the relationship between the brand and its buyers with the aim of constantly improving 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 price of the program has been determined and the delivery deadlines for the housing units have been 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 then have a legal cooling-off period of 10 clear days from receipt of the contract during which they can withdraw from the contract.

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. However, customers retain the right to withdraw from the contract in return for forfeiting their deposit.

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 Transaction 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 been marketing 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 work advances 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 completion of the roof, and 95% on completion of the building. The balance is due on delivery. The signature of the sale-before-completion contract immediately transfers to the buyer the title to the land and then the 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 completion of the roof; 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% on completion of the ground-floor deck; 10% on completion of the second-floor deck; 5% on completion of the roof; 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

Highly committed to customer satisfaction, Kaufman & Broad has created a Customer Service Department responsible for answering any questions customers may have about the operation of their home or any defects they may have noticed.

This department steps in from the moment the home is delivered and becomes the customers' contact point, providing them with all the information necessary for the smooth running of their property, moving in, and assisting them in their procedures.

Should a defect be discovered in a home, the Customer Service Department contacts the construction company responsible 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 1.3.3. "Insurance").

To ensure customer satisfaction and continuously improve customer service, Kaufman & Broad has gradually introduced a system of

satisfaction surveys sent to customers after delivery of their housing units. This survey gives the group feedback from customers, both on the general quality of its products and on the group's various departments (sales team, technical services, showroom advisor and customer service). It enables the group to better understand 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 personalized follow-up provides accurate customer feedback that enables the group to put in place appropriate strategies for development and innovation.

In 2017, Kaufman & Broad equipped itself with a customer advisory tool. A panel of potential buyers that can be polled throughout the year was set up and is coordinated by an independent institute, Data2décisions. This panel, consisting of a representative sample (based on the quota method), includes consumers who plan to purchase a property within the next three years and who live in the catchment area of the commercial offering for Kaufman & Broad real estate programs. The panel provides the group with the opportunity to consult its customers at any time to pre-test any aspect of the real estate project, such as the design of the product, services and amenities, the architectural concept and interior layout, concepts for new services, various innovations, new uses, communication tools and specific commercial offers. This panel should enable the group to be highly responsive, by adapting upstream to the expectations and needs of its customers while monitoring their evolution.

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 cycle for completion of a typical program (completion of roads, utilities connections and construction) of Single-family homes in communities is 12 months on average.

The cycle for a multi-occupancy housing program is approximately 18 months, excluding the time needed to put together the project and arrange pre-sales marketing.

1.1.7.2. Commercial Property

The group's Business Property activities are usually only carried out on behalf 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 entrusted with a real estate development contract (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 (the group does not advance any funds for construction and only receives fees). In the case of sales before completion (VEFA), the group designs the real estate program with the assistance of external architects. As soon as the contract of sale is signed, the group looks for a tenant or user for the future premises, as well as a final investor who will be purchase the program. The acquisition of the land or building is only carried out if this search has been successful, in whole or in part.

Usually, the purchase of the land and the construction of the offices is not started until the real project is fully sold.

1.1.8. Purchase of land

1.1.8.1. Selection of land

Kaufman & Broad's strategy is to purchase only the land required for the development of its activities and never to acquire land as a 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 their acquisition was completed) represented a total investment of €259.8 million in 2019, €332.2 million in 2018 and €221.3 million in 2017.

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

These teams search for land parcels, study the administrative, legal, marketing and technical aspects, and also draw up a provisional business plan for the project. They look for land that meets the selection criteria set by the group, which include:

- its geographic location (close to a dynamic city with a good reputation for Single-family homes in communities and, for multi-occupancy housing, a city centre or a location close to an attractive metropolitan area with a good image);
- its surroundings (proximity to employment areas, public transport, public facilities such as child daycare centers, schools, shops and cinemas, green spaces, 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 units 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).

Land quality control is carried out by Kaufman & Broad. A soil survey of the site being considered for purchase, which generally includes a study of pollution and previous land use, is systematically commissioned from a specialized firm.

For single-family home programs, a technical study of the roads and utilities networks is usually carried out to determine the amount of work required to develop the land in order to determine the overall cost of land development. Since its inception, Kaufman & Broad has had its own team of technicians specializing in roads and utilities networks. This team prepares the master plan (overall project implementation plan) and monitors the 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 in charge of the region concerned and Agency Director.

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

- a presentation of the land and its surroundings (location in the town, proximity to stores, public facilities and services);
- the nature of the legal commitments under consideration (type of contract of sale or proposed company acquisition, 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 archaeological 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 Agency Director 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 the work load of these courts);
- 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 have been obtained to build the project on the land, free of any third party objections (this last condition applies in most cases), (ii) the program's profitability as set forth in the projected budgets has been verified, and (iii) the pre-marketing rate is satisfactory.

In most cases, the operational managers submit their land purchase request when they have reached a pre-sales 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-sales 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, 2019, the average pre-sales rate of the programs under which the land had been purchased during this period was 64% compared to 60% for the same period in 2018.

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-sales 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 Agency Director on the order rate, if it is below 50%;
- draft of the notarized deed;
- progress report on the request for tender documents (DCE).

1.1.9. Land development and monitoring of construction

1.1.9.1. Single-family homes in communities

The majority of land purchased by Kaufman & Broad for its Single-family home 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 land development study.

Usually, construction work does not begin until a pre-sales rate of approximately 50% of the value of the tranche of homes to be built has been reached.

The technical department of the Single-Family Homes Division, made up of engineers and specialized technicians from the group, 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.

For this purpose, group foremen regularly perform on-site inspections of the work, with each foreman monitoring two or three programs. External inspection offices are also mandated to ensure the quality of the construction works.

The delivery of groups of single-family homes in tranches gives the group significant security by enabling work to begin on the first and subsequent tranches depending on the pace of marketing.

Delivery by tranches 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 change is decided, the group files an application for the corresponding amended building permit.

1.1.9.2. Multi-occupancy housing and Commercial Property

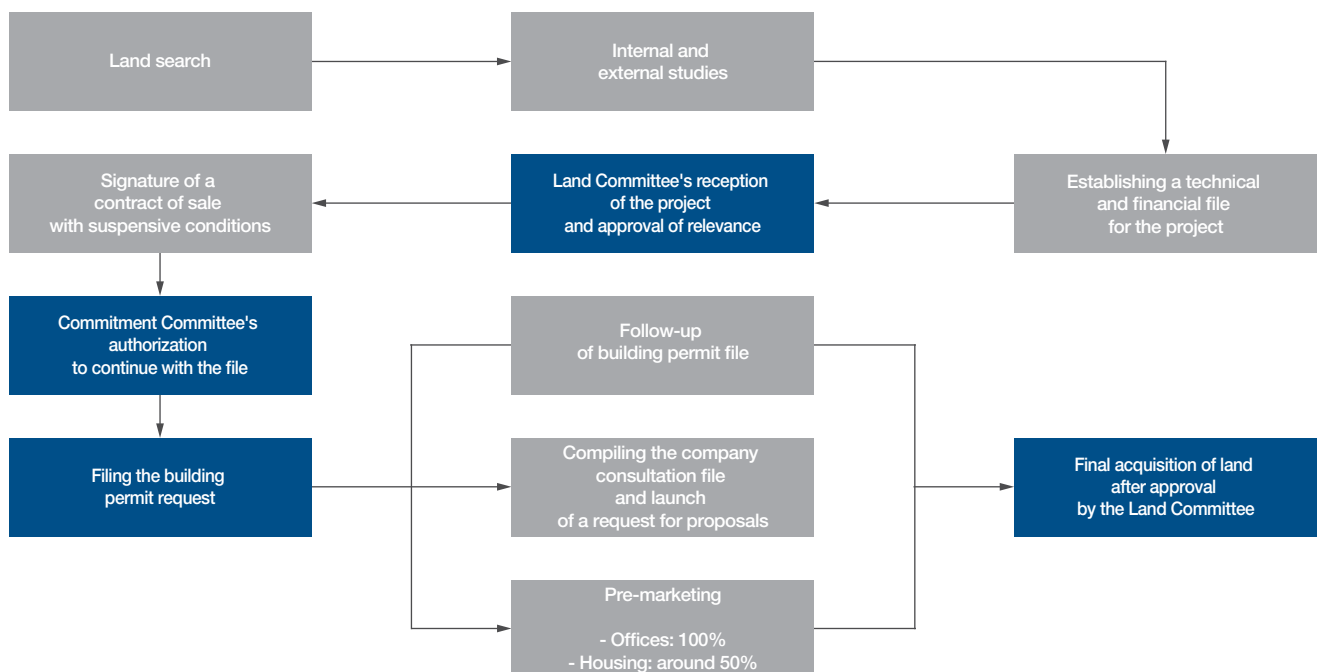
As a general rule, construction of multi-occupancy housing does not begin until a pre-sales rate of approximately 50% of the total development project value has been reached.

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

For its Multi-occupancy housing and Commercial Property programs, Kaufman & Broad does not usually act as general contractor (except on a regional basis), but instead uses outside architects and/or general contractors who, working hand-in-hand 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 approved by the Agency Director. 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 in charge of the Region, where they are then jointly approved.

1.1.10. Program financing

The group's financial structure is described in Section 1.2.3.1. "Risks relating to the Company's debt" and in Section 4.1.5. "Notes to the financial statements", Note 6 "Financing and financial instruments".

To minimize its potential exposure to a decrease in the number of institutions able to grant such guarantees, the group works with a large and diversified number of leading financial institutions. The group's main financial institutions are: Crédit Mutuel ARKÉA, the Crédit Mutuel group (CIC, BECM, etc.), the Banque Populaire and Caisse d'Épargne group (Palatine, SOCFIM, Natixis, Caisse d'Épargne Midi Pyrénées, etc.), Crédit Agricole-CIB (CA CIB) and Société Générale, BNP Paribas, as well as institutions specializing in surety services and insurance brokerage and insurance companies, such as Atradius, MB cautions (QBE, ERGO), CGI Bâtiment, ASTIMM (Zurich, Groupama).

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) (6o) 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 enables it to speed up the signing of sales contracts and the fund-raising process.

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, to the extent that information is available, the financial position of its contractors and their financing capacity to perform their obligations (based on their size and that of the program), for instance by using the services of business information providers. Kaufman & Broad also verifies that these companies 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 so as to streamline the services delivered to customers and optimize the related costs (see Section 1.7.4.4. "Business ethics and relations with subcontractors", 1.7.4.4.2. "Purchasing and outsourcing").

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

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

1.1.12. Intellectual property

1.1.12.1. Kaufman & Broad brand

The group markets its Single-family homes and apartments under the “Kaufman & Broad” brand, 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.

Kaufman & Broad is the leading brand among “pure-play” real estate developers operating in France, according to the latest awareness and image survey conducted in late 2018 by the Kantar-TNS Group. Kaufman & Broad still has an image as a high-quality full-line player, enjoying a very good overall opinion among French people, particularly in terms of the quality of its architectural expertise in the construction of its projects.

The Kaufman & Broad group has owned the Kaufman & Broad brands and logos for the European Economic Area and Switzerland since 2007. 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 SAS and Kaufman & Broad SA 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 Section 3.2.6. “Transactions with companies that have directors in common with the Company or other group companies”).

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 also acquired equity interests in the following companies: Serge Mas Promotion (since December 2015) which develops operations under its brand name; Cosy Diem which builds and operates senior residences (see Section 1.1.4.2.3. “Managed Housing”).

The group has also set up service packs that it offers its customers, including Etudiantel, Revivalis, Concept Silver, Pack Silver, Pack Success.

1.1.13. Main offices

For the conduct of its business, the group rents offices from third-party landlords in Annecy, Bayonne, Bordeaux, Caen, Dijon, La Rochelle, Lille, Lyon, Marseille, Montpellier, Nantes, Neuilly-sur-Seine, Nice, Perpignan, Rennes, Rouen, Strasbourg, Toulon and Toulouse. These offices are occupied under commercial leases, usually for a term of nine years. The *Boutiks* concept was developed to foster close connections with our customers through modern selling spaces set up in 20 large cities: Aix-en-Provence, Annemasse, Athis-Mons, Bordeaux, Dijon, Lyon,

Nice, Toulouse, Tours, Lille and so on. A joint showroom shared by the Marseille, Nice and Toulon agencies was opened in Fréjus. For the companies that were part of the group on November 30, 2019, rents and rental charges totaled €6.7 million (excluding VAT), against €6.9 million (excluding VAT) in 2018 (see Section 4.1.5. “Notes to the financial statements”, Note 5.5. “Commitments relating to capital expenditures, purchases and rentals”, paragraph “Operating lease commitments”).

1.2. Risk factors

The risks and uncertainties to which the group is exposed that could have a material adverse effect on its operations, results, financial position or outlook are presented below. The occurrence of all or some of these risk factors could, in particular, result in significant differences with the forward-looking statements and other financial data included in the documents that the group files 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 that are not currently believed to potentially have a material negative impact on its operations, results or financial position.

This section presents the main risks that, at the date of this Universal Registration Document, may have a bearing on the group's operations, financial position, reputation, results or outlook. Such risks have been identified through the mapping of the group's major risks, an exercise that was last updated in December 2019. By mapping its major risks, the group is able to assess their criticality, i.e. their severity and their likelihood of occurrence, after factoring in the action plans put in place. Within each of the risk categories described hereafter, the risk factors that the Company deems to be most significant at the date of the present Universal Registration Document are mentioned first.

1.2.1 Risks relating to the group's line of business

1.2.1.1. Risks relating to the economic environment

The market for new housing in France in which the group operates remains heavily dependent on the general economic environment. Changes in key macroeconomic indicators, such as economic growth, interest rates and, in the case of new housing, the rate of unemployment and consumer confidence (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 publication of this Universal Registration Document, growth is slowing in France. After peaking in 2017, with growth of +2.26% in gross domestic product (GDP), it declined to +1.72% in 2018. This trend continued throughout 2019. The latest OECD estimates point to growth of around +1.31% in 2019, with a contraction of -0.08% in GDP for the fourth quarter.

According to INSEE, GDP rose by +0.9% in 2019 in terms of volume, after an increase of +1.6% in 2018 and +2.3% in 2017.

At the date of publication of this Universal Registration Document, there are major uncertainties in France that may weigh on the growth outlook for 2020:

- the impact of the COVID-19 outbreak on economic activity in general, notably due to the related restrictions on movement and the concern it is fueling among the various agents of the economy*;
- social movements such as those that created upheaval in France from November 2018 onwards, gathering renewed momentum in September 2019 with the demonstrations that opposed pension reform;
- the considerable volatility in commodity prices, both upward and downward, with a cyclicity that is hard to predict;
- climate issues and their consequences (particularly in terms of regulation) on the global business model;
- the marked deterioration in the international environment (particularly in trade relations between the US, China and Europe) and the resurgence of protectionism in the world's major economies;
- political tensions in Europe over Brexit, which came into effect on January 2020, and its consequences on the European market, together with budget discipline in European Union Member States (in Italy in particular).

Regarding new housing, buyers decide to purchase real estate based on their ability to make such a purchase at the time of purchase, but also on their confidence in their ability to meet their future obligations, particularly as regards the financing terms arranged for the purchase. Buying a home is a major investment that affects the financial position of homebuyers for many years. In the current context of the COVID-19 outbreak, which is fueling uncertainty over the outlook for growth

and employment, there could be a significant and lasting impact on consumer confidence, which could notably prompt potential buyers to postpone or abandon their plans to purchase real estate*. 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 a household's purchasing power than on its ability to borrow. For companies, the ability to obtain financing in an uncertain environment and any future profits that may be generated from exploiting the property, if applicable, are also important factors when choosing to acquire a property.

Demand for the group's properties depends directly on the ability and willingness of financial institutions to extend loans for amounts that are sufficient to enable potential buyers to finance the acquisition of such properties. 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 demand for property for sale. The group's operating income could be significantly impacted should demand decline due, among other things, to difficulties faced by potential homebuyers in financing their property purchases.

For several years now, the group has benefited from a favorable environment, with low mortgage rates for its housing activity and relatively long loan terms. In the space of almost 15 years, interest rates on mortgages have fallen from 4.35% to 1.31%. At the same time, the average term of mortgages has increased from 15.4 years to 20.9 years. Mortgage rates are unlikely to decrease further considering the historically low levels recorded in a market environment where competition is already fierce between banks operating in real estate financing. An increase in interest rates may thus result in higher mortgage rates.

Furthermore, the sale price of real estate depends on the rate of return expected by investors, which in turn depends on variations in long-term interest rates. An increase in long-term interest rates may result in a higher rate of return required by investors and thus downward pressure on sale prices; such changes may lead the group to abandon or reschedule some business property 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 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 and renewed in 2018 for four years.).

Any factor with a negative effect on the real estate market may have a material adverse effect on the group's operations. Such factors could, in particular, reduce demand for houses and apartments or increase

* Specific risks relating to the COVID-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).

the time frame required to build them or the associated costs. A fall in demand could make it harder for the group to find homebuyers for the portion of the real estate program that was not pre-sold before the land was purchased and the construction work launched. It is also possible that the group may not be able to pass construction cost increases on to sale prices, either because of an economic recession or because the prices of housing units are set several months before delivery under the terms of sale-before-completion contracts. In addition, the 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 in real estate prices in France. Lastly, lower demand or longer construction deadlines could postpone the recognition of profits on real estate programs because of the revenue recognition method applied by the Company (see Section 2.2.2. "Sources of net income", paragraph "Revenue"). The group's inability to anticipate or adapt to changes in these factors might materially affect its operations, results, financial position or outlook.

In these circumstances, the group has, for several years, been diversifying its activities to include products to which it can apply its housing development expertise. These include serviced housing (tourist, student and corporate accommodation and non-assisted living facilities for older adults) and commercial premises, which could reduce its exposure to the cyclical nature of new housing in France.

Such diversification could, however, increase its rate of order cancellation, change its pace of revenue recognition or affect its gross margin. For example, applying the percentage-of-completion method for revenue recognition to Business Property programs results in slower growth in income generation compared to what can be seen in the Housing business. There are two reasons for this:

- first, the pre-sales rate: the group does not usually commit itself to Business Property programs unless the program has been pre-sold in full (see Section 1.1.6. "Sales method"), whereas for Housing programs the group usually becomes committed after a pre-sale rate of 50% has been reached;
- second, the cost of land is proportionately greater for Business Property than for the Housing segment, insofar as such land is 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 revenues and income in Business Property programs occurs earlier than in the Housing business. This product mix effect may create distortions when analyzing changes in business activity from one year to the next. In addition, gross margins are generally lower for Business Property programs than for Housing. As a result, over a given period, the group's gross margin may be impacted by the Business Property-Housing product mix but, despite this, the impact of this mix on the group's overall profitability remains limited because of the Business Property segment's lower cost structure. Lastly, orders for units of managed accommodation other than

block sales are more likely to be canceled than orders in the Housing business. This is because investor behavior is more volatile depending on the returns being offered. Furthermore, in cases where specialist networks of third-party sales agents are used to draw in new investors, the sales methods used by such agents may not generate the same level of customer loyalty as the group's own methods.

Lastly, the group's business activities are somewhat seasonal (see Section 1.1.2.7. "Seasonality and the business cycle"). Business (in terms of number of orders, land purchases and revenue) is generally stronger in the second and fourth quarters, particularly in the Business Property segment which is highly dependent on activity in the commercial sector. This generally leads to fluctuating revenues during these periods, which could have a material impact on results. Thus, unpredictable events in the last months of a given year may have a material impact on the group's business and results.

The main features of the macroeconomic environment in which the group operated in 2019 are described in Section 2.1.1. "Significant data".

Lastly, the main assumptions made by the group with regard to the factors that might positively or negatively influence its business activities in 2020 are presented in Section 2.1.4. "Outlook".

1.2.1.2. Risks relating to competition in the property development sector

The property developer-builder business is a highly competitive one. The group faces competition in the areas of land acquisition, product sale prices and access to subcontractors, from national and regional developer-builders alike (see Section 1.1.2.5. "Main competitors"). The market for the 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 (see Section 1.2.2.1 "Risks relating to the land market" of this Universal Registration Document);
- slow down the construction of programs due to a lack of subcontractors;
- reduce its revenue and/or profit margins;
- force Kaufman & Broad to offer or increase price discounts;
- reduce sales of housing units or increase the buyer cancellation rate.

Each of these competitive aspects could have a negative effect on the group's results, increase expenses and/or hinder growth in the group's operations. If the group is not able to face the competition effectively, it may lose market share and its profitability might be affected.

1.2.1.3. Risks relating to joint-development programs

Kaufman & Broad conducts certain real estate 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, one or more of the group's partners 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 property programs concerned. If the group believes that a partner's financial position has weakened, a provision for risks is recorded in the Company's financial statements. Accordingly, the total risk provision was €7.9 million in the group's Consolidated Financial Statements at November 30, 2019, compared with €7.8 million at the end of 2018 (see Section 4.1.5. "Notes to the financial statements", Note 8.1. "Provisions for liabilities and charges", paragraph "Provisions for risks relating to affiliates"). However, such provisions may not be sufficient to cover a default by any of its partners.

"Program financing"). Enforcement of these bank guarantees may represent a significant financial burden for the group. At November 30, 2019, the Performance Bonds and land holding guarantees given by the group or by its banks in the form of guarantees amounted to over €520 million (see 4.1.5. "Notes to the financial statements", Note 8.3. "Guarantees and bonds issued"). In addition, an increase in the number of enforcements of these guarantees may increase the cost of such guarantees incurred by the group and/or adversely impact its ability to obtain new bank guarantees in the future, which could have a materially adverse effect on its capacity to finance its projects. A major decline affecting the real estate market, such as a financial crisis, could result in a decrease in the number of financial institutions likely or willing to grant such guarantees to the group and/or an increase in the cost of such guarantees and/or in additional constraints being imposed on the group. Difficulties in obtaining such external guarantees could limit its ability to sell the building before completion in such a protected sector as housing and could have a material adverse effect on the group's business and results. Lastly, the group may be exposed to counterparty risk if a credit institution having granted such bank guarantees fails.

1.2.1.4. Risks relating to bank guarantees for sales before completion

The group uses an external guarantee system for its real estate programs in order to provide clients with a Performance Bond as 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.

1.2.2. Risks relating to the group's operations

1.2.2.1. Risks relating to the land 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, and the group needs to be able to identify and acquire such land. Increased competition (for instance due to a significant rise in land prices resulting, among other things, from the common practice of selling land by auction, especially when sold in auction by a local authority) (see also Section 1.2.1.2. "Risks relating to competition in the property development sector" of this Universal Registration Document) 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 achieve its goals (see Section 1.7.2.1. "Land search risk management" of the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad" in Section 1.7. of this document).

1.2.2.2. Risks relating to relationships with suppliers

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. They could also have a negative impact on the proper discharge of the guarantees (see Section 1.3.3. "Insurance"). The group could 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 partners in the case of joint development programs.

Moreover, in the current context of the COVID-19 outbreak, which has notably led the authorities to introduce restrictions on movement, construction at most of the group's sites has come to a complete or partial halt at the date of publication of this Universal Registration Document. In all likelihood, this will lead the group to defer a large number of deliveries initially scheduled for the second or even the third quarter of 2020. Prolonged restrictions could have a material adverse effect on the group's operations*.

* Specific risks relating to the COVID-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).

1.2.2.3. Risks relating to construction costs

As a builder-developer, Kaufman & Broad entrusts construction work to third-party contractors from a variety of trades and, accordingly, it may be exposed to risks inherent in forecasting its construction costs. To best understand such risks, the group has a “controlled” process when conducting its business, which it uses to establish a real estate program’s strategic and financial suitability prior to engaging in it (see Section 1.1.7. “Development Process” et seq.). Despite this decision-making process, the group may still face additional costs relating to unexpected technical challenges, exceptional weather conditions that delay work, an accident during construction or the bankruptcy of a subcontractor. Such unforeseeable events could have a material adverse impact on a 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. This may be due to a lack of availability of contractors or an increase in contractors’ own expenses (more costly materials and increasingly stringent regulatory standards, particularly when it comes to safety and the environment). When economic conditions improve, demand for subcontractors increases, which may result in an increase in the prices of their services that will then be reflected in the costs of construction for developers. This rise in prices is usually observed 12 to 18 months after the first signs that economic conditions are improving. Conversely, if economic conditions deteriorate and demand slows, prices fall accordingly, usually also within a period of 12 to 18 months. 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 marked impact on the group’s construction costs. In the past five years, the producer price index for construction of new residential buildings has increased by 7.3% (between Q3 2014 and Q3 2019), with an acceleration in the last two years that points to an average quarterly increase of 0.6%. 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.

Furthermore, 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 higher prices and less control over the quality of their work.

1.2.2.4. Risks relating to program management

Group programs may not generate the sales and financial results estimated at the time the commitments were made as reflected in the projected budget at completion. Given the number of factors that could affect the cost structure and profitability of the programs compared to initial estimates, and the difficulties in implementing appropriate management control procedures designed to identify and adjust for any budget changes, if any, significant additional costs could be incurred or certain group programs could underperform. Even if the group only commits to developing a real estate program under certain conditions, in

particular the condition of reaching a pre-sale rate of approximately 50% (see Section 1.1.9. “Land development and monitoring of construction”), there is no guarantee that the remaining portion of unreserved lots will be sold on favorable terms, or even that it will be sold at all, especially in the context of the current health crisis*. There is even less of a guarantee that the group’s budget and financial modeling tools will help anticipate any possible decline in demand or rise in costs early enough for the group to cancel programs that might not be profitable. An inability to anticipate these risks accurately and thus to contain costs could significantly penalize the group’s results (see Section 1.7.2.2. “Managing the environmental and landscaping impact of programs” notably paragraph “Managing the environmental impact of construction sites”).

1.2.2.5. Risks relating to the group’s development strategy

The success of the group’s development strategy hinges in particular on its ability to best meet the needs of its customers (type of housing, delivery details and processing times for applications), by applying suitable commercial practices in a very competitive environment (see Section 1.2.1.2. “Risks relating to competition in the property development sector”). The group must also be able to call on the necessary skills within its workforce to anticipate changes in the competitive, legal, tax-related and technical environment and to provide its customers with innovative solutions and products.

An inability to implement a commercial policy and organization commensurate with the needs of its customers could result in the group losing customers and contracts, or force it to offer price discounts, which would adversely impact its financial profitability. Furthermore, an inadequate or inappropriate development and innovation strategy, and a poor grasp of the specific legal and technical aspects of the new products that the group would like to develop, due to problems recruiting people with innovative profiles or the necessary expertise for innovation, an insufficient level of digitization or ill-adapted operational reporting, could deprive the group of development opportunities and market share.

Lastly, the execution of the group’s development strategy requires a pooling of resources and expertise throughout the group in order to seize growth opportunities and come up with the most appropriate solutions for its customers. A lack of synergy between the group’s agencies and regions, and cross-disciplinary experience shared by several teams, or a situation in which the teams work in silos without sufficient centralization, could undermine their technical know-how, their ability to innovate and the special relationships that the group has forged locally. Ultimately, this could be a hindrance to the proper implementation of the group’s development strategy.

1.2.2.6. Risks relating to major projects

As part of its continued growth ambitions, the group notably wants to continue to develop major projects, particularly in urban areas (such as the redevelopment of the Austerlitz district in Paris, for

* Specific risks relating to the COVID-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).

which Kaufman & Broad announced on January 31, 2020 that it had entered into a sale-before-completion contract with a top-tier buyer for approximately 50,000 sq.m. of offices). This is one of the cornerstones of its development strategy (see Section 6.2. "Strategies" of this Universal Registration Document).

The scale of such vast projects increases the risks typically associated with development programs, particularly when it comes to financing, image and technical complexity. Such programs may also make it more difficult to find suppliers given the scale of the projects and their complexity, or they may entail longer issuance times for building permits and more extensive and complex administrative procedures. Moreover, the group may face heavy financial penalties in the event of delays in the construction of such programs (in the current context of the COVID-19 outbreak, which has notably led the authorities to introduce restrictions on movement, construction at most of the group's sites has come to a complete or partial halt at the date of publication of this Universal Registration Document (see Section 1.2.2.2. of the present document)). Under such circumstances, the execution of major projects could be hindered, which could jeopardize the implementation of the group's development strategy.

Furthermore, such projects may lead to peaks in activity resulting in a significant increase in revenue and earnings for a given year that may not be repeated in subsequent years. This could therefore lead to significant fluctuations in the group's revenue and earnings from one year to the next. Consequently, earnings comparisons between periods may not necessarily provide a good indication of future trends.

1.2.2.7. Risks relating to contracts signed with public bodies

Kaufman & Broad may, in the course of its operations, be led to enter into contracts with public bodies, relating for example to the acquisition of land or to property development programs. The complexity of the regulations governing contracts signed with public bodies could lead the Company to incur additional costs in order to comply with specific criteria. 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 may have failed to comply with European or national regulations governing the awarding of such government contracts, in which case the group's financial position could be adversely affected. The group's cash flow could also be adversely affected by such contracts, as repayment terms are usually longer in the public sector than in the private market. In addition, the public bodies may impose certain technical procedures and constraints that might make the real estate programs less profitable.

1.2.2.8. Pollution risks

Prior to acquiring any land or building, the group usually has a third-party expert assess the level of pollution in the soil, sub-soil and existing

constructions; the site's real estate history; and the level of asbestos and lead in any building due to be renovated or rebuilt.

In addition, the group requires that sellers disclose any environmental risks of which they are aware. However, despite these preventive measures, there is no guarantee that the group can fully protect itself against all significant risks relating to the elimination of toxic waste, site rehabilitation and supervision, 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 though the group might, on completion of any relevant preliminary inspections, acquire property requiring moderate rehabilitation expenses. In such cases, prior to the acquisition, the group obtains guarantees concerning the exact nature of the requisite work and the scale of the costs for eliminating toxic waste, rehabilitating and/or supervising the site, based on detailed studies performed by its environmental consultants (see Section 1.7.2.1. "Land search risk management" of the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad" in Section 1.7. of this document).

Nonetheless, the group may encounter pollution or soil quality problems during construction (that might even have repercussions after construction work has been completed) that could also result in legal action being brought by the competent administrative authorities or third parties for property damage or bodily injury. Although the seller of the land or building may sometimes be held liable under the terms of the sale agreement, discovery of pollution problems on a land plot or in a building can cause delays and incur additional costs, and could have significant financial consequences if the seller of the land or building (or its guarantor, if applicable) is insolvent. Also, the group's ability to sell property in areas affected by pollution or to borrow could be reduced, because of its inability to use the affected property as collateral (see Section 1.7.2.2. "Managing the environmental and landscaping impact of programs" notably paragraph "Managing the environmental impact of construction sites").

1.2.2.9. Risks relating 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 homebuilding or office construction operations. 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 affecting recognition of the group's revenues and margin. Climate change could lead to an increase in the number of extreme weather events and thus result in the events described above becoming more frequent and having greater repercussions, due to their number, their magnitude, their duration and their unpredictable nature (see Section 1.7.2.3. "Managing the impacts of climate change and the environmental performance of projects" in the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad" in Section 1.7. of this document).

* Specific risks relating to the COVID-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).

1.2.2.10. Risks relating to IT systems

The group relies on its IT systems to conduct its business (in particular, for monitoring supplies, orders and product invoicing, communicating with customers, managing personnel and providing necessary information to the various operational managers to assist them in the decision-making process). The partial or total physical destruction of the group's IT systems could lead to a system shut-down and thus have a negative impact on its business continuity. The group is also exposed to the risk of its data being lost, stolen or compromised.

1.2.2.11. Risks relating to acquisitions

In recent years, the group has made acquisitions and purchased equity interests in order to expand its market share (see Sections 1.1.1. "History" and 1.1.1.3. "Acquisition strategy").

However, the group might not be able to identify the most suitable companies, make acquisitions on satisfactory terms and conditions or meet the obligations stipulated in the relevant acquisition/disposal agreements. Furthermore, although the group aims to successfully integrate the companies it has purchased, it cannot guarantee that this will be achieved within the expected time frame. In addition, it might also have difficulty in holding onto key skills identified during the acquisition process or in producing the expected synergies within the expected time frame. The group might also face charges and liabilities that were not disclosed in its audits or during the acquisition process, and integration costs could prove higher than initially estimated.

The occurrence of any of these risks could have a material adverse effect on the group's financial position or results.

Furthermore, acquisitions made by the group may be reflected in its Consolidated Financial Statements through the recognition of goodwill, representing the future economic benefits expected from such assets. A downward revision to these expected benefits resulting from changes in the macroeconomic situation, may lead to a goodwill impairment charge, which might have an adverse effect on the group's financial position and results. At November 30, 2019, the amount of goodwill recognized was €68.6 million (see Note 5.1. "Goodwill" in Section 4.1.5. of the notes to the group's Consolidated Financial Statements for the year ended November 30, 2019, which appear in Section 4.1. "Consolidated Financial Statements at November 30, 2019" of this Universal Registration Document).

1.2.2.12. Risks relating to potential fraud, scams and corruption

As part of its property development operations, Kaufman & Broad may have to undertake significant legal and financial obligations (e.g. the acquisition of land from individuals or public entities, the launch of programs) that might expose it to attempted fraud, scams, misappropriation of funds or corruption. These could inflict direct or indirect financial damage on the group by affecting the financial flows exchanged between Kaufman & Broad, its customers and its

stakeholders; they could also affect the group's reputation and financial interests. Despite preventive measures and awareness campaigns, and the priority given to anti-fraud efforts in its internal audit work program, Kaufman & Broad cannot fully eliminate the risk of fraud (See Section 1.7.4.4.1. "Compliance and ethics at Kaufman & Broad" in the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad", paragraph "Fighting corruption and influence peddling").

1.2.2.13. Risks relating to insurance coverage

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

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

As the terms and conditions of these insurance policies undergo contractual reviews on a periodic basis, the group may not in the future be able to obtain coverage on the same terms and conditions as those currently applicable or even be able to subscribe to such coverage at all. This could increase its risk exposure and its costs, which in turn would have a negative impact on its business, profitability and growth. Lastly, since insurance premium rates depend on the volume of claims, an increase in the volume of claims could lead to an increase in the premiums paid by the group and/or have an impact on its risk coverage level.

1.2.2.14. Risks relating to the group's reputation

The group sells a range of different products under one brand, Kaufman & Broad. In recent years, the group has diversified the range of products marketed under this brand, particularly in response to difficult macroeconomic conditions that have changed customers' behavior. Thus, the group's offering now extends from housing for low-income households to very upmarket housing; in addition, its commercial mix includes a growing share of business properties and managed products. Such a diverse product mix could be a source of confusion for customers and thus distort the brand image that the group wants to portray. In addition, considering the growing number and diversity of the customers and/or prospects (individuals, companies, private and institutional investors and local authorities), the group is exposed to image and reputation risk in the event of a serious deficiency, proven or not, in the quality of the services it provides.

Furthermore, the group's agencies are able, to some extent, to organize their own independent advertising campaigns and marketing initiatives to supplement the group's national campaigns and could therefore project an image that might not be aligned with the group's strategy, despite

the existence of a common national corporate identity. Moreover, in the event of a real or alleged deficiency in the quality of services provided by the group, the latter would be exposed to image and reputation risk.

1.2.3. Risks relating to the Company

1.2.3.1. Risks relating to the Company's debt

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

Its main financial liabilities consist of a syndicated loan agreement in the amount of €250 million entered into on January 30, 2019, with an initial maturity of five years (the "**Syndicated Loan Agreement**") and a €150 million "Euro PP" bond issue dated May 18, 2017 (the "**Bond Issue**"). A description of the group's financial liabilities and a breakdown of its financial debt are contained in Note 6 "Financing and financial instruments" to the group's Consolidated Financial Statements for the year ended November 30, 2019.

At November 30, 2019, the group's cash and cash equivalents stood at €208.1 million, compared with €253.4 million at the end of November 2018, plus the undrawn revolving facility of €250 million, taking Kaufman & Broad's financing capacity to €458.1 million at November 30, 2019. Lastly, the group's debt totaled €152.1 million, bringing its net cash position to €56.0 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 paying 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, either because it increases its exposure to unfavorable economic conditions or because it prevents it from taking advantage of any improvement in these conditions;
- affecting its ability to seize business opportunities;
- limiting its ability to obtain additional financing, beyond any commitments already made, in order to cover its working capital requirement, investments, potential acquisitions and refinancing needs;
- adversely affecting the terms of loans negotiated with its creditors;
- limiting its ability to plan its expansion with some flexibility; and
- affecting its competitive positioning, where the covenants in its facilities agreements could prevent it from adapting to changes in the market on the same conditions as its competitors.

The group's ability to meet its debt obligations will depend on its future performance, which itself will depend on changes that could occur in economic conditions in general, in the group's competitive environment and in financial, political or other factors beyond its control. In addition, Kaufman & Broad SA is a holding company without any

Lastly, the development of social media, blogs and discussion forums increases the group's image risk among its private customers and/or prospects, and more specifically its e-reputation risk.

business activities of its own, other than the holding of securities in its subsidiaries. Thus, Kaufman & Broad SA depends on the ability of its operating subsidiaries to generate the cash flows needed to repay loans, through either the payment of dividends or the provision of 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 might not be obtained on satisfactory terms and conditions, which in turn could have an adverse effect on its operations or financial position.

1.2.3.2. Risks relating to covenants in financing agreements

The May 18, 2017 Bond Issue and January 30, 2019 Syndicated Loan Agreement contain several covenants limiting the ability of Kaufman & Broad SA and its subsidiaries to carry out the following operations (on terms other than those authorized by the Bond Issue and/or the Syndicated Loan Agreement):

1. dispose of or transfer all or part of their assets;
2. acquire equity 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 on any of Kaufman & Broad SA's assets outside the ordinary course of business, to guarantee its commitments or those of its subsidiaries.

For example, these restrictions could affect the group's ability to exercise its activities and limit its ability to react to market conditions or seize business opportunities that may arise, particularly to make payments or investments or to create certain liens or sureties. These restrictions could also affect the group's capacity to finance its operating cycle and investments, to make strategic acquisitions, investments or alliances, to restructure its organization or to finance its capital requirements. These restrictions could thus have a significant adverse effect on the group's ability to generate sufficient revenues to meet its obligations in respect of its facilities agreements.

The Margin applicable to each Advance considered will be determined according to (i) the leverage ratio applicable at each testing date and, (ii) depending on the group's observation of Annual CSR Criteria, a positive or negative incentive mechanism will be applied to the applicable margin at the time.

INFORMATION ABOUT THE GROUP'S BUSINESS ACTIVITIES

RISK FACTORS

Lastly, pursuant to the terms of the Bond Issue, for each financial six-month period starting from November 30, 2017 and ending when the Bond Issue expires, the group is required to comply with the following two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratio at each six-month period-end (Bond Issue)	Threshold at date
Leverage ratio ^(a)	≤ 3.0
Debt/equity ratio ^(b)	≤ 2.5
(a) i.e. 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 items; (2) EBITDA means the net income of the consolidated group before income tax and financial 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 expenses (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests. (b) i.e. Net Financial Debt (1), divided by adjusted shareholders' equity (3): (3) adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2016, plus consolidated income aggregated from December 1, 2016 to the end of the relevant quarter, minus dividends paid for the relevant period, plus the aggregated impairment charge for the period from December 1, 2016 to the end of the relevant quarter.	

The terms of the Bond Issue stipulate that, in the event of a change of control of Kaufman & Broad SA, each lender will have the option to request accelerated repayment of the debt contracted by Kaufman & Broad SA under said Bond Issue. Under the terms of the Bond Issue, a change of 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 all or a substantial part of the group's assets or (ii) if a person or group of persons acting in concert acquired (directly or indirectly) more than 33.33% of the

voting rights in Kaufman & Broad, and if the mandatory public offering resulting from the exceeding of this 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 successful. Furthermore, the 2019 Syndicated Loan Agreement states that, for each financial half-year period starting from November 30, 2018 and ending when the agreement expires, the group is required to observe two ratios, calculated on a consolidated basis, with levels redefined as follows:

Ratio at each six-month period-end (Syndicated Loan Agreement)	Threshold at date
Leverage ratio ^(a)	≤ 3.0
Debt/equity ratio ^(b)	≤ 2.0
(a) i.e. 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 items; (2) EBITDA means the net income of the consolidated group before income tax and financial 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 expenses (including any increases or decreases in amortization, depreciation and provisions, fair-value adjustments, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests. (b) i.e. Net Financial Debt (1) divided by consolidated shareholders' equity (3): (3) refers, at any given date, to the Borrower's consolidated shareholders' equity at the start of the relevant period, plus the group's consolidated net income on said date, minus (i) cash dividends paid (including the share of income attributable to minority interests) and other similar distributions paid by the Borrower to its shareholders in cash since the beginning of the relevant period (ii) impairment losses resulting from impairment tests aggregated over the same period (to offset their inclusion in the group's consolidated net income) and (iii) the impact of the Borrower's treasury shares at November 30, 2017.	

These ratios will cease to apply after the Company obtains at least a BBB- rating from Standard & Poor's and/or Baa3 from Moody's and/or BBB- from Fitch.

These restrictions could reduce the group's flexibility in conducting 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 performances or profitability. However, failure to comply with such covenants could constitute a default under the Syndicated Loan Agreement and/or the Bond Issue, which could allow the lenders and/

or holders of the Bond Issue to call for accelerated repayment of all amounts borrowed, interest and fees under the terms of these contracts, trigger any associated guarantees, seize all group assets and/or refrain from providing the group with any further financing in the future. In the event of a decline in the group's operating performances, the Company may have to turn to the group's creditors to request 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 Syndicated Loan Agreement requires 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 Syndicated Loan Agreement.

The 2019 Syndicated Loan Agreement also stipulates that, in the event of a change of control of Kaufman & Broad SA, all commitments will be automatically canceled and all ongoing advances as well as all interest incurred, all reinvestment costs and all other amounts due under the terms set out in the financing documentation will automatically become payable, at the date of said change of control. Under the terms of the 2019 Syndicated Loan Agreement, a change of control refers to any event whereby one or more persons acting alone or in concert gain control of the Borrower as defined by Article L. 233-3 of the French Commercial Code if this event was not recommended or approved by the Borrower's Board of Directors; it is specified that the term "acting in concert" refers to the definition given in Article L. 233-10 of the French Commercial Code.

In the event of accelerated repayment of the amounts due under the 2019 Syndicated Loan Agreement and/or the Bond Issue, the group might not be able to repay said amounts in full. The occurrence of such events could have a material adverse effect on the group.

1.2.3.3. Risks relating to key-person dependency

The group is dependent on certain key executives. An accident or the departure of these executives might have an adverse impact on the

group's ability to achieve its business growth objectives.* The Executive Committee, whose members have been with the group for an average of 15.3 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 heads of regional entities.

1.2.3.4. Risks relating to human resources

In addition to the risk of dependence on key executives as 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 or should a number of them be unable to work because of the current health crisis*.

The group may not be able to find experienced replacements to hire rapidly, which could have a detrimental impact on its organization and incur additional costs because of the need to train new hires.

1.2.4. Market risks

1.2.4.1. 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 income and available cash flows to service the debt would decrease, thus reducing the funds available to finance operations and future business opportunities.

On January 30, 2019, Kaufman & Broad signed a Syndicated Loan Agreement for €250 million with an initial maturity of five years. This loan replaces the existing Senior Facilities Agreement entered into on April 4, 2016 comprising a Tranche B for €50 million and €100 million of revolving credit (not drawn at November 30, 2019). This corporate credit line will enable the Company to extend its debt maturity and lower its cost of debt, while also allowing it more leeway in how it uses these

resources depending on any needs and opportunities that may arise, over and above its available cash. In a first for the property development industry, this credit line includes a positive incentive mechanism tied to various CSR indicators, reflecting the Company's commitment to the environment. As a result of the repayment of senior debt during the first quarter, the €20 million residual swap was repaid early in full in 2019.

Since the €150 million fixed-rate bond issue and the repayment of €150 million on the 2016 syndicated credit lines, and refinancing in the form of the corporate credit line in January 2019 (RCF), the share of exposure of the group's debt to interest rate risks now amounts to €250 million. The revolving credit facility was undrawn at November 30, 2019. However, in light of recent events connected to the COVID-19 pandemic, €150 million has been drawn on this credit facility as a precautionary measure as of March 20, 2020, repayable over periods of one, three and six months.

* Specific risks relating to the COVID-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).

INFORMATION ABOUT THE GROUP'S BUSINESS ACTIVITIES

RISK FACTORS

Interest rate sensitivity of financial assets and liabilities

(in € thousands)	Base	Book gains/losses 50 bp increase	Book gains/losses 10 bp decrease
Syndicated credit lines ^(a)	0	0	0
Bond Issue	150,000	0	0
Credit facilities and other borrowings ^(b)	1,225	(6)	1
Cash and cash equivalents ^(c)	208,102	1,041	(208)
Marketable securities	-	-	-
Swaps ^(d)	0	0	0
NET IMPACT ON PRE-TAX INCOME	-	1,034	(207)

(a) Assumptions: 1-month Euribor at -0.396%.

Before the effect of hedging, a 50-basis point increase in interest rates or a 10-basis point decrease in the above liabilities would have the following impact on pre-tax income:

- increase: -€6 thousand;
- decrease: +€1 thousand.

(b) Excluding issuance expenses, fair value of derivatives and accrued interest.

(c) Bank balances, cash in hand and order balances.

(d) The group no longer holds any hedging instruments, following the repayment of the outstanding amount due on the Senior Facilities Agreement entered into April 4, 2016 and the outstanding residual swap amount of €20 million in the first quarter of 2019.

Type of instrument	Floating/fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated credit lines ^(a)	floating			
Bond Issue	fixed			150,000
Credit facilities	floating	926		
FINANCIAL LIABILITIES		926	0	150,000
Bank balances and cash on hand	floating	206,047		
Short-term investments	floating	0		
Order balances	floating	2,055		
FINANCIAL ASSETS		208,102	-	-
Net position before risk management		(207,176)	0	150,000
Swaps			0	
NET POSITION AFTER RISK MANAGEMENT		(207,176)	0	150,000

(a) This breakdown does not include the €250 million Syndicated Loan Agreement entered into on January 30, 2019 and not drawn at November 30, 2019.

1.2.5. Legal risks

1.2.5.1. Risks relating 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, more stringent building, environmental or building permit issuance standards could adversely affect the group's profitability and operating income. Similarly, changes to tax regulations, and in particular the repeal of certain tax incentives, could have a material impact on the real estate market and, as a result, adversely affect the group's financial position.

As a project owner that designs its real estate programs, the group must comply with applicable regulations set out in urban planning documents drafted by local authorities (land occupancy plans in force, local town planning, mixed development zones). Such regulations include rules governing the height of buildings and distances between buildings, guidelines for the placement of structures on land, possible exemptions from these rules and guidelines, and 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, respect for flora and fauna, the protection of endangered species, the discovery of archaeological remains, dangerous substances and the decontamination of polluted sites, as well as regulations governing listed buildings.

Such rules are changing constantly and growing in number (urban planning, construction standards, environmental standards, building bans and restrictions on listed sites, rules for issuing building permits, consumer protection regulations), which could have a material adverse impact on the group's business and growth. The growing number of standards has made the development of real estate projects more complex and new obligations have added extra costs, which could lead to longer delivery times for the group's real estate programs and an increased number of objections from third parties; the group's results could therefore be affected.

As a property seller, the group must comply with the common sales law but also with specific regulations governing 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 property buyers have the right to retract during a cooling-off period of ten days as from reception of the non-notarized property purchase contract or an order contract, if one exists, since the contract does not become final and binding until this period expires. The regulations governing sales before completion contain a certain number of mandatory provisions designed to protect buyers. The main provisions include the following obligations: to sign 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 reserved lot comply with the terms of the final deed of sale; to place the order deposit in escrow; and to comply with the timetable for calls for funds.

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

Thus, property buyers have a ten-year guarantee for any damage that may render the building unfit for 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 supplemented with an obligatory insurance scheme, introduced by Law No. 78-12 of January 4, 1978, called "Structural Defects" (*Dommages-Ouvrages*) insurance, which must be obtained when construction begins. This insurance enables compensation for defects covered by the two-year or ten-year guarantees to be pre-financed. The benefit of this insurance cover is transferred to customers when they acquire their housing units and to their successors upon resale of their home. In the event of compensation being paid, insurers will subsequently make claims against the builder responsible and their insurer in order to recover the advances paid (see Section 1.3.3.1. "Mandatory insurance").

This insurance and other forms of insurance relating to the group's business are described in Section 1.3.3. "Insurance." As regards the regulations governing the group's construction sites, the Law of December 31, 1993 requires the project owner to designate a Health and Safety Coordinator as from the design stage. In addition to appointing this coordinator, the group's policy is to anticipate and identify the risks surrounding construction projects, not only during construction but also during maintenance of the building after it has been delivered.

Consequently, the group sets up prevention plans at its construction sites in order to identify risks, inform the various parties involved at the construction site of potential risks and prohibit access to unauthorized personnel. The group strives to ensure that project managers meet their due diligence obligations in accordance with French labor laws aimed at combating undeclared work and the employment of undocumented foreign workers. If these obligations are not met, the French Labor Code imposes a civil financial penalty (tax payments and charges shared with contractors) and/or criminal penalty (fines and/or imprisonment). Thus, the group's technical departments must verify that contractors and subcontractors meet their Social Security contribution obligations, once before the contract is signed and then again every six months during execution of the contract, and must ask the persons in charge of these companies to sign a sworn statement that they will not employ undocumented workers. Such provisions are intended to combat the risk of undeclared work.

In the course of its operations, and particularly when filing building applications, the group may face delays caused by third parties above and beyond 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 to a program's schedule (see Section 1.1.8.4. "Commitment Committee") or even the risk of having to abandon programs whose design has already incurred costs for the group. Where certain projects are abandoned, the group may have to pay penalties or land holding guarantees as defined in the land management agreements relating to said programs.

Triggering the guarantees described in this section may expose the group to the risk of having to pay significant amounts and may have a negative effect on its image and reputation.

1.2.5.2. Risks relating to tax incentives that may affect the new housing market and to changes in tax regulations

There has been a succession of tax incentives since the late 1990s that have had varying degrees of influence over new homebuilding depending on their implementation (see Section 1.1.2.2. "Tax incentives").

Like all players in this market, Kaufman & Broad benefits from tax incentives aimed at encouraging investment by private individuals. Such measures in force at present have limited time frames. If such measures

expire and are replaced with less favorable measures, are not replaced at all, are reconsidered, or if certain advantages offered to promote the acquisition of new housing, rental investment or home ownership are eliminated or changed, this could have a material adverse impact on the real estate market and especially on sales volumes or new housing prices and, therefore, adversely affect the Company's business and/or profitability.

These tax incentives might change or be reconsidered following legislative or regulatory amendments or even a change in parliamentary majority.

The group is subject to numerous tax regulations that apply with respect to its business, including regulations governing the assessment of direct tax expenses, different VAT regimes and the calculation of income tax due on the earnings of companies within the group's scope of tax consolidation. The group may also be affected by changes in town planning tax regulations (including office building fees and land development fees).

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

1.2.5.3. Risks relating to litigation proceedings

In the normal course of business, the Company can be exposed to legal action (complaints procedures, proceedings in various courts, etc.), in particular with regard to faulty workmanship in its real estate development programs, a failure to comply with certain legal or regulatory requirements, the validity of building permits obtained, real or alleged serious defects in the quality of services it provides or any other alleged irregularity. Such proceedings could result in orders to pay significant amounts, damage the group's image and/or the Kaufman & Broad brand and/or reduce demand for its products and services, which could have a material adverse effect on its business and results. Proceedings that would expose the group to significant financial penalties could partially divert the attention of its executives from running the group's operations.

Details about the main ongoing litigation proceedings are provided in Section 1.4. "Current litigation" as well as in Section 4.1.5. "Notes to the Financial Statements", Note 8 "Provisions for risks and liabilities – Contingent liabilities – Guarantees".

1.2.5.4. Risks relating to 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 Performance Bonds, described in Note 8.3. "Guarantees and bonds issued" (see Section 4.1.5. "Notes to the Consolidated Financial Statements").

The group's main off-balance sheet commitments consist of land holding guarantees, Performance Bonds and financial covenants.

1.2.5.5. Risks relating 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 relationships with customers or prospects, the group collects personal data, some of which relate to their assets and are therefore relatively sensitive.

Even though the Company considers that it has taken appropriate measures to protect these data (see Section 1.3.1. "Internal control and risk management systems" in Section 1.3.1.4.3. "Information Systems") and to comply with the regulations of the French Data Protection Authority (*Commission Nationale Informatique et Libertés*), these data could be destroyed or transferred 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 a case, the group's image and the Kaufman & Broad brand could be tarnished in a way that may have a material adverse effect on the group's business, results and financial position.

In addition, the group has adapted its procedures to comply with the General Data Protection Regulation (see Section 1.7.4.4.1. "Compliance and ethics at Kaufman & Broad", paragraph "Fighting corruption and influence peddling").

1.3. Internal control and risk management system and insurance

1.3.1. Internal control and risk management system

1.3.1.1. 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 actions, decision-making and/or execution of transactions, as well as staff behavior, comply with statutes and regulations;
- the group's Executive Management's instructions and guidelines are applied;
- the Company's internal processes, especially those safeguarding its assets, function properly;
- the accounting, financial and management information disclosed to corporate bodies and external parties is presented accurately and fairly.

The Internal Control System implemented by the group's Executive Management includes a risk management system that lists and analyses the main identifiable risks to the group's ability to meet its 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 manage 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; instead it seeks to obtain reasonable assurance that the objectives of the Internal Control System are being achieved.

The scope of the Internal Control System described in the present Universal Registration Document covers all the group's entities and divisions, i.e. the parent company Kaufman & Broad SA and its direct and indirect holdings.

1.3.1.2. Context and organization of internal control

1.3.1.2.1. General organization of internal control

1.3.1.2.1.1. Executive Management

Executive Management is directly responsible for the Internal Control System. It defines internal control guidelines 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 regarding accounting and financial information.

1.3.1.2.1.2. Overall organization of the group

The group's internal control system is based on:

- an overall organization with a dual structure consisting of regional operational divisions, which are profit centers located in France according to the group's development strategy, and functional departments, which provide control, expertise and advice for the operational divisions. These include the departments of:
 - Finance,
 - Human Resources,
 - Institutional Sales,
 - Architecture-Quality,
 - Innovation,
 - Planning;
- a centralized organizational structure: Kaufman & Broad centralizes at its head office the main decision-making and procedural functions, in particular all land acquisitions subject to prior approval by the Land Committee and Commitment Committee; the recognition of revenue and their associated costs; and the consolidation process. Regional divisions therefore have limited autonomy 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, and,
 - the Audit Committee of Kaufman & Broad SA.

1.3.1.2.2. Management structures

Management of the group is organized under the leadership of the Chairman and Chief Executive Officer, Nordine Hachemi, as well as other senior executives of the group.

The management bodies are made up of an Executive Committee and a Management Committee, which can meet as an Extended Management Committee.

1.3.1.2.2.1. Executive Committee

The composition of Kaufman & Broad's Executive Committee is described in detail in Section 3.1.3.1. of this Universal Registration Document.

The Executive Committee implements the group's strategy and monitors its deployment, in particular through the Annual Plan for each business activity. Lastly, it defines any organizational adjustments that may be required based on the strategic decisions taken by the Board of Directors and ensures they are implemented.

1.3.1.2.2.2. Management Committee

The composition of Kaufman & Broad's Management Committee is described in detail in Section 3.1.3.2. of this Universal Registration Document.

The Management Committee monitors implementation of the Plan by each business activity. It proposes improvement initiatives and sets the targets that are to be met by the agencies and divisions. It helps to define and implement the group's projects.

The Management Committee may meet as an Extended Management Committee consisting of the Management Committee together with the Agency Directors and heads of the cross-functional operating departments. The Extended Management Committee defines and monitors implementation of the Plan by the agencies, while also ensuring compliance with our commitments to all stakeholders, in particular our partners and customers.

1.3.1.2.2.3. Land Committee and Commitment Committee

These committees are composed of the Chairman and Chief Executive Officer, the Chief Financial Officer and the Regional Executive Vice-Presidents. They review each project for which there are plans to sign a land acquisition agreement.

Land Committee: familiarization with all real estate programs, from the initial concept onwards

The Land Committee confirms the strategic and financial suitability of 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 arrangement of a land holding guarantee (particularly in the case of unilateral contracts of sale). The way this Committee operates is described in detail in Section 1.1.8. of this Universal Registration Document.

Commitment Committee: authorization to continue examining a project

The members of the Commitment Committee meet before the building permit application is submitted in order to: approve the strategy for the program in question (particularly its commercial and technical aspects); confirm the program's updated budget which will be considered as the reference budget; approve the type and structure of the program; authorize the filing of the building permit application; and authorize the tender inquiries and marketing and sales campaigns. These decisions thereby give the Agency Director concerned authorization to continue examining the real estate project. The way this Committee operates is described in detail in Section 1.1.8. of this Universal Registration Document.

1.3.1.2.2.4. Quarterly Committee for Reviewing Real Estate Programs

Every quarter, before preparing the financial statements, the Executive Management and Finance Department meet up with each Agency Director to review the real estate programs that have been approved by the Land Committee, and to assess the current sales strategy and the consistency of business forecasts. These performance reviews help determine what, if any, corrective measures the regional agencies need to take. It is the responsibility of the members of the Quarterly Committee to approve the real estate program budgets that will be used when preparing the group's Consolidated Financial Statements.

1.3.1.2.2.5. 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; land acquisitions; updates on ongoing projects; newly launched projects; and deliveries over the period in question.

1.3.1.2.3. 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.

1.3.1.2.3.1. Management Control, Reporting and Financial Information Department

The purpose of the Management Control, Reporting and Financial Information Department is to:

- manage planning processes;
- implement and apply the reporting, steering and decision-making tools adapted to various levels of responsibility and various types of business activities;
- analyze any variances between achieved and targeted results, discuss the reasons for these variances with the operational divisions and monitor 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 business reviews and financial reports;
- upgrade management information systems;
- oversee management control functions in the agencies;
- cooperate with the contributing departments and Accounting and Consolidation Department to ensure that all financial information and management documents are prepared, reliable and consistent.

1.3.1.2.3.2. Internal Audit Department

The main duties of this department, which reports to the Chief Financial Officer, are to ensure that:

- the group's procedures are adequate and effective with respect to its operations and environment;
- all those involved comply with these procedures.

The Finance Department or Audit Committee may also ask this department to carry out ad hoc audit tasks on specific matters.

The 2019 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. The priorities established to prepare these plans are set after a risk analysis and an examination of any changes in the group's environment and structure. The Internal Audit Department verified compliance with the Internal Control System during preparation of the Consolidated Financial Statements and with the operational Internal Control System by the various agencies.

1.3.1.2.3.3. Treasury and Financing Department

Functions centralized within Kaufman & Broad's Treasury and Financing Department include the negotiation and management of credit lines, and the management of financing and investments, Performance Bonds, off-balance sheet commitments and interest rate risks. The department is also in charge of managing the group's insurance policies.

1.3.1.2.3.4. Accounting and Consolidation Department

The purpose of the group's Accounting and Consolidation Department is to:

- manage, coordinate and supervise the accounting units (general accounting; accounts payable; accounts receivable and calls for funds/payments) and the Consolidation Department;
- prepare accounting and financial information documents in compliance with applicable formats and standards;
- monitor changes to accounting and consolidation systems;
- coordinate with the Statutory Auditors and provide them with access to the information required to conduct their audit.

1.3.1.2.3.5. IT and Telecom Services Department

The IT Department defines, develops and implements new IT solutions and manages these tools on a daily basis in accordance with the Company's needs.

1.3.1.2.3.6. Legal Department

The Legal Department is responsible for the following:

- supporting and advising both the support services and operational units when structuring real estate programs, in particular when preparing contracts and transactions;
- establishing powers to sign the contracts needed to carry out real estate programs managed by the head office, and establishing powers to sign land acquisition deeds for the entire group;
- monitoring the group's litigation and legal risks;
- implementing preventive summary proceedings;
- providing legal oversight of all group structures.

1.3.1.2.3.7. 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 for operational departments during the launch of real estate programs;
- monitoring of group litigation and tax risks.

1.3.1.3. Risk management systems

1.3.1.3.1. Identified material risks

The identified material risks to which the group might be exposed are described in Section 1.2. of the Company's Universal Registration Document "Risk factors".

1.3.1.3.2. Process for identifying and managing risks

To keep its Internal Control System effective, Kaufman & Broad's Executive Management ensures on a regular basis that the Company is equipped with the appropriate procedures. For this purpose, it performs risk mapping.

In 2019, the group updated its major risk map in relation to its objectives.

Risks were identified during interviews conducted with directors with a seat on the Audit Committee and 26 Kaufman & Broad managers and senior executives; they included primarily the Regional Senior Vice-Presidents, the heads of the cross-functional departments at the head office and Agency Directors. These interviews made it possible to better identify the causes and potential consequences of each of these risks and the main control mechanisms to prevent them from occurring. A workshop was held with members of the Management Committee to approve the hierarchy to be applied to major risks that had been proposed in the interview stage. Some of the directors interviewed earlier in the process also attended this workshop.

The updated risk map was presented at the Audit Committee meeting of January 27, 2020.

The group's risk map is updated each year. This can either involve a comprehensive interview-based update process like in 2019, or be based on changes in the relevant indicators that have been defined during this interview process in order to adjust major risk weightings.

Furthermore, pursuant to the Sapin II Law, in 2018 the group drew up its corruption risk map based on the same approach as the one used to establish its major risk map. The components of the system adopted by the group to prevent and combat corruption are presented to the Audit Committee and Board of Directors on a regular basis. This system is described in detail in Section 1.7. of this Universal Registration Document "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad".

Kaufman & Broad's risk management framework includes a list of the main risks existing at the level of the regional operating entities. The mapping of relevant risks covers the entire life span of a real estate project and, more specifically, the following key areas:

- project feasibility and land acquisition;
- selection of construction companies and supervision of the construction process;
- orders and sales.

For each of the strategic, financial, legal and operational risks identified, the Company has set up controls aimed at reducing its risk exposure to a level deemed acceptable by the Company.

These controls are carried out at the head office 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 volume and profitability targets;
- the tracking and handling of third-party objections filed against building permits;
- compliance with internal procedures during the decision-making process for real estate commitments (Land Committee and Commitment Committee), the signature of contracts of sale (delegation of powers), sales launches, land acquisition (pre-sale rate and conditions precedent) and the cost of work;
- the preparation of tender inquiries;
- construction cost estimates;
- the selection of construction companies;
- assurance that contracting companies are financially sound;
- the administrative authorizations required to implement the construction process;
- execution plans and sale plans;
- the supervision of construction sites and construction schedules;
- certification of construction costs by the general contractor;
- work completion certificates and compliance certificates;
- draft operating budgets (changes in a program's sale prices or production costs);
- calls for funds from customers and payment collection;
- variable compensation allocated to the real estate staff and sales staff.

1.3.1.4. Key components of the group's Internal Control System

1.3.1.4.1. Ethics Charter and Internal Rules

The Ethics Charter in force within the group was updated and supplemented with a disciplinary sanctions procedure and a whistle-blowing procedure in 2017 and 2018 to take account of changes within the group and the provisions set out in the Sapin II Law. The Charter and procedures are part of the group's Internal Rules. The Internal Rules and user charter for the use of IT resources and Internet services are signed by all group employees.

The Ethics Charter consolidates and formalizes the principles to be applied by the group's employees in the following areas: respect for fundamental rights, responsibilities incumbent on employees, business conduct and relations with shareholders, suppliers, customers and elected officials, all in accordance with the Corporate Social Responsibility initiative implemented by the group. The Ethics Charter

references the existing agreements, procedures and memoranda in these different areas.

The new procedures include whistle-blowing systems and sanctions in the event of failure to meet the obligations set out in the Charter, Internal Rules and applicable laws and regulations. The whistle-blowing system that the procedure covers includes a secure IT reporting module called "KB Ethics".

These documents and the user charter for the use of IT resources and Internet services are available on the Company's intranet portal and are issued to all group employees.

Since 2019, it has become mandatory for all group employees to complete a training course on the main aspects of the Ethics Charter and related procedures.

1.3.1.4.2. Internal procedures

The Internal Control System covers 13 topics broken down into 26 separate procedures, of which the main ones are as follows: land acquisition, management of calls for funds and payment collection, monitoring of trade receivables, debt management, bank reconciliation, bank guarantees, human resources, closing and consolidation, determination of goodwill and assessment of asset impairment losses, earn out, preparation and control of a real estate program budget and the process of preparing projections, recognition of revenue and inventories on a percentage-of-completion basis, management of orders, progress rates, fiscal planning and calculation of current taxes, management of the supplier base, recording and validation of trade payables, supplier payments, procurement, project completion management, annual performance reviews and exit interviews.

In addition, there are several IT procedures covering the department's planning and organization, security, safety, change management and systems operations.

The procedures describe their respective objectives, the persons responsible and participants, the inherent risks and the possible impact of a failure to apply them on the group's financial statements. Each of these procedures includes control points, some of which are considered "key points" because of their importance to the group's risk prevention system.

1.3.1.4.3. Information systems

The Kaufman & Broad group's IT Department reports to the Chief Financial Officer and is responsible for: (i) overall coordination of the definition, development and implementation of new IT solutions; and (ii) day-to-day management of existing tools.

A set of procedures has been established for IT procurement and for the management of services and maintenance contracts. As far as operational management is concerned, there are business procedures governing the development and operating functions. Furthermore, Kaufman & Broad has issued 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.

1.3.1.4.4. Budget and management control

Planning

The operational planning process is decentralized to the regions. This process is organized by Executive Management and the Finance Department, which define the governing principles and timetable, coordinate the process within each entity, and verify overall consistency with the group's strategy.

The operational managers in the various agencies, assisted by their management controllers, prepare a two-year plan for their respective entities including a detailed budget for the year ahead. The objectives proposed are approved by the Finance Department and Executive Management between October and January. The Finance Department and Regional Senior Vice-Presidents consolidate and discuss the plans for each entity.

Weekly dashboard

The management control unit distributes a dashboard each week to Executive Management containing the previous week's gross and net orders.

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 each month by the Consolidation Department 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 that the financial information is reliable.

Updates

Every quarter, each entity prepares an update of its annual budget. This exercise makes it possible to revise trends at year-end but 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. The updates are presented at the Board of Directors' meetings preceding the publication of quarterly results.

Quarterly flash

An update of the current quarter's results is prepared during the first ten days of the last month of each quarter. If necessary, Executive Management redefines targets on the basis of these projected results.

Planning and monitoring signing targets

Signing targets are approved by Executive Management based on revenue forecasts prepared by Agency Directors.

1.3.1.4.5. Controls of key accounting principles and estimates

With respect to key accounting principles and estimates, the internal control teams ensure, at each closing date, that the principles and provisions of IFRS 15 are correctly applied, and that the group's consolidated revenue and margin are recognized on a percentage-of-completion basis.

From a technical point of view, the land acquisition deed and proof of physical progress on construction projects are key controls in the group's Internal Control System, together with an update (at least every quarter) of the budget at completion of our real estate programs by the regional divisions concerned. These operating budgets are reviewed by the Regional Senior Vice-Presidents before the quarterly financial statements are closed; they are also reviewed by the Finance Department at Quarterly Committee meetings, which include the Regional Directors and Executive Management, and which are held prior to approving the annual and semi-annual financial statements.

From a sales point of view, the signature of notarized deeds of sale for each housing unit sold before completion (VEFA) is a crucial element recorded in the declarations systematically issued by civil-law notaries for each individual sale.

1.3.1.4.6. Control of liquidity and interest rate risks

For the purpose of analyzing liquidity risk, the Company has set up an integrated process of establishing cash flow forecasts for each real estate program. This process is managed by the Treasury and Financing Department and by the Management Control, Reporting and Financial Information Department, placed under the responsibility of the Finance Department.

The policy for managing interest rate risk is set by Executive Management on the Finance Department's recommendation. The purpose of the risk management policy is to control changes in interest rates and their impact on income and cash flows, so that the total cost of debt remains acceptable. To achieve this, the group hedges its floating-rate loan interest flows with (floored) swaps. These are derivatives for hedging cash flows. They are recognized in the balance sheet at their fair value. However, there is no guarantee that the group's hedging policy will have the intended effects, especially in the event of a default by any of its hedging counterparties.

With respect to interest rate risk, only the Revolving Facility Agreement signed on January 30, 2019 is indexed to floating rates. However, to date, this credit facility remains undrawn. If the group were to decide to use this facility, it might once again expose itself to the risk of an increase in its obligations given that the facility is indexed to floating rates. In this case, in light of current interest rates and the likelihood that they are going to rise eventually, the group will look into the need to arrange hedging instruments covering interest payments on this facility.

1.3.1.4.7. Legal and operational controls

From a legal standpoint, the Chairman and Chief Executive Officer and/or Regional Executive Vice-Presidents of Kaufman & Broad SA are corporate officers of most of the group's subsidiaries, either in an individual capacity or as permanent representatives of a group company.

At the operational level, each Agency Director receives his/her annual performance objectives from Executive Management in writing every year. The Agency Director and his/her team then take ownership of these objectives through active participation in the budget process.

At Quarterly Committee meetings, Agency Directors submit to the relevant Regional Executive Vice-President and the Finance Department a percentage-of-completion report for all real estate programs under their management, along with an updated projected assessment of each program.

Each Agency Director is also required to submit to the Land Committee and Commitment Committee the details of any new program that he/she intends to develop.

Lastly, Agency Directors are responsible for compliance with the group's internal control procedures within their own entities.

1.3.1.5. Internal control during the preparation of accounting and financial information

There are various elements involved in the internal control of Kaufman & Broad's accounting and financial information:

- the accounting and financial departments, which report to the Chief Financial Officer;
- accounting and financial information systems;
- procedures for preparing financial statements;
- monitoring of commitments;
- financial reporting;
- the Management Control, Reporting and Financial Information Department.

1.3.1.5.1. Accounting and financial departments

The Finance Department is responsible for:

- defining group accounting standards and principles;
- defining the tax policy;
- determining periodic deadlines for all departments involved in preparing financial statements;
- implementing reporting tools, monitoring the reliability of the basic financial data collection and processing procedures;
- verifying the accuracy of data and their consistency with those produced by the financial information systems;
- controlling the preparation of statutory and Consolidated Financial Statements in compliance with the accounting standards, principles, rules and methods in force within the group;
- analyzing variances between budget and actual, and implementing and monitoring appropriate corrective measures;
- monitoring the availability of financial reporting, in the format and within the time frame required by Executive Management.

The Head of Accounting and Consolidation prepares accounting and financial information under the responsibility of the Chief Financial Officer.

1.3.1.5.2. Procedures for preparing 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 it has been prepared. The Head of Accounting and Consolidation is responsible for preparing this information.

Therefore, based on specific deadlines, the Head of Accounting and Consolidation gives all the units concerned instructions for completing the closing process and indicates what information is to be entered, what adjustments are to be made and what the applicable time schedule is.

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 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 Statements are examined by the Audit Committee and Board of Directors, and audited (in the case of annual financial statements) or reviewed (in the case of half-year financial statements) by the Statutory Auditors prior to their publication. The Board of Directors then approves the financial statements.

1.3.1.5.3. Procedures to control off-balance sheet commitments

The group's main off-balance sheet commitments consist of land holding guarantees, Performance Bonds and financial covenants.

1.3.1.5.3.1. Land holding guarantees

Whenever the group intends to buy land in order to develop a real estate program, it must provide the seller with a land holding guarantee until the notarized deed has been signed. This land holding guarantee takes the form either of a guarantee granted to the seller (in general) or a cash payment (specific and exceptional cases). Two types of guarantee may be given to sellers: a personal and joint and several guarantee, or a first-demand guarantee.

In the case of a personal and joint and several guarantee, the group, acting through one of its subsidiaries, asks an insurance company or financial institution to act as the personal and joint and several guarantor of the group company acquiring the property. This guarantee is obtained vis-à-vis the seller and corresponds to the amount of the land holding guarantee. Such guarantees may also be extended by Kaufman & Broad SA. In the case of first-demand guarantees, the group asks an insurance company or financial institution to act as first-demand guarantor on its behalf vis-à-vis the seller for the amount of the land holding guarantee.

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.

1.3.1.5.3.2. Performance Bonds

For sale-before-completion (VEFA) contracts, Kaufman & Broad arranges for a financial institution, mutual guarantee institution or insurance company to issue a Performance Bond for construction that takes the form of a joint and several guarantee for buyers or a credit facility agreement (Article R. 261 21 § a or § b of the French Construction and Housing Code). These guarantees are arranged for each individual transaction. 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 in the Company responsible for the real estate program.

Performance Bonds are valued monthly by the Treasury and Financing Department and then updated based on the figures communicated by the relevant financial institutions according to their own disclosures to the Banque de France or Insurance Supervision Commission.

1.3.1.5.3.3. Financial covenants

The group has to observe certain financial ratios ("financial covenants") in accordance with the terms of the Revolving Facility Agreement signed on January 30, 2019 and of the Bond Issue of May 18, 2017. As such, every six months, the group's Finance Department provides the Statutory Auditors with the financial elements needed to calculate these ratios and then communicates the covenants to the lenders' representatives. The financial ratios are also calculated and presented quarterly to the Audit Committee and Board of Directors as part of the group's risk management system.

1.3.1.5.4. Group financial reporting

Besides 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:

- Universal Registration Document, quarterly information, half-year and annual financial statements and business reviews;

- 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.

1.3.1.6. Updates and performance reviews of the Internal Control System

Kaufman & Broad's current Internal Control System, as described above, is supplemented with an operational, legal and regulatory alert system designed to identify and anticipate changes in the business environment and in French or European Union legislation or regulations that might impact the Company's financial equilibrium. 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.

Correct application of the procedures relating to accounting and financial information is verified by the Internal Audit Department and occasionally by an independent auditing firm supervised by Kaufman & Broad's Internal Audit Department. This work is performed at the head office 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 due diligence 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 in place for managing the operational and financial risks inherent to the group's operations. The above information is therefore not to be construed as an assessment of the adequacy or effectiveness of the Company's Internal Control System, because said information does not cover the whole of said system.

1.3.2. Risk management by type

In order to prevent and manage the risks associated with its operations effectively, the group has set up an Internal Control System that is the subject of the Board of Directors' report (see Section 10.7. "Management report by the Board of Directors").

The main purpose of the internal control and risk management system in force within the Kaufman & Broad group is to ensure that:

- management actions, decision-making and/or execution of transactions, as well as staff behavior, comply with statutes and regulations;
- Executive Management's instructions and guidelines are applied;
- the Company's internal processes, especially those safeguarding its assets, function properly;
- the accounting, financial and management information disclosed to corporate bodies and external parties is presented accurately and fairly.

The Internal Control System implemented by the group's Executive Management includes a risk management system that lists and analyses the main identifiable risks to the group's ability to meet its objectives and ensures that measures are in place to manage these 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 manage 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; instead it seeks to obtain reasonable assurance that the objectives of the Internal Control System are being achieved.

The action plans and internal policies implemented by the relevant entities or departments to manage both major risks and other risks identified by the group include the following:

1.3.2.1. Management of risks relating to the group's line of business

1.3.2.1.1. Management of risks relating to the economic environment

The Company has been able to sustain its business activity in a weakened and uncertain general environment by choosing its property locations selectively and continually adapting the definitions of products it offers for sale. In addition, the group is able to deal with fluctuating market conditions by conducting its business with a low fixed cost structure. The group's main costs are variable and mainly include land acquisition costs, construction costs, program selling costs, and the commissions and compensation paid to the sales teams (approximately 15% of the group's payroll is considered variable). Accordingly, in the event of a business slowdown, the group can lower its costs by reducing the number of programs it launches. In such cases, after taking account of the necessary adjustments to programs already launched (in particular, provisioning the costs of committed programs and the upcoming additional costs of completing these programs, and including 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 it being implemented.

1.3.2.1.2. Management of risks relating to joint development programs

The group's Internal Control System includes an internal control process that covers 13 themes broken down into 26 separate procedures, including land acquisition, management of calls for funds and payment collection, monitoring of trade receivables, preparation and control of a real estate program budget and the process of preparing projections, recognition of revenue and inventories on a percentage-of-completion basis, management of orders, progress rates, supplier payments, procurement and project completion management (for the main procedures involved in real estate programs, see Section 1.3.1.4. "Key components of the Internal Control System"). Joint development programs are not exempt from having to comply with these procedures, especially those relating to the selection of land.

1.3.2.1.3. Management of risks relating to bank guarantees for sale-before-completion contracts

To minimize its potential exposure to a decline in the number of financial institutions able to grant such guarantees, the group is calling on a greater number of varied top-tier financial institutions. The main financial institutions that the group deals with are: Crédit Mutuel ARKÉA, the Crédit Mutuel group (CIC, BECM, etc.), the Banque Populaire and Caisse d'Épargne group (Palatine, SOCFIM, Natixis, Caisse d'Épargne Midi Pyrénées, etc.), Crédit Agricole-Corporate Investment Bank (CACIB), Société Générale and BNP Paribas, along with institutions specializing in surety services and insurance brokers such as: Atradius, MB Cautions (QBE, ERGO), CGI Bâtiment and ASTIMM (Zurich, Groupama).

1.3.2.2. Management of risks relating to the group's operations

1.3.2.2.1. Management of risks relating to the land market

The group has developed a management tool for its land reserves so that it can anticipate as early as possible any shortage of land available to carry out its real estate programs. The tool must include any land corresponding to the selection criteria defined by the group (see Section 1.1.8.1. "Selection of land"). The Land Committee establishes the criteria applicable to the land that must be included in the group's land reserves, approves the strategic and financial relevance of programs under consideration and the estimated budget for preliminary expenses, and authorizes the arrangement of land holding guarantees, particularly in the case of unilateral contracts of sale (see Section 1.1.8.2. "Approval of projects by the Land Committee").

1.3.2.2.2. Management of risks relating to relationships with suppliers

In order to more carefully assess its potential exposure to default by its suppliers, Kaufman & Broad uses 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 (see Section 1.7.4.4.2. "Purchasing and outsourcing", paragraph "Selecting companies and suppliers"). In addition, Kaufman & Broad has in recent years centralized its finishing purchases at regional level and standardized its supplier selection procedures at group level. Such centralization makes it possible to develop long-term relationships with suppliers that sign framework agreements with the group. This is also a means for Kaufman & Broad to assess the financial soundness and compliance of the companies with which it enters into agreements and to forge lasting relationships (see Section 1.7.4.4. "Business ethics and relationships with subcontractors").

1.3.2.2.3. Management of risks relating to construction costs

The group has a "controlled" process when conducting its business which it uses to establish a real estate program's strategic and financial suitability prior to engaging in it (see Section 1.1.7. "Development Process" et seq.). The group relies on estimated preliminary cost budgets and technical studies, and issues tender inquiries before land is purchased.

Lastly, with regard to construction work, Kaufman & Broad selects its contractors mainly through calls for tenders. This process, carried out through tender inquiries, creates competition among companies that have been short-listed to carry out the work and therefore also helps to keep the cost price of programs under control.

1.3.2.2.4. Management of risks relating to program management

The group's Internal Control System includes a process for approving its commitments to a real estate program. The final decision to purchase land is taken by members of the Land Committee. The general rule applied by Kaufman & Broad is that final acquisition of land only occurs if (i) the necessary administrative approvals have been obtained to build the project on the land, free of any third party objections (this last condition applies in most cases), and (ii) the program's profitability as set out in the projected budget has been verified (with respect to the level and status of sales, technical feasibility, cash plan, etc.). For more details, see Section 1.1.8. "Land purchases" et seq.).

1.3.2.2.5. Management of risks relating to major projects

The scale of such vast projects increases the risks typically associated with development programs, particularly when it comes to financing, image and technical complexity. In order to develop these projects, the group ensures it has sufficient internal and external access to the specific skills needed to complete them.

Such programs can entail greater administrative and technical problems, which is why the group is particularly vigilant when it projects the impact of such programs on its operations.

Lastly, since these major projects can result in large variances in the group's revenues and results, a suitable financial communication strategy is planned for.

1.3.2.2.6. Management of pollution risks

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

The group requires that sellers disclose any environmental risks of which they are aware and may, on completion of any relevant preliminary inspections, acquire property that requires moderate rehabilitation expenses. In such cases, prior to the acquisition, the group obtains guarantees concerning the exact nature of the requisite work and the scale of the costs for eliminating toxic waste, rehabilitating and/or supervising the site, based on detailed studies performed by its environmental consultants.

1.3.2.2.7. Management of risks relating to IT systems

The group has set up a business continuity plan to avoid such risks. The plan essentially provides for the prompt recovery of its information systems environment and a back-up center with appropriate work stations designed to be used by the staff affected by any such incidents (see Section 1.3.1.4.3. "Information systems").

1.3.2.2.8. Management of risks relating to acquisitions

In recent years, the group has made acquisitions and purchased equity interests in order to expand its market share (see Sections 1.1.1. "History" and 1.1.1.3. "Acquisition strategy").

Prior to such purchases, the group systematically performs the necessary accounting and operational due diligence and investigations to enable it to prepare a satisfactory offer and to identify any charges or contingent liabilities for which it would need to obtain guarantees in the acquisition agreement. The group carefully monitors the proper integration of the key skills that have been identified and the materialization of the forecasts made during the acquisition process.

1.3.2.2.9. Management of risks relating to potential fraud, scams and corruption

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

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

Under its obligations with respect to the Sapin II Law, the group has taken suitable steps to prevent corruption and influence peddling. This mechanism is described in detail in Section in 1.7.4.4.1. "Compliance and ethics at Kaufman & Broad".

1.3.2.3. Management of risks relating to the Company

1.3.2.3.1. Management of risks relating to human resources and key-person dependency

The group is aware of the importance of its employees' know-how and performance. It tries to attract the right people and talent consistently throughout the group by offering ambitious career prospects and building with them a strong corporate culture. To do so, it takes various approaches towards managing its human resources, such as onboarding procedures, training and support for young new hires, annual interviews and career reviews to identify talent, to ensure that the Company culture and know-how are passed on, and to identify profiles that have the potential to fill key positions (see the group's CSR Charter).

1.3.2.4. Management of market risks

1.3.2.4.1. Management of interest rate risks

The policy governing the management of interest rate risks is described in Section 1.3.1.4.6. "Control of liquidity and interest rate risks".

1.3.2.5. Management of legal risks

1.3.2.5.1. Management of risks relating 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 for support units and operational units when structuring real estate programs, in particular when preparing contracts and transactions. In corporate matters, the Legal Department is responsible for all aspects of legal monitoring for all the group's entities as well as for the internal oversight of compliance with new standards and regulations and their interpretation; it performs these duties with the support of external consulting firms specializing in legal matters.

1.3.2.5.2. Management of risks relating to the tax incentives that may affect the new housing market and to changes in tax regulations

The Tax Department helps the group to adapt to changes in the tax incentives that apply to it. The department handles all tax matters, whether corporate or operational. The department is centralized and reports to the Finance Department, but it also relies on relevant staff in the Legal Department at the head office and in the regional entities. Its duties include, among other things, providing tax oversight for the group especially in relation to any developments that might affect its business. Lastly, the group supplements these arrangements by calling on external consulting firms specializing in tax matters.

1.3.2.5.3. Management of risks relating to litigation proceedings

The risks inherent in such proceedings are insured on the terms summarized in Section 1.3.3. "Insurance." These risks are also monitored and analyzed by the group's Legal Department and counsel. They are systematically reassessed depending on any developments in the group's legal proceedings and on the basis of its past experience.

If necessary, these risks may be partially or fully written-off.

1.3.2.5.4. Management of risks relating to off-balance sheet commitments

The internal control procedures implemented to identify and control these off-balance sheet commitments are described in Section 1.3.1.5.3. "Procedures to control off-balance sheet commitments".

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

For the purposes of its business, the group collects and uses data supplied by its potential and existing customers, applicants and contractual partners.

To protect such data, no group applications of a confidential and/or sensitive nature can be accessed outside the group. The group's information system is protected by restrictions on access, protection rules, advanced firewall systems and security systems that are regularly tested and reinforced.

In compliance with European Regulation No. 2016/679 on personal data protection (GDPR), the group created a registry of the various data processing operations it performs in the course of its activities. Within the framework established by the GDPR, there are specific processes for personal data to enable potential and existing customers and applicants to exercise their rights of access, rectification, limitation, portability, erasure and opposition.

A Steering Committee monitors areas of attention relating to personal data and the procedures in place.

Recurring information and awareness campaigns are also carried out to educate employees about IT security.

1.3.3. Insurance

1.3.3.1. Mandatory insurance

In accordance with the regulations governing their business as builder-developers described in Section 1.2.3.1. "Risks relating to regulations applicable directly to the group", the group's companies take out mandatory insurance as required by Law No. 78-12 of January 4, 1978 covering structural work (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 may appear after delivery and are covered by the 10-year guarantee. The benefit of this cover is transferred to customers when their homes are delivered and to their successors upon resale of the property.

This insurance covers the costs of repairing damage, even damage resulting from defects in the ground, that compromises the soundness of the structures or affects one of their basic components or a piece of equipment, rendering them unfit for purpose, or that affects the soundness of the components of equipment that are inseparable from

the development, foundation, framing, walls or roof, as defined by Article 1792-2 of the French Civil Code.

It covers repair costs, including any necessary demolition, excavation, installation or removal work once a non-contentious expert's inspection has been conducted within a specific pre-defined time frame. After issuing compensation under such policies, insurance companies usually turn to the builders responsible for the defect and their insurers in order to recoup the amounts paid out.

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

Group companies are also covered by a ten-year "Non-Builder Developer" (CNR) liability 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 if 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 limits of this liability.

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

The group's Structural Defects and Non-Builder Developer insurance policies have been taken out with AXA France IARD, SMA and Zurich since January 1, 2018.

Their cost totaled €5.298 million (i.e. 0.359% of consolidated revenue) in the fiscal year ended November 30, 2019.

Since January 1, 2010, the group companies engaged in project management have been covered by a special Public Works Engineering insurance 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, 2019 totaled €0.071 million (i.e. 0.004% of consolidated revenue).

1.3.3.2. Other insurance related to group activities

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

1.3.3.2.1. Developer Liability Insurance

The Developer Liability insurance policies are intended to cover Kaufman & Broad against the financial consequences of any liability

claims for bodily injury, property damage and/or consequential losses caused to third parties by its business and related services, as well as by persons, movable property, buildings and animals used in the conduct of its business for which it would be liable.

They represented a cost of €0.561 million in fiscal year 2019 (i.e. 0.038% of consolidated revenue).

Since January 2014, coverage for bodily injury, property damage and consequential loss claims for all group businesses has amounted to €75 million (i.e. 5.09% of consolidated revenue).

1.3.3.2.2. Comprehensive Construction insurance and Real Estate Agent Liability Insurance

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

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

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

Their cost totaled €0.850 million (i.e. 0.058% of consolidated revenue) in the fiscal year ended November 30, 2019.

Real Estate Agent 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. Bodily injury, property damage and consequential losses combined are covered under the same conditions as those described in Section 1.3.1.2.1. "Developer Liability Insurance".

1.3.3.2.3. Directors' Liability

The group has also taken out a Directors' 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 they committed while performing their duties. It also covers defense costs incurred by the insured party for civil or criminal liability in the performance of their duties.

1.3.3.2.4. Fraud and cyber risk insurance

Lastly, to supplement the existing framework, procedures and information systems in place to prevent these risks, the group has taken out a combined "fraud risk and cyber risk" policy that covers, under certain conditions, civil liability and any costs or losses incurred as a result of fraud or a breach of the group's information systems.

1.4. Current litigation proceedings

Due to the nature of its day-to-day business, the Company is exposed to legal action (civil, administrative, etc.) against it resulting primarily from structural and other defects in its programs, a failure to comply with certain legal or regulatory requirements, objections to building permits obtained, or any other type of action (e.g. administrative authorizations).

A provision has been made for such litigation, calculated on the basis of a risk assessment conducted by the group's Legal Department and its Executive Management working together with the specialist attorneys in charge of the cases.

The most significant current legal proceedings are described in Section 4.1.5. "Notes to the Financial Statements", Note 8 "Provisions for liabilities and charges – Contingent liabilities – Guarantees" et seq. Details about all such legal disputes, be they provisioned or not, are provided only to a limited extent since such information could have a negative impact on the outcome of ongoing litigation.

No other governmental, legal or arbitration proceedings, including any of which the Company is aware, are pending or at risk of being launched and likely to have, or have had, a material impact on the Company's and/or the group's financial position 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. Since then, Kaufman & Broad SA has become the owner of the trademark, logo and know-how previously held by KB Home. The transfer process is described in Section 1.1.12.1. "Kaufman & Broad brand".

The Kaufman & Broad group's development expenses mainly relate to property development programs. Development expenses comprise expenses relating to land (commitments to programs for which commitments to buy the land have been signed) and are treated as inventory, as an element of the cost price, when it is likely that the program is going to be developed (see Section 4.5.1. "Notes to the financial statements", Note 5.2. "Other property, plant and equipment", paragraph "Research and development costs").

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

The group also periodically conducts surveys of consumers, their homebuying selection criteria and the products offered by its competitors in order to adapt the products it sells.

Innovation in skills, products and usage: an innovation strategy that serves the customer

The group has also positioned itself as a turnkey developer and development promoter by creating a Major Urban Projects Department. Such urban projects develop a varied mix of programs and consider them on the scale of a whole town or district. They participate in establishing and fulfilling specific innovative objectives relating to the themes of Energy, Mobility, Circular Economy and New Urban Services. The group set up Architecture, Quality and Innovation Departments in September 2015 with the aim of defining a product range that stands out from the rest of the market, meets technical quality criteria and is adapted to new uses.

The Innovation Department works with the Management Committee to define innovation strategies. It is responsible for developing an innovation culture through two internal networks made up of various business line managers, who are responsible for sharing and disseminating know-how throughout the agencies. It spearheads this internal collective innovation system to coordinate, crystallize, share and disseminate experience and best internal and external practice. Its strategic priorities are as follows:

- **Transformation of the group's business activities and processes:** in particular, by digitizing processes and rendering the customer experience more fluid;
- **Energy:** in particular, energy-producing buildings, energy self-sufficiency and control over energy usage costs;

- **Mobility:** mobility services as a supplement for and/or an alternative to the use of individual cars; smart, pooled, abundant and scalable car parking; and sustainable transport solutions.

On the topics of Energy and Mobility, Kaufman & Broad has worked with a car manufacturer to develop and test mobility services (e.g. shared mobility, electric vehicles and energy services);

- **Circular Economy,** including the use of bio-sourced and upcycled materials in certain programs and efforts to manage water and biodiversity in its programs and to improve the carbon footprint of its operations.

One of the group's priorities with respect to the Circular Economy is to design and build using wood, a sustainable and bio-sourced building material that is ecological, healthy and has a small carbon footprint. A partnership has been forged with a construction company specializing in wood technology that designs, manufactures and sells bio-sourced industrial construction panels. This partnership culminated in Bordeaux with Silva, a 17-story tower with a giant timber-frame primary structure that is more than 80% wood, and the Sequoia'h building, which contains 6,200 sq.m. of housing units, offices and retail units in the Nancy Grand Cœur eco-district;

- **New Urban Usages and Services,** including smart buildings and building management.

On the topic of New Urban Usages and Services, for example, following nine months of tests, Kaufman & Broad announced that it

was setting up a shared platform developed by the ChouetteCopro start-up for all its upcoming residential real estate programs delivered in Île-de-France. ChouetteCopro is a computer app for reporting and tracking the handling of incidents in communal areas. It eases the flow of communication between occupants, the managing agent, the coownership Management Committee and companies operating within the same condominium. Testing has continued in Kaufman & Broad's regional agencies.

Internally, the innovation strategy is based on an Innovation Booster Network, made up of the various business line managers in each group agency. This network encourages the sharing of know-how between agencies and organizes the implementation and follow-up of tests on new solutions or services.

Innovation also involves partnerships with start-up incubators or accelerators, such as Paris&Co, the POLD Catalyzer and Immowell-Lab, dedicated to promoting well-being through real estate. Kaufman & Broad therefore takes part in start-up selection committees. If any of these start-ups are working on issues that have been identified by the group as priorities, the Innovation Department, in cooperation with one or more agencies, may choose to carry out experiments with them on one or more real estate programs in order to test their solutions and analyze feedback from buyers and/or users. Should these experiments prove conclusive, the group may incorporate the solution into its range of services and apply it across all its programs.

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 a large amount of purchases to build up its inventory and stock supplies for the work in progress related to its programs. Inventories for 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 building and developing show home areas, land expenses, and the fees and commissions inherent in the agency agreements executed by Kaufman & Broad in order to sell its real estate programs. The group sells all its development programs on a sale-before-completion basis, which means that the title to the land and the building is transferred to the buyer as and when progress is made on the construction process. In addition, revenue is recognized in accordance with, among other things, the terms set out in IAS 11 "Construction Contracts" as regards recognition on a percentage-of-completion basis, i.e. pro rata to technical completion, the starting point of which is the acquisition of the land, and progress on sales (execution of the deeds of sale) for each program. As a result, the inventory of current programs decreases as construction stages are completed, based on projections made for each program (see Section 4.1.5. "Notes to the financial statements", Note 3.4. "Inventories").

Setting aside 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

administrative buildings (purchases of office furniture and equipment, etc. – see Section 4.1.5. "Notes to the financial statements", Note 5.3. "Property, plant and equipment" et seq. of the notes to the Consolidated Financial Statements). These operational investment flows amounted to €6.1 million in 2019 for the entire group, compared with €8.2 million in 2018 and €5.8 million in 2017;

- investments made with a view to carrying out external growth aimed at expanding the group's business activities. These investments are made either 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 shareholdings (investments in joint development programs). These transactions are treated as financial fixed assets and recognized as "Equity affiliates and joint ventures" in the group's balance sheet. The book value of equity affiliates and joint ventures corresponds to the share of the net equity position 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 equity interests in programs developed jointly when the opportunity arises and if the program is of financial interest to the group (see Section 4.1.5. "Notes to the financial statements",

Note 2.1.2. "Equity accounting of joint ventures and affiliates" et seq. of the notes to the Consolidated Financial Statements).

Setting aside the investments and stake purchases mentioned above, the group made no other major investments during fiscal year 2019.

1.5.3. Current and future principal investments

There are no significant ongoing investments.

The group does not rule out the possibility that it might pursue its external growth policy provided that such acquisitions meet its financial criteria and are consistent with its general strategy.

1.6. Main subsidiaries and equity affiliates

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

1.7. Statement on non-financial performance: corporate social responsibility at Kaufman & Broad

By 2050, according to UN Habitat forecasts, six billion people worldwide will be living in urban areas. These forecasts require the urban model to be adapted and made more resilient in order to face global challenges such as climate change, connectivity, occupant well-being and inclusiveness.

The construction sector accounts for nearly 25% of domestic greenhouse gas emissions; the design, construction and use of both new and existing buildings are therefore strategic issues in meeting national reduction commitments in this area.

At a time when 55% of the world population is urban and the French spend on average more than 80% of their time indoors, the design of housing and offices determines the environment and quality of life of users. The comfort of use and the well-being of the occupants are therefore a central concern for the group and a source of innovation.

The group's policy is concerned more specifically by two of the United Nation's Sustainable Development Goals:

- "Make cities and human settlements inclusive, safe, resilient and sustainable"; and

- "Take urgent action to combat climate change and its impacts".

In accordance with Article L. 225-102-1 of the French Commercial Code, revised after the transposition of Directive 2014/95/EU on the Statement on non-financial performance and set forth in Decree no. 2017-1265 on the publication of non-financial information, the group is publishing this information for its 2019 fiscal year. In accordance with Decree no. 2017-1265, Kaufman & Broad also has this information verified, under the terms set forth in the Order of September 14, 2018. The content and format of CSR disclosures have therefore evolved to provide a description of the group's business model, the main risks associated with its business activities, and the policies put in place to reduce and manage these risks, as well as the results of these policies.

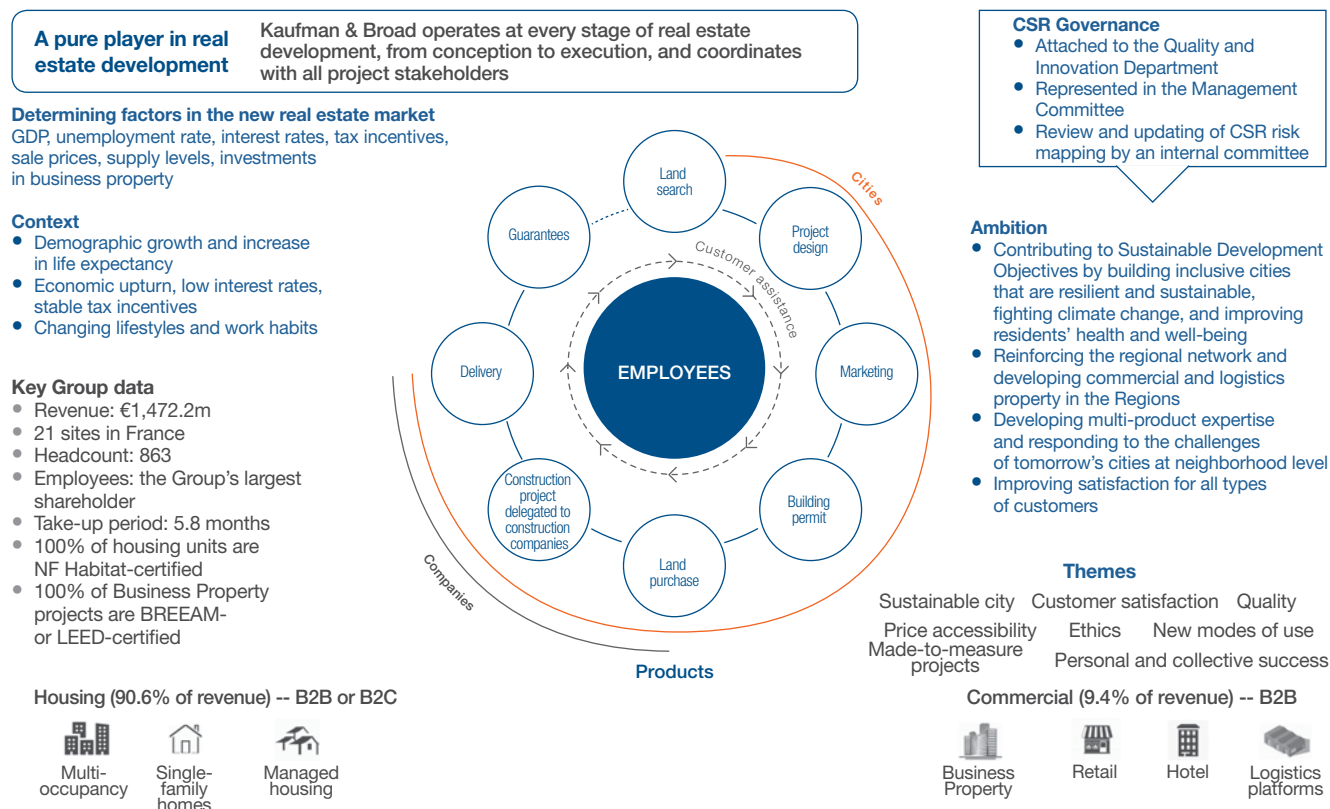
Aware that the real estate development business has strong social, societal and environmental impacts, Kaufman & Broad publishes information on the impact of its business and its societal commitments. The "Sustainable Development" section is organized in such a way as to present the challenges and risks identified and to explain how they are taken into account in the group's strategy.

1.7.1. Group business model

The group's business model, presented below, was defined taking into account the recommendations issued by the European Commission in its Guidelines on non-financial reporting (methodology for reporting non-financial information, 2017/C 215/01) and by the International Integrated Reporting Council (IIRC) in its International Integrated Reporting Framework of 2013.

Group business model

The group's business model, presented below, was defined taking into account the recommendations issued by the European Commission in its Guidelines on non-financial reporting (methodology for reporting non-financial information, 2017/C 215/01) and by the International Integrated Reporting Council (IIRC) in its International Integrated Reporting Framework of 2013.



This depiction of the group's business model is not meant to be exhaustive; rather, its aim is to illustrate the group's business cycle, its products and the business environment in which it operates, so as to give a clear understanding of the challenges and risks discussed in this section. Section 1.1. of this universal registration document also provides further details on the essential characteristics of the business, as well as the group's operations. Furthermore, Section 2.1. of this universal registration document details the group's key business indicators.

Specific terms are defined below:

- Pure player:** a company that only operates in one business sector – real estate development in the case of Kaufman & Broad, which does not engage in land holding, building or management;
- New uses:** changes in ways of living and working that affect the use and characteristics of buildings;

- Affordability:** products that meet the criteria of financial and tax profitability for investors and of solvency for first-time buyers;
- NF Habitat, BREEAM, LEED:** certifications for the real estate sector that highlight the environmental and technical performance and comfort of use of a building, and which are attested by an external certifying body. These certifications are, in order of appearance, French, British and American certifications.

Description of the group's activities

For more than 50 years, Kaufman & Broad has been developing and building new single-family homes in communities (grouped homes), apartments, serviced accommodation (including corporate, tourist and student housing and non-assisted living accommodations for older adults) and hotels, as well as Commercial Property in France (offices, retail space and logistical warehouses).

Challenges and responsibilities for real estate developers

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

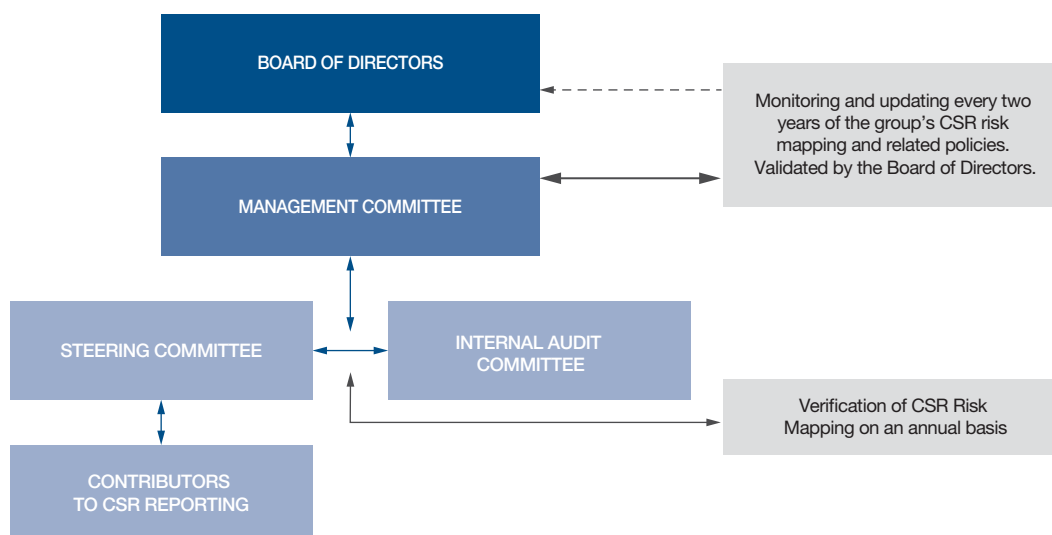
- land search and land development;
- building design;
- monitoring of construction/completion; and
- delivery and customer service.

The developer, who is in charge of coordinating all the players involved in a project, therefore has a complete overview of the program. This position gives the developer a role as arbiter between the various interests and the responsibility of contributing, with its program, to urban policy and the fight against global warming.

One of the specific aspects of the developer'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), it only has an indirect influence on others – contractor practices on the building site through the criteria in the technical specifications initially set out when the works contracts are awarded, or the behavior of building occupants, which can only be influenced by the pitch when the order is placed and/or when the property is delivered.

Kaufman & Broad has control over the direct impact of its administrative offices and sales spaces (on-site sales offices), *Boutiks* (multifunction and multi-program points of sale) and showrooms. However, it is above all in its highly regulated real estate programs that the group is confronted with a wide variety of societal and environmental challenges.

Organization dedicated to Sustainable Development



CSR is managed centrally, at the group's headquarters. This function reports to the Quality and CSR Department, which represents and submits these subjects to the Management Committee.

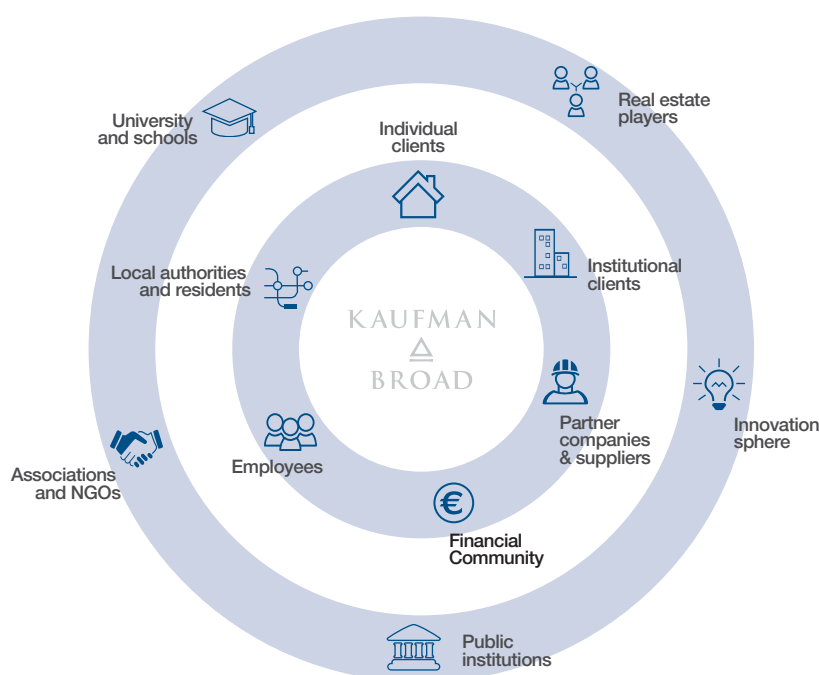
The CSR strategy is defined in consultation with senior management, which represents the group's regional, agency and business departments.

This strategy is deployed and implemented across the various business lines, in conjunction with the operational teams, by setting up cross-functional projects on issues identified as priorities by the group, in particular certification, customer satisfaction and innovation.

Kaufman & Broad is involved in all stages of the design and execution of a real estate development project. The group has defined the various issues and responsibilities that exist in its relations with its stakeholders in its Corporate Social Responsibility Charter.

Mapping the group's stakeholders

The Company has mapped the various stakeholders based on a process of reflection and analysis, a sector analysis, interviews with managers and senior executives of the group and document analyses, which have made it possible to identify and classify the internal and external stakeholders according to their degree of influence on the group and their impact on the business.



The first circle represents the stakeholders directly involved in the Company's operations and the sustainability of its offering.

The second circle corresponds to the stakeholders who operate in the same ecosystem as Kaufman & Broad and can have an influence on the business.

The stakeholder mapping was established by a specialized firm in 2018 and is updated every two years.

CSR performance assessment

Since 2017, Kaufman & Broad has had its CSR performance evaluated by recognized rating agencies, whose assessments are used by investors. The aim is both to gain recognition for the group's performance and to steer the improvement of indicators with a view to sector comparison, as well as by analyzing and integrating the expectations of external stakeholders to the greatest extent possible.

In order to fully build the improvement of non-financial performance into the group's strategy, the results of these different ratings are factored into the variable compensation objectives of the Chairman and Chief Executive Officer according to the terms and conditions described in Section 9.4. of this universal registration document.

- Gaïa Rating, Ethifinance's ESG rating agency, conducts an annual data collection campaign covering most of the SME-ETI listed in France. On the basis of this information, companies are rated on their

level of transparency and performance. In 2019, the group remained in the Gaïa index, ranking 21/86 among companies in the category "revenue > €500 million" and 24/230 in the overall ranking.

- Kaufman & Broad also took part in the Carbon Disclosure Project, which contributes to the reflection on the group's environmental strategy and to more general ratings that assess various facets of its CSR policy.
- Vigeo evaluates CSR and the integration of ESG criteria into the group's financial and strategic operations. The group's rating has been increasing steadily since it was first assessed in 2016.

The non-financial information published in this section is also verified by Deloitte, which expressed a reasoned opinion on the compliance of the Statement on non-financial performance (in accordance with the order of September 14, 2018).

CSR risk assessment

The Company mapped its CSR risks through an analysis of the social and environmental consequences of its operations and the effects of its activities on human rights, anti-corruption and tax evasion; an analysis of existing processes and documents; a sector-wide study; and interviews with the group's managers and senior executives.

The risks identified were evaluated according to a defined grid, taking into account the impact, the probability of occurrence and the risk

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horizon (how quickly it will occur), in order to establish a net risk rating:

- either the risk is deemed to be properly controlled by the systems and procedures in place;
- or systems and procedures are being put in place to reduce the level of risk;
- or areas for improvement are identified to improve risk control.

Risk exposure is assessed on the basis of the processes in place and their degree of effectiveness as estimated by the group's managers and senior executives surveyed.

The risks resulting from these initial interviews were reviewed and validated by the Internal Audit Department, the Quality Department and the Human Resources Department, then presented to the Chairman and Chief Executive Officer.

The risks identified as most important within this dedicated mapping concern employee loyalty and talent retention; customer satisfaction;

objections to projects; risks related to the impact of climate change; serious construction site accidents; and risks related to construction companies. This mapping table presents the priority risks and the policies implemented, which are detailed in this section.

The understanding of these risks may be supplemented by links to certain risks already present in the group's risk mapping. These links are indicated throughout the Statement on non-financial performance and detailed in the cross-references in the table below. Reference can be made to the indicated sections in Section 1.2. "Risk factors" and 1.3.2. "Risk management by type".

The CSR risk mapping was established by a specialized firm in 2018, is updated every two years, and reviewed annually by an internal committee composed of the Quality & Innovation Director, the Management Control and Budget Director, the Internal Audit Director, the CSR Officer, and the Financial Communication Manager. The fight against corruption is addressed in a specific mapping, using a dedicated management process.

Risk	Significance for the group	Policy	Reference
Employee loyalty and talent retention	Maintaining the group's performance depends on its ability to attract and retain talent and to reveal and develop the potential of its employees.	Attracting and retaining talent • Emphasis on recruitment actions: co-option, work-study contracts • Promotion of the employer brand • On-boarding program • Diversity policy • Gender equality policy • Analysis of departures by profession and seniority • Compensation policy • Employee shareholding • Quality of life at work (right to disconnect, etc.) Developing skills and know-how • Creation of more "multi-disciplined" positions • Mobility • Individualized career management: annual performance review, career review • Training	1.2.5.1. "Risks relating to dependence on key personnel" 1.2.3.4. "Risks relating to human resources" 1.3.2.3.2. "Management of risks relating to Human Resources and to dependence on key personnel" 1.7.3. "Building with employees: the group's Human Resources policy"
Serious accident at a construction site identified as "Kaufman & Broad"	Any accident causing serious bodily injury at a construction site – even if the group is not liable – could have a serious impact on the group's reputation.	• Duties of the H&S coordinator • Ensuring good administrative record-keeping to demonstrate that KB has met its responsibilities • Providing human and legal support for employees involved in the event of an accident causing bodily injury	1.7.4.4.2. "Purchasing and outsourcing" 1.2.2.13. "Risks relating to insurance coverage"
Risks relating to construction companies	As the group's business is based on a multitude of companies and suppliers, the risk corresponds to the group's ability to select reliable companies that are not in financial difficulty. Over-reliance on a small number of suppliers also increases the group's vulnerability.	• Company rating: Intuiz platform • Tender selection policy • Centralized purchasing procedure for finishing work • Quality assessment of companies and their achievements within the technical departments • Quality of supplier relationships in order to control the risk of additional costs and avoid excessive turnover • Partnerships with trusted companies by working with them on a regular, long-term basis • Assessment of the degree of dependence on the main suppliers	1.2.2.4. "Risks relating to program management" 1.2.2.3. "Risks relating to construction costs" 1.2.4.2. "Risks relating to the group's dependence..." 1.7.4.4. "Business ethics and relationships with subcontractors"

Risk	Significance for the group	Policy	Reference
Customer dissatisfaction	This risk would result in a decrease in the satisfaction rates expressed in satisfaction surveys conducted among purchasers or an increase in the number of reservations upon delivery. This risk also includes the ability to innovate and adapt products and services to new uses in order to ensure the quality and durability of projects and their development over time.	Customer satisfaction • Measurement of customer satisfaction • Review of customer experience • Variable compensation objectives • Deployment of a network of shops/sales agencies • Redesign of client intranet • Establishment of a national Customer Service Department • Negotiation of the time limit when drawing up the contract with investors, with sufficient margin • Conducting regular checks on building sites to ensure the conformity of the delivered product (surfaces, electrical installations, etc.) New uses and project quality • Certification policy • Technical, legal and market intelligence • Partnership with innovative start-ups in order to offer additional services and enhance the value of the property or its use: Immowell-Lab, ChouetteCopro, Paris&Co, etc.	1.1.6. "Sales method" 1.7.4.1. "Developing customized and accessible offers" 1.7.4.2. "Kaufman & Broad customer support for housing units"
Appeals filed against projects	This risk relates to appeals by third parties in order to challenge building and demolition permits on the grounds that they do not comply with local urban planning regulations, with the French Urban Planning Code or the Environmental Code.	• Concertation meetings • Dialogue with residents and local institutions during the construction phase • Suspensive clauses in contracts of sale • Adjustments to the project in response to the appeal • Malicious claims insurance • Compensation • Limited financial commitment in pre-marketing for atypical operations with risks of appeal or when waiting for the building permit to be cleared of any claims before commercial launch • Renovation of brownfield sites (mixed development zones, etc.) for appropriate integration into the territory	1.3.2.5. "Management of legal risks" 1.7.4.3. "Kaufman & Broad SA and the regions in which it operates"
Risks relating to the impact of climate change	This risk relates to the group's ability to adapt to and anticipate the impacts of climate change (increase in climatic hazards, regulations, etc.), to control the environmental impact of its activities and to adapt its offers and products.	• Climatic hazards: adverse weather package agreed with companies • Certification process (Low Pollution Site, energy certification) • Monitoring of construction sites' environmental impact • Controlling the impact of administrative activities • Resource saving: raising awareness about the circular economy • Implementation of internal and external monitoring systems • Implementation of a Quality and Innovation Department • Network of Innovation Contacts • Innovation eco-system: partnerships with companies and start-ups, participation in start-up accelerator selection committees • Development of new product lines: seniors (Cosy Diem), first-time buyers (lowcost), managed accommodation, Major Projects on a neighborhood scale	1.2.2.9. "Risks relating to weather conditions" 1.7.2. "Environmental challenges relating to business activities"

1.7.2. Environmental challenges relating to business activities

1.7.2.1. Land search risk management

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

Urban 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.

Since the SRU Law on Solidarity and Urban Renewal of December 13, 2000, municipalities have been defining Local Zoning Plans (*Plans Locaux d'Urbanisme* or PLUs) and 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 PPR). The PPR, 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.

The group systematically conducts preliminary studies on the land it purchases for its operations, which are mandatory under 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 rainwater and can lead to pollution of aquatic environments due to the discharge of untreated rainwater.

The management of rainwater and the choice of the means of retention is studied well upstream, when the layout plan is being sketched. When the building permit is being prepared, the town's sanitation departments are consulted and soil and permeability studies are carried out to determine the appropriate type of retention and foundation. 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 of the land and prepare a methodological note. A contractor is then tasked with cleaning up the site if the assessment is negative. The group pays particular attention to the situation analysis and implementation of remediation, especially if the project is located on at-risk soils, such as clay soils, or if the land is located on a brownfield site (see Section 1.2.2.8. "Pollution risks").

Kaufman & Broad's Human Resources Department offers employees a series of training sessions on the environmental challenges relating to real estate development. In 2019, training courses on "Soil surveys: how to analyze a report", and "Management of polluted sites and soil" were offered to employees.

Discovery of archaeological remains

Any project is likely to be affected by a preventive archaeological measure. Depending on the program, the group checks with the Regional Directorate of Cultural Affairs (DRAC) that the land is not affected by any archaeological plans. This approach informs the developer of the possible need to carry out a preventive assessment. Depending on the risk, a referral may be carried out as a preventive measure, prior to the signing of the contract of sale, which includes a condition precedent on this subject.

When the DRAC estimates that a preventive diagnosis is necessary because the land may contain archaeological remains, the developer signs an agreement to carry it out. The diagnosis is carried out by an operator contracted by the group, the National Institute for Preventive Archaeological Research (INRAP) or a municipal service provider. If archaeological remains are found, excavations may be ordered by the regional curator. Depending on the outcome of the excavations, the project may be modified (type of foundations, method of construction or demolition, etc.) or the remains discovered may be classified as historical monuments, and preserved.

The special case of demolitions

For demolitions, the program manager appoints a body to prepare the asbestos diagnosis report after the signature of the contract of sale and before any works on the site. The asbestos diagnosis report helps locate and analyze asbestos present in the building's components and equipment to enable companies to be consulted with a view to filing an asbestos removal plan with the Regional Directorate for Companies, Competition, Consumer Affairs, Labor and Employment (DIRECCTE). The Kaufman & Broad Purchasing Department then calls in a demolition company, which, in turn, refers to 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 diagnosis report is conducted to determine the presence of lead in paint or pipes and the risks involved.

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 throughout France so that animal and plant species can circulate and reproduce. This network, known as the "Green and Blue Corridor", will allow for the preservation of biodiversity to be a factor in land development choices, particularly via 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., framed by the national biodiversity strategy.

Any action involving the land can have an impact on the natural environment. An impact study can be conducted, either in accordance with Article R. 122 of the French Environmental Code or, when this is not mandatory, at the request of the mayor's office, as part of a land-clearing operation or for 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, various measures can 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 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.

In this respect, a "Water Law" dossier was prepared for the "Green Forest" program in Parray-en-Yvelines, which includes a wetland area identified by a pedological study carried out by Kaufman & Broad. In agreement with the findings of the dossier, Kaufman & Broad took compensatory measures to restore another wetland area, located in the same watershed as this program, and located on the shore of the Étang du Parray. In this area, a reed-bed naturally purifies the water by filtration and is home to many plant and animal species. It is a spawning area for pike and a nesting and breeding ground for birds, which use it as a migratory stopover site. This wetland area and its ecosystem were gradually being overrun and endangered by willow trees. Work has therefore been scheduled, outside the migration and breeding period, to restore and maintain it and ensure ecological monitoring for 10 years.

Contracts of sale subject to conditions

Kaufman & Broad signs contracts of sale subject to certain conditions, in particular concerning the occurrence of environmental risks (soil pollution, protected species, etc.) that could be revealed by the soil and impact studies conducted during the term of the contract and their impact in terms of feasibility and associated costs.

Kaufman & Broad may, with full knowledge of the facts and at its own discretion, pursue the acquisition of the land and, if necessary, obtain consideration from the seller, or decide not to proceed with the transaction.

1.7.2.2. Managing the environmental and landscaping impact of programs

Integrating programs into the environment

The group attaches great importance to the landscaping of its programs. In single-family homes, particular attention is paid to the treatment of green spaces and the entrances to programs, and every house is delivered with a private grassed and planted garden. The group's model homes are also available in several architectural styles to suit our customers' lifestyles and preferences. A landscape gardener is regularly involved in the design phase of the program to study landscape integration.

Particular attention is paid to the integration of the project if recommendations are made by *Architectes des Bâtiments de France* (ABF).

Kaufman & Broad has its regional office in the church of Notre-Dame-des-Grâces (deconsecrated in 2011), in the center of Toulouse. The facade of this iconic building is protected as part of the city's heritage. Any modification or extension must therefore be in keeping with the architectural character of the "building to be conserved" and enhance the initial architecture. Kaufman & Broad restored the building and remodeled it into an office building in close collaboration with an architect appointed by *Architectes des Bâtiments de France*, the city of Toulouse and the architect Pierre-Louis Taillandier.

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 identify plants to be conserved and check their health status. The surveyor and the architect then determine the areas in which the buildings are to be located on the basis of this assessment, and the developer therefore has general layout plans showing the plants or green spaces to be preserved.

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*, HQE® and BREEAM®, with the Effinergie+ label (PEC RT 2012 – 46%), includes measures to promote biodiversity in its project (work with an ecologist, selection of endogenous plants, installation of beehives, nesting boxes and insect shelters, etc.).

The green spaces in the group's projects can also be used as shared spaces and production areas, such as the shared greenhouses on the roof of the New'R tower in Nantes, or the 4,000 sq.m dedicated to urban agriculture in the A7A8 project, which will be located in the Austerlitz district of Paris.

Managing the environmental impact of construction sites

Kaufman & Broad acts as "Project Owner", i.e. it bears the development risk for the real estate program. It initiates the program with a view to its sale, assesses its appropriateness and feasibility, manages it and assumes responsibility for its financing.

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 several companies 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 therefore 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 exerts an influence on its contractors by means of criteria integrated upstream in the choice of partners and contractors when awarding works contracts. The requirement 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.

In order to specify its requirements during the construction phase, the group has drawn up a Low-Pollution Construction Charter as part of the implementation of NF Habitat certification. This Charter is systematically applied for NF Habitat HQE certified programs.

The Charter specifies that Kaufman & Broad:

- seeks to limit local soil and water pollution by collecting and storing waste (formwork oils, wash water, etc.) for subsequent elimination;
- ensures that the contractors involved respect the regulations on the treatment of construction site waste. These regulations require contractors to use specific containers and to sort and dispose of their waste at the appropriate treatment centers. On all our building sites, waste sorting is mandatory and is carried out in-situ if the size of the site allows. On certified building sites, the Assistant to the Project Owner is responsible for the selective sorting assessments. In the case of demolitions, the wreckers are responsible for sorting the waste. They must provide evidence of waste sorting and be able to certify that the waste has been sent to the appropriate collection centers, by obtaining Cerfa vouchers.

To ensure compliance with environmental requirements, as part of the NF Habitat HQE certification, the group is assisted by an EAPO (Environmental Assistant to the Project Owner). The EAPO attends the first site meeting to educate the main work packages about low-pollution construction and draws up a site report once the program has been completed.

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 project owner to require contractors to pay for the repair of any damage they may have caused, including environmental damage.

In 2019, a training course on "Clean, low-pollution construction sites" was offered to the Technical Managers and group foremen.

Kaufman & Broad looked into water and electricity consumption during construction. 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 electricity.

The group is reporting data on a sample of 50.6% of the construction projects completed in fiscal year 2019.

The consumption analyzed is that paid for on a pro rata basis for 42 construction sites, consolidated by the group, which had achieved 100% technical progress and were delivered in 2019. This consumption was 48,837 m³ of water and 6,556,290 kWh of electricity for the 42 construction sites, representing 232,713 sq.m of living space.

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

1.7.2.3. Managing the impacts of climate change and the environmental performance of projects

In a highly regulated market, Kaufman & Broad designs programs meeting stringent environmental and technical standards, which ensure that customers' investments are protected, even on resale. This requirement implies a quality of design and construction that reflects the group's commitment to contribute to the fight against climate change, while guaranteeing comfort and peace of mind for its customers.

1.7.2.3.1. Risks relating to the impact of climate change

Risks concerning the group's ability to adapt to and anticipate the impacts of climate change

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 revenue and margin. See also Section 1.2.2.9. "Risks relating to weather conditions".

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 on at least part of the cost increases to its sales prices. See also Section 1.2.2.3. "Risks relating to construction costs".

The environmental impact and energy efficiency of buildings are governed by regulations and by labels and certifications. The group is therefore operating in a very restrictive environment in this area, facing increasingly stringent requirements that it must be able to anticipate in terms of both costs and know-how. By way of illustration, in France, thermal regulations are strengthened on average every five years in order to meet national greenhouse gas reduction targets. The 2012 thermal regulations (RT 2012) had already been implemented for commercial buildings since October 2011, and their application has been mandatory

for new housing construction since January 1, 2013: this is therefore a condition for the validation of a building permit. The group anticipates changes to environmental regulations in order to control costs, develop its expertise and make these restrictions a source of innovation.

Risks relating to controlling the environmental impact of activities and adapting offers and products accordingly

The group's activities also have consequences for the environment, particularly climate change: the residential/commercial sector is responsible for nearly 25% of French emissions, and in this regard, Kaufman & Broad's stakeholders expect the group to contribute to the global effort to reduce carbon emissions. Failure to take these issues into account represents a risk for the group not only of failing to anticipate the strengthening of regulatory requirements in this area, but also of being unable to meet the expectations of key stakeholders such as customers, investors or employees, whose support and satisfaction are essential to the smooth running of the group and its development.

Adapting to and anticipating the impacts of climate change on the group's activities

The impacts of climate change on the group's activities can directly translate into a risk of an increase in the frequency and violence of climatic hazards during construction projects, leading to potential delays in project delivery. Kaufman & Broad manages this risk by taking into account weather-related delays when negotiating deadlines with construction companies ("adverse weather package").

The risk related to the strengthening of regulatory requirements calls for the group's ability to keep abreast of changes in regulations but also of best practices in terms of environmental performance (e.g. labels), and to have in-house the skills and innovative solutions that will enable it to anticipate these requirements and integrate them into projects. Kaufman & Broad has therefore set up internal and external intelligence systems on these subjects. The group's Quality and Innovation Department is also involved in the development of technical solutions that meet the new, more demanding environmental performance criteria, with the support of a network of Innovation Contacts who are attentive to the expectations expressed in the field. The group also maintains close relationships with innovative players in its business sector, for example by developing partnerships with companies and start-ups (e.g. participation in start-up accelerator selection committees). All of these actions enable it to regularly develop new product lines that are closer to the needs and expectations of its customers.

1.7.2.3.2. Controlling the impact of the group's activities: analysis of significant greenhouse gas emission items

Kaufman & Broad regularly measures the impact of its activities in terms of greenhouse gas emissions over a broad scope: direct impacts on the administrative scope of our activities, but also indirect impacts upstream related to the construction of projects and downstream related to the use of buildings. These regular analyses make it possible to highlight the main emissions associated with our activities and to define the priority action levers to be triggered to minimize their impact.

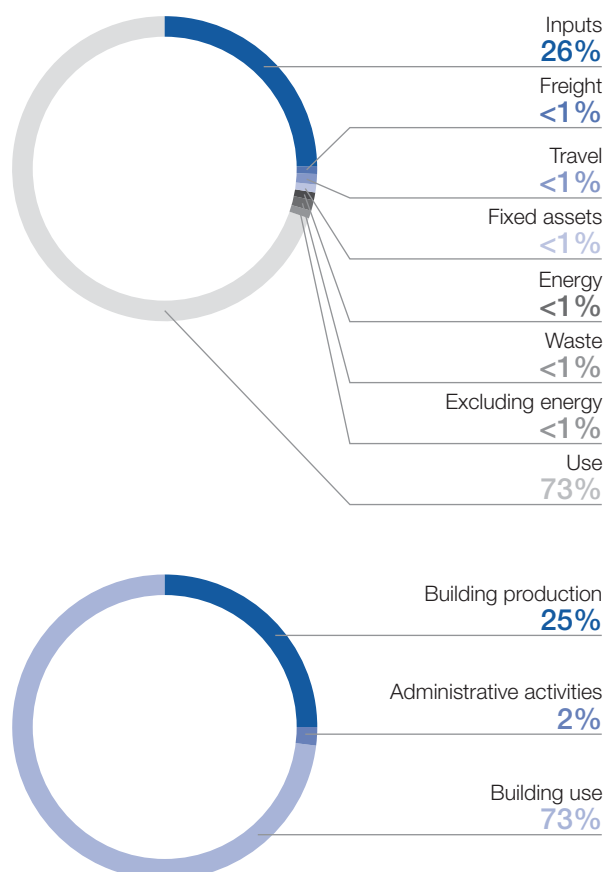
The Greenhouse Gas Emissions Assessment of the Kaufman & Broad group

In 2019, the group conducted a Greenhouse Gas Emissions Assessment (*Bilan des Émissions de Gaz à Effet de Serre*, or BEGES) in respect of 2018, covering all of its activities, in accordance with the regulatory frequency which requires updating the BEGES every four years.

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

The group's Greenhouse Gas Emissions Assessment, carried out in 2019, shows approximately one million tonnes of CO₂ equivalent, with the following breakdown by emission item:

SUMMARY OF GREENHOUSE GAS EMISSIONS BY ITEM



This analysis highlights the breakdown between the impacts of operational and administrative activities:

- according to the report of the *Commission des comptes du logement* (Housing Accounts Commission), France's housing stock comprised 36.5 million homes in 2018, most of which are existing homes, **with the use of delivered buildings** accounting for nearly three-quarters. Greenhouse gas emissions are by far the largest item of emissions associated with activities related to real estate, a result that is explained by the 50-year period of use taken into account. However, according to the BBCE and HQE associations, based on the results

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of the "HQE Performance" test for NF Habitat HQE-certified offices and multi-occupancy housing, the operating phase accounts for 40% of GHG emissions. This means that for new buildings whose energy performance exceeds that set by the current "RT 2012" standard with an energy consumption of less than 10% or even lower, the greenhouse gas impact related to the buildings' use decreases and is less than the impact of its construction. Since the group's business activities are conducted at the new building construction stage, Kaufman & Broad has significant levers for trying to reduce these emissions, in particular by defining environmental performance criteria for buildings. Despite a policy of raising buyers' awareness (see in this section "Raising customers' awareness about the impact of their acquisition"), this position is also characterized by a lower level of control, user behavior being an important factor that proves determining in optimizing their operations and effectively reducing environmental impacts during the use phase;

- the **construction** phase (building production) accounts for about a quarter of emissions, mainly associated with building materials (inputs). The group's levers for action thus focus on reducing input-related impacts, for instance by seeking to integrate the principles of the circular economy into our projects, but also on other aspects such as reducing the impacts of operations during the construction phase with our service providers (see Section 1.7.2.2. "Managing the environmental and landscaping impact of programs");
- the group's **administrative activities** ultimately have a very low impact, representing only roughly 2% of the total emissions associated with our activities. They are nevertheless monitored and are the subject of dedicated impact reduction programs deployed in our agencies and among employees (see Section 1.7.4.4. "Business ethics and relationships with subcontractors").

These results are also available online on the Kaufman & Broad website.

Annual summary of the group's carbon emissions for its administrative scope and business activities

In addition to the regulatory BEGES, Kaufman & Broad measures the greenhouse gas emissions associated with the construction phase and its activities within the administrative scope (excluding the use phase) on an annual basis.

Emission type (in tCO ₂ eq)		2019
Items taken into account		
Scope 1	Business travel by company vehicle (company car fleet and Total cards – combustion)	1,321
Scope 2	Energy consumption at administrative sites (combustion)	68
	Business travel by personal vehicle, train or plane	822
	Business travel by company vehicle (company car fleet and Total cards – upstream)	345
	Construction phase of various product types	257,190
Scope 3	Energy consumption at administrative sites (upstream)	21
TOTAL		259,767

The results of this annual summary confirm those obtained under the regulatory BEGES, and in particular that operational activities account for the major part of impacts: in 2019, 99% of emissions excluding building use are attributable to the building construction phase.

Alignment of the Kaufman & Broad group's approach with the national low-carbon strategy

The French National Low-Carbon Strategy (SNBC), adopted for the first time in 2015, set an emissions reduction target of -75% by 2050 compared with 1990 levels (by a factor of 4). It was revised in 2018-2019 with ambitions revised upwards, the objective now being to achieve carbon neutrality by 2050 (i.e. a six-fold reduction in national emissions). This new SNBC is currently undergoing public consultation with a view to adoption in early 2020.

The residential-Commercial Property sector is responsible for nearly 25% of French emissions; it therefore plays a major role in the fight

against climate change. The guidelines defined by the revised SNBC for the building sector are the following:

- guide the evolution of the energy mix in the use phase of existing and new buildings towards fully decarbonized energy consumption;
- encourage the renovation of the entire existing residential and commercial building stock to achieve an average level equivalent to BBC across the entire stock;
- increase the energy and carbon performance levels of new buildings in future environmental regulations;
- aim for better energy efficiency of equipment and sober use.

The initial SNBC called for halving the sector's greenhouse gas emissions between 2013 and 2028 and reducing its emissions by 85% by 2050; the revised SNBC aims for a 95% reduction in the sector's emissions by 2050.

The investments currently being made will be used in the coming decades: it is therefore essential to take action on the building stock now. In order to support the national low-carbon strategy, Kaufman & Broad is

mobilizing its impact levers across the full range of its business activities: building construction (see this section and Section 1.7.2.2. "Managing the environmental and landscaping impact of programs" concerning the impact of construction sites), building use (this section), and the administrative scope (see Section 1.7.2.4. "Impacts of administrative activities").

Group levers to reduce the impacts of building construction

Renovation and rehabilitation operations

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

The group also carries out rehabilitation projects, which make it possible to change the use of buildings and to preserve the shell and structure, thereby saving certain carbon emissions related to materials compared to new construction (see below, sections "Resource saving" and 1.7.4.3.2. "Sustainable involvement with communities", subsection "Contribution to urban renewal and redevelopment of brownfield sites").

Resource saving: integrating the circular economy into projects

In order to reduce the impacts related to building materials, the group wanted to initiate a reflection on how to integrate the circular economy into its projects, more particularly in responses to competitions. For this purpose, Kaufman & Broad joined the Orée association and is now part of the "Deconstruction" business club and the circular economy working group that addresses this issue in connection with land development strategies.

In the context of projects, in accordance with regulations and certification rules, a portion of construction site waste is recovered. For the "United" program in Clichy, 85% of construction site waste was recovered.

The Mixed Development Zone (ZAC) La Vallée program in Châtenay-Malabry is a major project that addresses issues relating to energy (see in this section "Use of low carbon labels and high energy efficiency standards") and to the circular economy. Following the closure of École Centrale, the new eco-neighborhood was designed to be exemplary and innovative. In the ZAC, the RéaVie association was tasked with

handling the reuse of materials and furniture from the deconstructed former school via a platform that also raises public awareness of waste management issues through participatory workshops.

Choosing construction materials and systems

Today, the group remains a user of building materials with a high carbon intensity for its production, such as cement, but is interested in less carbon-intensive materials, such as wood.

The group is therefore working on innovative wood-construction projects.

- Kaufman & Broad won the competition to design the Silva housing tower, a primary wood structure in Bordeaux, which will be delivered in late 2020. This project covers 17,700 sq.m 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 retail space 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.
- The group also completed the regional headquarters of EDF, a wood-concrete building of 4,500 sq.m, which was delivered in Bordeaux in early 2019, and the Housing business delivered wood-frame houses in Bussy-Saint-Georges.
- Kaufman & Broad supported the creation and implementation of the Woodrise Congress (the first world congress dedicated to mid-rise and high-rise wood buildings, providing a benchmark and international feedback on wood construction). The teams on site presented examples of the group's wood construction projects. The group marked Kaufman & Broad's commitment to this theme by signing the "Woodrise Paper".

Emissions of products in the construction phase

Given the significant portion of the group's emissions associated with the construction phase, Kaufman & Broad opted for an annual evaluation, going beyond the BEGES regulatory requirement (every four years). In the absence of actual data, the group estimates these emissions based on sector references (HQE, CSTB, ADEME), which use values corresponding to the "Products and equipment" items implemented during the construction of a building.

The BBCE association considers that for a new building, construction accounts for 60% of emissions. This analysis is based on the results of the HQE Performance test conducted by the HQE association for offices and multi-occupancy housing. Kaufman & Broad also had a life cycle analysis performed on its "ORA" Business property project in the 17th arrondissement of Paris, a project covering 20,852 sq.m with the Effinergie+ label. This study, which was carried out using the CSTB's ELODIE V2 tool, showed that the main contributor to global warming, even over a period of 60 years of operation, is still the "construction" component.

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For buildings completed in 2019, estimates by type of product are shown below, with the comparative data for 2018.

sq.m built ^(a)	2019 (in sq.m)	Emissions of products delivered in 2019 during their construction phase (in tCO ₂ eq)	2018 (in sq.m)	Emissions of products delivered in 2019 during their construction phase (in tCO ₂ eq)
Apartments	356,528	187,177	395,297	207,531
Managed housing ^(b)	25,849	13,571	46,424	24,373
Houses	27,013	11,481	12,605	5,357
Offices	8,031	5,220	49,050	31,883
Retail	0	0	0	0
Logistics	144,513	39,741	37,511	19,693
TOTAL^(c)	561,924	257,190	540,887	288,836

(a) Calculation at completion.

(b) Equivalent to multi-occupancy housing in terms of emission factors.

(c) Excluding land/building lots.

For 2019, the construction phase of products having achieved 100% technical progress represented 257,190 tCO₂eq for 561,924 sq.m delivered.

Group levers to reduce the impacts of building construction

Building use accounts for approximately three-quarters of the greenhouse gas emissions associated with Kaufman & Broad's activities, according to the BEGES conducted in 2019, and is therefore the priority issue to be addressed in our environmental approach. The environmental performance and energy efficiency of new buildings is one of the group's main levers for action in this context, and is also one of the key orientations of the national low-carbon strategy: Kaufman & Broad has therefore made building certification and labeling a major focus of its contribution to the fight against climate change. The group also uses all the other levers at its disposal to reduce emissions from building use, from using renewable energy sources to raising awareness among users.

Certification process

The group has obtained the right to use the NF Habitat (HQE) brand nationally. This certification replaces the multiple certifications that used to exist and meets the expectations expressed by professionals and individuals alike to simplify the quality and performance criteria of the structures and make them more readily understandable.

Certified homes bring added value to buyers, offering greater comfort of use compared with the regulatory levels, particularly in terms of

thermal performance (homes that are more energy-efficient and, in the case of NF Habitat HQE-certified homes, better insulated), acoustic performance, and ventilation, with tighter controls on CMV (controlled mechanical ventilation).

Achieving this objective at the group level required clarification and harmonization of processes and is part of Kaufman & Broad's quality strategy.

Every group agency has internal NF Habitat Project Owner Contacts whose role is to ensure that the process is properly implemented and that certification requirements are met. This network of contacts is coordinated and managed at group level by a National Contact who acts as an advisor to the Agency Contacts. The National Contact monitors compliance with the commitment to certification for all group programs, and more specifically the achievement of the goal of one quarter of programs with NF Habitat HQE certification. In 2019, employees were offered training courses on clean, low-pollution construction sites and on how to become an NF Habitat Certification Contact.

In 2019, 100% of the housing units accepted by the Land Committee – excluding joint developments, student housing and managed accommodation – marketed under the Kaufman & Broad brand, were NF Habitat certified (of which 91.3% with a maturity level of 2 and 8.7% with a maturity level of 1). In 2019, 35% of certified housing units achieved NF Habitat HQE level. The 2012 thermal regulation (RT 2012) is similar to the requirement level for Low Energy Buildings (*Bâtiments Basse Consommation* or BBC), i.e. energy consumption of approximately 50 kWh/sq.m/year.

Percentage of RT 2012 certified dwellings ^(a)	2019	2018
RT 2012	35.1%	60.3%
RT 2012 – 10%	55.3%	37.8%
RT 2012 – 20%	9.6%	1.9%

(a) For all housing units signed during fiscal 2019.

Use of low carbon labels and high energy efficiency standards

For some projects, Kaufman & Broad also refers to other environmental performance standards that today represent best practices in energy

efficiency. The group won the competition for a BEPOS building in the Euratlantique Mixed Development Zone (ZAC), near the Bordeaux train station, which is slated for delivery in late 2021.

Furthermore, in order to work on decreasing the carbon footprint of buildings, expand its knowledge of low-carbon construction and participate in the sector's drive for improvement, Kaufman & Broad is a founding member of the Low-Carbon Building Association (*Association Bâtiment Bas Carbone* or BBCA), which has launched a new label for construction and buildings in operation with a reduced carbon footprint. This participation in improving knowledge and raising collective awareness in the sector of a more sparing use of energy and materials has allowed Kaufman & Broad to gradually incorporate sector advances into the overall reduction of buildings' carbon footprint.

Lastly, with a view to future environmental regulations, the group conducted a study on the implementation of the E+C- label within its programs so as to identify the building units that need working on. These regulations are already being factored in for a number of programs, with, for example, the implementation of level E3/C1 for the ZAC La Vallée program in Châtenay-Malabry.

Use of renewable energies

Kaufman & Broad is also working on the energy mix to improve the performance of its structures and reduce their environmental impact by reducing the use of fossil fuels.

The group was thus selected for the A7A8 project, totaling 128,500 sq.m of surface area in the Austerlitz district of Paris. This project will feature the largest privately-owned solar roof in Paris, with 3,400 sq.m of photovoltaic panels.

The potential of logistics platforms in this area is also being leveraged, in particular the Montbartier platform, which is LEED-certified at the Silver level and has a 6,600 sq.m solar roof, whose annual production will be re-injected into the grid.

In addition, the 25,000 sq.m of housing and retail space in the city of Agde's Iconic neighborhood are powered by a marine geothermal power plant.

Project location

The distance to services (schools, shops, leisure facilities, etc.) and the proximity of public transport are key criteria for selecting the location of projects, for both Housing and Business Property. Connectivity is a decisive factor when choosing to launch a program, integrating analysis criteria such as the size of the metropolitan area or the zone in which it will be located.

The location of a project has a direct influence on emissions associated with daily transport (especially commuting).

For programs far from public transport which require the use of private cars for daily journeys, experiments are under way to offer alternatives to buyers. A short-distance carpooling service has been tested for a number of programs in Île-de-France (see Section 1.7.4.2. "Kaufman & Broad customer support for housing units").

Bioclimatic project design

The group strives to design bioclimatic projects, i.e. based on the local climate and environment in order to be efficient. A bioclimatic building is partly naturally heated and ventilated by solar radiation, the thermal inertia of materials and soil and the natural circulation of air.

The group therefore pays close attention to the location and orientation of buildings, the composition of walls and the choice of materials, taking into account the surrounding vegetation and the type of energy available locally.

For all projects, adaptation of surface areas to requirements is also considered in order to optimize the plans.

Raising customers' awareness about the impact of their acquisition

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 using 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 a home to be ranked on the basis of ecological criteria. It provides added value for the buyer, since a home with low energy consumption is also a home that is less expensive to maintain. Kaufman & Broad therefore displays this label in all of its sales brochures.

Beyond compliance with current regulations, the actual energy performance of buildings depends on the 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. Customers are handed a guide on delivery, presenting the environmental and technical features of the building and housing unit, as well as the good practices to be adopted on a daily basis, so that they are aware of how to "best use" their homes.

Logistics platforms and offices are delivered with a building management system (BMS) that, among other things, allows users to monitor and improve their consumption.

The group's commitment to the environmental impact of buildings

Kaufman & Broad supports the national low-carbon strategy by producing buildings that integrate climate change issues from the design stage, through the choice of materials used, the optimization of energy efficiency and the reduction of greenhouse gas emissions from its products.

The new environmental regulation for new buildings ("RE 2020") has been set out in the French law on Housing, Development and Digital (*Évolution du Logement, de l'Aménagement et du Numérique*). As the provisions, parameters and objectives of this regulation have yet to be finalized, the group is maintaining, to date, the objectives set for 2030 on the basis of the regulation in force at the date of this Universal Registration Document, namely:

- 100% of new housing unit projects to outperform the RT 2012 by 10%;
- 100% of new office projects to outperform the RT 2012 by 10%;
- 100% of new office projects certified BREEAM "Very Good".

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Aware of the broader role that the sector can play in the fight against climate change, the group is also continuing its reflection on the relevant means and objectives to reduce greenhouse gas emissions of products delivered, including during the customer use phase.

1.7.2.4. Impact of administrative activities

Kaufman & Broad takes into account the environmental impact of its administrative activities in order to raise awareness and get employees on board with objectives for the reduction of energy consumption and carbon emissions.

Carbon footprint for business travel in 2019

Type of transportation	2019		2018	
	tCO ₂ eq	Distribution	tCO ₂ eq	Distribution
Car	2,299.6	92.42%	2,101.46	85.5%
Train	9.9	0.40%	4.13	0.2%
Plane	178.7	7.18%	351.61	14.3%
TOTAL	2,488.2	100%	2,457.20	100%

Aware of the significant share that transport represents in its greenhouse gas emissions, the group is looking for new ways to communicate and work, with a particular focus on digital tools. Kaufman & Broad has been using videoconferencing systems since 2009. The group therefore encourages its employees to use videoconferencing to limit their business trips. The use of tablets is gradually becoming widespread, resulting in the digitization of certain business processes. In addition, the group has deployed an Electronic Document Management System.

Water and electricity consumption in the agencies

	Average number of employees	Water consumption (m ³)	Electricity consumption (kWh)	Gas consumption (kWh)
2019	841	7,114	1,602,415	105,022
2018	857	8,578	1,715,130	123,529

Reducing the environmental impact of IT equipment

To cope with the increase in the volume of data stored and processed, Kaufman & Broad decided to outsource its head office data center in 2019. This project is part of a Green IT approach to reduce energy consumption and environmental impacts, at the same time securing the group's information system and streamlining costs.

This project will be completed in 2020 and will enable the group's data to be distributed over two data centers located in France, one of which is a latest-generation modular data center with an energy efficiency index (PUE or Power Usage Effectiveness) of 1.23 thanks, among other things, to the so-called free-cooling method. With this technique, aisles are cooled with outside air up to 23°C. It also uses the heat emitted by the equipment to raise the room's temperature whenever necessary.

Carbon footprint for business travel in 2019

In 2019, the group assessed the greenhouse gas emissions from employees' business travel. The analysis covered the business trips made with company cars, employees' personal vehicles, by train and by plane.

The emission factors used are taken from the ADEME Carbon Base.

In total, around 2,488 tons of CO₂ equivalent were emitted in 2019 for business travel. Vehicles were the main CO₂ emitters, accounting for 92.4% of emissions.

Water and electricity consumption of agencies

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

The agencies' water and electricity consumption is also monitored. The group does not use renewable energy for its own energy needs.

This performance is far superior to the standard PUE of 2 achieved by previous-generation data centers.

In addition, the group is determined to manage its storage units by minimizing energy consumption while improving processing performance. It therefore opted for a scalable, energy-efficient technology based on the full flash technology, which allows more data to be used while reducing the complexity and cost of managing the underlying infrastructure.

The group has also decided to virtualize its stock of computer servers. To date, 95% of the server park has been virtualized. This project has led to a reduction in electricity consumption, which has been divided by ten (for the virtualized part).

In addition, in order to adapt to new uses and working methods, optimize remote working and improve its energy performance, the group

is gradually replacing its desktop computers with latest-generation laptops, enabling it to adapt load thresholds and automatically adjust energy parameters according to employees' daily use (automatic brightness adjustment, extended standby mode, etc.).

Printing management has been centralized within Kaufman & Broad's IT Services Department so as to manage orders for consumables and equipment.

In 2017, the Information Systems Department gradually rolled out a printing policy at the headquarters with the aim of reducing the

environmental impact, reducing the overall printing quantity and the associated costs, and increasing confidentiality and flexibility. The printer fleet (multifunction printers) is continuously renewed in order to benefit from the most economical and high-performance equipment available. The models selected have been chosen for their eco-efficiency: they are Energy Star certified and only consume 1 watt in standby mode. These printers reduce unnecessary printing through scanning, EDM and data storage capabilities. The renewal of the printer fleet is also being carried out in parallel with a service reorganization, in order to centralize printing equipment and reduce the number of printers in the fleet.

Total print volume

(in thousands of pages)	2019	2018	2017
Black and white photocopies	2,242	2,697	2,731
Color photocopies	6,003	7,275	7,090
TOTAL	8,245	9,972	9,821

These figures include print-outs and photocopies from the multifunction printers of all the group's agencies. Printers and printing of brochures and pitch books are not included.

Boutiks and local offices are not included in the reporting scope.

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 of its agencies, operated by a shared provider who creates sustainable employment for people with limited access to the job market and people with disabilities. This approach is deployed throughout the group.

The group has generalized waste sorting and recycling in its offices. Waste is collected and then re-sorted by a work integration social enterprise, creating jobs for people with disabilities. In 2019, around 54 tons of waste were collected for recycling. The total tonnage of

cardboard and paper collected and sorted by this provider was recycled in paper mills located in France.

The entire group also recovers and recycles computer equipment. In 2019, 386.4 kg of ink 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 the crushing, incineration, landfilling and burial of waste. Used cartridges are collected by an organization, and the components are then reused to manufacture derivative products using a process guaranteed by the "No Waste Solution by Revivalis" label, certifying that all the raw materials have been reintroduced into the industry with 0% waste. This label is ISO 14001-compliant and this solution provides a 33% gain in greenhouse gas emissions compared to incineration.

1.7.3. Building with employees: the group's Human Resources policy

Employees: our biggest shareholder

At November 30, 2019, the employees of Kaufman & Broad were the group's largest shareholder with nearly 15% of the share capital held (Artimus Participations, Kaufman & Broad and KB Actions 2017 and 2019 funds).

An expression of the belief that the group's economic growth must be driven by its employees, the employee shareholding program enables everyone to have a stake in the future development of the group's earnings and reinforces employees' sense of belonging to the group.

The Human Resources mission

The mission of Human Resources is to contribute to the group's growth by relying on its employees, who are the most important drivers and shareholders of Kaufman & Broad. The Kaufman & Broad vision is based on the simultaneous development of individuals and the strength of the whole.

Working from the belief that each person's talent makes a difference, training and development play a central role throughout the careers of employees at our group.

The actions of the Human Resources team are organized around the following areas of focus:

- ensure a constant balance between the group's ambition, its organization and its capacity to recruit the best talent to reach its goals;
- facilitate the on-boarding of new employees from their first day in the group and help them embrace the corporate culture;
- detect and develop employee potential;
- apply a remuneration policy that combines external competitiveness with internal equity while ensuring equal pay for men and women in equivalent positions with equivalent profiles.

Human Resources supports all developments in the Company, its organization and its business lines.

Human Resources and all the group's managers are dedicated to supporting the commitment of every employee by listening to their expectations and ideas for improvement. We all share the same objective: to achieve progress and secure the group's economic, social and societal performance on a long-term basis.

1.7.3.1. Recruiting and on-boarding

Recruiting and relations with schools

Recognizing the importance of attracting talent and building attractive career paths, Kaufman & Broad is constantly seeking to enrich its talent pool.

To this end, the group has a diversified recruitment policy based mainly on the following areas of focus:

- employees' role as ambassadors (Employee Advocacy) in referring and recruiting new people. In this respect, we have implemented a co-option policy: we offer employees who have successfully referred a candidate a bonus to be paid to a group partner charity of their choice. These charities work in child education;
- privileged links and partnerships with a number of schools.

The group has set up special partnerships, notably with the engineering school ESTP and the Dauphine University (as a sponsor of the 2019 class of the Master's Degree in Finance – Real Estate Management course), and is very active in forums (ESPI, Mines d'Alès, Forum des métiers de l'immobilier, Hautes Écoles Ingénieurs in Lille).

Kaufman & Broad maintains close ties with target schools preparing students for careers in real estate development and services. The partnership formed five years ago with the engineering school *École Spéciale des Travaux Publics* (ESTP) was enriched in 2019 by the organization of meetings and after-work events on the theme of Women Engineers. Every year, the group offers its partner schools new annual themes related to diversity so as to enable all students to have the best visibility of what the group can offer them and give them a clear vision of the various professions.

The group has also forged a strong relationship with *École Supérieure des Professions Immobilières* (ESPI) over the years. We arrange résumé and job interview coaching sessions for students at the ESPI campuses in Paris, Nantes, Marseille and Lyons, as well as round tables on a variety of business themes.

One of the group's objectives is to integrate young people into the Company and enable them to get a head start through internships, summer jobs, work-study programs and first jobs for young graduates.

Kaufman & Broad is a firm believer in the transfer of skills between generations and is convinced that the success of our new hires also depends on their successful on-boarding and our ability to introduce them into a dynamic and challenging environment.

In 2019, the group hired 52 young people under apprenticeship or work-study contracts. With approximately 8.69% of its staff on work-study programs, the group exceeded its target of training a number of young workers equivalent to 4% of its total headcount, a commitment

formalized in the intergenerational employment agreement. Moreover, this percentage speaks to the dynamism and expansion of our relationships with schools. These students are a preferred recruiting pool for the group which, in 2019, hired four of these young people on fixed-term contracts and nine on permanent contracts.

Along the same lines, Kaufman & Broad confirmed its commitment to the *Espérance Banlieues* foundation by sponsoring two classes throughout their middle school years. In 2019, the focus was on discovering a real estate project from design to construction: the students attended recreational workshops run by volunteer employees keen to share their knowledge, open up new possibilities for the young people and give them ideas for their future career. Here again, transmission is at the heart of the project.

Genuine communication, opening up about our culture, our business and our expertise, is an essential lever to continue to attract talent. In 2019, the group deployed a communication strategy on the social networks in a bid to develop our Employer Brand. The group has built up its presence on LinkedIn. As part of this approach, employees are encouraged to see themselves as ambassadors (Employee Advocacy), both in terms of brand awareness and recruitment.

Key figures



In 2019, a total of 158 employees were hired on fixed-term or permanent contracts.

46.2% of the employees hired in 2019 on fixed-term or permanent contracts were under 30 years old.

An on-boarding program for everyone

Welcome on BROAD: Our new on-boarding program

Kaufman & Broad continues to prioritize the goal of forming a lasting relationship with each new hire. A personalized on-boarding program is set up for each newly-hired employee, the aim being for them to rapidly acquire the keys to understanding the operational chain and the corporate culture.

There are several stages in a new employee's on-boarding path:

On the day of arrival, the following documents are handed over:

- welcome booklet and KB Factory book with development paths for the following areas of expertise: land development, programs, setting up & technical purchases and production;
- document explaining employee share ownership and the various employee shareholding and savings vehicles available to employees;
- customized integration path in the form of a document detailing the various steps presented above.

Next,

- invitation to join KB Factory's digital platform to follow a digital skills development path;
- meeting with the employee's team and sponsor: a fundamental link to inform the new employee about the group's "unwritten" norms and practices.

In the months following the employee's arrival:

- integration day for all new employees at the head office; a moment of exchange on the group's challenges, values and strategic projects;
- training required to become fully conversant with the tools;
- meetings with key employees who will help the new employee become familiar with the group's culture, standards and processes;
- "job swap" days in different departments;
- follow-up appointment with the HR Manager.

Finally, integration days for our work-study students have become a well-established practice; each new class of work-study students is now invited to an integration day and a site visit.

The purpose of these days, held in the Regions and in Île-de-France, is to give the students the opportunity to discover more about the group, exchange ideas, and create a workplace network while facilitating their transition to the professional world.

1.7.3.2. Cultivating potential: emphasizing training and development to create value throughout the career path

Helping employees develop skills and supporting them throughout their career are the cornerstones of Kaufman & Broad's performance.

Regardless of their business line, position and initial training, all employees are encouraged to take an active role in their own career development.

Annual performance reviews

The annual performance review is a unique opportunity for sharing, assessing skills, evaluating performance, setting new goals and identifying appealing training options. Individual requests are expressed and incorporated in the training plan in light of the group's goals and after discussions with management.

In 2019, 95% of annual performance reviews were completed (95% in 2018).

Training

Kaufman & Broad considers the development of its employees to be a major driver of its performance and has fleshed out a training offer focusing on the following areas in order to:

- promote the dissemination of the group's culture and the on-boarding of new employees;
- accelerate skills transfer and hone skills in strategic business lines;
- bring out the potential in each employee.

In a rapidly changing market, within our organizations with short reporting lines and fast decision-making circuits, training anticipates changes in our businesses and ensures that our employees are nimble,

employable, and ready and confident to grasp transformations in their duties and changes in position.

KB $\triangle$ FACTORY

2019 was marked by the launch of the KB Factory project.

For each sector of business expertise (land development, programs, setting up & technical purchasing and production), sponsoring and steering committees made up of experts have designed development paths, both in-person and e-learning, for each sector. These paths will be systematically offered to employees in this sector.

More broadly, KB Factory is a tool for developing employee potential through the following four main levers:

- on-boarding;
- skills development;
- creation of specific paths for our talents;
- coordination of business "Klubs".

In-person training

In 2019, training efforts focused on the group's strategic priorities. Emphasis was placed on business training to develop performance, management and leadership and tools related to customer satisfaction and follow-up.

Key figures



0.77% of payroll dedicated to training,
+35% vs. 2018

77% of the workforce received training,
i.e. 364 women & 296 men, +53% vs. 2018

8,630 hours of training (excluding KB Learning),
+35% vs. 2018

Digital training

To take into account new ways of learning and the fact that our employees often move around, the group has stepped up its efforts with the digital training platform.

Kaufman & Broad offers all employees (permanent contract, fixed-term contract, work-study programs and interns) an array of innovative professional development resources for ongoing, interactive education that can be accessed at any time.

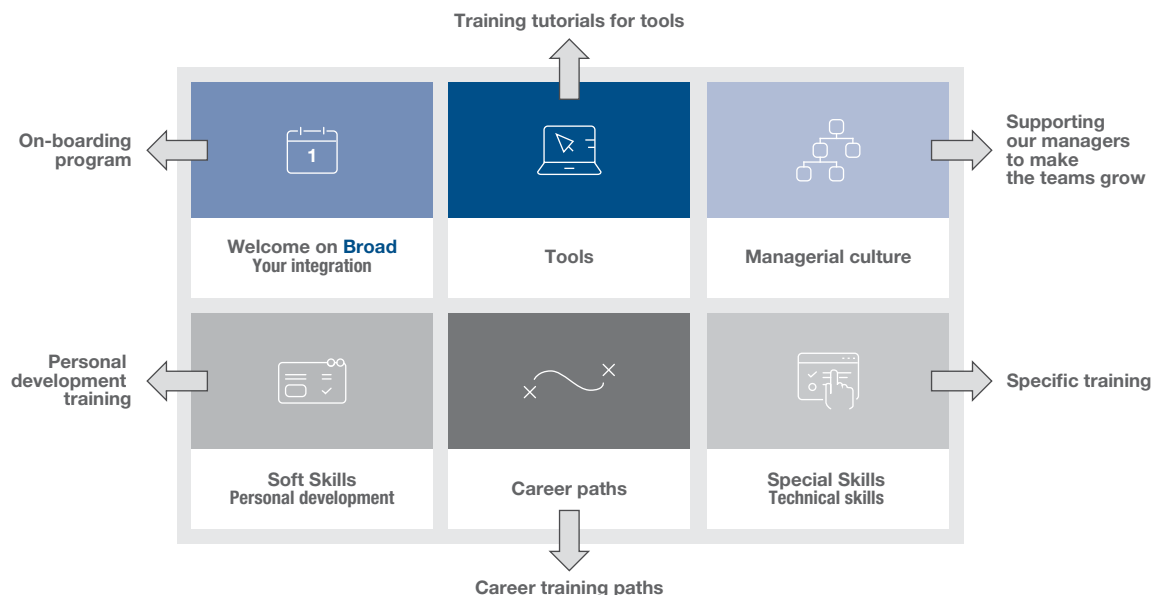
The educational content of KB Learning is organized to support three main objectives:

- 1) dissemination of knowledge linked to Kaufman & Broad's core business;
- 2) development of soft skills and managerial skills (leadership, collaborative work, agility, project management, etc.);
- 3) work-life balance.

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Launched in 2016, the KB Learning platform has seen a sharp rise in popularity: users of the platform now represent 89% of employees (versus 30% in 2017 and 55% in 2018). The platform has been completely redesigned, both in structure and ergonomics, to maintain its appeal.



Key figures



77% of employees attended in-person training

89% of employees completed training on the digital platform

Promoting internal transfers

Today, thanks to the trust built up in human relations and the development of talent through individual follow-up and customized training cycles, the group is able to meet its need for growing the teams and enabling employees to take up positions of responsibility internally.

Transfers within the group are a way to support our growth, ensure the dissemination of knowledge and create a network of relationships through the various agencies and entities of the group.

Internal transfers are the result of several actions: the development of employees' skills through the training they complete and the responsibilities assigned to them, the annual performance review, the career meeting with HR staff, real-time access to group opportunities via the intranet and measures to assist with geographic relocations.

1.7.3.3. Compensation policy

Principles

The Kaufman & Broad compensation policy was conceived to support attainment of the group's objectives. We want to attract and earn the loyalty of top talent, offer motivating career paths and encourage employee performance and engagement while contributing to the growth of our business lines and volumes. Economic performance and employee performance are closely linked.

While meeting the objective of controlling its operating expenses, Kaufman & Broad also wishes to offer each of its employees a compensation policy that combines external competitiveness with internal equity and rewards both individual and group performance. We are committed to ensuring fair compensation that prohibits any discrimination to guarantee identical levels of remuneration for equivalent positions and profiles.

The salary policy is set out during annual salary reviews, which are held as part of a structured, uniform process based on a factual and objective assessment of contributions and performance. This review is conducted with all the managers and the Human Resources Department.

Individual Employment Summary

Every two years, Kaufman & Broad gives each employee a document that traces the evolution of their compensation and its components in the interest of clarity and transparency. This Individual Employment Summary highlights all the benefits put in place for employees, such as training, the group Employee Savings Plan, employee shareholding and referral bonuses donated to associations authorized by Kaufman & Broad in the framework of its philanthropy policy.

In 2019, each employee received an Individual Employment Summary.

Compensation structure

The compensation structure is identical for all employees:

- fixed compensation;
- variable compensation;
- long-term incentivized compensation in the form of a free share distribution plan, subject to approval by the annual Shareholders' Meeting, for all employees. Kaufman & Broad has opted for a universal plan that enables all employees to benefit.

Each employee is invested in the Company's performance through their variable compensation and through the awarding of bonus shares. The culture of variable compensation is strongly rooted within the group.

A closer look at the different types of compensation:

- fixed compensation is reviewed against an external benchmark with an external firm for managers, and against an internal analysis of compensation consistency according to business lines and years of experience in the position;
- variable compensation is differentiated by business line and level of responsibility.

Senior executives and directors of operation receive annual variable compensation. This variable compensation is based on targets and

is measured against a set of criteria; 70% of its value is based on quantitative factors and 30% of its value is based on qualitative factors, except in special situations. A performance calculation scale is established and capped at 120%.

Employees who work in development, programs and sales activities have business-specific quantitative variable compensation based on annual objectives. Other employees are eligible for an end-of-year bonus whose amount is negotiated with trade union representatives during mandatory annual collective bargaining;

- long-term incentivized compensation consists in bonus shares distributed according to a plan approved by the annual Shareholders' Meeting. The individual allocations are based on employee categories and levels of responsibility.

Average annual compensation ^(a) and payroll taxes

(in euros)	2019			2018		
	Men	Women	Average	Men	Women	Average
Employees	66,386	40,996	46,995	67,266	40,901	47,242
• base salary	27,933	28,625	28,461	26,593	27,753	27,474
Managers	85,671	61,204	75,938	87,988	62,577	77,796
• base salary	62,216	47,064	56,189	61,769	46,132	55,497

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

This compensation is presented exclusive of the compensation of corporate officers which is described in Section 3.2. "Executive compensation".

The group's average gross annual compensation (excluding employer contributions) was €66,640. This figure was down slightly compared to 2017 (€67,572). It should be noted that the base salary of both employees and managers, both men and women, has increased compared to 2018: +3% for women and +1.8% for men, whether they are executives or employees.

The diversity of careers at the group results in a dispersion of compensation according to business lines. Therefore, these averages are purely indicative and should be interpreted with caution.

The Social Security charges recognized in respect of compensation for the financial years 2018 and 2019 amounted to €31 million and €29.8 million, respectively.

Bonus share plan for employees

As discussed in Section 3.3. "Incentive programs" of this Universal Registration Document, Kaufman & Broad has implemented long-term plans for its employees and executive corporate officers. For some of the employees who receive variable compensation, the performance criteria applied for the definitive awarding of their shares are the objectives for their variable compensation in cash.

There are two objectives underlying these allocations:

- motivate employees and give them stake in the future growth of the group's earnings;

- reinforce the sense of belonging felt by managers and associates by fostering their long-term loyalty against a backdrop of strong competition for talent.

Depending on business lines and levels of responsibility, the acquisition of shares is contingent on the attainment of performance and/or attendance targets.

Group Employee Savings Plan

To promote employee savings under advantageous financial and tax conditions, Kaufman & Broad has set up a group Employee Savings Plan (*Plan d'Épargne Groupe*, or PEG) open to all employees (see Section 3.3.2. "Group Savings Plan" in this Universal Registration Document). The PEG consists in five company mutual funds ("FCPE"), including a "Kaufman & Broad Actionnariat" fund invested in Kaufman & Broad shares and covered by a contribution matching program, and two funds, "KB Actions 2017" and "KB Actions 2019", which were opened as part of the 2017 and 2019 shareholding offers carried out through a Kaufman & Broad SA capital increase and closed to new investments.

At November 30, 2019, employees held, mainly through the various funds of the group Employee Savings Plan, 813,426 shares in the Company, or 3.68% of Kaufman & Broad's capital.

Incentive bonuses and profit-sharing

There are no incentive bonus schemes or profit-sharing agreements in place at Kaufman & Broad. However, each employee is invested in the Company's performance through their variable compensation and through the awarding of bonus shares.

1.7.3.4. Employee protections and innovation

Kaufman & Broad aims to ensure that each employee has a peaceful, protected work environment in which they can find personal and professional fulfillment. It believes that sustainable growth must be combined with a high level of HR performance.

Social welfare

Kaufman & Broad's objectives are to provide employees and their families with high-quality health coverage and, in terms of personal protection, financial protection in difficult times.

The contingency benefits extended to all personnel include educational annuities and death, accidental death and work incapacity/permanent disability benefits. With regard to healthcare expenses, employees benefit from a very broad coverage on par with the highest standards on the market.

The group has complied with its obligations regarding healthcare expenses by establishing, after a Unilateral Employer's Decision, following consultation with the employee representative organizations, a new healthcare expenses regime, known as "Responsible", which applies as of January 1, 2018.

Kaufman & Broad's contributions for additional insurance and health care coverage in 2019 amounted to €1,719,000.

Work-life balance: the right to disconnect

As already mentioned, Kaufman & Broad pays particularly close attention to quality of life at work. With the aim of ensuring a quality of life at work that is compatible with economic performance and individual and collective well-being, the group launched an engagement survey in March 2017, which was repeated in 2019, to listen to employees' expectations and identify areas of concern, regardless of their position, workplace, gender or experience, and engage managers and employees as a whole in a positive approach of listening, goodwill and progress. Following the results fed back to each agency or team, identified and targeted action plans will be deployed over 2020, and progress reports will also be made to take stock of improvements.

A collective agreement on the right to disconnect was signed with the trade unions to promote quality of life at work, work-life balance and adapt our working methods to changes in behaviors by encouraging respectful relational patterns and ensuring compliance with laws on working hours and respect for private life.

The agreement formalizes behaviors, rules of life and work that aim to respect the work-life balance and the effectiveness of working relationships, particularly on the following subjects:

- 1) application of the right to disconnect outside actual working hours: time off, leave and suspensions of employment contracts must be respected by all the Company's employees.

Concerning, more particularly, the use of work email, it is specified that employees are never obliged to read or answer emails addressed to them outside working hours, except in emergency and exceptional circumstances that require it;

- 2) application of connection/disconnection management during working hours: the individual use of digital tools and its management in the context of work organization can lead to over-solicitation depending on the person.

The management of individual connection/disconnection to/from these tools in the professional context must be reviewed collectively, taking into account the business and service requirements. Managers, in particular, are called upon to play a role in collectively defining accessibility rules and sharing benchmarks on the proper use of each digital tool.

Training and awareness-raising actions are organized for managers and all employees to inform them of the risks, challenges and best practices related to the use of digital tools. A specific path is deployed for this purpose and is accessible on the digital platform. This path is systematically accessible to all new entrants.

When employees adopt, are comfortable with and effective in using their digital tools, this also improves working conditions.

The project teams will focus on organizing information sharing, which may take the form of physical meetings, video-conferences or conference calls, thus placing the emphasis on a qualitative relationship that is not always possible in electronic mode.

It is also recommended that each employee schedule time off from e-mail during the working day, particularly during meetings or to facilitate concentration;

- 3) managing information volumes: to help better manage the volume of information, best practices in the use of email and remote tools should be shared.

Quality of life at work

Kaufman & Broad's goal is to offer its employees high standards when it comes to quality of life at work and to contribute to each person's professional and personal fulfillment.

- With regard to food services, the group's contributions (restaurant vouchers and employer contributions to the cafeteria) amounted to €721,000 in 2019.
- Ergonomic studies of workstations are carried out to design customized workstations for the employees concerned and to train them on proper movement and posture.
- The rate of absenteeism due to illness is included in the assessment of quality of life at work.

Absenteeism by reason ^(a)	2019	2018
Sick leave	3.27%	3.07%
Workplace and commuting accidents	0.14%	0.11%
Maternity leave	0.88%	0.76%
Family events	0.19%	0.21%
TOTAL	4.47%	4.15%

(a) Number of hours absent/theoretical number of hours worked (staff on fixed-term/permanent contracts).

The rate of absenteeism due to illness increased slightly (+0.2%) between 2018 and 2019.

In 2019, there were 10 workplace accidents (of which 7 resulted in absence from work) and 6 commuting accidents (of which 4 resulted in absence from work). These led to 277 calendar days of absence from work due to workplace accidents and 89 calendar days of absence from work caused by commuting accidents.

Workplace safety

Safety is a core concern at Kaufman & Broad.

We ensure that all safety regulations are followed by third parties and by our own employees. The Social & Economic Committee of GIE Kaufman & Broad has a Health, Safety and Working Conditions Committee, which is responsible for dealing with these issues. This Committee meets once a quarter. In addition, we have a single document for each establishment that defines the physical and psychosocial risks and then determines an annual action plan. This document is submitted to the members of this Committee for their opinion.

The work premises are fitted in such a way as to guarantee the health and safety of our employees. They are kept in a constant state of cleanliness, present the necessary conditions of hygiene and sanitation and are free from any obstruction. The technical and safety installations and systems are maintained and checked periodically. Our premises comply with specific standards concerning in particular: ventilation and sanitation of the premises, lighting, heating, protection against noise, layout of computer stations, protection against smoking, sanitary facilities, staff catering, signage of danger zones in case of intervention, first aid equipment. All the agencies regularly carry out evacuation drills (fire risk).

On our construction sites, employees are involved as visitors, project managers or coordinators of services with partners, providers and customers.

Employees who need to go to our sites are provided with personal protective equipment and a procedure, distributed annually to the employees concerned and posted on the intranet, reminds them of the mandatory rules to be followed on a worksite.

Regarding site management, Kaufman & Broad, in its capacity as Project Owner, uses service providers such as architects or project management firms, who make up the project management team, as well as H&S coordinators. This team monitors the progress of construction work and verifies that safety measures have been applied in accordance with legal and regulatory obligations.

In 2019, no cases of occupational illness were registered.

In 2019, in addition to training first-aid workers and providing personal protective equipment to guarantee safety on our worksites, the group focused its efforts on fire safety with more than 100 hours of training on this subject. These actions complement the safety system deployed last year with the installation of defibrillators in all the agencies, together with training in their use.

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. To this end, the group allows employees to benefit from special discounts.

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 from one of the group's real estate programs by an employee is considered an unusual transaction, and while it benefits from specific conditions, this transaction must comply with certain rules (defined in a document available to employees on the group intranet site) and is subject to the necessary approvals.

1.7.3.5. Human Resources report

1.7.3.5.1. Workforce data

Total number of employees

At December 31, 2019, the group employed 863 people (889 at December 31, 2018), 435 women and 428 men, through an Economic Interest Grouping (GIE) that combines all the group entities in France since January 2008.

68.5% of the employees are managers and 50.41% of them are women (versus 52% in 2018).

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, 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.

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Breakdown of workforce by age business line, age range and gender

Since 2017, the data published cover the GIE, as well as the companies Serge Mas Promotion, acquired on December 22, 2015, and Seri Ouest, acquired on June 23, 2016. As of January 1, 2019, the employees of Seri Ouest have been integrated into the GIE workforce.

The KETB Partenaires business (relating to commercial partnerships with other real estate developers) now appears in the report.

As of May 1, 2019, we have integrated the data for CITEC employees.

The group's workforce has remained relatively stable over a three-year period. The marketing and sales teams have recorded the largest decrease (-27 employees between 2017 and 2019). The other functions have recorded an increase, particularly the technical professions (+17 employees between 2017 and 2019).

Breakdown of workforce by function at December 31, 2019	2019	2018	2017
Land development	108	122	102
Programs	107	106	104
Technical & Customer Service	237	235	220
Marketing/Sales	180	196	207
Regional support functions	114	110	106
Corporate support functions	117	120	116
TOTAL	863	889	855

Breakdown of workforce by age at December 31, 2019	2019	2018	2017
Under 24	30	34	23
25 to 29	140	137	131
30 to 34	116	138	138
35 to 39	129	137	139
40 to 44	119	111	112
45 to 49	97	110	101
50 to 54	102	97	98
55 to 59	87	87	66
Over 60	43	38	47
TOTAL	863	889	855

Breakdown of workforce by entity at December 31, 2019

	2019	2018	2017
Corporate	151	158	153
Business property	36	33	29
Île-de-France	240	245	239
Nantes	41	41	45
Rennes	6	5	8
East	7		
Flanders	13	14	20
Caen	12	11	12
Lyon	57	61	53
Annecy	24	21	16
Nice	25	25	23
Toulon	22	25	28
Marseille	48	52	52
Montpellier	24	26	24
Toulouse	86	93	85
Bayonne	12	20	15
Bordeaux	35	36	36
Seri Ouest		20	20
SMP	15	20	17
KetB Partenaires	2	3	-
Citec	7		
TOTAL	863	889	855

Subcontracting

The group is especially vigilant when it comes to outsourcing conditions and compliance with legal provisions both in terms of social and personal safety.

The procedure for formalizing contracts requires systematic verification that subcontractors are up to date with their Social Security contributions. The legal representatives must also sign a sworn statement attesting that they do not employ any undocumented workers (see paragraph 1.7.4.4.2., "Purchasing and outsourcing").

1.7.3.5.2. Employee arrivals and departures

Since 2017, the group has seen a continuous improvement in its turnover rate: 20.3% in 2017, 18.5% in 2018 and 16.8% in 2019. The 3.5-point decrease in this rate reflects the stabilization of organizations and teams.

Arrivals

In 2019, Kaufman & Broad hired 158 employees, including 133 on permanent employment contracts (201 hires, including 166 on permanent contracts in 2018).

98 managers, 54 employees and 6 salespeople were hired.

Of the 158 employees hired on fixed-term and permanent contracts in 2019, 73 were under 30 years of age when they joined the group, i.e. 46.2% of new hires.

In 2019, the group signed or renewed 52 apprenticeship and professional development contracts. At December 31, 2019, the group had 75 work-study students, creating a pool of young people ready to join the teams as opportunities arise.

Departures	2019	2018	2017
Number of departures (resignation, termination of employment contract by mutual agreement, lay-off, termination of trial period (permanent contract))	161	149	140
Of which resignations (permanent contract)	77	80	64
Of which lay-offs (permanent contract)	17	9	22

The resignation rate was 8.79% in 2019 (9.4% in 2018). Resignations concern mainly employees under the age of 30, reaching 12.96% in 2019 (21 resignations), a rate down 1.84 points from 2018. This is why we are pressing on with our action, in particular with the launch in 2019 of the KB Factory project, which should contribute both to the integration of our employees and to their retention.

Exit interviews are systematically conducted in the case of resignations to analyze the reasons for departure and implement appropriate action plans to strengthen our capacity to retain talent, particularly young people under the age of 30.

In 2019, the organizations were stabilized, with the promotion and transfer rate now standing at 11.3%.

Temporary employees

In 2019, the use of temporary employees was very low and in sharp decline: temporary employment contracts accounted for 1.33% of the workforce (1.78% in 2018), i.e. the equivalent of 11.4 people for the year (15.7 in 2018). Temporary staff worked an average of 10.51 days per assignment (12.35 days in 2018).

1.7.3.5.3. Work organization

At the head office and within each agency, work is organized in compliance with applicable legal and contractual obligations.

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 GIE signed a supplementary agreement to the agreement of November 7, 2006 with the representative trade unions. 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.

Working hours for part-time employees

At December 31, 2019, 23 people were employed on a part-time basis: 14 non-managerial employees, 6 managers and 3 sales representatives. Of these, 78.3% are women. 69.6% of these employees work 20 to 30 hours per week (four-day workweek), mostly on parental leave. All the part-time employment situations are elective.

In addition, 13 employees are entitled to work-life balance related flextime.

1.7.3.6. Labor relations

The labor relations climate within the Kaufman & Broad group remains constructive between management, employees and their representatives, with a neutral attitude toward the various trade union organizations.

The Social and Economic Committee (*Comité Social et Économique*, or CSE) was established in March 2019.

As a result of these elections, employees are now represented on the CSE by 15 elected representatives (9 managers, 6 employees), i.e. 5 more than in 2018.

In addition, in accordance with the CSE collective company agreement signed unanimously in 2018, two commissions were set up, including the Health, Safety and Working Conditions Commission (*Commission Santé Sécurité et Conditions de Travail*, or CSSCT) composed of three elected members appointed by a resolution of the CSE adopted by a majority of the full members present.

The trade union organizations are represented at GIE Kaufman & Broad by two union delegates: one from the national union of caretakers, concierges, and real estate employees, a branch of French trade union Force Ouvrière, and one from the national union for urban planning and housing and property managers, a branch of trade union *Confédération Française de l'Encadrement – Confédération générale des cadres* (CGC).

Management and CSE representatives meet every month as part of the regular meetings. Management and members of the CSSCT meet every three months.

The trade unions and management meet every year for Mandatory Annual Collective Bargaining Rounds and as often as necessary in accordance with legal obligations and the negotiation priorities defined by the group.

In 2019, 3 works council meetings were held prior to the establishment of the CSE and then 9 CSE meetings, including 1 extraordinary meeting, i.e. 12 meetings over the year.

There was 1 CHSCT meeting before the CSE was set up, followed by 3 CSSCT meetings, i.e. 4 meetings over the year.

Social initiatives

In 2019, the Kaufman & Broad group's contributions amounted to €519,000.

Collective bargaining agreements

In 2019, the trade union organizations and management unanimously signed five agreements addressing the following topics:

- wage negotiations (agreement dated October 7, 2019);
- company agreement relating to Skills Management Planning (*Gestion des Emplois et des Parcours Professionnels*, or GEPP) (agreement dated September 4, 2019);
- company agreement on quality of life at work and professional equality between women and men (agreement dated July 31, 2019);
- company collective agreement relating to the collective and mandatory death/disability pension scheme (agreement dated December 16, 2019);
- company collective agreement relating to the collective and mandatory health expenses reimbursement scheme (agreement dated December 16, 2019).

These last two agreements concluded on December 16, 2019 take effect on January 1, 2020.

Over the years, the Kaufman & Broad group has signed agreements which pertain mainly to organization of work, compensation and working conditions that are conducive to the Company's proper function and performance.

The main agreements are:

- agreement of September 19, 2017 on the Right to Disconnect;
- agreement of October 3, 2016 on Intergenerational Employment and Skills Management Planning (valid for three years), renegotiated and extended in 2019 in the GEPP agreement;
- agreement of December 2, 2009 for the Retention of Older Employees and the Second Part of their Careers, also renegotiated and extended in 2019 in the GEPP agreement;
- agreement of November 18, 2011, later revised by an amendment of September 16, 2015 on professional equality between men and women, and finally renegotiated and extended in 2019 by an umbrella agreement on quality of life at work and gender equality;
- agreement of November 7, 2006 and its riders on the Organization of Working Time.

Focus on the agreement on quality of life at work and professional equality between women and men

In a collective bargaining agreement signed on November 18, 2011 and revised by an amendment on September 16, 2015, management and its labor partners laid the foundation for professional equality within the group.

On July 31, 2019, following on from previous agreements, management and the trade unions concluded a new collective agreement, combining the issues of quality of life at work and professional equality into a single agreement.

The agreement covers the following three structuring areas:

- professional equality: this shows the group's renewed determination to respect and, even more so, to promote the principle of equality between men and women by implementing concrete measures.

This professional equality must be expressed in particular in recruitment, consideration of the work-life balance, career management, compensation and the prevention of and fight against sexual violence, harassment and sexist behavior;

- well-being and quality of life at work: adapting to the new working world while maintaining the sense of belonging and pride we have in working within our group.

Quality of life at work can be assessed in particular through respect for the right to disconnect, working methods adapted to maintaining a work-life balance, the fight against discrimination and the possibility of donating vacation days;

- a company that clearly affirms its role as a responsible player in respecting and speaking up for environmental and societal issues.

This concerns both employee protection, our CSR approach and the group's commitment to partner companies.

This agreement marks the group's determination to integrate the major societal changes that impact the working world, while further integrating the aspect of quality of life at work and respecting the principle of professional equality.

Through this agreement, the parties sought 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:

- the conditions of access to employment: the Company undertakes to do its utmost to communicate widely and as quickly as possible any posts to be filled and opportunities for promotion. Each business line now has a definition of functions;
 - work-life balance: throughout the year, and particularly at the annual performance review, managers must maintain a permanent dialogue with their staff members on this theme. The group has also set up a pilot project on teleworking to facilitate this balance;
 - work-life balance and family responsibilities: in order to support employees at this stage of their lives, flexible working hours or part-time work can be put in place.
- The Company responds favorably to all requests relating to flexible working hours and provides employees with individual support when leaving on maternity leave and on return from leave in order to ensure that they can return to work in the best possible conditions;
- career path (professional promotion, qualification, classification, training):

- training: the general principle of equal access to vocational training for all employees is guaranteed, in particular through the introduction of training paths for each field of expertise,
- career development: for equal skills, specific attention will be paid to the promotion of women to management positions or expert positions, with a view to ensuring a gender balance in teams. The group is continuing to make management responsible for professional equality in order to put an end to gender stereotypes and to fight against all forms of discrimination;

- actual compensation: the Company reaffirms its commitment to the principle of “equal pay for equal work”. For example, efforts are made to ensure equal pay for women and men according to the principle that for the same qualifications, functions, skills and professional experience, women and men are employed under the same conditions. As a result, line managers, and more generally employees who make decisions on salary increases, are made aware of the principle that decisions relating to the management of compensation, careers and promotion must be based exclusively on professional, clear, objective, measurable and achievable criteria. Within the framework of its wage policy, the Company acts specifically on the population of men and women in order to gradually reduce the gaps identified;
- strengthening the prevention of and fight against sexual violence, harassment and gender-based violence.

A closer look at the Company agreement on Skills Management Planning (GEPP)

The collective agreement signed unanimously by the social partners on September 4, 2019 follows on from the three-year agreement of October 3, 2016.

In a labor market which is getting younger, and in which there is a certain scarcity of skills, management and the trade unions wanted to respond pragmatically to these issues and needs in order to, on the one hand, meet the challenges of attracting, retaining and developing talented employees and, on the other hand, retain and pass on expertise in-house.

To meet these challenges, this agreement addresses the following structuring themes:

- the transmission of knowledge and skills: based on the business reference framework, the development of a real training and professional development school for the group, called KB Factory; integration paths;
- the major three-year guidelines for vocational training and the objectives of the skills development plan, incorporating the regulatory changes provided for under the so-called Law for the freedom to choose one's professional future of September 5, 2018;
- supporting the group's transformation, both in terms of digitalization and innovation, and preparing for changes in our businesses;
- specific measures for targeted populations: in favor of so-called “young” employees, “senior” populations, employees exercising trade union functions.

Impact of agreements on economic performance

The engagements taken in terms of professional equality and the management of employment and career paths contribute to employee loyalty and commitment by ensuring a climate of fairness and trust. The efforts made to ensure the successful integration of young people and new hires, whatever their age, contribute to making them efficient quickly and able to understand their roles and responsibilities. By keeping so-called senior employees in the Company, the group is able to consolidate and ensure the transmission of its know-how.

Finally, anticipating changes in our businesses by keeping an eye on how jobs evolve ensures that our employees are adaptable, capable of performing different functions in organizations and anticipating changes in our markets, particularly by understanding the digitalization of our environments, the customer experience and the transformation of our partners and customers' expectations.

The work environment and the attention paid to respecting the work-life balance foster engagement and well-being at work. These are priorities that contribute to performance. A happy and healthy employee is a productive and proactive employee. Cordial, strong professional relationships contribute to the quality of project-based work and the development of synergies and best practices in programs.

1.7.3.7. Diversity and inclusion

To ensure that the property development and urban planning projects carried out by Kaufman & Broad correspond to the needs and changes in society, it is essential that its teams reflect the diversity of the world around them and promote inclusion.

Promoting diversity and inclusion in all their forms is a driver of social cohesion and a source of innovation.

Kaufman & Broad encourages work environments in which differences – both visible and invisible – such as age, gender, sexual orientation, nationality, background, religion, education and disability are welcome. The entire company reaps the benefits of cultivating an atmosphere conducive to the development and fulfillment of all employees.

In the interest of continuous improvement, Kaufman & Broad works toward the following objectives:

- guaranteeing gender equality at all levels of the Company;
- hiring more people with disabilities;
- boosting cultural and social diversity.

Gender equality: equal opportunities and treatment

The group presents the action plan carried out in order to meet its commitments to its social partners on an annual basis.

In 2019, the following areas were covered in particular:

- classification: at December 31, 2019, the proportion of women in management was 38%, a slight decrease compared to 2018 (-2 points). Since 2014, all employees and their line managers have been monitored individually and collectively through reviews. In this context, women's talents are identified and their ability to take on responsibilities is recognized;
- vocational training: the implementation of the digital training platform offers women, whatever their profession and particularly non-managerial staff, who are locally based and have family constraints, the possibility of accessing a variety of training sessions, in particular in the areas of customer relations and personal development;
- work-life balance: the group responds favorably to all requests for working time arrangements for both men and women: 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 are aimed at both women and men within the Company. Furthermore, the group signed a collective agreement supporting the right to disconnect and implemented a pilot project for teleworking in 2019;

- recruitment of women to key positions; it should be noted that 46% of recruitments are women;
- compensation: as part of salary reviews, following the signature of the annual agreement on Mandatory Collective Bargaining, an analysis of the compensation of men and women is the basis used to define the specific actions that must be taken to gradually erase any significant gender pay gaps for equivalent positions.

In this respect, in accordance with the provisions of Law no 2018-771 of September 5, 2018 for the freedom to choose one's professional future, which invites companies to measure their performance in terms of professional equality on the theme of remuneration (the "Gender Equality Index"), the group obtained a score of 86/100, the minimum score required being set at 75 points by the legislator.

The group is pursuing its efforts and action plans in favor of professional equality, as evidenced by the aforementioned agreement signed on July 31, 2019 with all the trade unions on Quality of Life at Work and Equality between Women and Men.

Policy to promote the employment of people with disabilities

At December 31, 2019, the group employed 16 people with disabilities at its various entities, i.e. 3 more than in 2018. As part of its Disability policy and the affirmation of its employer brand, the group participates in different events to recruit people with disabilities (e.g. *Handicafé* stand at the ESTP job fair) and is sponsoring an ESTP student with a disability (tutoring and scholarship covering 90% of annual tuition). As a result of the efforts made since 2010, the number of disabled workers employed by the Company has increased from 4 to 16 in 2019.

This policy is built around the following key actions: recruitment, employment retention, physical and digital accessibility of the premises and improvements in employee awareness.

Employees are also encouraged, as part of their function, to work with institutions that provide employment for people with disabilities (protected and adapted sectors).

Age diversity

In this agreement of September 4, 2019, the management and social partners of GIE Kaufman & Broad reaffirmed the commitments made (i) under the agreement on senior employment of December 3, 2016 for the retention of older employees and the second part of their careers, (ii) under the agreement on professional gender equality of November 18, 2011, which was incorporated and amended in the agreement of October 3, 2016.

It is specified that the Macron orders of September 23, 2017 remove the obligation to negotiate agreements relating to the generation contract, and management and the trade unions have agreed to continue the measures already undertaken in favor of young people and seniors.

This agreement identifies three priorities:

- 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.

The group considers that youth policy is a key lever for integrating the emerging skills that will be needed for tomorrow's business. This concerns young graduates entering the labor market, but also work-study students and interns. Over the period 2019-2022, the group has undertaken to ensure that at least 15% of its employees under 30 years of age are on permanent or fixed-term contracts (excluding work-study contracts), and to have a 4% proportion of work-study contracts (apprenticeship and/or professional training).

At December 31, 2019, the group employed 170 staff under the age of 30, of which 8 on fixed-term contracts. In 2019, 74 of these employees were hired. At December 31, 2019, this segment accounted for 19.1% of employees on permanent contracts.

The on-boarding, training and support of new hires under the age of 30 are also objectives which are defined in this agreement.

In this respect, they participate in a personalized on-boarding program introduced in 2017 to help them integrate quickly into their new job and their team. The program includes an on-boarding day at the head office with all new hires, an HR interview, access to the KB Learning platform and a quiz to learn about the group.

The group hired 52 young people as interns or under work-study contracts in 2019. With approximately 8.69% of its staff on work-study programs, the group exceeded its target of training a number of work-study employees equivalent to 4% of its total headcount, a commitment formalized in the intergenerational employment agreement at the GIE. Moreover, this percentage speaks to the dynamism and expansion of our relationships with schools. These students are a preferred recruiting pool for the group which, in 2019, hired 4 of these students on fixed-term contracts and 9 on permanent contracts;

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

At December 31, 2019, employees aged 55 and over represented 15.1% of the total workforce (14.1% in 2018).

Although the working environment does not create any especially arduous situations, the group has included in its agreement some measures that allow older employees to adjust their working time upon request while preserving the conditions for acquiring full pension rights. If the organization permits, 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. In addition, individual telecommuting measures have been implemented to take the work-life balance into account.

As part of the HR reviews conducted annually after 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 the business activity. 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 through KB Factory.

The transmission of know-how and interpersonal skills will be based on senior employees identified by the Company and solicited on a voluntary basis. During their first weeks of integration, young people are already supported by a sponsor who ensures that they assimilate their position and the corporate culture. In addition, training seasons are set up and organized in-house in order to share our expertise and know-how. Each year, the intergenerational employment agreement will be subject to an assessment by the group's partners in order to ensure the implementation of the measures. The main skills to be shared are identified within the technical teams. The talents that need to be hired to replace older employees due to retire within 12 months are anticipated. In addition, tailor-made training based on internal engineering have enabled the group to capitalize on the best practices of experienced employees and to teach and share them with young engineers, particularly in the purchasing and assembly functions.

Fighting discrimination and promoting diversity

The group's policy on professional equality, employment of seniors, employment and integration of workers with disabilities is detailed in the points above. At December 31, 2019, the group employed 16 people with a disability and 130 employees aged 55 and over. Women make up 50.41 % of the group's workforce. The group is dedicated to recruiting and promoting employees according to the suitability of their profile for the requirements of the proposed positions, without any other discriminatory criteria.

Kaufman & Broad operates 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 the freedom of association and the right to collective bargaining, non-discrimination in employment and occupation, elimination of forced or compulsory labor, and the effective abolition of child labor.

1.7.4. Societal challenges associated with property development

1.7.4.1. Developing an adapted and accessible offer

Facilitating home ownership: financial accessibility of projects

The group monitors the take-up period for its inventory, which is used as an indicator of how its real estate and commercial policies are performing. The take-up period for the 2019 fiscal year was 5.8 months.

The group is attentive to the market and has an internal organization that enables it to adapt and update its products.

Starting in 2008, against a backdrop of a housing and economic crisis, Kaufman & Broad saw its customer base evolve and adapted its offering accordingly, to offer affordable housing of equal quality. In 2009, the group refocused its housing offer on first-time buyers and investors, by offering more compact and functional products while maintaining the usable surface area.

Thirteen percent of Kaufman & Broad's customers are first-time homebuyers. To give these customers easier access to home ownership,

the group develops affordable housing units, sold at prices that are 20% lower than the market price. The aim is to offer multi-occupancy housing for less than €3,000/sq.m (including VAT) in Île-de-France and between €2,500 and €2,600/sq.m (including VAT) in the French regions. By developing programs in the inner suburbs, but still connected to city centers by public transportation, Kaufman & Broad is able to have an affordable offer that meets investors' tax and financial profitability criteria and the solvency 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 selects flat land that does not require special foundations and outdoor parking lots, which enables it to reduce construction costs. For affordable housing, Kaufman & Broad has worked extensively on design, leveraging its expertise to offer products that, while being more compact, offer a pleasant living environment in a small area. The "New'R" program in Nantes, for example, includes affordable housing units.

In addition, to meet another challenge in first-time home ownership, Kaufman & Broad has signed agreements with a number of bankers to be present at the sales offices during openings to inform and advise customers interested in financing solutions.

Buyer type in numbers	2018	2019
Investor	31%	35%
Block	50%	48%
First-time homebuyer	13%	13%
Second-time homebuyer	5%	4%
TOTAL	100%	100%

Kaufman & Broad works closely with social landlords to contribute to the construction of social housing for lower-income households.

The housing units built by the group, for which access is subject to income requirements, accounted for 25% of group bookings for the 2019 financial year.

Responding to new needs

Adapted housing

Kaufman & Broad is sensitive to the comfort and well-being of its customers and integrates into its strategy a series of social and societal concerns relating to the living environment, quality of life at different ages, housing affordability and scalability. The group is thus diversifying its activities into serviced residences for older adults and students. With their specific characteristics, these businesses are a growth opportunity for the group.

By 2030, the number of people over 60 will increase by 33%, whereas today only 6% of the total housing stock is adapted for advancing age. The group has developed two innovative solutions to meet the needs of a population whose life expectancy is rising and who, for the most part, wish to remain independent at home for as long as possible.

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 loss of autonomy, these fully adapted housing units are designed close to shops, transport and facilities, in a secure environment. These serviced residences have a building manager and also provide optional services such as catering and, for some, daily housekeeping. The first Silver residence, Pinpirina, was built in the Caradoc district of 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.

The Silver Pack, launched in June 2014, offers customers the possibility of adding a range of services and equipment to their homes across a large part 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 features aimed at preventing falls, for example (handrails, lighted paths, no thresholds, etc.) make life easier by providing comfort and safety. The Silver Pack promotes generational diversity by offering customers the choice of whether or not to add these amenities when purchasing their home.

As a result of these reflections on the design of secure, adapted housing for autonomous seniors, Kaufman & Broad entered into a partnership in 2017 with Serenis, a network of institutions specializing in the care of the elderly. A senior residences management company called Cosy Diem was thus created.

The design of the Cosy Diem residences was based on the work of the G rontop le in Toulouse in the area of dependency prevention and on the recommendations of various health care bodies. The apartments were ergonomically designed to ensure comfort and safety and to encourage independence.

The Cosy Diem residences, which are located in city centers, have been designed as truly convivial spaces. Each house is built around a central space that serves communal living areas (restaurant, library, bar, fitness

center, etc.). The residents can live here with no obligations, making use – or not – of the shared spaces, entertainment and activities.

Shared spaces

Shared and pooled spaces are a source of inspiration for the group because they meet the needs of optimization, sociability and sharing.

Kaufman & Broad is conducting a general reflection on life and work in the city of the future.

This translates, for example, into proposals for high-rise buildings that combine the advantages of high floors with the conviviality of green spaces and the features of individual housing. For example, the "New'R" project in Nantes, winner of the Silver Pyramids award, includes a collective greenhouse on the tenth floor which houses a vegetable garden, and an open-air solarium on the seventeenth floor.

Co-living

Co-living is a new co-rental model that combines private spaces and community living with attractive shared spaces and an extensive range of services.

The group's first project integrating Co-living is located in the center of Bordeaux, in the historic Chartrons district. As this is a partly protected district, the *Architectes des B timents de France* were consulted, in agreement with the local authority, for this rehabilitation project. It will include, among other things, a gym, a workshop, a dining bar, a rooftop area, a laundry room, a gaming room, a co-working area, a bar and a shared kitchen, and will be able to accommodate short, medium and long stays. The project is certified HQE sustainable building.

Guaranteeing efficient connectivity for users

Adapting to technological developments, the group is working on building performance to improve employee productivity. The ORA business property programs in the 17th arrondissement of Paris and Green Oak in Arcueil have both been awarded the "Wired Score" label. This label recognizes a quality of internal and external infrastructure that guarantees connection reliability and protection and is also scalable, so that it can adapt to future network developments.

Increasing the well-being of occupants and users

The safety of future users and occupants is ensured by the compliance of the structures with the regulations in force, in particular fire safety and seismic safety standards.

Over and above compliance with building regulations, the group is also concerned with the well-being of occupants and users.

Well-being through real estate is one topic of reflection for Kaufman & Broad, which is a partner of the Immowell-Lab start-up accelerator. The group is therefore interested in the first recognized certification in this field: "Well" certification.

The ORA business property program in the 17th arrondissement of Paris has thus been awarded Well Core & Shell certification. This certification guarantees a number of parameters related to comfort of use (indoor air quality, hygrothermal and acoustic comfort, comfort of natural and artificial lighting, biophilia, etc.) that contribute to health, well-being and employee productivity.

1.7.4.2. Kaufman & Broad customer support for housing units

Personalized follow-up with each customer

Marketing

Aware that the financial, tax and regulatory aspects of a real estate acquisition can seem complex for individuals, the group has set up a Consumer Information Service. The service, which can be accessed online or by phone, provides free of charge, no-commitment information on subjects including credit, taxation, wealth management advice, interior design, and rental management.

Kaufman & Broad diversifies and adapts its sales channels to suit customers' needs.

Depending on the circumstances, the group sets up traditional sales offices in dense catchment areas and on visible central sites, or pop-up sales offices, which are temporary, tailor-made and event-based offices for marketing launches or events.

In addition, the *BoutiK* concept allows the group to have a permanent point of sale for a given geographical area, which is centrally located and close to transport links. These *BoutiKs* are open six days a week and present Kaufman & Broad's entire offer, sometimes also serving as showrooms.

The group's sales representatives can also go to the customer's home or any other location that is convenient for customers based on their schedules and availability.

Aware that on-plan sales make it difficult to project and visualize possible customization features or elements of personalization, the group has systematized the use of digital tools for all its launches (illustrations, 3D plan, virtual tour, orbital model).

Customer service and after-sales services

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 covers everything from notary signature to after-sales services. All of the group's customer-facing employees can request training in Customer Relationship Management.

Following signature of the deed of sale, each customer has access to a dedicated and personalized customer space. This secure interface, accessible 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 home and neighborhood (virtual tour and local services) as well as useful documents (owner's guide, sales booklet, etc.).

As part of the Customer Privilege Program, Kaufman & Broad has formed partnerships with companies to offer its customers a range of services when they change their place of residence, such as assistance with moving in, maintenance and personal services, to help its customers get settled in their new neighborhood.

In order to get closer to customers and build a real relationship of trust with them, some agencies organize the delivery of a building or an entire program in one day, with all their teams taking part. This was

the case for the "Effervescence" program in Marseille and the "Aroma Park" program in Grasse.

During deliveries, many companies are on site to immediately perform any rework and alterations requested by customers.

In 2019, a training course on "Acceptance, delivery and buyers' guarantees" was offered to employees.

Improving customer satisfaction

Customer dissatisfaction was identified as one of the risks that can affect the group's reputation and results.

The customer satisfaction survey has been reworked to fine-tune satisfaction measurement by interviewing all homebuyers at different stages in their customer journey: after the notary's signature, after the inspection of partitions, upon delivery and one year after delivery. The results of these surveys are used to identify the main levers of satisfaction and dissatisfaction, in order to analyze them and to change internal processes to improve customer satisfaction and guide the performance of the various departments.

Following the initial surveys, working groups were formed to rewrite the customer journey with a constant emphasis on the customer experience and on offering the same level of quality in all agencies. This work resulted in the creation of a transparent, easy-to-read customer journey, which is now communicated to all new home buyers. These surveys also revealed that inspections of partitions and deliveries are key moments in achieving customer satisfaction, pointing to audit efforts and recommendations to improve the support given to customers at these particular moments. The teams concerned were briefed and this work led to the development of online training materials that are available to all employees.

To ensure that the improvement projects undertaken align with the group strategy, the variable compensation objectives for Management Committee members now include a component linked to the results of this customer satisfaction survey.

Innovation in businesses, products and usage: an innovation strategy that serves the customer

The Innovation Department works with the Management Committee to define innovation strategies. The Innovation Department fosters a culture of innovation by coordinating a network of internal employees made up of various business line managers responsible for sharing and disseminating know-how between the agencies. The department oversees this internal system of collective innovation to coordinate, crystallize, share and disseminate experiences and internal and external best practices. The strategic focuses include:

- Transformation of the group's Businesses and Processes: in particular the integration of digital technology to improve and increase process productivity and the fluidity and quality of the customer experience. For example, the group is experimenting with solutions for the dematerialization of works contracts and electronic signing;
- Energy: in particular the issues surrounding renewable energy producing buildings, energy systems on the scale of urban projects, self-consumption and the control of usage loads;

- **Mobility:** mobility services that are complementary and/or alternatives to the use of the private car; intelligent parking; shared, abundant and evolving services, facilitating the use of soft mobility.

In the areas of Energy and Mobility, Kaufman & Broad is notably working with a carmaker to develop and test partnerships to provide mobility solutions (shared mobility, electric vehicles and energy services). By way of illustration, this collaboration has materialized in the Villepreux Green Lodge program, developing a multi-occupancy building and wooden houses that produce energy and provide buyers with an attractive electric mobility offer;

- the Circular Economy, including the use of biosourced materials in a number of operations, water and biodiversity management in projects and the reduction of programs' carbon footprint.

One of the group's focus areas around the challenges of the Circular Economy concerns wood design and construction, a sustainable, ecological, healthy and low-carbon biosourced building material. A collaboration has been established with a builder specializing in wood technology, which designs, manufactures and markets industrial biosourced building panels. In Bordeaux, this partnership led to the construction of the Silva tower, a 17-floor building with a giant timber-frame primary structure that is more than 80% wood; and in Nancy, the Sequoia'h tower, with 6,200 sq.m of housing, office and retail space in the Nancy Grand Cœur eco-neighborhood;

- New Urban Uses and Services, including connected housing and building management.

In this respect, after a nine-month experimentation phase, Kaufman & Broad announced the commissioning of the trading platform proposed by the start-up ChouetteCopro for all future residential real estate programs delivered in Île-de-France. ChouetteCopro is a platform to report and track incidents in communal areas. It facilitates exchanges between the occupants, managing agent, co-ownership Management Committee and companies acting within the same condominium. The experiment is continuing at Kaufman & Broad's regional agencies.

Internally, the innovation strategy is based on an Innovation Booster Network made up of the various business line managers in each group Agency. This network encourages the sharing of know-how and innovative best practices between the Agencies and organizes the implementation and follow-up of experiments with new solutions or services.

Innovation also involves partnerships with start-up incubators or accelerators or trade associations, such as Paris&Co, Catalyseur de l'Innovation Paris-Ouest La Défense, Franche PropTech or Immowell-Lab, dedicated to promoting well-being through real estate. Kaufman & Broad therefore takes part in start-up selection committees. When some of these start-ups are working on challenges identified by the group, the Innovation Department may choose to conduct experiments with them on a few real estate projects in order to test their solutions and analyze feedback from buyers and users. If these experiments prove conclusive, the group can integrate the solution into its service offer and apply it broadly in its programs.

1.7.4.3. Kaufman & Broad SA and the regions in which it operates

1.7.4.3.1. Contributing to economic and social development in its trade areas

Already present in the most dynamic cities in its sector, the group has strengthened its regional network by establishing itself in medium-sized cities through the acquisition of the companies Serge Mas Promotion, Safaur and Seri Ouest.

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.

Wherever possible, the group makes use of local businesses and seeks to showcase local know-how.

Kaufman & Broad has its regional office in the church of Notre-Dame-des-Grâces (deconsecrated in 2011), in the center of Toulouse. The facade of this symbolic Florentine-style building is protected by the Municipal Heritage Department. The three typical terracotta capitals on the facade were commissioned from the Not pottery, one of the last artisan businesses in the region to produce ceramics.

By means of back-to-work clauses, certain units are partially built by people with little access to work or who are experiencing difficulties in returning to work. For example, back-to-work clauses were included in the contracts for the Modern'Art program in Juvisy and for the ORA project in the 17th arrondissement in Paris.

1.7.4.3.2. Sustainable involvement with communities

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. An entire neighborhood was built and developed in close collaboration with the municipality, with more than 900 parking spaces, the construction of 30,000 sq.m of roads, cycle paths and communal areas, and 600 sq.m of business 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 momentum.

The group also contributes to the financing of public facilities by means of urban planning taxes and through Urban Partnership Projects. Kaufman & Broad is 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 given back to the city (as with the "Helgoaldea" operation in Hendaye), a fun and fitness structure was created then GIVEN 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.

Contribution to urban renewal and redevelopment of brownfield sites

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 SITE, enclosed between the Vilaine river and the 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 district, a number of metropolitan functions (commercial, research, training) and the "technopolitan" Beaulieu Atalante site. The ZAC project allows the construction of a high-density housing zone, combining multi-occupancy housing, Commercial 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 retail space.

Kaufman & Broad also performs rehabilitation projects, in particular to change the uses of a building. For example, housing was created in a former postal sorting site for the Green Village operation in Montpellier, by keeping the intermediate floors and the roof slab.

Adopting an urban logistics vision

Kaufman & Broad endeavors to find solutions to the last-mile problem. The optimization and pooling of logistics flows are a response to the problems of traffic congestion and parking in downtown areas, making it possible to envisage the city of the future in a more eco-friendly manner and on a neighborhood scale, by incorporating the connection of services to buildings right from the design stage.

Engagement through sponsorship

In 2019, Kaufman & Broad continued its commitment to the *Pavillon de l'Arsenal* and the Palladio Foundation, where the group sits on the jury panel and the Pôle Avenir Palladio. The Palladio Institute aims to provoke thought and discussion among all players and stakeholders in the city of the future, and, among other things, provides scholarships for university students and doctoral candidates.

The co-option policy established by the Human Resources Department allows employees to make donations to charities of their choice in the field of professional integration, disability or health, when the co-opted candidate joins the group.

Kaufman & Broad has also made a charitable commitment alongside the *Espérance Banlieues* foundation. *Espérance Banlieues* schools provide additional teaching in districts where the education system is in crisis. They are non-denominational schools with a very engaging educational approach that involves both parents and children. Kaufman & Broad's commitment to this cause is linked to its historical presence in the suburbs where the group establishes its projects and contributes, alongside local authorities, to the diversity and development of the urban model. For the group, the role of education is to train citizens and boost social mobility, so that everybody has the same opportunities in life, with a duty to combat the human, financial and social cost of dropping out of school. In both housing and education, it is all about committing to a long-term project, with a sense of responsibility, and giving confidence in the future to these children – the people for whom the group will be building tomorrow. As part of this commitment, Kaufman & Broad supports a class throughout their schooling, teaching them about the group's businesses and inviting them on site visits.

In fiscal year 2019, the Kaufman & Broad group made sponsorship donations amounting to €764,550.

1.7.4.3.3. Limiting pollution and establishing dialogue around projects

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 help to defuse possible tensions by answering 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 led to the program being 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 with resistance from local residents. Kaufman & Broad therefore changed part of its program to single-floor houses and moved the outer boundaries. The group also presented and discussed the choice of vegetation for the separating boundaries at meetings with local residents.

To involve citizens in the program, the group also seeks assistance from associations, which organize resident participation while taking into account the history of the place and the greater urban context.

These initiatives make it possible to defuse upstream any tension that may arise from a real estate program by emphasizing dialogue from the design phase.

As described in Section 1.1.8.4., despite the actions mentioned above, third parties (associations, local residents) may challenge the construction and demolition permits on the basis 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, as provided for in the contract of sale of the land;
- defend the case before the competent administrative court (this solution is rarely chosen, however, because of the long delays caused by the work load of these courts);
- try to reach an amicable settlement with the applicant, pursuant to which the latter agrees to withdraw all objections.

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 mission 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 subsequently.

In 2019, a training course on neighborhood management and preventive proceedings was offered to employees.

In addition to this legal framework, the group takes additional measures to ensure that works run smoothly. During the course of construction at some sites, local residents have the telephone number of a member of the group at their disposal to report any nuisance. In addition, for some programs, a cleaning company is hired to clean the area around the program on a weekly basis.

Low-pollution construction

The impact and nuisance of the construction site for local residents and for employees working on the construction site are of several kinds: demolition and construction waste (residues of cement, plaster, concrete, packaging, etc.), waste water, transport, noise, dust and sludge, the visual aspect of the site, health risks and hardship for the workers.

To reduce these nuisances, Kaufman & Broad requires that they be taken into account through contractual clauses (requests from local authorities or certification standards) or through proactive initiatives taken by the group.

The group has drawn up a Low-Pollution Construction Charter as part of the implementation of the NF Habitat certification, which is systematically applied for NF Habitat HQE-certified programs.

In 2019, a training course on "Clean, low-pollution construction sites" was offered to the Technical Managers and group foremen.

To ensure compliance with environmental requirements, the group is assisted by an EAPO (Environmental Assistant to the Project Owner). The EAPO attends the first site meeting to raise awareness of low-pollution construction among the main lots and draws up a site report at the end of the program.

Under this charter, Kaufman & Broad:

- complies with the regulations in force concerning noise pollution, while adapting to the specific requirements of municipalities when they set specific construction site schedules. For example, the site for the "Nouvel R" program, in Limeil-Brévannes, took into account the nearby school and adjusted the site's working hours according to 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 nature 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 on site;
- 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;
- takes special measures, in cases of sensitive environments such as proximity to a school, by specifically restricting access to the construction site; and
- provides local residents with a mailbox for complaints and comments.

1.7.4.4. Business ethics and relationships with subcontractors

1.7.4.4.1. Compliance and ethics at Kaufman & Broad

As indicated in Section 1.3.1.4.1. "Ethics Charter and Internal Rules", the group has a Legal Department that is in charge of regulatory and legislative matters, whether corporate or operational. At the operational level, this includes, among other things, support and advisory services, both to support services and operational services, in structuring real estate programs, in particular for the preparation of contracts and transactions. At the corporate level, it takes on all aspects of legal monitoring for all group entities, as well as internal oversight of compliance with new standards and regulations and their interpretation with the support of external consulting firms specializing in legal matters.

Fight against corruption and influence peddling

As part of the obligations arising from the entry into force of the Law on Transparency, Fighting Corruption and the Modernization of Economic Life (known as Sapin 2), the group completed a mapping of its corruption risks, using the same approach as that which was used for the group's major risk mapping exercise.

This mapping is based on an analysis of potential corruption scenarios based on the group's business sector, after taking into account its organization and existing procedures in order to measure the exposure of its processes to the risk of corruption. The scenarios analyzed – in light of the group's business sector – include surveying and purchasing land, obtaining administrative authorizations and selecting companies. Existing policies and procedures, as well as measures to strengthen them, are identified and monitored by the Internal Audit Department, in consultation with the Audit Committee. The internal control system is described in Section 1.3.1.

The controls applied to financial transactions are described in Section 1.3.2.2.9. "Management of risks relating to potential fraud, scams and corruption" excerpted here. Most financial transactions carried out by the group in the course of its operations are conducted either through civil-law notaries for land acquisitions, by signing notarized deeds of sale (before completion), or with financial institutions that allow financial flows based on calls for funds approved by our customers. Furthermore, the group exercises strict control over its methods of payments, which are all centralized at the group's head office.

The group also updated its Ethics Charter and created related procedures, including the whistle-blowing procedure and the disciplinary sanctions procedure, applicable to all group employees as of January 1, 2018.

The Ethics Charter consolidates and formalizes the principles to be applied by the group's employees in the following areas: respect for fundamental rights, responsibilities incumbent on employees, business conduct and relations with shareholders, suppliers, customers and elected officials, all in accordance with the Corporate Social Responsibility initiative implemented by the group. The Ethics Charter also references the existing agreements, procedures and memoranda in these different areas.

The Ethics Charter is given to new hires and can be viewed by employees on the Company's intranet.

Furthermore, since 2019, the Charter's key concepts have been the subject of mandatory training for all group employees.

In 2019, the group also joined an industry initiative to define a standard for collecting the information needed to pre-qualify third parties, including work suppliers, for compliance.

In early 2020, this approach led to the implementation of a collaborative portal enabling third parties to answer a single questionnaire intended for all portal partners who might consider referring to it. This questionnaire has also been enriched with other CSR criteria, in order to complete the assessment of their performance during the tender phase in a responsible purchasing approach.

This solution will be deployed within the group in 2020.

Tax evasion

The business activities of Kaufman & Broad are based in France. Kaufman & Broad SA, the group's holding company, holds only French companies, either directly or through intermediary companies, all of which are located and registered in France for the 2019 fiscal year.

Kaufman & Broad SA undergoes regular tax audits by the French National and International Audit Department (*Direction des vérifications nationales et internationales*). This most recent tax audit of the holding company, completed in 2017, resulted in zero adjustments.

When the group's CSR risks were analyzed, tax evasion was not identified as a risk.

Data protection

For the purposes of its business, the group collects and uses data supplied by its potential and existing customers, applicants and contractual partners.

In compliance with European Regulation no. 2016/679 on personal data protection (GDPR), the group created a registry of the various data processing operations it performs in the course of its activities.

Within the framework established by the GDPR, there are specific processes for personal data to enable potential and existing customers and applicants to exercise their rights of access, rectification, limitation, portability, erasure and opposition.

A Steering Committee monitors issues related to personal data as well as the procedures in place.

The group's information system is protected by restrictions on access, protection rules and security systems, which are regularly tested and reinforced.

Regular information and awareness-raising campaigns are also carried out to educate employees about IT security.

For more on this topic, see also Sections 1.2.2.10. "Risks relating to IT systems" and 1.2.5.5. "Risks relating to the protection of personal data" in this Universal Registration Document.

1.7.4.4.2. Purchasing and outsourcing

Selecting companies 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 has set up a paperless process for handling calls for tenders, via an electronic platform that enables tender documents to be filed online. The use of the platform is to be extended to all our agencies as it greatly reduces the volume of paper files and provides greater responsiveness through online file monitoring and reminders.

Kaufman & Broad checks, to the extent that information is available, the financial position of its contractors and their financing capacity to perform their obligations (based on their size and that of the program), for instance by using the services of business information providers. The use of financial ratings is intended to ensure the soundness and reliability of the companies with which the group enters into contracts.

Kaufman & Broad also verifies that these companies 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.

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 (see Section 1.1.11. "Builders and suppliers").

The group has joined an industry initiative to define and collect a number of CSR criteria from companies and suppliers in order to complete the assessment of their performance during the tender phase, see Section 1.7.4.4.1. "Compliance and Ethics at Kaufman & Broad".

Responsibilities of the Project Owner

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 up to date and in good administrative standing on the basis of their insurance certificates, Social Security contributions and registration in the Trade and Companies Register.

In some cases, however, Kaufman & Broad acts both as Project Owner and "in-house" Project Manager for design and/or execution. 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.

Risks relating to the outsourcing chain

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 or suppliers (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. They could also have a negative impact on the proper discharge of the guarantees (see Section 1.3.3. "Insurance" and Section 1.2.2.2. "Risks relating to supplier relationships").

In 2019, training on outsourcing and business failures, including administrative dossiers, approvals, reorganization and receivership proceedings, was offered to the technical and legal departments by the Human Resources Department.

Prevention of undeclared work

When a works contract is concluded, the promoter, as principal with regard to the companies, is obliged, by virtue of Article D. 8222-5 to 7 of the Labor Code, to be provided by its co-contractors with a list of documents, in particular: a certificate of provision of social declarations and payment of Social Security contributions and levies provided for in Article L. 243-15 issued by the social protection body responsible for collecting contributions and contributions that are less than six months old, the authenticity of which it verifies with the Social Security contribution collection body, an extract of the registration in the Trade and Companies Register (K or K bis) is required when the contracting party's registration in the Trade and Companies Register or in the trade register is compulsory or when it is a regulated profession, and this every six months until the end of the performance of the contract.

The group could also suffer adverse consequences, particularly in terms of image, if its suppliers and subcontractors breach or violate an obligation.

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.

Moreover, the group systematically entrusts a service provider – usually the Health and Safety (H&S) Coordinator – with a presence control

mission to verify that the workers on the construction sites correspond to the personnel declared by the companies.

Construction site safety

As a non-builder developer, Kaufman & Broad assigns construction work to third-party contractors from a variety of trades.

In compliance with the Law of December 31, 1993, the Project Owner appoints, at the design phase, a Health and Safety (H&S) Coordinator, who defines prevention plans at its construction sites in order to identify risks and inform the various parties at the construction site of the potential risks. Within this framework, companies must also draft their Specific Health and Safety Protection Plan (PPSPS).

The group restricts access to its construction sites to authorized companies (see Section 1.3.2.5.1. "Risks relating to regulations applicable directly to the group").

The group's employees must systematically wear personal protective equipment when they are at a worksite. New and replacement orders for this equipment were centralized in 2018.

The presence of any employee, visitor, customer or partner at a construction site is subject to prior authorization and contingent on the use of personal protective equipment.

The risk of serious bodily injury on a worksite cannot be eliminated completely, in spite of adherence to regulations in effect and adherence to group procedures. If such a risk were to materialize, the technical departments and regional agencies concerned would be systematically notified so that they could follow up on the incident in conjunction with the companies concerned. Depending on the seriousness of the situation, the Legal Department and General Management would also be notified and involved in monitoring the incident.

Any accident causing serious bodily injury at a construction site – even if the group is not liable – could have an impact on the group's reputation.

Quality of execution

As set forth in Section 1.1.4.2. "Products", the reputation of Kaufman & Broad is built mainly 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.

Dependency on suppliers

In order to more carefully assess its potential exposure to default by its suppliers, Kaufman & Broad put in place, as of November 1, 2013, 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 2019, the top 10 suppliers accounted for 21.6% of flows invoiced by suppliers, and the leading supplier accounted for 5% of these flows.

1.7.4.4.3. Responsible purchasing

For several years, Kaufman & Broad has been engaged in a process of centralizing its purchasing and standardizing its procedures for the selection of suppliers, at group level. Centralized purchasing makes it possible to develop long-term relationships with suppliers who sign 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 the group to work with counterparties at a national level that are committed to environmental problems because they have greater exposure due to their size.

The referencing of suppliers 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.

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 parquet flooring, which is one of customers' concerns 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 therefore fully traceable, guaranteeing the confidence and safety of customers. Kaufman & Broad has almost completely eliminated exotic wood from its offer, preferring French and European wood, such as oak, which is available in a wide range of shades.

Whenever possible, the group uses service providers and suppliers who are committed to a responsible approach. For company telephony, Kaufman & Broad uses a service provider that compensates for environmental damage and offers eco-recycled fixed-line telephones.

Methods used in Kaufman & Broad's non-financial reporting for the 2019 fiscal year

Indicators used

Kaufman & Broad's non-financial reporting is based on:

- Article 116 of the NRE (New Economic Regulations) Law of 2001;
- Article L. 225-102-1 of the French Commercial Code, revised after the transposition of Directive 2014/95/EU as regards disclosure of non-financial information and set forth in Decree no. 2017-1265;

- Law No. 2016-1088 of August 8, 2016 on work, the modernization of social dialogue and professional career security;
- Decree No. 2016-1138 of August 19, 2016, relating to environmental information reported by companies.

Scope of non-financial reporting

Scope of group consolidation

The Consolidated Financial Statements of the Kaufman & Broad group at November 30, 2019 include the financial statements of 352 companies, 301 of which are fully consolidated companies and 51 are recognized using the equity accounting method.

At November 30, 2019, there is no non-consolidated company that could have a material impact on the group's Consolidated Financial Statements.

Scope of non-financial reporting

The non-financial data used in the reports are those of 301 fully consolidated companies, including real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs) which include a limited number of property development programs over which the group has direct control (environmental certifications, labels, energy consumption, etc.).

Serge Mas Promotion, Safaur and Seri Ouest, acquired in 2015 and 2016 respectively, are included in the scope.

The 51 jointly controlled companies and those over which the group exercises significant influence, accounted for using the equity

accounting method and excluded from this scope, are: 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 corporate data cover the scope described above, i.e. the Economic Interest Grouping (GIE), Seri Ouest and Serge Mas Promotion. They are gathered on a calendar year basis – from January 1 to December 31 – in order to ensure consistency with the Human Resources report.

Similarly, the environmental and societal data cover the scope described above, i.e. the GIE, Seri Ouest and Serge Mas Promotion, and, beyond this administrative scope, some indicators cover programs (e.g. construction sites and products delivered). Unless otherwise indicated, all of these indicators follow the accounting 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 limited. Nonetheless, beyond the consumption of its agencies, Kaufman & Broad has an interest in its impact in this matter.

Specific features and changes in scope

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

The creation of a new business line involving commercial partnerships led to the founding of the Kaufman & Broad Partenaires entity, which is covered in the social reporting.

Exclusions

Preventing food waste and food insecurity; animal welfare; responsible, fair and sustainable food are not non-material issues in light of the group's business activities and, as such, are excluded.

Methods

The indicators with specific features are presented in detail below.

Social challenges

- Social reporting is based on the registered number of employees.
- The registered number of employees does not include trainees, those under apprenticeship contracts, professional development contracts or temporary employees.
- The new hire and termination figures include the corporate officer.
- The turnover rate for employees on permanent contracts is calculated using the following formula: (number of permanent contract entries + number of permanent contract departures)/2/workforce on permanent contracts at the start of the period.

Promotion and transfer rate

The promotion/transfer rate is calculated according to the following formula (number of promotions or transfers during the year)/number of employees at end of period N-1 (= number of employees at start of period N).

The promotion and transfer (internal mobility) rate concerns all changes in the professional position of the employee, whether it is a change relating to the geographical scope (transfer from one agency to another), the functional scope or the scope of responsibility. All of these changes have to be supported by a supplementary agreement.

If a promotion also gives rise to a transfer, only one change is recorded.

In the event of a transfer followed by a subsequent promotion, two changes are recorded.

Temporary transfers are recorded even though they do not have a permanent effect on the professional position of the employee.

Rules for taking contract transformations into account

- Several consecutive fixed-term contracts or a transformation from a fixed-term contract to a permanent contract does not give rise to any departure or hire.
- Several consecutive fixed-term contracts or a transformation from a fixed-term contract to a permanent contract with an interruption to the contract of at least one day gives rise to a departure and a hire.
- Professional development contracts are handled in the same way as fixed-term contracts.

Training

Methodological changes were made to the training indicators for fiscal year 2018 in order to include only employees on permanent contracts and to add sessions linked to on-boarding, which play a role in skills development. The methods for calculating training expenses were also modified for the 2018 fiscal year. For fiscal year 2019, these indicators have been calculated in accordance with the calculation methods reviewed in 2018, without any new methodological impacts.

Total hours of training

This figure includes hours billed to the group, as well as hours taught by in-house trainers, whether the sessions covered a specific area of business expertise, the deployment of a new tool or on-boarding days.

Hours worked by apprentices are not included because apprentices are not included in the headcount.

The Personal Training Account is included if the training is completed during working time, but not individual training leave.

Training hours are booked in the calendar year during which they occurred.

Total hours of online training

This figure includes hours associated with connecting to and viewing the trainings offered on the KB Learning tool.

Share of payroll costs devoted to training

The training budget includes all expenses linked to ongoing education and on-boarding. It incorporates tuition, internal training costs and travel, meal and lodging expenses, as well as ancillary expenses; it excludes salary paid during training, which is included in payroll.

Number of employees who received training

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.

Absenteeism by reason for the calendar year

The absenteeism rate reported is the real rate over the calendar year, from January to December, for permanent and fixed-term contracts.

Rates for 2018 have been restated to align them with the scope of consolidation in 2019 (permanent and fixed-term contracts).

The number of absences from work and commuting accidents only concerns employees on permanent contracts; it should be noted that in 2019 the group recorded 200 days of absence from work due to a commuting accident incurred by an employee on an apprenticeship contract.

Parental leave is not included under absenteeism.

The calculation methods are detailed below.

Absences are recorded in calendar days and a conversion is made into seven-hour working days. Half days of absence are counted as 3.5 hours. As salespeople do not work only on working days, their specific case has been adjusted.

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

Proportion of women in management

This indicator specifies the number of women classified as "Managers" in relation to the number of employees classified as "Managers".

Gender Equality Index

The index was carried out in accordance with the provisions of the French Law for the Freedom to Choose One's Professional Future, promulgated on September 5, 2018.

Environmental risks

Greenhouse gas emissions 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 most accurate and representative result.

Business trips by employees in either personal or company cars, by train and by plane billed in 2019 were all taken into account. This assessment was based on data reported by Kaufman & Broad on mileage allowances, monitored internally, and train and plane trips booked via an external provider, as well as data on our company car fleet provided by the 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).

The emission factors used are those given in the Base Carbone carbon emissions database of the French Agency for the Environment and Energy Management (ADEME). These emission factors were updated in 2019.

Estimating the carbon emissions of delivered products

The data are calculated according to surface area delivered and the emission factors in the Base Carbone carbon emissions database, which is based on sectoral benchmarks (HQE, CSTB, ADEME).

Summary of the group's carbon emissions within its administrative scope and activities

The data are taken from the Bilan Carbone® on business travel for 2019, estimates based on the emission factors in the Base Carbone by product type for the construction phase of products delivered in 2019, and the calculation of the emissions produced by the electricity consumption of the agencies in 2019, based on the emission factor "average mix for consumption" in the Base Carbone.

Water and electricity consumption of agencies

The data are taken from the water and electricity bills paid by the group or from readings or bills sent by the managers.

The data reported cover agencies that were open for the entire fiscal year in 2019 and do not include the *Boutiks* and local offices.

In cases where the data were incomplete, they were estimated based on the consumption of other agencies and weighted relative to the workforce of the agency in question.

Water and electricity consumption of the construction sites

The group aims to monitor these data, but has little control over them as it is only indirectly responsible for them. The data sources are the invoices or the monitoring files communicated by the structural works, the general contractor or the EAPO.

The group publishes data corresponding to bills paid on a pro rata basis throughout the duration of the project, for projects which had achieved 100% technical progress and were delivered in 2019.

The indicator is reported for 51.8% of the projects, excluding JVTs, which had achieved 100% technical progress during 2019 and for which Kaufman & Broad handled technical monitoring; it excludes situations in which supplier default made it impossible to retrieve the data.

Societal challenges

The group's dependence on suppliers

Civil-law notaries are not considered suppliers, and administrative costs are also excluded (such as: the Registry of the Commercial Court, or the Treasury).

Take-up period

The inventory take-up period is the number of months it would take to sell available housing units if sales continued at the same pace as in previous months, i.e. the number of housing units outstanding (available supply) per quarter divided by the number of orders per quarter just ended, which are themselves divided by three.

Types of buyers

Breakdown of the number of units ordered (including joint ventures) by first-time buyers, second-time buyers, investors and block buyers, from December 1 to November 30.

"Block sales" occur when the group sells all or part (several housing units, a complete staircase, building, etc.) of its property program to the same buyer.

Social housing as a proportion of production

Social housing is built to accommodate people on low incomes. Rents, and the designation of tenants, are subject to rules set by the State because access to social housing is subject to certain income requirements.

The group declares the proportion of housing units for which access is subject to income requirements, which have a dedicated tax system, and which are managed by a body approved by the government.

Gathering and internal consolidation of data

A dedicated CSR entity defines the indicators included in a reporting memorandum available to contributors and collates the data, liaising with a network of contributors in the agencies.

Data audit and consolidation

Each department is responsible for the data it provides for CSR reporting and for their consolidation. The consolidation of quantitative indicators is centralized.

The data in the reporting memorandum may be amended in the next reporting year if a significant anomaly is found and subject to supporting documentation. As applicable, corrections are indicated in the next management report.

External data control

Kaufman & Broad is verified by Deloitte, under the obligation for control by an independent third party, which issues, in accordance with the Order of September 14, 2018, a reasoned opinion on the statement's compliance with the provisions of Article R. 225-105 and on the authenticity of the information conveyed.

BUSINESS AND FINANCIAL REVIEW OF THE KAUFMAN & BROAD GROUP

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2.1. Key Performance Indicators for the Kaufman & Broad group

The Kaufman & Broad group has operated as a property developer and builder in France since 1968. The group's activities are based on two main divisions: 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, accommodations for seniors (except nursing homes), and Commercial (business 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, the Atlantic and Mediterranean coastal regions, and the areas around Lille and the French Rhineland. These regions have offered the strongest economic and demographic growth and the best development prospects for a number of years;
- the second criterion concerns the group's customer base. Kaufman & Broad's customers are traditional homebuyers (first- and second-time buyers) and investors, be they individual investors ("Pinel", LMNP, LMP, etc.) or institutional investors.

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

2.1.1. Significant data

Macroeconomic data

Over 2019, the main characteristics of the macroeconomic situation in France were as follows:

- slower economic growth, with a 1.3% rise in national GDP in 2019 as compared with 1.6% in 2018 and 2.3% in 2017. The Banque de France expects this slowdown to continue in 2020 (1.1%) and 2021 (1.3%). The OECD is forecasting growth of 1.2% in both years;
- according to INSEE, the unemployment rate for France (excluding Mayotte) continued to fall, dropping definitively below the 9% barrier to reach 8.6%, the lowest level since the first quarter of 2009;
- in 2019, household consumer spending on goods increased 2%, in contrast to the drop observed in 2018 (-2.3%). Spending on groceries (excluding tobacco) declined by 0.8% in 2019. Spending on consumer durables rose 9.5% in 2019, a sharp increase which comfortably offset the fall in 2018 (-2.5%);
- consumer prices rose 1.5% relative to 2019 (1.6% in 2018), according to the provisional estimate made by INSEE at the end of January 2020. Inflation remains below the European Central Bank's target of 2%;
- interest rates have thus remained at a historically low level, continuing to favor household and business financing.

This economic environment continued to support the growth of the real estate markets in which Kaufman & Broad operates.

New housing market

- Over 2019 ⁽¹⁾, sales of new homes remained steady relative to 2018. A total of 129,547 sales had been made by the end of 2019, compared to 129,500 by the end of 2018.
- In terms of buyer types (source: FPI), the situation can be broken down as follows:
 - compared with 2018, block sales are those which contribute the least to sales growth, having fallen by 2.8% in 2018; they constitute 20.5% of total sales ⁽²⁾. Sales to individuals are also down, by 2.7%, and constitute 7% of sales ⁽²⁾. Assisted living residence sales are down by 18% over a year ⁽²⁾,
 - sales to private customers continued to be driven by both sales to investment customers (49%) and sales to owner-occupiers (51%);
- in terms of supply ⁽¹⁾:
 - the number of homes available for sale is substantially down (-9.4%) but remains above the 100,000 unit level, at 102,106 units at the end of 2019 compared with 112,639 at the end of 2018,
 - the number of homes put on the market was 110,235 in 2019, compared with 127,181 in 2018, a fall of 13.3%,
 - the take-up period dropped substantially from 12.0 months in December 2018 to 9.5 months at the end of December 2019;

(1) Based on reports published by France's Ministry of Ecology, Sustainable Development and Energy on February 13, 2020.

(2) Changes based on the total of new home sales estimated by the FPI (167,101 new homes in 2018 and 161,561 new homes in 2019). Annual summary of New Home figures (March 5, 2020).

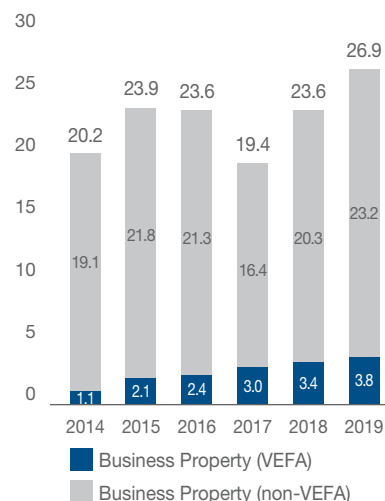
- in terms of new homes under construction ⁽¹⁾:
 - building permits were down (-2.3%) at the end of December 2019 year on year, to 449,400 units,
 - the number of new homes under construction had fallen to 410,300 units (-1.0%) year-on-year at the end of December 2019;
- in terms of financing ⁽²⁾:
 - after three years of increases (+4.2% in 2016, +3.9% in 2017, +2.9% in 2018), the cost of transactions carried out by households continued to rise steadily in 2019 (+3.6%). The average relative cost of transactions in 2019 was 4.5 years of income, compared with 4.1 years of income in 2018, the highest level ever recorded. At the same time, the incomes of households engaged in these transactions increased at a faster rate (+2.1% in 2019, compared with +1.2% in 2018),
 - thus, purchasing power remains constrained, and has even decreased, but historically low interest rates and longer loan terms continue to allow households to finance their purchases,
 - a) in terms of rates: these are down in 2019, 20-year lending rates falling from 1.41% at the end of 2018 to 1.05% at the end of 2019 ⁽³⁾,
 - b) in terms of maturity: in the fourth quarter of 2019, according to the Credit Observatory, the average duration of the loans granted was 232.3 months, i.e. 19.4 years, an increase of 6 months from 18.8 years in 2018.

Business property market

- In France in 2019, the market for new and existing business property rose from €34.9 billion in 2018 to €41.5 billion in 2019 (+18.9%). This sector encompasses offices, logistics warehouses, shops and hotels ⁽³⁾.
- The increases in the two markets in which Kaufman & Broad operates (Offices and Logistics) were +7.2%, to €25.3 billion, and around +79.1%, to €5.0 billion, respectively.
- Take-up for new office space, according to CBRE figures, is down slightly to 2.3 million sq.m in 2019 compared with 2.6 million sq.m in 2018, in line with the average for the last ten years.
- The VEFA market for offices is estimated by BNP Paribas Real Estate at €5.2 billion, including €3.8 billion in Île-de-France.
- Île-de-France represents 86.6% of transaction volumes, and more than 64% of these transactions represent amounts greater than €100 million.
- Although the available supply of offices in Île-de-France remains significant, representing 2.6 million sq.m at the end of December 2019, it is 8% lower than at the end of 2018 (3.0 million sq.m) and mainly concerns obsolete buildings, while demand is concentrated on new buildings.

BUSINESS PROPERTY IN ÎLE-DE-FRANCE

(in € billions)



Source: BNP Paribas Real Estate.

Publication: At a Glance Investment in France – 2019 Q4.

Kaufman & Broad

Earnings for 2019 are in keeping with the medium-term growth momentum that has been underway for six years now. After five consecutive years of increases in all indicators, 2019 was marked by a slight slowdown in sales activity, although the group maintained its property development activities:

- housing property portfolio: 33,090 units; +9.9% (in units);
- housing orders: €1,709.0 million incl. VAT; -8.7%;
- order types, in value terms:
 - investors: 35% in 2019 vs. 31% in 2018,
 - homebuyers: 17% (13% first-time buyers and 4% second-time buyers) in 2019 compared to 19% in 2018 (13% first-time buyers and 6% second-time buyers);
 - blocks: 48%, down 14% relative to 2018;
- take-up period: 5.8 months (vs 5.0 months in 2018);
- total backlog (including Commercial): €2,545.0 million excl. VAT; +16.8%;
- total revenue: €1,472.2 million excl. VAT; -5.5%.

Significant events of the period

Refinancing of Kaufman & Broad SA's bank debt

On February 1, 2019, Kaufman & Broad SA announced the signing of a syndicated loan agreement for €250 million with an initial maturity of five years. This loan replaces existing senior credit facilities and RCFs of €50 million and €100 million respectively. This corporate credit

(1) Based on reports published by France's Ministry of Ecology, Sustainable Development and Energy on February 13, 2020.

(2) Observatoire du Crédit and Guide du Crédit.

(3) BNP Paribas Real Estate.

line enables the Company to extend its debt maturity and lower its cost of debt, while also giving it more leeway to use these resources in accordance with any needs and opportunities that may arise, over and above its available cash. In a first for the property development industry, this credit line includes a positive incentive mechanism tied to various CSR indicators, reflecting the Company's commitment to the environment. It was taken out with a syndicate of leading French and European banks (Arkea Banque Entreprises et Institutionnels, Banque Espirito Santo et de La Venetie (BESV), Banco Sabadell, Banque Européenne du Crédit Mutuel (BECM), La Banque Postale, BNP Paribas, Crédit Agricole-CIB (CACIB), Société Centrale Pour Le Financement De L'immobilier (SOCFIM), Société Générale). BNP Paribas and Crédit Agricole-CIB acted as arrangers and also advised Kaufman & Broad on CSR matters as sustainability coordinators. Gide Loyrette Nouel provided legal advice to Kaufman & Broad and De Pardieu Brocas Maffei acted for the lenders.

Payment in shares of the dividend for the fiscal year ended November 30, 2018

Kaufman & Broad SA's General Meeting of Shareholders, held on May 2, 2019, offered shareholders the option to receive all or part of the dividend in stock for the year ended November 30, 2018. The issue price of these new shares was set at €32.23, representing 95% of the average price of Kaufman & Broad SA shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of said Shareholders' Meeting, less the net dividend of €2.50 per share, rounded up to the nearest euro cent. The option was open for acceptance from May 17 to June 6, 2019 inclusive. At the end of this period, the shareholders who chose payment of the dividend in stock accounted for 8.96% of Kaufman & Broad SA shares. Some 150,690 new shares were issued for the purpose of paying the stock dividend, representing 0.70% of the

share capital and 0.59% of the voting rights in Kaufman & Broad SA on the basis of the share capital and voting rights at May 31, 2019. Settlement/delivery of the shares and their admission to trading on the Euronext Paris regulated market took place on June 14, 2019. The total cash dividend to be paid to those shareholders who did not accept the stock dividend option, or who opted for partial payment in shares, amounted to €48.7 million and was paid on June 14, 2019.

"KB Actions 2019" employee share purchase offer

Kaufman & Broad SA announced the launch of its "KB Actions 2019" share purchase offer on May 13, 2019. The offer, which provides leverage and a capital guarantee on the amount invested, is reserved for group employees who are participants in the savings plan. On November 21, 2019, Kaufman & Broad SA increased its share capital as a result of subscriptions to KB Actions 2019. The offer was very successful, with 66.1% of eligible employees signing up. A total of 283,991 shares were thus subscribed via the "KB Actions 2019" compartment of the KB Actions FCPE, for a total amount of €7,832,471.78. The capital increase resulting from the offer brings the share of capital held by the group's employees through the various shareholding schemes to nearly 15% (including the shares held in the "KB Actions 2017" and "KB Actions 2019" compartments of the KB Actions FCPE and in the Kaufman & Broad Actionnariat FCPE offered under the employee savings plan, shares resulting from the free allocation of shares, and shares held by Artimus Participations). Through this operation, the group's employees have strengthened their position as the leading shareholder of Kaufman & Broad SA, thus demonstrating their commitment and their trust in the Company. The 283,991 new shares issued under the offer are common stock, fully comparable to the existing shares and with immediate dividend rights.

The group's key financial data

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 (in € thousands)	2019	2018
Revenue	1,472,154	1,558,229
<i>of which Housing</i>	1,334,000	1,293,750
Gross margin	283,859	300,002
<i>Margin rate</i>	19.3%	19.3%
Current operating income	128,761	137,185
<i>Adjusted EBIT^(a)</i>	139,189	148,922
Operating income	128,761	137,185
Income (loss) of the consolidated group	93,761	93,037
ATTRIBUTABLE NET INCOME	76,272	72,972
Net earnings per share ^(b)	€3.45	€3.34
TOTAL ORDERS (INCLUDING VAT)	2,177,094	2,231,009
<i>Total backlog (excluding VAT)</i>	2,545,050	2,179,437

(a) Adjusted EBIT is equal to current operating income adjusted for borrowing costs (Revised IAS 23), which are capitalized and deducted from the gross margin.

(b) Based on the number of shares making up the share capital at the end of the period in question, i.e. 21,864,074 at November 30, 2018 and 22,088,023 at November 30, 2019.

Fiscal year ended November 30 (in € thousands)	2019	2018
Assets		
Non-current assets	177,691	179,330
Current assets	1,390,266	1,229,726
TOTAL ASSETS	1,567,957	1,409,056
Equity and liabilities		
Shareholders' equity	294,034	261,755
Non-current liabilities	237,534	275,746
Current liabilities	1,036,389	871,555
TOTAL EQUITY AND LIABILITIES	1,567,957	1,409,056

Fiscal year ended November 30 (in € thousands)		
	2019	2018
Cash flow from operations before cost of financial debt and taxes	162,387	163,555
Tax paid	(84,009)	(7,330)
Change in Working Capital Requirement	9,066	(11,078)
CASH FLOW FROM OPERATING ACTIVITIES	87,444	145,147
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(7,276)	3,295
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(125,423)	(116,148)
Increase (decrease) in cash	(45,255)	32,294
Cash at start of period	253,358	221,065
Cash at end of period	208,102	253,358

Group consolidated revenue for fiscal year 2019 totaled €1,472.2 million, down 5.5% compared to €1,558.2 million in 2018.

Housing segment revenue was up 3.1% to €1,334.0 million from €1,293.8 million for fiscal year 2018. This increase is attributable to revenue from the Multi-occupancy housing segment rising by €11.6 million (0.9%) between 2018 and 2019, while revenue for the Single-family homes segment was up €28.7 million. The Housing segment accounted for 90.6% of total revenue in 2019 versus 83.0% in 2018.

Multi-occupancy housing revenue totaled €1,232.4 million in 2019, versus €1,220.8 million in 2018. Île-de-France accounted for 46.8% of this revenue and 92.4% of the Housing segment total, versus 94.4% in 2018.

Revenue from Single-family homes in communities totaled €101.6 million, versus €73.0 million in 2018, up 39.3%. Île-de-France accounted for 78.5% of revenue for this segment versus 53.7% in 2018.

The Commercial segment generated revenue of €130.4 million, versus €254.2 million in 2018.

The gross margin declined by 5.4% to €283.9 million, compared with €300.0 million in 2018. The gross margin rate was 19.3%, the same as in 2018. The Housing gross margin totaled €237.4 million, a broadly similar figure to the total of €238.3 million in 2018. The Housing gross margin is down 0.6 points to 17.8% in 2019 vs. 18.4% in 2018.

Current operating profit was down 6.1%, from €137.2 million in 2018 to €128.8 million in 2019. This decline is primarily due to a €16.1 million

fall in gross margin, which was partially offset by a €7.7 million drop in operating expenses (see Section 2.3.2. "Operating expenses").

The pre-tax income of consolidated companies went down by 4.1% from €128.5 million in 2018 to €123.3 million. This fall is mainly due to the €8.4 million drop in operating income. Financial expenses fell by €3.2 million (€5.5 million in 2019, versus €8.7 million in 2018).

Consolidated net income totaled €93.8 million, versus €93.0 million in 2018. Minority interests were down €2.6 million to €17.5 million, versus €20.1 million in 2018. Attributable net income was €76.3 million, up 4.5% compared to 2018.

At November 30, 2019, Kaufman & Broad's balance sheet total was €1,568.0 million, versus €1,409.1 million at November 30, 2018. Shareholders' equity was €294.0 million at the end of 2019, i.e., a €32.3 million increase from 2018. This is attributable mainly to a €32.1 million increase in reserves, a €3.3 million increase in net income, and the inclusion of -€6.3 million in net losses from minority interests.

At November 30, 2019, net financial debt was €56.0 million, down by €6.0 million from November 30, 2018. The items responsible for this decrease are described in Section 2.4.1. "Cash flow". Gearing (the ratio of net debt to shareholders' equity) was 19.0%, versus 19.1% at November 30, 2018.

The group's cash fell from €253.4 million at the 2018 fiscal year-end to €208.1 million at November 30, 2019. Kaufman & Broad's financing capacity thus totaled €458.1 million. A detailed analysis of this change is presented in Section 2.4.1. "Cash flow".

2.1.2. Business indicators

The group's key business indicators are (i) order volume, (ii) number of EHUs (Equivalent Housing Units) delivered and (iii) order backlog.

Orders (in volume and per month) reflect the group's sales activity and provide a measure of its performance. Orders are recognized in revenue when they are converted into a signed and notarized deed, which is the point at which income is generated (see Section 2.2.2. "Sources of net income").

Order volumes are expressed in units within the group. In addition, in the multi-occupancy housing programs, which include mixed-use buildings (apartments/business premises/retail space/offices) and managed accommodations (corporate, tourist, student and non-nursing senior accommodations), all floor space is converted into Equivalent Housing Units.

The *property supply* 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 (available supply) 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 dwellings, 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 dwellings: "Apartments", "Single-family homes in communities" and "subdivisions and building lots". Consequently, one dwelling (or lot) is equal to one housing 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 dwellings in the same program. The average area of the dwellings is calculated by comparing the total usable floor area of the dwellings to the number of dwellings in the program.

The number of Equivalent Housing Units is calculated from the ratio of the surface area by type (business premises, retail space, or offices) to the previously obtained average surface area of dwellings.

The EHUs directly reflect business activity. The number of EHUs is calculated on a per-program basis and is 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 land purchase and construction costs incurred to date by the group for the program and the program's total budgeted costs. Thus, one housing unit sold under a program for which 30% of total costs have been incurred would result in 0.3 EHUs.

Backlog includes, for sales before completion (VEFA), undelivered ordered units for which a notarized deed of sale has not yet been signed, and the incomplete portion, not yet recognized in revenue, of undelivered units for which a notarized deed of sale has been signed (for a program that is 30% complete, 30% is recognized in revenue and 70% remains in the backlog).

Backlog is a summary at any given point in time that makes it possible to estimate the revenue remaining 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 land for which a commitment (such as a contract for sale) has been signed.

The *land reserve* includes land for development (otherwise called the property portfolio), i.e., 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 opening inventory sold per month in a real estate program (sales/month divided by opening inventory); i.e., net monthly orders divided by the ratio of opening inventory to closing inventory divided by two.

2.1.3. Tracking of Indicators

The following table illustrates the group's performance in terms of orders, programs launched and average number of employees, for the last two fiscal years.

	Inventory on sale at end of period ^(a)	Net orders ^(b)	Housing units offered for sale ^(c)	Programs being marketed ^(d)	Headcount at November 30 ^(e)
Fiscal year 2019	3,990	8,222	8,431	191	868 (180 from the Marketing and Sales Departments, 213 from the Property Appraisal and Development Departments, 243 from the Technical Department and 232 administrative and central support employees)
Fiscal year 2018	3,781	9,122	9,103	203	902 (202 from the Marketing and Sales Departments, 232 from the Property Appraisal and Development Departments, 234 from the Technical Department and 234 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 by the year-end.

(c) Total net number of housing units put on sale when the marketing offer was launched, for programs whose marketing launch took place during the relevant accounting period.

(d) Number of programs that had entered the marketing phase at the end of the period.

The Single-family homes in communities and Multi-occupancy housing offered by Kaufman & Broad have the following general characteristics:

	Living space (excl. parking spaces)	Sales price range (including VAT) ^(a)	Average price ^(a)
Île-de-France			
Single-family homes in communities	71 to 150 sq.m	€238,080 to €802,000	€351,775
Multi-occupancy housing ^(b) ^(c)	21 to 124 sq.m	€2,653 to €12,268/sq.m	€4,908/sq.m
Regions			
Single-family homes in communities	61 to 152 sq.m	€162,800 to €376,200	€255,974
Multi-occupancy housing ^(b)	15 to 158 sq.m	€1,429 to €13,897/sq.m ^(d)	€4,226/sq.m

(a) Based on housing units ordered, sold and delivered in fiscal year 2019 (non-representative cases excluded).

(b) Including student rooms and managed products.

(c) Including the JAURES APOGEE – PUTEAUX program with one apartment at €13,897/sq.m.

(d) Including the VILLENEUVE – BAHIA – VILLENEUVE LOUBET program with one apartment at €12,268/sq.m.

Kaufman & Broad's Single-family homes in communities and Multi-occupancy housing 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 buyers and institutional and private investors. These products offer optimized floor areas that best meet the financial and fiscal profitability criteria of investors and the solvency criteria of first-time buyers. Multi-occupancy housing units have a minimum surface area of 15 sq.m (due to managed

accommodation such as student residences) and range up to 158 sq.m at an average price of €4,226/sq.m in the provinces and €4,908/sq.m in Île-de-France. The maximum price per sq.m can reach close to €12,268 for developments in Paris where real estate prices remain high. For single-family homes, surface areas vary between 61 sq.m and 152 sq.m in the Regions. The average price of single-family homes is €255,974 in the Regions and €351,775 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 the Commercial segment, in volume and in value, for all four quarters of fiscal years 2018 and 2019.

Housing	Number of net orders ^(a)	Orders in value (in € thousands, including VAT)	Deliveries (in EHUs) ^(b)	Backlog (in EHUs)	Backlog, by value (in € thousands excl. VAT)	Backlog, by months of business activity ^(c)
Single-family homes in communities						
Fiscal year ended November 30, 2019						
First quarter	96	31,828	65	574	128,619	20.0
Second quarter	75	21,765	97	552	121,948	17.8
Third quarter	101	26,895	101	552	119,541	13.4
Fourth quarter	94	28,932	129	517	109,762	13.0
TOTAL	366	109,420	392	-	-	-
Fiscal year ended November 30, 2018						
First quarter	50	16,824	62	331	77,485	17.5
Second quarter	131	36,394	94	368	87,963	17.1
Third quarter	96	27,489	61	403	95,291	17.0
Fourth quarter	232	55,140	94	543	121,076	19.9
TOTAL	509	135,847	311	-	-	-

(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 in a given program for which a notarized deed of sale has been signed, multiplied by (ii) the ratio between the land purchase and construction costs incurred to date by the group for the program and the program's total budgeted cost. Thus, one housing unit sold under a program for which 30% of the budgeted costs have been incurred represents 0.3 EHUs.

(c) The backlog (or order book) in months of activity is the product of (i) the ratio between the value of the backlog at the end of month "m" and the sum of the revenue (excl. VAT) for the previous 12 months from m-1 to m-12, multiplied by (ii) 12 (i.e. the previous 12 months of business).

Housing	Number of net orders ^(a)	Orders in value (in € thousands, including VAT)	Deliveries (in EHUs) ^(b)	Backlog (in EHUs)	Backlog, by value (in € thousands excl. VAT)	Backlog, by months of business activity ^(c)
Multi-occupancy housing						
Fiscal year ended November 30, 2019						
First quarter	1,675	325,530	1,408	11,352	1,846,631	18.2
Second quarter	2,331	428,723	1,628	12,055	1,904,438	18.8
Third quarter	1,348	311,686	1,454	11,950	1,882,981	18.1
Fourth quarter	2,502	533,675	2,174	12,277	1,959,574	18.8
TOTAL	7,856	1,599,614	6,664	-	-	-
Fiscal year ended November 30, 2018						
First quarter	1,774	328,503	1,647	9,856	1,599,678	16.0
Second quarter	2,194	482,534	1,796	10,254	1,696,710	16.7
Third quarter	1,736	341,769	1,520	10,470	1,727,017	17.1
Fourth quarter	2,909	582,850	2,292	11,085	1,839,701	18.1
TOTAL	8,613	1,735,655	7,255	-	-	-

(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 in a given program for which a notarized deed of sale has been signed, multiplied by (ii) the ratio between the land purchase and construction costs incurred to date by the group for the program and the program's total budgeted cost. Thus, one housing unit sold under a program for which 30% of the budgeted costs have been incurred represents 0.3 EHUs.

(c) The backlog (or order book) in months of activity is the product of (i) the ratio between the value of the backlog at the end of month "m" and the sum of the revenue (excl. VAT) for the previous 12 months from m-1 to m-12, multiplied by (ii) 12 (i.e. the previous 12 months of business).

Commercial	Sq.m ordered	Orders in value (in € thousands, including VAT)	Backlog, by value (in € thousands, excl. VAT)
Fiscal year ended November 30, 2019			
First quarter	28,424	113,758	269,966
Second quarter	–	4,800	226,656
Third quarter	727	180	210,915
Fourth quarter	83,826	348,795	475,646
TOTAL	112,977	467,534	–
Fiscal year ended November 30, 2018			
First quarter	73,806	63,498	194,177
Second quarter	35,703	282,663	302,058
Third quarter	–	–	269,407
Fourth quarter	–	13,334	218,346
TOTAL	109,509	359,495	–

2.1.3.1.1. Orders

2.1.3.1.1.1. Housing

In fiscal year 2019, 8,222 net housing unit orders were recorded, versus 9,122 in 2018, a decline of 9.9%. In value, orders fell 8.7% to €1,709.0 million (including VAT), compared to €1,871.5 million (including

VAT) in 2018. The take-up rate for housing was 17.5% in 2019, compared with 19.8% in 2018. The Housing segment accounted for 78.5% of all group orders in value versus 83.9% in 2018.

The following table shows the number and percentage share of housing unit types ordered in Île-de-France and in the Regions in fiscal years 2019 and 2018 (December 1 to November 30).

	Number of single-family homes ordered				Number of multi-occupancy housing units ordered			
	2019	%	2018	%	2019	%	2018	%
Île-de-France	298	81%	315	62%	2,436	31%	3,404	40%
Regions	68	19%	194	38%	5,420	69%	5,209	60%
TOTAL	366	100%	509	100%	7,856	100%	8,613	100%

Multi-occupancy housing

In fiscal year 2019 as a whole, 7,856 Multi-occupancy housing units were ordered versus 8,613 in 2018, an 8.8% fall. Multi-occupancy housing orders totaled €1,599.6 million (including VAT), versus €1,735.7 million (including VAT) in 2018, a 7.8% fall (€136 million). This fall is the result of the decrease of 28.4% in terms of order numbers (€144.5 million, or 19.6%, in value terms) in Île-de-France, along with a rise of 4.1% in order volumes and a 0.8% increase in value in the Regions.

Multi-occupancy housing orders were at 31.0% in volume and 37.0% in value in Île-de-France, versus 39.5% and 42.5% in 2018,

respectively. Multi-occupancy housing accounted for the largest share of Kaufman & Broad orders, reaching 73.5% in value and 95.3% in volume of its total orders versus, respectively, 77.8% and 94.4% in 2018.

Single-family homes in communities

There were 366 orders for Single-family homes in communities, amounting to €109.4 million, versus 509 orders amounting to €135.8 million in 2018. The number of orders on Single-family homes in communities declined by 5.4% in Île-de-France and by 64.9% in the Regions. Île-de-France contributed up to 81.4% in volume and 85.4% in value for these orders versus, respectively, 61.9% and 68.7% in 2018.

Orders by operating segment

Fiscal year ended November 30		2019			2018		
		Net number of orders	Orders in value (in € thousands, incl. VAT)	Average price (in € thousands, incl. VAT)	Net number of orders	Orders in value (in € thousands, incl. VAT)	Average price (in € thousands, incl. VAT)
Île-de-France		2,735	686,542	–	3,289	721,895	–
	Housing	2,734	686,038	250.9	3,289	721,895	219.5
	Commercial	–	–	–	–	–	–
	Other	1	504	504.0	–	–	–
West		1,179	171,773	–	1,160	161,188	–
	Housing	1,178	170,431	144.7	1,159	158,695	136.7
	Commercial	0	1,320	–	0	2,481	–
	Other	1	22	22.0	1	12	–
Southwest		1,817	352,252	193.9	2,324	464,428	–
	Housing	1,800	352,008	195.6	2,324	434,532	–
	Commercial	17	243	–	–	–	200.0
	Other	–	–	–	–	4,855	–
Southeast		2,294	448,717	–	1,920	417,552	–
	Housing	2,294	448,717	195.6	1,920	417,552	217.5
	Commercial	–	–	–	–	–	–
	Other	–	–	–	–	–	–
Other regions		–	–	–	–	–	–
	Housing	–	–	–	–	–	–
	Commercial	–	–	–	–	–	–
	Other	–	–	–	–	–	–
Business property and logistics ^(b)		216	517,810	–	434	465,947	–
	Housing	216	51,840	240.0	430	108,528	252.4
	Commercial	0	465,970	–	4	357,419	–
	Other	–	–	–	–	–	–
GROUP TOTAL		8,241	2,177,094	–	9,127	2,231,009	–
	Housing	8,222	1,709,034	207.9	9,122	1,871,502	205.2
	Commercial ^(c)	17	467,534	–	4	359,495	–
	Other ^(a)	2	526	–	1	12	–

(a) Land, building lots.

(b) See Section 2.1.3.1.1.2. "Commercial".

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

Geographically, the Housing segment in Île-de-France⁽¹⁾ recorded a decrease in orders of 16.9% in volume and 5.0% in value compared to 2018. The Regions posted a 2.4% decrease in volume and 6.7% in value. Île-de-France's share in the Housing segment fell, to the benefit of the Regions. The Regions represented 64.1% in volume and 56.8% in value of the group's housing orders, compared to 65.5% in volume and 59.4% in value in 2018.

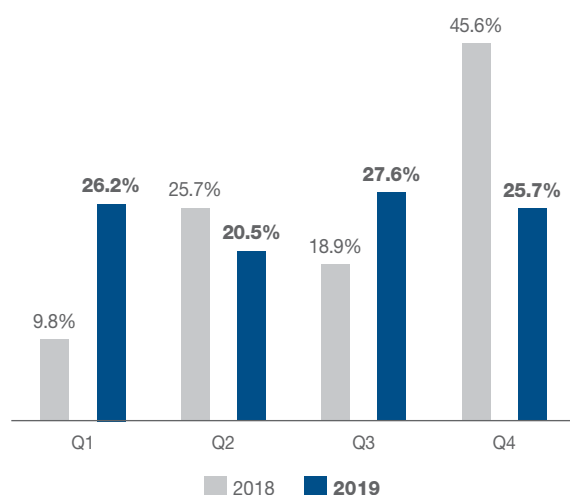
In 2019, the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier, La Rochelle and Perpignan) accounted for 21.9% of total housing order volume, versus 14.3% for the West (Upper Normandy, Caen, Rennes, Val de Loire, Nantes, Lille Flandre Promotion) and 27.9% for the Southeast (Marseille, Toulon, Nice). At the same time, the contribution from Île-de-France fell from 36.1% to 33.3% in value, while rising from 38.6% to 40.1% in volume⁽¹⁾.

(1) For Île-de-France, excluding hotel residences classed as Business Property.

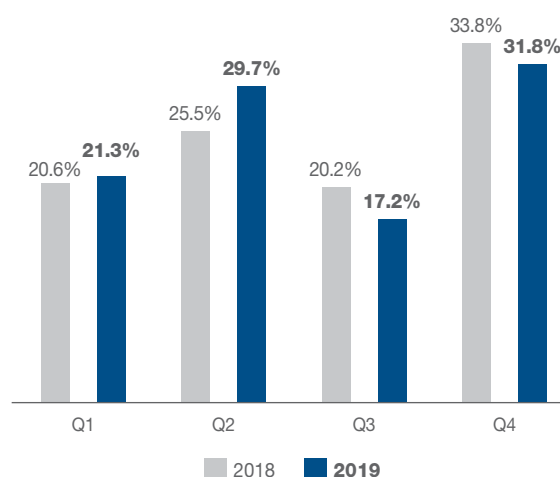
Over the course of one year, the average price of the group's housing unit orders increased 1.3%, from €205.2 thousand (including VAT) per home in 2018 to €207.9 thousand (including VAT) per home in 2019. The price increase was mainly due to a 14.3% rise in Île-de-France ⁽¹⁾, while the Regions posted a 4.4% decline compared to 2018.

Cycles and seasonality of housing orders by product type (in volume)

SINGLE-FAMILY HOMES IN COMMUNITIES



MULTI-OCCUPANCY HOUSING



The fourth quarter 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. Seasonality is more pronounced and less consistent for single family home developments in communities as the volume of activity is lower and is thus more sensitive to variations in commercial launches from one quarter to another.

2.1.3.1.1.2. Commercial

In fiscal year 2019, Commercial Property orders reached €467.5 million (including VAT), compared to €359.5 million (including VAT) in 2018.

The group commenced building work on three office complexes, one logistics platform, and two real estate development contracts.

2.1.3.1.2. Backlog (order book)

At November 30, 2019, the total backlog amounted to €2,545.0 million (excluding VAT) versus €2,179.4 million (excluding VAT) at November 30, 2018, representing an increase of 16.8%.

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 2019 and 2018 (December 1 to November 30):

	Backlog in number of Single-family homes				Backlog in number of Multi-occupancy housing			
	2019	%	2018	%	2019	%	2018	%
Île-de-France	338	65%	326	60%	4,073	33%	4,236	38%
Regions	179	35%	217	40%	8,204	67%	6,849	62%
TOTAL	517	100%	543	100%	12,277	100%	11,085	100%

The Housing backlog totaled 12,794 units compared to 11,628 units at November 30, 2018, a rise of 10.0%. In value, it recorded a 5.5% rise compared to the end of 2018 and totaled €2,069.3 million (excluding VAT), compared to €1,960.8 million at the end of 2018.

Multi-occupancy housing

The multi-occupancy housing backlog totaled €1,959.6 million in 2019, an increase of 6.5% compared to the end of 2018, when it totaled €1,839.7 million. In volume, it amounted to 12,277 units, compared to 11,085 units in 2018, an increase of 10.8%. In Île-de-France, the Multi-occupancy housing backlog fell 3.8% in volume and 4.4% in value. Additionally, orders continued to rise in the Regions with a 10.9% and 14.8% increase in volume and value, respectively.

(1) For Île-de-France, excluding hotel residences classed as Business Property.

Single-family homes in communities

The backlog for Single-family homes in communities totaled €109.8 million with 517 units, i.e., a fall of 4.8% in volume and 9.3% in value compared to November 30, 2018, when it totaled €121.1 million with 543 units. This drop in value terms is more acute in the Regions,

where the value has fallen by 23.2% relative to 2018. The fall in Île-de-France is 2.4%. At November 30, 2019, Île-de-France recorded a backlog of 338 single-family homes for €78.8 million, versus 326 units for €80.7 million at the end of 2018. In the Regions, the backlog reached 179 units for €31.0 million, versus 217 units for €40.4 million in 2018.

Backlog by operating segment

Fiscal year ended November 30	2019			2018		
	Backlog in numbers	Backlog in value (in € thousands, incl. VAT)	Average price (in € thousands, incl. VAT)	Backlog in numbers	Backlog in value (in € thousands excl. VAT)	Average price (in € thousands, incl. VAT)
Île-de-France	3,970	735,177	–	4,017	749,371	–
Housing	3,970	735,177	185.2	4,017	749,371	186.5
Commercial	–	–	–	–	–	–
Other	–	–	–	–	–	–
West	1,957	210,776	–	1,456	182,577	–
Housing	1,955	208,305	106.5	1,450	165,416	114.1
Commercial	0	2,403	–	0	16,848	–
Other	2	68	–	6	313	–
Southwest	3,227	503,315	–	3,182	509,096	160.0
Housing	3,227	503,315	156.0	3,176	508,800	160.2
Commercial	–	–	–	6	296	49.3
Other	–	–	–	–	–	–
Southeast	3,201	516,667	–	2,440	408,645	–
Housing	3,201	516,667	161.4	2,440	408,645	167.5
Commercial	–	–	–	–	–	–
Other	–	–	–	–	–	–
Other regions						
Housing	–	–	–	–	–	–
Commercial	–	–	–	–	–	–
Other	–	–	–	–	–	–
Business property and logistics ^(b)	444	579,117	–	549	329,749	–
Housing	441	105,874	240.1	545	128,546	235.9
Commercial	3	473,243	–	4	201,203	–
Other	–	–	–	–	–	–
GROUP TOTAL	12,799	2,545,049	–	11,644	2,179,438	–
Housing	12,794	2,069,335	161.7	11,628	1,960,778	168.6
Commercial ^(c)	3	475,646	–	10	218,346	–
Other ^(a)	2	68	–	6	313	–

(a) Land, building lots.

(b) See Section 2.1.3.1.1.2. "Commercial".

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

The Housing backlog in Île-de-France ⁽¹⁾ fell by 1.2% in volume and 1.9% in value compared to the previous year. During the same period, the Regions were up 18.6% in volume and 13.4% in value. The Île-de-France share of the Housing backlog declined compared to the Regions, to 31.0% in volume and 35.5% in value at the end of November 2019, versus 34.5% in volume and 38.2% in value at the end of November 2018. The

Southeast (Marseille, Toulon, Nice) accounted for 25.0% in value, versus 25.2% for the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier, La Rochelle and Perpignan) and 15.3% for the West.

At November 30, 2019, the Housing backlog was equivalent to 18.4 months of business, compared to 18.2 months at November 30, 2018.

(1) Excluding hotel residences classed as Business Property.

2.1.4. Outlook

In view of the recent developments in the current public health crisis and its impacts on general economic activity, Kaufman & Broad has suspended the annual targets it announced at the end of January. Kaufman & Broad will put forward new 2020 targets and comment on

its business outlook as soon as the general situation makes it reasonable to make a forecast for the remainder of the fiscal year (see Chapter 6 “Recent Developments and Outlook” of this Universal Registration Document).

Land reserve

Lots available for development by 2021
(at November 30, 2019)

	In units	Estimated sq.m (c) (d) (e)
Land to be developed (a)	33,158	2,415,365
Single-family homes	1,201	109,103
Multi-occupancy housing	31,889	1,861,464
Commercial	60	377,798
Other	8	67,000
Land under survey (b)	8,390	586,211
Single-family homes	116	10,415
Multi-occupancy housing	8,248	522,281
Commercial	26	53,515
Other	0	0
TOTAL – FRANCE	41,548	3,001,576

(a) Land for which a sales deed or a contract of sale has been signed (Land reserve).

(b) Land for which a sales deed or a contract of sale has not yet been signed.

(c) Based on estimated floor 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, 2019, the group's total property portfolio stood at 33,158 lots, i.e., four years of future business. The Commercial portfolio, meanwhile, included 377,798 sq.m of net surface area. The business potential for the group by 2021 thus represents 41,548 lots, including 53,515 sq.m of offices on land currently in the survey phase.

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)	2019	2018
Revenue	1,472,154	1,558,229
Gross margin	283,859	300,002
Gross margin rate (%)	19.3%	19.3%
Current operating income	128,761	137,185
Operating income	128,761	137,185
Income (loss) of the consolidated group	93,761	93,037
Attributable net income	76,272	72,972
Net earnings per share (a)	€3.45	€3.34

(a) Based on the number of shares making up the share capital at the end of the period in question, i.e. 21,864,074 at November 30, 2018 and 22,088,023 at November 30, 2019.

2.2.2. Sources of net income

The accounting principles, estimates and assumptions used to prepare the Consolidated Financial Statements at November 30, 2019 are described in Note 1 in Section 4.1.5. "Notes to the Financial Statements".

The group's revenue and margin are recognized based on the percentage of completion of programs, in accordance with the following rule: revenue recognized for a given program is equal to the product of the cumulated revenue from the lots for which a deed of sale has been signed, multiplied by the ratio between the amount of land and construction expenses incurred by the group in respect of said program to date and the program's total budgeted cost.

The gross margin corresponds to revenue less cost of sales. The cost of sales consists of the price of land parcels, the related property costs (taxes, etc.), commissions paid to developers and to Kaufman & Broad sales staff, as well as fees and commissions provided for in the agency agreements executed by Kaufman & Broad in order to sell its real estate programs, construction costs and borrowing costs that may be directly attributed to program development.

Current operating profit corresponds to the gross margin, adjusted for selling expenses, general and administrative expenses, technical and after-sales service expenses and other operating income and expenses:

- 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 of costs relating to credit facilities, 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 net income of affiliates and joint ventures (reported using the equity accounting method).

Attributable net income corresponds to consolidated net income, adjusted for:

- income attributable to non-controlling equity interests (minority interests), which includes all the income and expenses attributable to minority shareholders in fully consolidated companies.

2.3. Comments on the results

Statement of consolidated comprehensive income

Consolidated income statement

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
Revenue	1,472,154	1,558,229
Cost of sales	(1,188,295)	(1,258,227)
GROSS MARGIN	283,859	300,002
Selling expenses	(30,800)	(36,433)
Administrative expenses	(68,903)	(74,541)
Technical and customer service expenses	(22,200)	(21,487)
Development and program expenses	(33,196)	(30,357)
CURRENT OPERATING INCOME	128,761	137,185
Other non-recurring income	–	–
Other non-recurring expenses	–	–
OPERATING INCOME	128,761	137,185
Financial expenses	(6,836)	(9,621)
Financial income	1,327	914
COST OF NET FINANCIAL DEBT	(5,509)	(8,707)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	123,252	128,478
Income tax	(32,915)	(39,335)
NET INCOME OF CONSOLIDATED COMPANIES	90,337	89,143
Share of income (loss) of equity affiliates and joint ventures	3,424	3,894
INCOME (LOSS) OF THE CONSOLIDATED GROUP	93,761	93,037
Minority interest income (loss)	17,489	20,065
Attributable net income	76,272	72,972
Average number of shares	21,486,138	21,215,930
BASIC EARNINGS PER SHARE ^(a)	€3.55	€3.44
DILUTED EARNINGS PER SHARE ^(a)	€3.55	€3.44

(a) Earnings per share calculated based on average number of shares.

2.3.1. Breakdown of deliveries, revenue and gross margin

2.3.1.1. Breakdown by product line

The following table shows a breakdown of the number of Equivalent Housing Units (EHUs) delivered, revenue and gross margin by product line for fiscal years 2019 and 2018:

Fiscal year ended November 30 (in € thousands)	2019			2018		
	Deliveries (EHUs) (in units)	Revenue	Gross margin	Deliveries (EHUs) (in units)	Revenue	Gross margin ^(b)
Multi-occupancy housing	6,664	1,232,362	216,901	7,255	1,220,789	223,234
Single-family homes	392	101,638	20,476	311	72,962	15,049
TOTAL HOUSING	7,056	1,334,000	237,377	7,566	1,293,750	238,283
Commercial	25	130,410	44,587	–	254,150	59,223
Other ^(a)	6	7,744	1,896	46	2,994	882
Showroom	–	–	–	–	7,335	1,614
GRAND TOTAL	7,087	1,472,154	283,859	7,612	1,558,229	300,002

(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 production of qualifying assets. The amount included in the gross margin at November 30, 2019 was €10.4 million, or 3.7% of gross margin, compared to €11.7 million at November 30, 2018.

Deliveries (EHUs)

The number of Equivalent Housing Units (EHUs) delivered fell 6.9% between 2018 and 2019, from 7,612 units delivered in 2018 to 7,087 units delivered in 2019. Multi-occupancy housing deliveries fell 8.1% to 6,664 units in 2019, while deliveries of Single-family homes in communities increased 26.0% to 392 units delivered. Multi-occupancy housing accounted for 94.4% of delivered housing units, versus 95.9% in 2018.

Revenue

Compared to 2018, total group revenue (excluding VAT) was down 5.5% to €1,472.2 million, versus €1,558.2 million in 2018. This increase is primarily due to the 48.7% fall in revenue from the Commercial segment (€130.4 million).

Multi-occupancy housing segment

The Multi-occupancy housing segment's revenue increased 0.9%, from €1,220.8 million to €1,232.4 million in 2019. 46.8% of this revenue was generated in Île-de-France versus 37.5% in 2018. Multi-occupancy housing accounted for 83.7% of total revenue, versus 78.3% in 2018. The €11.6 million rise in revenue from Multi-occupancy housing is the net effect of a €118.5 million increase in Île-de-France and a fall of €107.0 million in the Regions.

Single-family homes in communities

Revenue from Single-family homes rose 39.3% compared to 2018, from €73.0 million to €101.6 million in 2019. They accounted for 6.9% of total revenue, compared to 4.7% in 2018. The €28.7 million increase

breaks down into a rise of €40.6 million for Île-de-France and a fall of €11.9 million for the Regions. Île-de-France accounted for 78.5% of Single-family home revenue, while the other Regions accounted for 21.5%.

Other business activities

Revenue for the Commercial segment fell €123.7 million. It amounted to €130.4 million in 2019, versus €254.2 million in 2018. It is largely accounted for by progress towards completion of the Montbartier project, which generated €31.3 million in revenue, as well as the projects in Mer (€28.1 million), Bordeaux Amédée (€23.7 million), Arcueil (€16.1 million) and Courbevoie (€15.1 million).

Showroom (or "Design Space") revenue totaled €6.7 million, compared to €7.3 million in 2018.

Gross margin

The group's gross margin totaled €283.9 million compared to €300.0 million in 2018, a 5.4% decrease (€16.1 million). The gross margin ratio is unchanged in 2019 at 19.3%.

Multi-occupancy housing segment

The Multi-occupancy housing segment's gross margin totaled €216.9 million, compared to €223.2 million in 2018 (a fall of 2.8%). Its gross margin rate declined from 18.3% in 2018 to 17.6% in 2019. The €6.3 million fall in gross margin was the net effect of a rise of €13.1 million in Île-de-France and a €19.4 million fall in the Regions. In Île-de-France, the gross margin rate was 17.1%, versus 18.7% in 2018. In the Regions, it was 18.0%, which was the same as in 2018.

Single-family homes in communities

Following the same trend as revenue, the gross margin for Single-family homes posted an increase compared to 2018 (36.1%). It amounted to €20.5 million for fiscal year 2019, versus €15.0 million for fiscal year 2018. The rise of €5.4 million derives from business in Île-de-France, which rose by €7.5 million, whereas the gross margin in the Regions contracted by €2.0 million. The gross margin rate for the single-family homes segment was 20.1% versus 20.6% last year.

Other business activities

The gross margin from other businesses was €46.5 million, versus €61.7 million in 2018. The Business property segment alone accounted for €44.6 million of this amount; it was down €14.6 million compared to 2018.

2.3.1.2. Breakdown by operating segment

The following table shows a breakdown of the number of housing units (EHUs) delivered, revenue and gross margin by geographic area for fiscal years 2019 and 2018:

Fiscal year ended November 30 (in € thousands)		2019			2018		
		Deliveries (EHUs) (in units)	Revenue	Gross margin	Deliveries (EHUs) (in units)	Revenue	Gross margin
Île-de-France		2,782	600,128	112,003	2,537	501,620	95,931
	Housing	2,781	594,680	110,890	2,537	497,453	94,936
	Commercial	–	–	–	–	–	–
	Other ^(a)	1	5,447	1,116	–	4,168	995
West		678	114,017	24,952	991	146,528	30,334
	Housing	673	99,949	22,992	945	128,137	26,000
	Commercial	–	13,809	1,728	–	15,590	3,606
	Other ^(a)	5	259	231	46	2,801	729
Southwest		1,773	297,908	49,372	2,163	345,861	61,705
	Housing	1,749	297,190	49,923	2,163	339,537	61,043
	Commercial	24	465	(627)	–	6,132	586
	Other ^(a)	–	254	77	–	192	76
East		1,533	281,988	49,273	1,826	313,563	55,283
	Housing	1,533	280,305	48,898	1,826	310,395	54,618
	Commercial	–	–	5	–	–	(31)
	Other ^(a)	–	1,682	370	–	3,167	697
Other regions		–	102	341	–	0	270
	Housing	–	–	238	–	0	271
	Commercial	–	–	–	–	–	–
	Other ^(a)	–	102	102	–	–	(1)
Business property and logistics ^(b)		321	178,011	47,916	95	250,657	56,478
	Housing	320	61,876	4,434	95	18,229	1,416
	Commercial	1	116,136	43,483	–	232,428	55,062
	Other ^(a)	–	–	(2)	–	–	–
TOTAL		7,087	1,472,154	283,859	7,612	1,558,229	300,002
	Housing	7,056	1,334,000	237,376	7,056	1,293,750	238,283
	Commercial	25	130,410	44,587	25	254,150	59,223
	Other ^(a)	6	7,744	1,894	6	10,329	2,496

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

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

Deliveries (EHUs)

By geographic area, Île-de-France represented an important part in the group's Housing business with 43.9% of housing units delivered in 2019 (i.e. 42.2% for Multi-occupancy housing units and 73.0% for Single-family homes in communities) versus 33.5% in 2018. The group has also been active in the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier), in the West (Nantes, Rennes) and in the East (Lille, Reims, Grenoble, Lyon, Nice, Toulon, Marseille) where 24.8%, 9.5%, and 21.7% of the housing units were delivered, respectively, compared to 30.7%, 13.4% and 24.1% in 2018.

Housing revenue

Housing revenue totaled €1,334.0 million in 2019, versus €1,293.8 million in 2018, up 3.1%. Île-de-France contributed 49.2%, versus 38.5% in 2018.

After Île-de-France, the East (Lille, Reims, Strasbourg, Grenoble, Lyon, Nice, Toulon, Marseille) and the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier, La Rochelle and Perpignan) were the two biggest contributors, accounting for 21.0% and 22.3% of Housing business revenue respectively. The West (Nantes, Rennes) contributed 7.5%.

The €40.2 million increase in Housing revenue compared to 2018 derives from the €159.1 million increase in revenue in Île-de-France ⁽¹⁾, less the fall of €118.9 million in revenue from the Regions.

Housing gross margin

The Housing gross margin at November 30, 2019 was €237.4 million, versus €238.3 million in 2018, a fall of 0.4% year-on-year. The gross margin rate declined, from 18.4% in 2018 to 17.8% in 2019.

Île-de-France contributed 48.6% of the Housing gross margin achieved by the group in 2019 (38.4% in 2018). The Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) was the second-largest contributor with 21.0%, while the Southeast (Marseille, Toulon, Nice) accounted for 20.6%. The West (Nantes, Rennes) contributed 9.7% of the gross margin of the Housing segment.

The €1.0 million decrease in the Housing segment's gross margin in 2018 and 2019 occurred as the rise in the gross margin in Île-de-France (€16.1 million) was entirely wiped out by the falls in gross margin of €5.4 million, €12.3 million and €6.0 million in the West, Southwest and East respectively.

2.3.2. Operating expenses

(in € thousands)	November 30, 2019	November 30, 2018
Selling expenses	30,800	36,433
Administrative expenses	68,903	74,541
Technical and customer service expenses	22,200	21,487
Development and program expenses	33,196	30,357
TOTAL OPERATING EXPENSES	155,099	162,818

At November 30, 2019, operating expenses totaled €155.1 million, versus €162.8 million in 2018. Operating expenses remained stable and accounted for 10.5% of revenue in 2019 and 10.4% in 2018.

The change in operating expenses is explained primarily by the following items:

Selling expenses

Selling expenses were €30.8 million versus €36.4 million in 2018, a decrease of 15.5%. This decrease was mostly attributable to the €3.1 million fall in advertising expenses and the €1.0 million fall in salaries and payroll taxes.

(1) For Île-de-France, includes hotel residences classed as Business Property.

Compensation of marketing and sales teams

The following table shows the change in payroll costs for the group's marketing and sales teams (fixed and variable pay are included in selling expenses) over the last two fiscal years:

Fiscal year ended November 30 (in € thousands)	2019	2018
Salaries and payroll taxes	9,656	10,674
Commissions paid to the sales team	10,329	11,910
As a percentage of total group revenue	1.4%	1.4%

Sales commissions (in € thousands)	2019	2018
Commissions paid to the sales team	10,329	11,910
External commissions	41,424	54,404
TOTAL COMMISSIONS ON SALES	51,753	66,314
As a percentage of total group revenue	3.5%	4.3%
As a percentage of Housing gross margin	18.2%	22.1%

The amount of commissions on sales was €51.8 million in 2019, including €10.3 million for internal commissions (paid to the sales teams) and €41.4 million for external commissions (paid to prescribers). Sales

commissions as a percentage of revenue dropped to 3.5%, a fall of 0.8 percentage points. 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 theoretically represent between 2% and 2.5% of its revenue, and are incurred in connection with the launches of real estate programs (Single-family homes in communities and Multi-occupancy housing units) as well as national advertising campaigns to promote the group's image and products. Depending on the portion of the business carried out by prescribers,

as well as the weight of the Commercial sector in total revenue, the recorded percentage may be less. For the 2019 fiscal year, expenses for advertising, designs and show home areas totaled €17.4 million and accounted for 1.18% of total revenue, down 0.32 percentage points compared to 2018.

The following table shows the amount of these advertising expenses and the percentage of these expenses in terms of revenue over the last two years:

Fiscal year ended November 30 (in € thousands)	2019	2018
Advertising expenses	17,416	20,540
As a percentage of revenue	1.18%	1.32%

Advertising expenses in 2019 are down 15.2% compared to 2018, while revenue fell 5.5% over the same period.

Administrative expenses

Administrative expenses were €68.9 million in 2019, versus €74.5 million in 2018, i.e., a 7.6% decrease. This is mainly attributable to a €7.3 million (42.4%) decrease in estimated expenses, a €1.5 million increase in salaries and payroll taxes, and a €1 million increase in professional fees.

Development and program expenses

Development and program expenses totaled €33.2 million versus €30.4 million in 2018, the 9.4% increase being mainly attributable to increases of €2.1 million in project abandonment costs and €0.6 million in salaries and payroll taxes.

Technical and customer service expenses

Technical and customer service expenses totaled €22.2 million at November 30, 2019, versus €21.5 million 2018, the 3.3% increase coming from a rise of €0.9 million in "Salaries and payroll taxes".

2.3.3. Current operating income – Operating margin

The group's current operating profit was down 6.1%, from €137.2 million in 2018 to €128.8 million in 2019. The current operating margin was 8.7% versus 8.8% in 2018. The €8.4 million decrease in current operating profit reflects first and foremost the €16.1 million drop in gross margin.

Adjusted EBIT was down 6.5% compared with November 30, 2018, when it stood at €148.9 million, with current operating income of €137.2 million and borrowing costs of €11.7 million.

The adjusted EBIT margin was 9.5%, compared to 9.6% at November 30, 2018.

2.3.3.1. Adjusted EBIT

Adjusted EBIT corresponds to the group's current operating income (€128.8 million), restated to eliminate "revised IAS 23" borrowing costs of €10.4 million. These are borrowing costs that were capitalized in inventory and recognized in gross margin upon sale of the real estate. The adjustment results in a figure of €139.2 million at November 30, 2019.

2.3.4. Other non-recurring income and expenses

At November 30, 2019, the amount of non-recurring income was zero. Accordingly, operating income was €128.8 million, versus €137.2 million in 2018.

2.3.5. Cost of net financial debt

The cost of net financial debt was down €3.2 million from €8.7 million in 2018 to €5.5 million in 2019. The amount of finance expenses capitalized in 2019 ("Revised IAS 23") was down €2.3 million in, falling from €10.1 million in 2018 to €7.8 million in the year ended November 30,

2019. Average utilization of the syndicated credit lines and the bond was €158.2 million in 2019, versus €250 million during the prior year. (See Section 4.1.5., Note 6.3. "Cost of net financial debt" to the Consolidated Financial Statements).

2.3.6. Net income

Tax charge

The income tax charge was €32.9 million, based on the group's net profit at November 30, 2019, compared to €39.3 million for fiscal year 2018 (see Note 9. "Income tax" to the Consolidated Financial Statements).

Net income

Attributable net income for fiscal year 2019 rose 4.5% compared to 2018. It amounted to €76.3 million, versus €73.0 million in 2018.

The net margin (net income as a percentage of revenue) rose to 5.2% in 2019, a rise of 0.5 percentage points over the 4.7% figure for 2018.

Minority interests

The amount of minority interests was down by €2.6 million, from €20.1 million in 2018 to €17.5 million in 2019. This decline reflects the diminishing impact of the increased number of joint development projects entered into by Kaufman & Broad three years ago, a number of which are now reaching completion.

2.3.7. Income by operating segment

Pursuant to IFRS 8, the presented segment information reflects the organization of the internal reporting intended for the group's management. Details of this sector analysis can be found in Note 3.1. "Segment information" to the Consolidated Financial Statements at November 30, 2019.

Fiscal year ended November 30, 2019 (in € thousands)				
	Île-de-France	West	East	Southwest
Revenue	600,128	114,017	281,988	297,908
GROSS MARGIN	112,003	24,952	49,275	49,372
Selling expenses	(8,475)	(2,431)	(6,245)	(4,787)
Administrative expenses	(11,107)	(5,129)	(10,282)	(9,580)
Technical and customer service expenses	(9,246)	(1,996)	(4,562)	(4,466)
Development and program expenses	(7,142)	(2,237)	(7,699)	(6,153)
Reallocation of share of corporate re invoicing	(12,193)	(4,019)	(8,776)	(9,082)
CURRENT OPERATING INCOME	63,840	9,141	11,711	15,304
Other non-recurring income and expenses				
OPERATING INCOME	63,840	9,141	11,711	15,304
Cost of net financial debt and other financial income/expenses	1,215	435	(1,689)	(123)
Reallocation of cost of net financial debt	(1,437)	(474)	(1,034)	(1,070)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	63,617	9,103	8,989	14,111
Income tax	(17,103)	(2,407)	(1,777)	(2,702)
Share of income (loss) of equity affiliates and joint ventures	2,343	10	944	(61)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	48,858	6,707	8,156	11,348
Attributable net income	37,037	6,055	6,599	8,471
Minority interests	11,821	651	1,557	2,877

Fiscal year ended November 30, 2019 (in € thousands)					
	Business property and logistics	Other regions	Other business activities	Head Office	Grand Total
Revenue	178,011	0	102	0	1,472,154
GROSS MARGIN	47,916	238	102	0	283,858
Selling expenses	(1,112)	0	(17)	(7,738)	(30,804)
Administrative expenses	(4,752)	(16)	(800)	(27,231)	(68,898)
Technical and customer service expenses	(624)	0	0	(1,306)	(22,200)
Development and program expenses	(9,360)	236	(15)	(826)	(33,196)
Reallocation of share of corporate re invoicing	(2,645)	0	(187)	37,101	0
CURRENT OPERATING INCOME	29,423	457	(917)	0	128,761
Other non-recurring income and expenses					
OPERATING INCOME	29,423	457	(917)	0	128,761
Cost of net financial debt and other financial income/expenses	1,587	(157)	(2,405)	(4,372)	(5,510)
Reallocation of cost of net financial debt	(335)	0	(22)	4,372	0
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	30,674	300	(3,345)	0	123,251
Income tax	(9,933)	(103)	1,110	0	(32,914)
Share of income (loss) of equity affiliates and joint ventures	(2)	0	189	0	3,424
INCOME (LOSS) OF THE CONSOLIDATED GROUP	20,740	197	(2,045)	0	93,761
Attributable net income	20,159	197	(2,047)	0	76,272
Minority interests	581	0	2	0	17,489

Fiscal year ended November 30, 2018
(in € thousands)

	Île-de-France	West	East	Southwest
Revenue	501,620	146,528	313,563	345,861
GROSS MARGIN	95,931	30,334	55,283	61,705
Selling expenses	(11,216)	(3,055)	(6,952)	(5,544)
Administrative expenses	(10,138)	(5,795)	(9,025)	(9,328)
Technical and customer service expenses	(9,220)	(1,922)	(4,465)	(3,931)
Development and program expenses	(7,667)	(2,534)	(5,448)	(6,732)
Reallocation of share of corporate re invoicing	(14,520)	(5,698)	(10,570)	(11,418)
CURRENT OPERATING INCOME	43,170	11,330	18,823	24,752
Other non-recurring income and expenses				
OPERATING INCOME	43,170	11,330	18,823	24,752
Cost of net financial debt and other financial income/expenses	3,053	524	(451)	75
Reallocation of cost of net financial debt	(1,828)	(718)	(1,331)	(1,438)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	44,396	11,136	17,041	23,389
Income tax	(13,359)	(3,712)	(4,750)	(6,285)
Share of income (loss) of equity affiliates and joint ventures	2,427	(248)	1,546	(27)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	33,464	7,176	13,837	17,077
<i>Attributable net income</i>	<i>24,838</i>	<i>6,832</i>	<i>8,604</i>	<i>11,493</i>
<i>Minority interests</i>	<i>8,626</i>	<i>344</i>	<i>5,233</i>	<i>5,584</i>

Fiscal year ended November 30, 2018
(in € thousands)

	Business property and logistics	Other regions	Other business activities	Head Office	Grand Total
Revenue	250,657				1,558,229
GROSS MARGIN	56,478	271			300,002
Selling expenses	(435)		(84)	(9,147)	(36,433)
Administrative expenses	(5,264)	(32)	(583)	(34,376)	(74,541)
Technical and customer service expenses	(502)		(2)	(1,444)	(21,487)
Development and program expenses	(6,364)		(25)	(1,588)	(30,357)
Reallocation of share of corporate re invoicing	(4,134)		(214)	46,555	0
CURRENT OPERATING INCOME	39,779	239	(908)	(1)	137,185
Other non-recurring income and expenses					
OPERATING INCOME	39,779	239	(908)	(1)	137,185
Cost of net financial debt and other financial income/expenses	(5,529)	(151)	(366)	(5,862)	(8,707)
Reallocation of cost of net financial debt	(521)		(27)	5,862	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	33,729	88	(1,301)	0	128,478
Income tax	(11,651)	(30)	451		(39,335)
Share of income (loss) of equity affiliates and joint ventures	215	(1)	(17)		3,894
INCOME (LOSS) OF THE CONSOLIDATED GROUP	22,293	57	(867)	0	93,037
<i>Attributable net income</i>	<i>22,015</i>	<i>57</i>	<i>(867)</i>	<i>0</i>	<i>72,972</i>
<i>Minority interests</i>	<i>278</i>				<i>20,065</i>

2.4. Liquidity and capital resources

2.4.1. Cash flows

The group's net cash totaled €208.1 million at November 30, 2019, down €45.3 million relative to November 30, 2018, when it totaled €253.4 million. The change is analyzed below:

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
Cash flow from operating activities	87,444	145,147
Cash flow from (used in) investing activities	(7,276)	3,295
Free cash flow	80,168	148,442
Cash flow from (used in) financing activities	(125,423)	(116,148)
Increase (decrease) in cash	(45,255)	32,294
CASH AT START OF PERIOD	253,358	221,065
CASH AT END OF PERIOD	208,102	253,358

Cash flow from operating activities

Cash flows generated by operating activities totaled €87.4 million versus €145.1 million at November 30, 2018, an increase of €57.7 million. The change in cash flow generated from operating activities was primarily due to:

- a small €1.2 million decrease in cash flow before cost of debt and taxes to €162.4 million;
- a €76.7 million rise in tax paid to €84.0 million, versus €7.3 million at the end of November 2018;
- a €20.0 million improvement in the change in operating Working Capital Requirement (excluding current taxes), from -€11.1 million at November 30, 2018, to +€9.1 million at November 30, 2019.

Operating Working Capital Requirement (WCR) (excluding current taxes) totaled €133.0 million at the end of November 2019, versus €153.3 million at the end of November 2018, a fall of €20.3 million (See Note 3.6. "Breakdown of the change in Working Capital Requirement" to the Consolidated Financial Statements). The change in operating WCR items can be attributed to a €60.5 million increase in inventories, a €105.7 million increase in accounts receivable, a €201.5 million increase in accounts payable and a €76.0 million increase in other assets and liabilities including current taxes. WCR amounted to 10.3% of revenue at November 30, 2019, compared to 7.1% for the same period in 2018.

Cash flow from (used in) investing activities

Cash flows from investing activities amounted to -€7.3 million, versus +€3.3 million in fiscal year 2018. These primarily consist of the following:

- -€6.1 million in disbursements for acquisitions of property, plant and equipment and intangible assets;
- +€0.2 million related to the change in financial assets (loans) granted as part of real estate projects;
- -€1.4 million in investments in equity-accounted companies.

Cash flow from (used in) financing activities

Cash flows from financing activities amounted to -€125.4 million versus -€116.1 million in 2018. These primarily consist of the following:

- -€48.7 million in dividends paid to shareholders;
- -€20.5 million in distributions to minority interests and -€1.2 million in acquisitions of stakes in minority interests;
- -€1.1 million in purchases of treasury shares;
- -€50.0 million mainly equating to the repayment of the balance of Tranche B of the 2016 Syndicated Senior Facilities Agreement;
- +€7.8 million from the issue of 150,690 new shares as part of the capital increase reserved for employees completed in late November 2019;
- -€11.7 million in net financial interest paid.

2.4.2. Debt position

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.

This breaks down as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Syndicated lines Tranches A and B – Senior Facilities	-	50,000
Bond	150,000	150,000
Other borrowings	2,621	2,595
Credit facilities used	926	1,087
Loan arrangement costs	(1,457)	(439)
Fair value of derivatives	-	113
GROSS FINANCIAL DEBT	152,089	203,357
– of which non-current	148,900	199,652
– of which current	3,189	3,705

At November 30, 2019, the group's gross financial debt amounted to €152.1 million, including €148.9 million of non-current debt consisting mainly of bonds and €3.2 million of current debt. The equivalent figure at November 30, 2018 was €203.4 million, when the time to maturity was 5.2 years as compared with 4.6 years at the end of 2019 (including the €250 million syndicated credit line not drawn down).

On January 30, 2019, Kaufman & Broad SA signed a syndicated loan agreement for €250 million with an initial maturity of five years. This facility replaces the Senior Facilities Agreement put in place on April 4, 2016, the remaining €50 million under Tranche B of which was repaid on the same date, and the Revolving Credit Facility (RCF) of €100 million which had not been drawn down. This corporate credit line enables the

Company to extend its debt maturity and lower its cost of debt, while also giving it more leeway to use these resources in accordance with any needs and opportunities that may arise, over and above its available cash. In a first for the property development industry, this credit line includes a positive incentive mechanism tied to various CSR indicators, reflecting the Company's commitment to the environment.

At the end of November 2019, the group had bond borrowings worth €150 million, comprising a tranche of €50 million (maturing May 2024) and a tranche of €100 million (maturing May 2025), and a revolving credit facility for €250 million (not drawn down at November 30, 2019; maturing January 2024).

Financial covenants in place

For each half-year period starting from November 2017 and ending when the bond is redeemed, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratio at the end of each six-month period (Bond issue)	Threshold
Leverage ratio ^(a)	≤ 3.0
Debt/equity ratio ^(b)	≤ 2.5

(a) I.e. 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 the net income of the consolidated group before tax on income and financial 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 expenses (including any increases or decreases in amortization, depreciation and provisions, fair value adjustments, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests.

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

- (3) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2016, plus consolidated income aggregated from December 1, 2016 to the end of the quarter under review, minus dividends paid for the period under review, plus the aggregated impairment charge for the period from December 1, 2016 to the end of the quarter under review.

For each half-year period starting from November 2019 and ending when the 2019 syndicated credit line matures, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratio at the end of each six-month period (2019 syndicated loan)	Threshold
Leverage ratio ^(a)	≤ 3.0
Debt/equity ratio ^(b)	≤ 2.0
(a) I.e. 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 the net income of the consolidated group before tax on income and financial 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 expenses (including any increases or decreases in amortization, depreciation and provisions, fair value adjustments, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests. (b) I.e. Net Financial Debt (1) divided by consolidated shareholders' equity (3): (3) refers, at any given date, to the Borrower's consolidated shareholders' equity at the start of the relevant period, plus the group's consolidated net income on said date, minus (i) cash dividends paid (including the share of income attributable to minority interests) and other similar distributions paid by the Borrower to its shareholders in cash since the beginning of the period under review, (ii) impairment losses resulting from impairment tests aggregated over the same period (to offset their inclusion in the group's consolidated net income) and (iii) the impact of the Borrower's treasury shares at November 30, 2017.	

The margin applicable to each advance considered will be determined according to the leverage ratio applicable at each testing date and, depending on the group's observance of Annual CSR criteria, a positive or negative incentive mechanism will be applied to the margin applicable at the time.

Current financial ratios:

Ratio at November 30, 2019	Threshold ⁽¹⁾	Ratio at date
Leverage ratio	≤ 3.0	(0.38)
Debt/equity ratio (bond issue)	≤ 2.5	(0.16)
Debt/equity ratio (syndicated loan agreement)	≤ 2.0	(0.18)

(1) Threshold to be observed in connection with the bond issue and syndicated loan agreement.

The group's main debt facilities

(in € thousands)	Debt capacity	Utilization at November 30, 2019	Maturity	Type	Rate ^(a)
Syndicated Loan Agreement January 29, 2019					
RCF ^(b)	250,000	–	January 2024	Floating	E ^(c) + 250 to 275 BPS
Bond issue May 18, 2017					
7-year bond issue	50,000	50,000	May 2024	Fixed	2.88%
8-year bond issue	100,000	100,000	May 2025	Fixed	3.20%
TOTAL	400,000	150,000	–	–	–

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

(b) Revolving Credit Facility.

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

The total effective rate of the debt, taking into account the total amortization of the arrangement costs (€0.290 million in 2019) and hedging was 4.36%, versus 3.38% in 2018; the difference is primarily

due to the inclusion of the costs of the bond issued in May 2017 and the fees for non-use of the 2019 RCF, which has been increased from €100 million to €250 million.

2.4.2.2. Main changes in gross financial debt

(in € thousands)	November 30, 2019
Gross financial debt at November 30, 2018	203,357
Repayment of 2016 Senior Facilities – Tranche B	(50,000)
Issuance expenses	(1,018)
Change in other borrowings and finance leases	25
Change in the fair value of derivative instruments	(113)
Change in credit facilities	(161)
Gross financial debt at November 30, 2019	152,089
Change in gross financial debt in 2019	(51,268)

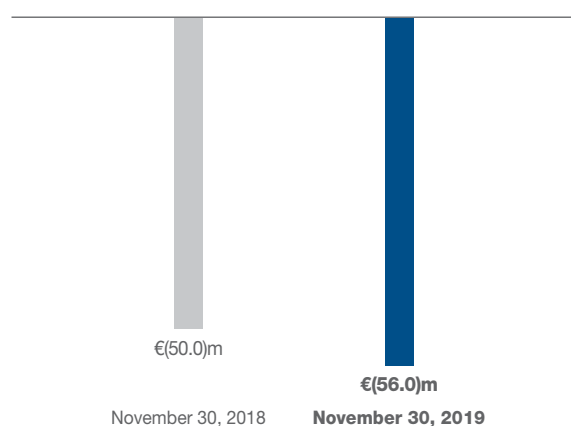
Group gross financial debt moved by €51.3 million between November 30, 2018 and November 30, 2019, mainly due to the repayment of the balance (€50 million) of Tranche B of the syndicated credit line under the Senior Facilities Agreement dated April 4, 2016.

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

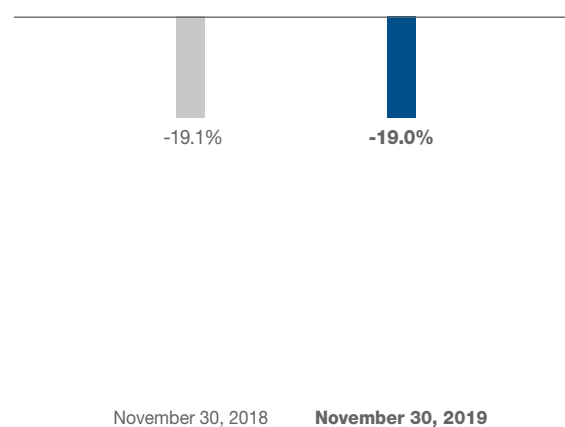
(in € thousands)	November 30, 2019	November 30, 2018
Shareholders' equity	294.0	261.8
Financial debt *	152.1	203.4
Financial debt maturing within 1 year	3.2	3.7
Financial debt maturing between 1 and 5 years	148.9	199.7
Maturity	4.6 years	5.2 years
* including:		
Loan arrangement costs	(1.4)	(0.4)
Fair value of derivatives	-	0.1
Credit facilities used	0.9	1.1
Senior facilities	-	50.0
Bond	150.0	150.0
Other borrowings	2.6	2.6

2.4.2.3. Changes in net financial debt

NET FINANCIAL DEBT



GEARING



Net financial debt means gross financial debt less cash and cash equivalents. At November 30, 2019, net financial debt was €6.0 million lower than at November 30, 2018, resulting in a net positive cash position of €56.0 million at the end of 2019.

Gearing (the ratio of net debt to consolidated shareholders' equity) was -19.0% at November 30, 2019, compared to 19.1% at November 30, 2018, reflecting both the €6.0 million improvement in the net cash position and an increase in shareholders' equity of €32.3 million between the two year-ends.

2.5. Events after the closing date

Impact of the Covid-19 epidemic*

Public health crisis - first-quarter results 2020 - suspension of 2020 targets

In view of the recent developments in the current public health crisis and its impacts on general economic activity, the Board of Directors has decided to bring forward the publication of the first-quarter results for 2020 and inform the market of its analysis of the situation as soon as possible.

Furthermore, regarding the outlook for the 2020 fiscal year as a whole, Kaufman & Broad has decided to suspend the annual targets announced at the end of January, on account of the crisis. Kaufman & Broad will put forward new 2020 targets as soon as the general situation makes it reasonable to make a forecast for the remainder of the fiscal year.

Kaufman & Broad will continue to follow developments in the public health situation closely over the course of the coming weeks and will inform the market of the effects on its activities as and when required.

The press release on the first-quarter results for 2020 and the suspension of the 2020 targets was issued on March 19, 2020. It can be found in Section 6.2. "First-quarter results 2020" of this Universal Registration Document.

Measures to adapt to the public health crisis

As of the date of this Universal Registration Document, Kaufman & Broad has no intention to request a delay or suspension of its tax and Social Security payments in connection with the current public health crisis, or to apply for the state-backed bank loans that have been put in place as part of the government's economic support measures. This is due in particular to its sound financial structure and growth indicators that forecast growth beyond the next few months. In March 2020, on a precautionary basis, the group drew down €150 million of the €250 million available under the revolving credit facility put in place in January 2019, in order to further strengthen its sound cash position and ensure funding for its general needs during the current situation. This amount is repayable over periods of one, three and six months.

As it is uncertain how long the current public health crisis will last, Kaufman & Broad has nevertheless put some of its employees into what is known as "partial unemployment", so as to maintain its human resources in anticipation of a resumption of business. This will enable the employees concerned to continue to receive their full pay. Funding for this measure will be partly assured by the Partial Activity Allowance, for which the group has submitted an application to the competent authorities.

The Government's recent statements calling on businesses using the partial unemployment scheme to show "moderation" in the payment of dividends are prompting the group to pay particular attention to any changes in the immediate short term in the legislative and regulatory environment, stock exchange recommendations and the practices of similar businesses (notably those in the SBF 120) regarding the restriction of dividend payments, with which Kaufman & Broad would of course comply.

Given this, while also having regard to the group's sound finances which include, in particular, positive net cash and a high level (€412.5 million) of available and mobilizable liquidity, the Board of Directors of Kaufman & Broad SA will propose to the Shareholders' Meeting to be held on May 5, 2020 the payment of a dividend of €2.50 per share, in line with the dividend paid in 2019 (€2.50 per share), subject to any changes in legislation or regulations, stock exchange recommendations or the practices of similar companies (notably those in the SBF 120). A proposal will also be made at this Shareholders' Meeting, subject to the same proviso, to give Kaufman & Broad's shareholders the option to receive this dividend in cash, or in cash and shares.

Governance

At the meeting of the Board of Directors of Kaufman & Broad of January 29, 2020, Frédéric Stévenin, a member of the Executive Committee and the Investment Committee of PAI Partners, expressed his desire to resign from his position as director, which was due to expire at the General Meeting of Shareholders called to approve the financial statements for 2020. The Board of Directors of Kaufman & Broad expressed its warmest thanks to Mr. Stévenin for his contribution to the development of the Company throughout his twelve years as director. On the proposal of the Compensation and Nominating Committee, the Board co-opted André Martinez as director on the same day. He will sit on the Board for the remainder of Mr. Stévenin's term of office, i.e. until the close of the General Meeting of Shareholders called to approve the financial statements for the 2020 financial year. The next Annual General Meeting of Shareholders, to be held on May 5, 2020, will be asked to ratify this co-optation in accordance with the provisions of Article L. 225-24 of the French Commercial Code.

A graduate of HEC and IEP-Paris, André Martinez has served notably as Managing Director of the Accor group's budget hotel business and subsequently as a member of its Management Board, director and Chairman of Global Lodging at Morgan Stanley Real Estate from 2006 to 2009, Special Advisor to the Minister for the Economy and Finance, Pierre Moscovici, and the Minister for Foreign Trade, Nicole Bricq, and as Chairman of the Board of Directors of Icade from 2015 to 2019. Since January 1, 2020, André Martinez has been a member of the Board of Directors and Chairman of the Strategy and Investment Committee of Société Nationale SNCF SA.

VEFA sale of Paris offices

Kaufman & Broad is pleased to announce that on January 31, 2020, it signed a sale-before-completion (VEFA) agreement with a top-tier property buyer pertaining to around 50,000 sq.m of office space to be built as part of the redevelopment project in the Austerlitz district of Paris. Consequently, all of the surface areas included in this program being developed by Kaufman & Broad under the Austerlitz project are now subject to sales agreements with top-tier property buyers, either in the form of sale-before-completion or property development contracts. The relevant administrative approvals are being processed but are unlikely to be definitively granted until 2021.

No other material events were recorded after the fiscal year-end.

* Specific risks relating to the Covid-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).



3

CORPORATE GOVERNANCE

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

3.1.1. Board of Directors

3.1.1.1. Members of the Board of Directors

At the date of publication of this Universal Registration Document, Kaufman & Broad SA's Board of Directors was made up of ten Board members from different, complementary backgrounds and with varied profiles:

Name	Age ⁽¹⁾	Compensation and Nominating Committee	Audit Committee	Investment Committee	Board of Directors	Years of service on the Board	Date of first nomination	End of term ⁽²⁾	Number of shares in the Company	Percentage of direct or indirect holding in the Company
Chairman and Chief Executive Officer										
Nordine Hachemi	58				✓	6	06/25/2013	2020	59,207 ⁽³⁾	2.98%
Independent Directors ⁽⁷⁾										
Sylvie Charles	60		✓	✓	✓	8	02/16/2012	2020	250	-
Jean-Louis Chaussade	68	✓			✓	3	01/21/2017	2021	278	-
Yves Gabriel ⁽⁵⁾	70	✓	✓	✓	✓	4	03/08/2016	2021	250	-
Sophie Lombard	50	✓	✓	✓	✓	12	07/10/2007	2020	283	-
André Martinez ⁽⁶⁾	67				✓	0	01/29/2020	2020	450	-
Caroline Puechoultres	50				✓	5	09/30/2014	2020	250	-
Lucile Ribot	53		✓		✓	2	05/03/2018	2020	270	-
Board member representing employee shareholders										
Karine Normand	50				✓	2	05/03/2018	2020	12,079 ⁽⁴⁾	0.1%
Other directors										
Michel Paris	62				✓	4	07/07/2015	2021	1,289	-

(1) On February 29, 2020.

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

(3) Nordine Hachemi holds 59,207 Kaufman & Broad SA shares through the company RKCI, of which he is the sole shareholder. He also owns 25.80% of the share capital of Artimus Participations, which itself held 10.52% of the Company's share capital at February 27, 2020, equating to 599,727 Kaufman & Broad SA shares.

(4) Karine Normand holds 12,079 shares. She also owns nearly 0.37% of the share capital of Artimus Participations, which itself held 10.52% of the Company's share capital at February 28, 2019, equating to 8,688 Kaufman & Broad SA shares.

(5) Yves Gabriel was appointed Lead Director on January 29, 2019.

(6) Co-option of André Martinez on January 29, 2020 to replace Frédéric Stévenin, who has resigned.

(7) See Section 3.1.1.2.8. "Independence of Directors".

At the date of publication, with the exception of Nordine Hachemi and Karine Normand, no member of the Board of Directors held any other roles within one of the group's companies.

Chairman and Chief Executive Officer



NORDINE HACHEMI

Kaufman & Broad SA

127, avenue Charles-de-Gaulle
92207 Neuilly-sur-Seine Cedex

Other roles and offices held

Chairman of RKCI, Manager of SCI MD Raphael and Chairman of Artimus Participations SAS.

Other information

Nordine Hachemi has an MBA from INSEAD and an engineering degree from ENSPM.

After an international career with Bouygues Construction, in 2001, he joined the Saur group, as Chairman.

From 2008 to 2011, he was Chairman and Chief Executive Officer of Sechilienne Sidec.

He was co-opted into the Board of Directors on June 25, 2013 and joined Kaufman & Broad on July 1, 2013 as Chief Executive Officer and Vice-Chairman of the Board of Directors.

He has been Chairman and Chief Executive Officer of Kaufman & Broad SA since January 24, 2014.

Independent Directors



SYLVIE CHARLES*

Transilien SNCF

Campus Rimbaud
10 rue Camille Moke
CS 80001
93212 Saint-Denis

Primary role held outside the Company

Chief Executive Officer of Transilien.

Other roles and offices held

President of Transport Ferroviaire Holding, President of Europe Intermodal Holding (EIH), President of Transport Ferroviaire Services, member of the Geodis SA Supervisory Board and Independent Director of the SANEF group. Chair of the Board of Directors of Lorry Rail (Luxembourg) and Vice-President of BLS Cargo (Switzerland).

Other information

Sylvie Charles is a graduate of the Institut d'Études Politiques de Paris and an alumna of ENA.

In 1993, she was appointed Chief Executive Officer of the Cariane group, and in 1999, she became Executive Vice-President of Générale de Transport et d'Industrie.

She served as Advisor to the Chair of STVA group's Management Board from 2001 to 2004, when she became Chair of the Management Board.

Since February 2010, Sylvie Charles has been Head of the Pôle Entreprises et Prestataires Ferroviaires at SNCF Logistics, which incorporates Fret SNCF and all the group's rail freight companies, including those abroad; in October 2013, this scope was extended to multi-modal entities.

Sylvie Charles was appointed Chief Executive Officer of Transilien on March 1, 2020.

* Chair of the Audit Committee.

**JEAN-LOUIS CHAUSSADE****SUEZ**

Tour CB21 – 16 place de l'Iris
92040 Paris La Défense

Primary role held outside the Company

Chairman of the Board of Directors of the Suez group.

Other roles and offices held

Member of the Board of Directors of Criteria Caixaholding SAU (Spain).

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

Chairman of the Board at Suez NWS Ltd (Hong Kong).

Director of the Institut du Capitalisme Responsable.

Other information

Jean-Louis Chaussade started his career at Degrémont in 1978 and was then appointed Chief Operating Officer of Degrémont Spain in Bilbao in 1989. During this time, he served on the Board of Directors of Aguas in Barcelona. Jean-Louis Chaussade then became 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 Chief Operating Officer of Engie for South America.

He became Chairman and Chief Executive Officer of Degrémont in 2000 and, in 2004, Deputy CEO of Engie and Chief Executive Officer of Suez Environnement.

Since July 23, 2008, Jean-Louis Chaussade has been Chief Executive Officer and a member of the Board of Directors of Suez, listed on Euronext Paris and Brussels (€15.9 billion in revenues and 88,000 employees in 2017).

Jean-Louis Chaussade is Co-Chair of the France China Committee and Chairman of the Franco-Algerian Business Leaders Board, part of MEDEF International. He also chairs AFEP's "circular economy" group.

Jean-Louis Chaussade has an engineering degree from ESTP and a master's degree in economics. He is also a graduate of the Institut d'Études Politiques de Paris and of Harvard Business School's Advanced Management Program.

He was appointed Chairman of the Board of Directors of the Suez group on May 14, 2019.

Jean-Louis Chaussade is an Officer of the French Légion d'Honneur.

**YVES GABRIEL *****Yves Gabriel Consulting**

21 bis, route de Choisel
78460 Chevreuse

Primary role held outside the Company

President of Yves Gabriel Consulting.

Other roles and offices held

Director of the insurance company SMABTP.

Director of Compagnie Industrielle et Financière d'Entreprises (CIFE).

Yves Gabriel was appointed Lead Director of the Board on January 29, 2019. He is also an Independent Director and has chaired the Compensation and Nominating Committee since March 8, 2016.

Other information

Graduate of École Nationale des Ponts et Chaussées.

Yves Gabriel was Chairman and Chief Executive Officer of Bouygues Construction and member of the Bouygues group's Board of Directors from 2002 to 2015.

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

Before that, he held management roles in different subsidiaries of the SCREG and Bouygues groups.

* Chairman of the Compensation and Nominating Committee and Lead Director.

**SOPHIE LOMBARD****Parvilla**

38, rue Mermoz
75008 Paris

Primary role held outside the Company

Chief Executive Officer of Parvilla (private equity fund management company).

Other roles and offices held

Member of Citizen Capital's Investment Committee.

Other information

Sophie Lombard is a graduate of EDHEC Business School and has an MBA from Columbia Business School in New York City.

Sophie Lombard worked for PAI Partners from 2001 to 2012.

She previously spent three years at Société Générale, in the Capital Markets and Derivatives department, and four years at Deutsche Bank in the LBO Department in London and Paris.

Sophie Lombard was a member of the Stoeffler group's Board of Directors from 2003 to 2008, of Chr. Hansen group's Board of Directors from 2005 to 2010, of the Yoplait group's Board of Directors from 2010 to 2011, and the Marcolin group's Board of Directors in 2012. She was Director of Financière Gaillon 8 from 2007 to 2017 and a member of the Supervisory Board of La Banque Postale until the end of February 2020.

**CAROLINE PUECHOULTRES****Carrefour**

93, avenue de Paris
91432 Massy

Primary role held outside the Company

Director Strategy & Clients Carrefour Market.

Other roles and offices held

Member of the Lexibook Board of Directors.

Other information

Caroline Puechoultres is a graduate of HEC.

She 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 until September 2015, she was Executive Vice-President in charge of Strategy and Marketing for the online travel agency Karavel-Promovacances. In October 2015, she joined the multimodal digital tourism start-up Simpki as Executive Vice-President to reinforce the founding team and work on a strategic pivot before its funding stage.

Starting in July 2016, Caroline Puechoultres became Marketing & Strategy Director for Intermarché and joined the supermarket brand's Management Committee, in charge of steering and overseeing new corporate strategy and developing the brand's new sales and marketing policy.

Since February 2019, Caroline Puechoultres has been Director Strategy & Clients at Carrefour Market.

**LUCILE RIBOT**

127, avenue Charles de Gaulle
92207 Neuilly-sur-Seine

Primary role held outside the Company

Independent Director, member of Audit Committees.

Other roles and offices held

Independent Director of HSBC France, member of the Audit Committee.

Resignation in April 2019 : Independant Director of Solocal Group, member of the Audit Committee.

Independent Director of Imerys, member of the Audit Committee.

Other information

After graduating from HEC in 1989, Lucile Ribot started her career at Arthur Andersen where she oversaw audit and financial advisory projects for large international groups.

In 1995, she joined the industrial engineering group Fives before becoming the group's Chief Financial Officer in 1998, and a member of the Management Board in 2002. She contributed to the Fives group's growth and strategic development up until 2017.

**ANDRÉ MARTINEZ****SNCF SA**

12, avenue du Président Wilson
75116 Paris

Primary role held outside the Company

Member of the Board of Directors and Chairman of the Strategy and Investment Committee of SNCF SA.

Other roles and offices held

Manager of SCI OLIMARG.

Manager of SCI VIMARG.

Founder-Chairman of Financière des Cent Chênes SAS.

Member of the ParisJus - Wild & The Moon Strategy Committee.

Other information

André Martinez is a graduate of HEC and the Institut d'Etudes Politiques de Paris. He began his career at Airbus Industrie and then served, from 1982 to 1995, as Head of Development and Operations at the Meridian group, subsequently becoming Chief Executive Officer of Société des Hôtels Méridien.

From 1997 to 2006, he was successively responsible for development and strategy at Compagnie des Wagons-Lits, and then for development and strategy at the Accor group, where he was appointed to the Management Board.

After serving as Managing Director and Chairman of Global Lodging at Morgan Stanley Real Estate, André Martinez served, from July 2012 to April 2014, as Special Adviser to the French Minister of the Economy and Finance, and to the French Minister of Foreign Trade.

He was Chairman of Edifice Capital SGP from 2014 to 2015, before serving as Chairman of the Board of Directors of Icade until April 2019.

Other directors

**MICHEL PARIS****PAI Partners**

232, rue de Rivoli
75001 Paris

Primary role held outside the Company

Chairman of the PAI Partners Executive Committee.

Other roles and offices held

Chairman of PAI Partners SAS, Member of the Supervisory Board at Financière Verdi III (Ethypharm); Lilas France SAS (Labeyrie); Chairman and Board member of PAI Partners AB, PAI Partners S.R.L., PAI Partners SL, PAI Europe VII GP SAS, Board member of Financière EMG SAS (Euro Media Group), PAI Europe III General Partner Ltd, PAI Europe IV General Partner Ltd, PAI Europe V General Partner Ltd, PAI Europe VI General Partner Ltd, PAI Syndication GP Ltd, observer of Perstorp Holding AB; manager of PAI Partners S.à r.l., PAI Europe VI Finance S.à r.l., PAI Europe VII Finance S.à r.l., Financière Daunou 17 S.à r.l., Carolles Participations SC and Granville Holdco SC; Member of the Board of Directors of WFC (World Freight Company) and AREAS.

Other information

Michel Paris joined PAI Partners in 1994.

He is Chairman of the Executive Committee and Head of the Retail, Industrial Goods, and Services teams.

Michel Paris has more than 30 years' experience in corporate investment. He contributed to a number of transactions, including those concerning Sogeres, Bouygues Telecom, Atos, Equant, Elix, Frans Bonhomme, Elis, Vivarte, Saur, Coin, Kwik Fit, Cortefiel, Monier, Xella, and EMG.

Previously, he spent two years at Valeo.

Michel Paris is a graduate of École Centrale de Lyon (1980) and École Supérieure de Commerce de Reims (1982).

Board member representing employee shareholders

**KARINE NORMAND*****Kaufman & Broad**

127, avenue Charles-de-Gaulle
92207 Neuilly-sur-Seine Cedex

Other roles and offices held

Chair of the Supervisory Board of the KB Actions FPCE (company mutual fund).

Other information

Karine Normand is a graduate of École Supérieure de Commerce de Brest and has a DESCF (French finance and accounting degree). She joined the group in 2003 as Head of Accounting, and then Consolidation starting in 2008. As part of the Financial Division, she worked on the capital restructuring (in particular during PAI Partners' purchase of a stake in Kaufman & Broad SA in 2007 and the subsequent sale of this stake in 2016-2017) and on the group's information system upgrade and its shift to paperless supplier invoices.

Karine Normand started her career at the accounting and audit firm SEFICO (Paris 16th arrondissement) from 1992 to 1997. From 1997 to 2003, she was the Chief Administrative and Financial Officer of Checkpoint Systems France, a subsidiary of the American group Checkpoint Systems Inc., a specialist in electronic solutions to tackle shrinkage in retail.

Karine Normand has been Chair of the KB Actions FPCE Supervisory Board since January 2018.

* Head of Accounting and Consolidation.

At the General Meeting called to approve the financial statements for fiscal year 2019, shareholders will vote on the co-option of André Martinez to the Board of Directors, replacing Frédéric Stévenin, who has resigned.

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 provided in Section 3.1.1.1. "Members of the Board of Directors" of the Company's Universal Registration Document.

As stipulated in the Internal Rules of the Kaufman & Broad SA Board of Directors, each member of the Company's Board of Directors must hold at least 250 shares in the Company. All of the directors have met this obligation. In application of Article 10 bis of the Company bylaws, the director representing employee shareholders is not bound to this obligation of ownership.

The Company's directors declare that, in the past five years at least, they have not experienced or been subject to:

- conviction for fraud;
- bankruptcy, sequestration, or liquidation;
- incrimination and/or official public sanction by the statutory or regulatory authorities, including designated professional bodies;
- a court order prohibiting them from serving on a Board of Directors, a Management Board, or a Supervisory Board of an issuing company or from intervening in the management or business of an issuing company.

Service contracts between the members of the Board of Directors and the Company or one of its subsidiaries

There are no service contracts between the members of the Board of 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 June 2008, revised in January 2020, 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 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 Deputy CEO 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 ten members.

3.1.1.2.3. Other provisions of the bylaws and Internal Rules

Article 16 of the Company's bylaws also stipulates that the Board of Directors may, on recommendation of the Chairman, appoint a maximum of two non-voting members, chosen from among the shareholders. The duty of non-voting members is to monitor, in particular, 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.

The Company's Board of Directors has established Internal Rules. These were last updated on September 27, 2018, when the provisions relating to the compensation of the directors were amended.

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 Chairman, or the Lead Director. 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.kaufmanbroad.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 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.

The Lead Director may also ask the Chairman to convene a Board meeting if there is a specific point whose importance or urgent nature justifies the holding of an extraordinary meeting.

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 the Lead Director, or, in the absence of the latter, 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.

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 Board member with a conflict of interest, even 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);

- any borrowings, other than credit facilities, bilateral lines of credit and authorized overdrafts;

- 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 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.

3.1.1.2.6. Operating procedures of the management bodies

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 for 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 21, 2019, 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 €2,800,000,000, including any amounts required for Performance Bonds. On February 27, 2020, the Board of Directors renewed this authority for a period of twelve months.

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.

3.1.1.2.7. Duties and remit of the Lead Director

The Board of Directors may appoint, on the recommendation of the Compensation and Nominating Committee, from among its independent members, a Lead Director, for a term not exceeding that of his/her term of office as a member of the Board.

Hence, the Board of Directors appointed Yves Gabriel, Independent Director, as the Lead Director at the session of January 29, 2019.

Assisting the Chairman and the Board of Directors and assessing executive management

The Lead Director assists the Chairman in his/her duties, particularly with the organization and proper functioning of the Board of Directors and its committees and the supervision of corporate governance and internal control.

He/she is also responsible for providing the Board of Directors with assistance to ensure the proper functioning of the Company's corporate bodies and to shed light on the operations on which the Board of Directors is required to resolve. In this context, he/she ensures that the members of the Board of Directors are able to carry out their duties in the best possible conditions, in particular by ensuring that they are provided with a high level of information in advance of Board meetings.

In the context and for the purposes of carrying out his/her duties, the Lead Director may occasionally attend, without the right to vote, meetings of the Board committees of which he/she is not a member. He/she has access to the work of these committees and the information that is provided to their members.

The Lead Director meets with the directors periodically, and at least once a year, without the presence of the executive or internal corporate officers, in order to assess the performance of the Chairman and Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers, and to reflect on the future of management. These meetings are chaired by the Lead Director.

Managing conflicts of interest

The duties of the Lead Director are, in conjunction with the Compensation and Nominating Committee, which it may consult and meet with to discuss these matters as necessary, the regular implementation of the procedures aimed at identification and analysis, and the provision of information on situations that may fall within the scope of managing and preventing the occurrence of conflicts of interest within the Board of Directors and the executive corporate officers.

He/she is kept informed, or keeps him/herself informed, of any conflicts of interest, potential or proven, that might arise concerning the executive corporate officers and the other members of the Board. He/she submits this information to the Chairman of the Board of Directors and the Chairman of the Compensation and Nominating Committee and, if the latter regards this as necessary, the Board of Directors.

The Lead Director, as and when required, may make recommendations to the Compensation and Nominating Committee and to the Board of Directors about the management of any conflicts of interest that he/she may have detected or of which he/she has been informed.

3.1.1.2.8. Independence of Directors

The Company's Board of Directors currently comprises six independent members from a total of ten members. These are Sylvie Charles, Jean-Louis Chaussade, Yves Gabriel, Sophie Lombard, Caroline Puechoultres, Lucile Ribot, and André Martinez.

Sophie Lombard's term of office, renewed with a 99% vote in favor during the Shareholders' Meeting of May 3, 2018, had exceeded 12 years as of July 10, 2019 (Sophie Lombard did not exercise her duties as director of the Company from January 20, 2010 to September 29, 2010).

At its meeting of February 27, 2020, the Board of Directors, having taking into consideration:

- the objectivity that Sophie Lombard had consistently displayed in the Board's deliberations and decisions;
- her complete involvement in the Board's discussions and the aptness and relevance of her interpretations, expressed freely and appreciated unanimously by the other directors and by the Chairman of the Board;
- and her highly-qualified profile, given her solid experience in areas relating to the group's operations, deemed that, among the five other criteria set forth in the AFEP-MEDEF Code, revised in January 2020 (see Section 9.5. "Compensation and benefits granted to corporate officers"), the 12-year criterion was not sufficient, on its own, to warrant Sophie Lombard automatically losing her independent directorship.

The Board's decision is in line with the recommendations of the AFEP-MEDEF Code, which stipulates that the Board of Directors may decide that a director who 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 based on 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 or other) with them."

The criteria to be reviewed by the Committee and the Board 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 Universal 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 more than 12 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.

3.1.1.2.9. Shares held by directors

As stipulated in the Internal Rules of the Kaufman & Broad SA Board of Directors, each member of the Company's Board of Directors must hold at least 250 shares in the Company. All of the directors have met this obligation. In application of Article 10 bis of the Company bylaws, the director representing employee shareholders is not bound to this obligation of ownership (see the Kaufman & Broad SA shareholding structure in the table in Section 5.3.1. "The Company's shareholding structure on November 30, 2019 and change over three years" of this document).

3.1.1.2.10. Compensation allocated to directors (formerly directors' fees)

At the Combined Ordinary and Extraordinary Shareholders' Meeting of May 3, 2018, the total amount of compensation (formerly directors' fees) allocated annually to the Board of Directors was set at €400,000 as from the fiscal year ended November 30, 2018 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 Internal Rules of the Board of Directors, at the last update, approved by the Board of Directors on September 27, 2018, stipulate that the compensation (formerly directors' fees) is spread between Board members with no function in the Kaufman & Broad group in consideration for their director mission. Directors' compensation (formerly directors' fees) is paid according to the number of Board of Directors meetings attended (in person or by video-conference) during the fiscal year. A portion set by the Board of Directors, raised on the amount of compensation (formerly directors' fees) allocated to the Board of Directors, is paid to the members of the different committees with no function within the Kaufman & Broad group and, as need be, to the Lead Director, as a function of their presence at the meetings of these committees.

On the recommendation of the Compensation and Nominating Committee, the Board of Directors, at its meeting on January 29, 2020 resolved to pay directors' fees for 2019:

- for a maximum individual amount of €55,000 to the directors of the Company who are considered independent;
- for a maximum individual amount of €26,800 to the Company's other directors, with the exception of the Chairman and Chief Executive Officer and the director representing the employee shareholders, who do not receive compensation.

Pursuant to the Board of Directors' decision of January 29, 2019, Yves Gabriel will receive additional compensation in the amount of €10,000 in respect of his duties as Lead Director.

Compensation (formerly directors' fees) allocated to each director for fiscal year 2019 takes into account the attendance of each of them at the meetings of the committees and of the Board of Directors. Please refer to Section 3.2.1.1. "Compensation paid to members of the administrative bodies".

3.1.1.2.11. Annual assessment

In accordance with the AFEP-MEDEF Code of Corporate Governance and with the provisions of the Board's Internal Rules, which can be found on the Company's website, the Board of Directors must dedicate, at least once a year, one agenda item to the assessment of its own operation and those of its special committees, under the oversight of the Lead Director. A formal assessment is conducted every three years, which may be conducted under the direction of the Lead Director or an Independent Director or independent Board member, with the assistance of an external consultant if applicable. The criteria for the assessment of the operation of the Board for fiscal year 2019 were delivered to the directors at the meeting of February 27, 2020. The outcome of this assessment will be presented at the next Board meeting on May 5, 2020.

3.1.1.2.12. Meetings of the Board of Directors in 2019

The table below gives the attendance rate per director at the Board of Director meetings:

Members	Presence at meetings	Total number of meetings	Individual attendance rate
Sylvie Charles	7	7	100%
Jean-Louis Chaussade	4	7	57%
Yves Gabriel	7	7	100%
Sophie Lombard	7	7	100%
Caroline Puechoultres	5	7	71%
Lucile Ribot	7	7	100%
Karine Normand	7	7	100%
Michel Paris	7	7	100%
Frédéric Stévenin	4	7	57%

In fiscal year 2019, the Board of Directors met seven times (the attendance rate of Directors at Board meetings was 89%):

- on **January 29, 2019**, the Board of Directors held a meeting attended by nine members. The Board discussed the following agenda:
 - presentation by the Chairman of the Board of Directors of the report for 2018 and the 2019 forecasts,
 - report of the Audit Committee – Minutes of the meeting of January 25, 2019,
 - review of the estimated consolidated financial data at November 30, 2018,
 - approval of the 2019 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 2018 annual results,
 - report of the Compensation and Nominating Committee – Minutes of the meeting of January 15, 2019,
 - compensation of the corporate officer and management for 2018,
 - proposal for the appointment of a Lead Director,
 - proposal for the appointment of a new member of the Compensation and Nominating Committee,
 - compensation allocated to Board members: breakdown for fiscal year 2018,
 - adoption of new Internal Rules,
 - employee shareholding – implementation of a leveraged FCPE (company mutual fund),
 - refinancing of senior debt;
- on **February 21, 2019**, the Board of Directors held a meeting attended by nine members. The Board discussed the following agenda:
 - report of the Audit Committee – Minutes of the meeting of February 19, 2019,
 - review and approval of the statutory financial statements for the fiscal year ended November 30, 2018 and the proposed appropriation of net income for the fiscal year,
 - review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2018,
 - 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,
 - renewal of the authority to issue pledges and guarantees,
 - renewal of the share buyback program,
 - review of Company policy regarding gender and pay equality,
 - report of the Compensation and Nominating Committee – Minutes of the meeting of January 30, 2019,
 - compensation of corporate officers and management for 2019,
 - award of bonus shares,
 - review and approval of the report on corporate governance,
 - recording of the end of the terms of office of Directors – proposal to reappoint them,
 - notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
 - prior approval of the services provided by the Statutory Auditors;
- on **April 10, 2019**, the Board of Directors held a meeting attended by nine members. The Board discussed the following agenda:
 - review and approval of the minutes of the previous meeting,
 - minutes of the Audit Committee meeting of April 8, 2019,
 - review of the financial statements for the first quarter of 2019,
 - update II: presentation of the revised 2019 Plan;
- on **May 2, 2019**, the Board of Directors held a meeting attended by ten members. The Board discussed the following agenda:
 - option for payment of the dividend in shares – setting of the issue price in shares,
 - implementation of the share buyback program,
 - structured employee shareholding – implementation of a leveraged FCPE,

- definitive award of bonus shares from the 2016 Plan (II),
 - definitive award of bonus shares from the 2017 Plan,
 - assessment of the operation of the Board of Directors;
 - on **July 9, 2019**, the Board of Directors held a meeting attended by ten members. The Board discussed the following agenda:
 - report of the Audit Committee: minutes of the meeting of July 9, 2019,
 - business activities in the first half of 2019,
 - review and approval of the half-yearly Consolidated Financial Statements for the period to May 31, 2019,
 - update III: presentation of the revised 2019 Plan,
 - other matters:
 - structured employee shareholding – implementation of a leveraged FCPE: decision on the maximum volume of the offer,
 - HR: update on Sponsorship and information on the new Gender Equality index,
 - commercial: Update on A7/A8 project,
 - housing: presentation of the VILLEPREUX wood-construction housing project,
 - customers: customer satisfaction survey;
 - on **September 27, 2019**, the Board of Directors held a meeting attended by seven members. The Board discussed the following agenda:
 - report of the Audit Committee – minutes of the meeting of September 25, 2019,
 - presentation of the estimated consolidated financial data at August 31, 2019,
 - update IV: presentation of the revised 2019 Plan,
 - review and approval of the revised draft management documents for 2019 and of the report analyzing those documents;
 - on **November 5, 2019**, the Board of Directors held a meeting attended by eight members. The Board discussed the following agenda:
 - determination of interim financial position at August 31, 2019,
 - structured employee shareholding – implementation of the leveraged share offer reserved for employees,
 - development prospects;
- The Board of Directors has met twice since November 30, 2019:
- on **January 29, 2020**, the Board of Directors held a meeting attended by nine members. The Board discussed the following agenda:
 - report of the Audit Committee – Minutes of the meeting of January 27, 2020,
 - review of the estimated consolidated financial data at November 30, 2019,
 - review of the 2020 budget,
 - review and approval of the revised draft management documents and of the report analyzing those documents,
 - review and approval of the draft press release on the 2019 annual results,
 - report of the Compensation and Nominating Committee – Minutes of the meeting of January 15, 2020,
 - compensation of corporate officers and management for 2019,
 - amount of compensation to be paid to the directors (formerly directors' fees): breakdown for fiscal year 2019,
 - recording of the resignation of a director – co-option of a director;
 - on **February 27, 2020**, the Board of Directors held a meeting attended by nine members. The Board discussed the following agenda:
 - report of the Audit Committee – Minutes of the meeting of February 25, 2020,
 - review and approval of the statutory financial statements for the fiscal year ended November 30, 2019 and the proposed appropriation of net income for the fiscal year,
 - review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2019,
 - agreements 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,
 - renewal of the authority to issue pledges and guarantees,
 - renewal of the share buyback program,
 - review of Company policy regarding gender and pay equality,
 - report of the Compensation and Nominating Committee – Minutes of the meeting of January 30, 2020,
 - compensation of the corporate officer and management for 2020,
 - award of bonus shares,
 - definitive award of bonus shares (2018 Plan),
 - review and approval of the report on corporate governance,
 - notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
 - prior approval of the services provided by the Statutory Auditors,
 - adoption of the Internal Charter on related-party agreements and commitments and on the procedure for assessing current agreements entered into under normal conditions.
 - on **March 16, 2020**, the Board of Directors held a meeting attended by nine members. The Board discussed the following agenda:
 - update on the situation at March 13, 2020,
 - earnings projections for the first quarter of 2020 and outlook for 2020 - Early release,
 - proposal to implement a share buyback program.

3.1.1.2.13. Description of the diversity policy within the Board of Directors pursuant to Article L. 225-37-4 6° of the Commercial Code

Based on recommendations from the Compensation and Nominating Committee, directors are appointed according to their qualifications, professional skills and independence of mind at the Shareholder Meetings or via co-option.

The composition of the Board reflects the diversity and complementarity of its members' experience and skills.

The presentation of each director as given in the present report (see above "Operation of the Board of Directors" – Provisions governing the

membership of the Board of Directors – list of roles and offices exercised by each director) gives insight into the diversity and complementarity of their experience.

Information on the fair representation of women and men on the Board of Directors

At the date of drafting of this report, the Board of Directors comprises five women amongst the ten directors.

Sylvie Charles, Caroline Puechoultres, Lucile Ribot and Sophie Lombard are recognized as Independent Directors by the Board.

At the Shareholders' Meeting of May 3, 2018, the shareholders appointed Karine Normand as a director attending Board meetings as a representative of employee shareholders.

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. Charter of the Audit Committee

A charter describes the organization, powers and operation of the Audit Committee. Its most recent update was approved on September 28, 2017 at a Board meeting, with the aim, in particular, of reflecting the retranscription into French law of the European audit reform.

3.1.2.1.2. 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 terms of office of members of the Audit Committee coincide with their terms of office as members of the Board of Directors. They may be renewed at the same time as the latter terms of office.

Members of the Audit Committee are selected in view, in particular, of their independence and their financial and/or accounting expertise. To this end, at least one independent member of the Committee has special expertise in financial and/or accounting matters acquired during the course of his/her professional career.

At the time of their appointment, members of the Audit Committee receive information regarding the specific nature of the Company's accounting, financial and operating procedures.

The Audit Committee comprises four independent members appointed for their term of office as directors: Sylvie Charles, appointed on February 16, 2012 and Chair as of September 30, 2014, Sophie Lombard, appointed on September 29, 2010 and an Independent Director as of December 1, 2016, Yves Gabriel, appointed on July 11, 2016, and Lucile Ribot, appointed on September 27, 2018.

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 and the relevance and consistency of the accounting methods used to prepare the statutory financial statements and the consolidated half-year and annual financial statements and their scope of application;
- monitoring the effectiveness of internal control and risk management systems: in particular, the Audit Committee reviews the material off-balance sheet commitments of the Company and its subsidiaries;
- 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 the half-year and annual Consolidated Financial Statements;
- reviewing provisions and their adjustments and any situation that could generate a significant risk for the group;
- monitoring the Company's financing policy and the risks related thereto;
- reviewing and providing an opinion to the Board of Directors on the procedure to select the Statutory Auditors, or, if applicable, an audit firm, and monitoring the independence and objectivity rules for Statutory Auditors.

The Audit Committee has all the resources it deems necessary to carry out its tasks. In particular, it may consult with the Company's Statutory Auditors and the group companies, financial, accounting, treasury and internal audit managers, or any other experts that it has selected based on their expertise and independence, including without the presence of the Company's management.

In order to monitor the effectiveness of the internal control and risk management systems, the Audit Committee ensures the deployment and implementation of corrective actions if significant weaknesses or anomalies are identified in these systems. It is also informed about the main findings of the Statutory Auditors and the Internal Audit Department.

The Audit Committee gives its opinion on the organization of the Internal Audit Department and is informed about its work program. It must receive the internal audit reports or a periodic summary of these reports.

The Audit Committee must consult the Statutory Auditors on a regular basis, including without the presence of executives. In particular, it must consult the Statutory Auditors during Audit Committee meetings dealing with the review of the financial reporting process and the review of the financial statements, in order to report on the performance of their duties and the conclusions of their work.

The Audit Committee must oversee the procedure for selecting and reappointing the Statutory Auditors, and submit to the Board of Directors a recommendation on the Statutory Auditors whose appointment is proposed to the Shareholders' Meeting.

Furthermore, to enable it to monitor the independence and objectivity rules for the Statutory Auditors throughout their term of office, the Audit Committee must be provided with the following on an annual basis:

- the statement of independence of the Statutory Auditors;
- 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 performance of the procedures directly related to the Statutory Auditors' duties.

The statutory audit of the Company's financial statements must exclude any procedures not related to the statutory audit. However, after prior approval by the Audit Committee, ancillary or directly supplementary audit work may be performed, such as acquisition or post-acquisition due diligence, but excluding valuation and consulting work.

The Charter of the Audit Committee thus specifies the rules and procedures relating to the provision by the Statutory Auditors of a service other than the certification of the financial statements.

3.1.2.1.4. Audit Committee Procedures

Meetings of the Audit Committee are validly held if at least half its members are present. Meetings of the Audit Committee are convened by its Chairman or, if applicable, the Chairman of the Board of Directors.

Furthermore, two Committee members may convene a meeting of the Committee if they believe it necessary to discuss one or more specific matters.

3.1.2.1.7. Audit Committee meetings in fiscal year 2019

The table below gives the attendance rate per member at the Audit Committee meetings:

Members	Presence at meetings	Total number of meetings	Individual attendance rate
Sylvie Charles	5	5	100%
Sophie Lombard	4	5	80%
Yves Gabriel	5	5	100%
Lucile Ribot	5	5	100%

The Audit Committee's agenda is set by the Chairman of the Audit Committee.

The Committee meets whenever necessary and, in any event, at least four times a year. Meetings are held prior to meetings of the Board of Directors and, as far as possible, 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 of Directors.

The Audit 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 Audit Committee may also, whatever its meeting agenda, consult with employees of the Company or the Statutory Auditors without the presence of the Company's management, who are informed of this in advance.

Members of the Audit Committee and meeting participants are bound by professional secrecy.

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 Audit Committee is the secretary of the Board of Directors.

The Audit Committee receives important documents within its remit (financial analysts' recommendations, reports from rating agencies, summaries of audit engagements, etc.). It may request additional reports if it wishes.

The Audit Committee makes its decisions by a majority of the members attending the meeting, with each member holding one vote.

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 compensation to be paid to members of the Audit Committee

A portion set by the Board of Directors and taken from the compensation 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 (see Section 3.2.1.1. "Compensation paid to members of the administrative bodies").

In fiscal 2019, the Audit Committee met five times (the attendance rate of Directors at Audit Committee meetings was 95%):

- on **January 25, 2019**, the Audit Committee held a meeting attended by three members. The Committee discussed the following agenda:
 - review of the estimated consolidated financial data at November 30, 2018,
 - comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2018,
 - review of the 2019 budget,
 - presentation on developments concerning major risks resulting from risk mapping,
 - appointment of Deloitte & Associés, an independent third-party body, to draw up the report on the corporate, environmental and societal information;
- on **February 19, 2019**, the Audit Committee held a meeting attended by four members. The Committee discussed the following agenda:
 - review and approval of the minutes of the previous meeting,
 - review of the notes to the Consolidated Financial Statements for the fiscal year ended November 30, 2018,
 - review of the statutory financial statements for the fiscal year ended November 30, 2018 and the proposed appropriation of income for the fiscal year,
 - comments of the Statutory Auditors on the statutory financial statements for the fiscal year ended November 30, 2018,
 - report of the Board of Directors on Corporate Governance,
 - internal audit:
 - results of the H2 2018 tests on the Internal Control System and the 2018 annual summary,
 - 2019 forward plan for tests on the Internal Control System,
 - presentation of the draft report of Deloitte & Associés, an independent third-party body, on the corporate, environmental and societal information included in the management report,
 - prior approval of the services provided by the Statutory Auditors;
- on **April 8, 2019**, the Audit Committee held a meeting attended by four members. The Committee discussed the following agenda:
 - review of the financial statements for the first quarter of 2019,
 - update II: presentation of the revised 2019 Plan;
- on **July 9, 2019**, the Audit Committee held a meeting attended by four members. The Committee discussed the following agenda:
 - review of business activities in the first half of 2019,
 - review of the estimated financial data for the first half of 2019,
 - review of the main potential risks identified to date,
 - comments of the Statutory Auditors on the estimated consolidated financial data at May 31, 2019,

- internal audit: presentation of the results of tests on the ICS (Internal Control System) at the end of Q1 2019,

- update III: presentation of the revised 2019 Plan;

- on **September 25, 2019**, the Audit Committee held a meeting attended by four members. The Committee discussed the following agenda:

- review of the estimated consolidated financial data at August 31, 2019,
- update IV: presentation of the revised 2019 Plan,
- quarterly results of tests on the ICS (Internal Control System),
- update: risk mapping;

The Audit Committee has met twice since November 30, 2019:

- on **January 27, 2020**, the Audit Committee held a meeting attended by four members. The Committee discussed the following agenda:

- review of the estimated consolidated financial data at November 30, 2019,
- comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2019,
- review of the 2020 budget,
- presentation of the 2020 update to the group's major risks map;

- on **February 25, 2020**, the Audit Committee held a meeting attended by four members. The Committee discussed the following agenda:

- review of the notes to the Consolidated Financial Statements for the fiscal year ended November 30, 2019,
- review of the statutory financial statements for the fiscal year ended November 30, 2019 and the proposed appropriation of income for the fiscal year,
- comments of the Statutory Auditors on the statutory financial statements for the fiscal year ended November 30, 2019,
- review of the Board of Directors report on Corporate Governance,
- internal audit:
 - results of the H2 2019 tests on the Internal Control System and the 2019 annual summary,
 - 2020 forward plan for tests on the Internal Control System,
 - presentation of the draft report of Deloitte & Associés, an independent third-party body, on the corporate, environmental and societal information included in the management report,
 - prior approval of the services provided by the Statutory Auditor.

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 be 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 Yves Gabriel, an Independent Director appointed on July 11, 2016 and Chairman as of that date, Sophie Lombard, an Independent Director appointed at the Board meeting of February 17, 2011, and Jean Louis Chaussade, an Independent Director, appointed at the Board meeting of January 29, 2019 to replace Caroline Puechoultres, who resigned.

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 factors in the criteria iterated in Section 3.2.1. of the Universal Registration Document. In particular, it recommends the allocation of directors' fees and the individual amounts to be paid 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
- 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 2019

The table below gives the attendance rate per member at the Compensation and Nominating Committee meetings:

Members	Presence at meetings	Total number of meetings	Individual attendance rate
Yves Gabriel	2	2	100%
Sophie Lombard	2	2	100%
Caroline Puechoultres*	0	2	0%
Jean-Louis Chaussade	0	2	0%

* Caroline Puechoultres resigned as member of the Compensation and Nominating Committee on January 29, 2019.

In fiscal year 2019, the Compensation and Nominating Committee met twice (the attendance rate of Directors at meetings of the Compensation and Nominating Committee was 67%):

- on **January 15, 2019**, the Compensation and Nominating Committee held a meeting attended by two members.

The Committee discussed the following agenda:

- 2018 wage policy: compensation analysis and budget management,
- compensation of the corporate officer and senior executives who are members of the Executive Committee for fiscal year 2018,
- compensation of the corporate officer for 2019 – long-term compensation of the corporate officer – commitments in favor of the corporate officer,

- compensation of the senior executives who are members of the Executive Committee for fiscal year 2019,
- award of bonus shares,
- proposed renewal of the directorships of Yves Gabriel, Michel Paris and Jean-Louis Chaussade,
- proposal for the appointment of a Lead Director,
- continuity plan for the duties of the corporate officer and top managers,
- amount of directors' fees – proposed allocation for 2018, proposed modification of the Board of Directors Internal Rules,

- proposed appointment of a new member of the Compensation and Nominating Committee to replace Caroline Puechoultres,
- on **January 30, 2019**, the Compensation and Nominating Committee held a meeting attended by two members.

The Committee discussed the following agenda:

- compensation of the corporate officer for 2019 – long-term compensation of the corporate officer – commitments in favor of the corporate officer,
- compensation of the senior executives who are members of the Executive Committee for fiscal year 2019,
- award of bonus shares.

The Compensation and Nominating Committee has met twice since November 30, 2019:

- on **January 15, 2020**, the Compensation and Nominating Committee held a meeting attended by three members.

The Committee discussed the following agenda:

- 2019 wage policy: compensation analysis and budget management,
- variable remuneration of the corporate officer and senior executives who are members of the Executive Committee for fiscal year 2019,
- compensation of the corporate officer for 2020 – long-term compensation of the corporate officer – commitments in favor of the corporate officer,
- compensation of the senior executives who are members of the Executive Committee for fiscal year 2020,
- amount of directors' compensation (formerly directors' fees) – proposed allocation for 2019,
- proposal to co-opt André Martinez to the Board of Directors;
- on **January 30, 2020**, the Compensation and Nominating Committee held a meeting attended by three members.

The Committee discussed the following agenda:

- compensation of the corporate officer for 2020 – long-term compensation of the corporate officer – commitments in favor of the corporate officer,
- definitive award of bonus shares from the 2018 Plan,
- award of bonus shares,
- proposed new plan under the authority granted by the Shareholders' Meeting of May 2, 2019,
- proposed granting of new authority by the 2020 Shareholders' Meeting.

3.1.2.3. Investment Committee

3.1.2.3.1. Membership and duties

The Board's Internal Rules stipulate that the Investment Committee 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 accordance with the independence criteria adopted by the Company.

It is chaired by an Independent Director. It currently comprises three Independent Directors, appointed at the meeting of the Board of Directors of January 27, 2017: Sophie Lombard, Chair, Sylvie Charles and Yves Gabriel.

The Investment Committee meets 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. "Purchase of land" of the Company's Universal 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 paid to 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

In fiscal 2019, the Investment Committee met once (the attendance rate of directors at Investment Committee meetings was 100%):

- on **July 5, 2019**, the Investment Committee held a meeting attended by three members.

The Committee discussed the following agenda:

- presentation of the "Austerlitz" (A7/A8) project - expected calendar - associated risks,
- acquisition plans.

3.1.3. Senior Executives

The management of the group is organized under the leadership of the Chairman and Chief Executive Officer, Nordine Hachemi, as well as other senior executives of the group.

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 Vice-Presidents and Agency Directors.

3.1.3.1. Executive Committee

Kaufman & Broad's Executive Committee has eight members:

Nordine Hachemi – Chairman and Chief Executive Officer; Bruno Coche – Chief Financial Officer; Christian Delapierre – Executive Vice-President Île-de-France and Institutional Sales; David Laurent – Executive Vice-President Business Property, Logistics and Real Estate Development/Urban Development Jacques Rubio – Executive Vice-President Regions; William Truchy – Executive Vice-President Sales and Marketing; Virginia Bernoux, Executive Vice-President Northeast; and Sophie Letierce, Director of Human Resources.

The Executive Committee implements the group's strategy and monitors its deployment, in particular through the Annual Plan by business activity. Lastly, it defines any organization adjustments that may be required based on the strategic decisions of the Board of Directors and ensures their implementation.

3.1.3.1.1. Nordine Hachemi, Chairman and Chief Executive Officer

Nordine Hachemi, a graduate of Institut de Physique du Globe de Strasbourg, École Nationale du Pétrole et des Moteurs and INSEAD, began his career at Pompes Guinard in 1986. He then joined Transroute (Groupe Caisse des Dépôts et Consignations) in 1988 where he held positions in sales and development in Asia. In 1992, he went to work for Bouygues Construction, where he was responsible for the development of large international infrastructure projects. In 2001, he joined the Saur group, France's third largest water and waste management company, subsequently becoming its Chairman. In 2008, he became Chairman and Chief Executive Officer of Sechilienne 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.

He was co-opted into the Board of Directors on June 25, 2013 and joined Kaufman & Broad on July 1, 2013 as Chief Executive Officer and Vice-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.

3.1.3.1.2. 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 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 became Deputy Chief Financial Officer and a member of the Management Committee in December 2009. In January 2016, Bruno Coche was promoted to the position of Chief Financial Officer and became a member of the Executive Committee.

3.1.3.1.3. Christian Delapierre, Executive Vice-President Île-de-France and Institutional Sales

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 Head 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 Vice-President. He has been a member of the Management Committee since January 2014. In November 2015, Christian Delapierre was appointed Executive Vice-President 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. In July 2019, he was appointed Executive Vice-President Île-de-France and Institutional Sales.

3.1.3.1.4. David Laurent, Executive Vice-President Business Property, Logistics and Urban Development

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 Head of Development of SOPIC Paris and then joined Kaufman & Broad at the end of 2011 as Vice-President Business 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 Executive Vice-President Business Property and Major Urban Projects. In January 2020, he was also put in charge of the Urban Development department.

3.1.3.1.5. Jacques Rubio, Executive Vice-President Regions and Managed Accommodation

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 Regional Vice-President Kaufman & Broad Southwest. In 2009, he was named Executive 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 December 2009. Jacques Rubio develops the Managed Accommodation business. In January 2016, he became a member of the Executive Committee. In October 2019, he was appointed Executive Vice-President Regions.

3.1.3.1.6. William Truchy, Executive Vice-President Marketing and Sales

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 Vice-President in 1989. William Truchy joined Kaufman & Broad in March 2003 as Sales and Marketing Director Île-de-France. He was appointed Vice-President Marketing in January 2005, and led the Sales and Marketing and Showroom operations in Paris and Île-de-France. In 2008, he was appointed Vice-President Sales and Marketing. He has been a member of the Management Committee since December 2004 and was appointed Executive Vice-President for the Regions in January 2009. In September 2015, he was put in charge of the Marketing, Communication and Digital Department as well as the Architecture-Quality and Innovation Departments. In January 2016, he became a member of the Executive Committee. In April 2017, he became Head of the Residential Property Marketing Department. In October 2019, he was appointed Executive Vice-President Marketing and Sales.

3.1.3.1.7. Sophie Letierce, Senior Vice-President Human Resources

Sophie Letierce holds a master's degree and a postgraduate diploma (DESS) in Corporate Law. She began her career in 2000 as a lawyer at Latournerie Wolfrom & Associés before joining the Wolters Kluwer France media and publishing group in 2006 as Group Labor Relations Manager, where she went on to become Director of Human Resources France. After spending two years at France Médias Monde, she joined the Canal+ group in 2012 as HR Director Distribution.

Sophie Letierce joined Kaufman & Broad in October 2018 as Executive Vice-President Human Resources to play a part in the group's transformation and in all aspects relating to hiring, organization and the development of talents.

3.1.3.1.8. Virginia Bernoux, Executive Vice-President Northeast

Virginia Bernoux is a graduate of INSA Lyon. She began her career in development in the city of Lille before joining Akerys Promotion in Lyon as Regional Director. In 2007, she joined COGEDIM, where she went on to become President of the Cogedim Grand Lyon Division and then President for the Eastern Regions.

She joined Kaufman & Broad in January 2020 as Executive Vice-President for the Northeast region.

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 subject to a court order prohibiting them from serving on a Board of Directors, a Management Board, or a Supervisory Board

of an issuing company or from intervening in the management or business of an issuing company.

3.1.3.2. Management Committee

The Kaufman & Broad Management Committee has 13 members: the members of the Executive Committee, and: Chrystèle Marchand, Senior Vice-President Marketing, Digital and Communication; Frédéric Bourg, Vice-President Operations Île-de-France; Marc Vettraino, Regional Director Paris and Inner Suburbs; Philippe Ribouet, Vice-President Sud-Ouest; and Thierry Verninas, Senior Vice-President Architecture and Quality. 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 and the members of the administrative bodies, or between the members of the Management Committee and the members of the Board of Directors.

3.1.3.3. Operational divisions

The principal regional divisions within the group are as follows:

Paris/Île-de-France

- Christian Delapierre, Executive Vice-President Île-de-France and Institutional Sales
 - Marc Vettraino, Vice-President Paris and Inner Suburbs (75, 92, 93 and 94 North)
 - Luc Le Gall, Agency Director Inner Paris Suburbs and Paris North (75, 93)
 - Laurent Garnier, Agency Director Inner Suburbs and Paris South (92, 94 South)
 - Krystel Briant, Agency Director Seine-et-Marne
 - Isabelle Charveriat, Agency Director Essonne and Val-de-Marne (94 South)
 - Mathieu Jaegle, Agency Director Yvelines
 - Frédéric Wilhelm, Agency Director Val-d'Oise
- Frédéric Bourg, Vice-President Operations Île-de-France

Regions: Northwest (Loire Atlantique - Brittany - Normandy) - Northeast (North Flanders - East - Rhône-Alpes - Savoie), Southeast (Méditerranée - Côte d'Azur - Provence) and Southwest (Midi-Pyrénées - Gironde - Languedoc-Roussillon - Pyrénées-Atlantiques and Serge Mas Promotion)

- Jacques Rubio Executive Vice-President Regions

Northwest: Brittany - Loire-Atlantique - Normandy

- Jacques Rubio oversees the Northwest region
 - Patrick Gillen, Agency Director Brittany (Rennes)
 - Guillaume Basile, Agency Director Caen/Rouen/Le Havre
 - Sébastien Perquin, Agency Director Loire-Atlantique (Nantes/Val de Loire)

Northeast: Savoie - East - North Flanders - Rhône-Alpes

- Virginia Bernoux, Executive Vice-President Northeast
 - Ludovic Landon, Agency Director Savoie (Annecy – Grenoble)
 - Thibaud Simon, Agency Director East (Strasbourg)
 - Nicolas Riffart, Agency Director North Flanders (Lille/Reims/Nancy)
 - Mikael Borie, Agency Director Rhône-Alpes (Lyon – Dijon)

Southeast: Côte d'Azur - Méditerranée - Provence

- Jacques Rubio oversees the Southeast region
 - Stéphane Thirroueiz, Agency Director Côte d'Azur (Nice)
 - Xavier Granger, Agency Director Méditerranée (Marseille)
 - Nicolas Batisse, Agency Director Provence (Toulon)

Southwest (Midi-Pyrénées - Gironde - Languedoc-Roussillon – Pyrénées-Atlantiques and Serge Mas Promotion)

- Philippe Ribouet, Vice-President Southwest
 - Georges Lopez, Agency Director Gironde (Bordeaux) and Poitou-Charentes (La Rochelle)
 - Julien Destouches, Agency Director Languedoc-Roussillon (Montpellier) and Pyrénées Orientales (Perpignan)
 - Pierre-Emmanuel Dao, Agency Director Midi-Pyrénées (Toulouse)
 - Geoffrey Doux, Agency Director Pyrénées-Atlantiques (Bayonne)
 - Marjorie Tempier, Agency Director Serge Mas Promotion (Toulouse)

Business Property, Logistics, Urban Projects, Innovation and Urban Development

- David Laurent, Executive Vice-President Business Property, Logistics and Urban Development
 - Patrick Decretton, Vice-President Promotion
 - Charles Henri Billot, Vice-President Development
 - Olivier Labadie, Director Commercialization and partnerships
 - Jean Paul Rival, Vice-President Logistics (Concerto)
 - Vincent Drouet, Planning Director
 - Bertrand Eyraud, who has joined the Planning department, remains in charge of innovation for the group

3.1.3.4. Offices 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 Investissements 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' interest

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 the recommendation of the Compensation and Nominating Committee, the Board of Directors, at its meeting of January 29, 2020, resolved to pay a total amount of €285,771 in directors' fees for the fiscal year ended November 30, 2019, broken down as follows, based on the criteria listed in Section 3.1.1.2.10. "Compensation allocated to directors (formerly directors' fees)":

Table 3 AMF Definitions

Non-executive corporate officers (amounts in euros)	Compensation due/paid to the non-executive corporate officers						Amount paid in fiscal year 2018
	Board of Directors	Audit Committee	Compensation and Nominating Committee	Investment Committee	Lead Director ⁽¹⁾	Amount due for fiscal year 2019	
Sylvie Charles	26,800	25,000		3,000		54,800	47,333
Jean-Louis Chaussade	15,314					15,314	13,400
Yves Gabriel ⁽¹⁾	26,800	15,000	10,000	3,000	10,000	64,800	55,000
Sophie Lombard	26,800	12,000	6,000	3,000		47,800	47,800
Caroline Puechoultres	19,143					19,143	28,333
Frédéric Stévenin	15,314					15,314	13,400
Michel Paris	26,800					26,800	17,867
Lucile Ribot	26,800	15,000				41,800	16,400
Karine Normand ⁽²⁾						0	-
TOTAL	183,771	67,000	16,000	9,000	10,000	285,771	239,533

(1) At its January 29, 2019 meeting, the Board of Directors' decided that Yves Gabriel would receive additional compensation in the amount of €10,000 in respect of his duties as Lead Director.

(2) The director representing the employee shareholders does not receive compensation.

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.

Furthermore, pursuant to Article L. 222-37-2 of the French Commercial Code, the principles and criteria for determining and dividing up compensation for corporate officers are explained in the report of the Board of Directors, included in Section 9.5. "Compensation and benefits granted to corporate officers".

3.2.1.2.2. Group compensation policy

The group's compensation policy has always consisted of closely linking economic results with individual performance, measured on the basis of objective and quantifiable criteria. It is based on compensation principles applicable to both employees and management teams, offering an attractive basic salary to attract and retain talent and a variable component that rewards individual and collective performance.

The aim of this policy is to:

- adapt compensation to the group's collective performance, while being a source of motivation and individual effectiveness;
- involve employees directly in results over several years.

To achieve these objectives, several resources have been put in place:

1. the annual compensation of employees and management teams includes a significant variable component, regardless of the function performed, conditional upon the achievement of targets that are ambitious, but limited to a maximum level to avoid excessive risk-taking, and established on annual or even two-yearly criteria, to avoid restriction to a short-term point of view only.

In 2019, approximately 29% of the annual compensation paid to employees was made up of a variable component, determined on the basis of the Company's performance and annual individual targets. This component represented approximately 51% of the total compensation for the members of the Executive Committee, 41% for the members of the Extended Management Committee and 57% for the Chairman and Chief Executive Officer.

2. share ownership opportunities in the Company in order to involve employees and managers in value creation over the medium/long term, through:

- a) the implementation each year of universal bonus shares ("AGA"), for all employees, with an availability time frame of four years. The vesting of these shares for the Chairman and Chief Executive Officer and members of the Executive Committee, the Management Committee and the Extended Management Committee is subject to demanding and long-term performance conditions.

On average, excluding exceptional transactions, approximately 100,000 existing shares, i.e. 0.5% of the Company's share capital, are awarded each year as part of the bonus share plans put in place by the Company;

- b) company savings plans (PEE)/company mutual funds (FCPE) open to all employees, about 75% having subscribed to these vehicles with a five-year availability horizon;
- c) the creation of an investment vehicle, to which about 125 managers contributed, either in cash or in the form of KBISA shares, more than €21 million of capital for a period of eight years.

The compensation and benefits for fiscal year 2019 received by Kaufman & Broad SA's executive corporate officers are listed in the following tables:

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, 2019	Fiscal year ended November 30, 2018
Compensation for the fiscal year (detailed in Table 2)	1,372,036 ⁽¹⁾	1,425,878
Valuation of the multi-year variable compensation allocated during the fiscal year		
Valuation of the options awarded during the fiscal year (detailed in Table 4)		
Valuation of the bonus shares awarded during the fiscal year (detailed in Table 6)	555,232 ⁽²⁾	517,491 ⁽¹⁾
TOTAL	1,927,268	1,943,369

(1) At its meeting of March 7, 2018, the Board of Directors awarded 15,000 performance shares to the Chairman and Chief Executive Officer for 2018, provided that he is still in office when they are fully vested in 2020. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in relation to his annual variable compensation in cash. At its meeting of January 29, 2019, the Board of Directors confirmed that the performance conditions for awarding the 15,000 performance shares had been met.

(2) At its meeting of February 21, 2019, the Board of Directors awarded 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in relation to his annual variable compensation in cash. At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

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, 2019		Fiscal year ended November 30, 2018	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	600,000 ^(a)	600,000	600,000	600,000
Annual variable compensation	738,172 ^(d)	793,000 ^(c)	793,000 ^(c)	810,000 ^(b)
Multi-year variable compensation	—	—	—	—
Exceptional compensation ^(e)	350	350	—	—
Compensation (formerly directors' fees)	—	—	—	—
Benefits in kind	33,514	33,514	32,878	32,878
TOTAL	1,372,036	1,426,864	1,425,878	1,442,878

(a) The fixed compensation amount was approved by the Board of Directors on January 29, 2020.

(b) The variable compensation for fiscal year 2017 was approved by the Board of Directors on January 29, 2018 and paid in February 2018.

(c) The variable compensation for fiscal year 2018 was approved by the Board of Directors on January 29, 2019 and paid in February 2019.

(d) The variable compensation for fiscal year 2019 was approved by the Board of Directors on January 29, 2020.

(e) Seniority bonus in accordance with the group policy applying to all employees and executive officers, paid in December 2018.

Mr. Hachemi 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 2019, the Company paid a total of €25,893.12 into the plan, 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 the Management Committee.

Nordine Hachemi holds 59,207 Company shares, directly or through RKCI, of which he is the sole shareholder. In addition, he owns more than 25.80% of the share capital of Artimus Participations, which itself owns 10.52% of Kaufman & Broad SA's share capital. Mr. Hachemi therefore owns 2.98% of the share capital of Kaufman & Broad SA directly and indirectly.

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, 2019

Name of executive corporate officer	No. and date of 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, 2019 by each executive corporate officer

Options exercised during the fiscal year by each executive corporate officer	No. and date of 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)	Share price on award date	Valuation of the shares under the method used for the Consolidated Financial Statements	Date of vesting	Date available
Nordine Hachemi						
o/w Plan 2019 (1 st Plan) ^(a)	02/21/2019	15,000	34.20	390,947	02/21/2021	02/21/2023
o/w Plan 2019 (2 nd Plan) ^(b)	02/21/2019	10,000	34.20	164,285	02/21/2022	02/21/2023

(a) At its meeting of February 21, 2019, the Board of Directors awarded 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in relation to his annual variable compensation in cash, namely:

- fulfillment of the quantitative criteria reflecting short-term performance indicators such as revenues, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committee;
- fulfillment of qualitative criteria reflecting team management, the quality of the working atmosphere in the Company, control over operating expenses (including payroll), return on capital employed, the Company's adaptation to technological advances, and efficient risk management.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) At its meeting of February 21, 2019, the Board of Directors renewed a long-term compensation scheme for the Chairman and Chief Executive Officer based on the award of 10,000 performance shares to the latter, with a vesting period of three years and a lock-in period of one year. In addition, the Board decided that these shares were to be subject to long-term performance conditions assessed over the period 2019-2021 (CSR performance – Quality of Property and Service – level of employee shareholding – total shareholder return).

Table 7 AMF Definitions

Bonus shares vested during fiscal year 2019 for each executive corporate officer

Bonus shares vested for executive corporate officers (listed by name)	Date of plan	Number of shares that became exercisable during the fiscal year	Conditions of vesting
Nordine Hachemi	20,000		
	o/w May 11, 2017 (1 st Plan)	15,846	(a)
	o/w May 11, 2017 (2 nd Plan)	4,154	(a)

(a) In 2017, the Board of Directors awarded 20,000 shares to the Chairman and Chief Executive Officer on the following performance conditions: 1) achievement of at least 95% of attributable net income in the 2017 Plan (€53,498,000); and 2) compliance with the budget determined by the Company for the 2017 fiscal year, resulting in the payment of 100% of the bonus calculated according to all the qualitative and quantitative criteria determined for the 2017 fiscal year. The quantitative criteria reflect short-term performance in indicators such as revenues, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of Commitment Committee meetings.

The performance condition set by the Board was met. The shares were definitively awarded in May 2019.

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 covered by the Company supplemental defined-contribution pension plan under Article 83 of the General Tax Code; the amount of the contribution paid by the Company on Nordine Hachemi's behalf was €25,893.12 for fiscal year 2019. This corresponds 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 12 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) 12-month non-compete clause, covering the territory of France, generating a gross flat monthly compensation equivalent to 50% of the average monthly gross fixed compensation received during the 12 months preceding the termination of the term of office (or during the duration of the term, if this is shorter), with the Company nevertheless having the option to reduce the duration or to exempt the executive officer of this commitment.

The General Meeting will vote, under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and after taking note of the Board of Directors' report on Corporate Governance drawn up in accordance with Article L. 225-37 of the Commercial Code, on the fixed, variable and exceptional items of the total compensation and benefits vested or awarded to the Company's Chairman and Chief Executive Officer for the fiscal year ended November 30, 2019, as presented in Section 2.2. of the aforementioned report, included in Section 9.5. of this Universal Registration Document (and Section 9.1. "Agenda and Resolutions of the Shareholders' Meeting of May 5, 2020" under the "Eighth resolution").

Compensation components due or awarded to Nordine Hachemi, Chairman and Chief Executive Officer for the fiscal year ended November 30, 2019, subject to the vote of the shareholders.

The history of the award of bonus shares is set out in Section 3.3.3.3.2. "Bonus share plans". On June 25, 2013, the Board of Directors appointed Nordine Hachemi as a member and Vice-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 month of January that follows 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 French labor laws by the Cour de Cassation (high-instance court), the Company undertakes to pay the Chief Executive Officer compensation to cover the detrimental impact of the loss of his position.

In the event of such dismissal, compensation for loss of office will be equal to 12 months gross fixed and variable compensation payable 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.

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 12 months preceding the termination of his mandate (or during the duration of the mandate, if this is shorter). However, the Company will have the option to reduce this duration or release the Chief Executive Officer from this obligation.

Nordine Hachemi benefits from a supplemental defined-contribution pension plan pursuant to the provisions of Article 83 of the General Tax Code. He also receives, as a benefit in kind, special unemployment insurance coverage for directors and corporate officers (GSC).

At the meeting of the Board of January 29, 2019, Nordine Hachemi's fixed gross annual compensation was maintained at €600,000 for fiscal year 2019. His variable compensation was tied to Kaufman & Broad SA's business targets for the fiscal year. The amount of this variable target-based compensation was set at a gross amount of €700,000 for fiscal year 2019. Of this, 70% will be calculated on the basis of the following quantitative items, each of which shall be weighted: revenues, EBITDA, attributable net income, WCR, annual housing unit orders, and the number of Commitment Committee lots for fiscal year 2019; and 30% will be based on the following qualitative elements: management of group teams and employee sentiment within the Company, return on capital employed, control of operating expenses (including payroll), adaptation of the Company to technological developments and sound risk control. Furthermore, at the Shareholders' Meeting of May 2, 2019, the shareholders were asked to authorize the Board of Directors to allocate a maximum of 250,000 shares, for a two-year period, including a maximum of 50,000 shares (i.e., 20% of the total amount) to Nordine Hachemi. The award will be subject to the performance conditions mentioned above. In addition, on February 21, 2019, the Board of Directors decided that, subject to adoption by the Shareholders' Meeting of May 2, 2019 of the aforementioned resolution and to compliance with the aforementioned performance conditions, the bonus shares awarded to executive corporate officers may not exceed 50,000 bonus shares for 2019.

To receive this variable compensation, Nordine Hachemi must remain in office without interruption until the payment of this variable compensation. 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.

At the meeting of the Board of February 27, 2020, Nordine Hachemi's fixed gross annual compensation was maintained at €600,000 for fiscal year 2020. His variable compensation was tied to Kaufman & Broad SA's business targets for the fiscal year. The amount of this variable target-based compensation was set at a gross amount of €700,000 for fiscal year 2020. Of this, 70% will be calculated on the basis of the following quantitative items, each of which shall be weighted: revenues, EBITDA, attributable net income, WCR, annual housing unit orders, and the number of Commitment Committee lots for fiscal year 2020; and 30% will be based on the following qualitative elements: management of group teams and employee sentiment within the Company, control of operating expenses (including payroll), return on capital employed, adaptation of the Company to technological developments (development of low-carbon buildings, enhancement of "smart home" solutions for customers, and the continued digitization of final acceptance clauses), and sound risk control.

Furthermore, under the twenty-sixth resolution passed by the Combined Shareholders' Meeting of May 2, 2019, the Board of Directors decided to award to Nordine Hachemi (i) 15,000 performance shares subject to the same performance conditions as those provided for in relation to his annual variable compensation described above; and (ii) 10,000 performance shares in respect of the renewal of the long-term compensation plan introduced in 2018.

Vesting of these 10,000 shares is subject to the following conditions:

- the shares will only be fully vested after a period of three years, i.e. in 2023, and must then be held for a period of one year;
- long-term performance conditions assessed over the period 2020-2022 (three fiscal years), including CSR performance, customer satisfaction with the Quality of Property and Service, the level of employee share ownership in the Company's share capital and the TSR (Total Shareholder Return or rate of return for shareholders).

3.2.1.3. Compensation paid to members of the Executive Committee

Since 2016, group governance notably comprises the following two 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 for each activity. Lastly, it defines the cross-departmental policies and sees that they are implemented. It consists of the Chairman and CEO, the Executive Vice-Presidents of each activity, the Chief Financial Officer and the Director of Human Resources;
- the Management Committee monitors the implementation of the Plan for each activity. It proposes improvement initiatives and sets the objectives to be deployed in the agencies and departments. It helps define and implement the group's projects. It is composed of the members of the Executive Committee and the Regional Vice-Presidents and Corporate Directors.

Executive Committee members receive fixed and variable compensation. Total gross compensation and benefits received by the members of the Executive Committee (excluding Kaufman & Broad SA's corporate officers) came to €2,201,253 for the fiscal year ended November 30, 2019, representing €1,081,253 in fixed salaries and €1,120,000 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 Executive Committee, the amount provisioned was €1,061,106 in the financial statements for fiscal year 2019. Moreover, Executive Committee members and 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, 2019, the Executive Committee members 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 awarded on January 22, 2013 and 13,200 awarded on April 11, 2014. These shares were definitively awarded two years after those dates. They were awarded 15,000 bonus shares on July 8 2015. The shares were definitively awarded two years later. Another 74,435 bonus shares were awarded on April 15, 2016 and definitively awarded a year later. 15,250 bonus shares were awarded on May 11, 2017 and definitively awarded a year

later. A further 14,200 bonus shares were awarded on March 7, 2018. The definitive award of the shares to senior management is subject to achievement of the attributable net income target in the 2018 Plan (a tolerance margin of 5% is permitted). The performance condition set by the Board was met. The definitive award of shares is now therefore only subject to the condition of working for the Company, as defined in the share award rules approved by the Board of Directors on March 7, 2018, i.e., at March 7, 2019.

For fiscal year 2019, the members of senior management were vested with 14,200 bonus shares on February 21, 2019. Definitive award of these shares is subject to the same performance conditions as those provided for in relation to the annual variable compensation in cash:

- fulfillment of the quantitative criteria reflecting the short-term performance indicators of the group and of the operations falling within the scope of responsibility of the members of senior management, such as revenues, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committee;
- fulfillment of qualitative criteria linked to their scopes of responsibility.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the performance shares had been met. The definitive award of shares is now therefore only subject to the condition of working for the Company, as defined in the share award rules approved by the Board of Directors on February 21, 2019, i.e., at February 21, 2021.

The minimum holding period for the shares is set at two years from the definitive award date.

Important: 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 paid to members of the Executive Committee" relates to directors' interests, and, for that reason, the fixed and variable compensation, together with the benefits in kind, are generally paid by GIE Kaufman & Broad (an entity that specifically handles the provision of funds to the various legal entities comprising the group, and in particular payroll funds). Furthermore, the stock option and bonus share plans were authorized by the Shareholders' Meeting and the awards to the beneficiaries were decided by the Board of Directors of Kaufman & Broad SA. Lastly, the shares that were 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 sales" et seq.

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 Section 4.1.5. "Notes to the financial statements" in Note 4.4. "Director compensation (related parties)", paragraph "Terms and conditions of related-party transactions" and 9.5 IV.2 c) "Commitments authorized in accordance with Article L. 225-42-1 of the French Commercial Code".

3.2.7. Compensation components due or awarded to Nordine Hachemi, Chairman and Chief Executive Officer for the fiscal year ended November 30, 2019, subject to the vote of the shareholders

Pursuant to Article L. 225-100 of the Commercial Code, the Annual General Meeting votes on the fixed, variable and exceptional items making up the total compensation and benefits vested for the prior fiscal year, in application of the compensation principles and criteria approved by the Combined Shareholders' Meeting of May 2, 2019.

The compensation components paid or awarded to the Chairman and Chief Executive Officer, as set out below, for the fiscal year ended November 30, 2019, will be put to the vote at the AGM on May 5, 2020.

Compensation components	Amounts	Comments
Fixed compensation	€600,000	–
Variable compensation	€738,172	Amount approved by the Board of Directors on January 29, 2020
Multi-year variable compensation	–	–
Directors' fees	None	–
Exceptional compensation	€350	Seniority bonus in accordance with the group policy applying to all employees and executive officers, paid in December 2018
Stock options or stock warrants or bonus shares	€555,232	
2019 Plan (1 st Plan)	€390,947	15,000 bonus shares ^(a)
2019 Plan (2 nd Plan)	€164,285	10,000 performance shares ^(b)
Pay relating to entering or leaving office	None	–
Supplemental retirement plan	€25,893.12	Annual contributions capped at 8% of gross salary up to a maximum of eight times the maximum Social Security contribution
Benefits in kind	€1,700	Company car
Any type of benefits	€33,514	Unemployment insurance

(a) At its meeting of February 21, 2019, the Board of Directors awarded 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. The final award to the Chairman and Chief Executive Officer of these shares is subject to the same performance conditions as those provided for in relation to his annual variable compensation in cash, namely:

- fulfillment of the quantitative criteria reflecting short-term performance indicators such as revenues, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committee;
- fulfillment of qualitative criteria reflecting team management, the quality of the working atmosphere in the Company, control over operating expenses (including payroll), return on capital employed, the Company's adaptation to technological advances, and efficient risk management.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) At its meeting of February 21, 2019, the Board of Directors renewed a long-term compensation scheme for the Chairman and Chief Executive Officer based on the award of 10,000 performance shares to the latter, with a vesting period of three years and a lock-in period of one year. In addition, the Board decided that these shares were to be subject to long-term performance conditions assessed over the period 2019-2021 (CSR performance – Quality of Property and Service – level of employee shareholding – Total Shareholder Return, TSR).

The principles and criteria for determining and dividing up the compensation of the corporate officers, and the elements that make up this compensation and their calculation, are described in Section 9.5. "Compensation and benefits granted to corporate officers".

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. Group employee savings plan

As part of the Initial Public Offering 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. By supplementary agreement of July 2017, this savings plan was extended to all employees of the group's subsidiaries and became a group savings plan. The savings collected under this plan are invested in the Kaufman & Broad Actionnariat FCPE (company mutual fund) and in the KB Actions FCPE, which was created in 2017.

The assets of the Kaufman & Broad Actionnariat fund consist primarily of shares in the Company or, at the discretion of the employees, in "Capi Euro Monétaire", classified as a "money market" mutual fund according to its by-laws, or "Capi Équilibre", classified as a "balanced" mutual fund according to its by-laws, or "Flexi Taux Court Solidaire", a solidarity fund classified as a "Eurobond" fund according to its by-laws, with between 5% and 10% of its assets invested in "solidarity" businesses, as defined in Article L. 214-164 of the French Monetary and Financial Code.

3.3.2.1. "KB Actions 2017"

On September 21, 2017, Kaufman & Broad SA announced the launch of its "KB Actions 2017" share ownership scheme, with leverage and an investment guarantee, reserved for group employees who are members of the savings plan. On November 30, 2017, Kaufman & Broad SA recognized the increase of its share capital resulting from subscriptions for shares in the KB Actions 2017 fund.

The offer was very successful with a subscription rate of 65.4% among eligible employees. A total of 236,496 shares were subscribed for

through the KB Actions 2017 fund, which became the "KB Actions 2017" sub-fund of the KB Actions fund in 2019, for an amount of €7,357,390.56.

The 236,496 new shares issued under the offer are common stock, fully fungible with existing shares and vested.

3.3.2.2. "KB Actions 2019"

On May 13, 2019, Kaufman & Broad SA announced the launch of its "KB Actions 2019" share ownership scheme, with leverage and an investment guarantee, reserved for group employees who are members of the savings plan. Kaufman & Broad SA recognized the increase of its share capital resulting from subscriptions for "KB Actions 2019" shares. The offer was as successful as its predecessor. The subscription rate among eligible employees was 66.1%, with a total of 283,991 shares subscribed for through the "KB Actions 2019" sub-fund of the KB Actions fund, for a total amount of €7,832,471.78. The increase in the share capital as a result of the offer brings the share of capital held by the group's employees through the various shareholding schemes to nearly 15% (including the shares held in the "KB Actions 2017" and "KB Actions 2019" sub-funds of the KB Actions fund and the Kaufman & Broad Actionnariat fund offered under the savings plan, together with the shares resulting from the bonus share allocation plans, and shares held through Artimus Participations). The 283,991 new shares issued pursuant to the offer are common stock, fully fungible with existing shares and vested.

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 the exercise of the options, even when the tax and Social Security lock-in period has not expired. The 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 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 warrant plans

No stock purchase or stock warrant plan is in force within the group.

3.3.3.2. Bonus share plans

3.3.3.2.1. 2017 bonus share plan

The Company's Shareholders' Meeting of May 11, 2017 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 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 250,000 shares, while the number of shares awarded to executive corporate officers may not exceed 50,000 shares;
- 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;
- 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;
- the authority granted to the Board of Directors is valid for a period of thirty-eight (38) months.

The Shareholders' Meeting has conferred full powers upon the Board of Directors, in compliance with applicable laws and regulations and with the provisions of the applicable resolution, to award bonus shares, and in particular:

- to determine 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, subject to the given minimal duration, the holding period for the shares, in the knowledge that it will be up to the Board of Directors to decide on the shares which would be vested, if need

be, in the corporate officers referred to in Article L. 225-197-1, II al. 4 of the Commercial Code, or to decide that these shares cannot be ceded by the interested parties, prior to ceasing their functions, or to fix the quantity of these shares that they will have to hold until cessation of their functions;

- to decide, in the event of 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.

The Board of Directors of the Company exercised these powers by awarding to the corporate officer and employees of the group who are not corporate officers 90,788 existing shares on May 11, 2017, representing 0.42% of the Company's share capital, and 97,562 existing shares on March 7, 2018, representing 0.45% of the Company's share capital.

Refer to Section 3.3.3.3.2. "Bonus share plans" for the summary table relating to the bonus share plan.

3.3.3.2.2. 2018 bonus share plan

The Company's Shareholders' Meeting of May 3, 2018 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 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 250,000 shares, while the number of shares awarded to executive corporate officers may not exceed 50,000 shares;
- 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;
- 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;

- the authority granted to the Board of Directors is valid for a period of thirty-eight (38) months;
- if the award relates to shares to be issued, this authorization automatically entails, for the benefit of the beneficiaries of the bonus shares, the shareholders' waiver of their preferential subscription rights.

The Shareholders' Meeting has conferred full powers upon the Board of Directors, in compliance with applicable laws and regulations and with the provisions of the applicable resolution, to award bonus shares, and in particular:

- to determine 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, subject to the given minimal duration, the holding period for the shares, in the knowledge that it will be up to the Board of Directors to decide on the shares which would be vested, if need be, in the corporate officers referred to in Article L. 225-197-1, II al. 4 of the Commercial Code, or to decide that these shares cannot be ceded by the interested parties, prior to ceasing their functions, or to fix the quantity of these shares that they will have to hold until cessation of their functions;
- to decide, in the event of 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.

The Board of Directors of the Company exercised these powers by awarding to the corporate officer of the group 10,000 existing shares on May 3, 2018, representing 0.05% of the Company's share capital.

Refer to Section 3.3.3.3.2. "Bonus share plans" for the summary table relating to the bonus share plan.

3.3.3.2.2. 2019 bonus share plan

The Company's Shareholders' Meeting of May 2, 2019 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 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 250,000 shares, while the number of shares awarded to executive corporate officers may not exceed 50,000 shares;
- 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:

- 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;
- the authority granted to the Board of Directors is valid for a period of thirty-eight (38) months;
- if the award relates to shares to be issued, this authorization automatically entails, for the benefit of the beneficiaries of the bonus shares, the shareholders' waiver of their preferential subscription rights.

The Shareholders' Meeting has conferred full powers upon the Board of Directors, in compliance with applicable laws and regulations and with the provisions of the applicable resolution, to award bonus shares, and in particular:

- to determine 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, subject to the given minimal duration, the holding period for the shares, in the knowledge that it will be up to the Board of Directors to decide on the shares which would be vested, if need be, in the corporate officers referred to in Article L. 225-197-1, II al. 4 of the Commercial Code, or to decide that these shares cannot be ceded by the interested parties, prior to ceasing their functions, or to fix the quantity of these shares that they will have to hold until cessation of their functions;
- 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 terminates the authority granted to the Board of Directors under the nineteenth resolution of the Shareholders' Meeting of May 3, 2018 to award existing bonus shares to employees and/or executive corporate officers of the Company.

Refer to Section 3.3.3.3.2. "Bonus share plans" for the summary table relating to the bonus share plan.

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

None.

There were no plans under way as of November 30, 2019.

3.3.3.3.2. Bonus share plans

Bonus share awards in 2017

2017 (2nd award - 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	May 11, 2017
Number of beneficiaries	814
Number of bonus shares awarded on May 11, 2017	23,801
Vesting period, share transfer date	May 11, 2019
Lock-in period	2 years
End of lock-in period	May 11, 2021
<i>o/w number of shares awarded to corporate officers ^(a)</i>	4,154
<i>o/w number of shares definitively awarded</i>	16,207
<i>o/w number of shares lapsed</i>	3,440

(a) 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 2017.

Bonus share awards in 2017

2017 (1st award - 2017 Plan)

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 11, 2017
Number of shares available for award	250,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	May 11, 2017
Number of beneficiaries	814
Number of bonus shares awarded on May 11, 2017	90,788
Vesting period, share transfer date	May 11, 2019
Lock-in period	2 years
End of lock-in period	May 11, 2021
<i>o/w number of shares awarded to corporate officers ^(a)</i>	15,846
<i>o/w number of shares definitively awarded</i>	61,599
<i>o/w number of shares lapsed</i>	13,343

(a) 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 2017.

Bonus share awards in 2018

2018 (2nd award - 2017 Plan)

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 11, 2017
Number of shares available for award	159,212
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	March 7, 2018
Number of beneficiaries	881
Number of bonus shares awarded on March 7, 2018	97,562
Vesting period, share transfer date	March 7, 2020
Lock-in period	2 years
End of lock-in period	March 7, 2022
<i>o/w number of shares awarded to corporate officers ^(a)</i>	15,000
<i>o/w number of shares definitively awarded</i>	60,372
<i>o/w number of shares lapsed ^(b)</i>	22,190

(a) 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 2018.

(b) At the date of publication of this document, there were 16,456 shares lapsed as at November 30, 2019.

Bonus share awards in 2018

2018 (1st award - 2018 Plan)

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 3, 2018
Number of shares available for award	250,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	May 3, 2018
Number of beneficiaries	1
Number of bonus shares awarded on May 3, 2018	10,000
Vesting period, share transfer date	May 3, 2021
Lock-in period	1 year
End of lock-in period	May 3, 2022
<i>o/w number of shares awarded to corporate officers ^(a)</i>	10,000
<i>o/w number of shares definitively awarded</i>	–
<i>o/w number of shares lapsed ^(b)</i>	0

(a) 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 2018, with a three-year vesting period and a one-year lock-in period.

(1) At the date of publication of this document, no shares had lapsed as of November 30, 2019.

Bonus share awards in 2019

2019 Plan (1st Plan)

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 3, 2018
Number of shares available for award	240,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	February 21, 2019
Number of beneficiaries	921
Number of bonus shares awarded on February 21, 2019	101,988
Vesting period, share transfer date	February 21, 2021
Lock-in period	2 years
End of lock-in period	February 21, 2023
o/w number of shares awarded to corporate officers ^(a)	15,000
o/w number of shares definitively awarded	0
o/w number of shares lapsed ^(b)	16,964

(a) 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 2018.

(b) At the date of publication of this document, there were 8,138 shares lapsed as at November 30, 2019.

Bonus share awards in 2019

2019 Plan (2nd Plan)

Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 3, 2018
Number of shares available for award	138,012
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	February 21, 2019
Number of beneficiaries	1
Number of bonus shares awarded on February 21, 2019	10,000
Vesting period, share transfer date	February 21, 2022
Lock-in period	1 year
End of lock-in period	February 21, 2023
o/w number of shares awarded to corporate officers ⁽²⁾	10,000
o/w number of shares definitively awarded	–
o/w number of shares lapsed ⁽¹⁾	0

(2) 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 2018, with a three-year vesting period and a one-year lock-in period.

(1) At the date of publication of this document, no shares had lapsed as of November 30, 2019.

ASSETS, FINANCIAL STATEMENT AND RESULTS AT NOVEMBER 30, 2019

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4.1. Consolidated Financial Statements at November 30, 2019

4.1.1. Statement of consolidated comprehensive income

Consolidated income statement

<i>(in € thousands)</i>	Notes	November 30, 2019	November 30, 2018
Revenue	3.2	1,472,154	1,558,229
Cost of sales		(1,188,295)	(1,258,227)
GROSS MARGIN	3.2	283,859	300,002
Selling expenses	3.3	(30,800)	(36,433)
Administrative expenses	3.3	(68,903)	(74,541)
Technical and customer service expenses	3.3	(22,200)	(21,487)
Development and program expenses	3.3	(33,196)	(30,357)
OPERATING INCOME		128,761	137,185
Financial expenses		(6,836)	(9,621)
Financial income		1,327	914
COST OF NET FINANCIAL DEBT	6.3	(5,509)	(8,707)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES		123,252	128,478
Income tax	9	(32,915)	(39,335)
NET INCOME OF CONSOLIDATED COMPANIES		90,337	89,143
Share of income (loss) of equity affiliates and joint ventures		3,424	3,894
INCOME (LOSS) OF THE CONSOLIDATED GROUP		93,761	93,037
Minority interest income (loss)	7.1.5	17,489	20,065
Attributable net income		76,272	72,972
Average number of shares	7.2	21,486,138	21,215,930
BASIC EARNINGS PER SHARE	7.2	€3.55	€3.44
DILUTED EARNINGS PER SHARE	7.2	€3.55	€3.44

Consolidated comprehensive net income

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
INCOME (LOSS) OF THE CONSOLIDATED GROUP	93,761	93,037
Change in the gross value of derivative instruments	113	11
Tax impact on derivative instruments	(39)	(4)
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY TO BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	74	7
Change in actuarial gains and losses	(817)	(345)
Tax impact on actuarial gains and losses	281	119
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY NOT TO BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	(536)	(226)
CONSOLIDATED COMPREHENSIVE NET INCOME	93,299	92,818
Group share	75,810	72,753
Minority interests	17,489	20,065

4.1.2. Statement of consolidated financial position

Assets

<i>(in € thousands)</i>	Notes	November 30, 2019	November 30, 2018
Goodwill	5.1	68,661	68,661
Other intangible fixed assets	5.2	91,209	90,017
Property, plant and equipment	5.3	5,976	8,407
Equity affiliates and joint ventures	2.1.2	6,087	6,185
Other non-current financial assets	6.1.1	1,756	1,826
Deferred tax assets	9	4,002	4,233
NON-CURRENT ASSETS		177,691	179,330
Inventory/new projects	3.4	55,451	42,006
Inventory/current programs	3.4	401,870	354,780
Accounts receivable	3.5	511,907	406,309
Other receivables	3.5	189,731	171,607
Current tax position	9	21,770	565
Cash and cash equivalents	6.1.3	208,102	253,358
Prepaid expenses	3.5	1,435	1,100
CURRENT ASSETS		1,390,266	1,229,726
TOTAL ASSETS		1,567,957	1,409,056

Equity and liabilities

<i>(in € thousands)</i>	Notes	November 30, 2019	November 30, 2018
Authorized capital		5,743	5,685
Consolidated reserves		297,071	270,462
Other reserves		(13,523)	(13,021)
Treasury shares	7.1.4	(6,395)	(15,653)
ATTRIBUTABLE SHAREHOLDERS' EQUITY		282,894	247,473
Minority interests	7.1.5	11,140	14,282
SHAREHOLDERS' EQUITY		294,034	261,755
Non-current provisions for retirement benefits	4.2	7,907	7,072
Non-current provisions for liabilities and charges	8.1	29,799	26,330
Borrowings and other non-current financial liabilities	6.1.2	148,900	199,652
Deferred taxes	9	50,928	42,692
NON-CURRENT LIABILITIES		237,534	275,746
Current provisions for liabilities and charges	8.1	2,529	2,265
Borrowings and other current financial liabilities	6.1.2	3,189	3,705
Accounts payable	6.1.1	907,498	705,958
Other payables	6.1.1	119,771	116,102
Current tax position	9	3,276	43,097
Deferred income	6.1.1	126	428
CURRENT LIABILITIES		1,036,389	871,555
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,567,957	1,409,056

4.1.3. Cash flow statement

(in € thousands)	Notes	November 30, 2019	November 30, 2018
Consolidated net income		93,760	93,037
Share of income (loss) of equity affiliates and joint ventures		(3,424)	(3,894)
Estimated income and expenses		33,626	26,370
CASH FLOW AFTER COST OF FINANCIAL DEBT AND TAXES		123,963	115,513
Cost of net financial debt	6.1.3	5,510	8,707
Tax expense (income)	9	32,915	39,335
CASH FLOW BEFORE COST OF FINANCIAL DEBT AND TAXES		162,387	163,555
Tax (paid)/received		(84,009)	(7,330)
Change in operating working capital requirement	3.6	9,066	(11,078)
CASH FLOW FROM OPERATING ACTIVITIES (A)		87,444	145,147
Investing activities			
Acquisitions of tangible and intangible fixed assets (net of disposals)	5	(6,077)	(8,129)
Net change in financial assets		214	(48)
Cash flow with equity affiliates and joint ventures	2.1.2	(1,436)	11,050
Acquisitions of equity interests		23	422
Disposals of equity interests			
CASH FLOW FROM INVESTING ACTIVITIES (B)		(7,276)	3,295
FREE CASH FLOW ⁽¹⁾		80,168	148,442
Financing activities			
Distributions to minority interests	7.1.5	(20,500)	(23,604)
Buybacks of minority interests	7.1.5	(1,233)	(3,239)
Buybacks of treasury shares, net of re-sales	7.1.4	(1,092)	(6,631)
Capital increases	7.1.1	7,832	
New loans taken out			
Loan repayments	6.1.3	(50,000)	(50,001)
Distributions to shareholders	7.1.1	(48,690)	(13,901)
Net financial interest paid		(11,741)	(18,772)
CASH FLOW FROM FINANCING ACTIVITIES (C)		(125,423)	(116,148)
INCREASE (DECREASE) IN CASH (A + B + C)		(45,255)	32,294
Cash at start of period		253,358	221,065
Cash at end of period		208,102	253,358
INCREASE (DECREASE) IN CASH		(45,256)	32,292
Cash and cash equivalents	6.1.3	208,102	253,358
Credit facilities		(926)	(1,087)
Interest accrued on cash and cash equivalents		926	1,087
CASH AT END OF PERIOD		208,102	253,358

(1) Free cash flow is equal to cash flow less net operating investments made during the period.

4.1.4. Statement of changes in consolidated shareholders' equity

(in € thousands)	Number of shares	Authorized capital	Consolidated reserves	Other reserves	Treasury shares	Attributable shareholders' equity	Minority interests	Total shareholders' equity
NOVEMBER 30, 2017	21,073,535	5,479	215,008	(14,196)	(9,022)	197,268	18,174	215,442
Gains and losses recognized directly in shareholders' equity				(219)		(219)		(219)
Net income at November 30, 2018			72,972			72,972	20,065	93,037
CONSOLIDATED COMPREHENSIVE NET INCOME		0	72,972	(219)	0	72,753	20,065	92,818
Capital increase and distributions			(43,619)			(43,619)	(23,539)	(67,159)
Capital reductions						0		0
Capital increases	790,539	206	29,519			29,725		29,725
Treasury share transactions					(6,631)	(6,631)		(6,631)
Share-based payments				1,395		1,395		1,395
Other transactions			(2,356)			(2,356)	(140)	(2,496)
Buybacks of minority interests			(1,060)			(1,060)	(278)	(1,339)
TOTAL TRANSACTIONS WITH SHAREHOLDERS	790,539	206	(17,517)	1,395	(6,631)	(22,548)	(23,957)	(46,504)
NOVEMBER 30, 2018	21,864,074	5,685	270,462	(13,021)	(15,653)	247,473	14,282	261,755
Gains and losses recognized directly in shareholders' equity				(461)		(461)		(461)
Net income at November 30, 2019			76,272			76,272	17,489	93,761
CONSOLIDATED COMPREHENSIVE NET INCOME		0	76,272	(461)	0	75,811	17,489	93,299
Capital increase and distributions			(53,547)			(53,547)	(20,634)	(74,181)
Capital reductions	(210,732)	(55)	(7,185)		7,240	0		0
Capital increases	434,681	113	12,577			12,690		12,690
Treasury share transactions				(2,038)	2,017	(21)		(21)
Share-based payments				1,997		1,997		1,997
Other transactions			121			121	3	124
Buybacks of minority interests			(1,630)			(1,630)		(1,630)
TOTAL TRANSACTIONS WITH SHAREHOLDERS	223,949	58	(49,664)	(41)	9,257	(40,390)	(20,631)	(61,020)
NOVEMBER 30, 2019	22,088,023	5,743	297,070	(13,523)	(6,396)	282,894	11,139	294,034

4.1.5. Notes to the financial statements

Note 1. Accounting principles

The Consolidated Financial Statements at November 30, 2019 reflect the operations of Kaufman & Broad SA and its subsidiaries (the "Kaufman & Broad group" or the "group"), a French company listed on Euronext Paris, Compartment B, with its registered office in Neuilly-sur-Seine (127 avenue Charles de Gaulle, 92207 Neuilly-sur-Seine Cedex).

For more than 50 years, the Kaufman & Broad group has designed, developed and sold Single-family homes in communities, apartments and offices on behalf of third parties. Its size and strong brand name have made Kaufman & Broad one of France's leading property developers and builders.

On February 27, 2020, the Board of Directors approved the annual Consolidated Financial Statements at November 30, 2019 along with the related notes.

Note 1.1. Basis of preparation

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, the Kaufman & Broad group prepared its Consolidated Financial Statements at November 30, 2019 in accordance with the standards

and interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and rendered mandatory at the closing date of these financial statements.

These standards, available on the European Commission website: (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm), incorporate international accounting standards (IAS and IFRS) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The accounting methods set out have been consistently applied to all of the periods presented in the Consolidated Financial Statements, except for the new standards and interpretations described below.

Consolidation is based on the financial statements at November 30 for 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; their contribution is not material.

The Consolidated Financial Statements and the accompanying notes are denominated in euros.

Note 1.1.1. Standards applied

Standards, interpretations and amendments with mandatory application to the fiscal year beginning December 1, 2018

No new standards or interpretations whose application is mandatory for the fiscal year beginning December 1, 2018 had any material impact on the Kaufman & Broad group's financial statements.

These standards are as follows:

Standard	Applied to periods beginning on or after
IFRS 9 "Financial Instruments: Classification and Measurement" and amendments	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018

The application of IFRS 15 does not undermine the principle of recognizing revenue and income on the percentage-of-completion basis for property development business conducted on a VEFA (sale-before-completion) basis. Under a VEFA contract, the customer obtains

control of the asset gradually during the course of its construction. Revenue is recognized on property developments in accordance with the accumulation of the total costs, based on the rules for recognizing work in progress.

Standards and interpretations effective after the closing date

The standards, amendments to standards, and interpretations published by the IASB and presented below must be applied after November 30, 2019.

Standard	Applied to periods beginning on or after
IFRS 16 "Leases" ^(a)	January 1, 2019

(a) The Kaufman & Broad group will apply these standards to the fiscal year starting on December 1, 2019.

IFRS 16

This new standard, which replaces IAS 17, eliminates the distinction between operating leases and finance leases for lessors. It requires lessors to recognize leases on the balance sheet by recording an asset to represent the right of use over the leased asset and a liability to reflect the obligation to make lease payments.

Exemptions are made for short-term contracts and leases of low-value items.

IFRS 16 will be applied by the Kaufman & Broad group from December 1, 2019, using the simplified retrospective method.

The group has carried out a survey of its leases, which principally comprise real estate and company vehicle leases, and the principal lease terms.

The effect on the balance sheet, income statement and cash flow statement will be as follows:

- operating lease charges will be replaced by a depreciation charge and an interest charge;
- cash flows from operating lease payments will be replaced by cash flows from repayments of principal and interest.

At this stage, the group considers that the liability for future lease payments as determined under IFRS 16 represents 1.3% of the consolidated balance sheet at December 1, 2019. The amount of the right-of-use asset will be equal to that of the future lease obligation. The effects on the income statement are small, in terms of both operating income and net income.

IAS 23/IFRIC Update March 2019

The IFRS Interpretations Committee published an explanation of IAS 23 in March 2019, which sets out the accounting treatment for capitalized interest where this is included in the book value of qualifying assets. The capitalization of interest is not applicable to VEFA-type contracts (sale before completion) and the group must therefore adjust the accounting

treatment it uses to recognize revenue and cost of sales and determine the cost of real estate inventories. This change requires modifications to be made to IT settings in the business management software. These modifications are underway and will be reflected in the group's financial statements from the start of the 2019/2020 financial year. At this stage, the group considers that the impact at November 30, 2019 will be to reduce equity by around €1.0 million. The impact on attributable net income for the year ended November 30, 2019 is estimated at €1.6 million.

Note 1.1.2. Use of estimates and assumptions

In order to prepare the group's financial statements, the management of Kaufman & Broad is required to make estimates and assumptions for items in the financial statements that cannot be precisely valued.

These estimates and assumptions are based on past experience, expected changes in the markets in which the group operates or other factors considered to be reasonable given the circumstances. These assessments have an effect on the income and expense figures, and on the book value of assets and liabilities.

The estimates and assumptions primarily concern:

- earnings forecasts for real estate programs used for the percentage-of-completion accounting of these programs (Notes 3.2. "Revenue and gross margin" and 3.5. "Accounts receivable and other receivables");
- the business plans used to perform impairment tests on goodwill and other intangible fixed assets (Notes 5.1. "Goodwill" and 5.2. "Other intangible fixed assets");
- inventory valuation (Note 3.4. "Inventories").

The sales price and take-up rate assumptions used to forecast earnings from real estate programs, and the achievement of the medium-term forecasts used for such purposes, could be impacted by the economic environment and regulatory changes, particularly government tax incentives.

Note 2. Scope of consolidation

Note 2.1. Accounting principles relating to the scope of consolidation

The Consolidated Financial Statements include the financial statements of the parent company, as well as those of entities controlled by the parent (subsidiaries), jointly controlled entities (joint ventures), and entities over whose management and financial policies the group has significant influence (equity affiliates), which are consolidated in accordance with the methods described below.

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 key business activities (operational and financial activities); exposure or entitlement to the variable returns associated with the equity interest; and the ability to exercise that power in order to influence those returns. In assessing whether power is held, account is only taken of substantive rights, such as those conferred by shareholder agreements, that may be exercised when decisions on key business activities must be taken and are not purely protective.

Note 2.1.1. Full consolidation

Subsidiaries over 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 consolidated shareholders' equity, the share of minority interests in the shareholders' equity of consolidated subsidiaries is presented as a separate item, as it is in the income statement and in the statement of comprehensive income.

Any change in Kaufman & Broad's equity interest in a subsidiary that does not result in a loss of control is directly recognized in shareholders' equity.

Note 2.1.2. Equity accounting of joint ventures and affiliates

Joint ventures are partnerships in which the group and the other parties involved have joint control over the entity, as agreed contractually, and rights over the entity's net assets.

Decisions concerning key business activities are subject to a unanimous vote by Kaufman & Broad and its joint venture partners.

Equity affiliates are entities over which the group exercises significant influence: Kaufman & Broad is entitled to participate in financial and operational policy decisions, without, however, exercising joint control or control. Significant influence is assumed to exist if the group directly or indirectly holds an equity interest of 20% or more.

Joint ventures and equity affiliates are recognized using the Equity method.

This method consists in retaining in the consolidated accounts only the proportion of shareholders' equity that corresponds to the percentage held by the group.

If the group's share in the losses of an entity accounted for using the Equity method exceeds its equity interest in the entity, 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.

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.

Value of securities in equity affiliates and joint ventures

(in € thousands)	November 30, 2018	Distribution	Share of net income for the fiscal year	Impact of changes in scope and similar	November 30, 2019
Equity-accounted investments in equity affiliates	1,454	(729)	359	1	1,085
Equity-accounted investments in joint ventures	(241)		(9)		(249)
TOTAL INVESTMENTS	1,214	(729)	350	1	836
Receivables from equity affiliates	4,972			279	5,251
Receivables from joint ventures	0				0
TOTAL RECEIVABLES FROM EQUITY AFFILIATES AND JOINT VENTURES	4,972	0	0	279	5,251
EQUITY AFFILIATES AND JOINT VENTURES	6,185	(729)	350	280	6,087

Main components of the balance sheets and income statements of equity affiliates and joint ventures

(in € thousands)	November 30, 2019		November 30, 2018	
	Equity affiliates	Joint ventures	Equity affiliates	Joint ventures
Non-current assets	(5,579)	(302)	(3,895)	(282)
Current assets	79,709	2,481	50,616	2,486
TOTAL ASSETS	74,130	2,179	46,721	2,204
Shareholders' equity	4,300	(499)	5,507	(482)
Non-current liabilities	9,894	0	1,221	
Current liabilities	59,935	2,678	39,993	2,685
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	79,709	2,179	46,721	2,204

(in € thousands)	November 30, 2019		November 30, 2018	
	Equity affiliates	Joint ventures	Equity affiliates	Joint ventures
Revenue	36,105		45,324	
Cost of sales	(28,258)	(16)	(35,917)	
GROSS MARGIN	7,847	(16)	9,407	0
Other income and expenses	(7,462)	(1)	(4,756)	(53)
Current operating income	206	(17)	4,650	(53)
NET INCOME	3,253	(17)	4,427	(53)

Note 2.1.3. Business combinations

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 their 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 standard's provisions, the costs associated with business combinations are recognized in expenses for the period during which they were incurred.

Note 2.2. Changes to the scope of consolidation

No material acquisitions were made during the fiscal year. During the year, 31 companies entered the scope of consolidation and 21 companies were wound up or deconsolidated.

Note 3. Operating data

Note 3.1. Segment information

In accordance with the provisions of IFRS 8 "Operating segments", the segment information presented corresponds to the internal structure for reporting to the group's Management Committee in order to assess performance. The Management Committee is the chief operational decision-maker under IFRS 8.

Note 3.1.1. Income by operating segment

Fiscal year ended November 30, 2019
(in € thousands)

	Île-de-France	West	East	Southwest
Revenue	600,128	114,017	281,988	297,908
GROSS MARGIN	112,003	24,952	49,275	49,372
Selling expenses	(8,475)	(2,431)	(6,245)	(4,787)
Administrative expenses	(11,107)	(5,129)	(10,282)	(9,580)
Technical and customer service expenses	(9,246)	(1,996)	(4,562)	(4,466)
Development and program expenses	(7,142)	(2,237)	(7,699)	(6,153)
Reallocation of share of corporate re invoicing	(12,193)	(4,019)	(8,776)	(9,082)
OPERATING INCOME	63,840	9,141	11,711	15,304
Cost of net financial debt and other financial income/expenses	1,215	435	(1,689)	(123)
Reallocation of cost of net financial debt	(1,437)	(474)	(1,034)	(1,070)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	63,617	9,103	8,989	14,111
Income tax	(17,103)	(2,407)	(1,777)	(2,702)
Share of income (loss) of equity affiliates and joint ventures	2,343	10	944	(61)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	48,858	6,707	8,156	11,348
Group share	37,037	6,055	6,599	8,471
Minority interests	11,821	651	1,557	2,877

Fiscal year ended November 30, 2019 (in € thousands)	Commercial Property and Logistics	Other regions	Other business activities	Head Office	Grand Total
Revenue	178,011	0	102	0	1,472,154
GROSS MARGIN	47,916	238	102	0	283,858
Selling expenses	(1,112)	0	(17)	(7,738)	(30,804)
Administrative expenses	(4,752)	(16)	(800)	(27,231)	(68,898)
Technical and customer service expenses	(624)	0	0	(1,306)	(22,200)
Development and program expenses	(9,360)	236	(15)	(826)	(33,196)
Reallocation of share of corporate re invoicing	(2,645)	0	(187)	37,101	0
OPERATING INCOME	29,423	457	(917)	0	128,761
Cost of net financial debt and other financial income/ expenses	1,587	(157)	(2,405)	(4,372)	(5,510)
Reallocation of cost of net financial debt	(335)	0	(22)	4,372	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	30,674	300	(3,345)	0	123,251
Income tax	(9,933)	(103)	1,110	0	(32,914)
Share of income (loss) of equity affiliates and joint ventures	(2)	0	189	0	3,424
INCOME (LOSS) OF THE CONSOLIDATED GROUP	20,740	197	(2,045)	0	93,761
Group share	20,159	197	(2,047)	0	76,272
Minority interests	581	0	2	0	17,489

The re-invoiced shares of corporate expenses (including the cost of net financial debt) are reallocated on the basis of each segment's relative share of the group total. This share is assessed on the basis of the activity (measured in Equivalent Housing Units – EHUs – delivered) and the number of employees projected in the budget for the relevant fiscal year.

In addition, income tax is calculated based on the theoretical tax charge for each segment based on its pre-tax income. The impact of permanent differences included in the calculation of income tax is reallocated using the key described above.

Fiscal year ended November 30, 2018 (in € thousands)	Île-de-France	West	East	Southwest
Revenue	501,620	146,528	313,563	345,861
GROSS MARGIN	95,931	30,334	55,283	61,705
Selling expenses	(11,216)	(3,055)	(6,952)	(5,544)
Administrative expenses	(10,138)	(5,795)	(9,025)	(9,328)
Technical and customer service expenses	(9,220)	(1,922)	(4,465)	(3,931)
Development and program expenses	(7,667)	(2,534)	(5,448)	(6,732)
Reallocation of share of corporate re invoicing	(14,520)	(5,698)	(10,570)	(11,418)
OPERATING INCOME	43,170	11,330	18,823	24,752
Cost of net financial debt and other financial income/expenses	3,053	524	(451)	75
Reallocation of cost of net financial debt	(1,828)	(718)	(1,331)	(1,438)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	44,396	11,136	17,041	23,389
Income tax	(13,359)	(3,712)	(4,750)	(6,285)
Share of income (loss) of equity affiliates and joint ventures	2,427	(248)	1,546	(27)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	33,464	7,176	13,837	17,077
Group share	24,838	6,832	8,604	11,493
Minority interests	8,626	344	5,233	5,584

Fiscal year ended November 30, 2018 (in € thousands)	Commercial Property and Logistics	Other regions	Other business activities	Head Office	Grand Total
Revenue	250,657				1,558,229
GROSS MARGIN	56,478	271			300,002
Selling expenses	(435)		(84)	(9,147)	(36,433)
Administrative expenses	(5,264)	(32)	(583)	(34,376)	(74,541)
Technical and customer service expenses	(502)		(2)	(1,444)	(21,487)
Development and program expenses	(6,364)		(25)	(1,588)	(30,357)
Reallocation of share of corporate reinvoicing	(4,134)		(214)	46,555	0
OPERATING INCOME	39,779	239	(908)	(1)	137,185
Cost of net financial debt and other financial income/ expenses	(5,529)	(151)	(366)	(5,862)	(8,707)
Reallocation of cost of net financial debt	(521)		(27)	5,862	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	33,729	88	(1,301)	0	128,478
Income tax	(11,651)	(30)	451		(39,335)
Share of income (loss) of equity affiliates and joint ventures	215	(1)	(17)		3,894
INCOME (LOSS) OF THE CONSOLIDATED GROUP	22,293	57	(867)	0	93,037
Group share	22,015	57	(867)	0	72,972
Minority interests	278				20,065

Note 3.1.2. Working Capital Requirement by operating segment

Fiscal year ended November 30, 2019 (in € thousands)	Île-de-France	West	East	Southwest
Inventories	158,022	32,490	74,976	186,258
Accounts receivable	172,637	39,513	112,808	142,409
Other	(294,182)	(64,981)	(120,776)	(233,068)
WORKING CAPITAL REQUIREMENT	36,477	7,023	67,009	95,599

Fiscal year ended November 30, 2019 (in € thousands)	Commercial Property and Logistics	Other regions	Other business activities	Head Office	Grand Total
Inventories	1,678	0	5	3,892	457,321
Accounts receivable	41,409	1	530	2,600	511,907
Other	(111,692)	(1,579)	311	8,232	(817,735)
WORKING CAPITAL REQUIREMENT	(68,605)	(1,578)	846	14,724	151,493

"Other" essentially comprises trade accounts payable of €907.5 million, Social Security and tax payable of €60.0 million, sundry payable of €189.2 million and a net tax receivable of €18.5 million.

Fiscal year ended November 30, 2018*(in € thousands)*

	Île-de-France	West	East	Southwest
Inventories	165,568	25,140	78,990	123,644
Accounts receivable	152,953	38,536	103,424	82,005
Other	(213,372)	(68,694)	(112,674)	(149,251)
WORKING CAPITAL REQUIREMENT	105,149	(5,019)	69,740	56,398

Fiscal year ended November 30, 2018*(in € thousands)*

	Commercial Property and Logistics	Other regions	Other business activities	Head Office	Grand Total
Inventories	2,270		5	1,169	396,786
Accounts receivable	25,394	11		3,985	406,309
Other	(95,926)	(1,743)	216	(50,869)	(692,312)
WORKING CAPITAL REQUIREMENT	(68,261)	(1,732)	221	(45,715)	110,783

Note 3.2. Revenue and gross margin

The group markets all its development projects under sale-before-completion (VEFA) rules.

With the sale-before-completion contract, lawmakers have given real estate developers the option to call for payment from customers progressively over the course of a construction program based on a payment schedule determined by law, while giving customers a Performance Bond. Total payments from customers 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 during the course of the construction process.

Revenue is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers", i.e. in proportion to the percentage of technical completion, starting from the acquisition of the land, and commercial completion (execution of the deeds of sale) for each program.

The application of IFRS 15 does not undermine the principle of recognizing revenue and income on the percentage-of-completion basis for property development business conducted on a VEFA (sale-before-completion) basis. Under a VEFA contract, the customer obtains control of the asset gradually during the course of its construction. Revenue is recognized on property developments in accordance with the accumulation of the total costs, based on the rules for recognizing work in progress.

Revenue and margin are recognized as and when works are completed, based on project forecasts and in accordance with the following rule: the revenue recognized for a given program is equal to the total revenue 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 for 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, unit sales and costs.

Below is a breakdown of revenue and gross margin by product:

<i>(in € thousands)</i>	November 30, 2019		November 30, 2018	
	Revenue	Gross margin	Revenue	Gross margin
Multi-occupancy housing	1,232,362	216,900	1,220,789	223,234
Single-family homes	101,638	20,476	72,962	15,049
TOTAL HOUSING	1,334,000	237,376	1,293,750	238,283
COMMERCIAL PROPERTY	130,410	44,587	254,150	59,223
OTHER	7,744	1,895	10,329	2,496
TOTAL REVENUE AND GROSS MARGIN	1,472,154	283,859	1,558,229	300,002

Note 3.3. Operating expenses

	November 30, 2019				November 30, 2018			
	Salaries and payroll taxes	Advertising expenses	Other operating expenses	Total	Salaries and payroll taxes	Advertising expenses	Other operating expenses	Total
(in € thousands)								
Selling expenses	9,656	17,416	3,728	30,800	10,674	20,540	5,219	36,433
Administrative expenses	30,416		38,487	68,903	28,900		45,640	74,541
Technical and customer service expenses	19,649		2,551	22,200	18,756		2,731	21,487
Development and program expenses	17,674		15,522	33,196	17,109		13,248	30,357
TOTAL OPERATING EXPENSES	77,395	17,416	60,288	155,099	75,439	20,540	66,838	162,818

Selling expenses

Selling expenses were €30.8 million at November 30, 2019, versus €36.4 million at May 31, 2018. This 15.5% decrease was mostly attributable to advertising expenses (€3.1 million) and salaries and payroll taxes (€1.0 million).

Administrative expenses

Administrative expenses totaled €68.9 million at November 30, 2019, versus €74.5 million in 2018, i.e., a 7.6% decrease. This is mainly attributable to a €7.3 million decrease in estimated expenses, a €1.5 million increase in salaries and payroll taxes, and a €1.0 million increase in professional fees.

Technical and customer service expenses

Technical and customer service expenses totaled €22.2 million at November 30, 2019, versus €21.5 million 2018, the increase coming from a rise of €0.9 million in "Salaries and payroll taxes".

Development and program expenses

Development and program expenses totaled €33.2 million at November 30, 2019, versus €30.4 million in 2018, a 9.4% increase mainly attributable to increases of €2.1 million in project abandonment costs and €0.6 million in salaries and payroll taxes.

On each account closing date, the share of these costs incurred in respect of projects for which commitments to purchase land have not been signed and on which there is little visibility on the likelihood of their being developed in the near future, is expensed.

Inventories for programs under development are valued at cost. This cost includes the land acquisition price and related fees and taxes, the cost of roads and infrastructure, the cost of building and developing show home areas, land expenses, financial expenses and the fees and commissions inherent in the agency agreements executed by Kaufman & Broad in order to sell real estate programs.

IAS 2 provides for the recognition of indirect fixed expenses in inventory, insofar as such expenses are clearly identifiable and can be allocated. These expenses must be added to inventory using systematic and rational methods applied on a consistent and ongoing basis to all costs with similar characteristics.

Indirect fixed expenses (salaries, payroll expenses and other expenses) incurred after a contract to purchase land has been signed may be included in inventory, at the proportion chargeable to the real estate programs. Such expenses relate to the land, technical and general administration departments and essentially concern development, works supervision, project management and after-sales management costs.

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 booked to cover foreseeable losses, which are valued on the basis of an analysis of the projected economic and financial data specific to each project.

Note 3.4. Inventories

"New projects" are programs that have not yet been developed. These projects are valued at cost and include holding guarantees for the purchase of land, design fees, land development costs, and all other costs incurred in connection with the projects.

	November 30, 2019			November 30, 2018
	Gross	Impairment	Net	Net
(in € thousands)				
New projects	72,215	(16,764)	55,451	42,006
Current programs	404,207	(2,337)	401,870	354,780
TOTAL INVENTORIES	476,422	(19,100)	457,322	396,786

The change in impairment charges may be broken down as follows:

(in € thousands)	November 30, 2018	Increases	Reversals	November 30, 2019
New projects	12,019	14,330	(9,585)	16,764
Current programs	3,316	447	(1,426)	2,337
TOTAL INVENTORIES	15,335	14,777	(11,011)	19,101

Net inventories of new program expenses were up €13.4 million.

The provision for new project expenses increased following the decision to impair expenses for projects that had not been officially abandoned but whose development was uncertain. Impairment provisions of €4 million were reversed in relation to expenses for projects whose development had been considered uncertain but which were ultimately launched. The remaining reversals concern inventories that were written off and charged to expenses after the projects to which they related were abandoned.

Gross inventories for current programs increased by 3.9% over the year.

Provisions for current programs comprise provisions for purchased but undeveloped land and provisions for losses on completion on programs under development.

Reversals of provisions for impairment mainly correspond to a €0.5 million reduction in provisions for losses on completion as progress was made towards completion and the reversal of a €1 million provision relating to an abandoned project.

Note 3.5. Accounts receivable and other receivables

Accounts receivable are receivables arising from the recognition of revenue in accordance with the percentage of completion of programs. Accounts receivable include the following:

- unsettled calls for payment issued to customers at various stages of construction works in accordance with the regulations in force;
- the time lag that may exist between calls for payments and the actual percentage of completion recorded at period-end.

This time lag generates most of these receivables; these receivables are not yet due and payable.

Accounts receivable are measured at their nominal value. The recoverability of receivables is examined and a provision for expected losses is recognized where necessary. The group considers that credit risk (losses to maturity) is not material, in that the essence of its business is carried out within a regulatory framework that ensures that receivables will be settled.

(in € thousands)	November 30, 2019			November 30, 2018
	Gross	Impairment	Net	Net
ACCOUNTS RECEIVABLE	512,738	(831)	511,907	406,309
Government – VAT	154,340	(185)	154,155	132,925
Advances and down-payments	547		547	874
Partners' current accounts	10,773		10,773	9,714
Receivables due from notaries	12,103		12,103	15,268
Other	15,819	(3,667)	12,153	12,826
TOTAL OTHER RECEIVABLES	193,582	(3,852)	189,731	171,607
GOVERNMENT – CURRENT TAXES	21,770		21,770	565
PREPAID EXPENSES	1,435		1,435	1,100
TOTAL ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES	729,525	(4,683)	724,843	579,581

All "Accounts receivable" and "Other receivables" mature in less than one year.

The change in impairment charges may be broken down as follows:

(in € thousands)	November 30, 2018	Change in scope of consolidation	Increases	Used reversals	Unused reversals	November 30, 2019
Accounts receivable	600		383	(45)	(108)	830
Other receivables and VAT	5,059		1,936	(2,915)	(228)	3,852
TOTAL	5,659	0	2,319	(2,960)	(336)	4,682

There were no significant increases in provisions or provision reversals for accounts receivable or other receivables during the period.

Note 3.5.1. Accounts receivable

The difference between net accounts receivable (€511.9 million) and outstanding calls for payment (€85.9 million, net of impairments), i.e. €426 million, corresponds to the time lag between the contractual calls for payment and the program revenue recognized on the percentage-of-completion basis. Receivables corresponding to this difference are recorded exclusive of tax.

Notaries drafting deeds of sale are generally required to verify that the financing of a sale is secured by the time the corresponding deed is executed. Provisions for the impairment of accounts receivable are therefore rare.

Receivables outstanding for more than 90 days essentially consist of late payments on calls for payment for lots not yet delivered to buyers. A provision of €0.83 million was booked for receivables for 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.

At November 30, 2019, calls for payment by due date were as follows:

(in € millions)	November 30, 2019		November 30, 2018	
	value	%	value	%
• Not yet due	5.5	6.4%	4.3	6.7%
• Less than 30 days	64.4	75.0%	52.2	81.7%
• 30 to 60 days	9.8	11.4%	4.1	6.4%
• 60 to 90 days	1.3	1.5%	0.5	0.8%
• More than 90 days	4.9	5.7%	2.8	4.4%
TOTAL CALLS FOR PAYMENT	85.9		63.9	

Note 3.5.2. Government – VAT

At November 30, 2019, the VAT item included: deductible VAT of €30.3 million (€36.3 million in 2018) in relation to supplier invoices; VAT of €103.7 million (€78.4 million in 2018) recognized on invoices not yet received in relation to program expenses recognized on the percentage-of-completion basis; and VAT credits of €20.1 million (€18.3 million in 2018).

Note 3.5.3. Partners' current accounts

This item reflects the share of losses allocated to minority partners and not settled at November 30, 2019 for fully consolidated operations. A provision for liabilities and charges of €7.9 million was recorded to cover the non-recoverability risk associated with partners' current accounts with a debit balance (see Note 8.1. "Provisions").

Note 3.5.4. Other

The "Others line includes a loan receivable from a partner of €1.2 million, fully provisioned in view of the legal dispute between the group and this partner; the payment of €0.5 million in relation to the URSSAF adjustment (see Note 8.1. "Provisions"); €0.6 million in sums paid in relation to the Roissy Park development dispute (see Note 8.2. "Contingent liabilities"); €0.8 million in insurance premiums paid in 2018 and 2019 which are to be reinvoiced to programs, €0.6 million for the sale price and advances of funds to be repaid to a former partner following the sale of shares in a project, and an advance on future profits of €2.3 million as part of the agreements linked to the acquisition of SMP.

Note 3.6. Breakdown of the change in Working Capital Requirement

(in € thousands)	November 30, 2018	Change in WCR in the CFS	Change in scope of consolidation	Other changes in WCR	November 30, 2019
Inventories	396,786	44,873	18,287	(2,619)	457,327
Accounts receivable	406,310	354,578	0	(248,883)	512,005
Accounts payable	(705,958)	(164,848)	(7,555)	(29,137)	(907,498)
Other operating assets and liabilities	56,177	(242,934)	2,235	255,694	71,172
OPERATING WORKING CAPITAL REQUIREMENT (CASH FLOW STATEMENT)	153,316	(8,331)	12,967	(24,945)	133,006
Current taxes	(42,532)	84,010	(23,514)	532	18,496
WORKING CAPITAL REQUIREMENT	110,783	75,679	(10,547)	(24,414)	151,503

The change in Operating Working Capital Requirement (excluding current taxes) for fiscal year 2019 was €11.1 million compared to November 30, 2018.

Note 3.7. Counterparty risk management

The counterparty risks incurred by the Kaufman & Broad group potentially concern suppliers and subcontractors, accounts receivable and banking counterparties.

Because of the group's numerous suppliers and subcontractors, an insolvency is unlikely to have any material impact on its operations. The Kaufman & Broad group believes that counterparty risk relating to accounts receivable is very low because of its large number of customers and the fact that sales are signed exclusively in the presence of a notary, generally after financing has been obtained to purchase the property.

Customer-related credit risk is managed by each agency and supervised by the head office. Due to the nature of its business, the group's exposure to customer default risk is low. The aging of accounts receivable is reviewed monthly.

The Kaufman & Broad group places its cash, cash equivalents and investment securities with top ranking financial institutions.

It enters into interest rate agreements with leading financial institutions.

Kaufman & Broad carries out certain development programs in conjunction with external partners, which inject capital into programs and provide loans. Depending, among other things, on the current economic and financial situation, certain group partners participating in joint development programs may default during the property development phase and may fail to honor their commitments, which would result in the group having to meet the cash requirements generated by the relevant property programs.

Note 4. Employment compensation and benefits

Note 4.1. Payroll expenses

Payroll expenses incurred in relation to the group's employees break down as follows:

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
Salaries (excluding retirement benefits and employer's contributions)	(50,630)	(49,134)
Retirement indemnities: awarded during year ^(a)	59	(183)
Employer's contributions to share purchase schemes	(1,048)	(1,066)
SALARIES	(51,619)	(50,383)
Expenses in relation to share-based payment ^(b)	(2,786)	(2,130)
SALARIES AND OTHER COMPENSATION	(54,406)	(52,513)
Social contributions ^(c)	(25,775)	(25,056)
Payroll taxes	(655)	(1,313)
Social contributions: retirement benefits	21	(54)
TAX AND SOCIAL SECURITY CHARGES	(26,409)	(26,423)
TOTAL PAYROLL EXPENSES	(80,815)	(78,936)
Average number of employees (full-time equivalents)	868	883

(a) Detailed information on the group's commitments regarding retirement benefits is provided in Note 4.2. "Provisions for retirement benefits".

(b) Detailed information on share-based payments is provided in Note 4.3. "Share-based payments".

(c) The amount of expenses recognized for pension plans was €6.4 million in fiscal year 2019, compared to €6.5 million in fiscal year 2018.

Note 4.2. Provisions for retirement benefits

The group has no commitments other than the retirement benefits for which a provision has been booked 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 benefits corresponding to the projected salary at the end of the employee's career and to employee's vested seniority rights applied on the valuation date. The amount of benefits thus measured is discounted, based on a probability calculation 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.

The following assumptions were made to calculate retirement benefits:

- discount rate: 0.60% rate on "AA" corporate bonds (value determined via the iBoxx index);
- average wage increase rate: 3.80% for staff aged under 40 and 2.20% for staff aged 40 and over;
- inflation rate: 1.75%;
- retirement age of 64 for all personnel categories;
- average annual staff turnover rate: 7.9%, bearing in mind that a differential rate calculated from the average of the last three fiscal years was applied by age bracket.

The discount rate applied by the Company in accordance with market conditions is based on bonds whose maturity is similar to the estimated duration of the Company's employee benefit commitments.

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 breakdown of the retirement benefit expenses recognized for the fiscal year:

(in € thousands)	November 30, 2019	November 30, 2018
Costs of services rendered during the fiscal year ^(a)	(80)	236
Financial cost ^(b)	98	84
EXPENSE RECOGNIZED IN INCOME STATEMENT	18	320

(a) The cost of services rendered during the fiscal year was recognized in "salaries and payroll taxes".

(b) The financial cost is recorded in "cost of net financial debt".

Changes to the provision were as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Net liabilities at beginning of period	7,072	6,406
Cost for the fiscal year	286	409
Benefits paid	(268)	(89)
Change in scope of consolidation	13	-
Actuarial gains or losses (recognized in shareholders' equity)	804	345
NET LIABILITIES AT END OF PERIOD	7,907	7,072

The actuarial gain at November 30, 2019 totaled €0.8 million, versus a gain of €0.3 million at November 30, 2018. The change was due for the most part to the reduction in the discount rate.

At November 30, 2019, the net liability would be €8,153 thousand using a discount rate of 0.35% and €7,673 thousand using a discount rate of 0.85%.

The actuarial gains and losses generated can be presented on a historical basis as follows:

(in € thousands)	November 30, 2019	November 30, 2018	November 30, 2017	November 30, 2016
Liabilities	7,907	7,072	6,406	6,929
Financial assets	-	-	-	-
FINANCIAL COVERAGE	7,907	7,072	6,406	6,929
Actuarial losses and (gains) generated on liabilities	804	345	(583)	1,152

Note 4.3. Share-based payments

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 the rights are allocated. 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 expected dividends on the shares, the likelihood of the option being exercised and the risk-free interest rate for the term of the option. This value is recorded in 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 recorded under shareholders' equity.

Note 4.3.1. Bonus share plans

During the year, the Board of Directors decided to introduce two new bonus share plans on February 21, 2019, under the authority granted by the Shareholders' Meeting of May 3, 2018.

The main features of the group's plans in effect at November 30, 2019 are presented in the table below:

Bonus share plan	March 7, 2018	May 3, 2018	February 21, 2019 – Plan 1	February 21, 2019 – Plan 2
Date authorized by the Extraordinary Shareholders' Meeting	May 11, 2017	May 3, 2018	May 3, 2018	May 3, 2018
Number of bonus shares that may be awarded	159,212	250,000	240,000	138,012
Date of the Board of Directors' meeting awarding the shares	March 7, 2018	May 3, 2018	February 21, 2019	February 21, 2019
Number of beneficiaries	881	1	921	1
Types of shares	Existing	Existing	Existing	Existing
Number of bonus shares awarded	97,562	10,000	101,988	10,000
Lapsed shares	16,456	0	8,138	0
Shares outstanding at November 30, 2019	81,106	10,000	93,850	10,000
Share price on the award date	€42.84	€43.80	€34.20	€34.20
Date of vesting	March 7, 2020	May 3, 2021	February 21, 2021	February 21, 2022
Date available	March 7, 2022	May 3, 2022	February 21, 2023	February 21, 2023
Initial fair value of the plan	2,582,905	236,016	2,055,210	164,285
Data input into the model:	Binomial model	Binomial model	Binomial model	Binomial model
• exercise price	–	–	–	–
• loss of liquidity of the shares (% of the forward price)	1%	1%	1%	1%
• expected dividends (% of market capitalization)	€2.10 per share	€2.10 per share	€2.50 per share	€2.50 per share
• risk-free interest rate (market rate)	-0.30%	-0.30%	-0.28%	-0.28%
• share lending/borrowing rate				
• forward price discounting rate	Euribor +300 bps 0% for the Chairman, 13.7% for key executives, 17.9% per year for other employees	Euribor +300 bps 0% for the Chairman	Euribor +300 bps 0% for the Chairman, 11.3% for key executives, 18.3% per year for other employees	Euribor +300 bps 0% for the Chairman
• turnover rate				

The bonus share plans generated an expense of €2.3 million over the period, as shown below. This was recognized in profit or loss with a contra entry in shareholders' equity.

(in € thousands)	May 11, 2017 plans	March 7, 2018 plan	May 3, 2018 plan	February 21, 2019 plan No. 1	February 21, 2019 plan No. 2	Total
Initial valuation	2,777	2,583	236	2,055	164	7,815
Expense for the period	453	983	79	733	42	2,290

Note 4.3.2. Lock-up discount related to the capital increase reserved for members of the group Savings Plan

"KB Actions 2019" is an employee share purchase offer which provides leverage and a capital guarantee on the amount invested. Shares are granted by virtue of a capital increase which is reserved for the group employees participating in the savings plan. On November 30, 2019, Kaufman & Broad SA recognized an increase in its share capital resulting from subscriptions to KB Actions 2019 (see 7.1.1. "Change in capital"). Employees obtain shares by acquiring units in an employee mutual fund (FCPE) invested in Kaufman & Broad shares. The shares purchased by the "KB Actions" compartment of the fund were issued by Kaufman & Broad at a 20% discount to the reference price and are

non-transferable for the duration of the five-year shareholding plan. Employees participating in the plan also waive the right to receive dividends on the shares purchased.

The benefits awarded to employees include:

- a lock-up discount estimated on the basis of the cost to the employee of taking out a loan to buy the same number of transferable shares on the award date, which would be repaid at the end of the lock-up period by selling the shares from the share plan;
- an estimate of the opportunity cost to the FCPE related to the performance of the shares beyond the guaranteed return under the plan, evaluated as an option.

The expense related to this benefit was estimated at €496,000.

Note 4.4. Executive compensation (related parties)**Terms and conditions of related-party transactions**

Other than the transactions with Artimus Participations, dealings with related parties, including the compensation method for executives, remained comparable to fiscal year 2018 and no other transaction that was unusual in its type or amount went ahead during the fiscal year.

Group corporate officers

In 2018 and 2019, the group did not grant any loans to 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 were members of the group's administrative and management bodies at the closing date or during the course of the period.

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018 (reported)
Short-term benefits other than employer contributions ^(a)	3,574	3,792
Short-term benefits: employer contributions	1,975	1,752
Post-employment benefits – balance sheet impact ^(b)	–	–
Other long-term benefits ^(c)	–	–
Retirement benefits	–	167
Directors' fees ^(d)	240	247
Share-based compensation	–	–
Stock option awards <i>(number)</i>	–	–
Bonus share awards <i>(number)</i>	29,200	39,200

(a) Includes gross salaries, compensation, bonuses, incentives, profit-sharing and benefits in kind paid for the year.

Compensation relates to members of the Management Committee.

(b) Benefits provided as retirement benefits.

(c) Other compensation vested but due in the long term.

(d) Compensation paid to non-executive corporate officers only.

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 2019, the amount recognized as expenses by our Company for this contract was €155 thousand (€140 thousand at November 30, 2018).

Note 5. Property, plant and equipment and intangible fixed assets**Note 5.1. Goodwill**

Goodwill is determined on the takeover date (one-time goodwill). Purchase price allocation is finalized during the valuation period, i.e. within twelve months of 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 profit or loss.

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, 2019	November 30, 2018
Île-de-France	8,346	8,346
Kaufman & Broad Sud-Ouest	47,287	47,287
Serge Mas Promotion	150	150
Résidences Bernard Teillaud	12,878	12,878
TOTAL GOODWILL	68,661	68,661

(in € thousands)	November 30, 2019	November 30, 2018
Balance at beginning of period	68,661	68,661
Increase		
Impairment loss		
BALANCE AT END OF PERIOD	68,661	68,661

Goodwill was subjected to impairment tests in accordance with the principles described in Note 5.4. "Impairment of fixed assets". The tests showed that there was no impairment at November 30, 2019. The recoverable amount used was based on value in use.

Note 5.2. Other intangible fixed assets

Intangible fixed assets mainly consist of the value of the Kaufman & Broad brands and logos. The lifetime of these assets is undetermined and they are therefore not amortized, but they are subject to impairment testing annually, or as soon as there is an indication of impairment.

Other intangible fixed 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 their useful lifetimes, which do not usually exceed five years.

Research and development costs

For the Kaufman & Broad group, development costs comprise the expenses associated with land (commitments to projects for which a commitment to buy land has been signed). Such costs are treated as a part of the program inventory if it is likely that the program will be developed.

Other intangible fixed assets break down as follows:

(in € thousands)	November 30, 2019			November 30, 2018
	Gross value	Aggregated amortization	Net value	Net value
Kaufman & Broad brand	80,422		80,422	80,422
Other intangible fixed assets	34,420	(23,633)	10,787	10,590
TOTAL INTANGIBLE FIXED ASSETS	114,842	(23,633)	91,209	91,012

The brand is tested for the impairment of overall value together with goodwill (see Note 5.4. "Impairment of fixed assets").

The change in the net value of intangible fixed assets may be analyzed as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Balance at beginning of period	91,012	89,442
Acquisitions of intangible fixed assets	3,646	2,273
Sales, write-offs and change in scope of consolidation	(56)	2,244
Amortization expense	(3,392)	(2,947)
BALANCE AT END OF PERIOD	91,209	91,012

Acquisitions of intangible fixed assets and amortization expenses concern software programs.

Note 5.3. Property, plant and equipment

Property, plant and equipment are recognized at their acquisition cost.

Depreciation expenses are calculated according to the rate at which the expected economic benefits are consumed for each asset, based on the acquisition cost less a residual value where applicable.

As such, the straight-line method is usually applied over the following periods:

- fittings, fixtures and facilities: 10 years;
- construction equipment: 5 years;
- transportation equipment: 5 years;
- office equipment: 5 years;
- office furniture: 10 years;
- IT equipment: 3 years.

Assets available to the Kaufman & Broad group under finance leases, which primarily comprise IT equipment, are treated as if they had been purchased on credit and are depreciated on a straight-line basis over the periods indicated above.

Payments under operating leases are recognized in expenses until the termination of the lease.

Commitments under operating leases (and sub-leases) are recorded in off-balance sheet commitments.

Property, plant and equipment break down as follows:

	November 30, 2019				November 30, 2018
	Gross value	Aggregated depreciation	Provisions for impairment	Net value	Net value
(in € thousands)					
Land	0			0	187
Buildings	0			0	305
Other property, plant and equipment	26,144	(17,540)	(2,627)	5,977	6,912
Property, plant and equipment in progress	0			0	10
TOTAL NET PROPERTY, PLANT AND EQUIPMENT	26,144	(17,540)	(2,627)	5,977	7,414

Other property, plant and equipment include the office fixtures and furnishings at the head office and various group agencies.

The change in the net value of property, plant and equipment may be analyzed as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Balance at beginning of period	7,414	7,699
Acquisitions of property, plant and equipment	2,869	6,211
Sales, write-offs and change in scope of consolidation	(456)	(2,419)
Depreciation (net of reversals)	(3,154)	(2,146)
Provisions for impairment (net of reversals)	(696)	(1,931)
BALANCE AT END OF PERIOD	5,976	7,414

Note 5.4. Impairment of fixed 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 identified by the Kaufman & Broad group are as follows (full list):

- Kaufman & Broad Paris;
- Kaufman & Broad Île-de-France;
- Kaufman & Broad Sud-Ouest;
- Résidences Bernard Teillaud;
- Kaufman & Broad 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 fixed assets with an undetermined useful lifetime, impairment tests are carried out at least once a year in order to ensure that the net book value of the goodwill and non-amortizable intangible fixed 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 fixed assets) are subject to impairment if, because of events or circumstances occurring during the relevant period (e.g. obsolescence, physical deterioration, significant changes in the method of use, performance below forecasts, decrease in revenue, other external factors), their recoverable value appears to be permanently lower than their net book value.

Impairment tests are carried out on each asset group (Cash Generating Unit) by comparing their recoverable value against their net book value.

The need to recognize an impairment loss is assessed by comparing the book value of the CGUs' assets and liabilities against their recoverable value. Recoverable value is taken to be the fair value net of disposal costs or the value in use, whichever is higher.

Fair value net of disposal costs is determined as the best estimate of the sale value net of disposal costs for a transaction completed at arm's length between well-informed and willing parties. This estimate

is determined on the basis of the market information available, taking specific circumstances into account.

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.

The discount rate used to determine the value in use at November 30, 2019 was 7% (unchanged compared to November 30, 2018). 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 incorporates a risk premium.

The group used the projections established at fiscal year-end for the 2019-2023 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. Projected margins 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, 2018). This rate is below the average revenue growth rate for the five-year forecast period.

Asset recoverability tests are conducted for each CGU. They 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, whose net balance sheet value is €80.4 million (see Note 5.2. "Other intangible fixed assets"), is not allocated to the group's CGUs and its impairment testing is carried out at group level using the discounted cash flow method.

Sensitivity tests were conducted using the assumptions set out above to measure the impact of changing parameters for calculating, on the basis of variations deemed to be reasonably possible by 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 5.5. Commitments relating to capital expenditures, purchases and rentals

(in € thousands)	November 30, 2019	Payments due by maturity			November 30, 2018
		Less than one year	1 to 5 years	More than 5 years	
Commitments for operating leases	24,031	6,924	12,715	4,392	28,460
Tangible and intangible investment commitments					
TOTAL	24,031	6,924	12,715	4,392	28,460

Operating lease commitments

The table below shows, at November 30, 2019, the minimum future rents on operating leases not subject to termination:

(in € thousands)	November 30, 2019	November 30, 2018
2019		7,965
2020	6,924	6,585
2021	5,353	4,777
2022	2,616	2,007
2023	2,433	1,737
2024	2,312	1,779
2025 and beyond	4,392	3,610
TOTAL MINIMUM FUTURE RENTS	24,031	28,460

The rent expense recognized on the income statement at November 30, 2019 for operating leases amounted to €6.7 million (€6.9 million at November 30, 2018).

Note 6. Financing and financial instruments

Note 6.1. Financial assets and liabilities

Financial assets and liabilities are classified into three categories and include:

- borrowings at amortized cost;
- financial liabilities recognized at fair value in the income statement;
- loans and receivables, and financial assets available for sale.

Current and non-current borrowings and financial liabilities

Borrowings and other financial liabilities are initially assessed at fair value and then at amortized cost, calculated using the Effective Interest Rate (EIR).

Transaction costs that are directly attributable to the acquisition or issuance of a financial liability are deducted from this financial liability. These costs are then amortized over the lifetime of the liability using the EIR method.

The portion of financial debt maturing in less than one year is included in current liabilities.

Derivative financial instruments

The Kaufman & Broad group is exposed to market risk, and particularly to interest rate risk. The group uses a number of derivative financial instruments to manage this risk.

Derivatives are marked to market in the balance sheet. Changes in the fair value of derivatives are recognized through profit or loss, except in cases of hedging, as indicated below.

Cash flow hedging instruments

The group only uses future cash flow hedging instruments:

- cash flow hedging consists in covering exposure to changes in cash flow attributable to the specific risk associated with a recognized asset or liability, or with a planned transaction (e.g. interest flows on floating rate debt), where such a risk would affect the reported net income;
- the effective portion of the change in the 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 in profit or loss in financial expenses. The amounts recorded in shareholders' equity are recognized in the income statement in the same way as the assets and liabilities hedged.

Accounts payable and other payables

Because they are short term, the book values stated in the Consolidated Financial Statements are reasonable estimates of their market value.

Note 6.1.1. Book value and fair value of financial assets and liabilities by category

	November 30, 2019				November 30, 2018			
	Fair value through profit or loss	Loans and receivables	Debt at amortized cost	Balance sheet value	Fair value through profit or loss	Loans and receivables	Debt at amortized cost	Balance sheet value
<i>(in € thousands)</i>								
Financial assets								
Other non-current financial assets		1,756		1,756		1,826		1,826
Accounts receivable		511,507		511,507		406,309		406,309
Other current receivables		189,731		189,731		171,607		171,607
Current taxes		21,770		21,770		565		565
Cash and cash equivalents	208,102			208,102	253,358			253,358
TOTAL FINANCIAL ASSETS	208,102	724,764	0	932,866	253,358	580,307	0	833,665
Financial liabilities								
Borrowings and financial debts			152,089	152,089	113		203,244	203,357
Accounts payable			907,498	907,498			705,958	705,958
Current taxes			3,275	3,275			43,097	43,097
Other current liabilities			119,897	119,897			116,530	116,530
TOTAL FINANCIAL LIABILITIES	0	0	1,182,759	1,182,759	113	0	1,068,829	1,068,942

IFRS 13 ranks the measurement techniques used to determine fair value according to a hierarchy of three levels. These levels are as follows:

- level 1: direct reference to quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;

- level 2: inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly;

- level 3: inputs concerning the asset or liability that are based on unobservable data.

(in € thousands)	November 30, 2019			November 30, 2018		
	Book value	Fair market value	Level	Book value	Fair market value	Level
Assets						
Cash and cash equivalents	208,102	208,102		253,358	253,358	2
TOTAL ASSETS	208,102	208,102		253,358	253,358	
Liabilities						
Syndicated credit line	0	0	3	50,000	50,000	3
Bond issues	150,000	150,000	3	150,000	150,000	3
Credit facilities used	926	926	3	1,087	1,087	3
Other borrowings and finance leases	2,620	2,620	3	2,595	2,595	3
Issuance expenses	(1,457)	(1,457)	3	(438)	(438)	3
Fair value of derivatives	0	0	2	113	113	2
TOTAL LIABILITIES	152,089	152,089		203,357	203,357	

Loans and receivables, financial assets and liabilities 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 floating rate financial liabilities is close to their book value.

Note 6.1.2. Gross financial debt

Gross financial debt consists of long-term and short-term financial liabilities, financial hedging instruments relating to liabilities constituting gross financial debt, and accrued interest on balance sheet items constituting gross financial debt.

Gross financial debt by type

At November 30, 2019, gross financial debt broke down as follows:

(in € thousands)	November 30, 2019			November 30, 2018
	Current	Non-current	Total	
Syndicated credit line ^(a)			0	50,000
Bond ^(b)		150,000	150,000	150,000
Issuance expenses	(334)	(1,123)	(1,457)	(439)
Credit facilities used	926		926	1,087
Other borrowings and finance leases	2,597	24	2,621	2,596
Fair value of derivatives			0	113
GROSS FINANCIAL DEBT	3,189	148,900	152,089	203,357

(a) The syndicated credit line arranged in April 2016 was repaid early at the end of January 2019.

(b) The bond issues arranged in May 2017 have the following maturities: the €50 million tranche is redeemable by a bullet payment in 2024 and the €100 million tranche is redeemable by a bullet payment in 2025.

At November 30, 2019, the group had €150 million in outstanding bonds.

Bond

On May 18, 2017, Kaufman & Broad issued its first “Euro PP” bond, of €150 million, as part of a private placement made with institutional investors in Europe. This private placement breaks down into a €50 million seven-year tranche maturing in May 2024 at a fixed

annual interest rate of 2.879% payable on May 31 of each year, and a €100 million eight-year tranche maturing in May 2025 at a fixed annual interest rate of 3.204% payable on May 31 of each year.

This transaction also allows the group to diversify its financing sources, benefit from favorable market conditions and significantly extend the average maturity of its debt.

Financial covenants in place

For each half-year period starting from November 2017 and ending when the bond is redeemed, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at the end of each six-month period	Threshold at November 30, 2019	Ratio at November 30, 2019
Leverage ratio ⁽¹⁾	≤ 3.0	(0.38)
Debt/equity ratio ⁽²⁾	≤ 2.5	(0.16)

(1) *I.e. Net Financial Debt (a), divided by EBITDA (b), where:*

- (a) *Financial debt means gross financial debt, less cash and cash equivalents and excluding certain subordinated debts and certain off-balance sheet items;*
- (b) *EBITDA means the net income of the consolidated group before income tax, financial 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, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests.*

(2) *I.e. Net Financial Debt (a), divided by adjusted shareholders' equity (c):*

- (c) *Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2016; plus consolidated income aggregated from December 1, 2016 to the end of the relevant quarter, minus the dividends paid for the relevant period; plus the aggregated impairment charge for the period from December 1, 2016 to the end of the relevant quarter.*

Senior Facilities Agreement

On April 4, 2016, Kaufman & Broad SA signed a Senior Facilities Agreement with a syndicate of international banks (“2016 Senior Facilities Agreement”). In the first half of 2017, following the new bond issue, the group made early repayments of Tranche A in full for €50 million and €50 million of Tranche B. At November 30, 2018, the group made an early repayment of another €50 million of Tranche B. The balance of Tranche B was repaid under the terms of the new agreement signed on January 31, 2019.

Syndicated Loan Agreement

On January 31, 2019, Kaufman & Broad SA signed a syndicated loan agreement for €250 million with an initial maturity of five years. This loan replaces existing Senior Credit Facilities and RCFs of €50 million and €100 million respectively. This corporate credit line enables the Company to extend its debt maturity and lower its cost of debt, while

also giving it more leeway to use these resources in accordance with any needs and opportunities that may arise, over and above its available cash. In a first for the property development industry, this credit line includes a positive incentive mechanism tied to various CSR indicators, reflecting the Company's commitment to the environment.

As a result, at November 30, 2019, the group had syndicated loans comprising a revolving credit facility (the “Revolving Credit Facility”) with a principal amount of €250 million.

At November 30, 2019, the Company had not drawn on its revolving credit facility.

Under the 2019 Syndicated Loan Agreement, the margin applicable to each drawdown will be determined according to the leverage ratio applicable at each testing date and, depending on the group's observance of the Annual CSR criteria, a positive or negative incentive mechanism will be applied to the margin applicable at the time.

Financial covenants in place

For each half-year period starting from November 2018 and ending when the Syndicated Loan Agreement matures, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at the end of each six-month period	Threshold at November 30, 2019	Ratio at November 30, 2019
Leverage ratio ⁽¹⁾	≤ 3.0	(0.38)
Debt/equity ratio ⁽²⁾	≤ 2.0	(0.16)

(1) I.e. Net Financial Debt (a), divided by EBITDA (b), where:

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

(b) EBITDA means the net income of the consolidated group before income tax, financial 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, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests.

(2) I.e. Net Financial Debt (a), divided by adjusted shareholders' equity (c):

(3) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2017; plus consolidated income aggregated from December 1, 2017 to the end of the relevant quarter, minus the dividends paid for the relevant period; plus the aggregated impairment charge for the period from December 1, 2017 to the end of the relevant quarter.

The 2019 Syndicated Loan Agreement stipulates that, in the event of a change of control of Kaufman & Broad SA, all commitments will automatically be canceled and any outstanding drawdowns, as well as any interest accrued, any reinvestment costs, and any other amounts due under the terms set out in the financing documentation, will automatically become payable on the date of said change of control. Under the terms of the 2019 Syndicated Loan Agreement, a change of

control is any event whereby one or more persons, acting alone or in concert, gain control of the Borrower, as defined by Article L. 233-3 of the French Commercial Code, except where this event was recommended by the borrower's Board of Directors; note the term "acting in concert" has the meaning given to this term in Article L. 233-10 of the French Commercial Code.

Unused syndicated credit lines

(in € thousands)	November 30, 2019	November 30, 2018
Unused RCF ⁽¹⁾	250,000	100,000

(1) The Revolving Credit Facility (RCF) of up to €250 million, with an initial maturity of five years (January 2024), was arranged in January 2019 in order to finance the group's general and Working Capital Requirements. This facility has not been used since it was arranged.

Change in gross financial debt

Gross financial debt at November 30, 2018	203,357
Issuance expenses	(1,018)
Repayment of Senior Facilities	(50,000)
Change in other borrowings ^(a)	25
Change in the fair value of derivative instruments	(113)
Change in credit facilities	(161)
GROSS FINANCIAL DEBT AT NOVEMBER 30, 2019	152,089

(a) This amount includes the payment of accrued interest.

Note 6.1.3. Net financial debt**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 of less than three months, readily convertible into a known

amount of cash and not subject to any material risk of a 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 in income.

The Kaufman & Broad group's cash and cash equivalents break down as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Bank balances and cash in hand ^(a)	206,047	249,974
Short-term investments and term deposits ^(a)		
Order balances ^(b)	2,055	3,383
CASH AND CASH EQUIVALENTS	208,102	253,358

(a) In accordance with the provisions of the Construction and Housing Code, payment of any sum owed by program companies to their 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 consist of money market SICAV funds and term deposits.

(c) Order balances represent 5% of the deposits paid by clients into a blocked bank account when they sign their order. These amounts are released and therefore available upon execution of the notarized deed of sale.

Net financial debt

Net financial debt consists of the gross financial debt, as defined above, less cash and cash equivalents.

The balance sheet items contributing to net financial debt are as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Gross financial debt	152,089	203,357
Cash and cash equivalents	208,102	253,358
NET FINANCIAL DEBT	(56,013)	(50,001)

Note 6.2. Exposure to market risks and financial instruments**Note 6.2.1. Interest rate risk management**

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 valuation techniques used for measurement are based on directly observable (price) or indirectly observable (derivatives of the price) inputs (level 2);
- at least one significant component of the fair value is based on unobservable inputs (level 3).

The fair value of financial instruments traded on active markets is based on the prices quoted on the balance sheet date. A market is considered to be active if prices are readily and regularly available from a stock exchange, traders, brokers, a pricing agent or 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 (such as over-the-counter derivatives) is determined through the use of

valuation techniques. These various methods make maximum use of observable market data, if available, and are based on the group's own estimates to a limited degree. If all the factors required to calculate an instrument's fair value are observable, it is classified as level 2.

If one or more of the main elements of the calculation are not based on observable market data, the instrument is classified as level 3.

The purpose of interest rate risk management policy is to limit and control fluctuations in interest rates and their impact on income and cash flow, so that the total cost of debt remains acceptable. To achieve this objective, the group hedges its floating rate loan interest flows using interest rate swaps. Swaps are derivatives hedging the cash flows. They are recognized in the balance sheet at fair value. Kaufman & Broad applies cash flow hedge accounting. Under the Senior Facilities Agreement, the group also undertook to keep 50% of its borrowings hedged.

Interest rate risk is hedged using instruments traded on organized markets or over the counter, with high-quality counterparties.

As a result of the repayment of senior debt over the first half of the year, the residual swap was repaid early in 2019.

The following table is a breakdown of the portfolio of 1-month Euribor lender/fixed-rate borrower swaps at November 30, 2018:

Type	Notional amount (in € million)	Fixed rate	Maturity		Type	Market value at November 30, 2018 (as % of nominal)
			Start date	End date		
EUR 1M fixed-rate swap	20	0.2975%	May 31, 2017	April 1, 2021	Hedge	-0.57%

The fair value of these derivatives is measured by a specialized company outside the group (level 2 valuation, as defined by IFRS 7). The provision for hedging, net of deferred tax, at November 30, 2019 was €0.

The group's net debt exposure at November 30, 2019 was:

Type of instrument	Floating/fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated credit lines	Floating			
Bond	Fixed			150,000
Credit facilities	Floating	926		
FINANCIAL LIABILITIES		926	0	150,000
Bank balances and cash in hand ^(a)	Floating	206,047		
Short-term investments	Floating			
Order balances	Floating	2,055		
FINANCIAL ASSETS		208,102	–	–
NET POSITION BEFORE RISK MANAGEMENT		(207,176)	0	150,000
Swaps			–	–
NET POSITION AFTER RISK MANAGEMENT		(207,176)	0	150,000

(a) Banks, cash in hand and order balances.

Interest rate sensitivity of financial assets and liabilities

Assumptions: 1-month Euribor at -0.396%

A 50 basis point rise or a 10 basis point fall in interest rates on the above liabilities would have the following impact on pre-tax income:

- increase: -€6 thousand;
- decrease: +€1 thousand.

The group's net debt exposure at November 30, 2018 was:

Type of instrument	Floating/fixed	Less than one year	1 to 5 years	More than 5 years
Syndicated credit lines	Floating		50,000	
Bond	Fixed			150,000
Credit facilities	Floating	1,087		
FINANCIAL LIABILITIES		1,087	50,000	150,000
Bank balances and cash in hand ^(a)	Floating	249,974		
Short-term investments	Floating			
Order balances	Floating	3,383		
FINANCIAL ASSETS		253,358	–	–
NET POSITION BEFORE RISK MANAGEMENT		(252,271)	50,000	150,000
Swaps			(20,000)	
NET POSITION AFTER RISK MANAGEMENT		(252,271)	30,000	150,000

(a) Banks, cash in hand and order balances.

Note 6.2.2. Equity risk management

The Company's equity risk is limited because:

- the marketable securities held by Kaufman & Broad consist of the highest-rated money-market mutual funds (SICAVs) and certificates of deposit bought from recognized institutions;
- treasury shares are held either to cover the objectives presented in the description of the share buyback plan, including stock options and bonus share plans, or in accordance with the liquidity agreement.

The impact of all these shares and of price fluctuations is described in Note 7.1.4. "Treasury shares."

Note 6.2.3. Liquidity risk management

The table below shows the group's contractual obligations regarding the payment of interest and the repayment of financial debt, excluding derivatives, and derivatives with positive and negative fair values. Floating rate interest payments were calculated based on the last known interest rates prior to November 30, 2019.

	Book value at November 30, 2019											Book value at November 30, 2018
	Less than one year		1 to 2 years		2 to 3 years		3 to 5 years		5+ years		Total	
(in € thousands)	Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments		
Borrowings and financial liabilities												
Syndicated credit lines											0	50,000
Bond	3,897		3,886		3,886		7,026	50,000	1,149	150,000	200,000	150,000
Other borrowings	2,466	3,523	1	24							3,547	3,683
TOTAL	6,363	3,523	3,887	24	3,886	0	7,026	50,000	1,149	150,000	203,547	203,683

Interest flows are settled monthly and take account of swaps.

Note 6.3. Cost of net financial debt

(in € thousands)	November 30, 2019	November 30, 2018
Financial expenses	6,836	9,621
Financial income	(1,327)	(914)
COST OF NET FINANCIAL DEBT	5,509	8,707

The cost of net financial debt was €5.5 million, a decrease of €3.2 million compared to 2018.

Financial expenses break down as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Interest expenses on syndicated credit lines and bond issue	4,880	7,432
Interest expenses on swaps	142	63
Charges for the deferral of arrangement fees for syndicated lines	290	72
Capitalization of financial expenses	(7,804)	(10,110)
Expenses on dedicated transactions	3,090	9,039
Fair value on swaps		
Other	6,237	3,125
FINANCIAL EXPENSES	6,836	9,621

Interest expenses on the syndicated credit lines and bond are due to the utilization of €158.2 million of the syndicated credit lines and bond on average in 2019, versus the utilization of €250 million of the syndicated credit lines in 2018.

The total effective rate payable on the debt, taking into account the total amortization of the issuance expenses incurred and hedging arrangements, was 4.36%, versus 3.38% in 2018.

Cash income breaks down as follows:

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
Capital gain on sale of money-market SICAVs and certificates of deposit	(115)	(182)
Interest income on equity affiliates	(112)	(268)
Other financial income	(225)	(107)
Reversal of provision on advances of funds	(875)	
Interest on arrears		(357)
FINANCIAL INCOME	(1,327)	(914)

Note 7. Shareholders' equity and earnings per share

Note 7.1. Shareholders' equity

Note 7.1.1. Change in capital

Capital reduction

Kaufman & Broad SA's Board of Directors' meeting held on May 2, 2019, decided, after approval by the Combined Ordinary and Extraordinary Shareholders' Meeting held on the same day under the terms of the sixteenth resolution, to cancel 210,732 treasury shares corresponding to 0.96% of the share capital. Following the cancellation of these shares, Kaufman & Broad SA's share capital stood at €5,629,868.92.

Payment of the dividend and creation of new shares

Kaufman & Broad SA's Shareholders' Meeting held on May 2, 2019 offered shareholders the option to receive payment of all or part of the dividend in stock for the year ended November 30, 2018.

The issue price of these new shares was set at €32.23, representing 95% of the average price of Kaufman & Broad shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of said Shareholders' Meeting, less the net dividend of €2.50 per share, rounded up to the nearest euro cent.

The option was open for acceptance from May 17 to June 6, 2019 inclusive. At the end of this period, the shareholders who

chose payment of the dividend in stock accounted for 8.96% of Kaufman & Broad SA shares.

Some 150,690 new shares were issued for the purpose of paying the stock dividend, representing 0.70% of the share capital and 0.59% of the voting rights in Kaufman & Broad SA on the basis of the share capital and voting rights at May 31, 2019.

Settlement/delivery of the shares and their admission to trading on the Euronext Paris regulated market took place on June 14, 2019.

The total cash dividend to be paid to those shareholders who did not accept the stock dividend option, or who opted for partial payment in shares, amounted to €48.7 million and was paid on June 14, 2019.

Capital increase reserved for group employees ("KB Actions 2019" share purchase offer)

Kaufman & Broad SA announced the launch of its "KB Actions 2019" share purchase offer on May 13, 2019. The offer, which provides leverage and a capital guarantee on the amount invested, is reserved for group employees who are participants in the savings plan.

On November 21, 2019, Kaufman & Broad SA increased its share capital as a result of subscriptions to KB Actions 2019.

The offer was very successful, with 66.1% of eligible employees signing up. A total of 283,991 shares were thus subscribed via the KB Actions 2019 FCPE, for a total amount of €7,832,471.

The 283,991 new shares issued pursuant to the offer are common stock, fully equivalent to the existing shares and with immediate dividend rights.

	November 30, 2018	Increase	Decrease	November 30, 2019
Number of shares	21,864,074	434,681	(210,732)	22,088,023
Par value (in €)	0.26	0.26	0.26	0.26
TOTAL (in € thousands)	5,685	113	(55)	5,743

Note 7.1.2. Consolidated reserves

At November 30, 2019, the consolidated reserves included €76.3 million in attributable net income for the period.

Note 7.1.3. Dividends

See Note 7.1.1. "Change in capital".

Note 7.1.4. Treasury shares

Purchases of treasury shares are recognized against shareholders' equity based on their acquisition cost. Gains and losses on the sale of treasury shares, net of tax, are posted to consolidated reserves.

At November 30, 2019, the group held 210,261 shares, including 5,750 shares held under a liquidity agreement. At November 30, 2018,

the group held 478,878 treasury shares, including 33,950 shares held under the liquidity agreement.

Note 7.1.5. Minority interests

At November 30, 2019, the minority interests on the balance sheet totaled €11.1 million and related to 164 companies. This included including negative amounts of €2.7 million.

At November 30, 2018, minority interests on the balance sheet totaled €14.3 million and related to 164 companies. The total amount of negative minority interests was €1.9 million.

In order to take into account the risk associated with recovering negative minority interests and outstanding loans from one of its co-development partners, the group recorded a provision of €7.5 million in 2009, including €1.1 million as a provision for the impairment of receivables (see Note 3.5.4. "Other"), and €6.4 million as a risk provision covering the outstanding loan amounts relating to this partner. This provision was maintained at November 30, 2019.

For 2019, €1.6 million in purchases of shares from holders of minority interest was recorded, versus €3.2 million in 2018. The difference between the price paid and the corresponding reduction of any minority interests is recognized in attributable shareholders' equity.

Note 7.2. Earnings per share

The group discloses earnings per share and diluted earnings per share.

Earnings per share are calculated by dividing the net income for 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 using the treasury stock method. They are calculated based on the net income attributable to the group's shareholders, adjusted 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 end of the period.

In order to ensure the comparability of the earnings per share presented, the weighted average numbers of shares outstanding for the fiscal year and for earlier years are adjusted if a capital increase has been carried out below the market price.

Treasury shares deducted from consolidated shareholders' equity are not included in the calculation of earnings per share.

(in € thousands)	November 30, 2019	November 30, 2018
Attributable net income	76,272	72,962
Average number of shares outstanding	21,486,138	21,215,930
Adjustment for dilutive effect of share awards		
EARNINGS PER SHARE	€3.55	€3.44
DILUTED EARNINGS PER SHARE	€3.55	€3.44

Note 7.3. Capital risk management

The group's objectives in terms of capital management are to maintain the group's ability to carry on trading as a going concern and be profitable for its shareholders, and to maintain an optimal capital structure in order to limit the cost of capital.

The group calculates its debt/equity ratio as net financial debt to total shareholders' equity. Net financial debt at November 30, 2019 totaled -€56.0 million, versus -€50.0 million at November 30, 2018. Net financial debt relative to shareholders' equity was thus -19%, versus -18% at November 30, 2018.

Note 8. Provisions for liabilities and charges – Contingent liabilities – Guarantees

Provisions are recognized if, at the period end, 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 embodying economic benefits.

This outflow of resources may be discounted where appropriate.

The obligation may be statutory, regulatory or contractual. It may also result from the group's practices or from public commitments that created a legitimate expectation by the third parties concerned that the group would assume certain responsibilities.

The estimated amount included in the provisions is equal to the resource outflow that the group would probably have to bear in order to extinguish its obligation. If a reliable estimate of such an amount cannot 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 is confirmed only by the occurrence of uncertain future events that are not wholly under the Company's control, or from current obligations resulting from past events that are not recognized in the accounts either because it is unlikely that an

outflow of resources embodying economic benefits will be required to settle the obligation, or because the amount of the obligation cannot be measured with sufficient reliability. These liabilities are disclosed in Note 8.2. "Contingent Liabilities."

Non-current provisions primarily include the following:

- a provision for risks with respect to certain affiliates;
- provisions for commercial and legal risks;
- provisions for tax risks;
- employee benefits.

Note 8.1. Provisions for liabilities and charges

Provisions may be analyzed as follows:

(in € thousands)	Provisions for risks relating to affiliates	Provisions for tax risk	Provisions for industrial relations risks	Provisions for other risks	Total
November 30, 2018	7,824	2,771	2,893	15,107	28,595
Change in scope of consolidation					0
Increases	71		1,402	5,807	7,280
Used reversals			(1,211)	(506)	(1,718)
Unused reversals	(17)		(710)	(1,102)	(1,829)
NOVEMBER 30, 2019	7,878	2,771	2,373	19,305	32,328

Provisions for risks relating to affiliates

This provision of €7.9 million covers the risk associated with defaulting affiliates, with €6.4 million representing the risk relating to one affiliate as the result of a dispute (see Note 7.1.5. "Minority interests").

Provisions for tax risk

Following accounting audits in 2015, an adjustment proposal was sent to a subsidiary of Kaufman & Broad group by the tax authorities.

Kaufman & Broad has recognized a €2.6 million provision to cover the full amount of the adjustment. The matter is in litigation.

Provisions for industrial relations risks

The provision for industrial relations risks amounts to €1.2 million and covers disputes with former group employees.

A €1.2 million provision covers the Urssaf adjustments of which the Kaufman & Broad EIG has been informed. A provision was booked for these adjustments, essentially for unpaid contributions for travel allowances, equal to the risk estimated by the Company, bearing in mind that part of the documentation to be provided should enable the adjustment amount to be reduced.

Provisions for other risks

The provision for commercial and legal risks, totaling €17.3 million, essentially covers current disputes with customers or suppliers relating to projects delivered. A €2.0 million provision for head office refurbishment expenses was recognized in May 2018 and was maintained at November 30, 2019.

Note 8.2. Contingent liabilities

On January 31, 2013, a judgment was rendered in the proceedings brought in 1996 concerning the Roissy Park development, in which a Kaufman & Broad SA subsidiary was accused of faulty workmanship and responsibility for various defects. The judgment ordered said subsidiary to pay €6.6 million, plus various adjustments for inflation and interest; this sum was mostly guaranteed by the builders and insurers. The Paris Court of Appeal overturned this judgment on April 17, 2019 and declared that all claims against the group were barred, thereby exonerating it. In accordance with this ruling, the sums paid and received under the provisional terms of the judgment issued on January 31, 2013 have been returned. Under the January 31, 2013 judgment, the subsidiary was financially liable for €0.9 million, €0.3 million of which was covered by a provision. It had also paid €2.0 million up-front, almost all of which was recovered in the first half of 2014 by calling in guarantees, while the unpaid balance was covered by a €0.9 million provision. The case has now been appealed to the Court of Cassation. The provisions remain unchanged at November 30, 2019. The Kaufman & Broad group believes there is little risk of a final judgment being made against it.

The long-term lease granted to a Kaufman & Broad SA subsidiary for a real estate development operation launched by the group in 2012 was canceled by the Council of State in a ruling handed down on March 15, 2019, without compromising the deeds that had been signed to carry out the program, which was completed and delivered in late 2017. Proceedings relating to this appeal remained in progress at the balance sheet date. The gross margin on the unconditional sales relating to this operation was recognized at €10.3 million, which is the same as at November 30, 2017.

Note 8.3. Guarantees and bonds issued

All the items detailed below relate to the normal course of our operations.

(in € thousands)	November 30, 2019	November 30, 2018
Performance Bonds ^(a)	309,808	356,998
Hoguet Law guarantees ^(b)	440	440
Holding guarantees ^(c)	21,190	10,638
Other guarantees issued ^(d)	37,900	75,617
GUARANTEES AND BONDS ISSUED – BANKS	369,338	443,693
Land holding guarantees and works guarantees	48,626	17,694
Miscellaneous guarantees and bonds issued ^(e)	58,261	29,565
Guarantee of repayment of the sale-before-completion price	50,784	50,784
GUARANTEES ISSUED – KAUFMAN & BROAD SA	157,671	98,043
TOTAL GUARANTEES AND BONDS ISSUED	527,009	541,736

(a) Performance Bonds are provided to customers under sale-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 arranged 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, a non-assignment of shares undertaking if the program is funded by a special-purpose entity, and a pledge of the receivables accruing on sales prices.

Performance Bonds are presented off-balance sheet, with the amount corresponding to the risk incurred by the financial institution that issues the guarantees. For each transaction, this risk is valued as follows: the program's forecast production cost, less the share financed by the group and the amount of the sales for which an agreement has been signed as of the closing date. This valuation does not, therefore, take into account orders placed at the closing date, or the percentage of construction completion for unsold lots.

Performance Bonds are valued internally each month and the consistency of the data is then confirmed quarterly based on the figures communicated by the financial institutions, according to their own disclosures to the Banque de France or the Insurance Supervision Commission.

(b) Hoguet Law guarantees are required from companies intending to operate as real estate agents. This purely occasional activity is not part of the group's strategy.

(c) Holding guarantees 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.

Note 8.4. Works and other guarantees received

(in € thousands)	November 30, 2019	November 30, 2018
Guarantees on works contracts	138,320	131,096
Buyers' guarantees received	221,508	175,123
TOTAL	359,828	306,219

On purchasing its equity interests, Kaufman & Broad obtained the usual liability guarantees to cover pre-acquisition risks.

Note 8.5. Pledges and liens

Under a memorandum of understanding, Kaufman & Broad SA stood as guarantor for one of its partners, limited to €4 million excluding tax and to the provision of a first-demand bank guarantee, in line with the

commitments made by two of its subsidiaries in said memorandum. In exchange, this partner's main shareholder stood as joint and several guarantor for its subsidiary's commitments with regard to joint ventures, for the same amount and up to the provision of its own first-demand bank guarantee.

Note 9. Income tax

Note 9.1. Income tax

The tax liability is made up of current and deferred taxes for the group's consolidated companies.

Note 9.1.1. Breakdown of tax liability

At November 30, 2019, the group's tax liability broke down as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Current tax expense/(income)	23,277	55,961
Provision/expense for tax risk ^(a)		5
Deferred taxes	9,638	(16,631)
TOTAL TAX ON NET EARNINGS - EXPENSE/(INCOME)	32,915	39,335

(a) See Note 8.1. "Provisions".

Tax is calculated on attributable net income, since the entities with programs are fiscally transparent companies.

The result of the group's tax consolidation for 2019 was a profit of €58.9 million.

The current tax liability at November 30, 2019 includes a tax charge of €20.2 million (before tax credits) in relation to the consolidated tax group.

Note 9.1.2. Breakdown of the tax liability

Deferred taxes are calculated on the basis of legal tax rates, i.e. 34.43% for 2019, and factor in the provisions included in the 2018 Finance Law regarding a gradual reduction in the normal corporate tax rate over the coming years.

The reconciliation between the group's theoretical tax expense and the actual tax expense is as follows:

(in € thousands)	November 30, 2019	November 30, 2018
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	123,252	128,477
Applicable tax rate	34.43%	34.43%
THEORETICAL TAX EXPENSE/(INCOME)	42,410	44,209
Tax on share of profit (loss) of equity affiliates	1,179	1,340
Impact of shares in fiscally transparent minority interests	(6,021)	(6,908)
Impact of tax rates	(5,922)	
Provision for tax audits ^(a)	0	5
Impact of other permanent differences	1,269	689
GROUP TAX EXPENSE/(INCOME)	32,915	39,335

(a) See Note 8.1. "Provisions".

At November 2019, permanent differences mainly concerned the adding-back of €1 million in relation to provisions on funds advanced to projects in which the Kaufman & Broad group holds a minority interest and does not have control, the €0.6 million expense relating to the limitation on financial expenses, and the tax saving of €0.5 million linked to the capital increase made in connection with the KB Actions 2019 share purchase scheme.

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 expense are included in the group's tax expense. The

group's tax expense does not include the tax attributable to minority interests in the group's subsidiaries, as the subsidiaries in question are also fiscally transparent.

The provisions included in the 2018 Finance Law regarding a gradual reduction in the normal corporate tax rate from 33.33% to 26.5% in 2021 and 25% as from 2022 prompted the group to record a €5.9 million reduction in its tax charge at November 30, 2019. If these tax provisions were to change in the future, the Company would have to increase its tax charge accordingly.

Note 9.2. Current and deferred taxes

Deferred taxes are recognized for all timing differences between the book value of assets and liabilities and their fiscal bases, and for tax losses, according to the liability method. Deferred tax assets are only booked if it is likely that they can be recovered.

Under IAS 12, deferred tax liabilities must be booked in relation to all intangible fixed assets recognized in the event of a business combination (brands, etc.).

Deferred tax assets and liabilities are not discounted.

The group does not book any tax expense regarding the share of income attributed to holders of minority interests in fiscally transparent companies, given their tax status.

The primary sources of deferred tax are as follows:

- application of the percentage-of-completion method when determining margin on operations in the statutory financial statements;
- application of the completed contract method when determining the margin on transactions for tax purposes;
- elimination of intra-group services;
- tax deductibility of certain goodwill items;
- timing differences relating to provisions for risks and expenses;
- recognition of tax assets when they are recoverable, either by virtue of tax policies or because of income projections.

Note 9.2.1. Breakdown of taxes

Current and deferred tax assets and liabilities are presented as follows:

(in € thousands)	November 30, 2019	November 30, 2018
Current tax position (assets)	21,770	565
Current tax position (liabilities)	(3,275)	(43,097)
Deferred tax liabilities	(50,928)	(42,692)
Deferred tax assets	4,003	4,233
BALANCE AT END OF PERIOD	(28,430)	(80,991)

Current tax receivables of €21.8 million at November 30, 2018 mainly concern a claim against the Treasury, owing to the fact that payments on account made during 2019 exceeded the amount of tax due.

Note 9.2.2. Source of deferred taxes by type

(in € thousands)	Deferred tax base at November 30, 2019	Deferred taxes at November 30, 2019
Differences in recognition of real estate programs	147,955	(50,941)
Provisions and expenses with deferred deductibility	(16,831)	5,726
Tax-deductible beneficial ownership	24,301	(8,367)
Hedging swaps	-	-
Other	(7,707)	2,654
BALANCE AT END OF PERIOD – LIABILITIES	147,718	(50,928)
Tax loss carry forwards (excluding tax consolidation)	(11,626)	4,003
BALANCE AT END OF PERIOD – ASSETS	(11,626)	4,003

Most of the deferred taxes relate to differences in how real estate programs are treated in the tax accounts and the Consolidated Financial Statements (recognition of income under the completed contract method in the tax accounts and differences in the type of costs included in inventories).

Deferred taxes do not include the capitalization of Concerto's tax losses of €10 million (basis).

Note 10. Fees of the Statutory Auditors

The main fees of the group's Statutory Auditors are as follows:

(in € thousands)	Ernst & Young Audit				Deloitte & Associés			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
	2019	2018	2019	2018	2019	2018	2019	2018
Audit and half-year limited review of the individual and Consolidated Financial Statements								
Issuer: Kaufman & Broad SA	147	155	25%	25%	147	145	57%	61%
Fully consolidated subsidiaries	424	413	72%	66%	88	64	34%	27%
Services other than audit of financial statements			0%				0%	0%
Issuer: Kaufman & Broad SA	18	42	3%	7%	18	25	7%	11%
Fully consolidated subsidiaries		16	0%	3%	4	2	2%	1%
TOTAL	589	626	100%	100%	257	236	100%	100%

The fees of other Statutory Auditors relating to fully consolidated subsidiaries were €2 thousand in 2019 and €2 thousand in 2018.

Note 11. Events after the closing date

None.

Note 12. List of consolidated companies

The Kaufman & Broad group's Consolidated Financial Statements at November 30, 2019 include the financial statements of 352 companies: 301 fully consolidated companies and 51 equity-accounted companies.

At November 30, 2019, there were no non-consolidated companies that could have a material impact on the group's Consolidated Financial Statements.

The main companies within the group are as follows:

Company name	Legal structure	Capital	% group control	Consolidation method ^(a)
Kaufman & Broad Financement	SNC	3,040,500	100.00%	FC
Kaufman & Broad Europe	SAS	221,440,548	100.00%	FC
Kaufman & Broad Homes	SAS	2,247,403	100.00%	FC
Kaufman & Broad Développement	SAS	152,449	100.00%	FC
Kaufman & Broad Champagne	SARL	100,000	100.00%	FC
Kaufman & Broad Nantes	SARL	100,000	100.00%	FC
SMCI Développement	SAS	762,245	100.00%	FC
Kaufman & Broad Rénovation	SAS	160,000	100.00%	FC
GIE Kaufman & Broad	EIG	–	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
Safaur	SAS	200,000	100.00%	FC
Serge Mas Promotion	SAS	282,289	86.79%	FC
Kaufman & Broad Innovation et Technologies	SAS	1,000	100.00%	FC
Kaufman & Broad Grands Projets	SAS	1,000,000	100.00%	FC
Kaufman & Broad Marketing & Ventes	SAS	1,000	100.00%	FC
Show Room	SNC	457,347	100.00%	FC
Kaufman & Broad Investissements	SAS	100,000	100.00%	FC
Ikimo 9	SAS	661,880	14.39%	EA
KetB Partenaires	SAS	100,000	100.00%	FC
Citec Ingénierie	SARL	10,000	100.00%	FC
Kapital Partners Promotion	SAS	10,000	100.00%	FC
Kaufman & Broad Côte d'Azur	SARL	100,000	100.00%	FC
Kaufman & Broad Provence	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

(a) FC = fully consolidated, EA = equity accounted.

Company name	Legal structure	Capital	% group control	Consolidation method ^(a)
Kaufman & Broad Immo	SNC	1,000	100.00%	FC
Concerto Développement	SAS	500,000	99.60%	FC
Montigny Ampere	SAS	100,000	50.00%	EA
Roissy Hotel Amenagement	SARL	1,000	70.00%	FC
Paris 14° rue Losserand	SAS	1,000	88.00%	FC
Palaiseau Gobert Cing	SARL	1,000	100.00%	FC
Kaufman & Broad Midi-Pyrénées	SARL	2,858,910	100.00%	FC
Cosy Diem	SAS	100,000	50.00%	EA
Kaufman & Broad Gironde	SARL	100,000	100.00%	FC
Kaufman & Broad Languedoc-Roussillon	SARL	100,000	100.00%	FC
Kaufman & Broad Bretagne	SARL	1,000,000	100.00%	FC
Résidences Bernard Teillaud	SARL	840,000	100.00%	FC
Seri Ouest	SAS	561,400	100.00%	FC
Pierre Et Rance	SARL	8,000	100.00%	FC
Kaufman & Broad Bordeaux Rive Gauche	SARL	37,000	100.00%	FC
Kaufman & Broad Poitou Charentes	SARL	100,000	100.00%	FC
Mérignac - 94 Avenue de Saint Medard	SARL	7,622	100.00%	FC
Kaufman & Broad Flandres	SARL	7,700	100.00%	FC
Kaufman & Broad Pyrénées-Orientales	SARL	100,000	100.00%	FC
Kaufman & Broad Est	SARL	100,000	100.00%	FC
Kaufman & Broad Bourgogne Franche Comté	SARL	100,000	100.00%	FC
Avenue de Fronton	SARL	1,000	70.00%	FC

(a) FC = fully consolidated, EA = equity accounted.

Listed below are the main real estate partnerships (SCIs), construction-sale companies (SCCVs) or business 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, exceeding €1 million in 2019.

Company name	Legal structure	Capital	% group control	Consolidation method ^(a)
SCCV BANDOL - AVENUE DE REGANEU	SCCV	1,000	51.00%	FC
SCI RUEIL D'ORVES BROSOLETTTE	SCI	1,000	60.00%	FC
SCI ARCUEIL - 32 ARISTIDE BRIAND	SCI	1,000	100.00%	FC
SCCV ROMAINVILLE-131- 141 RUE DE LA RÉPUBLIQUE	SCCV	1,000	55.00%	FC
SCI CONCERTO GRAND SUD	SCI	1,000	98.60%	FC
SNC COURBEVOIE - 17 QUAI PAUL DOUMER	SNC	1,000	100.00%	FC
SCI ROISSY-EN-FRANCE - 241 RUE BELLE ÉTOILE	SCI	1,000	70.00%	FC
SCCV POLE HELIOS	SCCV	1,000	100.00%	FC
SCCV - VILLEPREUX - RUE DE LA PÉPINIÈRE	SCCV	1,000	66.70%	FC
SCCV PANORAMIK	SCCV	1,000	60.00%	FC
SCCV MAUREPAS - 28 RUE CLAUDE BERNARD	SCCV	1,000	70.00%	FC
SCI NANTERRE LE CROISSANT - LOT A	SCI	1,000	62.00%	FC
SCI NEUILLY SUR MARNE MAISON BLANCHE KBO	SCI	1,000	51.00%	FC
SCCV VILLEJUIF RUE DU 11 NOVEMBRE	SCCV	1,000	51.00%	FC
SCCV LINAS TR1 MAISONS	SCCV	1,000	100.00%	FC
SCI ROSNY SOUS BOIS - COTEAUX BEAUCLAIR	SCI	1,000	89.00%	FC
SAINT MAUR DES FOSSES BELLECHASSE	SCI	1,000	51.00%	FC
SCCV GAGNY RAFFIN	SCCV	1,000	51.00%	FC
SCI NEUILLY PLAISANCE LECLERC	SCI	1,000	51.00%	FC
SCCV FORT DE CORMEILLES	SCCV	1,000	51.00%	FC
SCI BAGNOLET 117-123 RUE SADI CARNOT	SCI	1,000	60.00%	FC
SCI CONCERTO MER POSÉIDON	SCI	1,000	97.50%	FC
SCI BORDEAUX - AMÉDÉE	SCI	1,000	100.00%	FC
SCI SAVIGNY - 8/10 BOULEVARD ARISTIDE BRIAND	SCI	1,000	51.00%	FC
SCI BRUYÈRE SUR OISE II ZAC BORAN	SCI	1,200	86.80%	FC
- MARÉCHAL JOFFRE	SCI	1,000	100.00%	FC
SCI VALLIÈRE	SCI	1,219,593	100.00%	FC
SCCV SOPPIM BRETAGNE 2	SCCV	1,500	100.00%	FC
SCCV SOPPIM BRETAGNE 3	SCCV	1,500	100.00%	FC
SCCV SOPPIM LE HAVRE 2	SCCV	1,500	100.00%	FC
SCCV SOPPIM DUNANT	SCCV	1,500	100.00%	FC
SCCV SOPPIM HONFLEUR	SCCV	1,500	100.00%	FC
SCCV SOPPIM LE HAVRE	SCCV	1,500	100.00%	FC
SCI BLAGNAC LE MYRA	SCI	1,000	65.00%	FC
SCCV CUGNAUX - TROUBADOURS 13	SCCV	1,000	60.00%	FC
SCI SMOI	SCI	1,000	60.00%	FC
SCI LA SOLESMOISE	SCI	64,000	100.00%	FC
SCI LA ROCHELLE - 2 AVENUE DE FETILLY	SCI	1,000	80.00%	FC
SCI BORDEAUX 20-26 RUE DU COMMERCE	SCI	1,000	60.00%	FC
SCCV POMPIGNAC LE CARRÉ DE LINA	SCCV	1,000	100.00%	FC

(a) FC = fully consolidated, EA = equity accounted.

Company name	Legal structure	Capital	% group control	Consolidation method ^(a)
SCI LA GRANDE ALLÉE	SCI	2,000	51.00%	FC
SCI LAC	SCI	2,000	51.00%	FC
SCI MARSEILLE 12EME - 28 BD LOUIS MAZAUDIER	SCI	1,000	85.00%	FC
SCI CARPENTRAS LES TOURMALINES	SCI	1,000	65.00%	FC
SCI GRANS - 31 RUE DES ENCLOS	SCI	1,000	100.00%	FC
SCI LES ARCS SUR ARGENS LOT C QUARTIER SAINT ROCH	SCI	1,000	100.00%	FC
SNC COURBEVOIE – 12 RUE DE L'INDUSTRIE	SNC	1,000	100.00%	FC

(a) FC = fully consolidated, EA = equity accounted.

4.2. Statutory Financial Statements at November 30, 2019

Annual financial statements at November 30, 2019

Income Statement

(in € thousands)	Section	November 30, 2019	November 30, 2018
Revenue	4.2.2.13	3,304	2,843
Other purchases and external charges	4.2.2.14	(3,612)	(2,120)
Wages and salaries		–	–
Taxes		(335)	(313)
Amortization, depreciation and provisions	4.2.2.8	(3,565)	(4,202)
Reversal of provisions and expense transfers	4.2.2.8	3,576	1,169
Other operating charges and revenues		(287)	(416)
OPERATING INCOME		(918)	(3,039)
Profits allocated and losses incurred	4.2.2.15	98,652	93,982
Net financial income (including dividends from subsidiaries)	4.2.2.16	10,772	9,361
CURRENT OPERATING INCOME		108,506	100,304
Non-recurring income (loss)	4.2.2.17	(3,127)	(728)
Corporate income tax	4.2.3	(14,017)	(42,405)
NET INCOME (LOSS)		91,362	57,171

Balance Sheet

Assets

(in € thousands)	Section	November 30, 2019	November 30, 2018
Intangible fixed assets	4.2.2.2	–	–
Property, plant and equipment	4.2.2.3	118	120
Financial fixed assets	4.2.2.4	466,921	471,597
NON-CURRENT ASSETS		467,039	471,717
Inventories		–	–
Receivables	4.2.2.5	148,806	116,234
Treasury shares	4.2.2.6	6,396	15,653
Cash and cash equivalents		25,976	75,142
Prepaid expenses		30	72
CURRENT ASSETS		181,208	207,101
TOTAL ASSETS		648,247	678,818

Equity and liabilities

<i>(in € thousands)</i>	Section	November 30, 2019	November 30, 2018
Authorized capital		5,743	5,685
Premiums and reserves		356,446	347,431
Net income (loss)		91,362	57,171
SHAREHOLDERS' EQUITY	4.2.2.7	453,551	410,287
Provisions for liabilities and charges	4.2.2.8	15,942	13,909
Financial debt	4.2.2.9	152,322	202,394
Trade payables and related accounts		1,217	1,296
Other payables	4.2.2.10	25,215	50,932
TOTAL EQUITY AND LIABILITIES		648,247	678,818

4.2.1. General principles

The fiscal year lasts 12 months, from December 1 to November 30.

The annual financial statements are prepared in accordance with current French accounting regulations (the General Chart of Accounts and 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 and facilities: 10 years;
- office furniture: 10 years.

4.2.1.2. Financial fixed assets

The gross amount of the equity investments of the companies booked in the balance sheet is equal to their acquisition cost. A provision is recognized when the book value is lower than the acquisition value.

The book value is determined by reference to the value in use of each company. This value in use is measured on the basis of the share of equity held, which includes a share in the income from programs hosted by the company in question. Account is also taken of consolidated goodwill and the earnings outlook of the subsidiaries. Receivables from equity interests and loans are recognized at their value upon contribution or nominal value. Provisions are recorded for receivables where there is a risk that they will not be recovered, or will not be recovered in full.

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 anticipated 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.

The sales price and take-up rate assumptions used to forecast earnings from real estate programs, and the medium-term budgeting used to carry out impairment tests, may be impacted by the economic environment and regulatory changes, particularly government tax incentives.

Receivables relating to affiliates correspond to current account advances to group companies.

The net income from fiscally transparent subsidiaries (construction-sale companies or other business partnerships) in which Kaufman & Broad SA is a partner or shareholders becomes immediately and entirely vested in Kaufman & Broad SA at the end of the fiscal year. At year-end, the shares of the annual income of fiscally transparent companies are posted in the current account.

4.2.1.3. Treasury shares

The treasury 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 in value compared to the average stock market price during the last month of the fiscal year. The treasury shares allocated to a bonus share plan are kept at their book 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

Since fiscal year 2011, most of the group's subsidiaries have opted for the preferred percentage-of-completion method to recognize revenues and margin on real estate programs in their annual financial statements.

Revenue and margin are now recognized pro rata to technical completion, for which the starting point is the purchase of the land, and to 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 determined using the method of recognizing revenue and margin on completion.

The bylaws of these companies, organized in the form of SCIs (real estate partnerships) and SNCs (business 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, 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 charge for the period in which non-profitable subsidiaries become profitable.

4.2.1.8. Consolidated VAT

The Kaufman & Broad group has been reporting VAT on a consolidated basis since December 1, 2012. 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

Syndicated Loan Agreement

On January 31, 2019, Kaufman & Broad SA signed a syndicated loan agreement for €250 million with an initial maturity of five years. This loan replaces existing Senior Credit Facilities and RCFs of €50 million and €100 million respectively. This corporate credit line will enable the Company to extend its debt maturity and lower its cost of debt, while also allowing it more leeway in how it uses these resources depending on any needs and opportunities that may arise, over and above its available cash.

In a first for the property development industry, this credit line includes a positive incentive mechanism tied to various CSR indicators, reflecting the Company's commitment to the environment.

Repayment of the balance of the Senior Credit Facility (€50 million)

On April 4, 2016, Kaufman & Broad SA signed a Senior Facilities Agreement with a syndicate of international banks ("2016 Senior Facilities Agreement"). In the first half of 2017, following the new bond issue, the group made early repayments of Tranche A in full for €50 million and €50 million of Tranche B. At November 30, 2018, the group made an early repayment of another €50 million of Tranche B. The balance of Tranche B was repaid under the terms of the new agreement signed on January 31, 2019. (see Note 4.2.2.9.).

Capital reduction

Kaufman & Broad SA's Board of Directors' meeting held on May 2, 2019, decided, after approval by the Combined Ordinary and Extraordinary Shareholders' Meeting held on the same day under the terms of the sixteenth resolution, to cancel 210,732 treasury shares corresponding to 0.96% of the share capital. Following the cancellation of these shares, Kaufman & Broad SA's share capital stood at €5,629,868.92.

Payment in shares of the dividend for the fiscal year ended November 30, 2018

Kaufman & Broad SA's Shareholders' Meeting held on May 2, 2019 offered shareholders the option to receive payment of all or part of the dividend in stock for the year ended November 30, 2018.

The issue price of these new shares was set at €32.23, representing 95% of the average price of Kaufman & Broad shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of said Shareholders' Meeting, less the net dividend of €2.50 per share, rounded up to the nearest euro cent.

The option was open for acceptance from May 17 to June 6, 2019 inclusive. At the end of this period, the shareholders who chose payment of the dividend in stock accounted for 8.96% of Kaufman & Broad SA shares.

Some 150,690 new shares were issued for the purpose of paying the stock dividend, representing 0.70% of the share capital and 0.59% of the voting rights in Kaufman & Broad SA on the basis of the share capital and voting rights at May 31, 2019.

Settlement/delivery of the shares and their admission to trading on the Euronext Paris regulated market took place on June 14, 2019.

The total cash dividend to be paid to those shareholders who did not accept the stock dividend option, or who opted for partial payment in shares, amounted to €48.7 million and was paid on June 14, 2019.

Capital increase reserved for group employees ("KB Actions 2019" share purchase offer)

Kaufman & Broad SA announced the launch of its "KB Actions 2019" share purchase offer on May 13, 2019. The offer, which provides leverage and a capital guarantee on the amount invested, is reserved for group employees who are participants in the savings plan.

On November 21, 2019, Kaufman & Broad SA increased its share capital as a result of subscriptions to KB Actions 2019.

The offer was very successful, with 66.1% of eligible employees signing up. A total of 283,991 shares were thus subscribed via the KB Actions 2019 FCPE, for a total amount of €7,832,471.

The 283,991 new shares issued under the offer are common stock, fully comparable to the existing shares and have immediate dividend rights.

Dividends received

The financial income from Kaufman & Broad SA's holdings at November 30, 2019 included dividends of €17.3 million paid by three subsidiaries (see Note 4.2.2.16.).

4.2.2.2. Intangible fixed assets

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
Software licenses	274	274
Depreciation and amortization	(274)	(274)
NET INTANGIBLE FIXED ASSETS	-	-

4.2.2.3. Property, plant and equipment

<i>(in € thousands)</i>	November 30, 2019	November 30, 2018
Facilities and fittings	184	184
Depreciation and amortization	(65)	(64)
FACILITIES AND FITTINGS	118	120
Office and IT equipment – furnishings	601	601
Depreciation and amortization	(601)	(601)
OFFICE AND IT EQUIPMENT – FURNISHINGS	-	-
NET PROPERTY, PLANT AND EQUIPMENT	118	120

4.2.2.4. Financial fixed assets

(in € thousands)	November 30, 2019	November 30, 2018
Equity interests	326,000	326,024
Receivables related to equity interests and loans ⁽¹⁾	147,815	153,091
Other financial fixed assets ⁽²⁾	1,325	260
Impairment ⁽³⁾	(8,219)	(7,778)
NET NON-CURRENT FINANCIAL ASSETS	466,921	471,597

(1) Receivables relating to equity interests and loans correspond to the Company's share in the non-distributable earnings of fiscally transparent companies at the year end (€23 million) and to the current account advance of €125 million granted to Kaufman & Broad Financement SNC to coordinate and centralize all the cash management needs of Kaufman & Broad group companies (at November 30, 2018 this advance totaled €52 million).

(2) Other investments and loans consist primarily of deposits and guarantees, including the €1.3 million in cash made available by Rothschild Bank pursuant to the share buyback agreement.

(3) At November 30, 2019, the provision for shares in subsidiaries concerned primarily Kaufman & Broad Financement (€3.6 million), Kaufman & Broad Bretagne (€3 million), and Kaufman & Broad Grands Projets (€1 million).

4.2.2.5. Receivables

(in € thousands)	November 30, 2019	November 30, 2018
Value-added tax	191	19
Territorial Economic Contribution	—	—
Corporate income tax	21,541	—
Current accounts ⁽¹⁾	119,602	108,782
Intra-group customers – Invoices to be issued ⁽²⁾	7,403	7,432
Other receivables	69	1
RECEIVABLES	148,806	116,234

(1) This sum comprises: €103.8 million, being the share of the revenue up-streamed from subsidiaries (versus €96.1 million at November 30, 2018); €5.5 million, being the current accounts for tax consolidation purposes with other group companies (see Note 4.2.3.); and €10.1 million for consolidated VAT current accounts.

(2) This sum corresponds to intra-group re-invoicing relating to the bonus shares awarded to employees of the Kaufman & Broad group.

(in € thousands)	November 30, 2019	In one year at most	In more than one year
Value-added tax	191	191	
Territorial Economic Contribution	—		
Corporate income tax	21,541	21,541	
Current accounts ⁽¹⁾	119,602	71,192	48,410
Intra-group customers – Invoices to be issued	7,403	3,141	4,262
Other receivables	69	69	
RECEIVABLES	148,806	96,134	52,672

(1) The proportion at more than one year corresponds to the share of non-distributable income up-streamed from 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, 2019	November 30, 2018
Treasury shares	6,396	15,653
Provisions for impairment of treasury shares	—	—
TREASURY SHARES (VALUE NET OF IMPAIRMENT)	6,396	15,653

At November 30, 2019, the group held 210,261 treasury shares (representing 0.95% of the Company's share capital). This comprised 204,511 shares (representing 0.92% of the Company's share capital) valued at €6.2 million intended to cover the bonus share awards of March 2018, May 2018, February 2019 and May 2019, and 5,750 shares valued at €0.2 million held under the liquidity agreement (representing 0.03% of the Company's share capital).

At November 30, 2018, there were 478,878 treasury shares including:

- 204,651 shares (€6.2 million) allocated to bonus share plans;
- 240,277 shares (€8.1 million) held to ensure that the other objectives of the share buyback program are met (share cancellations by the Company);
- 33,950 shares (€1.4 million) held under the liquidity agreement.

4.2.2.7. Shareholders' equity

The change in shareholders' equity is broken down as follows:

<i>(in € thousands)</i>	Authorized capital	Legal reserve	Stock warrants	Premium	Other reserves	Retained earnings	Net income	Shareholders' equity
NOVEMBER 30, 2017	5,479	979	781	36,562	—	250,095	73,115	367,011
Capital increase and distributions	206			29,519		29,495	(73,115)	(13,895)
Capital reductions								
Capital increases								
Net income for the fiscal year							57,171	57,171
NOVEMBER 30, 2018	5,685	979	781	66,081	0	279,590	57,171	410,287
Capital increase and distributions	39			4,818		3,624	(57,171)	(48,690)
Capital reductions	(55)			(7,185)				(7,240)
Capital increases	74			7,758				7,832
Net income for the fiscal year							91,362	91,362
NOVEMBER 30, 2019	5,743	979	781	71,472		283,214	91,362	453,551

In addition to the legal reserve, the Company has reserves for an amount at least equal to the value of all the shares it holds.

Change in capital

<i>(In euros)</i>	November 30, 2018	Increase	Decrease	November 30, 2019
Number of shares	21,864,074	434,681	(210,732)	22,088,023
Par value	0.26	0.26	0.26	0.26
CAPITAL	5,684,659	113,017	(54,790)	5,742,886

At November 30, 2019, Kaufman & Broad's authorized capital was €5,742,885.98, divided into 22,088,023 shares of common stock with a par value of €0.26. The share capital was affected by the cancellation of 210,732 treasury shares in May 2019, the subsequent issue of 150,690

shares in payment of the dividend for 2018, and finally by the issue of 283,993 new shares following subscriptions to the KB Actions 2019 share purchase offer (see Note 4.2.2.1.).

Bonus share plans

During the year, the Board of Directors decided to introduce two new bonus share plans on February 21, 2019, under the authority granted by the Shareholders' Meeting of May 3, 2018.

The main features of the group's plans in effect at November 30, 2019 are presented in the table below:

Bonus share plan	March 7, 2018	May 3, 2018	February 21, 2019 – Plan 1	February 21, 2019 – Plan 2
Date authorized by the Extraordinary Shareholders' Meeting	May 11, 2017	May 3, 2018	May 3, 2018	May 3, 2018
Number of bonus shares that may be awarded	159,212	250,000	240,000	138,012
Date of the Board of Directors' meeting awarding the shares	March 7, 2018	May 3, 2018	February 21, 2019	February 21, 2019
Number of beneficiaries	881	1	921	1
Types of shares	Existing	Existing	Existing	Existing
Number of bonus shares awarded	97,562	10,000	101,988	10,000
Lapsed shares	16,456	0	8,138	0
Shares outstanding at November 30, 2019	81,106	10,000	93,850	10,000
Share price on the award date	€42.84	€43.80	€34.20	€34.20
Date of vesting	March 7, 2020	May 3, 2021	February 21, 2021	February 21, 2022
Date available	March 7, 2022	May 3, 2022	February 21, 2023	February 21, 2023

4.2.2.8. Provisions for liabilities and charges

(in € thousands)	November 30, 2019	November 30, 2018
Provision for bonus share awards ⁽¹⁾	6,169	6,193
Provision for tax liabilities	205	205
Provision for subsidiary liabilities ⁽²⁾	9,145	7,100
Other provisions for liabilities and charges	423	411
PROVISIONS FOR LIABILITIES AND CHARGES	15,942	13,909

(1) Provision created to cover the capital loss that the Company will incur delivering bonus shares to employees.

(2) Provision to cover the net negative equity positions of the subsidiaries Kaufman & Broad Normandie (€6 million) and Kaufman & Broad Grands Projets (€3 million).

(in € thousands)	November 30, 2018	Increase in provision	Used reversals	Unused reversals	November 30, 2019
Provision for bonus shares awarded	6,193	3,552	3,576		6,169
Provision for tax liabilities	205				205
Provision for subsidiary liabilities	7,100	3,087	1,042		9,145
Other provisions for liabilities and charges	411	12			423
PROVISIONS FOR LIABILITIES AND CHARGES	13,909	6,651	4,618	-	15,942

4.2.2.9. Financial debt

(in € thousands)	November 30, 2019	November 30, 2018
Syndicated bank credit line	–	50,000
Bond	150,000	150,000
Credit facilities used		
Interest accrued on borrowings	2,322	2,394
FINANCIAL DEBT	152,322	202,394

Kaufman & Broad SA has access to a syndicated banking credit line and a bond, the terms and conditions of which are described below.

The main uses of financial debt

(in € thousands)	Debt capacity	Utilization at November 30, 2019	Maturity	Rate ⁽¹⁾
Bond	150,000	150,000	50 million with bullet repayment in 2024 100 million with bullet repayment in 2025	2.879% fixed 3.204% fixed
RCF ⁽²⁾	250,000	–		
Total	250,000	150,000		

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

(2) Revolving credit facility.

Bond

On May 18, 2017, Kaufman & Broad issued its first “Euro PP” bond, of €150 million, as part of a private placement made with institutional investors in Europe. This private placement breaks down into a €50 million seven-year tranche maturing in May 2024 at a fixed annual interest rate of 2.879% payable on May 31 of each year, and a

€100 million eight-year tranche maturing in May 2025 at a fixed annual interest rate of 3.204% payable on May 31 of each year.

This transaction also allows the group to diversify its financing sources, benefit from favorable market conditions and significantly extend the average maturity of its debt.

Financial covenants in place

For each half-year period starting from November 2017 and ending when the bond is redeemed, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at the end of each six-month period	Threshold at November 30, 2019	Ratio at November 30, 2019
Leverage ratio ⁽¹⁾	≤ 3.0	(0.38)
Debt/equity ratio ⁽²⁾	≤ 2.5	(0.16)

(1) I.e. Net Financial Debt (a), divided by EBITDA (b), where:

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

(b) EBITDA means the net income of the consolidated group before income tax, financial 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, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests.

(2) I.e. Net Financial Debt (a), divided by adjusted shareholders' equity (c):

(c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2016, plus consolidated income aggregated from December 1, 2016 to the end of the quarter under review, minus dividends paid for the period under review, plus the aggregated impairment charge for the period from December 1, 2016 to the end of the quarter under review.

Senior Facilities Agreement

On April 4, 2016, Kaufman & Broad SA signed a Senior Facilities Agreement with a syndicate of international banks ("2016 Senior Facilities Agreement"). In the first half of 2017, following the new bond issue, the group made early repayments of Tranche A in full for €50 million and €50 million of Tranche B. At November 30, 2018, the group made an early repayment of another €50 million of Tranche B. The balance of Tranche B was repaid under the terms of the new agreement signed on January 31, 2019.

Syndicated Loan Agreement

On January 31, 2019, Kaufman & Broad SA signed a syndicated loan agreement for €250 million with an initial maturity of five years. This loan replaces existing Senior Credit Facilities and RCFs of €50 million and €100 million respectively. This corporate credit line enables the Company to extend its debt maturity and lower its cost of debt, while

also giving it more leeway to use these resources in accordance with any needs and opportunities that may arise, over and above its available cash. In a first for the property development industry, this credit line includes a positive incentive mechanism tied to various CSR indicators, reflecting the Company's commitment to the environment.

As a result, at November 30, 2019, the group had syndicated loans comprising a revolving credit facility (the "Revolving Credit Facility") with a principal amount of €250 million.

At November 30, 2019, the Company had not drawn on its revolving credit facility.

Under the 2019 Syndicated Loan Agreement, the margin applicable to each drawdown will be determined according to the leverage ratio applicable at each testing date and, depending on the group's observance of the Annual CSR criteria, a positive or negative incentive mechanism will be applied to the margin applicable at the time.

Financial covenants in place

For each half-year period starting from November 2018 and ending when the Syndicated Loan Agreement matures, the group is required to observe two ratios, calculated on a consolidated basis, with levels defined as follows:

Ratios at the end of each six-month period	Threshold at November 30, 2019	Ratio at November 30, 2019
Leverage ratio ⁽¹⁾	≤ 3.0	(0.38)
Debt/equity ratio ⁽²⁾	≤ 2.0	(0.16)

(1) I.e. Net Financial Debt (a), divided by EBITDA (b), where:

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

(b) EBITDA means the net income of the consolidated group before income tax, financial 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, and income and expenses relating to the non-financial compensation of employees); and capital gains or losses from the sale of assets, less income from minority interests.

(2) I.e. Net Financial Debt (a), divided by adjusted shareholders' equity (c);

(c) Adjusted shareholders' equity = consolidated shareholders' equity at November 30, 2017; plus consolidated income aggregated from December 1, 2017 to the end of the relevant quarter, minus the dividends paid for the relevant period; plus the aggregated impairment charge for the period from December 1, 2017 to the end of the relevant quarter.

The 2019 Syndicated Loan Agreement stipulates that, in the event of a change of control of Kaufman & Broad SA, all commitments will automatically be canceled and any outstanding drawdowns, as well as any interest accrued, any reinvestment costs, and any other amounts due under the terms set out in the financing documentation, will automatically become payable on the date of said change of control. Under the terms of the 2019 Syndicated Loan Agreement, a change of

control is any event whereby one or more persons, acting alone or in concert, gain control of the Borrower, as defined by Article L. 233-3 of the French Commercial Code, except where this event was recommended by the borrower's Board of Directors; note the term "acting in concert" has the meaning given to this term in Article L. 233-10 of the French Commercial Code.

Repayment schedule

(in € thousands)	November 30, 2019	Less than one year	1 to 5 years	More than 5 years
Bond	150,000		50,000	100,000
Credit facilities used				
Accrued interest	2,322	2,322		
GROSS FINANCIAL DEBT	152,322	2,322	50,000	100,000

4.2.2.10. Other payables

(in € thousands)	November 30, 2019	November 30, 2018
Value-added tax	9,458	5,643
Corporate income tax	–	39,872
Other taxes	81	86
Other miscellaneous payables	400	400
Current accounts ⁽¹⁾	15,276	4,931
OTHER PAYABLES	25,215	50,932

(1) This amount comprises: €9.4 million corresponding to the current accounts of the member companies within the scope of VAT consolidation (compared to €3.5 million at November 30, 2018), and €4.9 million for the cash advances granted by group companies (compared to €0.5 million at November 30, 2018).

(in € thousands)	November 30, 2019	Up to 1 year	1 to 5 years	More than 5 years
Value-added tax	9,458	9,458		
Corporate income tax	–	–		
Other taxes	81	81		
Other miscellaneous payables	400	400		
Current accounts	15,276	5,845	9,431	
OTHER PAYABLES	25,215	15,784	9,431	

4.2.2.11. Amounts due to or owed by related companies

(in € thousands)	November 30, 2019	November 30, 2018
Receivables from equity interests	147,819	153,091
Other receivables	127,005	116,233
Current accounts	(15,276)	(4,931)
RELATED COMPANIES – RECEIVABLES AND PAYABLES	259,548	264,393

4.2.2.12. Accrued expenses and income

(in € thousands)	November 30, 2019	November 30, 2018
Borrowings and financial debts	(2,322)	(2,394)
Trade payables and related accounts	(836)	(1,180)
Tax and Social Security liabilities		
TOTAL ACCRUED EXPENSES	(3,158)	(3,574)

The amount listed under trade payables and related accounts corresponds primarily to fees not yet invoiced.

(in € thousands)	November 30, 2019	November 30, 2018
Other receivables ⁽¹⁾	7,403	7,432
TOTAL ACCRUED INCOME	7,403	7,432

(1) These are invoices to be issued relating to bonus share plans for employees of the Kaufman & Broad group.

4.2.2.13. Revenue

(in € thousands)	November 30, 2019	November 30, 2018
Provision of services	3,304	2,843
TOTAL	3,304	2,843

Revenues relate mainly to the re invoicing of operating costs incurred in 2019 by Kaufman & Broad SA on behalf of group companies or some of its shareholders, namely Artimus Participations, and to the re invoicing

to GIE Kaufman & Broad, an entity employing Kaufman & Broad group employees, of expenses related to the future delivery of bonus shares awarded during the year.

4.2.2.14. Other purchases and external charges

(in € thousands)	November 30, 2019	November 30, 2018
Legal fees and arrangement costs	(1,413)	(129)
Audit fees	(368)	(391)
Intra-group services	(835)	(635)
Other expenses	(996)	(965)
TOTAL	(3,612)	(2,120)

4.2.2.15. Profits allocated and losses incurred

This item records the income from program support companies, the net total of which was €98.6 million for the year ended November 30, 2019, compared with €94 million for the year ended November 30, 2018. This net figure includes shares of losses totaling -€5 million for the year ended November 30, 2019, compared with -€2 million for the year ended November 30, 2018.

4.2.2.16. Net financial income

(in € thousands)	November 30, 2019	November 30, 2018
Dividends received ⁽¹⁾	17,329	16,214
Net change in provisions ⁽²⁾	(2,486)	(2,453)
Financial income relating to the early repayment of the Senior B and C lines		
Net interest expenses ⁽³⁾	(4,071)	(4,400)
TOTAL	10,772	9,361

(1) Dividends and financial income consist of dividends received from Kaufman & Broad Europe, Kaufman & Broad Homes, Kaufman & Broad Développement and Kaufman & Broad Rénovation.

(2) In 2019 this amount included:

- an impairment charge of €4 million in relation to shares in Kaufman & Broad Grands Projets;
- an impairment charge of €1.6 million in relation to shares in Kaufman & Broad Financement.

(3) The interest charge corresponds to interest incurred on borrowings and intra-group current accounts.

4.2.2.17. Non-recurring income (loss)

(in € thousands)	November 30, 2019	November 30, 2018
Other net non-recurring expenses ⁽¹⁾	(3,127)	(728)
TOTAL	(3,127)	(728)

(1) The non-recurring loss concerns the capital loss on treasury shares delivered under bonus share plans and is covered by a provision reversal of the same amount (cf. Note 4.2.2.8).

4.2.2.18. Off-balance sheet items

Interest rate hedging

Interest rate risk is hedged using instruments traded on organized markets or over the counter, with high-quality counterparties.

As a result of the repayment of senior debt over the first half of the year, the residual swap was repaid early in 2019.

The following table is a breakdown of the portfolio of 1-month Euribor lender/fixed-rate borrower swaps at November 30, 2018:

Type	Notional amount (in € million)	Fixed rate	Maturity		Type	Market value at November 30, 2018 as % of nominal
			Start date	End date		
EUR 1M fixed-rate swap	20	0.2975%	May 31, 2017	April 1, 2021	Hedge	-0.57%

Off-balance sheet commitments received

Unused syndicated credit lines

(in € thousands)	November 30, 2019	November 30, 2018
Unused RCF ⁽¹⁾	250,000	100,000

(1) The Revolving Credit Facility (RCF) of up to €250 million, with an initial maturity of five years (January 2024), was arranged in January 2019 in order to finance the group's general and Working Capital Requirements. This facility has not been used since it was arranged.

Pledges and liens

Under a memorandum of understanding, Kaufman & Broad SA stood as guarantor for one of its partners, limited to €4 million excluding tax and to the provision of a first-demand bank guarantee, in line with the commitments made by two of its subsidiaries in said memorandum. In

exchange, this partner's main shareholder stood as joint and several guarantor for its subsidiary's commitments with regard to joint ventures, for the same amount and up to the provision of its own first-demand bank guarantee.

Off-balance sheet commitments given

Guarantees and bonds issued

(in € thousands)	November 30, 2019	November 30, 2018
Land holding guarantees and works guarantees	48,626	17,694
Counter-guarantees granted ⁽¹⁾	58,261	29,565
Guarantee of repayment of the sale-before-completion price	50,784	50,784
TOTAL	157,671	98,043

(1) These are miscellaneous guarantees and bonds given by Kaufman & Broad SA, primarily a lease guarantee on head office leases and a €4 million bond under a memorandum of understanding with a partner.

Performance Bonds are provided to customers under sale-before-completion contracts executed 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 arranged 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, an undertaking not to assign the shares in the companies operating the programs, and a pledge of the receivables accruing on sales prices.

4.2.3. Tax consolidation and future tax position

The Company opted for tax consolidation starting from the year ended November 30, 1990, in accordance with Article 223 of the French Tax Code, for a term of five years. The Company has renewed this option five times, making it valid until the end of 2019.

(in € millions)	Pre-tax accounting income (loss)	Tax adjustments ⁽¹⁾	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	108,506	(15,120)	93,386	–	93,386	(32,095)	17,010	(15,085)	93,421
Non-current	(3,127)	19	(3,108)	–	(3,108)	1,068	–	1,068	(2,059)
TOTAL	105,379	(15,101)	90,278	–	90,278	(31,027)	17,010	(14,017)	91,362

(1) The tax adjustments include mainly the deduction of dividends received from subsidiaries and the 2019 restatement of revenues and income, whereby the amounts recognized in the financial statements on the percentage-of-completion basis are reversed and taxable income is calculated instead on the completed contract basis.

Due to the difference in the methods used to recognize profit for accounting purposes (the percentage-of-completion basis) and for tax purposes (the completed contract basis), a significant deferred tax position arises. For example, the impact on the tax base of differences

in the amounts recognized on real estate programs between the tax accounts and the Consolidated Financial Statements (based on percentage of completion) amounts to €148.0 million, corresponding to deferred tax of €50.9 million at November 30, 2019.

4.2.4. Related party transactions

Under the license agreement signed with Kaufman & Broad Europe SAS, Kaufman & Broad SA benefits from a free license to use Kaufman & Broad's trademarks, logos and domain names in France. All other transactions with related parties are carried out under market conditions.

With the exception of the 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 2018 and no transactions that were unusual in their type or amount took place during the period.

4.2.5. Post-closing events

None.

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.

4.2.7. Other

Kaufman & Broad SA has no employees.

The total compensation paid to directors and corporate officers for 2019 amounted to €1,611,220, of which €239,534 was paid to non-executive directors.

4.3. Subsidiaries and equity affiliates

	Capital	Other shareholders' equity before allocation of profit or loss	% ownership	Gross book value of shares held
A – Detailed information on investments in subsidiaries the gross book value of which exceeds 1% of Kaufman & Broad SA's capital				
1. Subsidiaries (at least 50% of the capital held by the Company)				
Kaufman & Broad Europe SAS	221,440,548	5,319,690	99.99%	217,436,878
Kaufman & Broad Homes SAS	2,247,403	8,214,305	100.00%	10,450,195
Kaufman & Broad Développement SAS	152,449	583,014	100.00%	152,449
Kaufman & Broad Champagne	100,000	(20,082)	100.00%	100,000
SMCI Développement SAS	762,245	732,873	100.00%	762,245
Kaufman & Broad Rénovation SAS	160,000	16,000	100.00%	152,296
Kaufman & Broad Financement SNC	3,040,500	1,032,748	99.90%	4,307,707
Kaufman & Broad Real Estate SAS	205,280	8,296,370	100.00%	30,191,792
Kaufman & Broad Méditerranée SARL	100,000	(24,237,274)	100.00%	100,000
Kaufman & Broad Normandie SARL	100,000	(6,328,064)	100.00%	100,000
Kaufman & Broad Savoie SARL	100,000	(2,410,891)	100.00%	100,000
Kaufman & Broad Rhône-Alpes SARL	1,300,000	(17,697,567)	100.00%	1,300,000
Kaufman & Broad Pyrénées-Atlantiques SARL	100,000	(7,468,942)	100.00%	100,000
Residences Bernard Teillaud SARL	840,000	15,514,778	100.00%	15,663,729
Kaufman & Broad Midi-Pyrénées SARL	2,858,910	132,277	100.00%	36,404,833
SARL Kaufman & Broad Languedoc-Roussillon	100,000	(4,616,373)	99.00%	99,000
SARL Kaufman & Broad Gironde	100,000	(6,117,013)	99.00%	1,387,900
Kaufman & Broad Bretagne	1,000,000	950,866	100.00%	4,964,530
Kaufman & Broad Flandres	7,700	(1,855,141)	99.90%	449,360
Kaufman & Broad Innovations	1,000	(1,197,270)	100.00%	1,000
Kaufman & Broad Grands Projets	1,000,000	(3,388,677)	100.00%	1,000,000
Kaufman & Broad Marketing et Ventes	1,000	(12,985)	100.00%	1,000
Kaufman & Broad Poitou Charentes	100,000	(1,714,002)	100.00%	100,000
Kaufman & Broad Pyrénées-Orientales	100,000	385,701	100.00%	100,000
Kaufman & Broad Est	100,000	(240,727)	100.00%	100,000
Kaufman & Broad Bourgogne France Comté	100,000	302,453	100.00%	100,000
Kaufman & Broad Investissement	100,000	(6,167)	100.00%	100,000
2. Equity affiliates (10% to 50% owned by the Company)				
B – General information on other interests with a gross value less than 1% of Kaufman & Broad SA'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)	-	-	-	8,882
2. EQUITY INTERESTS IN FRENCH COMPANIES NOT INCLUDED IN SECTION A (AGGREGATE)				
	-	-	-	256,047

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 accounting income (loss)	Dividends received by the Company during the fiscal year
217,436,878	-	-	9,656,741	7,621,453	8,574,549
10,450,195	-	-	28,779,117	297,617	5,800,000
152,449	-	-	18,126,302	4,756,088	2,917,779
100,000	-	-	1,233,667	648,125	-
762,245	-	-	191,852	(77,655)	-
76,117	-	-	805,559	84,542	34,640
610,809	-	-	278,304	(3,462,196)	-
30,191,792	-	-	4,048,283	(10,793,090)	-
100,000	-	-	6,290,912	(2,871,915)	-
-	-	-	-	(173,429)	-
100,000	-	-	2,973,607	(3,000,162)	-
1,300,000	-	-	4,856,108	(3,031,967)	-
100,000	-	-	2,049,515	(1,360,071)	-
15,663,729	-	-	607,678	409,774	-
36,404,833	-	-	12,320,025	1,782,782	-
99,000	-	-	4,475,483	(2,534,381)	-
1,387,900	-	-	5,109,479	(2,888,186)	-
1,874,611	-	-	1,327,283	(68,972)	-
449,360	-	-	2,806,739	(37,574)	-
1,000	-	-	-	(637,761)	-
-	-	-	92,267	(748,697)	-
1,000	-	-	35,311,914	89,605	-
100,000	-	-	545,490	(571,893)	-
100,000	-	-	469,392	(179,440)	-
100,000	-	-	-	(1,521,958)	-
100,000	-	-	228,464	(1,467,650)	-
100,000	-	-	-	(602,941)	-
990	-	-	142,201,980	8,901,238	-
990	-	-	-	139,669	-
990	-	-	271,525,744	24,243,722	-
990	-	-	105,877,460	11,629,399	-
990	-	-	115,989,957	10,526,288	-
990	-	-	131,962,449	10,204,019	-
990	-	-	34,218,288	1,991,380	-
990	-	-	178,068,681	9,343,534	-
990	-	-	-	42,055	-
6,995	-	-	-	-	-
1,155	-	-	-	-	-

4.4. Five-year financial summary

Type of information	2019	2018	2017	2016	2015
1. Financial position at year-end					
a) Authorized capital	5,742,886	5,684,659	5,479,119	5,417,630	5,612,011
b) Number of shares issued	22,088,023	21,864,074	21,073,535	20,837,039	21,584,658
c) Number of convertible bonds					-
2. Total income from operating activities					
a) Revenue excluding VAT	3,304,344	2,842,553	3,604,354	12,021,144	1,809,564
b) Earnings before taxes, amortization, depreciation and provisions	107,854,956	105,062,412	68,679,187	100,183,918	116,783,465
c) Tax on profits	14,017,152	42,405,115	5,545,300	15,594,010	16,906,321
d) Earnings after taxes, amortization, depreciation and provisions	91,362,351	57,170,733	73,114,615	74,644,419	94,911,060
e) Amount of profits distributed ^(a)	55,220,058	53,547,078	43,619,335	36,071,683	79,625,612
3. Earnings per share from operations					
a) Earnings after taxes and before amortization, depreciation and provisions	4.25	2.87	3.00	4.81	5.18
b) Earnings after taxes, amortization, depreciation and provisions	4.14	2.61	3.47	3.58	4.40
c) Dividend per share ^(a)	2.50	2.50	2.10	1.85	3.85
4. Workforce					
d) Number of employees	-	-		-	-
e) Total payroll	-	-		-	-
f) Amounts paid in respect of employee benefits	-	-		-	-

(a) The 2018 figures include €4,856,739 paid via the issue of 150,690 new shares. The 2019 figures are in keeping with the profit/loss allocation plan to be submitted at the next Shareholders' Meeting.

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5.1. General information concerning the Company

5.1.1. Company name and registered office

Company name: Kaufman & Broad SA
Registered office: 127, avenue Charles-de-Gaulle
92207 Neuilly-sur-Seine Cedex
Telephone: + 33 (0) 1 41 43 43 43

5.1.2. Legal form and applicable legislation

The Company is a French *société anonyme* (joint stock company) 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, detached houses, 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 of 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 tradable 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, create new businesses, merge companies, or represent 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. Document consultation

All the legal documents relating to the Company that must be made available to shareholders by law, as well as all published documents of the Kaufman & Broad group referred to in this Universal 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, at least five percent (5%) of net income is appropriated to the legal reserve up to a limit of one tenth of the Company's share 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.

Since the refinancing of the Senior Facilities Agreement signed on April 4, 2016, the Company is no longer obliged to comply with the ratio set in the financial covenants to be able 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, 2019 and three-year change".

5.2. General information concerning the capital

5.2.1. Statutory provisions governing changes in share 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

On November 30, 2019, the Company's authorized capital was composed of 22,088,023 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 itself 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 winding-up bonus.

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.

5.2.3. 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 May 2, 2019 in its fifteenth resolution for a period of eighteen months. The authority was granted to the Board of Directors during this Shareholders' Meeting by the sixteenth resolution to proceed with the cancellation of the shares held by the Company following the buyback of its own shares, and to do so over a period of twenty-six months.

5.2.3.1. Buyback program authorized by the Shareholders' Meeting of May 2, 2019

The Shareholders' Meeting of May 2, 2019, with the quorum and majority required for Ordinary Shareholders' Meetings and after a reading of the Board of Directors' report, authorized the Board of Directors, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, for a period of eighteen months, to allow the Company to buy back its own shares at a maximum price of €55 per share, up to a maximum overall price of €120,252,407.

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 market practice permitted by the AMF (French Financial Markets Authority) on July 2, 2018;

- acquire shares to be held and subsequently delivered in payment or exchanged 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 option plan, a bonus share award plan or a company savings plan;
- award 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;
- potentially cancel the shares acquired, subject to adoption of the sixteenth 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.

The Shareholders' Meeting set the maximum number of shares that may be acquired under this resolution at 10% of share capital, as adjusted for any transactions affecting the share capital made after the meeting of May 2, 2019, it being specified that: (i) under this authority, the number of treasury shares must be taken into consideration so that the Company remains consistently within the limit on the number of treasury shares held, equal to a maximum of 10% of the authorized capital; and (ii) the number of treasury shares held for attribution as payment or in exchange as part of a merger, demerger or capital contribution may not exceed 5% of the capital.

The Shareholders' Meeting resolved that the total amount for such acquisitions may not exceed €120,252,407 and resolved that the maximum purchase price must not exceed €55 per share.

In the event of a capital increase through capitalization of premiums, reserves, or 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 delegated 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.

This authority was granted for a period of 18 months from the date of the Shareholders' Meeting of May 2, 2019.

Liquidity agreement

Since October 22, 2018, and for a period of one year to be renewed automatically, Kaufman & Broad has entrusted financial institution Rothschild Martin Maurel with implementing its Liquidity Agreement, in accordance with current laws and regulations. To this end, the following resources were allocated to the liquidity account: €283,138.17 and 32,765 Kaufman & Broad SA shares.

At November 30, 2019, the following resources were reported in the liquidity account: 5,750 shares and €1,301,000 not invested in shares.

5.2.3.2. Summary of share purchases and sales

Implementation of the Liquidity Agreement resulted in the following transaction volumes and prices during the 2019 fiscal year:

Number of shares purchased:	118,731 shares
Average purchase price:	€35.47
Number of shares sold:	146,931 shares
Average selling price:	€35.88
Total trading cost:	€40,000

At November 30, 2019, the group held 210,261 treasury shares (representing 0.95% of the Company's share capital), comprising 194,956 shares (representing 0.88% of the Company's share capital) intended to cover the bonus share awards of March 2018, May 2018 and February 2019 authorized by the Shareholders' Meetings of

May 11, 2017 and May 3, 2018, 9,555 shares (representing 0.04% of the Company's share capital) to ensure the achievement of the other objectives of the share buyback program (cancellations of shares by the Company), and 5,750 shares held in respect of the Liquidity Agreement (representing 0.03% of the Company's share capital).

On October 10, 2018, Kaufman & Broad tasked Rothschild Martin Maurel with helping it ensure it has the means to fulfill some of the objectives of its share buyback program, as authorized by the Shareholders' Meeting of May 2, 2019. In respect of the implementation of the share buyback program, the Company gave Rothschild Martin an irrevocable mandate as an independent financial services provider to buy back the Company's own shares up to a limit of €8,000,000 (eight million euros) between October 11, 2018 and February 15, 2019. Under that mandate, the buyback price cannot exceed the maximum buyback price set by the Combined Shareholders' Meeting of May 3, 2018. On December 18, 2018, Kaufman & Broad decided to raise that ceiling from €8,000,000 to €10,000,000. On February 8, 2019 the mandate was extended until July 20, 2019. On July 19, 2019, the mandate was extended again until October 31, 2019 for buybacks up to the amount of €10,000,000 set by the Combined Shareholders' Meeting of May 2, 2019. On October 31, 2019, Kaufman & Broad resolved to renew the term of the mandate until February 28, 2020 for buybacks up to the amount of €10,000,000, within the limits set by the Shareholders' Meeting of May 2, 2019. On February 24, 2020, the Company resolved to extend the mandate granted to Rothschild Martin Maurel until July 31, 2020 for buybacks up to the amount authorized by the Shareholders' Meeting of May 2, 2019.

On March 10, 2020, Kaufman & Broad SA resolved to reduce to €2,000,000 the total amount to be purchased under the mandate granted to Rothschild Martin Maurel via gradual or block purchases within the scope of the applicable regulations.

Lastly, on March 24, 2020, Kaufman & Broad SA resolved to allot an additional €5,000,000 to the amount entrusted to Rothschild Martin Maurel under the share buyback program, within the scope of the applicable regulations.

5.2.3.3. Summary of bonus share awards

Pursuant to the authorizations of its Shareholders' Meetings on May 3, 2018, and May 2, 2019, Kaufman & Broad SA decided to introduce bonus share plans for certain executives of Kaufman & Broad SA and its affiliates, notably to give them the opportunity to share in the Company's growth.

Title to the shares allocated under the various share plans detailed below is transferred at the end of the vesting period, i.e., after a period of two years from the date of award by the Board of Directors for the plans of March 7, 2018 and February 27, 2019 (First Plan), and after three years from the date of award by the Board of Directors for the plans of May 3, 2018 and May 2, 2019 (Second Plan).

In addition, the beneficiaries of these plans may not transfer the title to vested shares, by any means whatsoever, prior to the end of the lock-in period under the plans, which is either one year or two years.

The main features of the group's plans in effect at November 30, 2019 are presented in the table below:

Bonus shares	March 7, 2018	May 3, 2018	February 21, 2019 1 st plan	February 21, 2019 2 nd plan
Date of authorization by the Extraordinary Shareholders' Meeting	5/11/2017	5/3/2018	03/05/2018	03/05/2018
Number of bonus shares that may be awarded	159,212	250,000	240,000	138,012
Date of the Board of Directors' meeting awarding the shares	3/7/2018	5/3/2018	2/21/2019	2/21/2019
Total number of shares awarded	97,562	10,000	101,988	10,000
Number of beneficiaries	881	1	921	1
Date of transfer of ownership of bonus shares	3/7/2020	5/3/2021	2/21/2021	2/21/2022
Date of sale of bonus shares	3/7/2022	5/3/2022	2/21/2023	2/21/2023
Lapsed shares	16,456	0	8,138	
Shares outstanding	81,106	10,000	93,850	10,000

5.2.3.4. Special reports on the stock options, stock warrants, and bonus shares presented to the Shareholders' Meeting of May 5, 2020

5.2.3.4.1. Stock subscription and purchase options (L. 225-184 par. 1) awarded to employees and corporate officers

None.

5.2.3.4.2. Bonus shares awarded during the fiscal year ended November 30, 2019 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				
from the 1st 2019 Plan ^(a)	15,000	34.20	2/21/2019	Kaufman & Broad SA
from the 2nd 2019 Plan ^(b)	10,000	34.20	2/21/2019	Kaufman & Broad SA

(a) At its meeting of February 21, 2019, the Board of Directors granted 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in his annual variable compensation in cash, namely:

- fulfillment of quantitative criteria reflecting short-term performance indicators such as revenue, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committees;
- fulfillment of qualitative criteria reflecting team management, the quality of the working atmosphere in the Company, control over operating expenses (including headcount), return on capital employed, adapting the Company to advances in technology, and efficient risk management.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) At its meeting of February 21, 2019, the Board of Directors introduced a long-term compensation scheme for the Chairman and Chief Executive Officer based on the award of 10,000 performance shares to the latter, with a vesting period of three years and a lock-in period of one year. In addition, the Board decided that these shares were to be subject to long-term performance conditions assessed over the period 2019-2021 (CSR performance - quality of goods and services - level of employee shareholding - total shareholder return).

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, 2019, by the Company or 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 are 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 ^(a)	21,500	34.20	2/21/2019	Kaufman & Broad SA

(a) 21,500 under the 1st 2019 Plan, subject to compliance with a series of quantitative and qualitative performance criteria with an impact on the group's business activities over the short term (budget year).

Title to the shares thus awarded will be transferred at the end of the vesting period, i.e. after a period of two years from the award date as defined by the rules established for the award. The opening price for the shares on the award date was €34.20, on February 21, 2019.

5.2.3.4.5. Bonus shares awarded, during the fiscal year ended November 30, 2019 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	15,000
Members of the Management Committee	13	22,100
Directors of profit centers or of a support department	27	13,000
Department heads	117	18,210
Other employees	763	33,678
TOTAL ^(b)	921	101,988

(a) At its meeting of February 21, 2019, the Board of Directors granted 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in his annual variable compensation in cash, namely:

- fulfillment of quantitative criteria reflecting short-term performance indicators such as revenue, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committees;
- fulfillment of qualitative criteria reflecting team management, the quality of the working atmosphere in the Company, control over operating expenses (including headcount), return on capital employed, adapting the Company to advances in technology, and efficient risk management.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) The definitive awarding of these shares was subject to performance conditions in respect of the 2019 fiscal year. Of the 62,060 shares allocated on February 21, 2019, 59,180 were definitively awarded based on the performance achieved.

Title to the shares thus awarded will be transferred at the end of the vesting period, i.e. after a period of two years from the award date as defined by the rules established for the award. The opening price for the shares on the award date was €34.20, on February 21, 2019.

5.2.3.5. Summary table of securities transactions by corporate officers and related parties during the last fiscal year

First name and surname	Michel Paris
Positions held	Director
Transactions conducted by parties related to the person above	-
Type of financial instrument	Shares
Total number of financial instruments sold	-
Weighted average price	€0
Total amount sold	€0
Total number of financial instruments purchased	250
Weighted average price	€34.64
TOTAL ACQUISITION AMOUNT	€8,660.00

5.2.3.6. Summary table of securities transactions by corporate officers and related parties after the end of the 2019 fiscal year

Since the end of the 2019 fiscal year:

First name and surname	Michel Paris
Positions held	Director
Transactions conducted by parties related to the person above	-
Type of financial instrument	Shares
Total number of financial instruments sold	-
Weighted average price	€0
Total amount sold	€0
Total number of financial instruments purchased	1,000
Weighted average price	€34.00
TOTAL ACQUISITION AMOUNT	€34,000

First name and surname	André Martinez
Positions held	Director
Transactions conducted by parties related to the person above	-
Type of financial instrument	Shares
Total number of financial instruments sold	-
Weighted average price	€0
Total amount sold	€0
Total number of financial instruments purchased	250
Weighted average price	€39.59
TOTAL ACQUISITION AMOUNT	€9,897.50

First name and surname	André Martinez
Positions held	Director
Transactions conducted by parties related to the person above	-
Type of financial instrument	Shares
Total number of financial instruments sold	-
Weighted average price	€0
Total amount sold	€0
Total number of financial instruments purchased	200
Weighted average price	€34.32
TOTAL ACQUISITION AMOUNT	€6,864.00

5.2.4. Share capital

The Company's authorized capital at November 30, 2019, was €5,742,885.98 consisting of 22,088,023 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 Company's authorized capital by issuing shares or securities giving

rights to said capital appears in Chapter 10 "Appendix", 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 May 2, 2019, to issue securities giving rights to an allocation of debt instruments for

a period of 26 months, up to a maximum limit of 3% of share capital. This authorization 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 – Awards of bonus shares – Awards of stock warrants" and 5.2.3.3.

"Summary of bonus share awards" and Section 10.5. "Summary table of currently valid authorizations concerning capital increases").

5.2.8. Table of changes in share capital

Transactions	Number of shares issued	Total change in capital	Premium per share	Total issue premium	Successive capital amounts	Total number of shares	Par value
November 30, 1997	–	–	–	F 29,992,949	F 19,414,200	194,142	F 100
January 21, 2000	–	–	–	–	–	–	–
30-for-1 stock split	5,630,118	–	–	F 29,992,949	F 19,414,200	5,824,260	F 3.3333
January 21, 2000	–	–	–	–	–	–	–
Conversion of the capital into euros ^(a)	–	€10,696.89	–	€4,572,395.60	€2,970,372.60	5,824,260	€0.51
February 7, 2000	–	–	–	–	–	–	–
Capital increase in cash by a public offering	5,130,000	€2,616,300	€22.49	€119,946,095.60	€5,586,672.60	10,954,260	€0.51
February 7, 2000	–	–	–	–	–	–	–
Capital increase in favor of company savings plan (FCPE) Kaufman & Broad Actionnariat ^(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	–	–	–	–	–	–	–
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
May 31, 2017	–	–	–	–	–	–	–
Capital increase	947,136	246,255.36	€29.87	29,266,080.99	€5,663,885.50	21,784,175	€0.26
Capital reduction	(947,136)	(246,255.36)	–	–	€5,417,630.14	20,837,039	€0.26
November 30, 2017	–	–	–	–	–	–	–
Capital increase in favor of the Company savings plan (FCPE) KB Actions 2017 ^(d)	236,496	€61,488.96	€30.85	€36,561,982.59	€5,479,119.10	21,073,535	€0.26
May 31, 2018	–	–	–	–	–	–	–
2017 capital increase dividend payout	790,539	€205,540.14	€37.60	€66,080,708.85	€5,684,659.24	21,864,074	€0.26
May 31, 2019	–	–	–	–	–	–	–
Capital reduction	210,732	€54,790.32	€34.36	€73,266,231.98	€5,629,868.92	21,653,342	€0.26
2018 capital increase dividend payout	150,690	€39,179.40	€32.23	€78,083,791.28	€5,669,048.32	21,804,032	€0.26
November 30, 2019	–	–	–	–	–	–	–
Capital increase in favor of the Company savings plan (FCPE) KB Actions ^(d)	283,991	€73,837.66	€27.58	€7,758,634.12	€5,742,885.98	22,088,023	€0.26

(a) Conversion of the par value of the share 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 solely to 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. "Group savings plan."

Capital was reduced by the cancellation of 210,732 treasury shares on May 31, 2019 and increased by the issue of 150,690 new shares in payment of the 2018 dividend.

Kaufman & Broad SA launched its "KB Actions 2019" employee-shareholding scheme, with leverage and a capital guarantee of the sum invested, reserved for group employees who are members of the savings plan. On November 30, 2019, the Company issued 283,991 new shares as part of a capital increase reserved for employees of the Kaufman & Broad group, fully fungible with existing shares and with immediate dividend rights, thereby raising the authorized capital to €7,832,471.78 consisting of 22,088,023 shares with their par value unchanged.

Kaufman & Broad SA's General Meeting of Shareholders, held on May 2, 2019, offered shareholders the option to receive all or part of the dividend in stock for the year ended November 30, 2018. The issue price of these new shares was set at €32.23, representing 95% of the average price of Kaufman & Broad shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of said Shareholders' Meeting, less the net dividend of €2.50 per share, rounded up to the nearest euro cent. 150,690 new shares were issued for the payment of the dividend in shares. Settlement/delivery of the shares and their admission to trading on the Euronext Paris regulated market took place on June 14, 2019.

5.3. Current distribution of capital and voting rights

5.3.1. The Company's shareholding structure on November 30, 2019 and change over three years

The shareholding structure of our Company at November 30, 2019 was as follows:

Shareholders on November 30, 2019	Number of shares	% of share capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Shareholders				
Public ^(a)	16,973,284	76.84%	66.56%	66.03%
Artimus Participations ^(b)	2,324,423	10.52%	17.23%	17.10%
Prédica/Spirica	1,766,629	8.00%	13.11%	13.00%
Employees ^(c)	813,426	3.68%	3.10%	3.07%
Kaufman & Broad SA	210,261	0.95%	–	0.79%
TOTAL	22,088,023	100.00%	100.00%	100.00%

(a) Shares owned by directors are included in "Public" shareholders at November 30, 2019.

(b) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who also held approximately 25% of the share capital and voting rights of Artimus Participations).

(c) Includes shares held in the FCPE funds Kaufman & Broad Actionnariat and KB Actions 2019 following the capital increase reserved for employees with the issue of 283,991 shares.

At the closing date, the number of shares held by employees, as defined in Article L. 225-102 of the French Commercial Code, represented 3.68% of the Company's authorized capital.

For the payment of the dividend in shares, 150,690 new shares were issued, representing 0.70% of the share capital and 0.59% of the voting rights of Kaufman & Broad S.A. on the basis of the share capital and voting rights at May 31, 2019.

The total number of shares known to have double voting rights at November 30, 2019 was 4,702,014, representing 9,078,691 votes exercisable at the Shareholders' Meeting (including double votes). Accordingly, the total number of the Company's theoretical voting rights

totaled 26,454,700 on the same date, and the total number of voting rights exercisable at Shareholders' Meetings amounted to 26,244,439 (with the difference corresponding to the number of treasury shares held by the Company, which are stripped of voting rights).

There are 822 holders of registered shares, individuals and legal entities combined.

On November 30, 2019, the number of shares held by members of the Board of Directors totaled 57,466 shares representing 92,760 votes.

To the Company's knowledge, no shareholder holds more than 5% of the share capital and voting rights with the exception of Artimus Participations and the funds managed by Prédica.

Shareholders on February 29, 2020	Number of shares	% of share capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Public ^(a)	16,790,485	76.02%	65.70%	65.08%
Artimus Participations ^(b)	2,324,423	10.52%	17.26%	17.10%
Prédica/Spirica	1,766,629	8.00%	13.14%	13.00%
Employees (Company savings scheme), KB Actions & Management and Kaufman & Broad SA employees ^(c)	954,641	4.32%	3.90%	3.87%
Kaufman & Broad SA (treasury shares)	251,845	1.14%	-	0.95%
TOTAL	21,864,074	100.00%	100.00%	100.00%

(a) Shares owned by directors are included in "Public" shareholders at February 29, 2020.

(b) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who also held approximately 25% of the share capital and voting rights of Artimus Participations SAS).

(c) Includes shares held in the FCPE funds Kaufman & Broad Actionnariat and KB Actions 2019.

The Company has no knowledge of any material changes in relation to its shareholding structure since February 29, 2020.

Disclosure thresholds on shares held in Kaufman & Broad SA

On December 10, 2018, the Caisse des Dépôts (CDC) group informed the Company that it had indirectly exceeded the regulatory threshold of 4% of Kaufman & Broad SA's share capital via CDC Entreprises Valeurs Moyennes (CDC EVM). On that same date, CDC Entreprises Valeurs Moyennes exceeded the same threshold on an individual basis. Consequently, on that date, CDC indirectly owned 913,777 shares and voting rights, representing 4.17% of share capital and 3.73% of voting rights, via CDC Entreprises Valeurs Moyennes. Caisse des Dépôts (CDC) did not own any Kaufman & Broad SA shares directly.

On September 10, 2019, by way of regularization, Artimus Participations (a company owned by employees and executives of Kaufman & Broad SA, none of whom controls the company within the meaning of Article 233-3 of the French Commercial Code) informed Kaufman & Broad SA by letter, supplemented by a second letter received on September 12, 2019, that it had exceeded:

- on March 6, 2017, following a decrease in the total number of voting rights in Kaufman & Broad SA, the threshold of 5% of voting rights in Kaufman & Broad SA, and that it held on that date 1,403,357 shares in Kaufman & Broad SA representing the same number of voting rights, i.e. 6.73% of the Company's share capital and 5.66% of its voting rights (based on total share capital on that date of 20,837,039 shares representing 24,806,014 voting rights);
- on June 6, 2017, following the contribution to Artimus Participations of shares in Kaufman & Broad SA previously held by its shareholders, the thresholds of 10% of the share capital and 10% of the voting rights in Kaufman & Broad SA, and that it held on that date 2,126,569 shares in Kaufman & Broad SA representing the same number of voting rights, i.e. 10.21% of the Company's share capital and 10.08% of its voting rights (based on total share capital on that date of 20,837,039 shares representing 21,101,262 voting rights);
- on June 5, 2019, following an attribution of double voting rights, the threshold of 15% of voting rights in Kaufman & Broad SA, and that it held on that date 2,321,440 shares in Kaufman & Broad SA representing 4,324,990 voting rights, i.e. 10.72% of the Company's share capital and 16.84% of its voting rights (based on total

share capital on that date of 21,653,342 shares representing 25,690,439 voting rights).

On September 12, 2019, the informant stated that it held 2,324,423 shares in Kaufman & Broad SA representing 4,523,067 voting rights, i.e. 10.66% of the Company's share capital and 17.28% of its voting rights (based on total share capital of 21,804,032 shares representing 26,173,643 voting rights).

Furthermore, by letter received on September 12, 2019 in relation to this threshold-crossing disclosure, Artimus Participations indicated that it had made the following statement of intent. It stated that:

- the passing of the threshold of 10% of the share capital and voting rights resulted from a capital contribution to the Company of Kaufman & Broad SA shares and therefore did not require finance;

Lastly, by letter received on September 10, 2019, supplemented by letter received on September 12, after the statement of intent had been made, Artimus Participations stated that:

- the passing of the threshold of 15% of the voting rights resulted from an attribution of double voting rights and therefore did not require finance;

Amundi confirmed, in a letter dated November 21, 2019 sent to Kaufman & Broad SA pursuant to Article L. 233-7 of the French Commercial Code, that it held 492,964 shares in the Company, i.e. 2.26%, within the "KB Actions" FCPE Fund and had thus passed the 2% threshold prescribed in the bylaws in terms of shares.

Since the end of the fiscal year on November 30, 2019, seven crossings of thresholds have been declared.

In a letter dated January 14, 2020, in connection with various transactions whereby Caisse des Dépôts et Consignations (CDC) acquired a majority interest in the capital and voting rights of La Poste with a view to establishing a single public-sector bancassurance hub formed from La Banque Postale and CNP Assurances, CDC announced to Kaufman & Broad SA that on January 2, 2020 it had come to hold the majority of the voting rights in CNP Assurances by virtue of a share buyback transaction. Pursuant to Articles L. 233-7 et seq. of the French Commercial Code and the bylaws of Kaufman & Broad SA, CDC consequently declared that on January 10, 2020, indirectly through its control of the CNP Assurances group, it had exceeded the legal

threshold of 5% of the Company's share capital and 4% of its voting rights and now indirectly held 1,135,518 shares and voting rights, i.e. 5.14% of the capital and 4.29% of the voting rights, divided as follows:

	Shares	% capital	Voting rights	% voting rights
Caisse des Dépôts (direct holdings)	0	-	0	-
CDC Croissance	970,518	4.39	970,518	3.67
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	165,000	0.75	165,000	0.62
TOTAL CDC (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD)	1,135,518	5.14	1,135,518	4.29

In a letter of February 4, 2020, the Caisse des Dépôts informed Kaufman & Broad SA that, through CDC Croissance, it had crossed below the legal threshold of 5% of the Company's share capital.

This crossing of the threshold resulted from sales of shares held by CDC Croissance, with the result that the Caisse des Dépôts et Consignations now held, through CDC Croissance and indirectly through CNP Assurances, 1,089,389 shares and voting rights in the Company, representing 4.93% of the share capital and 4.11% of the voting rights, divided as follows:

	Shares	% capital	Voting rights	% voting rights
Caisse des Dépôts (direct holdings)	0	-	0	-
CDC Croissance	949,689	4.3	949,689	3.58
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	139,700	0.63	139,700	0.53
TOTAL CDC (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD)	1,089,389	4.93	1,089,389	4.11

In a letter of February 10, 2020, the Caisse des Dépôts informed Kaufman & Broad SA that on February 6, 2020, through CDC Croissance, its holding had crossed below the threshold of 4% of the Company's voting rights. This crossing of the threshold resulted from sales of shares by CDC Croissance, with the result that the Caisse

des Dépôts et Consignations now held, through CDC Croissance and indirectly through CNP Assurances, 1,048,359 shares and voting rights in the Company, representing 4.74% of the share capital and 3.96% of the voting rights, divided as follows:

	Shares	% capital	Voting rights	% voting rights
Caisse des Dépôts (direct holdings)	0	-	0	-
CDC Croissance	908,659	4.11	908,659	3.43
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	139,700	0.63	139,700	0.53
TOTAL CDC (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD):	1,048,359	4.74	1,048,359	3.96

In a letter of February 27, 2020, the Caisse des Dépôts informed Kaufman & Broad SA that, indirectly through CNP Assurances, it had crossed above the threshold set in the bylaws of 4% of the Company's voting rights. This crossing of the threshold resulted from the receipt by CNP Assurances of shares as collateral, with the result that the Caisse

des Dépôts et Consignations now held, through CDC Croissance and indirectly through CNP Assurances, 1,093,281 shares and voting rights in the Company, representing 4.94% of the share capital and 4.13% of the voting rights, divided as follows:

	Shares	% capital	Voting rights	% voting rights
Caisse des Dépôts (direct holdings)	0	-	0	-
CDC Croissance	908,659	4.11	908,659	3.43
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	184,622	0.83	184,622	0.69
TOTAL CDC (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD):	1,093,281	4.94	1,093,281	4.13

In a letter of March 9, 2020, the Caisse des Dépôts informed Kaufman & Broad SA that on March 3, 2020, indirectly through CNP Assurances, it had crossed below the threshold set in the bylaws of 4% of the Company's voting rights.

This crossing of the threshold resulted from the return of shares that had been received by CNP Assurances as collateral, with the result that the Caisse des Dépôts et Consignations now held, through CDC Croissance and indirectly through CNP Assurances, 1,050,097 shares and voting rights in the Company, representing 4.75% of the share capital and 3.96% of the voting rights, divided as follows:

	Shares	% capital	Voting rights	% voting rights
Caisse des Dépôts (direct holdings)	0	-	0	-
CDC Croissance	908,659	4.11	908,659	3.43
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	141,438	0.64	141,438	0.53
TOTAL CDC (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD):	1,050,097	4.75	1,050,097	3.96

By letter received on March 20, 2020, the AMF informed Kaufman & Broad SA that Wellington Management Group LLP (280 Congress Street, Boston, MA 02210, United States), acting on behalf of its funds and clients, had declared that on March 18, 2020 it had crossed below the threshold of 5% of the share capital of Kaufman & Broad SA and held, on behalf of said funds and clients, 1,072,585 shares in Kaufman & Broad SA representing the same number of voting rights, i.e. 4.86% of the Company's share capital and 4.06% of its voting rights (based on total share capital of 22,088,023 shares representing 26,449,949 voting rights, pursuant to the second paragraph of Article 223-11 of the AMF General Regulation).

This crossing of the threshold resulted from a sale of Kaufman & Broad SA shares on the market.

Lastly, in a letter dated March 20, 2020, Wellington Management Group LLP informed Kaufman & Broad SA that Wellington Management Group LLP held on behalf of its clients 1,041,526 of the Company's (i.e. Kaufman & Broad SA's) voting rights representing 4.71% of the Company's share capital and 3.93% of its voting rights (based on a total of 22,088,023 shares and 26,449,949 voting rights on February 29, 2020), and had thereby crossed the thresholds set in the bylaws of 2% and 4% of the Company's share capital and 2% of its voting rights.

As of the date of this document, Kaufman & Broad SA has not been informed of any crossings, other than those stated above, of the legal thresholds or the thresholds set in the bylaws, or any crossings by other companies holding over 5% of the share capital.

Kaufman & Broad SA shares held by directors on the date of this document	Number of shares	Number of voting rights
Shareholders		
Sylvie Charles	250	500
Jean-Louis Chaussade	278	528
Yves Gabriel	250	500
Nordine Hachemi	59,207	82,013
Sophie Lombard	283	533
André Martinez ⁽¹⁾	450	450
Karine Normand	12,079	23,308
Michel Paris	1,289	1,298
Caroline Puechoultres	250	500
Lucile Ribot	270	270
TOTAL	74,606	109,900

(1) Co-opted as director at the Board of Directors meeting on January 29, 2020 as a replacement for Mr. Frédéric Stevenin, resigning.

5.3.2. Changes in the distribution of authorized capital during the past three fiscal years

Three-year changes in shareholding structure at November 30	2019		2018		2017	
	Number of shares	% of capital	Number of shares	% of capital	Number of shares	% of capital
Shareholders						
Public ⁽¹⁾	16,973,284	76.84%	16,774,878	76.72%	16,391,901	77.78%
Artimus Participations ⁽²⁾	2,324,423	10.52%	2,321,440	10.62%	2,198,644	10.43%
Prédica/Spirica	1,766,629	8.00%	1,766,629	8.08%	1,673,183	7.94%
Employees ⁽³⁾	813,426	3.68%	522,429	2.39%	518,381	2.46%
Kaufman & Broad SA	210,261	0.95%	478,878	2.19%	291,426	1.38%
TOTAL	22,088,023	100.00%	21,864,074	100.00%	21,073,535	100.00%

(1) Shares owned by directors are included in "Public" shareholders at November 30, 2019.

(2) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who also owned approximately 25.80% of the share capital and voting rights of Artimus Participations SAS).

(3) Includes shares held in the FCPE funds Kaufman & Broad Actionnariat and KB Actions following the capital increase reserved for employees with the issue of 492,964 shares.

Three-year changes in voting rights at November 30

Holders	2019	2018	2017
Public ⁽¹⁾	66.56%	70.53%	79.12%
Artimus Participations ⁽²⁾	17.23%	14.33%	10.46%
Prédica/Spirica	13.11%	12.97%	7.96%
Employees ⁽³⁾	3.10%	2.17%	2.46%
TOTAL	100.00%	100.00%	100.00%
TOTAL VOTING RIGHTS EXERCISABLE AT SHAREHOLDERS' MEETINGS	26,244,439	24,056,108	21,026,807
TOTAL THEORETICAL VOTING RIGHTS	26,454,700	24,534,986	21,318,233

(1) Shares owned by directors are included in "Public" shareholders at November 30, 2019.

(2) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who also owned approximately 25.80% of the share capital and voting rights of Artimus Participations SAS).

(3) Includes shares held in the FCPE funds Kaufman & Broad Actionnariat and KB Actions following the capital increase reserved for employees with the issue of 283,991 shares.

The increase in voting rights mainly reflects the granting double voting rights to the shares held by Artimus Participations and Prédica. These shares had been sold by Financière Gaillon 8 during its gradual exit from the Company's share capital after April 2016, and had lost their double voting rights upon sale.

5.3.3. Legal entities with controlling interests the Company

5.3.3.1. PAI Partners

As of the date of this document, no company ultimately controlled by funds managed by PAI Partners holds any shares in Kaufman & Broad SA, with the exception of securities made available to the director Michel Paris.

joint development programs, the partners sign a Memorandum of Understanding defining the allocation of responsibilities and the fees to be invoiced to these service providers.

5.3.3.3. Pledges

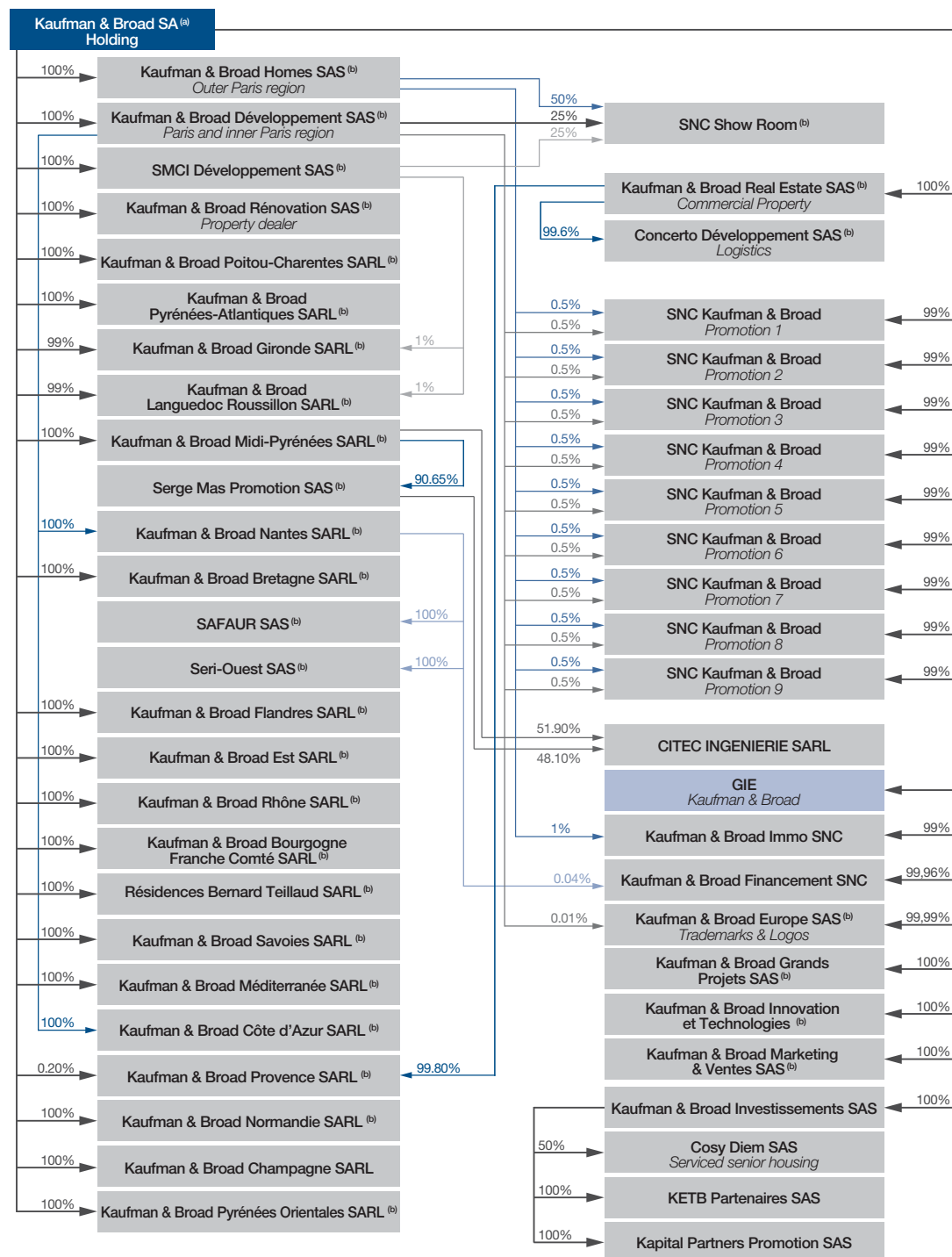
To the Company's knowledge, no pledges of its securities exist.

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

5.3.4. Group organization chart

The following organization chart shows the companies owned by Kaufman & Broad SA as holding company at November 30, 2019, together with the percentage of the capital and voting rights held:



(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 terms and conditions of application of the agreements entered into by the various group entities are described in Section 4.1.5. "Notes to the financial statements" in note 4 "Executive compensation (related parties)", paragraph "Terms and conditions of related-party transactions".

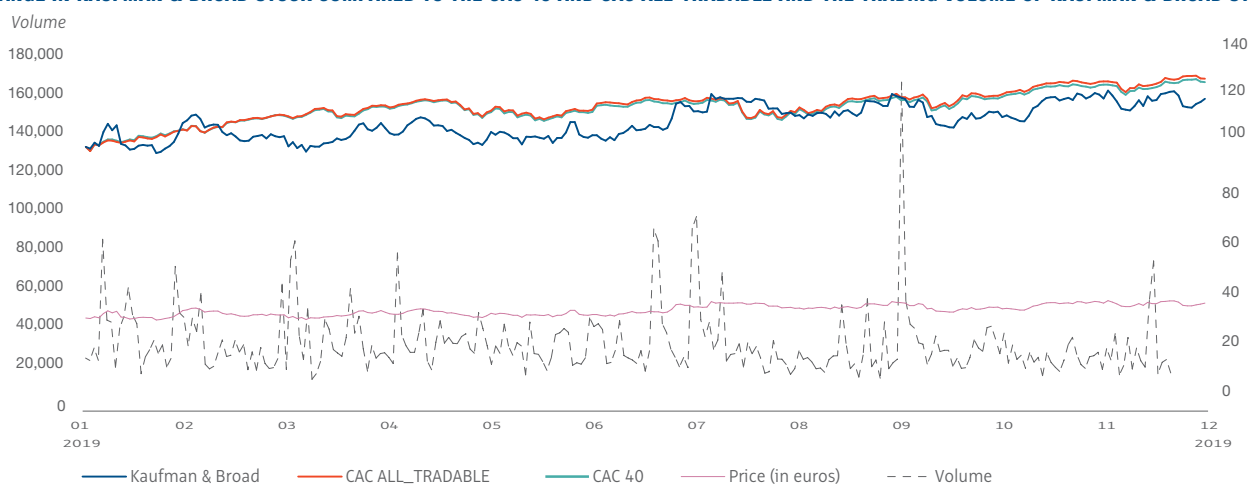
5.4. Trading in the Company's shares

From January 1 to December 31, 2019, the CAC All-Tradable rose by 25.07%, while the shares of Kaufman & Broad SA rose by 19.46%.

2019	Cumulative monthly price	Number of days	Average price	Cumulative volume in stocks	Average volume in stocks	Average volume in capital resources	Cumulative volume in capital resources
January	747.72	22	34.0	648,270	29,467	1,006,747	22,148,432
February	713.88	20	35.7	480,878	24,044	865,751	17,315,027
March	719.50	21	34.3	591,394	28,162	960,210	20,164,409
April	723.70	20	36.2	512,781	25,639	931,217	18,624,334
May	730.82	22	33.2	589,898	26,814	890,725	19,595,956
June	650.74	20	32.5	492,254	24,613	800,614	16,012,280
July	810.60	23	35.2	817,047	35,524	1,264,028	29,072,649
August	785.58	22	35.7	475,526	21,615	777,398	17,102,753
September	759.82	21	36.2	431,889	20,566	744,495	15,634,388
October	793.46	23	34.5	728,670	31,681	1,087,809	25,019,617
November	776.68	21	37.0	429,135	20,435	754,267	15,839,599
December	733.26	20	36.7	451,375	22,569	824,608	16,492,155

Source: Euronext Paris data for January 2020 – 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)
2015	Dividends	3.85	80,222,600.00
2016	Dividends ^(a)	1.85	38,548,522.15
2017	Dividends ^(a)	2.10	44,254,423.50
2018	Dividends ^(b)	2.50	54,660,185.00
2019	DIVIDENDS ^(c)	2.50	55,220,057.50

(a) Gross dividends calculated on the basis of 21,073,535 shares (including dividends payable on treasury shares).

(b) Gross dividends calculated on the basis of 21,864,074 shares (including dividends payable on treasury shares).

(c) Gross dividends calculated on the basis of 22,088,023 shares (including dividends payable on treasury shares).

Since the refinancing of the Senior Facilities Agreement, successively by a €150 million Euro PP bond issue on May 18, 2017 (the "Bond issue") followed by a syndicated loan agreement for €250 million with an initial maturity of five years concluded on January 30, 2019 (the "Senior Facilities Agreement"), the Company is no longer obliged to comply with the ratio set in the financial covenants to be able to distribute dividends. A description of these financial liabilities is provided, along with a breakdown of the group's net financial debt, in Note 6 "Income by operating segment" to the Consolidated Financial Statements at November 30, 2019.

The Shareholders' Meeting of Kaufman & Broad SA held on May 2, 2019 granted each shareholder the option to receive, in payment of the dividend for the year ended on November 30, 2018, (i) payment of all the dividend in cash, (ii) payment of all the dividend in new shares of the Company, or (iii) the payment of half the dividend (equal to €1.25 per share) in new shares, with the other half paid in cash, it being understood that each shareholder may choose one of these options only. Pursuant to Article L. 232-19 of the French Commercial Code, the issue price of each share used to pay the whole of the dividend or the part equal to €1.25 per share, as applicable, will be equal to a price corresponding to a minimum of 90% of the average quoted price of Kaufman & Broad stocks on Euronext Paris in the 20 trading sessions preceding the Shareholders' Meeting, minus the net amount of the dividend referred to in the second resolution, rounded up to the nearest euro cent. The new shares thus issued will vest immediately, entitling holders to any dividend distribution as of their issue date. Subscriptions were to be made for a whole number of shares. If the dividend amount for which the option is exercised did not correspond to a whole number of shares, shareholders were able to receive the whole number of shares immediately above by paying the difference in cash on the date on which they exercised their option, or receive the whole number of shares immediately below and a payment for the balance in cash.

The issue price of these new shares was set at €32.23, representing 95% of the average price of Kaufman & Broad SA shares on the Euronext Paris regulated market over the 20 trading sessions preceding the date of said Shareholders' Meeting, less the net dividend of €2.50 per share, rounded up to the nearest euro cent. The option was open for acceptance from May 17 to June 6, 2019 inclusive. At the end of this period, the shareholders who chose payment of the dividend in stock accounted for 8.96% of Kaufman & Broad SA shares. Some 150,690 new shares were issued for the purpose of paying the stock dividend, representing 0.70% of the share capital and 0.59% of the voting rights in Kaufman & Broad SA on the basis of the share capital and voting rights at May 31, 2019. Settlement/delivery of the shares and their admission to trading on the Euronext Paris regulated market took place on June 14, 2019. The total cash dividend to be paid to those shareholders who did not accept the stock dividend option, or who opted for partial payment in shares, amounted to €48.7 million and was paid on June 14, 2019.

Subject to any changes in the applicable legal and regulatory provisions, stock market recommendations or the practices of similar companies (notably those in the SBF 120) in connection with the current public health crisis (see Section 2.5. "Events after the closing date"), the Board of Directors Meeting of February 27, 2020 decided to offer each shareholder, in payment of the dividend for the year ended on November 30, 2019, the option to receive either (i) payment of all the dividend in cash, (ii) payment of all of the dividend in new shares of the Company, or (iii) the payment of half of the dividend (equal to €1.25 per share) in new shares, with the other half paid in cash, it being understood that each shareholder may choose one of these options only.

Pursuant to Article L. 232-19 of the French Commercial Code, the issue price of each share used to pay the whole of the dividend or the part equal to €1.25 per share, as applicable, will be equal to a price corresponding to a minimum of 90% of the average listed price of

Kaufman & Broad stocks on Euronext Paris in the 20 trading sessions preceding the Shareholders' Meeting, minus the net amount of the dividend referred to in the second resolution, rounded up to the nearest euro cent. The new shares thus issued will vest immediately, entitling holders to any dividend distribution 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 13, 2020 and end on June 5, 2020 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 will receive the dividend payable to them in cash. The dividend will be paid out on June 12, 2020; on the same date, the shares will be delivered to those shareholders opting for payment in shares of the whole of the dividend or the part equal to €1.25 per share, as applicable.

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.

6

RECENT DEVELOPMENTS AND OUTLOOK

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6.1. Markets

In the long term over the course of the next decade, it is expected that the new housing market in which Kaufman & Broad operates will continue to be driven by economic, social and demographic factors such as:

- expected demographic growth of more than 8 million people by 2050, which would increase the French population to 74 million. This growth is mainly due to the percentage of persons aged over 65, which is expected to grow by 8.6 million over the period, to represent 27% of the population compared to 17% today. The share of persons aged 75 years and over is expected to see even sharper growth, reaching 16.4% of the population in 2050, up from 9.0% currently. Indeed, this figure is expected to top 18% in more than half the regions of mainland France;
- the ongoing phenomenon of population concentration in the main metropolitan areas, to the detriment of rural areas;
- the adaptation of the existing building stock, made necessary by climatic constraints and more stringent environmental standards.

For all these reasons, demand should continue to grow over the long term and supply will probably need adjusting in order to meet it.

However, in view of the recent developments in the current public health crisis and its impacts on general economic activity, Kaufman & Broad has suspended the annual targets it announced at the end of January. Kaufman & Broad will put forward new 2020 targets [and will report on its business outlook] as soon as the general situation makes it reasonable to make a forecast for the remainder of the fiscal year.

Kaufman & Broad takes very seriously its responsibilities to its workforce, whose safety and health must be assured, as well as its responsibilities to its customers, for whom continuity of service is being maintained wherever possible, and all of its suppliers, whose ability to get through

this crisis is crucial if we are to restart building work quickly once it becomes possible to do so.

In this difficult period whose end point is currently unknown, Kaufman & Broad is keeping costs, working capital and capital expenditure under control, while also relying in particular on two fundamental parameters:

- zero net debt, which gives us an extremely sound financial structure, characterized on February 29, 2020 by:
 - a high level of available and mobilizable liquidity (€412.5 million);
 - gross debt with an average time to maturity of over four years;
 - consolidated equity of €308.8 million;
- growth indicators which will keep Kaufman & Broad going beyond the next few months:
 - an overall backlog at February 29, 2020 of €3.403 billion, of which €2.073 billion relates to Housing. The backlog is a summary of the position today which enables us to estimate how much revenue remains to be recognized in the future – bearing in mind that the conversion of backlog into revenue contains an element of uncertainty, particularly as regards orders that have not yet been contractually agreed and projects that have not yet received final administrative permits (around 40% for Housing and 85% for Commercial),
 - a Housing property portfolio at a historic high of 33,429 lots at the end of February 2020. The Housing property portfolio represents all land for which a commitment (such as contract for sale) has been signed.

Kaufman & Broad will continue to follow developments in the public health situation closely over the course of the coming weeks and will inform the market of the effects on its activities as and when required.

6.2. First-Quarter Results 2020

A sound financial position amid the current public health crisis

Suspension of 2020 targets

Key features of the first-quarter results at February 29, 2020 are as follows:

- total backlog of €3,403.3 (excl. VAT), 51.6% higher than Q1 2019, and a rise in the Housing property portfolio to 33,429 lots, 8.2% up on Q1 2019;
- gross margin ratio of 19.1% and EBIT ratio of 8.5%;
- no net debt and a financing capacity of €412.5 million.

Given the current public health crisis, the Board of Directors has decided to:

- bring forward publication of the first-quarter results for 2020;
- suspend the annual targets previously announced for 2020.

Sales activity

Housing

In Q1 2020, in value terms, housing orders totaled €326.5 million incl. VAT, a reduction of 8.6% compared with 2019. By volume, 1,482 units were ordered, a 16.3% decrease compared with 2019.

The take-up period for projects was 6.8 months over the quarter, a 1.3 month reduction compared with 2019 (5.5 months).

The property supply, with 96% of projects located in high-demand, low-supply areas (A, A-bis, and B1), totaled 3,359 units at the end of February 2020 (3,261 units at end February 2019).

Breakdown of the customer base

Orders from first-time buyers accounted for 9% of sales in volume terms, while those from second-time buyers accounted for 5%. Orders from investors accounted for 49% of sales (36% for the Pinel scheme alone), while block sales accounted for 37%, of which more than 30% is managed housing (tourism, student, business, or senior).

Commercial

In Q1 2020, the Commercial segment recorded net orders of €1,075.0 million incl. VAT (versus €113.8 million incl. VAT at the end of February 2018).

Kaufman & Broad is currently at the marketing or design stage for some 155,000 sq.m of office space and 74,500 sq.m of logistics and industrial space, as well as just under 115,000 sq.m for which a final deed of sale has not yet been signed.

It is also currently building around 73,000 sq.m of office space and 36,000 sq.m of logistics space.

Leading sales and development indicators

As of February 29, 2020, the Housing backlog totaled €2,073.2 million (excl. VAT), equivalent to 18.6 months of business activity (versus €1,975.3 million at the end of February 2019). Kaufman and Broad had 181 home programs on the market at the same date, representing 3,359 housing units, compared with 194 programs representing 3,261 housing units at the end of February 2019.

The housing property portfolio represents 33,429 units, up 8.2% compared with the end of February 2019, corresponding to potential revenue of nearly four years of business.

The Commercial backlog stood at €1,330.0 million (excl. VAT) at the end of February 2020.

Financial results

Business volumes

Total revenue was €299.2 million (excl. VAT), down 8.8% compared with 2019. Shutdowns at the majority of sites in Île-de-France at the time

of the transport strikes had an estimated impact of around €15 million (excl. VAT) on quarterly revenue.

Housing revenue was €272.2 million (excl. VAT), representing 91.0% of the group's revenue, compared with €286.0 million (excl. VAT) or 87.2% in 2019.

Revenue from the Apartments business was down 7.8% compared with 2019, and amounted to €245.9 million (excl. VAT).

Commercial revenue was €25.2 million (excl. VAT), compared with €41.0 million (excl. VAT) in 2019.

The other businesses generated revenue of €1.8 million (excl. VAT), compared with €1.1 million in 2019.

Profitability highlights

Gross margin for Q1 2020 was €57.1 million, lower than the figure achieved in 2019. The gross margin ratio was 19.1%, which was lower than that for Q1 2019 (20.2%).

Current operating expenses were €31.7 million (10.6% of revenue), compared with €35.6 million for 2019 (10.9% of revenue).

Current operating profit was €25.4 million, compared with €30.6 million in 2019. The current operating margin ratio was 8.5%, compared with 9.3% in 2019.

Attributable net income for 2020 was €13.2 million, 8.1% lower than in February 2019.

Financial structure and liquidity

The net cash position was €9.2 million on February 29, 2020 (excluding the effect of lease obligations under IFRS 16), compared with net cash of €56.0 million at November 30, 2019. Cash assets (available cash and investment securities) amounted to €162.5 million, compared with €208.1 million at November 30, 2019.

The group's financing capacity was €412.5 million (€458.1 million at November 30, 2019).

The Working Capital Requirement was €215.6 million (14.9% of revenue), compared with €150.1 million at November 30, 2019 (10.3% of revenue). The increase is due to the delay in calls for funds on operations in the Île-de-France following the transport strike. If this effect were excluded, the Working Capital Requirement would be in the 11-13% range.

2020 outlook

Regarding the outlook for the 2020 fiscal year as a whole, Kaufman & Broad has decided to suspend the annual targets announced at the end of January, on account of the current public health crisis. Kaufman & Broad will put forward new 2020 targets as soon as the general situation makes it reasonable to make a forecast for the remainder of the fiscal year.

Kaufman & Broad will continue to follow developments in the public health situation closely over the course of the coming weeks and will inform the market of the effects on its activities as and when required.

Appendices

Financial data

Key consolidated data

€ thousands	Q1 2020	Q1 2019 restated***
Revenue	299,214	328,074
Housing	272,159	286,015
Commercial	25,197	41,010
Other	1,858	1,049
Gross margin	57,098	66,172
Gross margin rate (%)	19.1%	20.2%
Current operating income	25,354	30,563
Current operating margin (%)	8.5%	9.3%
Attributable net income	13,198	14,363
Attributable net earnings per share (€/share)**	0.60	0.66

** Based on the number of shares that make up Kaufman & Broad SA's share capital, i.e. 21,864,074 shares at February 28, 2019 and 22,088,023 shares at February 29, 2020.

*** Restatement following the end of the capitalization of financing costs following the change in interpretation of the IAS 23 standard and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

Consolidated income statement*

€ thousands	Q1 2020	Q1 2019 restated***
Revenue	299,214	328,074
Cost of sales	242,116	261,902
GROSS MARGIN	57,098	66,172
Selling expenses	(4,887)	(7,597)
Administrative expenses	(13,351)	(14,588)
Technical and customer service expenses	(5,386)	(5,407)
Development and program expenses	(8,121)	(8,017)
CURRENT OPERATING INCOME	25,354	30,563
Other non-recurring income and expenses	0	0
OPERATING INCOME	25,354	30,563
Cost of net financial debt	(2,579)	(2,878)
Other financial income and expense	0	0
Income tax	(4,671)	(10,234)
Share of income (loss) of equity affiliates and joint ventures	190	964
INCOME (LOSS) OF THE CONSOLIDATED GROUP	18,294	18,416
Minority interests	5,095	4,054
ATTRIBUTABLE NET INCOME	13,198	14,363

* Not approved by the Board of Directors and not audited.

*** Restatement following the end of the capitalization of financing costs following the change in interpretation of the IAS 23 standard and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

Consolidated balance sheet*

Assets

€ thousands	Feb. 29, 2020	Nov. 30, 2019 restated***
Goodwill	68,661	68,661
Intangible assets	91,378	91,209
Property, plant and equipment	5,298	5,976
Right-of-use assets (IFRS 16)	20,271	-
Equity affiliates and joint ventures	8,527	5,929
Other non-current financial assets	1,890	1,756
Deferred tax assets	4,002	4,002
NON-CURRENT ASSETS	200,028	177,533
Inventories	475,607	455,976
Accounts receivable	502,238	511,907
Other receivables	211,473	211,501
Cash and cash equivalents	162,541	208,102
Prepaid expenses	638	1,435
CURRENT ASSETS	1,352,498	1,388,921
TOTAL ASSETS	1,552,526	1,566,454

Equity and liabilities

€ thousands	Feb. 29, 2020	Nov. 30, 2019 restated***
Share capital	5,743	5,743
Additional paid-in capital	276,753	198,527
Attributable net income	13,198	77,890
ATTRIBUTABLE SHAREHOLDERS' EQUITY	295,694	282,160
Non-controlling equity interests (balance sheet)	13,072	10,953
SHAREHOLDERS' EQUITY	308,766	293,113
Non-current provisions	38,715	37,706
Non-current financial liabilities (maturing in > 1 year)	148,979	148,900
IFRS 16 lease obligations (maturing in > 1 year)	13,050	-
Deferred tax liabilities	55,320	50,346
NON-CURRENT LIABILITIES	256,063	236,952
Current provisions	2,651	2,529
Other current financial liabilities (maturing in < 1 year)	4,393	3,189
IFRS 16 lease obligations (maturing in < 1 year)	6,344	-
Accounts payable	877,865	907,498
Other payables	96,277	123,047
Deferred income	167	126
CURRENT LIABILITIES	987,697	1,036,389
TOTAL LIABILITIES	1,552,526	1,566,454

* Not approved by the Board of Directors and not audited.

*** Restatement following the end of the capitalization of financing costs following the change in interpretation of the IAS 23 standard and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

Operational data

	Q1 2020	Q1 2019
Housing		
Revenue (€ million, excluding VAT)	272.2	286.0
Of which apartments	245.9	266.7
Of which single family homes in communities	26.3	19.3
Deliveries (EHUs)	1,480	1,473
Of which apartments	1,372	1,408
Of which single family homes in communities	108	65
Net orders (number)	1,482	1,771
Of which apartments	1,440	1,675
Of which single family homes in communities	42	96
Net orders (€ million, including VAT)	326.5	357.4
Of which apartments	313.9	325.5
Of which single family homes in communities	12.6	31.8
Property supply at end of period (in number)	3,359	3,261
End-of-period backlog		
In value terms (€ million, excluding VAT)	2,073.2	1,975.3
Of which apartments	1,978.2	1,846.6
Of which single family homes in communities	95.0	128.6
In months of business	18.6	18.3
End-of-period land reserve (number)	33,429	30,900
	Q1 2020	Q1 2019
Commercial		
Revenue (€ million, excluding VAT)	25.2	41.0
Net orders (€ million, including VAT)	1,075.0	113.8
End-of-period backlog (€ million, excluding VAT)	1,330.0	270.0



7

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

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7.1. Person responsible for the Universal Registration Document

Mr. Nordine Hachemi

Chairman and Chief Executive Officer of Kaufman & Broad SA

7.2. Declaration by the person responsible for the Universal Registration Document

I declare, after making all reasonable inquiries for this purpose, that the information contained in this Universal 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 10.7.) 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.

Neuilly-sur-Seine, March 31, 2020

The Chairman and Chief Executive Officer

7.3. Person responsible for financial communications and investor relations

Mr. Bruno Coche

Chief Financial Officer

Kaufman & Broad SA

127, avenue Charles-de-Gaulle

92207 Neuilly-sur-Seine Cedex

Telephone: + 33 (0) 1 41 43 43 43

Fax: + 33 (0) 1 41 43 46 64

E-mail: infos-invest@ketb.com

Website: www.kaufmanbroad.fr

The group's financial statements are reviewed twice yearly by the Statutory Auditors, who conduct a full audit of the annual results and a review of the half-year results. Estimated financial results are published quarterly.

The publication timetable is as follows:

- Q1 results, March 19, 2020 after market close;
- H1 results, July 9, 2020 after market close;
- Q3 results, September 30, 2020 after market close;
- FY2020 results, in January 2021.

(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 Universal 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 2017 Registration Document, the French version of which was filed with the AMF on March 29, 2018 under reference No. D.18-0226;
- the financial information presented in Sections 2.1., 2.2. and 1.1.2.1. of the 2017 Registration Document, the French version of which was filed with the AMF on March 29, 2018 under reference No. D.18-0226.

- 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 2018 Registration Document, the French version of which was filed with the AMF on March 29, 2019 under reference No. D.19-0228;
- the financial information presented in Sections 2.1., 2.2. and 1.1.2.1. of the 2018 Registration Document, the French version of which was filed with the AMF on March 29, 2019 under reference No. D.19-0228.

Items in the above documents that have not been incorporated by reference are either of no relevance to the investor or are covered elsewhere in the Universal Registration Document.

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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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

Tour Maunga, Floor M28 - 6 place de la Pyramide, 92908 Paris-La Défense, represented by Ms. 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 4.1.5. "Notes to the financial statements", Note 10. "Statutory Auditors' fees" to the Consolidated Financial Statements for the year ended November 30, 2019, within Chapter 4.1. "Consolidated Financial Statements at November 30, 2019" of this Universal Registration Document.



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9.1. Agenda and Resolutions of the Shareholders' Meeting of May 5, 2020

Combined Ordinary and Extraordinary Shareholders' Meeting of May 5, 2020

AGENDA

Resolutions submitted to Ordinary Shareholders' Meetings

- review and approval of the statutory financial statements for the fiscal year ended November 30, 2019;
- appropriation of earnings for the fiscal year ended November 30, 2019;
- option of payment in shares of all or part of the dividend for the fiscal year ended November 30, 2019;
- review and approval of the Consolidated Financial Statements for the fiscal year ended November 30, 2019;
- review and approval of agreements subject to Article L. 225-38 of the French Commercial Code;
- approval of the compensation policy for the Chairman and Chief Executive Officer;
- approval of the compensation policy for the directors;
- approval of the payment of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the year ended November 30, 2019 or awarded to the Company's Chairman and Chief Executive Officer for the same fiscal year;
- approval of information mentioned in Article L. 225-37-3 I. of the French Commercial Code;
- ratification of the co-optation of André Martinez as director;
- authorization to be granted to the Board of Directors, for a period of 18 months, for the Company to buy back its own shares.

Resolutions submitted to Extraordinary Shareholders' Meetings

- authorization to be granted to the Board of Directors, for a period of 26 months, to cancel shares held by the Company following the buyback of its shares;
- delegation of authority to be granted to the Board of Directors, for a period of 26 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) up to a maximum amount of 3% of the share capital;
- authorization to be granted to the Board of Directors, for a period of 38 months, to award bonus shares to be issued or already issued to employees and/or executive corporate officers of the Company and related entities;
- amendment of Article 10 bis of the bylaws;
- amendment of the bylaws - insertion of an Article 10 ter;
- amendment of Article 24 of the bylaws relating to the dividends - introduction of a loyalty dividend.

Resolution submitted to the Ordinary Shareholders' Meeting

- powers to complete formalities.

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, 2019)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements 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, 2019, which include the balance sheet, income statement and accompanying notes as submitted by the Board of Directors, as well as the transactions reflected in these financial statements and summarized in the aforementioned reports, which show a net income of €91,362,350.91.

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, 2019.

SECOND RESOLUTION

(Appropriation of earnings for the fiscal year ended November 30, 2019)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements 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, 2019:

• in the amount of	€91,362, 350.91
• plus retained earnings in the amount of	€283,214,241.44
• namely, a total of	€374,576,592.35
• for the distribution of a dividend of	€55,220,057.50
• the balance, namely	€319,356, 534.85

will be allocated to retained earnings, which accordingly will increase from €283,214,241.44 to €319,356,534.85.

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 €2.50. This dividend will be paid out no later than June 30, 2020.

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
2016	€1.85/share	yes
2017	€2.10/share	yes
2018	€2.50/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 all or part of the dividend for the fiscal year ended November 30, 2019)

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 as payment of the dividend for the year ended on November 30, 2019, the option of either (i) payment of all the dividend in cash, (ii) payment of all of the dividend in new shares of the Company, or (iii) the payment of the part corresponding to half of the dividend (equal to €1.25 per share) in new shares, with the other half paid in cash, it being understood that shareholders are entitled to only one of these options.

Pursuant to Article L. 232-19 of the French Commercial Code, the issue price of each share used to pay all or part of the dividend of €1.25 per share, depending on the case, will be equal to a price corresponding to a minimum of 90% of the average listed price of Kaufman & Broad shares on Euronext Paris in the 20 trading sessions preceding the Shareholders' Meeting, minus the net amount of the dividend referred to in the second resolution, rounded up to the nearest euro cent. The new shares thus issued will vest immediately, entitling holders to any dividend distribution 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 13, 2020 and end on June 5, 2020 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 will receive the dividend payable to them in cash. The dividend will be paid out on June 12, 2020; on the same date, the shares will be delivered to those shareholders opting for payment in shares of all or part of the dividend of €1.25 per share payable to them, depending on the case.

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 the completion of the capital increase;
- 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, 2019)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements 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, approves the Consolidated Financial Statements for the fiscal year ended November 30, 2019, 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 €76,272,000.

FIFTH RESOLUTION

(Review and approval of agreements referred to in Article L. 225-38 et seq. of the French Commercial Code)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, and after a reading of the special report of the Statutory Auditors on the agreements referred to in Articles L. 225-38 and L. 225-40 to L. 225-42 of the French Commercial Code, approves all the provisions of this report and notes that no new agreement was entered into in the fiscal year ended November 30, 2019.

SIXTH RESOLUTION

(Approval of the compensation policy for the Chairman and Chief Executive Officer)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors on Corporate Governance prepared in accordance with Article L. 225-37 of the French Commercial Code, describing the components of the compensation policy for corporate officers, approves, in accordance with Article L. 225-37-2 II of the French Commercial Code, the compensation policy for the Chairman and Chief Executive Officer of the Company, as presented in Section 2.1 of the aforementioned report, included in Section 9.5 of the Company's 2019 Universal Registration Document.

SEVENTH RESOLUTION

(Approval of the compensation policy for the directors)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, describing the components of the compensation policy for corporate officers, approves, in accordance with Article L. 225-37-2 II of the French Commercial Code, the compensation policy for the directors, as presented in Section 2.1 of the aforementioned report, included in Section 9.5 of the Company's 2019 Universal Registration Document.

EIGHTH RESOLUTION

(Approval of the payment of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the year ended November 30, 2019 or awarded to the Company's Chairman and Chief Executive Officer for the same fiscal year)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the previous fiscal year, or awarded, by reason of his office, to the Company's Chairman and Chief Executive Officer, as presented in paragraph 2.2.1 of the aforementioned report, included in Section 9.5 of the Company's 2019 Universal Registration Document.

NINTH RESOLUTION

(Approval of information mentioned in Article L. 225-37-3 I of the French Commercial Code)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 225-100 II of the French Commercial Code, the information mentioned in Article L. 225-37-3 I of the French Commercial Code as presented in the aforementioned report, included in Section 9.5 of the Company's 2019 Universal Registration Document.

TENTH RESOLUTION

(Ratification of the co-optation of André Martinez as director)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to ratify the co-optation, by the Board of Directors of January 29, 2020, of André Martinez as director, replacing Frédéric Stévenin, who has resigned, for the remainder of Frédéric Stévenin's term of office, i.e. until the Ordinary Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2020.

ELEVENTH RESOLUTION

(Authorization to be granted to the Board of Directors, for a period of 18 months, for the Company to buy back its own shares)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements 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 to have the Company purchase its own shares.

This authorization may be used to:

- stimulate the market or the liquidity of the Company's shares through an investment service provider under a liquidity agreement in accordance with market practice accepted by the French Financial Markets Authority (AMF) on July 2, 2018;
- acquire shares to be held and subsequently delivered in payment or exchanged as part of corporate acquisition transactions;
- award or transfer shares to employees and/or corporate officers (on the terms and in the manner provided for by law) in particular as part of a stock option plan, a bonus share award plan or a Company savings plan;
- award 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;
- potentially cancel the shares acquired, subject to adoption of the twelfth 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 the 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.

The Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer aimed at the Company's shares until the end of the offer period.

The Shareholders' Meeting sets the maximum number of shares that may be acquired under this resolution at 10% of share capital, adjusted for transactions made after this meeting that may affect the capital, it being specified that (i) under this authorization, the number of treasury shares must be taken into consideration so that the Company remains consistently within the limit of the number of treasury shares owned, equal to a maximum of 10% of the share capital; and (ii) 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 €132,528,138 and resolves that the maximum purchase price may not exceed €60 per share.

In the event of a capital increase through capitalization of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of this authorization, or in the event of a stock split or reverse stock split, the Shareholders' Meeting delegates to the Board of Directors the authority to adjust, if necessary, the maximum purchase price per share referred to above to take into account the impact of such transactions on the value of the stock.

The Shareholders' Meeting grants full authority to the Board of Directors, with the option to delegate this authority under the terms provided for by law, to:

- resolve to implement this authorization;
- set the terms and conditions the observance of which ensure, if necessary, the preservation of the rights of bearers of securities convertible into equity capital, stock warrants or stock options, or rights to allocation of performance shares, in compliance with legal, regulatory or contractual provisions;
- place any stock market order and 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 authorization is granted for a period of 18 months from the date of this Shareholders' Meeting.

It replaces the authorization previously granted by the Shareholders' Meeting of May 2, 2019 in its fifteenth resolution.

Resolutions submitted to Extraordinary Shareholders' Meetings

TWELFTH RESOLUTION

(Authorization to be granted to the Board of Directors, for a period of 26 months, to cancel shares held by the Company following the buyback of its shares)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special

report of the Statutory 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 part of the shares of the Company that the Company holds or may hold under the aforementioned Article L. 225-209 and to reduce the share capital by the total nominal amount of the shares thus canceled, up to a maximum of 10% of the share capital per 24-month period, adjusted for any capital increases subsequent to this Shareholders' Meeting affecting the share capital.

The Shareholders' Meeting grants the Board of Directors full powers to carry out capital reductions, deduct the difference between the repurchase price of the canceled shares and their nominal value from any reserves or premiums, amend the bylaws accordingly, reallocate the portion of the legal reserve that has become available as a result of the capital reduction, make any declarations to the AMF, and complete any other formalities and, generally, do whatever is necessary.

This authorization is granted for a period of twenty-six months from the date hereof.

It replaces the authorization previously granted by the Shareholders' Meeting of May 2, 2019 in its sixteenth resolution.

THIRTEENTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 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) up to a maximum amount of 3% of the share capital)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements 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 Articles L. 225-129-2, L. 225-138, and 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:

- delegates to the Board of Directors, with the option of sub-delegation, its authority to (i) increase, on one or several occasions, the Company's share capital by issuing shares and/or equity securities 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 securities convertible into Company shares 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;
- resolves that the number of shares that may result from all the shares issued under this delegation of authority, including those resulting from shares or securities convertible into shares 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 3% of capital. 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 holders of securities convertible into Company shares;

- 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 30%; 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 fully or partially compensate for this maximum discount of 30% by awarding bonus shares and/or securities convertible into shares and that (ii) the issue price of securities convertible into shares will be determined in accordance within Article L. 3332-21 of the French Labor Code;
- 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 securities convertible into Company shares that may be issued under this delegation of authority and to waive all rights to the shares and securities convertible into shares that may be awarded as bonus shares under this resolution;
- delegates all powers to the Board of Directors, with the option of sub-delegation under the conditions provided for by law, 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 Company Savings Plan(s), by establishing or amending their regulations,
 - set the opening and closing dates for subscriptions and the issue price of the securities,
 - award, within the limits set in Article L. 3332-18 et seq. of the French Labor Code, the bonus shares or securities convertible into shares 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 share capital and of issuance of other securities convertible into shares 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 one-tenth 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 authorization supersedes the delegation of authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its twenty-fifth resolution.

FOURTEENTH RESOLUTION

(Authorization to be granted to the Board of Directors, for a period of 38 months, to award bonus shares to be issued or already issued to employees and/or executive corporate officers of the Company and related entities)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements 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, bonus shares in the Company to be issued or already issued to the employees or executive corporate officers of the Company and its related French and foreign companies or intercompany partnerships, under the terms and conditions set out 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 authorization at thirty-eight (38) months from the date of this Shareholders' Meeting;
 - duly notes that if the award relates to shares to be issued, this authorization automatically entails, for the benefit of the beneficiaries of the bonus shares, the shareholders' waiver of their preferential subscription rights.

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 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 (4) of the French Commercial Code, the Board of Directors is 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 share 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 terminates the authority granted to the Board of Directors under the twenty-sixth resolution of the Shareholders' Meeting of May 2, 2019 to award new or existing bonus shares to employees and/or executive corporate officers of the Company.

FIFTEENTH RESOLUTION

(Amendment of Article 10 bis of the Company bylaws)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors, decides to amend Article 10 bis of the bylaws entitled "Director representing employee shareholders" given the breach of the 3% threshold of the capital held by employees of the Company and its affiliates, calculated in accordance with Article 225-102 of the French Commercial Code, it being understood that the term of office of the director appointed under Article 10 bis currently in place will continue until its expiry.

Article 10 bis of the bylaws will henceforth be written as follows:

Article 10 bis - Director representing employee shareholders

"When, at the end of a fiscal year, the percentage of share capital held by the employees of the Company and its affiliates within the meaning of Article L. 225-180 of the French Commercial Code, established pursuant to Article L. 225-102 of the French Commercial Code, represents more than 3% of the Company's share capital, a director representing the employee shareholders shall be elected by the Shareholders' Meeting on the proposal of the employee shareholders.

The candidate is elected from among all employee shareholders. To this end, a call for candidates is carried out among employee shareholders. All applications are then submitted to consultation with the employee shareholders in order to designate the candidate presented to the Shareholders' Meeting. When the voting rights attached to the shares are exercised directly by employee shareholders, they are voted on individually, each employee shareholder having a number of votes equal to the number of shares he or she holds. When the shares are held in a company mutual fund governed by Article L. 214-165 of the French Monetary and Financial Code, for which the voting rights attached to the shares are exercised by the Supervisory Board, the vote is cast by the Supervisory Board for all the unit holders of the fund. The candidate

presented to the Shareholders' Meeting is the one who receives the highest number of votes.

The duration of his/her duties shall be three years.

The member of the Board of Directors thus appointed shall be subject to all the legal and regulatory provisions applicable to the members of the Board of Directors. He/she shall not be bound by the obligation to own at least one share for the duration of his/her term of office, stipulated in Article 10(3). He/she is not taken into account for determining the minimum and maximum number of directors provided for in Article L. 225-17 of the French Commercial Code, nor for the application of the first paragraph of Article L. 225-18-1 of the French Commercial Code.

His or her term of office shall expire automatically and the member of the Board of Directors representing employee shareholders shall be deemed to have resigned automatically in the event of termination of his or her employment contract. The Board of Directors may meet and take valid decisions until the vacancy has been filled.

The provisions of Article 10 bis of the bylaws shall cease to apply when, at the end of a fiscal year, the percentage of share capital held by the employees of the Company and its affiliates within the meaning of Article L. 225-180 of the French Commercial Code, established pursuant to Article L. 225-102 of the French Commercial Code, represents less than 3% of the Company's share capital, it being specified that the term of office of any director appointed pursuant to Article 10 bis shall continue until its term."

SIXTEENTH RESOLUTION

(Amendment of the bylaws - insertion of an Article 10 ter)

In accordance with Article L. 225-23 of the French Commercial Code, and taking into account the draft fifteenth resolution relating to the amendment of Article 10 bis of the bylaws, the Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors, is invited to vote on the draft resolution adding to the bylaws the new Article 10 ter entitled "Director representing employees", it being understood that the implementation of this provision will become effective only once the Company meets the conditions set forth in Article L. 225-27-1 of the French Commercial Code. Article 10 ter of the bylaws will henceforth be written as follows:

Article 10 ter --Director representing employees

"When the conditions required by Article L. 225-27-1 of the French Commercial Code are met, one or two directors representing the employees shall be appointed by election from among the employees of the Company and its direct or indirect subsidiaries whose registered office is located on French territory.

A director is appointed pursuant to Article 10 ter if the number of members on the Board of Directors at the time of appointment is less than or equal to eight. A second director is appointed pursuant to Article 10 ter if the number of members on the Board of Directors at the time of appointment is greater than eight. The director appointed pursuant to Article 10 bis of the bylaws or this Article 10 ter shall not be taken into account in assessing this threshold of eight members.

The election is organized within a single electoral college, under the conditions provided for in Article L. 225-28 of the French Commercial Code.

The terms and conditions of the election not specified by the legal and regulatory provisions or these bylaws shall be determined by the Company's executive management.

Upon the initial implementation of Article 10 ter of the bylaws, the election schedule shall be established in such a way that the results of the election can be announced before expiry of the six-month period from the end of the fiscal year in which the Company entered the scope of Article L. 225-27-1 of the French Commercial Code.

The duration of duties shall be three years.

The members of the Board of Directors appointed pursuant to Article 10 ter shall be subject to all the legal and regulatory provisions applicable to the members of the Board of Directors. He/she shall not be bound by the obligation to own at least one (1) share for the duration of his/her term of office, stipulated in Article 10(3). Furthermore, they are not taken into account for determining the minimum and maximum number of directors provided for in Article L. 225-17 of the French Commercial Code, nor for the application of the first paragraph of Article L. 225-18-1 of the French Commercial Code.

The term of office shall expire automatically and the member of the Board of Directors representing employees shall be deemed to have resigned automatically in the event of termination of his or her employment contract. The Board of Directors may meet and take valid decisions until the vacancy has been filled.

The provisions of this Article 10 ter shall cease to apply when, at the close of a fiscal year, the Company no longer meets the criteria provided for in Article L. 225-27-1 of the French Commercial Code, it being understood that the term of office of the directors in office at that time shall continue until its expiry."

SEVENTEENTH RESOLUTION

(Amendment of Article 24 of the bylaws relating to the dividends – introduction of a loyalty dividend)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors, resolves to introduce an increase in the dividend for the benefit of any shareholder who, at the end of a fiscal year, has held registered shares for at least two years and continues to do so on the date of payment of the dividend paid in respect of that fiscal year, and to amend Article 24 of the bylaws accordingly, as follows:

Article 24 – Dividends

"1- The balance of the distributable income, after retained earnings or allocation to one or more general or special reserve funds, if applicable, is distributed among all shareholders, each share giving the right to the same distribution.

However, any shareholder who, at the end of a fiscal year, has held registered shares for at least two years and continues to do so on the date of payment of the dividend paid for that fiscal year, shall benefit from an increase in the dividend due to the shares thus registered, equal to 10% of the dividend paid to the other shares, including in the case of payment of the dividend in new shares, the dividend thus increased being, if necessary, rounded down to the nearest cent.

The new shares thus created will be assimilated, for the calculation of the rights to the loyalty dividend and increased allocations, to the old shares from which they are derived.

The number of shares eligible for these increases may not exceed, for any one shareholder, 0.5% of the share capital at the end of the previous fiscal year.

In the event of payment of the dividend in shares under the conditions of 2 below, as in the event of a distribution of bonus shares, all such shares shall be immediately assimilated to the shares previously held by the shareholder for the benefit of the loyalty dividend or the distribution of bonus shares.

The provisions of this paragraph shall apply for the first time for the payment of the dividend to be distributed in respect of the fiscal year ended November 30, 2022, set by the Annual Shareholders' Meeting to be held in 2023.

2- The Shareholders' Meeting called to approve the financial statements for the fiscal year may allocate each shareholder, for all or part of the dividend to be distributed, an option of receiving payment of the dividend in cash or in shares.

The Board of Directors may, subject to the applicable laws and regulations, distribute an interim dividend in cash or in shares, even during the fiscal year."

Resolution submitted to the Ordinary Shareholders' Meeting

EIGHTEENTH RESOLUTION

(Powers to complete formalities)

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.

APPENDIX TO THE REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Kaufman & Broad SA

Internal Charter on related-party agreements and commitments and on the procedure for assessing current agreements entered into under normal conditions

This charter (the “**Charter**”) is part of (i) the regulations applicable to unregulated and related-party agreements and commitments set forth in Articles L. 225-38 et seq. of the French Commercial Code as in force following Law No. 2019-486 of May 22, 2019 relating to the growth and transformation of companies (the “Pacte Law”) and Order No. 2019-1234 dated November 27, 2019 relating to the compensation of corporate officers of listed companies, and (ii) the recommendation of the *Autorité des Marchés Financiers* (the “**AMF**”) No. 2012-05 of July 2, 2012, as amended on October 5, 2018 (the “**AMF Recommendation**”). The

Charter was approved by the Board of Directors of Kaufman & Broad SA (“**KB SA**”) on February 27, 2020 and is included in KB SA's Corporate Governance report, available on its website (www.kaufmanbroad.fr) and included in KB SA's Universal Registration Document.

The purpose of the Charter is to describe, in accordance with the provisions of Article L. 225-37-4 of the French Commercial Code, the procedure implemented by KB SA within the group (as defined below) in application of the provisions of Article L. 225-39 of said Code, making it possible to regularly assess whether agreements relating to current operations and entered into under normal conditions do indeed meet these conditions.

The Charter applies to KB SA and its subsidiaries subject to the regulations on related-party agreements (together the “group”).

1. Reminder of applicable regulations

As a preliminary remark, it is noted that, in accordance with the provisions of Article L. 225-38 of the French Commercial Code, the following are subject to the prior authorization of the Board of Directors: related-party agreements, agreements entered into between, on the one hand, the Company and, on the other hand, (i) directly or through an intermediary, its Chief Executive Officer, one of its directors, one of its shareholders holding more than 10% of the voting rights or, in the case of a corporate shareholder, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, or (ii) an entity having common corporate officers with the company. Agreements in which one of the persons referred to in (i) above has an indirect interest also constitute related-party agreements. These agreements, referred to as “related-party agreements”, are then submitted to the Shareholders' Meeting for subsequent approval in accordance with the provisions of Article L. 225-40 of the French Commercial Code.

On the other hand, in accordance with the provisions of Article L. 225-39 of the French Commercial Code, agreements relating to current operations and entered into under normal conditions and agreements entered into between a company and its wholly-owned direct or indirect subsidiary do not require a prior authorization procedure by the Board of Directors or approval by the Shareholders' Meeting.

Lastly, pursuant to the provisions of Article L. 225-43 of the French Commercial Code, the conclusion of certain agreements is prohibited, otherwise they shall be made void, in particular loans, overdrafts on current accounts or other, guarantees or endorsements, entered into with or for the benefit of any director (other than a legal entity), the Chief Executive Officer and representatives of legal entities that are directors of the said company, as well as the spouses, ascendants and descendants of the aforementioned directors and any intermediary.

2. Practice of agreements within the group

2.1 Criteria used to define an agreement relating to current operations entered into under normal conditions

(a) Concept of current operation

The group assesses the concept of a current operation with regard to its conformity with the corporate purpose of the company concerned and the nature of the operation, which must be similar to others already carried out by the company.

Repetition and/or habit constitute a presumption of current nature but are nevertheless not in themselves decisive. The group also takes into account the circumstances of the conclusion of the agreement, its financial and legal consequences, its duration or the usual practices for companies in a similar situation.

(b) Concept of normal conditions

The group assesses the concept of normal conditions in the light of the conditions usually practiced by the Company in its relations with third parties, so that the party concerned does not derive from the operation an advantage that it would not have had if it had been a supplier or a customer of the Company.

It should also be ensured that the conditions applied are comparable to those of the same type of operations in other companies engaged in real estate development.

The normal nature of the conditions is assessed by reference to a market price or usual market conditions (within or outside the group) and to the general scheme of the contract, which invites consideration not only of the price itself but more generally of all the conditions under which the operation is concluded, such as payment deadlines or the granting of guarantees.

2.2 Typology of current agreements entered into under normal conditions within the group

The group considers that the following agreements constitute agreements relating to current operations entered into under normal conditions (as defined in paragraph 2.1(b) above):

- agreements with low financial stakes, provided that the agreement does not represent significant stakes for the co-contractors;
- agreements between group companies relating in particular to the following transactions, provided that these agreements (i) are concluded in the common economic, social or financial interest assessed in the light of a policy drawn up for the group as a whole, (ii) are not deprived of any counterparty or do not upset the balance between the respective commitments of the companies concerned and (iii) do not exceed the financial possibilities of the company bearing the cost:
 - agreements related to the group's real estate development activities, such as those relating to the construction of buildings (real estate development contracts, sales before completion), technical management and marketing, and all other ancillary agreements customary for this type of operation,
 - tax consolidation agreements for which the parent company provides for compensation in the event of the subsidiary's exit from the tax consolidation group,
 - the sale or loan of Company shares to a corporate officer in the performance of his duties,
 - loan and assistance agreements for the financing and re-invoicing of financial instruments,
 - lease or sublease agreements,
 - cash management operations and/or loans/current accounts/borrowings,
 - service agreements (particularly in the areas of human resources, insurance, trademark licensing, IT, management, communication, finance, legal, accounting and purchasing),
 - acquisitions and/or disposals of insignificant assets or securities.

The above list, which is not exhaustive and is for illustrative purposes only, has been drawn up on the basis of the agreements regularly entered into within the group to date and is intended to be supplemented as and when the group's practices change. In any event, the classification of the current nature of an agreement is assessed on a case-by-case basis, with the support of the group's legal department, if necessary, in conjunction with KBSA's Statutory Auditors.

2.3 Criteria used by the group to define a related-party agreement

The group considers that the prior authorization procedure for related-party agreements applies whenever an agreement is entered into between a company and one of the persons subject to the control procedure and does not constitute an unregulated or prohibited agreement, as defined above.

This procedure does not apply to merger-absorption, demerger and partial asset contribution transactions subject to the legal regime for demergers, between two companies with common corporate officers. Conversely, the contribution operation that is not subject to the legal regime for demergers must be subject to the procedure for related-party agreements at the transferring company but not at the receiving company, whose Shareholders' Meeting is consulted.

2.4 Specific regime applicable to executive compensation

The determination of the compensation of senior executives in respect of their term in office and the elements of compensation due on termination of their term of office are not subject to the procedure provided for in Article L. 225-38 of the French Commercial Code, but are the responsibility of the Board of Directors in accordance with Articles L. 225-47 and L. 225-53 of the French Commercial Code and, in the case of KBSA, a company whose shares are admitted to trading on a regulated market, to the approval of the Shareholders' Meeting, in accordance with the provisions of Articles L. 225-37-2 and L. 225-100 of the French Commercial Code ("Say on Pay" regime).

3 Procedures for assessing and monitoring agreements

3.1 Assessment procedure for current agreements entered into under normal conditions

(a) Prior information of the Board of Directors

In accordance with Article 14 of the Internal Rules of the KBSA Board of Directors, each director undertakes to inform the Chairman of the Board of Directors of the conclusion of any agreement relating to current operations and entered into under normal conditions which he/she has entered into or in which he/she is interested, within one month of its conclusion.

(b) Annual assessment by the Board of Directors

KBSA's Board of Directors has set up a procedure for the annual assessment of current agreements entered into under normal conditions.

As part of this assessment, the Board of Directors, which meets to examine the financial statements, reviews the criteria for determining current agreements entered into under normal conditions defined above to ensure that they are always appropriate and comply with market practice and, more particularly, analyses the normal nature of the financial terms and conditions of the agreements it assesses. Agreements that no longer meet these criteria, and are therefore reclassified as related-party agreements, are then submitted to the Board of Directors for approval, as described in paragraph 3.2 below.

In accordance with the provisions of Article L. 225-39 of the French Commercial Code, the persons directly or indirectly concerned by the agreement do not participate in its assessment.

3.2 Audit procedure for related-party agreements

(a) Prior information of the Board of Directors

In accordance with Article 14 of the Internal Rules of the KBSA Board of Directors and the provisions of Article L. 225-40 of the French Commercial Code, each director undertakes to inform the Chairman of the Board of Directors of any plans to enter into a related-party agreement, so as to enable the Board of Directors to be consulted in accordance with the provisions of Article L. 225-38 of the Commercial Code.

(b) Prior authorization granted by the Board of Directors

Any conclusion, amendment, renewal (including tacit renewal) and termination of related-party agreements must be subject to the prior authorization of the Board of Directors, in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Each related-party agreement is authorized by a special deliberation of the Board of Directors, it being specified that the persons directly or indirectly interested in the agreement do not participate in the deliberations nor in the vote on the authorization requested and the Board of Directors must also justify the interest of this agreement for the Company, particularly with regard to the financial conditions attached to it. Pursuant to Article R. 225-30 of the French Commercial Code, these reasons are submitted to the Statutory Auditors and are included in their report. An absence of reasons may lead the Statutory Auditors to point out this irregularity in their special report (Article L. 823-12 of the French Commercial Code) and to inform the AMF (Article L. 621-22 of the French Monetary and Financial Code).

KBSA may decide, in accordance with proposal No. 4.6 of the AMF Recommendation, to appoint an independent expert if the conclusion of a related-party agreement is likely to have a "very significant impact on the balance sheet or results of the company and/or the group".

This expertise will be mentioned in the special report of the Statutory Auditors and made public, subject, where applicable, to any elements that may infringe on business secrecy.

In the absence of prior authorization of related-party agreements, the group also ensures, in accordance with proposal No. 4.7 of the AMF Recommendation, that such agreements are ratified by the Board prior to their approval by the Annual Shareholders' Meeting, except in special cases where the directors are in a conflict of interest situation.

(c) Approval of related-party agreements by the Shareholders' Meeting

Related-party agreements are subject to the approval of the Shareholders' Meeting following their conclusion, it being specified that, in accordance with proposal No. 4.11 of the AMF Recommendation, the group submits any significant related-party agreement, authorized and concluded after the end of the fiscal year, to the approval of the next Meeting provided that the Statutory Auditors have had the opportunity to analyze these agreements and commitments within a period of time compatible with the issuance of their report.

In addition, in accordance with proposal No. 4.13 of the AMF Recommendation, the group ensures that the special report of the Statutory Auditors on related-party agreements is included in its Universal Registration Document, in order to allow a shareholder to quickly access the relevant information.

(d) Publication on the Kaufman & Broad SA website

In accordance with the provisions of Article L. 225-40-2 of the French Commercial Code, information on related-party agreements is published on the KBSA website no later than the time they are concluded. This information shall include in particular the nature of the relationship with the interested party, the name of the interested party and the date and value of the transaction concerned.

(e) Annual review of related-party agreements by the Board of Directors

In accordance with the provisions of Article L. 225-40-1 of the French Commercial Code, the Board of Directors is informed of and reviews each year all agreements and commitments entered into and authorized during previous years, the performance of which was continued during the last fiscal year, without, however, requiring a new authorization.

In this respect, it downgrades any agreement when its related-party nature has become irrelevant.

9.2. Report of the Board of Directors on Corporate Governance (Article L. 225-37 et seq. of the French Commercial Code)

1. Corporate Governance

See Section 3.1. “Members of the Company’s Administrative and Management Bodies”.

1.1. Corporate Governance Code

See Section 3.1.1.2.1. “Corporate Governance Code”.

1.2. Operating rules of the Board of Directors

1.2.1. Provisions governing the membership of the Board of Directors

See Section 3.1.1.2.2. “Provisions governing the membership of the Board of Directors”.

1.2.2. Other provisions of the bylaws and Internal Rules

See Section 3.1.1.2.3. “Other provisions of the bylaws and Internal Rules”.

1.2.3. Duties of the Board of Directors

See Section 3.1.1.2.5. “Duties of the Board of Directors”.

1.2.4. Duties and remit of the Lead Director

See Section 3.1.1.2.7. “Duties and remit of the Lead Director”.

1.2.5. Board of Directors’ meetings and proceedings

See Section 3.1.1.2.4. “Board of Directors’ meetings and proceedings”.

1.2.6. Independence of Directors

See Section 3.1.1.2.8. “Independence of Directors”.

1.2.7. Shares held by directors

See Sections 3.1.1.1. “Membership of the Board of Directors” (summary table) and 5.3.1. The Company’s shareholding structure at November 30, 2019 and change over three years (Table “Kaufman & Broad SA shares held by directors at February 29, 2020”).

1.2.8. Operation of the Board of Directors

See Sections 3.1.1.1. “Membership of the Board of Directors” and 3.1.1.2.11. Annual Assessment of the Board of Directors - 3.1.1.2.12.

“Meetings of the Board of Directors in 2019” and 3.1.1.2.13 “Description of the diversity policy within the Board of Directors within the meaning of Article L. 225-37-4 (6) of the French Commercial Code”.

1.2.9. Directors’ compensation (formerly “Directors’ fees”).

See Section 3.1.1.2.10. “Directors’ compensation (formerly “Directors’ fees”) allocated to Board members” and 3.2.1.1 “Compensation of members of the administrative bodies” (see table 3, AMF definitions).

1.3. Special committees of the Board of Directors

1.3.1. Audit Committee (membership at November 30, 2019, duties, operation, compensation of members, meetings and work during the fiscal year ended November 30, 2019

See Sections 3.1.2.1. “Audit Committee” and 3.1.2.1.2. “Membership of the Audit Committee”, 3.1.2.1.3. “Duties of the Audit Committee”, 3.1.2.1.4. “Operation of the Audit Committee”, 3.1.2.1.7. “Audit Committee meetings in fiscal year 2019”.

1.3.2. Compensation and Nominating Committee (membership at November 30, 2019, duties, compensation of members, meetings and work during the fiscal year ended November 30, 2019

See Sections 3.1.2.2. “Compensation and Nominating Committee” and 3.1.2.2.1. “Membership and duties”, and 3.1.2.2.3 “Meetings of the Compensation and Nominating Committee in fiscal year 2019”.

1.3.3. Investment Committee

See Sections 3.1.2.3. “Investment Committee” and 3.1.2.3.1. “Membership and duties”.

1.4. Operating rules of the management bodies

See Section 3.1.1.2.6. “Operating rules of the management bodies”.

2. Compensation and benefits granted to corporate officers

2.1. Compensation policies

See Section 9.1. "Agenda and Resolutions of the Combined Shareholders' Meeting of May 5, 2020" and "Appendix to the report of the Board of Directors on Corporate Governance (pages 271 to 273)."

2.1.1. Principles and criteria for determining and distributing compensation to executive corporate officers

See Section 9.5. I.1 "Principles and criteria for determining, revising and implementing the group compensation policy".

2.1.2. Components of the compensation of the Chairman and Chief Executive Officer

See Section 9.5. I.2 "Components of the compensation of the Chairman and Chief Executive Officer".

2.1.3. Components of the compensation of the directors

See Section 9.5. I.3 "Components of the compensation of the directors".

2.2. Compensation and benefits granted to corporate officers during the fiscal year ended November 30, 2019

See Section 3.2.7. "Components of the compensation due or awarded for the fiscal year ended November 30, 2019 to Nordine Hachemi, Chairman and Chief Executive Officer, subject to the vote of the shareholders (see table "Components of the components of compensation").

See Section 3.1.1.2.2. "Group compensation policy" (see "AMF definitions" table).

2.2.1. Chairman and Chief Executive Officer

See Section 9.5. II.1 "Chairman and Chief Executive Officer".

2.2.2. Directors

See Section 9.5. II.2 "Directors".

2.3. Other information

2.3.1. Ratio between the level of compensation of the Chairman and Chief Executive Officer and the average and median compensation of group employees

See Section 9.5. III.1 "Ratio between the level of compensation of the Chairman and Chief Executive Officer and the average and median compensation of group employees".

2.3.2. Annual changes in compensation, company performance, average compensation on a full-time equivalent basis of the Company's employees other than senior executives and the aforementioned ratios over the last five fiscal years

See Section 9.5. III.2 "Annual changes in compensation, company performance, average compensation on a full-time equivalent basis of the Company's employees other than senior executives and the aforementioned ratios over the last five fiscal years".

3. Other information

3.1. Draft agenda and resolutions prepared by the Board of Directors that will be submitted to the Shareholders' Meeting of May 5, 2020

See Section 9.5. IV.1 "Agenda and Resolutions of the Shareholders' Meeting of May 5, 2020".

3.2. Related party agreements - current agreements - commitments

3.2.1.1 Agreements subject to Article L. 225-38 of the French Commercial Code, see Section 9.5 IV. 2.1 "Agreements subject to Article L. 225-38 of the French Commercial Code"

3.2.1.2 Current agreements, see Section 9.5 IV 2.2 "Current agreements"

3.2.1.3 Commitments authorized in accordance with Article L. 225-42-1 of the French Commercial Code, see Section 9.5 IV.2.3 "Commitments authorized in accordance with Article L. 225-42-1 of the French Commercial Code"

3.3. Rules for attendance by shareholders at Shareholders' Meetings

3.3.1. Calling and attendance of Shareholders' Meetings

See Section 5.1.9. "Shareholders' Meetings".

3.3.2. Exercising of voting rights, double voting rights and restrictions on voting rights

See Section 5.1.10 "Double voting rights".

3.4. Current delegations of authority and authorizations to increase the share capital granted by the Shareholders' Meeting

3.4.1. Summary table of the currently valid delegations of authority to increase the share capital

See Section 10.4. "Summary table of currently valid delegations of authority to increase the share capital".

3.5. Factors likely to have an impact in the event of a public offer

3.5.1. Capital structure

See Section 5.2.4. "Share capital".

3.5.2. The Company's shareholding structure on November 30, 2019 and change over three years

See Section 5.3.1. "Shareholding structure of the Company at November 30, 2019 and three-year change" and 5.3. 2. "Changes in the distribution of share capital during the past three fiscal years".

3.5.3. Restrictions in the bylaws on the exercising of voting rights

See Section 5.1.11 "Disclosure thresholds".

3.5.4. Rights, privileges and restrictions attached to shares

See Section 5.1.10 "Double voting rights" and 5.2.2. "Rights, privileges and restrictions attached to shares".

3.5.5. Equity interests in the Company

See Section 5.3.4. "Group organization chart".

3.5.6. Shareholders' agreement

See Section 5.3.3.2. "Shareholders' agreement".

3.5.7. Powers of the Board of Directors to increase the share capital and buy back shares

See Section 5.2.3. "Acquisition by the Company of its own shares" and 10.4. "Summary table of the currently valid delegations of authority to increase the share capital".

3.5.8. Change of control clauses

See Section 1.2.3.2. "Risks related to covenants in financing agreements".

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, 2019

To the Shareholders,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the Consolidated Financial Statements of Kaufman & Broad SA for the fiscal year ended November 30, 2019, as attached to this report. These financial statements were approved by the Board of Directors on February 27, 2020 on the basis of the elements available on this date, against the changing context of the Covid-19 health crisis.

In our opinion, the Consolidated Financial Statements for the fiscal year present fairly the assets and liabilities, the financial position of the persons and entities that constitute the consolidated group and the results of its operations in accordance with IFRS as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit standard

We conducted our audit in accordance with generally accepted professional standards in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are indicated in the Section "Statutory Auditor's Responsibilities in Audits of Financial Statements" of this report.

Independence

We performed our audit in accordance with applicable independence rules, over the period from December 1, 2018 to the issue date of our report, and we rendered no services prohibited by Article 5, paragraph 1 of EU Regulation 537/2014 or by the Statutory Auditors' Code of Professional Ethics.

In addition, the services other than the certification of the financial statements that we have provided during the year to your Company and to the entities that it controls and that are not mentioned in the management report or the notes to the Consolidated Financial Statements are as follows:

- Additional report by the Statutory Auditors on the issue of shares and/or securities convertible into the Company's share capital reserved for participants in the group's Company Savings Plans;
- Report of one of the Statutory Auditors (Deloitte & Associés), designated as an independent third party, on non-financial information;
- Report of one of the Statutory Auditors (Deloitte & Associés) on the proposed distribution of interim dividends from the company MÉRIGNAC - 94 AVENUE DE SAINT-MÉDARD;
- Assistance in responding to the Carbon Disclosure Project and GHG emissions carried out by one of the Statutory Auditors (Ernst & Young Audit).

Justification of our assessments – Key audit points

Pursuant to the provisions of Articles L. 8239 and R. 8237 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the Consolidated Financial Statements for the year, as well as the responses we provided to these risks.

The assessments made in this way are part of our process of auditing the financial statements as a whole, approved under the conditions mentioned above, and in the formation of our opinion as expressed above. We offer no opinion on aspects of these Consolidated Financial Statements in isolation.

Assessment of the gross margin of the real estate development business and real estate program inventories (Notes 3.2. and 3.4. of the Notes to the Consolidated Financial Statements)

Identified risk

As of November 30, 2019, real estate program inventories are recorded on the balance sheet in the amount of €457,321,000 and the gross margin amounts to €283,859,000.

The accounting methods relating to the recognition of revenue, gross margin and management's significant estimates in connection with these items are presented in Note 3.2. to the Consolidated Financial Statements.

The group's real estate development activity is carried out essentially through sales before completion contracts (VEFA), whereby the group transfers ownership of future parcels as they are created. Sales and gross margins of the real estate development business are recognized in the income statement using the percentage of completion method. To apply the percentage of completion method, the percentage of completion is calculated in proportion to technical completion, the starting point of which is the acquisition of the land and progress of the sales process (signature of the deeds of sale) for each building program.

This method requires management's estimates, particularly for the valuation of margins at termination to include cost price and selling price, as well as an assessment of the technical completion progress rate for each transaction.

As indicated in Note 3.4. to the Consolidated Financial Statements, inventories of "new projects" and "programs under development" (including delivered programs) are valued at cost. Provisions are booked to cover foreseeable losses, which are valued on the basis of an analysis of the projected economic and financial data specific to each project.

We considered the valuation of the gross margin of the real estate development business and real estate program inventories as a key point of the audit due to their significance in the group's financial statements and the judgment required to determine the estimates used in determining the value of recognized real estate inventories and the gross margin of the real estate business.

Our response

Our approach consisted of assessing the data and assumptions used by management to assess the results of real estate transactions (gross margin), and to assess real estate program inventories.

We have taken note of the internal control procedures put in place to establish and monitor real estate program budgets.

Regarding building programs under development and building programs sold and delivered:

- We examined assumptions relating to sales prices, land costs, construction costs and service fees from a sampling of programs. This sample was established by combining a random sample with a selection of certain programs including the most significant of these in terms of gross margin, those whose budgets feature low or negative margins, some old operations showing little advancement in terms of sales and high inventory levels, as well as situations illustrating significant incongruities between technical completion and sales promotion.
- Regarding the most significant programs in terms of gross margin and based on a sampling of randomly selected programs, the rates of completion of the selected transactions were confirmed by the prime contractors in charge of real estate operations. For these programs, we streamlined the sales progress rates by comparing the number of sales contracts signed to the amount of sales budgeted and we conducted retail sales tests by reconciling them with land deeds.
- Lastly, we assessed, on a sampling of completed and sold programs, the level of consistency of margin rates actually achieved compared to those initially budgeted.

With regard to programs not yet launched commercially and delivered programs with units still for sale:

- For the programs not yet launched commercially, we conducted a critical analysis of the outlook presented by management.
- For programs delivered with unsold units, we compared the estimated selling prices of the lots in stock with the actual selling prices of the units sold and then critically analyzed the take-up outlook.

Specific audits

In accordance with the professional standards applicable in France, we also conducted the specific audits provided by law and the regulations of the information about the group given in the Board of Directors' management report. With regard to events that have occurred and elements known after the closing date of the financial statements relating to the effects of the Covid-19 crisis, management has informed us that they will be communicated to the Shareholders' Meeting called to approve the financial statements.

We have no matters to report concerning the fairness of this information and its consistency with the Consolidated Financial Statements.

We attest that the consolidated non-financial performance declaration provided for by Article L. 225-102-1 of the French Commercial Code is included in the management report, bearing in mind that, in accordance with the provisions of Article L. 823-10 of this Code, the information

contained in this declaration was not checked by us for its fair presentation or consistency with the Consolidated Financial Statements and this must be reported on by an independent third-party organization.

Information arising from other legal and regulatory requirements

Appointment of the Statutory Auditors

The Shareholders' Meeting of July 30, 1999 appointed DELOITTE & ASSOCIATES as Statutory Auditors for Kaufman & Broad SA, while ERNST & YOUNG Audit was appointed on July 3, 1991.

As of November 30, 2019, DELOITTE & ASSOCIATES was in its twenty-first uninterrupted year as Statutory Auditor, and ERNST & YOUNG Audit was in its twenty-ninth year (including twenty years since the company's securities have been listed for trading on a regulated market).

Responsibilities of management and Corporate Governance individuals for the Consolidated Financial Statements

It is the management company's responsibility to prepare annual financial statements that present a true and fair picture in accordance with IFRS accounting principles and to put in place internal control procedures that it considers necessary for the preparation of financial statements that are free from material misstatements and omissions whether through fraud or error.

In preparing financial statements, it is the management company's responsibility to assess the Company's ability to continue operations, to present in its financial statements the necessary information for business continuity and to apply the accounting principle of going concern, unless the intention is to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and for the effectiveness of internal control and risk management systems and, where applicable, internal audits, with respect to procedures relating to the preparation and processing of accounting and financial information.

The Consolidated Financial Statements were established by the Board of Directors.

Statutory Auditors' responsibility with regard to the audit of the Consolidated Financial Statements

Audit purpose and approach

It is our responsibility to prepare a report on the Consolidated Financial Statements. Our objective is to obtain reasonable assurance that the Consolidated Financial Statements on the whole contain no material misstatements, errors or omissions. Reasonable assurance means a high degree of assurance, without, however, guaranteeing that an audit performed in accordance with professional standards would always detect material misstatements. Misstatements may arise from fraud or errors and are considered material when they can reasonably be expected, separately or cumulatively, to influence readers of the financial statements when making decisions based on them.

As stated in Article L. 823-10-1 of the French Commercial Code, our assignment to certify these financial statements does not consist of guaranteeing the viability or quality of management of your Company.

In performing an audit in accordance with French professional accounting principles the Statutory Auditor exercises professional judgment throughout the audit. And additionally:

- identifies and assesses the risk that the Consolidated Financial Statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to handle such risks, and gathers the elements he considers adequate and appropriate on which to base his opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material

misstatement due to error, as fraud can involve collusion, falsification, deliberate omission, false statements, or evasion of internal control;

- investigates internal control procedures as they relate to the audit in order to define appropriate audit procedures in the circumstances, and with the aim of expressing an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting methods used and the reasonableness of accounting estimations by management, as well as the information about them provided in the financial statements;
- assesses the appropriateness of the management company's application of the accounting principle of going concern and, based on the information gathered, the existence or not of significant uncertainty connected with events or circumstances that may call into question the Company's ability to continue operations. This assessment is based on the information collected as of the date of this report, on the understanding that subsequent circumstances or events may call business continuity into question. If auditors conclude that significant uncertainty exists, they draw the attention of the readers of their report to the information provided in the Consolidated Financial Statements relating to that uncertainty or, if that information is not provided or is not relevant, they issue a certification with reserves or they refuse to certify;
- assesses the presentation of the Consolidated Financial Statements as a whole and whether they present a true and fair picture of underlying events;
- concerning the financial information of the persons or entities included in the scope of consolidation, auditors collect information that they deem sufficient and appropriate to express an opinion on the Consolidated Financial Statements. Auditors are responsible for the management, supervision and execution of the audit of the Consolidated Financial Statements as well as for the opinion expressed on these financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee outlining the scope of the audit work and the work program implemented, as well as the conclusions stemming from our work. We also disclose, where appropriate, the significant internal control weaknesses that we have identified with respect to the procedures relating to preparing and processing accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement that we consider to have been the most important with regard to the audit of the Consolidated Financial Statements for the year and which therefore constitute the key points of the audit that is our responsibility to describe in this report.

We also provide the Audit Committee with the statement stipulated in Article 6 of Regulation (EU) No. 537-2014 confirming our independence in the meaning of the rules applicable in France as laid down by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' Code of Professional Ethics. Where appropriate, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Paris-La Défense, March 25, 2020

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.3.2. Report of the Statutory Auditors on the annual financial statements

Fiscal year ended November 30, 2019

To the Shareholders of Kaufman & Broad SA,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the annual financial statements of Kaufman & Broad SA for the fiscal year ended November 30, 2019, as attached to this report. These financial statements were approved by the Board of Directors on February 27, 2020 on the basis of the elements available on this date, against the changing context of the Covid-19 health crisis.

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.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit standard

We conducted our audit in accordance with generally accepted professional standards in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are indicated in the Section "Statutory Auditor's Responsibilities in Audits of Annual Financial Statements" of this report.

Independence

We performed our audit in accordance with applicable independence rules, over the period from December 1, 2018 to the issue date of our report, and we rendered no services prohibited Article 5, paragraph 1 of EU Regulation 537/2014 or by the Statutory Auditors' Code of Professional Ethics.

Justification of our assessments – Key audit points

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the annual financial statements for the year, as well as the responses we provided to these risks.

The assessments made in this way are part of our process of auditing the financial statements as a whole, approved under the conditions mentioned above, and in the formation of our opinion as expressed above. We offer no opinion on aspects of these annual financial statements in isolation.

Assessment and impairment risk of investments in subsidiaries and affiliates

Note 4.2.1.2. to the annual financial statements.

Identified risk

At November 30, 2019, the equity value of investments in subsidiaries and affiliates amounted to €317,781,000, or 49% of total assets. They are recognized at their acquisition date at their acquisition cost.

A provision for depreciation is established when the inventory value of investments in subsidiaries and affiliates is lower than the acquisition value.

As indicated in Note 4.2.1.2. of the notes to the annual financial statements, net asset value is determined in relation to the value in use of investments in subsidiaries and affiliates on the basis of the share of shareholders' equity held in each company and taking into account the differences between acquisitions recognized in the Consolidated Financial Statements and the earnings outlook of the subsidiaries concerned.

The assessment of the value in use, taking into account income forecasts of the real estate programs developed by subsidiaries, requires management to make assumptions and estimates. The valuation and impairment risk of investments in subsidiaries and affiliates is therefore considered a key point of the audit because of their importance in the annual financial statements, and the estimated nature of the data associated with determining them.

Responses given during our audit

We examined the method of determining the value of subsidiaries and took cognizance of the internal control procedures associated with them.

In a representative sampling of these entities, we reconciled the equity retained by management in its assessments with the equity in the financial statements of the subsidiaries concerned, which were audited or analyzed within our audit of the group's Consolidated Financial Statements.

Regarding the earnings outlook and goodwill taken into account, our procedures mainly consisted in:

- analyzing the consistency of the data and budgetary assumptions used by management to assess the results of real estate operations with known historical data and development prospects, and in relation to the economic and financial background of which the subsidiaries of your company form a part;
- analyzing, with the help of our valuation specialists, assumptions to include the business plan and discount rate, used by management to evaluate the intangible assets attributable to subsidiaries.

We also assessed the appropriateness of the information provided in the notes to the annual financial statements concerning these items.

Assessment of the shares of subsidiaries' profits and losses

Note 4.2.1.6. to the annual financial statements.

Identified risk

At November 30, 2019, the net amount of profit and loss of subsidiaries recognized by your Company for the year came to €98,652,000 and is presented under "Profits allocated and losses incurred" in the income statement. This net amount includes a share of losses amounting to €5,116,000.

As indicated in Note 4.2.1.6. of the Notes to the annual financial statements, 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. The bylaws of these companies, predominantly 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.

We considered that the assessment of the share of profit and loss of the subsidiaries was a key point of the audit due to its major significance in the annual financial statements and the judgment necessary to formulate estimates used in determining the values of the share of the profit and loss of the subsidiaries which depend on the progress of the projected margin of the programs carried out.

Responses given during our audit

We noted the internal control procedures put in place to evaluate the share of profit and loss of the subsidiaries.

For a representative sample of subsidiaries organized in the form of SCIs (real estate partnerships) and SNCs (commercial partnerships), our work consisted mainly of reviewing:

- whether the bylaws of these companies do indeed include a clause stipulating the automatic transfer of profits to their partners at the close of the fiscal year;
- whether the results reported by management are consistent with those in the financial statements of the subsidiaries concerned, having been reviewed by us with regard to the progress and projected margin of the programs;
- whether the holding percentage applied in the calculation corresponds to that indicated in the respective bylaws of the entities concerned.

We also assessed the appropriateness of the information provided in the notes to the annual financial statements concerning these items.

Specific audits

We also performed the specific audits required by law and the regulations, in accordance with the auditing standards applicable in France.

Information given in the management report and in the other documents addressed to the shareholders with respect to the financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on February 27, 2020 and in the other documents on the financial position and the annual financial statements addressed to the shareholders. With regard to events that have occurred and elements known after the closing date of the financial statements relating to the effects of the Covid-19 crisis, management has informed us that they will be communicated to the Shareholders' Meeting called to approve the financial statements.

We attest to the fair presentation and consistency with the annual financial statements of the information about payment terms referred to in Article D. 441-4 of the French Commercial Code.

Report on Corporate Governance

We attest to the existence, in the report of the Board of Directors on Corporate Governance, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

With regard to the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code on compensation and benefits paid or awarded to corporate officers and the commitments made to them, we have verified their consistency with the financial statements and with the data used to draw up these financial statements and, where applicable, with the information collected by your Company from companies controlled by it including in the scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

With regard to the information about the factors that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided in accordance with the provisions of Article L. 225-37-5 of the French Commercial Code, we checked their compliance with the documents from which it was taken that were transmitted to us. Based on this work, we have no matters to report concerning this information.

Other information

In accordance with the law, we have ensured that the various information relating to the identity of the persons with capital or voting rights has been communicated to you in the management report.

Information arising from other legal and regulatory requirements

Appointment of the Statutory Auditors

The Shareholders' Meeting of July 30, 1999 appointed Deloitte & Associates as Statutory Auditors for Kaufman & Broad S.A, while Ernst & Young Audit was appointed on July 3, 1991.

As of November 30, 2019, Deloitte & Associates was in its twenty-first uninterrupted year as Statutory Auditor, and Ernst & Young Audit was in its twenty-ninth year (including twenty years since the company's securities have been listed for trading on a regulated market).

Responsibilities of management and Corporate Governance individuals for the Consolidated Financial Statements

It is the Management Company's responsibility to prepare annual financial statements that present a true and fair picture in accordance with French accounting principles and to put in place internal control procedures that it considers necessary for the preparation of financial statements that are free from material misstatements and omissions whether through fraud or error.

In preparing financial statements, it is the management company's responsibility to assess the Company's ability to continue operations, to present in its financial statements the necessary information for business continuity and to apply the accounting principle of going concern, unless the intention is to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and for the effectiveness of internal control and risk management systems and, where applicable, internal audits, with respect to procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Statutory Auditor's responsibility with regard to the audit of the annual financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the financial statements. Our objective is to obtain reasonable assurance that the annual financial statements on the whole contain no material misstatements, errors or omissions. Reasonable assurance means a high degree of assurance, without, however, guaranteeing that an audit performed in accordance with professional standards would always detect material misstatements. Misstatements may arise from fraud or errors and are considered material when they can reasonably be expected, separately or cumulatively, to influence readers of the financial statements when making decisions based on them.

As stated in Article L. 823-10-1 of the French Commercial Code, our assignment to certify these financial statements does not consist of guaranteeing the viability or quality of management of your Company.

In performing an audit in accordance with French professional accounting principles the Statutory Auditor exercises professional judgment throughout the audit. And additionally:

- identifies and assesses the risk that the annual financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to handle such risks, and gathers the elements he considers adequate and appropriate on which to base his opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, as fraud can involve collusion, falsification, deliberate omission, false statements, or evasion of internal control;
- investigates internal control procedures as they relate to the audit in order to define appropriate audit procedures in the circumstances, and with the aim of expressing an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting methods used and the reasonableness of accounting estimations by management, as well as the information about them provided in the annual financial statements;
- assesses the appropriateness of the management company's application of the accounting principle of going concern and, based on the information gathered, the existence or not of significant uncertainty connected with events or circumstances that may call into question the Company's ability to continue operations. This assessment is based on the information collected as of the date of this report, on the understanding that subsequent circumstances or events may call business continuity into question. If auditors conclude that significant uncertainty exists, they draw the attention of the readers of their report to the information provided in the annual financial statements relating to that uncertainty or, if that information is not provided or is not relevant, they issue a certification with reserves or they refuse to certify;
- assesses the presentation of the financial statements as a whole and whether they present a true and fair picture of underlying events.

Report to the Audit Committee

We submit a report to the Audit Committee outlining the scope of the audit work and the work program implemented, as well as the conclusions stemming from our work. We also disclose, where appropriate, the significant internal control weaknesses that we have identified with respect to the procedures relating to preparing and processing accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement that we consider to have been the most important with regard to the audit of the annual financial statements for the year and which therefore constitute the key points of the audit that is our responsibility to describe in this report.

We also provide the Audit Committee with the statement stipulated in Article 6 of Regulation (EU) No. 537-2014 confirming our independence in the meaning of the rules applicable in France as laid down by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the profession of Statutory Auditor. Where appropriate, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Paris-La Défense, March 25, 2020

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.3.3. Special report of the Statutory Auditors on related-party agreements

Shareholders' Meeting approving the Financial Statements for the fiscal year ended November 30, 2019

To the Shareholders of Kaufman & Broad SA,

In our capacity as Statutory Auditors of your Company, we hereby report to you on the related-party agreements.

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 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, if any. It is your responsibility, according to the terms of Article R. 225-31 of the French Commercial Code, to assess the interest in concluding these agreements for the purpose of approving them.

Our role also entails providing 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 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.

Agreements subject to the approval of the Shareholders' Meeting

We inform you that we have not been given notice of any agreement authorized and concluded during the past fiscal year to be submitted to the Shareholders' Meeting for approval in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements previously approved by the Shareholders' Meeting

We have not been informed of any agreements already approved by the Shareholders' Meeting whose implementation continued during the fiscal year.

Paris-La Défense, March 25, 2020

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Bruno Bizet

9.4. Report of one of the Statutory Auditors, acting as an appointed independent third-party organization, on the consolidated non-financial performance declaration

Fiscal year ended November 30, 2019

To the Shareholders,

In our capacity as a Statutory Auditor of Kaufman & Broad, acting as an appointed independent third-party organization, certified by COFRAC under number 3-1048 (certification scope available on the website www.cofrac.fr), we present you with our report on the consolidated non-financial performance declaration relating to the fiscal year ended November 30, 2019 (the "Declaration"), presented in the group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The Company's responsibilities

The Board of Directors is responsible for preparing a Declaration in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks, and the results of these policies, including key performance indicators. The Declaration was prepared by applying the Company's procedures (the "Guidelines"), whose key information is presented in the Declaration and available on the website and on request from the Company's registered office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the Code of Professional Ethics. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional guidelines and applicable legal and regulatory requirements.

Responsibilities of the Statutory Auditor acting as an appointed independent third-party organization

It is our responsibility, based on our work, to formulate a substantiated opinion expressing a conclusion of moderate assurance on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the fair presentation of the information provided in accordance with point 3, paragraph I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and actions, relating to the main risks (the "Information").

It is not our responsibility, however, to express an opinion on compliance by the Company with the other applicable legal and regulatory provisions, particularly with regard to the fight against corruption and taxation, nor on compliance of the products and services with the applicable regulations.

Nature and scope of our work

Our work described below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code determining the terms and conditions under which the independent third-party organization performs its duties, in accordance with the professional guidelines of the *Compagnie Nationale des Commissaires aux Comptes* relating to this audit and international standard ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We carried out work enabling us to assess the Declaration's compliance with the regulatory provisions and the fair presentation of the Information:

- We reviewed the activity of all of the companies included in the consolidation scope and the presentation of the main risks.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate.
- We checked that the Declaration covers each category of information provided for in paragraph III of Article L. 225-102-1 in the corporate and environmental areas and respect for human rights and the fight against corruption and tax avoidance.
- We checked that the Declaration presents the information provided for in paragraph II of Article R. 225-105 when relevant regarding the main risks and includes, if applicable, an explanation of the reasons justifying the absence of the information required by the second sub-paragraph, paragraph III of Article L. 225-102-1.

- We checked that the Declaration presents the business model and main risks linked to the activity of all of the entities included in the consolidation scope, including, if this proves to be relevant and proportionate, the risks created by its business relationships, products or services, and the related policies, actions and results, including key performance indicators.
- We consulted the documentary sources and carried out interviews to:
 - assess the main risk selection and validation process as well as the consistency of the results, including the key performance indicators used, given the main risks and policies presented; and
 - corroborate the qualitative information (actions and results) that we considered the most important ⁽¹⁾ for the risk of corruption as well as the other qualitative information selected, our work was carried out at the level of the consolidating entity.
- We checked that the Declaration covers the consolidated scope, namely all of the companies included in the consolidation scope in accordance with Article L. 233-16, in line with the limits stated in the Declaration.
- We inquired as to the existence of internal control and risk management procedures introduced by the Company and assessed the collection process implemented by the Company to ensure the completeness and fairness of the Information.
- We implemented, for the key performance indicators and the other quantitative results ⁽²⁾ that we considered the most important:
 - analytical procedures consisting of checking the correct consolidation of the data collected and the consistency of the changes in these data;
 - detailed tests using sampling techniques, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out at consolidating entity level and covers between 52.1% and all of the consolidated data for the key performance indicators and results selected for these tests.
- We assessed the overall consistency of the Declaration with our knowledge of the Company.

We believe that the work we have carried out, based on our professional judgment, is 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.

Means and resources

Our work drew on the expertise of four people between November 2019 and March 2020.

We called upon our sustainable development and CSR experts to assist us with carrying out our work. We conducted around a dozen interviews with the people responsible for preparing the Declaration.

Conclusion

Based on the work performed, we found no material misstatements that caused us to doubt that the non-financial performance declaration is compliant with the applicable regulatory provisions and that the Information, taken as a whole, is presented fairly in accordance with the Guidelines.

Comment

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we make the following comment: as specified in the methodological note of the DPEF, the electricity consumption of construction sites is published over a scope limited to 50.6% of the number of construction sites delivered in 2019.

Paris-La Défense, March 25, 2020

One of the Statutory Auditors,

Deloitte & Associés

Bénédicte Sabadie

Partner

Julien Rivals

Partner, Sustainable Development

(1) Limiting of nuisances caused by construction sites and introducing of discussions regarding projects, Prevention of undeclared work and Fight against corruption.

(2) Workforce at 12/31, Number of new hires and departures, Rotation rate, Rate of absenteeism per reason over the calendar year, Number of employees trained over the calendar year, Number of workplace and commuting accidents recorded over the calendar year, Number of days of absence following work stoppages for workplace or commuting accidents over the calendar year, Agency electricity consumption, Electricity consumption on construction sites, Greenhouse Gas Emissions Assessment (Scope 1, 2 and 3), Degree of the group's dependence on suppliers.

9.5. Compensation and benefits granted to corporate officers

I. Compensation policy

The information presented below constitutes the compensation policy for the Company's executive corporate officers, particularly for 2020. It describes the components for the fixed and variable compensation and explains the decision-making process followed for its determination, revision and implementation.

In accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria presented below will be submitted to the Combined Shareholders' Meeting of May 5, 2020 for approval. Note that the most recent annual approval of the compensation policy for Kaufman & Broad SA's executive corporate officers took place at the Combined Shareholders' Meeting of May 2, 2019.

I.1. Principles and criteria for determining, revising and implementing the group compensation policy

The Company has implemented a group compensation policy that compensates all employees with (i) a base salary, as compensation for the employee's work, and which is aimed at attracting and retaining talent, and (ii) a variable portion, which compensates individual and collective performance according to the attainment of ambitious, fixed objectives, which is nonetheless limited to a maximum level to avoid excessive risk taking and in accordance with the Company's interests. This variable part is based on annual or even biennial criteria, which avoids limiting performance assessment to a strictly short-term review. In addition, this variable portion is supplemented by a universal award of bonus shares, which links all group employees to value creation over the medium and long term to support the group's commercial strategy and continuity. The Chairman and Chief Executive Officer, as well as the members of the Executive Committee and the Regional and Branch Directors are also awarded bonus shares, in addition to their variable compensation, the final vesting of which is subject to performance conditions, in accordance with the principles of good governance.

Against this backdrop, at the time of the Company's free float increase (re-IPO) in May 2016, the senior executives (including the Chairman and Chief Executive Officer) and some of the group's employees tendered their shares from the 2014 and 2016 bonus share plans to Artimus Participations, a management investment structure within the Company, set up during this transaction. Through this company comprising 105 executives and employees of the Company, the group Employee Savings Plan and individuals, on November 30, 2019 the group's employees held about 15% of the share capital of the Company, becoming its leading shareholders. This configuration guarantees an alignment of long-term interest with the shareholders and the management of the Company, with the Chairman and CEO owning, directly or indirectly, approximately 3% of the capital of Kaufman & Broad SA.

Recognition of a lasting, sustainable and collective performance fits with the philosophy governing the compensation policy of the executive corporate officer that is the subject of these developments.

The compensation policy of the executive director, Nordine Hachemi, in his capacity as Chairman and Chief Executive Officer of the Company as of the date of this report, was approved by the Board of Directors after review and issue of an opinion by the Compensation and Nominating Committee. The Board of Directors applies the recommendations of the AFEF-MEDEF Code, amended in January 2020, relating to the compensation of executive directors of listed companies. In this context, the Board of Directors sets the principles for determining the compensation of the Chairman and Chief Executive Officer, with particular attention to compliance with the following principles:

- principle of balance and moderation: it is ensured that each element of the compensation of the Chairman and Chief Executive Officer is clearly justified and that none is disproportionate;
- principle of competitiveness: it is ensured that the compensation of the Chairman and Chief Executive Officer is competitive in comparison with compensation surveys for the sector;
- principle of alignment of interests: the compensation policy is a management tool intended to attract, motivate and retain talent necessary to the Company. At the same time it addresses the expectations of shareholders and other stakeholders of the Company, in particular in relation to performance;
- performance principle: the compensation of the Chairman and Chief Executive Officer is closely linked to the performance of the Company, in particular through variable compensation assessed each year. Payment of this variable portion is subject to achieving objectives rewarding immediate performance that lays the groundwork for the future and ensures the sustainability of the group, and whose impact can be measured over a period (i) of one year (changes in income, EBITDA, attributable net income, WCR) and (ii) of two years (number of orders and number of lots approved by the Commitment Committee).

The compensation of the Chairman and Chief Executive Officer includes a fixed and a variable portion based on a number of objectives determined on an annual basis. At the end of each fiscal year, the Board of Directors, acting on the recommendation of the Compensation and Nominating Committee, sets the amount of its gross annual fixed compensation for the following year as well as the ceiling of its annual variable compensation for that year, and quantitative criteria on the basis of which this will be calculated. At the beginning of each fiscal year, the Board of Directors, acting on the proposal of the Compensation and Nominating Committee, determines the amount of its annual variable compensation due for the previous

fiscal year based on that year's results and the achievement of its quantitative and qualitative objectives, and sets objectives for the qualitative part of its annual variable compensation for the current fiscal year.

Furthermore, in order to give the Chairman and Chief Executive Officer a stake in the Company's long-term performance, part of his compensation consists of performance shares. This component of compensation is directly related to the group's performance since the number of shares definitively granted to the Chairman and Chief Executive Officer at the end of the vesting period depends on the group's performance, according to certain criteria (see paragraphs I.2-2.b) et I.2-3. below).

For the fiscal year ended November 30, 2020, the Compensation and Nominating Committee proposed to the Board of Directors' meeting of February 27, 2020 to keep the compensation policy unchanged from that which was approved at more than 90% by the Shareholders' Meeting of May 2, 2019.

It is noted that in order to further emphasize the link between the compensation of the Chairman and Chief Executive Officer and the interests of the shareholders, the Board of Directors proposes the renewal for 2020 of the long-term plan implemented in 2019 and approved by the Shareholders' Meeting of May 2, 2019 (see paragraph II. 3. below).

I.2. Components of the compensation of the Chairman and Chief Executive Officer

The compensation of the Chairman and Chief Executive Officer is made up of fixed and a variable compensation components, to which is added a long-term compensation component.

The context of the current health crisis has brought a number of people to recommend that companies, particularly those benefiting from state aid such as part-time unemployment compensation, reduce the compensation of their executive directors for 2020.

It is noted that in view of the current health crisis, Kaufman & Broad has decided to suspend its 2020 annual objectives announced at the end of January.

In this context, and insofar as the amount of the variable compensation (in cash and in performance shares) of the Chairman and Chief Executive Officer for 2020 depends in particular on the achievement of quantitative criteria related to the financial performance of the group such as revenues, EBITDA or annual housing orders (see paragraph 2 below), having been set by the Board of Directors on February 27, 2020 and remaining unchanged, the group anticipates a significant decrease in the variable compensation - and therefore in the total compensation - that will be due to the Chairman and Chief Executive Officer in respect of fiscal year 2020.*

1. Fixed compensation

The Board of Directors, acting on the proposal of the Compensation and Nominating Committee, determines the fixed annual compensation of the Chairman and Chief Executive Officer in view of a detailed study of the fixed and variable compensation of senior executives of comparable companies by an independent firm contracted by the Company.

The gross annual fixed portion of the Chairman and Chief Executive Officer's compensation was set by the Board of Directors on February 27, 2020 at €600,000 for 2020, unchanged from 2019.

2. Variable compensation

The variable compensation of the executive corporate officer includes (i) a target and maximum annual variable portion, paid in cash, and (ii) an annual deferred payment part in the form of awards of bonus shares with performance conditions attached.

a) Targeted annual variable part and maximum variable part in cash

The Board of Directors, acting on the proposal of the Compensation and Nominating Committee, determines the variable annual compensation of the Chairman and Chief Executive Officer on the basis of quantitative and qualitative criteria. At its meeting of February 27, 2020, the Board of Directors set the gross maximum annual variable portion of the Chairman and Chief Executive Officer's compensation for 2020 at €700,000 (unchanged from 2019, i.e. 117% of his fixed annual compensation), provided the objectives are 100% achieved and, in the event of outperformance, up to 120% of the sum referred to above, i.e. a gross maximum amount of €840,000 (140% of his fixed annual compensation), subject to his continued presence in January 2021.

A total of 70% of the variable part of this compensation will be calculated from quantitative elements and 30% from qualitative elements, each of which has an assigned weighting.

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, this variable compensation is subject to an affirmative vote by the Ordinary Shareholders' Meeting that will vote in 2021 on the financial statements for the fiscal year ended November 30, 2020.

- Quantitative criteria:

They are based on indicators that the Board of Directors, on the proposal of the Compensation and Nominating Committee, deemed the most relevant for assessing the financial performance of the group. For 2020, the quantitative criteria represent 70% of variable compensation, of which

* Specific risks relating to the COVID-19 outbreak (this information is not included in the management report approved by the Board of Directors on February 27, 2020).

10% is linked to revenues, 15% to EBITDA, 15% to Attributable Net Income, 10% to WCR, 10% to annual housing orders and 10% to the Number of lots approved by the Commitment Committee for 2019 (the latter two indicators reflect the group's medium-term business outlook).

- Qualitative criteria:

Non-financial criteria, which represent 30% of variable compensation for 2020, are based on the following qualitative objectives: management of the group's teams and the quality of the social climate within the Company (preparation for development and business recovery in 2021); return on capital employed; control of operating expenses (including payroll); adaptation of the Company to technological developments (such as the development of low-carbon constructions, the improvement of home automation offers proposed to customers or the continued digitization of the release of reserves); and good risk management.

b) Deferred payment of the annual variable share in the form of performance shares

The twenty-sixth resolution of the Shareholders' Meeting of May 2, 2019, authorized the Board of Directors to grant, on one or more occasions, awards of bonus shares to the members of company staff or executive officers up to a total of 250,000 shares, including 50,000 shares to the Chairman and Chief Executive Officer.

After taking into account the awards made during the fiscal year 2019, 250,000 shares may be awarded under the aforementioned twenty-sixth resolution, including a maximum of 50,000 shares to the executive corporate officer.

The Board of Directors meeting of February 27, 2020 made use of the authorization conferred by this resolution, awarding 15,000 performance shares to the Chairman and Chief Executive Officer for 2020, provided that he is still in office when they are fully vested in 2022.

On the basis of valuation work carried out by Riskedge at the request of the Company and using the Company's share price on February 27, 2020, the benefit corresponding to the 15,000 performance shares whose allocation to the Chairman and Chief Executive Officer is being considered in respect of his annual variable compensation with deferred payment is estimated at approximately €441,810.

Final award of these shares to the Chairman and Chief Executive Officer would be subject to the same performance conditions as those provided for in the annual variable compensation in cash set out in paragraph II. 2. b) above.

In the event that these performance conditions are met, the Chairman and Chief Executive Officer would be entitled to an award of performance shares in respect of the deferred annual variable compensation, at the same ratio and in the same proportions as for the annual variable compensation in cash. In the event of 100% achievement of the performance conditions, the maximum number of attributable performance shares, i.e. 15,000 shares, would be awarded to the Chairman and Chief Executive Officer. No additional performance shares would be awarded in the event of outperformance above 100%.

Note that, in accordance with the provisions of Article L. 225-100 of the French Commercial Code, the final awarding of performance shares in respect of this deferred variable compensation is subject to an affirmative vote by the Ordinary Shareholders' Meeting that will vote in 2021 on the financial statements for the fiscal year ended November 30, 2020.

3. Long-term compensation

Note that the Board of Directors introduced a long-term compensation plan in 2018 for the Chairman and Chief Executive Officer based on the award of 10,000 performance shares to the latter, with a vesting period of three years and a lock-in period of one year and performance conditions assessed over the period 2018-2020. This long-term compensation plan was renewed in 2019 by the Board of Directors, with the award of 10,000 performance shares to the Chairman and Chief Executive Officer, subject to performance conditions assessed over the period 2019-2021.

At its meeting of February 27, 2020, the Board of Directors awarded 10,000 performance shares to the Chairman and Chief Executive Officer, under the twenty-sixth resolution approved by the Combined Shareholders' Meeting of May 2, 2019, in respect of the renewal of the long-term compensation plan introduced in 2018 and renewed for the first time in 2019.

Vesting of these shares is subject to the following conditions:

- the shares will only be fully vested after a period of three years, i.e. in 2023, and must then be held for a period of one year by the Chairman and Chief Executive Officer;
- long-term performance conditions evaluated over the period 2020-2022 (three fiscal years), including CSR performance, property and service quality, the level of employee share ownership in the Company's share capital and the TSR (Total shareholder return or rate of profit to shareholders). The relative weight of these four conditions is broken down to 20% for CSR performance, 22.5% for property and service quality, 22.5% for employee share ownership and 35% for TSR. The weighting of the TSR criterion has been revised downwards for the 2020 – 2022 long-term compensation plan from 50% for the 2018 – 2020 and 2019 – 2021 plans to 35% for the 2020 – 2022 plan. The Board of Directors wanted to rebalance the weighting percentages, giving more weight to the CSR performance criteria (whose weighting increased from 15% to 20%), property and service quality (whose weighting increased from 17.5% to 22.5%) and employee share ownership (whose weighting increased from 17.5% to 22.5%), in support of the Company's lasting, sustainable and collective performance strategy.

- The condition related to CSR performance is as follows:

- being one of the top 70 companies in the GAIA index ⁽¹⁾, consisting of 230 companies, for three years,
- obtaining a minimum rating of 50 from VIGEO ⁽²⁾ beginning in 2019,
- obtaining a B rating in the CDP ⁽³⁾ index in 2020.

Each of the criteria will represent 6.66% of the total number of performance shares to be awarded.

- The condition related to Property and Service Quality is as follows:

Obtaining the following scores (out of 100) for the Property and Service Quality measurement composite index based on the annual BVA survey conducted by the Company:

- 66/100 in 2020,
- 67/100 in 2021,
- 67/100 in 2022.

At the end of each of the three years, note will be made of whether the objective has been 100% achieved, in which case 1/3 of the 22.5% of the awardable performance shares will be vested. Otherwise, no award will be made.

- The condition related to the level of employee share ownership is as follows:

- Maintain an employee share ownership level of at least 12% of the Company's capital (excluding specific financial transactions) through Artimus Participations, the PEE employee savings plan and on an individual basis.

- The TSR condition is reached in stages, at the following levels and thresholds:

- 0 if the performance of the TSR of the Company is strictly less than 100% of the performance of the SBF 120 TSR after 3 years,
- from 75% to 100%, by linear interpolation, if the performance of the TSR of the Company is between 100% and 110% of the performance of the SBF 120 TSR after 3 years,
- 100% if the performance of the TSR of the Company is greater than 110% of the performance of the SBF 120 TSR after 3 years.

The table below summarizes the calculation and weighting procedures applied to the various long-term performance criteria:

Criteria	Scale	Objectives	Calculation rules	% of performance shares awarded
CSR	20%	• Staying in the top 70 companies in the GAIA index (230 companies) for 3 years	6.66%	100% otherwise 0
		• Obtaining a minimum rating of 50 from VIGEO beginning in 2019	6.66%	100% otherwise 0
		• Obtain a B in the CDP (Carbon Disclosure Project) index by 2020	6.66%	100% otherwise 0
Property and Service Quality	22.5%	• Obtaining the following score for each of the next 3 fiscal years:		
		- 2020: 66/100	1/3	100% otherwise 0
		- 2021: 67/100	1/3	100% otherwise 0
		- 2022: 67/100	1/3	100% otherwise 0
Employee shareholding	22.5%	Maintain employee shareholding at a level of at least 12%		100% otherwise 0
TSR	35%	TSR performance of the Company evaluated compared to TSE performance of the SBF 120	TSR of the Company is strictly less than 100%	0
			TSR between 100% and 110%	From 75% to 100%, by linear interpolation
			TSR over 110%	100%

(1) The GAIA index analyzes the data of a panel of companies each year and evaluates their commitment to Sustainable Development.

(2) Vigeo is an agency analyzing companies on environmental, social and governance criteria.

(3) The CDP (Carbon Disclosure Project) is an international non-profit organization that studies the impact of the world's leading publicly traded companies on climate change.

On the basis of valuation work carried out by Riskedge at the request of the Company and using the Company's share price on February 27, 2020, the benefit corresponding to the 10,000 performance shares whose allocation to the Chairman and Chief Executive Officer is being considered in respect of his long-term 2020-2022 compensation with deferred payment is estimated at approximately €196,976.

The maximum total compensation that may be awarded to the Chairman and Chief Executive Officer for his performance in the fiscal year 2020, including:

- his fixed compensation (€600,000);
- his variable cash compensation (maximum of €840,000);
- his deferred variable compensation (15,000 shares estimated at around €441,810).

therefore amounts to around €1,881,810, i.e. 32% fixed compensation and 68% variable compensation, of which 65% paid in cash and 35% paid in the form of performance shares, in line with market practices.

He will also benefit from long-term compensation (based on the awarding of 10,000 performance shares estimated at around €196,976) subject to performance conditions assessed over the long term (period 2020-2022) and a presence condition.

In addition, the total number of performance shares granted in 2020, in respect of the deferred variable portion, representing 15,000 shares, represents less than 0.10% of the share capital of the Company, also in line with market practices. As such, this allocation will have no dilutive effect, being realized by means of existing shares, which are owned by the Company.

4. Benefits in kind

The benefits in kind consist of a company car and are valued at €1,700 monthly for the fiscal year ended November 30, 2019.

5. Pension plan

The Chairman and Chief Executive Officer is entitled to the Company supplemental defined-contribution pension plan under the same terms as the members of the Management Committee as stipulated by Article 83 of the General Tax Code; the amount of the contribution paid by the Company on behalf of the Chairman and Chief Executive Officer was €25,893.12 for the 2019 calendar year. This corresponds to the annual contributions capped at 8% of gross salary, up to a maximum of eight times the Social Security ceiling.

See also paragraph IV 1.

6. Severance and non-compete indemnity

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.

The non-compete clause applicable to the Chairman and Chief Executive Officer extends over a period of twelve months and covers all French territory. In consideration for this, he shall receive flat-rate monthly gross compensation equal to 50% of the average monthly gross fixed compensation that he will have received during the twelve months preceding the termination of his term of office (or the duration of the latter if it is lower). The Company however will have the option of reducing this term or releasing the Chairman and Chief Executive Officer from this commitment.

7. Insurance for loss of revenue

The Chairman and Chief Executive Officer benefits from insurance for loss of revenue should he lose his term in office. This insurance, since July 1, 2014, has extended the period of compensation to 24 months.

Summary table of the fixed and variable components of the Chairman and Chief Executive Officer's compensation

Compensation components	Principle	Determination criteria
Fixed compensation	The Chairman and Chief Executive Officer receives fixed compensation paid out in twelve monthly installments.	The gross annual amount is fixed at €600,000 for the 2020 fiscal year.
Variable compensation	The Chairman and Chief Executive Officer receives variable compensation determined in light of the group's performance. This compensation is paid during the fiscal year following that for which performance was recorded. In accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, this variable compensation is subject to the approval of the compensation components of the Chairman and Chief Executive Officer by an Ordinary Shareholders' Meeting under the conditions set out in Article L. 225-100 of the French Commercial Code.	The annual variable portion of the Chairman and Chief Executive Officer's gross compensation is €700,000 if objectives are 100% achieved and, in the event of outperformance up to the achievement of 120% of these objectives, a gross maximum amount of €840,000, of which 5% is related to revenues, 15% to EBITDA, 15% to Attributable Net Income, 15% to WCR, 10% to annual housing orders, 10% to the number of lots approved by the Commitment Committee for 2020 and 30% linked to qualitative objectives, as presented above. In addition to this variable monetary part, a variable portion paid in the form of bonus share awards (15,000) is added, subject to the achievement of the performance criteria described above and a vesting period of two years.
Long-term compensation	In 2018, the Board of Directors proposed the establishment of a long-term compensation program for the Chairman and Chief Executive Officer based on an award of 10,000 bonus shares. The long-term compensation plan was renewed for the first time in 2019 and its renewal is proposed for 2020, for the period 2020-2022.	The definitive award is subject to achieving the objectives detailed in paragraph II. 3. above and a 3-year vesting period.
Pension plan	The Chairman and Chief Executive Officer will also receive a supplementary defined contribution pension; the amount of the contribution paid by the Company for the Chairman and Chief Executive Officer amounted to €25,893.12 in 2019.	The scheme is that described in paragraph II. 5. above.
Severance and non-compete indemnity	The Chairman and Chief Executive Officer is entitled to a commitment by the Company to pay a severance payment in the event of the Board's decision to terminate his duties and a payment intended as compensation for his non-compete commitment.	Severance pay and non-compete benefit schemes are described in paragraph II. 6. above.
Benefits in kind	The benefits in kind consist of a company car and are valued at €1,700 monthly for the fiscal year ended November 30, 2019.	Non applicable.
Insurance for loss of revenue	The Chairman and Chief Executive Officer benefits from insurance for loss of revenue should he lose his term in office. This insurance, since July 1, 2014, has extended the period of compensation to 24 months.	Non applicable.

Draft resolution prepared by the Board of Directors in accordance with Article L. 225-100 of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 5, 2020

SIXTH RESOLUTION

(Approval of the compensation policy for the Chairman and Chief Executive Officer)

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 on Corporate Governance prepared in accordance with Article L. 225-37 of the French Commercial Code, describing the components of the compensation policy for corporate officers, approves, in accordance with Article L. 225-37-2 II. of the French Commercial Code, the compensation policy for the Chairman and Chief Executive Officer of the Company, as presented in Section 2.1 of the aforementioned report, included in Section 9.5. of the Company's 2019 Universal Registration Document.

I.3 Components of the compensation of the directors

At the Shareholders' Meeting of May 3, 2018, in its fifteenth resolution, it decided to set the total amount of compensation allocated annually to the Board of Directors to €400,000 for fiscal year 2018 as well as for subsequent years, until decided otherwise by the Shareholders' Meeting.

On the recommendation of the Compensation and Nominating Committee, the Board of Directors distributes among its members holding no functions in the group, the compensation allocated to the Board by the Shareholders' Meeting, for their role of Director. The amount of Directors' fees compensating the function of Director is paid pro rata based on their physical attendance (or via video conference) at Board of Directors' meetings during the fiscal year. A share fixed by the Board and deducted from the amount of the compensation allocated to the Board of Directors is paid to the members of the Committees who have no function in the group and, where applicable, to the Lead Director, also taking into account their actual participation in the Committees.

The basic compensation for the year 2020 has been set at €26,800 per year, paid on a pro rata basis according to physical attendance (or by videoconference) at Board meetings during the fiscal year, it being understood that Nordine Hachemi and Karine Normand will not be entitled to payment of this compensation.

In addition, a fixed compensation of €5,000 per year is allocated to the Chairman of each Committee, as compensation for his/her position.

In addition to this basic compensation, an amount of €3,000 is due for each Board Committee meeting attended by the director concerned, and an amount of €5,000 is paid to the Chairman of the Audit Committee and to the Chairman of the Compensation and Nominating Committee.

The Lead Director receives an additional compensation of €10,000 over and above the compensation allocated to him for his position as director and member of the Compensation and Nominating Committee and the Audit Committee.

Draft resolution prepared by the Board of Directors in accordance with Article L. 225-100 of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 5, 2020

SEVENTH RESOLUTION

(Approval of the compensation policy for the directors)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, describing the components of the compensation policy for corporate officers, approves, in accordance with Article L. 225-37-2 II. of the French Commercial Code, the compensation policy for the directors, as presented in Section 2.1. of the aforementioned report, included in Section 9.5. of the Company's 2019 Universal Registration Document.

II. Compensation and benefits granted to corporate officers during the fiscal year ended November 30, 2019

In accordance with Article L. 225-100, II of the French Commercial Code, the Shareholders' Meeting approves a draft resolution concerning the information mentioned in I of Article L. 225-37-3 of the French Commercial Code, to be included in the Corporate Governance report and including in particular the compensation paid in respect of the term of office during the past fiscal year or allocated in respect of the term of office for the same fiscal year, i.e. the year ended November 30, 2019. These elements are presented in paragraphs IV. 1. and V. below for the Chairman and Chief Executive Officer and the directors.

In addition, in accordance with Article L. 225-100, III of the French Commercial Code, the Annual Shareholders' Meeting shall deliberate on the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid during the past fiscal year or allocated in respect

of the same fiscal year, in a separate resolution for each corporate officer. Regarding the Chairman and Chief Executive Officer of the Company, these elements are presented in paragraph IV. 1. below.

It will therefore be proposed to the Combined Shareholders' Meeting of May 5, 2020 to approve, in separate resolutions, on the one hand the information mentioned in I of Article L. 225-37-3 of the French Commercial Code, including in particular the information presented in paragraphs IV. 1. and V. below, and on the compensation paid or allocated for the fiscal year ended November 30, 2019 to the Chairman and Chief Executive Officer, as set forth in paragraph IV. 1. below.

II.1 Chairman and Chief Executive Officer

1.1. Fixed compensation

The gross fixed compensation paid to the Chairman and Chief Executive Officer during the fiscal year ended November 30, 2019 amounted to €600,000.

1.2. Variable compensation

The variable compensation of the executive corporate officer includes (i) a target and maximum annual variable portion, paid in cash, and (ii) an annual deferred payment part in the form of awards of bonus shares with performance conditions attached.

a) Annual variable portion in cash

The Board of Directors meeting of January 29, 2020, acting on the recommendation of the Compensation and Nominating Committee meeting of January 15, 2020, after reviewing the results of the Company and the qualitative results of the Chairman and Chief Executive Officer during the year ended November 30, 2019, set the quantitative portion of the variable compensation due to the Chairman and Chief Executive Officer for the year ended November 30, 2019 at €486,172, i.e. 99.22% of the target, and the qualitative portion of this compensation to 120% of the target, i.e. €252,000 (a total of €738,172).

Concerning the quantitative part, representing 70% of variable compensation, the Board of Directors noted that rights to variable compensation are awarded according to the grid below:

Objective	Weighting	Achievement of objectives (as a % of the target) during the year ended November 30, 2019	Bonus award (as a % of the target amount)
EBITDA	15%	97.26%	97.26%
Revenue	10%	94.27%	93.18%
Attributable net income	15%	102.85%	102.85%
WCR	10%	125.32%	120%
Number of housing unit orders	10%	93.23%	90.59%
Number of lots approved by the Commitment Committee	10%	93.24%	90.60%

Concerning the qualitative part, representing 30% of the variable compensation, the following qualitative objectives were reviewed by the Compensation and Nominating Committee, which determined that they were achieved, thus entitling the Chairman and Chief Executive Officer to a bonus of 120%, i.e. €252,000: this component involved management of the group's teams, quality of the social climate in the Company, control of operating expenses, return on capital employed, adaptation of the Company to technological changes and good risk control.

b) Deferred annual variable portion in the form of performance shares

It is noted that the Board of Directors meeting of February 21, 2019 made use of the authorization conferred by the nineteenth resolution, of the Combined Shareholders' Meeting of May 3, 2018, awarding 15,000 performance shares to the Chairman and Chief Executive Officer for fiscal year 2019, provided that he is still in office when they are fully vested in February 2021. These fully vested shares must then be held for a period of two years.

Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in the annual variable compensation in cash set out in paragraph II. 2. b) above. In the event that these performance conditions are met, the Chairman and Chief Executive Officer would be entitled to an award of performance shares in respect of the deferred annual variable compensation, at the same ratio and in the same proportions as for the annual variable compensation in cash. No additional performance shares would be awarded in the event of outperformance above 100%.

The Board of Directors, on the proposal of the Compensation and Nominating Committee, noted the fulfillment of the performance conditions applicable to the 15,000 performance shares granted to the Chairman and Chief Executive Officer by the Board of Directors at its meeting of February 21, 2019, namely the fulfillment of the qualitative and quantitative criteria, as set forth above with respect to the variable cash compensation paid for the fiscal year ended November 30, 2019.

On the basis of valuation work carried out by Riskedge at the request of the Company and using the Company's share price on December 1, 2019, the benefit corresponding to the 15,000 performance shares whose allocation to the Chairman and Chief Executive Officer is being considered in respect of his annual variable compensation with deferred payment is estimated at approximately €390,947.

1.3. Long-term compensation

See paragraph I.2-3. of this document.

The Board of Directors will meet in 2021 to ascertain whether the performance conditions to which the definitive allocation of performance shares under the 2018 - 2020 long-term compensation plan is subject have been met.

1.4. Exceptional compensation

€350 in seniority bonuses in accordance with the group's policy applicable to all employees and managers.

1.5. Compensation in respect of term of office as director

None.

1.6. Severance and non-compete indemnity

See paragraph I.2-6. above.

1.7. Pension plan

The Chairman and Chief Executive Officer is entitled to the Company supplemental defined-contribution pension plan under the same terms as the members of the Management Committee as stipulated by Article 83 of the General Tax Code; the amount of the contribution paid by the Company on behalf of the Chairman and Chief Executive Officer was €25,893.12 for the 2019 calendar year. This corresponds to the annual contributions capped at 8% of gross salary, up to a maximum of eight times the Social Security ceiling.

This commitment was authorized by the Company's Board of Directors of April 16, 2015 and approved by the Shareholders' Meeting of April 15, 2016. This commitment was authorized by the Board of Directors' meeting of May 3, 2018 and approved by the Shareholders' Meeting on May 2, 2019, in its ninth resolution, when Nordine Hachemi's term of office as Chairman and Chief Executive Officer was renewed.

For the fiscal year ended November 30, 2019, the amount of rights allocated to the Chairman and Chief Executive Officer relating to the Company supplemental defined-contribution pension plan, to which he is entitled, was €25,893.12.

1.8. Benefits in kind

Benefits in kind consist of a company car and are valued at €1,700 monthly excluding tax for the year ended November 30, 2019.

1.9. Insurance for loss of revenue

The Chairman and Chief Executive Officer benefits from insurance for loss of revenue should he lose his term in office. This insurance, since July 1, 2014, has extended the period of compensation to 24 months.

1.10. Summary table of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the year ended November 30, 2019 or awarded for the same fiscal year

Compensation components	Amounts or accounting valuation subject to a vote	Comments
Fixed compensation	€600,000	–
Variable compensation	€738,172	Amount approved by the Board of Directors on January 29, 2020
Multi-year variable compensation	–	–
Compensation in respect of term of office as director	None	–
Exceptional compensation	€350	Seniority bonuses in accordance with the group's policy applicable to all employees and managers paid in December 2018
Stock options or stock warrants or bonus shares	€555,232	
2019 Plan (1 st Plan)	€390,947	15,000 bonus shares ^(a)
2019 Plan (2 nd Plan)	€164,285	10,000 performance shares ^(b)
Pay related to entering or leaving office	None	–
Supplemental pension plan	€25,893.12	Annual contributions capped at 8% of gross salary up to a maximum of eight times the maximum Social Security contribution
Benefits in kind	€1,700	Company car
Any type of benefits	€33,514	Unemployment insurance

(a) At its meeting of February 21, 2019, the Board of Directors granted 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in his annual variable compensation in cash, namely:

- fulfillment of the quantitative criteria reflecting short-term performance indicators such as revenues, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committees;
- fulfillment of qualitative criteria reflecting team management, the quality of the working atmosphere in the Company, control over operating expenses (including headcount), return on capital employed, adapting the Company to advances in technology, and efficient risk management.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) At its meeting of February 21, 2019, the Board of Directors renewed a long-term compensation scheme for the Chairman and Chief Executive Officer based on the award of 10,000 performance shares to the latter, with a vesting period of three years and a lock-in period of one year. In addition, the Board decided that these shares were to be subject to long-term performance conditions assessed over the period 2019-2021 (CSR performance – Property and Service Quality – level of employee shareholding – TSR).

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, 2019	Fiscal year ended November 30, 2018
Compensation for the fiscal year (detailed in Table 2)	1,372,036	1,425,878
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)	555,232 ^(a)	517,491 ^(b)
TOTAL	1,927,268	1,943,369

(a) At its meeting of March 7, 2018, the Board of Directors granted 15,000 performance shares to the Chairman and Chief Executive Officer for 2018, provided that he is still in office when they are fully vested in 2020. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in his annual variable compensation in cash. At its meeting of January 29, 2019, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) At its meeting of February 21, 2019, the Board of Directors granted 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in his annual variable compensation in cash. At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

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, 2019		Fiscal year ended November 30, 2018	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	600,000 ^(a)	600,000	600,000	600,000
Annual variable compensation	738,172 ^(d)	793,000 ^(c)	793,000 ^(c)	810,000 ^(b)
Multi-year variable compensation	—	—	—	—
Exceptional compensation ^(e)	350	350	—	—
Compensation (formerly directors' fees)	—	—	—	—
Benefits in kind	33,514	33,514	32,878	32,878
TOTAL	1,372,036	1,426,864	1,425,878	1,442,878

(a) The fixed compensation amount was approved by the Board of Directors on January 29, 2020.

(b) The variable compensation for fiscal year 2017 was approved by the Board of Directors on January 29, 2018 and paid in February 2018.

(c) The variable compensation for fiscal year 2018 was approved by the Board of Directors on January 29, 2019 and paid in February 2019.

(d) The variable compensation for fiscal year 2019 was approved by the Board of Directors on January 29, 2020.

(e) Seniority bonuses in accordance with the group's policy applicable to all employees and managers paid in December 2018.

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, 2019

Name of executive corporate officer	No. and date of 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, 2019 by each executive corporate officer

Options exercised during the fiscal year by each executive corporate officer	No. and date of 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)	Share price on award date	Valuation of the shares under the method used for the Consolidated Financial Statements	Date of vesting	Date available
Nordine Hachemi						
2019 Plan (1st Plan) ^(a)	2/21/2019	15,000	34.20	390,947	2/21/2021	2/21/2023
2019 Plan (2nd Plan) ^(b)	2/21/2019	10,000	34.20	164,285	2/21/2022	2/21/2023

(a) At its meeting of February 21, 2019, the Board of Directors granted 15,000 performance shares to the Chairman and Chief Executive Officer for 2019, provided that he is still in office when they are fully vested in 2021. Final award of these shares to the Chairman and Chief Executive Officer is subject to the same performance conditions as those provided for in his annual variable compensation in cash, namely:

- fulfillment of the quantitative criteria reflecting short-term performance indicators such as revenues, EBITDA, attributable net income and the WCR, as well as future performance, such as the number of housing units ordered and the number of lots established by the Commitment Committees;
- fulfillment of qualitative criteria reflecting team management, the quality of the working atmosphere in the Company, control over operating expenses (including headcount), return on capital employed, adapting the Company to advances in technology, and efficient risk management.

At its meeting of January 29, 2020, the Board of Directors confirmed that the performance conditions for granting the 15,000 performance shares had been met.

(b) At its meeting of February 21, 2019, the Board of Directors renewed a long-term compensation scheme for the Chairman and Chief Executive Officer based on the award of 10,000 performance shares to the latter, with a vesting period of three years and a lock-in period of one year. In addition, the Board decided that these shares were to be subject to long-term performance conditions assessed over the period 2019-2021 (CSR performance – Property and Service Quality – level of employee shareholding – TSR).

Table 11 AMF Definitions

Executive corporate officers	Employment contract	Supplemental pension plan termination	Indemnities or benefits due or likely to be due by reason of the termination 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 the Company supplemental defined-contribution pension plan as stipulated by Article 83 of the General Tax Code; the amount of the contribution paid by the Company on behalf of Nordine Hachemi was €25,893.12 for the 2019 fiscal year. This corresponds 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 12 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 12 months, covering the territory of France, generating a gross flat monthly compensation equivalent to 50% of the average monthly gross fixed compensation that he received during the 12 months preceding the termination of his term of office (or length of the term, if it is less than 12 months) with the Company nevertheless having the option to reduce the term or to exempt the executive officer of this commitment.

1.11. Draft resolution prepared by the Board of Directors in accordance with Article L. 225-100 of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 5, 2020

EIGHTH RESOLUTION

(Approval of the payment of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the year ended November 30, 2019 or awarded to the Company's Chairman and Chief Executive Officer for the same fiscal year)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 225-100 III. of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the previous fiscal year, or awarded, by reason of his office, to the Company's Chairman and Chief Executive Officer, as presented in paragraph 2.2.1 of the aforementioned report, included in Section 9.5 of the Company's 2019 Universal Registration Document.

II.2. Directors

The table below presents the compensation paid to the directors in respect of their term of office during the fiscal year ended November 30, 2019 or allocated in respect of the term of office for the same fiscal year:

Director	Amount paid in fiscal year 2018 or allocated for fiscal year 2019
Sophie Lombard	
Compensation in respect of term of office as director	€47,800
Other compensation	-
Frédéric Stévenin	
Compensation in respect of term of office as director	€15,314
Other compensation	-
Michel Paris	
Compensation in respect of term of office as director	€26,800
Other compensation	-
Sylvie Charles	
Compensation in respect of term of office as director	€54,800
Other compensation	-
Caroline Puechoultres	
Compensation in respect of term of office as director	€19,143
Other compensation	-
Yves Gabriel	
Compensation in respect of term of office as director	€64,800
Other compensation	-
Jean-Louis Chaussade	
Compensation in respect of term of office as director	€15,314
Other compensation	-
Lucile Ribot	
Compensation in respect of term of office as director	€41,800
Other compensation	-

III. Other information

III.1. Ratio between the level of compensation of the Chairman and Chief Executive Officer and the average and median compensation of group employees

For the calculation of the ratios presented below in accordance with Article L. 225-37-3 I 6 of the French Commercial Code, the Company referred to the AFEP-MEDEF guidelines dated December 19, 2019. In accordance with Article L. 225-37-3 I 7, these ratios are presented for the last five fiscal years.

The ratios below have been calculated on the basis of the fixed and variable compensation paid during the fiscal years mentioned as well as the performance shares granted during the same periods and valued at their fair value (IFRS value) at the time they were granted.

	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2015
Ratio on average compensation	27.22	26.93	26.21	47.50	24.10
Ratio on median compensation	34.75	34.90	34.05	68.39	31.23

III.2. Annual changes in compensation, company performance, average compensation on a full-time equivalent basis of the Company's employees other than senior executives and the aforementioned ratios over the last five fiscal years

	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2015
Compensation of executive corporate officer ⁽¹⁾	€1,982,096	€1,960,369	€1,938,093	€3,824,275	€1,667,853
Performance of the Company (attributable net income)	€76.3 million	€73.0 million	€59.1 million	€46.0 million	€39.8 million
Average compensation on a full-time equivalent basis of the Company's employees other than senior executives ⁽²⁾	€77,806	€72,795	€73,952	€80,512	€69,194
Ratio on average compensation	27.22	26.93	26.21	47.50	24.10
Ratio on median compensation	34.75	34.90	34.05	68.39	31.23

(1) Includes the fixed and variable compensation, exceptional bonuses, benefits in kind paid during the fiscal years, as well as the performance shares granted during the same periods and valued at their fair value (IFRS value) at the time they were granted.

(2) Calculated in accordance with the AFEP-MEDEF guidelines dated December 19, 2019, taking into account the group scope of employees (including fixed compensation, variable compensation, exceptional bonuses, benefits in kind, contribution to the Company Savings Plan, paid during the fiscal year as well as bonus shares granted during the same periods and valued at their fair value - IFRS value at the time they were granted). No ratio can be given for Kaufman & Broad SA, the group's holding company, in the absence of any employees in this company.

Draft resolution prepared by the Board of Directors in accordance with Article L. 225-100 II. of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 5, 2020.

NINTH RESOLUTION

(Approval of information mentioned in Article L. 225-37-3° I of the French Commercial Code)

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after a reading of the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with Article L. 225-100 II of the French Commercial Code, the information mentioned in Article L. 225-37-3 I. of the French Commercial Code as presented in the aforementioned report, included in Section 9.5 of the Company's 2019 Universal Registration Document.

IV. Other information

IV.1. Draft agenda and resolutions prepared by the Board of Directors that will be submitted to the Shareholders' Meeting of May 5, 2020.

See Section 9.1 "Agenda and Resolutions of the Shareholders' Meeting of May 5, 2020" of this document.

IV.2. Related party agreements - current agreements - commitments Related party transactions

a) Agreements referred to in Article L. 225-38 of the French Commercial Code

No new agreement referred to in Article L. 225-38 of the French Commercial Code was authorized by the Board of Directors during the year ended November 30, 2019.

b) Current agreements

The procedure for assessing current agreements and its implementation is described in a charter adopted by the Board of Directors on February 27, 2020 (appendix to the Corporate Governance report).

c) Commitments authorized in application of Article L. 225-42-1 of the French Commercial Code

At its meeting of May 3, 2018, your Board of Directors, on the recommendation of the Compensation and Nominating Committee, renewed Nordine Hachemi's term of office as Chairman and Chief Executive Officer for a period of three years and authorized the following commitments:

Severance pay for the Chief Executive Officer

The Board of Directors' meeting of June 25, 2013 appointed Nordine Hachemi as Chief Executive Officer as of July 1, 2013 and approved the terms of his contract which provides for the payment to his benefit of compensation for loss of office under the following conditions:

In the event of dismissal from office for any reason other than gross misconduct, as defined in labor law by the Court of Cassation, the Company undertakes to indemnify the Chief Executive Officer for the loss suffered in relation to the dismissal from office.

The compensation is equal to 12 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.

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).

This commitment was authorized by the Board of Directors of April 16, 2015 and approved by the Shareholders' Meeting of April 15, 2016.

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, said commitment was submitted to the Shareholders' Meeting of May 2, 2019 for approval.

Non-compete compensation for the Chief Executive Officer

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 12 months preceding the termination of his mandate (or the duration of the mandate, if this is shorter). However, the Company will have the option of reducing this term or releasing the executive from this commitment.

This commitment was authorized by the Board of Directors of April 16, 2015 and approved by the Shareholders' Meeting of April 15, 2016.

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, said commitment was submitted to the Shareholders' Meeting of May 2, 2019 for approval.

Supplemental defined-contribution pension plans 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 amounted to €25,893.12.

This commitment was authorized by the Board of Directors of April 16, 2015 and approved by the Shareholders' Meeting of April 15, 2016.

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, said commitment was submitted to the Shareholders' Meeting of May 2, 2019 for approval.



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10.2. 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 2019 are incorporated by reference in this Universal Registration Document in the Sections referred to in the table below:

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10.3. List of publications since December 2018

Annual information document prepared in accordance with Article No. 222-7 of the Regulations of the *Autorité des Marchés Financiers*.

Type	Date	Subject	Medium
Press release	Feb. 6, 2019	Kaufman & Broad launches a new senior residence in Carpentras	Internet
Press release	Feb. 28, 2019	Pierre-Emmanuel Dao joins the Kaufman & Broad group as Agency Director in Toulouse	Internet
Press release	March 13, 2019	Kaufman & Broad and GreenCity Immobilier selected to transform Stade Toulousain	Internet
Press release	March 13, 2019	Kaufman & Broad wins the request for projects "Dessine-moi Toulouse" for the Saint Alban (31) site	Internet
Press release	March 14, 2019	Kaufman & Broad joins the college of founders of the Fondation Palladio	Internet
Press release	Apr. 16, 2019	Kaufman & Broad's first wooden-framed house created in the heart of the Sycomore eco-district in Bussy-Saint-Georges	Internet
Press release	May 14, 2019	Kaufman & Broad and the Renault group sign a cooperation agreement on mobility and energy	Internet
Press release	May 23, 2019	Kaufman & Broad, Valfidus and Provence Business Angels undertake to support the development of the start-up Ikimo9 via funding of €1 million	Internet

Type	Date	Subject	Medium
Press release	May 27, 2019	Green living in the eco-responsible “Feel Wood*” program	Internet
Press release	July 2, 2019	LaSalle E-REGL buys hotel residence in Paris-La Défense from Kaufman & Broad under sale-before-completion agreement	Internet
Press release	July 11, 2019	Concerto delivers a new-generation logistics platform for the Casino group	Internet
Press release	Nov. 28, 2019	Kaufman & Broad launches construction works of the future head office of the Caisse des Dépôts group in Bordeaux, a positive-energy office complex covering 27,000 m ²	Internet
Legal disclosure	Dec. 18, 2018	Amendment of the mandate for the share buyback program	Internet
Legal disclosure	Dec. 24, 2018	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Jan. 8, 2019	Monthly information on the total number of shares and voting rights comprising the Company’s share capital	Internet
Legal disclosure	Jan. 8, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Jan. 8, 2019	Half-year assessment of Kaufman & Broad’s Liquidity Agreement	Internet
Legal disclosure	Jan. 15, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Jan. 21, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Jan. 28, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Jan. 30, 2019	2018 annual results	Internet
Legal disclosure	Jan. 30, 2019	Presentation of the 2018 annual results	Internet
Legal disclosure	Feb. 1, 2019	Kaufman & Broad signs a syndicated loan agreement of €250 million	Internet
Legal disclosure	Feb. 4, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Feb. 7, 2019	Monthly information on the total number of shares and voting rights comprising the Company’s share capital	Internet
Legal disclosure	Feb. 11, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Feb. 18, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Feb. 25, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	March 1, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	March 7, 2019	Monthly information on the total number of shares and voting rights comprising the Company’s share capital	Internet
Legal disclosure	March 11, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	March 18, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	March 25, 2019	Disclosure of transactions relating to share buyback programs	Internet
Registration Document	March 29, 2019	Availability of the 2018 Registration Document	Internet
Registration Document	March 29, 2019	2018 Registration Document	Internet
Legal disclosure	Apr. 1, 2019	Disclosure of transactions relating to share buyback programs	Internet
Legal disclosure	Apr. 5, 2019	Monthly information on the total number of shares and voting rights comprising the Company’s share capital	Internet
Legal disclosure	Apr. 8, 2019	Disclosure of transactions relating to share buyback programs	Internet
Shareholders’ Meeting	Apr. 11, 2019	Statutory Auditors’ report on the issue of shares and securities with or without preemptive rights	Internet
Shareholders’ Meeting	Apr. 11, 2019	Table of delegations of authority	Internet
Shareholders’ Meeting	Apr. 11, 2019	Notice of Annual Shareholders’ Meeting appeared in BALO on 4/10/2019	Internet
Shareholders’ Meeting	Apr. 11, 2019	Appointment form Yves Gabriel	Internet
Shareholders’ Meeting	Apr. 11, 2019	Statutory Auditors report on authorization for existing or future Shareholders’ Meetings	Internet
Shareholders’ Meeting	Apr. 11, 2019	Statutory Auditors’ report on the Annual Financial Statements at November 30, 2018	Internet
Shareholders’ Meeting	Apr. 11, 2019	Agenda and text of the resolutions of the Shareholders’ Meeting of May 2, 2019	Internet
Shareholders’ Meeting	Apr. 11, 2019	Monthly statement of the number of voting rights and shares comprising the Company’s share capital	Internet
Shareholders’ Meeting	Apr. 11, 2019	Report by independent third party	Internet

Type	Date	Subject	Medium
Shareholders' Meeting	Apr. 11, 2019	Statutory Auditors' report on related-party agreements and commitments	Internet
Shareholders' Meeting	Apr. 11, 2019	Five-year financial summary	Internet
Shareholders' Meeting	Apr. 11, 2019	Modalities for the provision of preparatory documents for the 2019 Shareholders' Meeting	Internet
Shareholders' Meeting	Apr. 11, 2019	Appointment form Michel Paris	Internet
Shareholders' Meeting	Apr. 11, 2019	Statutory Auditors' report on the issue of shares and securities reserved for employees subscribing to the Company savings plan	Internet
Shareholders' Meeting	Apr. 11, 2019	Board of Directors' report on Corporate Governance	Internet
Shareholders' Meeting	Apr. 11, 2019	Voting form for the Shareholders' Meeting of May 2, 2019	Internet
Shareholders' Meeting	Apr. 11, 2019	Bylaws up to date and compliant	Internet
Shareholders' Meeting	Apr. 11, 2019	Statutory Auditors' report on the reduction in share capital	Internet
Shareholders' Meeting	Apr. 11, 2019	Statutory Auditors report on the Consolidated Financial Statements at November 30, 2018	Internet
Shareholders' Meeting	Apr. 11, 2019	Management report for the fiscal year ended November 30, 2018	Internet
Shareholders' Meeting	Apr. 11, 2019	Appointment form Jean-Louis Chaussade	Internet
Financial reporting	Apr. 12, 2019	2019 First quarter results	Internet
Financial reporting	Apr. 12, 2019	Presentation of first quarter 2019 results	Internet
Legal disclosure	Apr. 15, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Apr. 23, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Apr. 29, 2019	Disclosure of transactions relating to the share buyback program	Internet
Shareholders' Meeting	May 2, 2019	Dividend for fiscal year ended November 30, 2018 – option to pay the dividend in shares	Internet
Shareholders' Meeting	May 2, 2019	Reduction in share capital via the cancellation of treasury shares	Internet
Shareholders' Meeting	May 2, 2019	Presentation for the Shareholders' Meeting for the 2018 fiscal year	Internet
Legal disclosure	May 6, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	May 6, 2019	Monthly statement of the number of voting rights and shares comprising the Company's share capital	Internet
Shareholders' Meeting	May 10, 2019	Ordinary and Extraordinary Shareholders' Meeting of May 2, 2019 - voting results	Internet
Legal disclosure	May 13, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	May 13, 2019	Kaufman & Broad shares 2019	Internet
Legal disclosure	May 20, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	May 27, /2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 3, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 5, 2019	Monthly statement of the number of voting rights and shares comprising the Company's share capital	Internet
Legal disclosure	June 11, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 11, 2019	Result of the option to receive in shares the dividend payment for the fiscal year ended November 30, 2018	Internet
Legal disclosure	June 17, /2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 24, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 1, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 4, 2019	Monthly statement of the number of voting rights and shares comprising the Company's share capital	Internet
Legal disclosure	July 8, 2019	Disclosure of transactions relating to the share buyback program	Internet
Financial reporting	July 10, 2019	Results for the first half of 2019	Internet
Financial reporting	July 10, 2019	Presentation of first half 2019 results	Internet
Legal disclosure	July 15, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 19, 2019	Amendment to mandate for the share buyback program	Internet

Type	Date	Subject	Medium
Legal disclosure	July 23, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 29, 2019	Disclosure of transactions relating to the share buyback program	Internet
Financial report	July 30, 2019	Availability of the 2019 half-year financial report	Internet
Financial report	July 30, 2019	2019 half-year financial report	Internet
Legal disclosure	Aug. 5, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Aug. 7, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Aug. 12, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Aug. 19, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept. 6, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Sept. 9, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept. 16, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept. 23, 2019	Disclosure of transactions relating to the share buyback program	Internet
Financial reporting	Sept. 30, 2019	Results for the first nine months	Internet
Financial reporting	Oct. 1, 2019	Presentation of results for the first nine months	Internet
Legal disclosure	Oct. 7, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct. 7, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Oct. 14, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct. 21, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct. 28, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct. 31, 2019	Amendment to mandate for the share buyback program	Internet
Legal disclosure	Nov. 4, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov. 7, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Nov. 13, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov. 18, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov. 21, 2019	Communication capital increase reserved for employees	Internet
Legal disclosure	Nov. 25, 2019	Disclosure of transactions relating to the share buyback program	Internet
French legal notice journals	Apr. 10, 2019	Notice of Annual Shareholders' Meeting	Petites Affiches
BALO	Apr. 10, 2019	Notice of Annual Shareholders' Meeting	BALO

10.4. 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 euros)	Date of the ESM	Delegation's expiry 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 since the close of the fiscal year	Residual amount upon the preparation of this table
Authority in the event of the issuing of common stock and/or equity securities convertible into other equity securities or debt securities and/or securities convertible into equity securities to be issued, without preemptive rights, to set the issue price in accordance with the rules set by the Shareholders' Meeting up to a maximum of 10% of the share capital ⁽¹⁾	May 2, 2019	July 2, 2021	The issue price will be at least equal to (i) the weighted average price of the share on the Euronext Paris regulated market the day prior to the date of setting the issue price, possibly less a discount of 5% or (ii) the weighted average of the prices on the Euronext Paris regulated market for a maximum period of six months prior to the date of setting the price, with a possible maximum discount of 5%	None	None	None	The issue price will be at least equal to (i) the weighted average price of the share on the Euronext Paris regulated market the day prior to the date of setting the issue price, possibly less a discount of 5% or (ii) the weighted average of the prices on the Euronext Paris regulated market for a maximum period of six months prior to the date of setting the price, with a possible maximum discount of 5%
Delegation to issue shares or equity securities convertible into other equity securities or debt securities in compensation for contributions in kind of equity securities or securities convertible into shares up to a maximum of 10% of the share capital ⁽¹⁾	May 2, 2019	July 2, 2021	10% of the share capital at May 2, 2019	None	None	None	10% of the share capital at May 2, 2019

SUMMARY TABLE OF CURRENTLY VALID AUTHORIZATIONS CONCERNING CAPITAL INCREASES

(In euros)	Date of the ESM	Delegation's expiry 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 since the close of the fiscal year	Residual amount upon the preparation of this table
Delegation to issue shares and/or equity securities convertible into other equity securities or debt securities in compensation for securities contributed in the event of a public exchange offer initiated by the Company ⁽¹⁾	May 2, 2019	July 2, 2021	€568,000	None	None	None	€568,000
Delegation to increase capital by incorporating reserves or premiums	May 2, 2019	July 2, 2021	€853,000	None	None	None	€853,000
Authority to increase the number of securities to be issued in the event of a capital increase, with or without preemptive rights ⁽³⁾	May 2, 2019			None	None	None	None
Delegation to issue common stock and/or equity securities convertible into other equity securities or debt securities and/or securities convertible into equity securities, without preemptive rights, in the context of a private placement ⁽¹⁾	May 2, 2019	July 2, 2021	€568,000 (shares or securities) €500,000,000 (securities representing claims against the Company convertible into other equity securities)	None	None	None	€568,000 (shares or securities) €500,000,000 (or securities representing claims against the Company convertible into other equity securities)

(In euros)	Date of the ESM	Delegation's expiry 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 since the close of the fiscal year	Residual amount upon the preparation of this table
Delegation to issue common stock and/ or equity securities convertible into other equity securities or debt securities and/ or securities convertible into equity securities, without preemptive rights, in the context of a private placement ⁽¹⁾	May 2, 2019	July 2, 2021	€568,000 (shares or securities) €500,000,000 (securities representing claims against the Company convertible into equity capital or a debt security)	None	None	None	€568,000 (shares or securities) €500,000,000 (debt securities or securities representing claims against the Company convertible into equity capital or a debt security)
Delegation to issue common stock and/ or equity securities convertible into other equity securities or debt securities and/ or securities convertible into equity securities, with preemptive rights ⁽¹⁾	May 2, 2019	July 11, 2019	€2,270,000 (shares or securities) €500,000,000 (securities representing claims against the Company convertible into equity capital or a debt security)	None	None	None	€2,270,000 €500,000,000 (securities representing claims against the Company convertible into equity capital or a debt security)
Delegation of authority to issue shares of common stock and/or equity securities convertible into other equity securities without preemptive rights for members of the group's employee savings plan up to a maximum amount of 3% of share capital ⁽¹⁾	May 2, 2019	July 2, 2021	Capped at 3% of the share capital	None	Capital increase of €73,837.66 corresponding to the issue of 283,991 new shares with a par value of €0.26 (issue premium of €7,758,634.12) subscribed by the KB Actions 2019 FCPE	None	

SUMMARY TABLE OF CURRENTLY VALID AUTHORIZATIONS CONCERNING CAPITAL INCREASES

<i>(In euros)</i>	Date of the ESM	Delegation's expiry 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 since the close of the fiscal year	Residual amount upon the preparation of this table
Authority to award bonus shares (new or existing)	May 2, 2019	July 2, 2022	250,000 shares including 50,000 shares to corporate officers	None	None ⁽²⁾	None	€148,914

(1) The amount of this authorization is deducted from the maximum delegated authority amount of €2,270,000 to which is added the nominal amount of capital increases to be made in order to preserve, where appropriate, the rights of the holders of these securities, (i) for increases through the issue of shares or equity securities convertible into other equity securities or securities convertible into equity securities to be issued, (ii) €568,000 for capital increases through the issue of shares or equity securities convertible into other equity securities or securities convertible into equity securities to be issued without preemptive rights and (iii) €500,000,000 for issues of debt securities convertible into equity or a debt security as provided for by the Shareholders' Meeting of May 2, 2019.

(2) Due to the allocation of treasury stock to fund these plans, the latter may not give rise to a capital increase.

(3) In the context of the issues that may be decided pursuant to the delegations granted under the eighteenth, nineteenth and twentieth resolutions of the Shareholders' Meeting of May 2, 2019.

The following reports have been incorporated by reference into this 2019 Universal Registration Document and have been formatted for the purposes of this document. Unformatted reports may be consulted at Kaufman & Broad's head office.

10.5. Board of Directors' report on Bonus Share Awards (Shareholders' Meeting of May 5, 2020)

See Section 5.2.3.4. "Special reports on the stock options, stock warrants, and bonus shares presented to the Shareholders' Meeting of May 5, 2020".

10.6. Special report on Stock Purchase and Subscription Options

N/A

10.7. Management report by the Board of Directors

1. Business and Financial Review of Kaufman & Broad SA

1.1. Business volumes

See Section 4.2. Statutory Financial Statements at November 30, 2019
– Section 4.2.2.1. "Significant events".

1.2. Situation

See Section 4.2. Statutory Financial Statements at November 30, 2019
– Section 4.2.2. "Analysis of the financial statements" et seq.

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".

4. Other information

4.1. Summary of share purchases and sales (L. 225-211 par. 2)

See Section 5.2.3.2. "Summary of share purchases and sales".

4.2. Stock option or stock warrant plans - bonus share awards

See Section 3.3. "Incentive programs" et seq.

4.3. Directors' holdings

See Section 3.2. "Directors' holdings."

4.4. Internal control and risk management system

See Section 1.3. Internal control and risk management system.

4.5. Non-financial reporting: Kaufman & Broad's Corporate Social Responsibility (CSR)

See Section 1.7. "Non-financial reporting: Kaufman & Broad's Corporate Social Responsibility":

5. Other decisions submitted to the Extraordinary Shareholders' Meeting relating to the amendment of the bylaws

See Section 9.1 "Agenda and resolutions of the Shareholders' Meeting of May 5, 2020" - fifteenth resolution "Director representing employee shareholders" and sixteenth resolution "Insertion of an Article 10 ter of the bylaws".

Appendices to the Board of Directors' report

Appendix 1 Summary table of securities transactions by corporate officers and related parties during the last fiscal year

See Section 5.2.3.5. "Summary table of the securities transactions by corporate officers and related parties during the last fiscal year".

Subsidiaries and equity affiliates

See Section 4.2. Statutory Financial Statements at November 30, 2019 - Notes to the annual financial statements, Section 4.3. "Subsidiaries and equity affiliates".

Five-year financial summary

See Section 4.4. "Five-year financial summary".

Scope of consolidation

See Section 4.1.5. "Notes to the financial statements", Note 12 "Statutory Auditors' fees".

10.8. Glossary

Business lines

ANRU area	Area covered by the signing of a multi-year agreement with the French National Agency for Urban Renewal (<i>ANRU</i>). 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.
BBC-Effinergie®	Low Energy Consumption Building (<i>Bâtiment Basse Consommation</i>). BBC-Effinergie® is a thermal performance label for buildings intended for residential use. For new residential buildings, 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®	The Bilan Carbone® is a carbon assessment tool for calculating greenhouse gas emissions whose objective is to gauge direct and indirect emissions from business activity, economic or otherwise, based on readily available data.
Commercial offer	This is represented by the total inventory of properties available for sale as of the date in question, i.e., all unordered housing units as of this date (minus the programs that have not entered the marketing phase).
Competitive bidding	A process that enables a principal (the Project Owner) to choose the Company (the tendering enterprise, 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 its total expense budget.
Gross margin	The gross margin corresponds to revenues less cost of sales. The cost of sales consists of the price of land parcels, the related property costs (taxes, etc.), commissions paid to developers and to Kaufman & Broad sales staff, as well as fees and commissions provided for in the agency agreements executed by Kaufman & Broad in order to sell its real estate programs, construction costs and borrowing costs that may be directly attributed to program development.
H&E	The H&E (<i>Habitat & Environment</i>) certification process, which was implemented from 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® (<i>Haute Qualité Environnementale</i> 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.

Order backlog	In the case of sales before completion (VEFA), the backlog consists of orders for housing units that have not been delivered, and for which a notarized deed of sale has not yet been signed, and orders for housing units that have not been delivered for which a notarized deed of sale has been signed for the portion not yet recorded in revenue (in the case of a program for which an advance of 30% has been received, 30% of the revenue from a housing unit for which a notarized deal has been signed is recognized as revenue, while 70% is included 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 revenue involves uncertainties, especially for orders that have not yet been officially notarized.
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 percentage 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 so called 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 puts them in charge of 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 the "Pass-Foncier" and the tax credit on loan interest, which were eliminated on January 1, 2011. It is available 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. The future structures will become the purchaser's property as they are completed: the purchaser is required to pay the price of these structures as the works progress. 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 of calling for payment from customers in accordance with the percentage completion of programs, based on a payment schedule determined by law, while giving customers a Performance Bond. The customers' total 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 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 in respect of compliance in execution as per 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 momentum continues 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 just ended, the latter being divided by three.
Take-up rate (Te)	The take-up rate represents the percentage of the initial inventory for a property program that is sold on a monthly basis (sales per month divided by the initial inventory), i.e., net monthly orders divided by the ratio between the opening inventory and the closing inventory, divided by two. NB: The inverse of the take-up rate (1/Te) gives the expected timeframe (in months) for the marketing of a program, i.e., the marketing period. For example, a 4.0% take-up rate corresponds to a projected duration of 25 months of marketing.
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 calculated as a ratio between the surface area by type (business premises, retail space, or offices) and the average surface area of the housing units previously obtained.

Institutional, legal and financial

AMF (Autorité des Marchés Financiers)	The Autorité des Marchés Financiers is an independent public body, legal entity and financially independent whose mission is to oversee the protection of savings invested in financial instruments, investor information and the proper functioning of financial instrument markets.
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.
CAC 40	The continuous quotation system (<i>Cotation Assistée en Continu</i>) is the main stock index on the Paris exchange, and is 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 allocated to equity affiliates, joint ventures and earnings of discontinued operations and estimated income and expenses.
Code	The 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 specific principles of operation and transparency for improving their management and image among investors and the public, particularly in terms of Corporate Governance and compensation of executive directors of listed companies.
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 in the case of a French limited liability company or sole-shareholder limited liability company or a Chair and Chief Executive Officer (or a Chief Executive Officer) for a commercial company. Corporate officers represent 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 Chair of the Board of Directors, the Chief Executive Officer (if the role is separate from that of Chair), 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)	Ratio of net debt (or net financial debt) to the consolidated shareholders' equity of the Company. It measures the risk to the company's financial structure.
Directors' fees	Directors' fees consist of fees paid to the Chairs and Chief Executive Officers, General Managers, and directors who are members of the Supervisory Boards of joint-stock companies (<i>sociétés anonymes</i>). The total amount of Directors' 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 released early as needed and in a specified manner. 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.
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 one of the main factors behind global warming. The most important greenhouse gases are water vapor (H ₂ O) and carbon dioxide (CO ₂). The other main greenhouse gases are methane (CH ₄), ozone (O ₃), nitrous oxide (N ₂ O) and other gases such as PFCs and CFCs.
Grenelle Environment Forum	The Grenelle Environment Forum was 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 No. 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 resulting from the Grenelle Environment Forum. It was supplemented in 2010 by Law No. 2010-788 of July 12, 2010 on the national commitment to the environment, (the "Grenelle 2" Law), setting out more specific provisions for these goals.
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 the interest accrued on balance sheet items constituting gross financial debt.
Internal control	Company-specific system, defined and implemented under 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 using bank or bond debt, which increases the return on equity. The acquisition debt, bank loan or other, is repaid by carving a greater slice off the acquired company's revenues.
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 company 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 complexes consisting of housing units (homes or apartments) for residential use offering a minimum number 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 aged 55 and over; their customers include both tenants and landlords.
Net debt or net financial debt	A company's net debt or net financial debt is the balance of its gross financial debt (gross borrowings) and the available financial assets forming its "cash and cash equivalents". 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 share capital that it represents. For shares, the nominal value has an accounting meaning only. It is the capital classified as liabilities on the Company'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 allow current shareholders (if they lack rights) and new shareholders to acquire a sufficient number of rights to subscribe to new shares.

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 publicly traded as appropriate and in a specific manner.
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 nominative 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.
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".
Statutory Auditor	Representatives of shareholders that enable shareholders to vote at Shareholders' Meetings on the financial statements, the Statutory Auditors' 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 No. 69-810 of August 12, 1969 (as last amended by Decree No. 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 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.



Agencies

- Annecy:** 68, rue Cassiopée - Altaïs B6 - Parc Altaïs - 74650 Chavanod – Tel.: 04 50 05 61 95
- Bayonne:** Résidences Aitzina 1 and 2, 69, avenue de Bayonne - 64600 Anglet – Tel.: 05 59 59 60 60
- Bordeaux:** 14 and 14 bis, allée de Tourny - 33064 Bordeaux Cedex – Tel.: 05 56 12 72 72
- Caen:** 14 and 16, rue Saint-Pierre - 14000 Caen – Tel.: 02 31 15 56 56
- Lille:** 238, boulevard Clémenceau - 59700 Marcq-en-Baroeul – Tel.: 03 28 33 83 23
- Lyon:** 19, rue Domer, CS 10231, 3rd floor - 69362 Lyon Cedex 07 – Tel.: 04 72 84 03 74
- Marseille:** Le Silo d'Arc - 35, quai du Lazaret - CS 30010 - 13002 Marseille Cedex 02 – Tel.: 04 96 17 32 00
- Montpellier:** 266, place Ernest- Granier - 3rd floor - 34000 Montpellier – Tel.: 04 67 13 82 70
- Nantes:** 25/27, rue Paul- Bellamy - BP 10216 - 44002 Nantes Cedex 1 – Tel.: 02 40 74 44 44
- Neuilly-sur-Seine:** (Head office - Île-de-France - Immobilier d'entreprise - Showroom)
127, av. Charles- de- Gaulle - 92207 Neuilly-sur-Seine – Tel.: 01 41 43 43 43
- Nice:** 400, Promenade des Anglais - 06200 Nice – Tel.: 04 93 21 84 84
- Rennes:** Immeuble Atlas, 121, rue du Temple de Blossne - 35136 Saint-Jacques-de-la-Lande – Tel.: 02 99 52 70 37
- Toulon:** 6, avenue Général Leclerc - 83000 Toulon – Tel.: 04 94 02 99 00
- Toulouse:** 27, allée Jean Jaurès - 31010 Toulouse Cedex 6 – Tel.: 05 34 41 08 08
- Serge Mas Promotion:** 30, allée Jean Jaurès - 31000 Toulouse – Tel.: 05 62 73 17 31
- Strasbourg:** 15, rue des francs bourgeois - 67000 Strasbourg

Local offices

- Aix-en-Provence:** 26, route de Galice - 13100 Aix-en-Provence
- Dijon:** 4 avenue de la 1^{ère} armée française - 21000 Dijon
- La Rochelle:** 56, rue Saint Yon - 17000 La Rochelle
- Nancy:** 3, place Simone Veil - 54000 Nancy
- Perpignan:** 30, avenue du Général Leclerc - 66000 Perpignan
- Rouen:** 33, rue Jeanne d'Arc / 3, rue Rollon - 76000 Rouen
- Tours:** 17, bis avenue de Gramont - 37000 Tours

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