KAUFMAN & BROAD

2020

Universal registration document

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KAUFMAN & BROAD

UNIVERSAL REGISTRATION DOCUMENT 2020

This Universal Registration 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 Universal Registration Document may have a material adverse effect on the group’s business, financial condition and results of operations, 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 Universal Registration Document. The occurrence of all or any of these risks could have a negative effect on the group’s business, financial condition and results of operations.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 Universal 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 Universal 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 Universal 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 Universal Registration Document have been rounded.

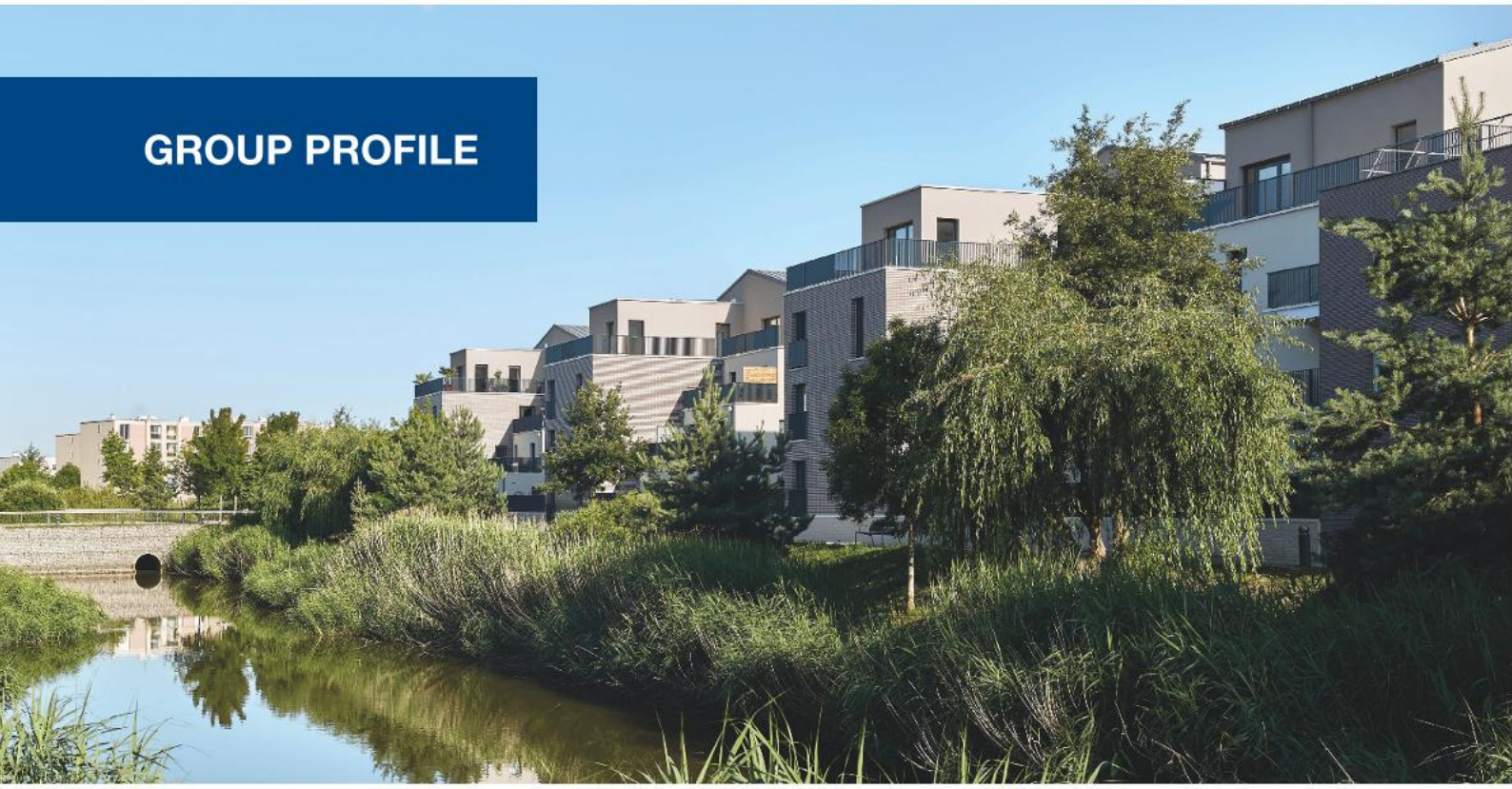
The totals presented in this Universal Registration Document may differ slightly from those obtained by adding together the non-rounded values of those figures.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 31, 2021, 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 144,000 homes and 1,160,000 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.

The results for fiscal year 2020 exceeded the targets set last July. In the context of the current health crisis, the end of which is still very uncertain, and its impact on general economic activity, these results confirm the ability of Kaufman & Broad's growth model to generate profitability and cash flow.

At end-2020, the group had €62.5 million in net cash and cash equivalents (excluding IFRS 16 debt) and had increased its financing capacity to €465.2 million.

Sales activity in the Housing segment included a growing share of sales to a diverse range of institutional investors from both the public and private spheres. Their orders rose 45% year-on-year and accounted for 67% of total Housing orders by value.

Kaufman & Broad actively pursued its development drive in the strategic priority areas it had decided on before the public health crisis struck, in particular its real estate development policy, aimed at increasing our territorial network. This has enabled it to identify 600,000 sq.m of surface area with potential for development in the medium term.

The group has also strengthened its CSR approach, recognized by MSCI ESG Ratings, Vigeo and Gaïa, among others, which increased their ratings for Kaufman & Broad during the year. Our CSR procedures will be intensified in 2021, particularly as regards soil desealing and the reduction of carbon emissions when redeveloping brownfield and commercial sites.

In addition, a new Developer-Investor-Operator activity was created within the group. This will add to the portfolio of managed accommodation for students and senior citizens, owned and operated by Kaufman & Broad, and will include approximately ten projects under development in 2021.

MESSAGE FROM THE CHAIRMAN

Nordine Hachemi
Chairman and Chief Executive Officer

"IN 2020, WE CONFIRMED
OUR ABILITY TO GENERATE PROFITABILITY AND CASH FLOW TO PAVE THE WAY FOR FUTURE GROWTH"

At the end of fiscal year 2020, which was marked by the health crisis and the sharp contraction in general economic activity, Kaufman & Broad's annual results exceeded the targets set at mid-year. These results confirm the solidity of Kaufman & Broad's business model and its ability to pave the way for future growth while preserving profitability and cash flow. At end-2020, the group had €62.5 million in net cash and cash equivalents (excluding IFRS 16 debt) and had increased its financing capacity to €465.2 million.

In a new housing market characterized by long-term demand that remains driven by demographic and sociological factors, and a supply that is thwarted by a prolonged spell of sluggish permitting processes, Kaufman & Broad continued to work on the strategic priority areas identified before the health crisis:

- A real estate development policy based on the development of the territorial network and the redevelopment of brownfield and commercial sites. We have a portfolio of projects under study or in development of nearly 600,000 sq.m of brownfield sites on which major clean-up, desealing and soil revegetation work is planned for the construction of housing or offices;
- We are increasingly integrating social and environmental impact into our projects, with the aim of developing pedestrian and cycling potential, implementing a low-carbon approach, and preserving soil and biodiversity. Contributing to social diversity is also one of our objectives, as demonstrated by our mixed-use project in Chilly-Mazarin, which uses the Bail Réel Solidaire system for home ownership.

Our CSR approach has been recognized, among others, by MSCI ESG Ratings, which upgraded its overall rating from BBB to A in January 2021. In addition, Vigeo continues to rate our ESG Overall Score as "Robust" and Gaïa increased our rating by two points in 2020.

- The creation of a portfolio of managed accommodation for students and seniors, owned and operated by Kaufman & Broad and supported by its extremely strong balance sheet, which will include approximately ten projects under development in 2021.

In Commercial property, 2020 saw the signature and sale before completion (VEFA) of a 42,000 sq.m logistics platform in Beaucaire (Gard) as well as a 13,000 sq.m office building in Puteaux (Hauts-de-Seine) to the Caisse de Retraite du Personnel Navigant (cabin crew pension fund).

In addition, the portfolio of projects under development throughout the territory, whether in offices, including the Austerlitz project, or in logistics, should enable the activity to remain on a steady growth path. As announced in July 2020, 2021 revenue should come out at around €1.3 billion. If the administrative authorizations required for the A7/A8 Austerlitz project are obtained without any objection in 2021, the revenue figure could rise to €1.6 billion. In the first case, the EBIT margin would be similar to that generated in 2020; in the second, it would be able to return to the levels achieved in previous years.

Based on Kaufman & Broad's 2020 results, solid balance sheet and historically large backlog, the Board of Directors will suggest paying out a dividend of €1.85 per share on 2020 earnings when the Shareholders' Meeting is held on May 6, 2021.

All these guidance targets are based on the assumption that the current economic and social situation stabilizes and that any developments on the public health front do not lead to further work stoppages at the group's construction sites over the course of the year.

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.

2020 HIGHLIGHTS

Kaufman & Broad actively pursued its development drive throughout the year in the strategic priority areas it had decided on before the public health crisis struck.

-21.0%
Revenue
(2019/€1,472.1 million)

-23.3%
Reservations for
6,305 housing units

Extension of the maturity date of the Syndicated Loan of January 30, 2019

On March 30, 2020, in accordance with the clause set forth in the Credit Agreement signed on January 30, 2019, Kaufman & Broad requested an extension of the maturity date of the Credit by one additional year as provided for under the terms of the Credit Agreement, i.e. from January 30, 2024, the initial maturity date, to January 30, 2025, the extended maturity date. The request was accepted by all the lenders of the Syndicated Loan agreement of January 30, 2019.

Payment in cash of the dividend for the fiscal year ended November 30, 2019

Downward adjustment of the dividend to €1.75 per share. In light of the public health crisis and the Government's calls for moderation in dividend payments during the first lockdown, Kaufman & Broad S.A.'s Board of Directors resolved at its meeting on April 9, 2020 to reduce the proposed dividend for the fiscal year ended November 30, 2019 from €2.50 per share to €1.75 per share, i.e. 30% less than both the original proposal and the dividend paid in 2019 for the fiscal year ended November 30, 2018. Moreover, payment of the dividend in cash was the only option offered. This decision reflected Kaufman & Broad S.A.'s desire to act responsibly in the prevailing context at the time and to strike a balance between the interests of its various stakeholders.

Upon publication of its first-quarter results on March 19, 2020, Kaufman & Broad S.A. reiterated that it had been focusing on financial performance for a number of years and that this had led to a financial structure with no net debt and an extremely solid cash position of €412.5 million, along with a backlog of over €3.4 billion. As a result of this situation, it did not expect to have to request the deferral or suspension of its tax or social security payments or to apply for government-backed loans, and had kept the use of the furlough scheme ("partial unemployment") within reasonable bounds, with all employees remaining on full pay.

Payment of a lower dividend will enable the company to enhance its charitable support campaign, particularly in support of caregivers and children's education. In addition, it will further bolster the group's already solid financial position.

Employee shareholders, the leading shareholders in Kaufman & Broad S.A. with over 15% of the share capital, supported the decision to adjust the dividend.

The Combined Ordinary and Extraordinary Shareholders' meeting of Kaufman & Broad S.A. held behind closed doors on May 5, 2020 under the chairmanship of Nordine Hachemi resolved to distribute a total dividend of €1.75 per share for the year ended November 30, 2019. The cash dividend was paid on June 10, 2020.

Significant events since the end of fiscal year 2020

Measures to adapt to the Covid-19 health crisis

Since the outbreak of the Covid-19 pandemic in March 2020, work at most of the group's construction sites had been halted or scaled back, and sales activity was extremely sluggish. This situation had a significant negative impact on the group's financial situation. In the context of the ongoing health crisis, which started in the first quarter of 2020, its impact on general economic activity and especially given the uncertainty as to how long it will last, the group had to organize its activity and base its entire outlook on a stabilization of the current economic and social situation, with a return to GDP growth and an improvement in the health crisis in the coming months, with no further stoppages of construction sites in 2021. As of the date of this Universal Registration Document, recovery in 2021 looks set to be hampered by the persistence of the virus, the multiplication of new variants and the strengthening of restrictive measures.

That said, the company's management of the crisis was also a good test of the robustness of Kaufman & Broad's business model, the strength of its financial structure and its resilience, as well as the relevance of the measures implemented to mitigate the consequences of the risks.

Governance

Corporate Social Responsibility (CSR) has become a core principle underlying Kaufman & Broad's activity and the Company has thus set up a CSR Department reporting directly to the Chairman and Chief Executive Officer. In addition, a CSR Committee of the Board of Directors was also newly created.

The CSR Committee's role is to oversee execution of the CSR plan in accordance with the company's strategy. It is worth noting that ESG criteria have formed an integral part of the compensation metrics applicable to Kaufman & Broad's Management since 2018.

Capital reduction through the cancellation of treasury shares

Under the authority granted during the Shareholders' Meeting held on May 5, 2020, the Board of Directors meeting on January 27, 2021 decreased Kaufman & Broad's capital by canceling 375,000 treasury shares worth €12.5 million, thus reducing the number of shares in the company's share capital from 22,088,023 to 21,713,023 shares.

Proposal by the Board of Directors of the principle of paying a dividend for the fiscal year ended November 30, 2020

Based on Kaufman & Broad's 2020 results, solid balance sheet and historically large backlog, the Board of Directors will suggest paying out a dividend of €1.85 per share on 2020 earnings when the Shareholders' Meeting is held on May 6, 2021.

Issuance of building permits

In 2020, the pace of building permit issuance continued to slow. After a first half affected by the lockdown measures linked to the Covid-19 health crisis and the postponement of the French municipal elections from March to June 2020, no clear recovery was observed in the second half of the year.

Building permit issuance and housing starts therefore fell in 2020, by 14.7% for total housing units authorized at December 31, 2020 (381,600 housing units against 447,400 in 2019) and by 7.0% for housing starts (376,700 housing units against 404,900 in 2019).

As a result, the real estate development sector is facing a significant contraction in housing supply despite strong, sustained demand. To date, no trend reversal is expected before the second half of 2021 at best.

€62.5m
Cash net of financial debt (excluding IFRS 16)

+6.0%
Increase in Housing property portfolio

€40.1m
Attributable net income

17.8%
Gross margin rate

2021 CALENDAR

April 15, 2021
Publication of Q1 2021 results (after market close)

April 16, 2021
Presentation of Q1 2021 results (conference call)

May 6, 2021
Company's Shareholders' Meeting

July 12, 2021
Publication of H1 2021 results (after market close)

July 13, 2021
Presentation of H1 2021 results

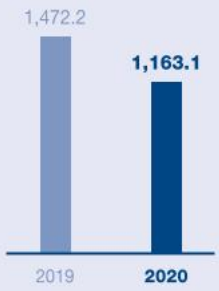
October 1, 2021
Publication of Q3 2021 results (after market close)

October 2, 2021
Presentation of Q3 2021 results (conference call)

(This schedule is subject to change).

KEY FIGURES AND STOCK MARKET DATA

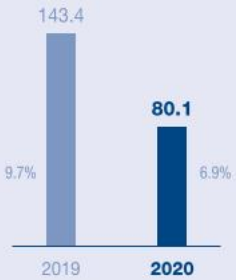
REVENUE
(in € millions)



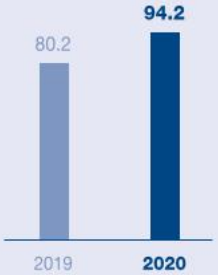
NET FINANCIAL DEBT (excluding IFRS 16)
(in € millions)

WORKING CAPITAL REQUIREMENT
(in € millions and as a percentage of revenue)

EBIT
(in € millions and as a percentage of revenue)



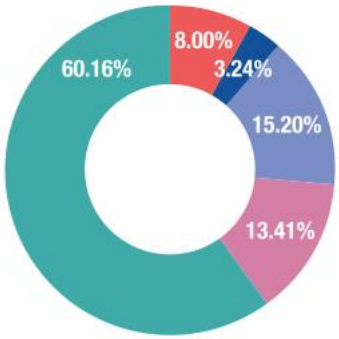
CASH AND CASH EQUIVALENTS
(in € millions)



FINANCING CAPACITY
(in € millions)

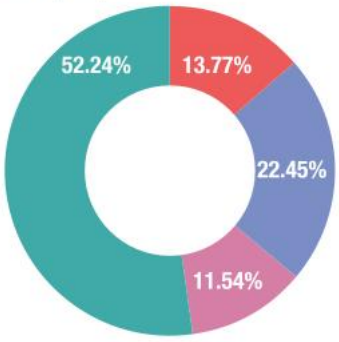
BREAKDOWN OF SHARE CAPITAL

(at November 30, 2020)



PERCENTAGE OF VOTING RIGHTS

(at November 30, 2020)



- Kaufman & Broad SA (treasury stock)
- Employees (Company savings scheme), KB Actions & Management and Kaufman & Broad SA employees (1)
- Prédica + Spirica (2)
- Promogim
- Public (2)

(1) *Includes executives and employees of the Company via Artimus Participations, the Kaufman & Broad Actionnariat FCPE and the KB Actions FCPE. They make up 15.20% of the share capital and 22.45% of voting rights, including employees holding registered shares in their personal capacity.*

(2) *Shares owned by Directors are included in "Public" shareholders at November 30, 2020.*

STOCK MARKET DATA

€41.86
High

€19.40
Low

€36.60€
Last traded price on December 31, 2020

22,088,023
Number of shares at December 31, 2020

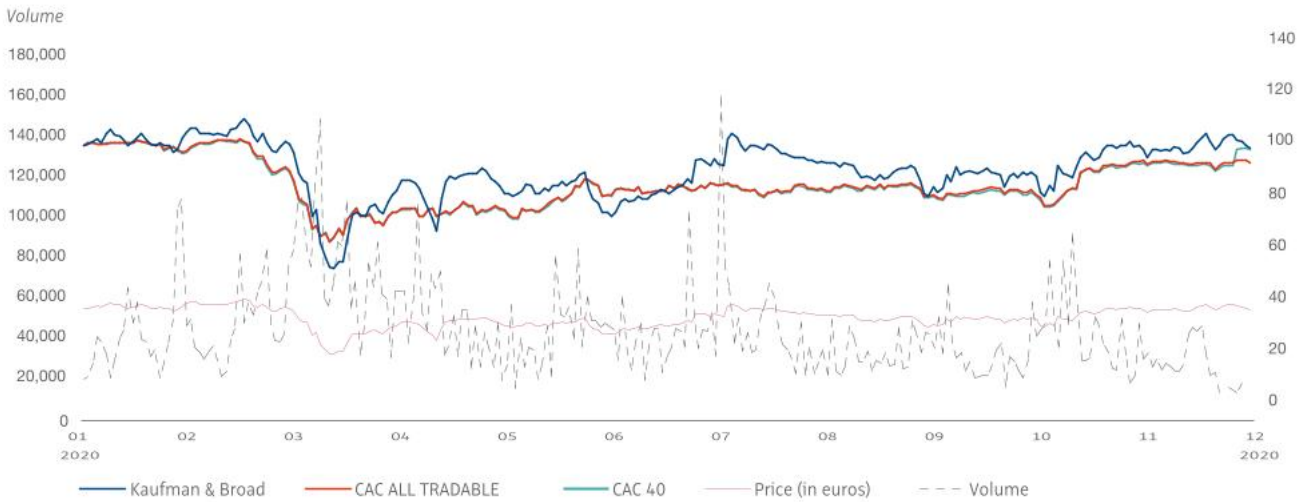
€817,3 million
Market capitalization at December 31, 2020

98,923
Average daily volume on all platforms (1)
(from January 1st to December 31st, 2020)
of which Euronext platform: 36,919

(1) *Sources : Euronext Post-Listing Advisory.*

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

LAND PORTFOLIO
(in units, number of homes)

HOUSING BACKLOG
(in € millions, excluding VAT)

TOTAL BACKLOG
(in € millions, excluding VAT)

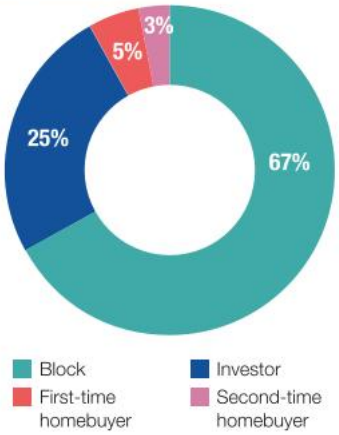
15,604
Units under construction

Take-up period in months
3.8 months
i.e. a decrease of 2.0 months in 1 year

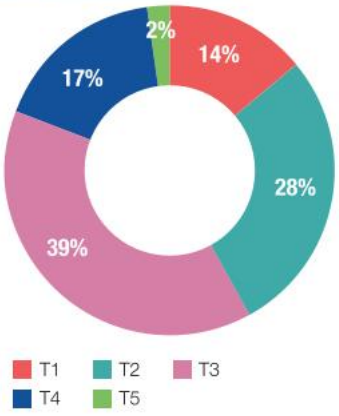
13,951
Housing units in the backlog

6,305
Housing units ordered

ORDERS BY TYPE OF BUYER
(in terms of number at November 30, 2020)

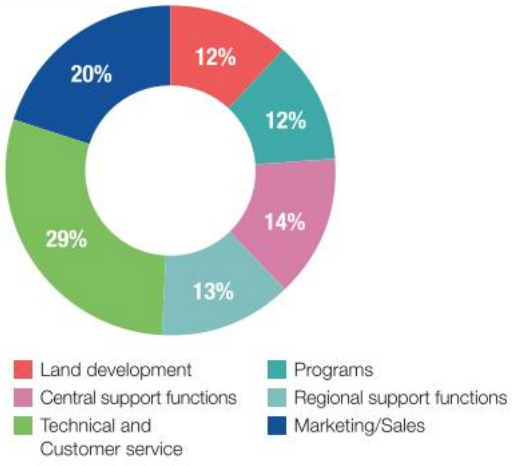


COMMERCIAL OFFER BY APARTMENT TYPE
(in terms of number at November 30, 2020)

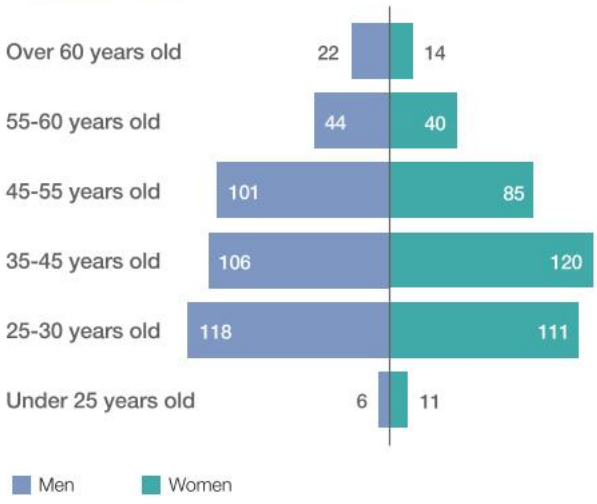


HEADCOUNT

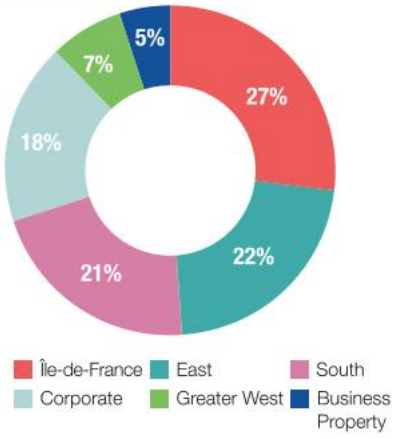
AVERAGE HEADCOUNT BY FUNCTION
(at December 31, 2020)



AGE PYRAMID
(recognized at December 31, 2020)



AVERAGE HEADCOUNT BY REGION
(at December 31, 2020)



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

Nordine Hachemi
Chairman and Chief Executive Officer

Independent Directors (1)

Sylvie Charles AC IC
(SNCF Logistics)
Chairman of the Audit Committee

Jean-Louis Chaussade CC CSRC
(Suez group)
Chairman of the CSR Committee and Lead Director (3)

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

Sophie Lombard AC IC CC CSRC
(Bluester Capital)
Director

André Martinez AC (2) CSRC
Director

Caroline Puechoultres
(Carrefour)
Director

Lucile Ribot AC
Director

Other Directors

Michel Paris (PAI Partners)
Director

Karine Normand
Board member representing employee shareholderss

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

(1) Independent directors as defined in the AFEP-MEDEF Code.
(2) André Martinez joined the Audit Committee on September 30, 2020 following the resignation of Yves Gabriel.
(3) Jean-Louis Chaussade was appointed Chairman of the CSR Committee and Lead Director at the end of the Board of Directors meeting on February 26, 2021.

Executive Committee COMEX
Management Committee CODIR

The Executive Committee is composed of 7 members.

The Management Committee is composed of 16 members, including those of the Executive Committee.

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 Urban Development

Sophie Letierce
Vice-President,
Human Resources

Jacques Rubio
Executive Vice-President
Regions and Managed
Accommodation

William Truchy
Executive Vice-President,
Marketing and Sales

Frédéric Bourg
Senior Vice-President,
Île-de-France Operations

Bertrand Eyraud
Vice-President,
CSR and Innovation

Ludovic Landon-Rouly
Regional Director, Auvergne
Rhône-Alpes

Luc Le Gall
Regional Director, Paris
and inner suburbs

Georges Lopez
Regional Director,
Nouvelle-Aquitaine

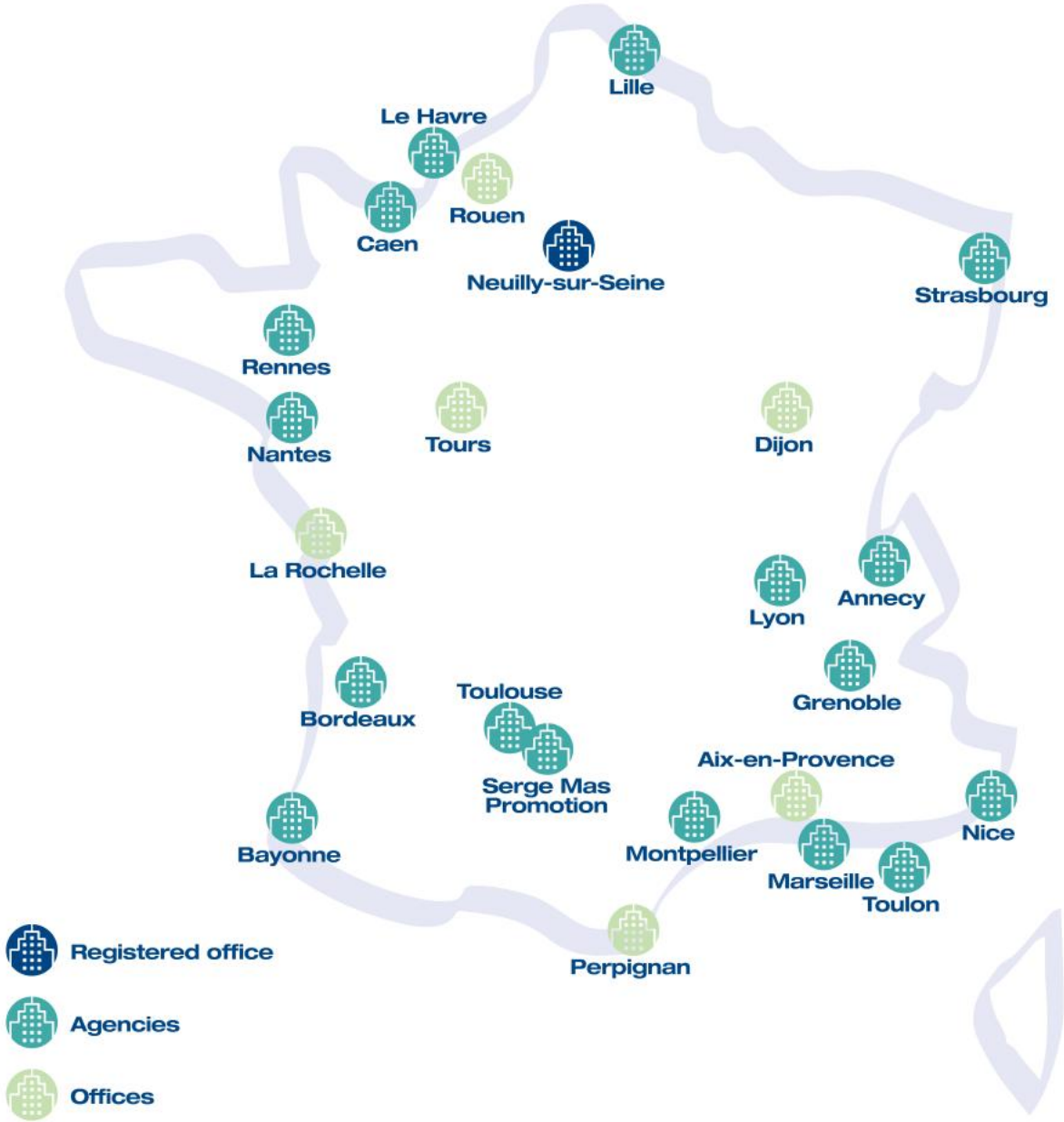
Chrystèle Marchand
Vice-President, Marketing,
Communication and Digital

Philippe Ribouet
Senior Vice-President,
Sud-Est

Thierry Verninas
Vice-President,
Architecture and Quality

Marc Vettraino
Senior Vice-President,
Outer Paris Suburbs

MAIN GROUP LOCATIONS



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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 144,000 homes and 1,160,000 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 2020, the Île-de-France market represented 37.5% of the group's housing orders versus 33.3% in 2019.

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.

In 2014, Kaufman & Broad created an Urban Projects department, with the aim of helping local authorities to create new-generation eco-urban projects.

At the end of 2019, Kaufman & Broad decided to set up an organization dedicated to its planning activities. The Real Estate Development Department brings robust expertise and a structured approach to the setting up and implementation of mixed-use projects.

Finally, in 2020, the group decided to extend its scope by integrating an investor-operator activity in the field of managed accommodation, particularly for students and seniors, with that of builder-developer. Kaufman & Broad has already identified ten or so managed student and senior housing projects under development that could form a starting portfolio.

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
2020	Creation of KALILOG

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" shareholding offer with leverage and investment guarantee, reserved for group employees who are participants in the savings plan. The offer was very successful with a 65.4% participation rate of eligible employees. A total of 236,496 shares were subscribed through the KB Actions 2017 FCPE (mutual 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 their trust. The capital increase resulting from this offer (KB Actions 2017 FCPE), the shares held through Artimus Participations, and those held by the Kaufman & Broad Actionnariat FCPE 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" 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. As in 2017, 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" sub-fund of the KB Actions FCPE for an 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). Through 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. Business lines and skills

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.

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 managed housing, managed accommodation for seniors (except nursing homes), and Commercial (business property, logistics platforms and retail space).

Kaufman & Broad's core business continues to be Housing, in particular due to a number of factors specific to the new housing market in France, which were further amplified by the recent health crisis, namely:

- *Long-term demand for new housing remains strong;*
- *Supply is undermined by the slow process of granting building permits;*
- *Environmental constraints are creating new opportunities;*
- On the basis of these findings, its positioning and its know-how, the group has initiated several projects designed to capture new areas of profitable and sustainable growth, as follows (see section 1.2. "Strategy and creation of financial and non-financial value" of this Universal Registration Document):
  - **a)** *Increasingly factoring the social and environmental impact into our projects,*
  - **b)** *Development policy (nationwide coverage, brownfield and commercial sites)*
  - **c)** *Creation of a managed housing portfolio as a developer-investor-operator.*

In addition, the Housing business has two key focus areas:

- 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.

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".

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

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:

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

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

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

The group designs its products for homebuyers and for private and public investors (public housing operators, land corporations, etc.). It markets its single-family homes and apartments under the "Kaufman & Broad" brand or, where applicable, under brands of its portfolio resulting from acquisitions and which benefit from 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;
- provide responses tailored to the needs of businesses;
- incorporate the requirements of public authorities and investors;
- construct the most healthy and comfortable, economic and virtuous, 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 to 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.

Managed housing portfolio: Developer-Investor-Operator

In 2020, the group moved ahead with its plan to develop a developer-investor-operator business in the field of managed housing. The objective is to offer a new class of institutional investors, both private and public, portfolios of managed housing (for seniors and students) offering regular returns with a risk in terms of capital deemed to be low over 10 to 20 years. This activity benefits from favorable demographic trends in the student population and, above all, in the senior population: according to INSEE, the number of people aged over 75 could increase by 3.2 million between 2020 and 2035.

Kaufman & Broad has already identified ten or so managed student and senior housing projects under development that could form a starting portfolio. The planned financing strategy is based on Kaufman & Broad's strong balance sheet structure. It would revolve around a balance between debt and equity, the latter being shared on a case-by-case basis equally between Kaufman & Broad and third-party investors. The portfolio identified to date consists of about ten projects costing an average of €15 million per project, with a construction sequence to be spread over four years.

1.2. Strategy and creation of financial and non-financial value

Kaufman & Broad's value creation strategy rests on a growth model that generates profitability and cash flow. This means financial balances will be preserved in the short term while keeping our momentum in preparing for the future.

For several years, the implementation of this model of financial and non-financial value creation has stemmed from a triple observation, further reinforced by the consequences of the health crisis:

- long-term demand for new housing still supported by demographic (population growth, longer life expectancy) and sociological (increasing trend towards separate living, desire to leave large urban centers for medium-sized towns) trends;
- at the same time, supply is undermined by the slow process of granting building permits. While the total population in France increased by 2.8 million people between 2010 and 2021, the number of building permits plateaued during this period at between 350,000 and 450,000 per year, with a drop in 2019 compared to 2018, followed by a further drop in 2020 compared to 2019, linked to the municipal elections and the health pandemic;
- lastly, environmental constraints are creating new opportunities.

Against this backdrop, Kaufman & Broad's project, which is already under way, is to capture new areas of profitable and sustainable growth in three areas:

A real estate development policy based on the development of the territorial coverage and the redevelopment of brownfield and commercial sites.

Kaufman & Broad's objective is to produce a supply of housing that meets the challenges of demographics, sociology, the ecological transition and housing quality, while easing the pressure on urban sprawl and housing costs.

Redeveloping brownfield and commercial sites creates value:

- economic value (preserving the value of agricultural production, avoiding using up farmland as structures built on recycled land are denser than those built via urban sprawl, rise in market value of property assets in close proximity to the program by the elimination of wasteland, higher real estate transfer taxes, etc.);
- environmental value via soil desealing (protection against the risk of flooding, rewilding of the site, creation of cool spots), the positive impact on biodiversity (pollination thanks to the presence of natural habitat), the "carbon sink" effect (biomass reserves, fewer car journeys vs. urban sprawl), reduced soil pollution and lower water treatment costs;
- social value (better use of transportation, more balanced mix of populations, equilibrium between jobs/housing/services).

To carry out this strategy, Kaufman & Broad has a pipeline of 600,000 sq.m planned for redevelopment in the medium term, of which many projects have already been launched.

Increasingly factoring the social and environmental impact into our projects

It has been demonstrated that new construction improves environmental performance by a factor of around 2 to 3 in terms of carbon impact compared to old housing (Energy and Construction), contributes to making occupants more mobile and encourages the renovation of housing units between tenants.

Moreover, the leverage effect of new construction on employment and professional integration is high, with a direct and indirect job multiplier estimated at 2x. Finally, while new home building helps to meet the needs created by population growth, a town's urban fabric helps to enhance the quality of social and interactions.

Kaufman & Broad is working simultaneously in several directions to optimize the overall environmental impact of its projects:

- Improved walkability/cyclability with projects close to main services and shops,
- Low-carbon approach with the application of core principles applied to energy consumption and construction. (Example: the *Green Oak* office building in Arcueil, certified E+/C-, bio-sourced building, HQE (Excellent), BREEAM (Very Good) and WELL, with a mixed wood/concrete structure, a facade made of recycled glass paste and raised floors from reused material suppliers,
- Recycling of materials, with priority given to reused materials (example: the *Belle Etoile* hotel in Roissy (430 rooms for the Hyatt chain, delivered in 2020), for which around 5,000 tons of crushed concrete were reused),
- Soil conservation and biodiversity: optimizing each project's density and limiting soil sealing (example: *Magasins Généraux* in Reims, with the reconversion of a former brownfield site into a mixed-use urban project, soil desealing, efforts to mitigate the urban hot spot, a biodiversity strategy assisted by an ecologist, and 1,700 trees planted),
- Social diversity: building in high-demand, low-supply areas and promoting social diversity (example: *Le Chailly* building in Chilly-Mazarin, a mixed-use project using the Bail Réel Solidaire (BRS) system for home ownership). The BRS is a system set up by the government to contain the rise in prices and allow the greatest number of people to access property, particularly in high-demand, low-supply areas such as the Île-de-France. Buyers benefit from a lower VAT rate of 5.5% and attractive house prices.

At the same time, Kaufman & Broad has strengthened its CSR procedures with the creation of a CSR Department, which reports directly to the Chairman and Chief Executive Officer of Kaufman & Broad, and the creation of a CSR Committee of the Board of Directors, whose role is to monitor the execution of the CSR plan in accordance with the company's strategy. ESG criteria have formed an integral part of the compensation metrics applicable to Kaufman & Broad's Management since 2018.

ESG ratings support Kaufman & Broad's CSR approach, recognized by MSCI ESG Ratings, among others, which upgraded its overall rating from BBB to A in January 2021. In addition, Vigeo continues to rate Kaufman & Broad's ESG Overall Score as "Robust" and Gaïa increased its rating by two points in 2020.

Creation of a managed housing portfolio as a developer-investor-operator

In 2020, the group moved ahead with its plan to develop a Developer-Investor-Operator business in the field of managed housing. The objective is to offer a new class of institutional investors, both private and public, portfolios of managed housing (for seniors and students) offering regular returns with a risk in terms of capital deemed to be low over 10 to 20 years. This activity benefits from favorable demographic trends in the student population and, above all, in the senior population: according to INSEE, the number of people aged over 75 could increase by 3.2 million between 2020 and 2035.

Kaufman & Broad has already identified ten or so managed student and senior housing projects under development that could form a starting portfolio. The proposed financing strategy is based on Kaufman & Broad's extremely strong balance sheet structure, and would revolve around a balance between debt and equity, which could be shared, on a case-by-case basis, equally between Kaufman & Broad and third-party investors. For around ten projects costing an average of €15 million per project, with a construction sequence to be spread over four years, Kaufman & Broad's peak investment would be limited to €25 million over 24 months.

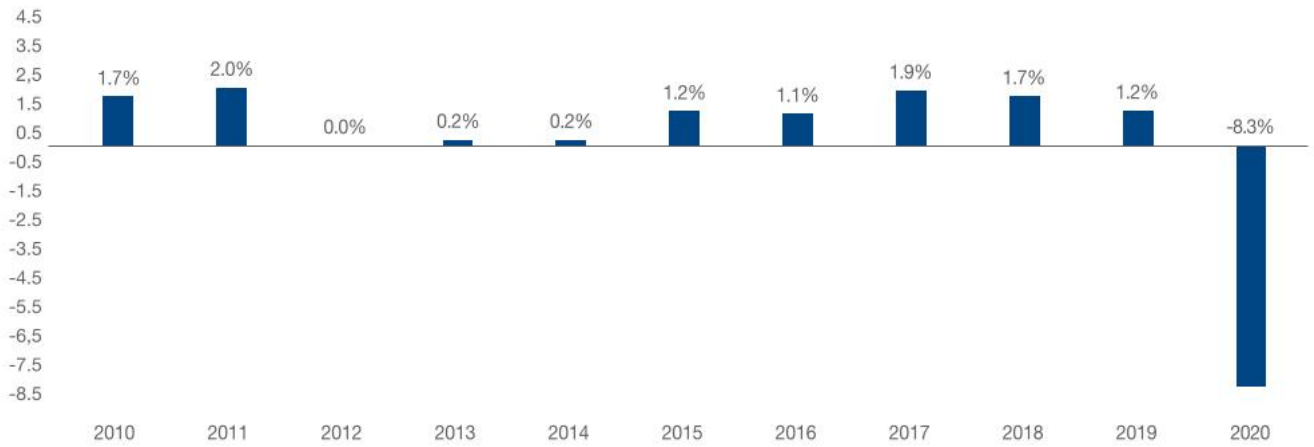
1.3. Main characteristics of the business

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.

1.3.1. Macroeconomic Indicators

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

FRENCH GDP GROWTH

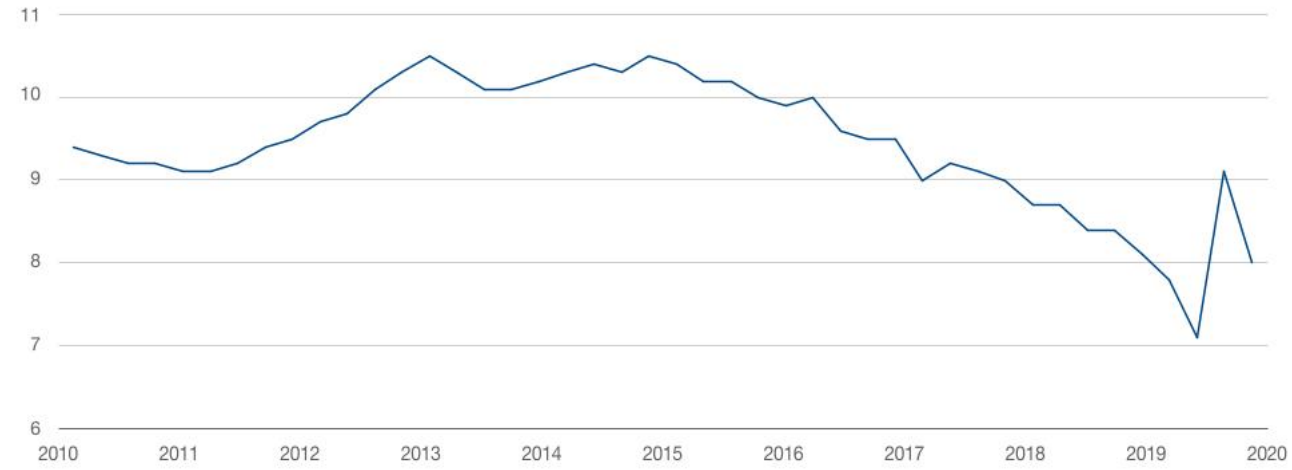


Source: INSEE - Economic dashboard (March 2021).

CONSUMER CONFIDENCE INDEX MONTHLY TREND

Source: INSEE.

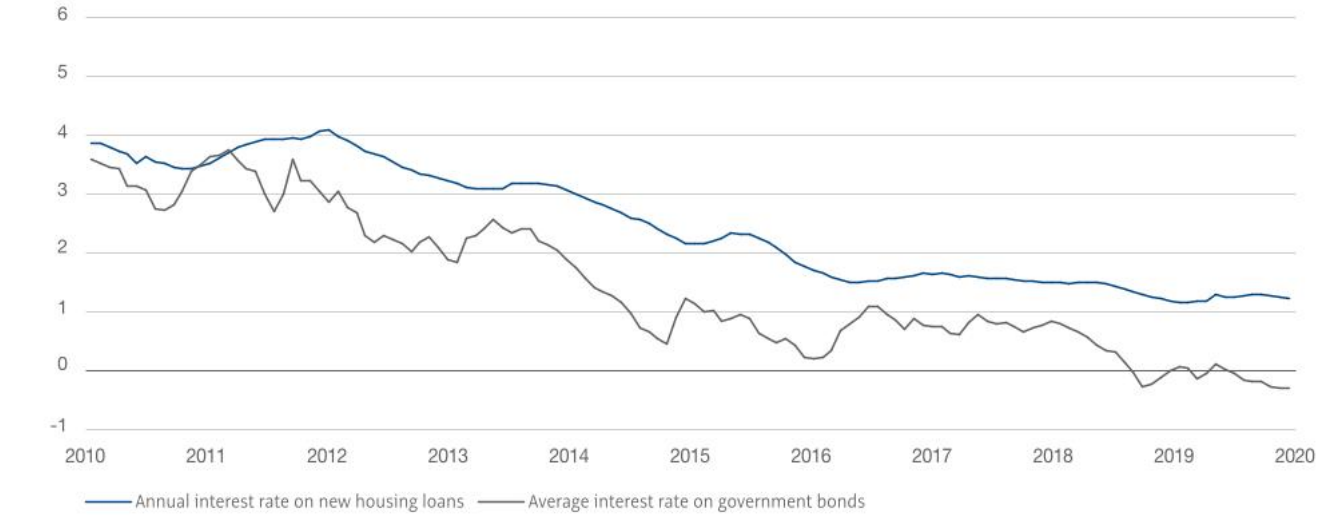
TREND IN THE UNEMPLOYMENT RATE IN METROPOLITAN FRANCE



Source: INSEE - Economic dashboard (March 2021).

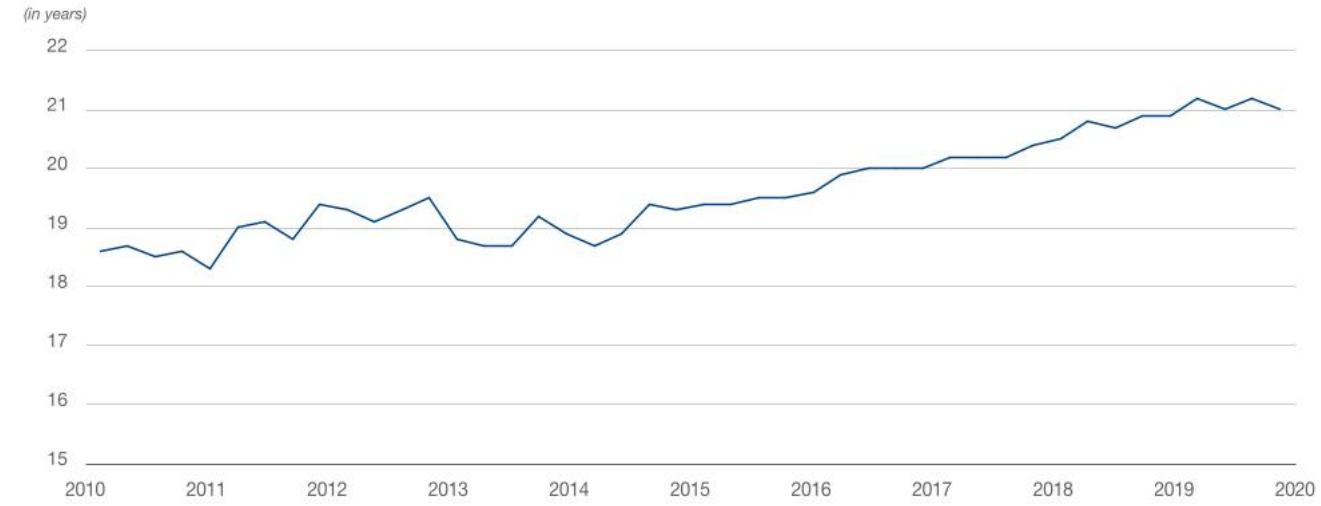
Housing property indicators

AVERAGE INTEREST RATE ON REAL ESTATE LOANS



Source: Banque de France.

AVERAGE TERM OF REAL ESTATE LOANS

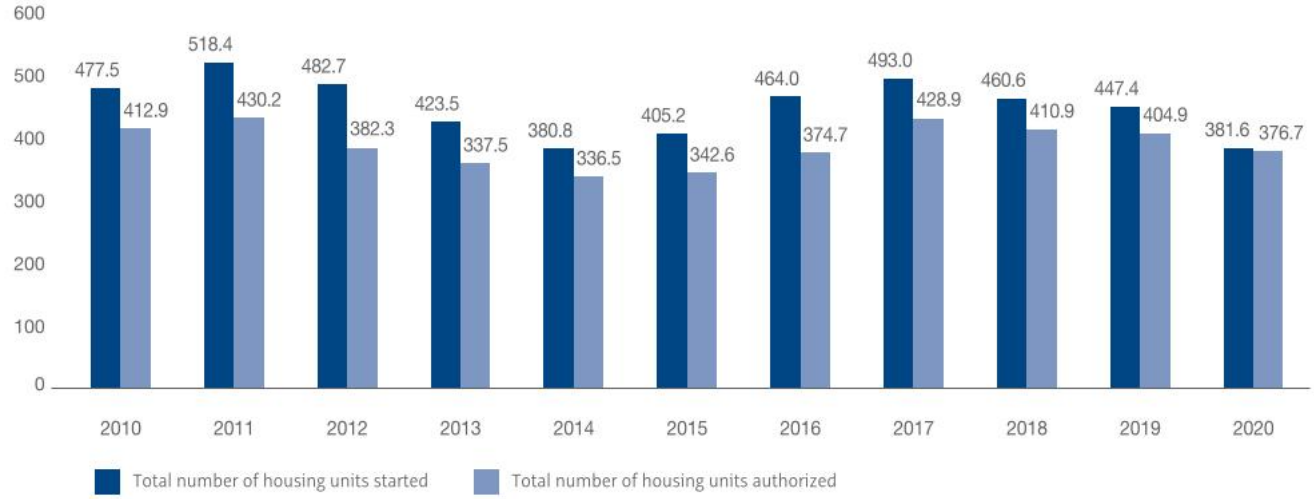


Term of mortgages to retail customers. All markets.

Source: Banque de France.

TREND IN THE NUMBER OF HOUSING UNITS UNDER CONSTRUCTION IN FRANCE [a]

(in thousands of units)

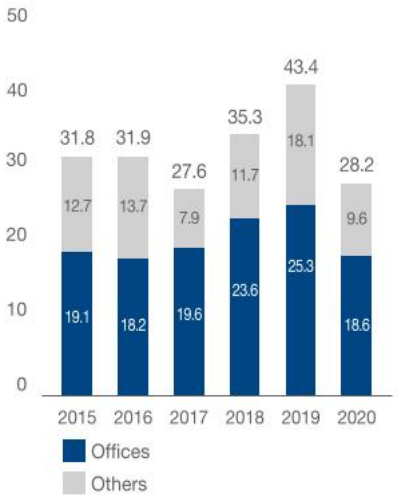


(a) Housing units under construction: pure individual housing, grouped individual housing, multi-family housing, accommodation (new construction and construction in existing buildings).
Source: Ministry of Ecology, Sustainable Development and Energy, Sit@del2 - from 2018 to 2020, the number of housing starts has been recalculated by the Ministry.

At December 31, 2020, housing under construction (started) totaled 376,700 housing units versus 404,900 housing units started in 2019, a 7.0% decline. They are divided into pure individual housing units (110,700), grouped homes or single-family homes in communities (38,200), multi-occupancy housing (194,100) as well as serviced housing (33,700). In the case of housing units for which a building permit has been granted, the decline is far more significant. At December 31, 2020, 381,600 housing units had been granted a building permit compared with 447,400 housing units in 2019, a 14.7% decline. They are divided into pure individual housing units (122,100), grouped homes or single-family homes in communities (41,900), multi-occupancy housing (181,200) as well as serviced housing (36,500). 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).

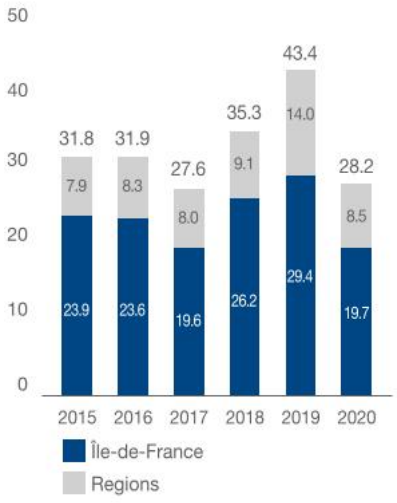
Business Property indicators

AMOUNTS INVESTED IN BUSINESS PROPERTY IN FRANCE: "OFFICES" VS. "OTHER"
(in € billions)



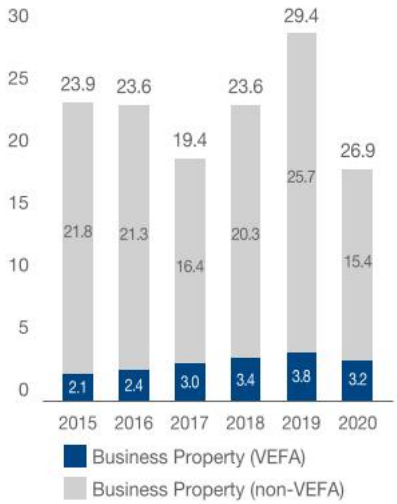
Source: BNP Paribas Real Estate.
Publication: At a Glance Investment in France - Q4 2020 and Kaufman & Broad estimates

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 2020 and Kaufman & Broad estimates

BUSINESS PROPERTY IN ÎLE-DE-FRANCE
(in € billions)



Source: BNP Paribas Real Estate.
Publication: At a Glance Investment in France - Q4 2020 and Kaufman & Broad estimates

1.3.1.1. 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 high-demand, low-supply areas (see Section 1.3.1.1.1. "The 'Pinel' incentive").

Since January 1, 2018, the tax reduction has been reserved for homes built in areas in which there is an imbalance between supply and demand. The only areas eligible are zones A, Aa and B1.

It should be noted that from January 1, 2021, houses will no longer be eligible for the Pinel incentive.

Finally, article 168 of the Budget Act for 2021 extends the Pinel scheme until December 31, 2022. It has been reproduced for the years 2023 and 2024, with decreasing tax reduction rates.

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 4.1.5.2. "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:

1.3.1.1.1. 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, which is known not to be a high-demand, low-supply area.

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.

Finally, Article 161 of the Budget Act for 2020 (2019-1479 of December 28, 2019) was introduced to limit the application of the scheme to multi-occupancy housing only as from 2021.

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 has 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 2019 and leases signed or renewed in 2020:

	Monthly rent ceiling per square meter	
Zone *(€/sq.m/month)*	2019	2020
A	€12.75	€12.95
Aa	€17.17	€17.43
B1	€10.28	€10.44
B2	€8.93	€9.07

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 2020:

Composition of tenant household *(in €/year)*	Zone A	Zone Aa	Zone B1	Zones B2 and C
Single person	€38,465	€38,465	€31,352	€28,217
Couple	€57,489	€57,489	€41,868	€37,681
Single person or couple with one dependent	€75,361	€69,105	€50,349	€45,314
Single person or couple with two dependents	€89,976	€82,776	€60,783	€54,705
Single person or couple with three dependents	€107,053	€97,991	€71,504	€64,354
Single person or couple with four dependents	€120,463	€110,271	€80,584	€72,526
Supplement for the fifth and each additional dependent	+€13,421	+€12,286	+€8,990	+€8,089

1.3.1.1.2. 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.

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 housing, the incentive is maintained throughout the country. It was to be re-centered in high-demand, low-supply 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 (unchanged for 2020) are as follows:

Number of people occupying the home			1	2	3	4	5 or more
Zone 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

1.3.1.1.3. 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.

It should be noted that Article 164 of the Budget Act for 2021 extends the distribution of the zero-rate loan until December 31, 2022 and provides that as of January 1, 2022, the resources of the borrower will be assessed, according to procedures set by decree, on the date of issuance of the loan offer and no longer in respect of the penultimate year preceding that of the issuance of the loan offer.

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 *sexies*	Rate
Social rental housing financed by a subsidized rental loan for very low-income households (Prêt Locatif Aidé d'Intégration, 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%

1.3.1.2. Home ownership for low income households

1.3.1.2.1. 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.

1.3.1.2.2. New town policy priority districts

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

These new districts will gradually replace the ANRU zones, 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 an economic and social development spread assessed on 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 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.

Thus, 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 had to be no later than January 31, 2015.

1.3.1.3. New housing market indicators

1.3.1.3.1. Market volume

A. Single-family homes in communities

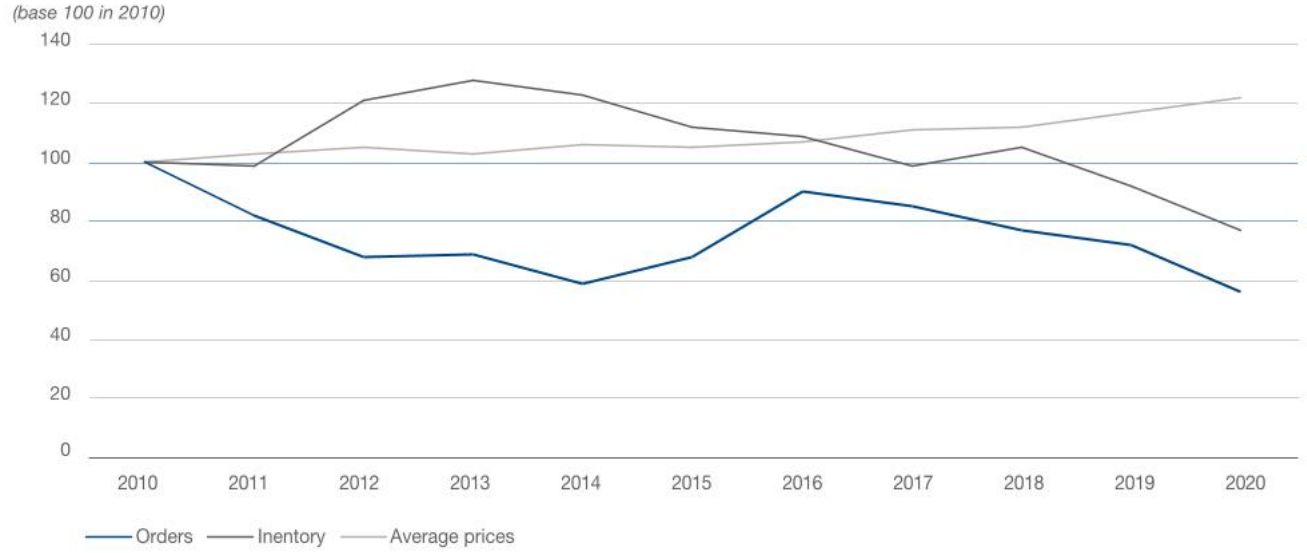
The French market for single-family homes in communities represented 8,790 orders in 2019 and 6,852 in 2020.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Orders	12,247	9,997	8,345	8,450	7,213	8,386	11,022	10,426	9,431	8,790	6,852
Inventories	8,550	8,441	10,324	10,950	10,540	9,584	9,575	8,498	8,980	7,873	6,581
Average price *(in euros)*	237,921	245,490	249,611	244,638	251,778	249,011	255,630	263,081	266,392	278,385	290,896

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



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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Île-de-France	2,051	1,346	1,096	1,244	1,194	1,492	2,296	1,744	1,915	1,668	1,162
Occitanie	1,831	1,524	922	973	645	686	838	913	860	756	626
West [(a)]	1,917	1,609	1,373	1,206	1,085	1,213	1,505	1,652	1,449	1,460	988
Provence-Côte d'Azur	896	773	736	805	760	780	1,105	791	686	647	626
Rhône-Alpes [(b)]	1,252	1,233	1,100	1,066	986	1,105	1,468	1,488	1,102	989	848

(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)

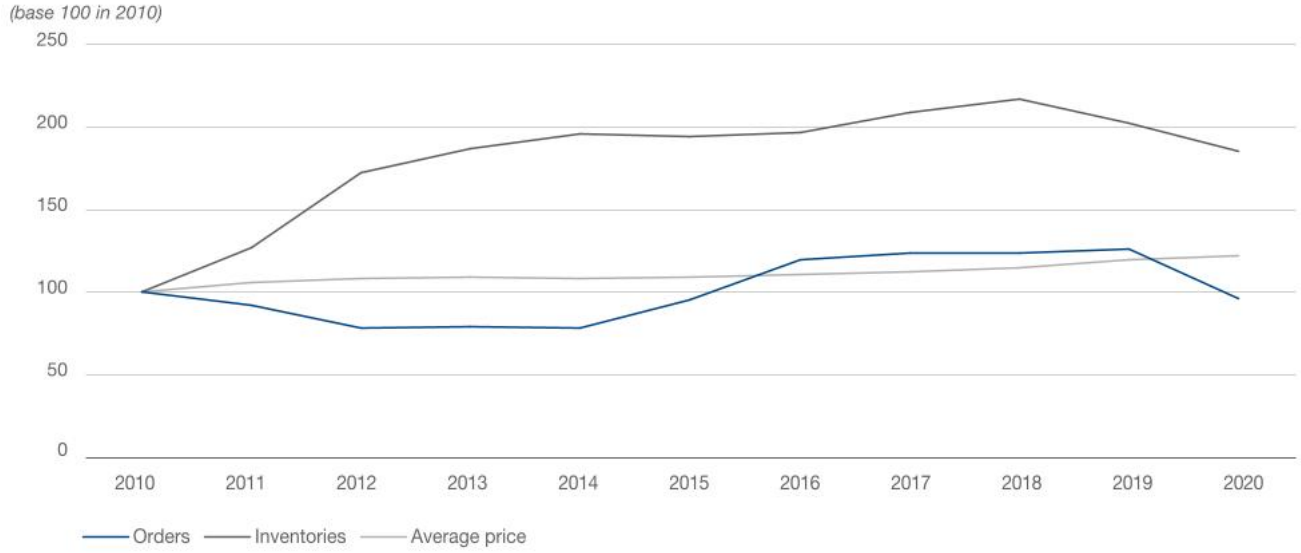
The French market for new apartments represented 122,246 orders in 2019 and 92,663 in 2020.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Orders	96,796	89,043	75,803	76,534	75,659	91,641	116,112	120,182	120,266	122,246	92,663
Inventories	47,827	60,637	82,389	89,650	93,520	92,839	94,425	99,777	103,633	96,401	88,244
Average price *(in €/sq.m)*	3,548	3,744	3,843	3,850	3,835	3,875	3,956	3,967	4,086	4,248	4,322

Source: French Ministry of Ecology, Sustainable Development and Energy, new housing unit sales study (ECLN).

TREND IN THE MARKET FOR APARTMENTS



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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Île-de-France	18,251	17,534	19,355	21,173	20,360	23,150	31,372	33,726	37,254	38,962	26,260
Occitanie	18,786	16,723	13,183	11,740	12,388	14,956	18,031	17,961	16,540	16,915	13,250
West [(a)]	13,348	10,798	9,760	9,038	9,558	10,987	13,077	12,785	12,277	11,888	9,757
Provence-Côte d'Azur	12,118	10,017	7,367	7,032	6,801	9,330	11,744	12,515	11,711	11,134	8,917
Rhône-Alpes [(b)]	11,426	11,365	8,529	8,554	8,493	10,458	12,468	14,046	14,694	14,477	10,894

(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).

1.3.1.3.2. Inventory of housing units available for sale in France

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 remained stable at the end of December 2020 (-9.1%) at 94,825 units, compared to 104,214 units at the end of December 2019. In 2020, 99,515 homes were ordered, down 24.1% from 2019 with 131,036 orders. Meanwhile, the units put up for sale slipped 7.0% between 2019 and 2020. Finally, cancellations remained at high levels, up sharply by 17.2% between 2019 and 2020, standing at 12.0% and 18.6% of annual reservations respectively, according to data from the Ministry of Ecology, Sustainable Development and Energy, new housing unit sales survey (ECLN) in the fourth quarter of 2020.

At November 30, 2020, the group had 50 completed housing units remaining to be ordered, which represents less than 2.5% of its commercial offering compared to 30 housing units for the same period in 2019.

1.3.1.4. 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	2020	2019	2018
Nexity [(a)]	21,077	21,837	19,609
Cogedim [(b)]	11,929	12,128	11,782
Bouygues Immobilier [(c)]	8547	11,297	13,449
Kaufman & Broad	**6,305**	**8,222**	**9,122**
Vinci [(d)]	6,120	6,215	6,333
Icade [(e)]	5,338	5,067	4,938
Eiffage [(f)]	4,273	4,922	4,694
Bassac [(g)]	2,638	3,693	3,603

Sources:

(a) Nexity: Press release of February 24, 2021.
(b) Cogedim: Press release of March 10, 2021 on 2019 results.
(c) Bouygues Immobilier: Universal registration document 2020 (March 17, 2021).
(d) Vinci: Press release of February 05, 2021 on 2020 results.
(e) Icade: Press release of February 22, 2021 on 2020 results.
(f) Eiffage: Press release of February 24, 2021 on 2020 results.
(g) Bassac (formerly Les Nouveaux Constructeurs): Press release of April 1, 2021 on 2020 results.

1.3.1.5. The group's market share

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

Market share	2020	2019
Grouped homes		
Île-de-France	13.4%	17.3%
East	0.0%	0.0%
Hauts-de-France	0.0%	0.0%
Normandy	0.0%	8.5%
Brittany	0.0%	0.0%
Pays de la Loire	9.5%	0.0%
Nouvelle-Aquitaine	0.7%	0.0%
Auvergne-Rhône-Alpes	2.0%	2.1%
Occitanie	14.9%	5.1%
Provence-Alpes-Côte d'Azur	9.9%	1.8%
TOTAL GROUPED HOMES, FRANCE	**5.8%**	**4.2%**
Apartments [(a)]		
Île-de-France	8.5%	6.9%
East	0.8%	8.2%
Hauts-de-France	6.0%	3.2%
Normandy	10.6%	9.4%
Brittany	0.0%	4.1%
Pays de la Loire	11.3%	3.8%
Nouvelle-Aquitaine	13.3%	9.2%
Auvergne-Rhône-Alpes	2.3%	5.2%
Occitanie	7.9%	7.9%
Provence-Alpes-Côte d'Azur	5.8%	8.7%
TOTAL APARTMENTS, FRANCE	**6.4%**	**6.5%**
TOTAL HOUSING UNITS, FRANCE	**6.3%**	**6.3%**

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).

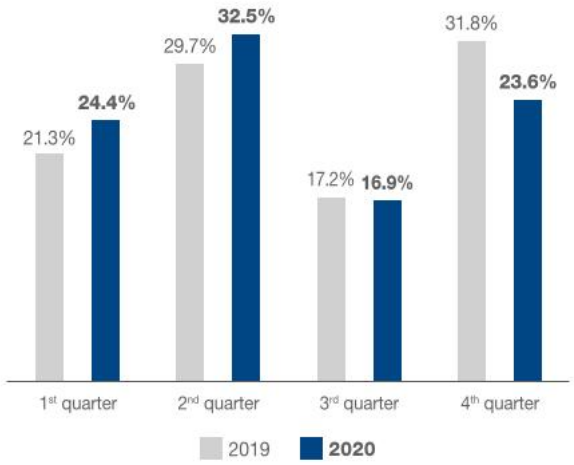
1.3.1.6. Seasonality and business cycle

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 1.3.1. "Macroeconomic Indicators").

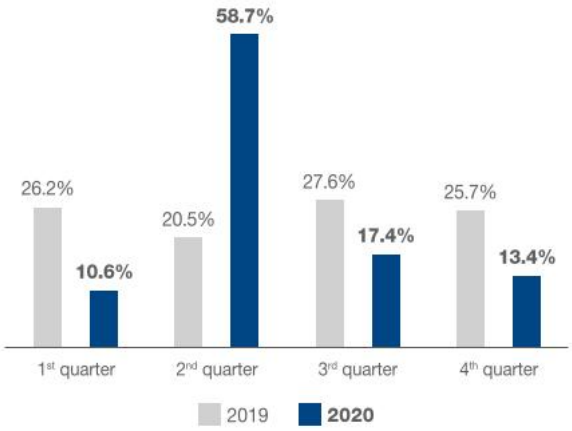
The following shows the group's sales activity, reflected in orders, during the last two fiscal years:

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)".

1.4. Business model

1.4.1. 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.

1.4.1.1. Operational structure of the group

The group is organized into corporate divisions and two business lines, namely Housing and Commercial property.

Housing comprises three operating divisions headed respectively by Christian Delapierre for Île-de-France, Luc Legall for Paris and Inner Paris Suburbs, Marc Vettraino for Outer Paris Suburbs, David Laurent for Hauts-de-France and the East and Jacques Rubio for the other regions. Jacques Rubio is supported by Ludovic Landon-Rouly for the Rhône-Alpes Auvergne region, Georges Lopez for the Nouvelle-Aquitaine region and Philippe Ribouet for the Southeast region.

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

In addition, Kaufman & Broad has 20 agency divisions and local offices: the Île-de-France region (with five agencies), Loire-Atlantique (Nantes, Val de Loire), Brittany (Rennes), Normandy (Caen, Le Havre and Rouen), North Flanders (Lille/Reims), East (Nancy and Strasbourg), Bourgogne Rhône-Alpes (Dijon and Lyon), 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 and Territories 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;
- 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;
- lastly, in 2020, Kaufman & Broad decided to combine the development of social housing programs within a single entity, particularly in areas where the group does not operate (outside of major cities, i.e. social zones 2 and 3, and Pinel zones B2 and C), in order to offer a national response to these issues. (see section 1.4.2.2.3 “Kalilog social housing”).

In order for the group to benefit from social housing expertise, particularly in areas where it does not operate (outside major cities, i.e. social zones 2 and 3, Pinel zones B2 and C), and to offer a national response to these issues (see section 1.4.2.2.3 “Kalilog social housing”), the agency divisions have a great deal of autonomy in terms of identifying land for acquisition, developing sales strategies, conducting land development and construction operations, and controlling 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, CSR and Innovation.

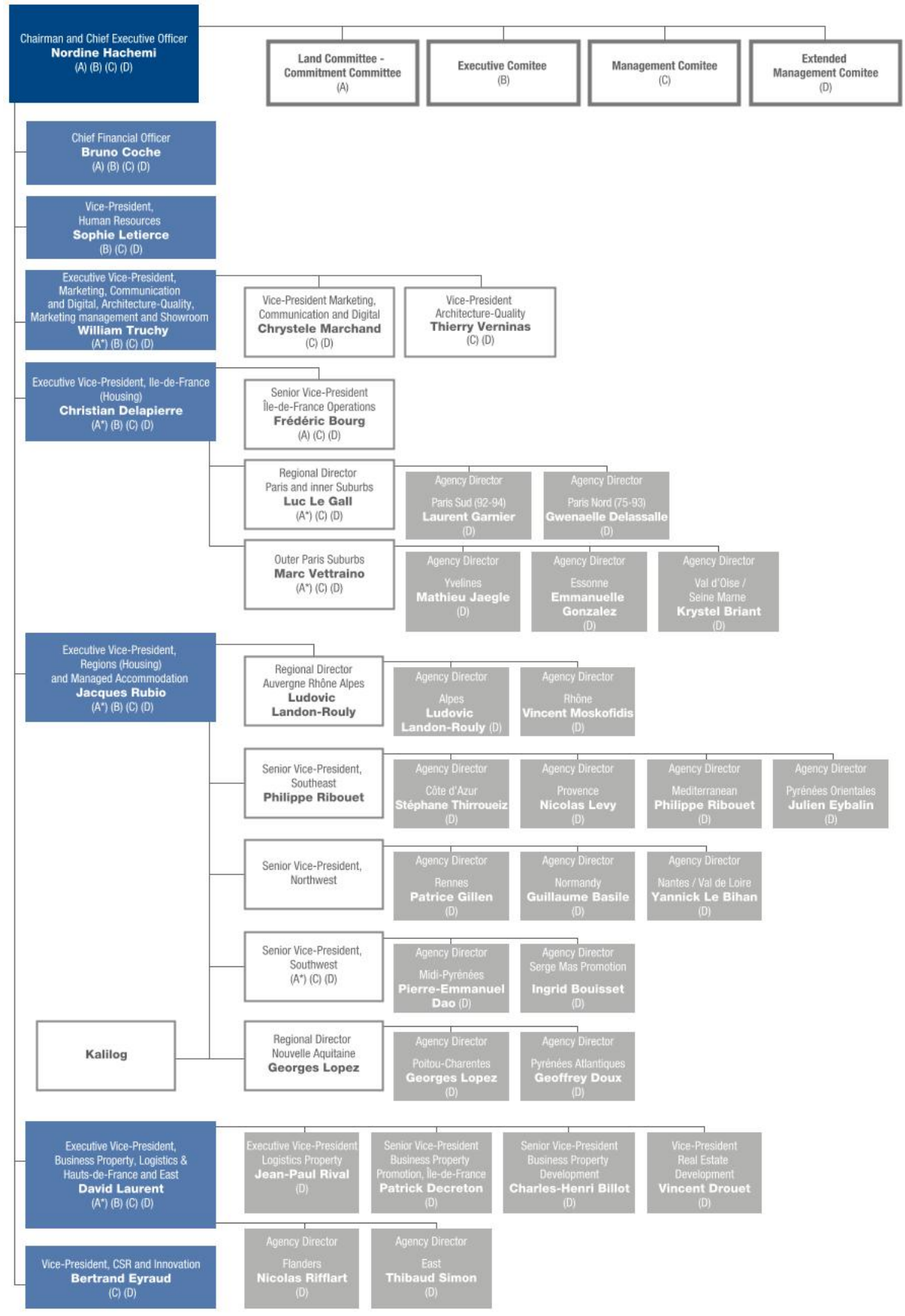
The Company provides its subsidiaries and regional divisions with various administrative and management services, and particularly consulting, in:

- project financing;
- establishment of organizations, recruitment, individual and collective employee management training, career management, salary and payroll policy and personnel files;
- accounting, legal, tax and treasury management;
- processing and installation of information systems;
- assistance and advice for sales to private customers;
- architecture, innovation and quality.

With the exception of corporate and IT costs, which are all 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 Territoires et Aménagement, Kaufman & Broad Innovation et Technologies, Kaufman & Broad Marketing et Ventes, Kaufman & Broad Investissements, KETB Partenaires, Kapital Partenaires Promotion, Cosy Diem and Kalilog – 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.

KAUFMAN & BROAD ORGANIZATION



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

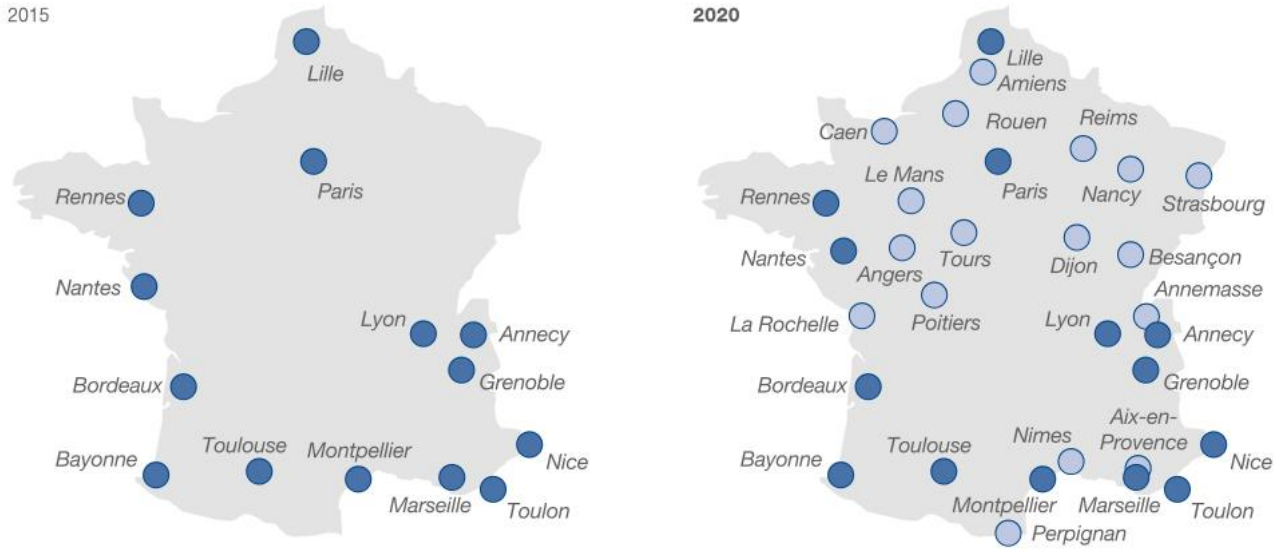
1.4.1.2. Geographic presence

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 2020, Île-de-France accounted for 48% of the group's revenue from housing with the remaining 52% 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, Besançon, Caen, Dijon, Grenoble, Le Mans, La Rochelle, Nancy, Nîmes, Perpignan, Poitiers, Reims, Rouen and Strasbourg.

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



1.4.2. Customers and products

1.4.2.1. 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.

	Share of orders (in number)		Share of revenues from orders (excluding VAT)	
Buyer type	**2020**	**2019**	**2020**	**2019**
Investor [(a)]	25%	35%	22%	35%
Block	67%	48%	67%	40%
First-time homebuyer	5%	13%	6%	17%
Second-time homebuyer	3%	4%	5%	8%
TOTAL	**100%**	**100%**	**100%**	**100%**
(a) of which "Pinel" scheme.	*18%*	*25%*	*17%*	*27%*

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 2020, a substantial part of the group's orders were for block sales, 67% in both number and value (down by close to 14% in number compared with 2019), although still at a high level; and a still substantial part of orders from investors, which accounted for close to 22% of its total orders in both number and value. Orders for rental investment (excluding VAT) made up 25% of revenue (including 18% under the "Pinel" incentive scheme), down from 35% in 2019. First- and second-time homebuyers decreased to 10% of revenue, compared with 25% in value in 2019 (including VAT).

1.4.2.1.1. 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 2020 accounted for only 5% of group orders in number compared with 13% in 2019 and 6% in value compared with 17% in 2019, 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 3% respectively in 2019 and 2020 of orders by number of units within the group.

In 2020, the sale price (including VAT) of the group's single-family homes ranged from €245,500 to €499,000. The average price was €306,840 in Île-de-France and €324,786 in the Regions. Living area in these homes ranges from 66 to 250 sq.m, depending on the program (see Section 2.1.3. "Tracking of indicators").

In 2020, the sale price (including VAT) of multi-occupancy housing units ranged from €2,700 to €6,900/sq.m in Île-de-France and fluctuated between €2,400 and €11,000/sq.m in the Regions. The average sale price (including VAT) of multi-occupancy housing units (including parking) was close to €4,460/sq.m in Île-de-France and €4,153/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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average price *(in €, incl. VAT)*	294,600	301,700	252,500	313,100	381,400	367,000	325,000	365,500	375,200	351,775	306,840
Average area *(sq.m)*	96	100	80	90	98	88	87	94	94	92	94

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

(in €, incl. VAT)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Île-de-France	226,900	266,900	238,800	207,800	205,800	256,300	225,900	235,800	256,200	283,077	267,624
Regions	197,100	201,420	212,000	198,500	183,700	197,500	194,000	205,800	227,300	213,975	236,103

1.4.2.1.2. Individual investors

The group designs programs which are fully eligible for the main tax incentives, particularly the Pinel incentive (see Section 1.3.1.1. "Tax incentives") and in line with the requirements for social housing. The group estimates that in 2020, individual investors buying through prescribers, specialized networks, or its sales offices generated 25% of its orders in number compared to 35% in 2019.

According to the individual investors' declarations of intent, the group estimates that 18% of its orders in number were made under the Pinel incentive, against 25% in 2019.

1.4.2.1.3. 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.

1.4.2.2. 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 buying 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 1.3.1.1. "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.

1.4.2.2.1. 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 to the optimization of space.

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;
- minimizing the 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.

1.4.2.2.2. 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, Strasbourg, and especially the Île-de-France region.

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.

1.4.2.2.3 Social housing (Kalilog)

In order to meet the need for social housing programs, particularly in areas where Kaufman & Broad does not operate (outside of major cities, i.e. social zones 2 and 3, and Pinel zones B2 and C), the group has created a dedicated structure to provide a national response to these issues. This business will be a new diversification for the group and a complementary development for 100% social VEFA projects. It will consist of a "tailor-made" offer for local authorities, adapted to each region, namely: for a given municipality, a need, a project, to be completed within an optimized timeframe. Kalilog is an answer to help communities reach the 25% social housing threshold imposed by the SRU law. In addition, it offers the possibility for young people, families and seniors to continue living in their preferred area, while benefiting from the security offered by a group like Kaufman & Broad and the know-how of a team dedicated to this activity.

1.4.2.2.4. 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.;
- living accommodation for older adults: 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 Gérontopôle, to maintain residents' abilities according to their wishes;
- on-site catering based on healthy, organic, fresh products, designed to keep local residents healthy, from short supply chains;
- maintaining social bonds and developing intergenerational bonds, due to location in the heart of cities and the opening of the accommodation to its immediate environment, both geographically and socially (e.g. an accessible local market, stores, partnership with nurseries, etc.).

1.4.2.2.5. Commercial

In the past, Kaufman & Broad had a large Business Property division, an activity that buttressed its strong reputation in Île-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 that are a pleasure to use and adapted to new ways of working,
  - efficient buildings (optimization of space at each workstation), with high technical and environmental performance and optimized operating costs;
- investors, by enhancing their investment through the use of high-quality design (up-market buildings), making space flexible and adaptable over time, thus guaranteeing their longevity.

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 most healthy and comfortable, economic and virtuous, 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 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.

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.

1.4.2.2.6. 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.

1.4.2.2.7. Managed housing portfolio: Developer-Investor-Operator

In 2020, the group decided to create a Developer-Investor-Operator business in the field of managed housing. The objective is to offer a new class of institutional investors, both private and public, portfolios of managed housing (for seniors and students) offering regular returns with a low risk in terms of capital over 10 to 20 years.

1.4.3. Marketing and sales

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

- providing the sales force with a continuous flow of prospects and contacts, qualified and mature in their acquisition plans thanks to adapted communication tools;
- improving acquisition costs and 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.

1.4.3.1. 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, 2020, the sales teams comprised 121 people, including 51 sales representatives with an average of 8.5 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 *BoutiK* 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 the distribution of the products developed by the brand to customers including primarily individual investors. This sales channel is supervised by an internal team of 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.

1.4.3.2. Sales points

Kaufman & Broad shapes 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.

The health crisis has also led to a tenfold increase in remote selling, which is now perfectly possible and fluid in terms of customer experience thanks to highly efficient tools – which already existed before the health crisis – for online presentation and signature.

1.4.3.3. 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.

1.4.3.4. 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 campaign 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.

1.4.3.5. Digital tools

All the operational marketing and advertising actions refer to digital tools dedicated to customer support. The main B2C website, kaufmanbroad.fr, benefits from constant functional updates aiming at continuously improving both the user experience and natural search engine optimization.

Kaufman & Broad remains the only French developer to offer 3D visualization of the residence and its units for all of its programs sold to individuals. This specificity enabled all the marketing channels to be particularly effective in switching to remote selling during the health crisis.

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. In 2020, it was further developed to allow buyers to communicate with their contacts directly from their secure area.

1.4.4. 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.

1.4.4.1. 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.

1.4.4.2. 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 1.5.4. "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-door 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.

1.4.4.3. 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 4.2.3. "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.

1.5. Development process

1.5.1. Type of products

1.5.1.1. Single-family homes in communities, multi-occupancy housing and managed accommodation

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.

1.5.1.2. Commercial

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.

1.5.2. Purchase of land

1.5.2.1. 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 apartment units, in the center of town or near an attractive metropolitan area with a good reputation where multi-occupancy housing is concerned);
- its surroundings (proximity to job market areas, public transportation and public facilities such as daycare centers, schools, and to stores, cinemas, green spaces and sports facilities such as golf courses, swimming pools, etc.);
- its quality (soil and orientation);

the group's investment criteria, namely: land on which 15 to 90 single-family homes or developments for 10 to 200 multi-occupancy housing 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.

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

1.5.2.3. 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.

1.5.2.4. 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 these courts' work load);
- try to reach an amicable settlement with the applicant, pursuant to which the latter agrees to withdraw all objections.

1.5.2.5. Final decision to purchase land

The final decision to purchase land is taken by 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, 2020, the average pre-sales rate of the programs under which the land had been purchased during this period was 66% compared to 64% for the same period in 2019.

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 director of the agency on the order rate, if this is below 50%;
- draft of the notarized deed;
- progress report on the request for tender documents (DCE).

1.5.3. Land development and monitoring of construction

1.5.3.1. 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.

1.5.3.2. Multi-occupancy housing and Commercial Property

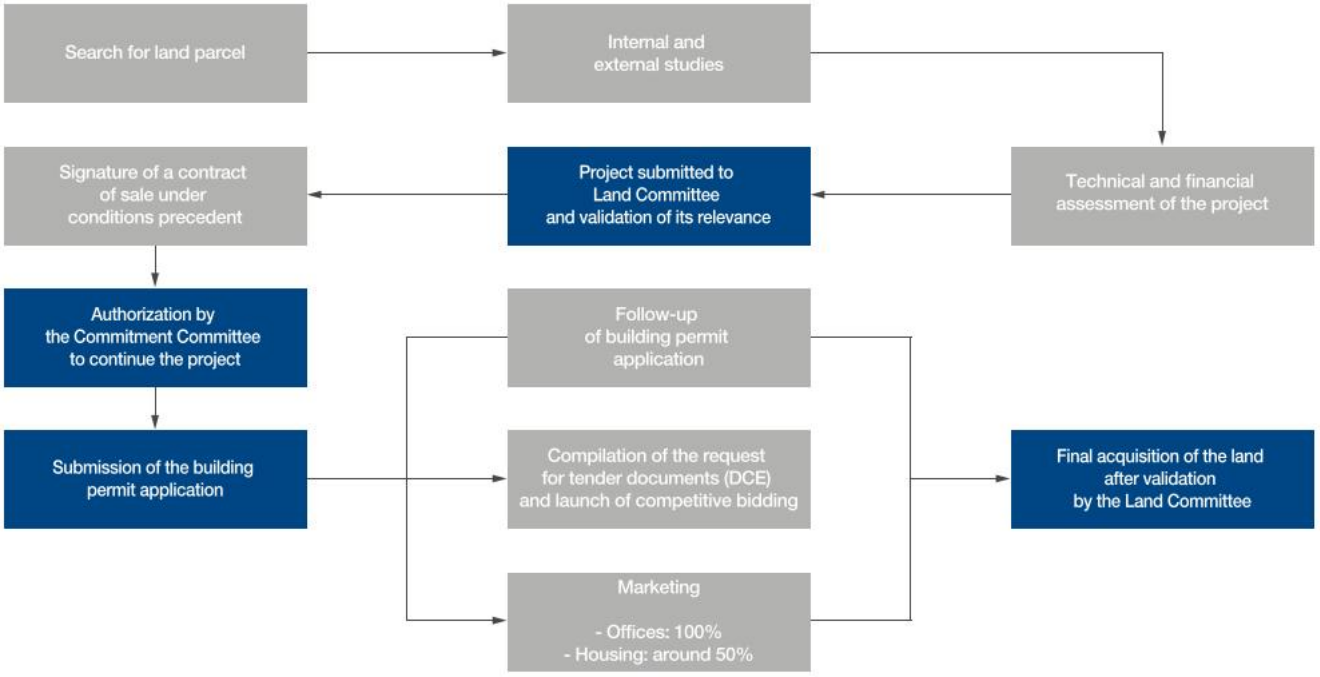
As a general rule, construction of multi-occupancy housing does not begin until a pre-sales rate of approximately 50% of the total development project value has been reached.

For Commercial Property, however, the land is not purchased nor is the construction work begun until the entire development has been pre-sold. // On the other hand, the purchase of the land takes place and the construction work for Commercial Property programs generally starts only after a pre-sales rate of 100% has been reached.

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:



1.5.3.3. 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 Director concerned, to the Finance Department and to the Executive Vice-President in charge of the Region, where they are then jointly approved.

1.5.4. Program financing

The group's financial structure is described in Section 4.1.3.3. "Risks relating to the Company's debt" and in Section 6.1.5. "Notes to the financial statements", Note 6 "Financing and financial instruments".

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 first tier banks. The main banks 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 (CA CIB) and Société Générale, BNP Paribas, as well as financial 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 banking and financial institutions mentioned above. This method enables it to speed up the signing of sales contracts and the fund-raising process.

1.5.5. 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 5.1.4.4.2. "Business ethics and relations with subcontractors", 5.1.4.4.1. "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.

1.6. Intellectual property

1.6.1. Brand differentiation

1.6.1.1. 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, the United Kingdom 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 3.2.4. "Transactions with companies that have directors in common with the Company or other group companies").

1.6.1.2. 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 1.4.2.2.4. "Managed housing").

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

1.6.2. Main offices

For the conduct of its business, the group rents offices from third-party landlords in Annecy, Bayonne, Bordeaux, Caen, Dijon, Grenoble, La Rochelle, Lille, Lyon, Marseille, Montpellier, Nancy, Nantes, Neuilly-sur-Seine, Nice, Perpignan, Rennes, Rouen, Strasbourg, Toulon, Toulouse and Tours. These offices are occupied under commercial leases, usually for a term of nine years. The *BoutiK* concept was developed to foster close connections with our customers through modern selling spaces set up in 20 large cities: Aix-en-Provence, 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 companies that were part of the group on November 30, 2020, the application of IFRS 16 "Leases" requires leases to be recognized in the balance sheets of lessees through the recognition of an asset representing the right to use the leased asset and a liability for the lease payment obligation. Outstanding lease obligations under IFRS 16 totaled €19.6 million. Payments of lease obligations in 2020 amounted to €6.9 million (excluding VAT) (see section 6.1.3. "Cash Flow Statement" of this Universal Registration Document) compared with rental and leasing expenses of €6.7 million (excluding VAT) in 2019 (see section 6.1.5. "Notes to the financial statements", Note 5.5. "Commitments relating to capital expenditures, purchases and rentals", paragraph "Operating lease commitments").

1.7. Investment policy

1.7.1. 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 1.6.1.1. "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 6.5.1 "Notes to the financial statements", Note 5.3. "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 – PassivHauss 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 Innovation and CSR Department works with the Management Committee, in which it participates, 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. Kaufman & Broad's strategy and organization for Innovation is described in detail in Section 5.1.4.2.1 "Innovation to Meet New Needs".

No material research and development costs are currently pending.

1.7.2. 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 construction and development of show home areas, land expenses, as well as the fees and commissions inherent in the agency agreements executed by Kaufman & Broad in order to sell the real estate programs. The group 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 6.1.5. "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 its administrative buildings, purchases of furniture and office equipment, etc. – see Section 6.1.5. "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 €4.8 million in 2020 for the entire group, compared with €6.1 million in 2019 and €8.2 million in 2018;
- investments in acquisitions to expand 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 holdings (investments in jointly developed 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 net equity held. For the development business, this item includes capital and similar investments, i.e. the current account advances made by the group in order to finance programs. Kaufman & Broad regularly purchases equity interests in programs developed jointly when the opportunity arises and if the program is of financial interest to the group (see Section 6.1.5. "Notes to the financial statements", Note 2.1.2. "Equity-accounted joint ventures and affiliates" et seq. in Note 4.1.5 to the consolidated financial statements).

Setting aside the investments and stake purchases mentioned above, the group made no other major investments during fiscal year 2020.

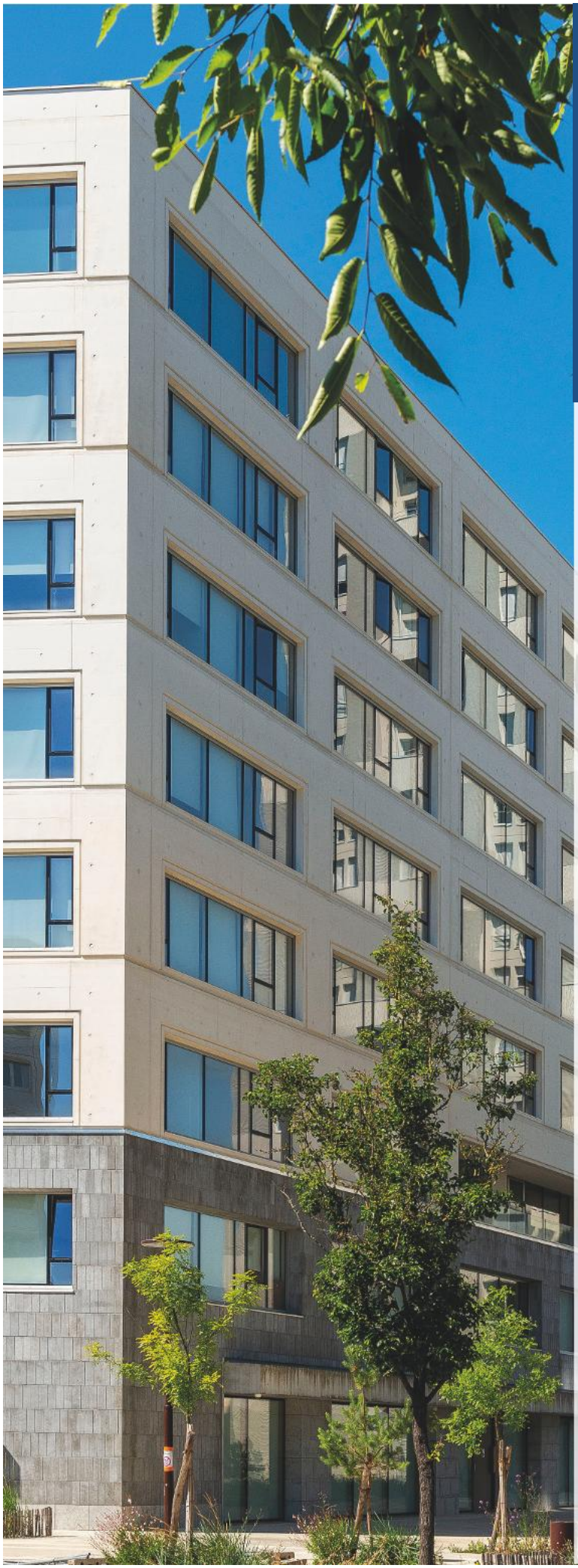
1.7.3. Current and future principal investments

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.

1.8. Main subsidiaries and equity affiliates

See organization chart in section 7.3.4. "Group organization chart".



2

BUSINESS AND FINANCIAL REVIEW OF THE KAUFMAN & BROAD GROUP

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2.1. Key performance indicators for the Kaufman & Broad group

The Kaufman & Broad group has operated as a property developer and builder in France since 1968. The group's activities are based on two main 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).

The group also performs other business activities that are 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

2020: a year dominated by the health crisis

The year 2020 will go down as an abnormal year with sharply contrasting effects on the economic environment. Almost a year after the start of the first lockdown in March 2020, the health situation remains the key determining factor in global economic activity. Uncertainties as to how the epidemic will develop in the short term thus continue to weigh on prospects for a return to growth, owing to the persistence of the virus, the multiplication of new variants and doubts surrounding the rapid rollout of vaccination campaigns.

Over 2020, the main characteristics of the macroeconomic situation in France were as follows [(1)]:

- in 2020, France's GDP fell more strongly than the purchasing power of French households. On average for the year, GDP fell by 8.3% in 2020. How this drop breaks down depends on the angle it is analyzed from;
- The "production" approach reflects the strong sectoral contrasts inherent to the current crisis and the degree of each sector's exposure to the health-related containment measures. Construction, manufacturing and other services were all equally affected, especially during the first lockdown, before learning to "cope with" the limitations imposed by the persistence of the virus, particularly through health protocols and a massive shift to remote working. The nine-point drop in annual GDP was due above all to a drop in retail services, which accounted for five of those nine points;
- the "Demand" approach explains the eight percent of the 9% GDP drop in terms of a contraction in domestic demand. All the main items of demand contracted in 2020, especially household consumption (which represents more than half of GDP);
- the "income" approach highlights the massive fiscal support measures that aimed to protect incomes and the productive base, despite disparities between households and between businesses. As an annual average, the purchasing power of gross disposable household incomes was thus expected to fall by a "mere" 0.3% in 2020. This reflects in particular the fact that employment fell much less than activity, owing to the short-time work scheme. Businesses saw their gross margin rates contract by an average of nearly 4 percentage points year on year;
- according to INSEE, payroll employment in France tumbled by nearly 700,000 in the first half of 2020 as a result of the health crisis and the first national lockdown from March 17 to May 10. Although it bounced back strongly by around 400,000 in the third quarter, this only partially offset the losses at the start of the year. In the fourth quarter, the worsening health situation and the measures taken to address it, especially the second lockdown from October 30, were expected to result in a further decline of around 300,000 in the payroll employment figure. By the end of 2020, there were therefore likely to be almost 600,000 fewer payroll jobs than at the end of the previous year. Thus the unemployment rate was expected to stand at 8.0% at the end of the year, virtually back to its level at the end of 2019 (8.1%);
- implementation of the second lockdown appeared to have caused a net drop in household consumption in November of around 15% relative to the pre-crisis level (Q4 2019), compared to a 2% drop in October. The gradual easing of restrictions from late November was expected to lead to a gradual recovery in December, with the loss in consumption reducing to 6% relative to the pre-crisis level;

(1) INSEE - Economic Outlook 2020 - January 2021.

- for several months, overall inflation has been faintly positive or flat. By contrast, food prices rose sharply in November, with a year-on-year rise of 2.0% following on from 1.5% in October. In November 2020, rises in the prices of services appeared to be slowing slightly, with a 0.6% year-on-year rise. Prices of transport services in particular were continuing to fall year on year. Over the year as a whole, inflation appeared sharply down, moving from 1.1% in 2019 to 0.5% in 2020;
- household incomes shrank. In 2020 as a whole, incomes from work appeared to have declined by 4.7%, owing in particular to job losses and reduced working hours (partial furlough schemes, sickness and childcare-related absences, reduced overtime) during the first half of the year. Gross payrolls, in particular, fell 4.8% year on year. In 2020, gross disposable incomes appeared more or less static, rising 0.2% (2019: rise of 3.1%). After taking account of the slower rate of inflation in consumer prices, which rose by 0.5% (2019: rise of 0.9%), this implies that purchasing power fell slightly by 0.3% in 2020. Purchasing power by consumption unit appeared to have fallen 0.9% over the year.

This economic environment continued to weigh on the real estate markets in which Kaufman & Broad operates.

New housing market

The macroeconomic conditions for real estate saw contrasting developments over the course of 2020. The activity of businesses rose gradually but perceptibly from the third quarter onward. New business formations are sharply increasing in the real estate sector and payroll employment in building is picking up. A recovery is underway in the number of new building permits issued and openings of new construction sites, while the business outlook has returned to the level at the start of the year. At the same time, however, the number of properties coming onto the market remains low and orders are considerably below 2019 levels. Numbers of canceled sales are continuing to rise, as is the take-up period for apartments. Against this backdrop, interest rates remained very low but the criteria for granting loans tightened substantially, while transactions in pre-owned properties continued to fall after reaching record levels in the fourth quarter of 2019.

- Over 2020[1], sales of new homes declined by almost a quarter relative to the previous year, with order numbers dropping to 99,515 at the end of 2020 from 131,036 at the end of 2019.
- In terms of buyer types (source: FPI), the situation can be broken down as follows:
  - compared with 2019, block sales made a positive contribution to sales growth, rising by 7.2% relative to 2019 and representing 30.2% of the total[2];
  - Sales to private buyers contracted sharply, by 30.9%, and made up 36.1% of sales[2]. Sales to investors were down 32.1% year on year[2] and represented 33.6% of 2020 sales;
  - Sales to private buyers are divided between sales to investment customers (48% in 2020; 49% in 2019) and sales to owner-occupiers (52% in 2020; 51% in 2019).
- In terms of supply[3]:
  - the number of homes available for sale was substantially down (by 9.1%) and dropped below the 100,000 unit level, standing at 99,215 units at the end of 2020 compared with 131,836 at the end of 2019. The last year with fewer than 100,000 orders was 2014, when the total was 82,872;
  - the number of homes put on the market fell to 82,291 in 2020 from 113,441 in 2019, a fall of 27.5% relative to 2019;
  - the take-up period went up from 9.5 months at the end of December 2019 to 11.4 months in December 2020.
- In terms of new homes under construction[3] :
  - building permits were down (-14.7%) at the end of December 2020 year on year, to 381,600 units;
  - the number of new homes starting construction was down to 376,700 units (-6.9%) at the of end December 2020.
- In terms of financing[4] :
  - the Covid-19 health crisis severely affected business levels in the personal home loans market during the first half of 2020. Despite a pick-up in activity on exiting the lockdown in June, driven by the resumption of projects that had been put on standby, the market did not recover to 2019 levels. Between March and September 2020, loan production plummeted by 45% and the number of new loans by 48.6%. The second lockdown and the persistence of the health crisis continued to affect the ability of households to realize their homebuying plans, causing some of them to abandon them;
  - the impact on loan origination remains material, with a fall of 21.8% in 2020 in contrast to a 9.8% rise in 2019. The number of loans granted was down 26.6%, after having increased by 5.5% in 2019. Transaction values are rising faster than previously, increasing 3.3% in 2020 after a rise of 3.0% in 2019;
  - The average relative cost of transactions was 4.5 years of income, as in 2019, a high figure that reflects the shift in loan origination away from younger customers and lower-income households towards the better-off. This trend is partly due to rising home prices, as well as to the increase in deposits, which rose 11.3% in 2020 after a 2.4% fall in 2019);

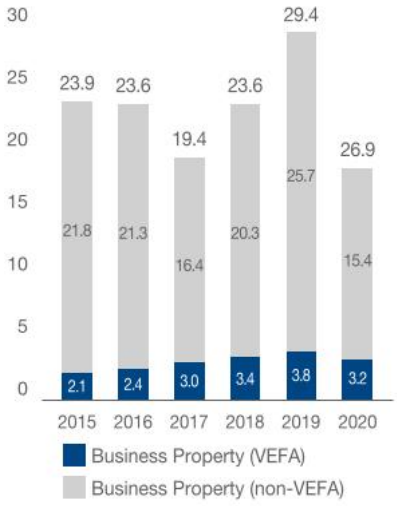
(1) Based on reports published by France's Ministry of Ecology, Sustainable Development and Energy on February 11, 2021.
(2) Changes based on the total of new home sales estimated by the FPI (166,980 new homes in 2019 and 128,031 new homes in 2020). Annual summary of new home figures (March 4, 2021).
(3) Based on reports published by France's Ministry of Ecology, Sustainable Development and Energy, SDES, Sit@del2, estimates at end December 2020.
(4) Observatoire du Crédit Logement / CSA Dashboard for the fourth quarter of 2020 – January 2021.

- purchasing power thus remains constrained and may be decreasing, but households remain able to finance their purchases due to the persistence of historically low interest rates and long lending periods:
  - **a)** in terms of rates: loan rates remained stable in 2020 relative to 2019 and stood at 1.23% for the new build market as a whole in the fourth quarter of 2020, compared to 1.14% in the same period in 2019[1],
  - **b)** in terms of maturity: according to the Obsérvatoire du Credit, lending periods in the fourth quarter of 2020 were identical to the final quarter of 2019 at 241 months (20.1 years). Loans granted for purchases of new homes had an average term of 250 months (20.8 years).

Business property market

- In 2020, the health crisis affected every sector of the French economy and all relevant asset classes posted negative results relative to 2019. Investment in offices was €18.6 billion in France in 2020, 29% less than in 2019. At €4.4 billion, the amount invested in Retail was 37% down on 2019. The Logistics and Business Premises sector recorded a 34% drop, declining to €4.2 billion.
- The market for new and existing business property shrank substantially from €43.4 billion in 2019 to €28.2 billion in 2020 (-35.0%)[2]. This sector encompasses offices, logistics warehouses, shops and hotels.

BUSINESS PROPERTY IN ÎLE-DE-FRANCE
(in € billions)



Source: BNP Paribas Real Estate.
Publication: At a Glance Investment in France – 2020 Q4.

Kaufman & Broad

Against the backdrop of the current ongoing health crisis, which began in March 2020, coupled with the steep decline in the number of building permits issued in the second half of 2019, the results for 2020 are full of contrasts. They reflect on the one hand by a marked slowdown in sales during the first half of the year and by the loss of almost a full quarter's revenue due to the full or partial shutdown of the majority of the group's construction sites during the first lockdown, but on the other the Group's continued development of landholdings and a second-half rebound attributable to the completion of block sales to institutional investors.

The results for 2020 exceeded the targets set last July and confirm that Kaufman & Broad's growth model is capable of generating profitability and cash, with a year-end net cash surplus of €62.5 million (excluding IFRS 16 liabilities) and financing capacity increased to €465.2 million. Sales activity in the Housing segment included a growing share of sales to a diverse range of institutional investors from both the public and private spheres. Their orders rose 45% year-on-year and accounted for 67% of total Housing orders by value.

Principal features of the results are as follows:

- housing property portfolio: 35,086 units; +6.0% (in units);
- housing orders: €1,490.8 million incl. VAT (-12.8%);
- order types, in value terms:
  - investors: 22% in 2020 *vs.* 35% in 2019;
  - homebuyers: 11% in 2020 (6% first-time buyers and 5% second-time buyers) compared to 17% in 2019 (13% first-time buyers and 4% second-time buyers);
  - blocks: 45%, down 3 points relative to 2019;
- take-up period: 3.8 months (vs 5.8 months in 2019);
- total backlog (including Commercial): €3,631.1 million excl. VAT; +42.7% relative to 2019;
- total revenue: €1,163.1 million excl. VAT; -21.0% relative to 2019.

In Commercial Property, we obtained the required authorizations for the A7/A8 Austerlitz project (already fully let) in December 2020 and hope to obtain final building permits, after the end of the appeals process, toward the end of the first half of 2021.

Kaufman & Broad actively pursued its development drive throughout the year in the strategic priority areas it had decided on before the public health crisis struck. Our development policy geared towards expanding our regional network enabled us to identify potential to develop a total surface area of 600,000 sq.m over the medium term.

Up to ten new projects will get underway in 2021 in relation to the portfolio of managed housing owned and operated by Kaufman & Broad for students and seniors.

Significant events of the period

Extension of the Syndicated Loan agreement of January 30, 2019

On March 30, 2020, in accordance with the clause provided in the loan agreement signed on January 30, 2019, Kaufman & Broad requested a one-year extension to the final repayment date of the loan from January 30, 2024, as originally provided, to January 30, 2025. All the lenders under the Syndicated Loan agreement accepted the request.

(1) Observatoire du Crédit Logement / CSA Dashboard for the fourth quarter of 2020 – January 2021.
(2) BNP Paribas Real Estate, January 2021.

Payment in cash of the dividend for the fiscal year ended November 30, 2019

The Combined Ordinary and Extraordinary Shareholders' meeting of Kaufman & Broad SA held behind closed doors on May 5, 2020 under the chairmanship of Nordine Hachemi resolved to distribute a total dividend of €1.75 per share for the year ended November 30, 2019. The dividend was paid in cash on June 10, 2020.

Kaufman & Broad joins the SBF 120 index

On December 10, 2020, Kaufman & Broad, one of France's leading developers and builders in terms of size, profitability and brand strength, announced that it had become part of the SBF 120 index following a decision by the Expert Indices Committee of Euronext Paris. The SBF 120 is one of the headline indices of the Paris stock exchange. It covers the 120 largest stocks listed on Euronext Paris in terms of liquidity and market capitalization. This decision was effective from market opening on Monday, December 21, 2020.

As of the date of this document, the company had ceased to be part of this index on March 19, 2021.

Issuance of building permits

The rate of issuance of building permits slowed further in 2020. The first half-year was hit by the lockdown measures related to Covid-19 and the postponement of the municipal elections from March to June 2020, and no clear resumption was seen in the second part of the year.

The total number of new homes authorized up to December 31, 2020 thus declined by 14.7% (381,600 homes in 2020 vs. 447,400 in 2019), while the number of new homes entering construction fell by 7.0% (376,700 homes vs. 404,900 in 2019).

The real estate development sector is thus facing a palpable contraction in the number of homes available, even though demand remains buoyant. There is currently no expectation that this trend will reverse before the second half of the year at the earliest.

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)*	**2020**	**2019***
Revenue	1,163,050	1,472,154
of which Housing	*963,281*	*1,334,000*
Gross margin	207,176	294,288
Margin rate	*17.8%*	*20.0%*
Current operating income	80,134	143,425
Operating income	80,134	143,425
Income (loss) of the consolidated group	56,514	95,529
ATTRIBUTABLE NET INCOME	**40,138**	**77,891**
Net earnings per share [(a)]	€1.82	€3.53
TOTAL ORDERS (INCLUDING VAT)	**2,676,255**	**2,177,094**
Total backlog (excluding VAT)	*3,631,149*	*2,545,050*

(a) Based on the number of shares making up the share capital at the period end, i.e. 22,088,023 shares at November 30, 2019 and 22,088,023 at November 30, 2020.

** Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Fiscal year ended November 30 *(in € thousands)*	**2020**	**2019***
Assets		
Non-current assets	199,376	177,533
Current assets	1,243,031	1,388,921
TOTAL ASSETS	**1,442,407**	**1,566,454**
Equity and liabilities		
Shareholders' equity	275,418	293,113
Non-current liabilities	249,265	236,952
Current liabilities	917,724	1,036,389
TOTAL EQUITY AND LIABILITIES	**1,442,407**	**1,566,454**

** Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Fiscal year ended November 30 *(in € thousands)*	2020	2019*
Cash flow from operations before cost of financial debt and taxes	96,092	166,623
Tax paid	(2,257)	(88,244)
Change in working capital requirement	6,989	9,066
CASH FLOW FROM OPERATING ACTIVITIES	**100,823**	**87,444**
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(6,302)**	**(7,276)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(87,433)**	**(125,423)**
Increase (decrease) in cash	**7,089**	**(45,255)**
Cash at start of period	208,102	253,358
Cash at end of period	215,192	208,102

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Group consolidated revenue for fiscal year 2020 totaled €1,163.1 million, down 21.0% compared to €1,472.2 million in 2019.

Housing segment revenue was down 27.8% to €963.3 million from €1,334.0 million for fiscal year 2019. This decrease is attributable to a fall of €355.2 million (-28.8%) in revenue from Multi-occupancy housing and a fall of €15.5 million (-15.3%) in revenue from Single-family homes. The Housing segment accounted for 82.8% of total revenue in 2020 versus 90.6% in 2019.

Multi-occupancy housing revenue totaled €877.1 million in 2020, versus €1,232.4 million in 2019. It thus represented 91.4% of the Housing segment total. Île-de-France accounted for 49.8% of Multi-occupancy housing revenue, versus 46.8% in 2019.

Revenue from Single-family homes in communities totaled €86.1 million, versus €101.6 million in 2019, and was thus down 15.3%. Île-de-France accounted for 70.8% of revenue in this segment, versus 78.5% in 2019.

The Commercial segment generated revenue of €194.4 million, versus €130.4 million in 2019.

The overall gross margin declined by 29.6% to €207.2 million, compared with €294.3 million in 2019. The gross margin rate was 17.8%, 2.2 points lower than in 2019. The Housing gross margin totaled €169.5 million, below the figure of €247.2 million for 2019. The Housing gross margin went down 0.9 points to 17.6% in 2020 from 18.5% 2019.

Current operating profit was down 44.1%, from €143.4 million in 2019 to €80.1 million in 2020. This decline is primarily due to an €87.1 million fall in gross margin, this being partly offset by a €23.8 million drop in operating expenses which went from €150.9 million in 2019 to €127.0 million at November 30, 2020 (see Section 2.3.2. Operating expenses).

The pre-tax income of consolidated companies went down by 45.9% from €130.1 million in 2019 to €70.4 million. This fall is mainly due to the €63.3 million drop in operating income. Financial expenses fell by €3.6 million (€9.7 million in 2020, versus €13.3 million in 2019).

Consolidated net income totaled €56.5 million in 2019, versus €95.5 million in 2019, a fall of 40.8%. Income attributable to non-controlling interests fell by €1.3 million to €16.4 million, from €17.6 million in 2019. Attributable net income was thus €40.1 million, down 48.5% compared to 2019 (€77.9 million).

At November 30, 2020, Kaufman & Broad's balance sheet total was €1,442.4 million, versus €1,566.4 million at November 30, 2019. Shareholders' equity was €275.4 million at the end of 2020, i.e. €17.7 million less than 2019. This chiefly derives from the €38.0 million dividend paid from 2019 net income and the net reduction of €17.5 million resulting from transactions in the company's own shares (share buybacks, bonus shares etc.), as offset by the €40.1 million in net income recorded in 2020.

At November 30, 2020, the company had net cash (negative net financial debt) of €42.8 million (including IFRS 16 lease obligations of €19.6 million); this figure was €13.2 million below the figure at November 30, 2019. If lease obligations are excluded, net cash stood at €62.5 million, i.e. €6.5 million higher than at November 30, 2019. 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 -15.6%, versus -19.1% at November 30, 2019.

The group's year-end gross cash balance moved from €208.1 million in 2019 to €215.2 million at November 30, 2020.

Kaufman & Broad's financing capacity thus totaled €465.2 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 profit is recognized (see Section 2.2.2. "Sources of net income").

Order volumes are expressed in *units* within the group. 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 express the number of dwellings, or equivalent housing units (for mixed-use programs) in 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 obtained by multiplying (i) the number of dwellings for a given program for which a notarized deed of sale has been signed 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 dwelling 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 dwellings for which a notarized deed of sale has not yet been signed, and the incomplete portion, not yet recognized in revenue, of undelivered dwellings 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 promise of sale) has been signed.

The *land reserve* includes land for development (otherwise called the property portfolio), i.e., land for which a deed or promise of sale has been signed, as well as land under consideration, i.e., land for which a deed 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 2020	**1,999**	**6,305**	**4,314**	**147**	**792** (139 in the Marketing and Sales Departments, 195 in the Property Appraisal and Development Departments, 235 in the Technical Department and 223 administrative and central support employees)
Fiscal year 2019	**3,990**	**8,222**	**8,431**	**191**	**868** (180 in the Marketing and Sales Departments, 213 in the Property Appraisal and Development Departments, 243 in the Technical Department and 232 administrative and central support employees)

(a) Total inventory of housing units available for sale at November 30, i.e., all units not covered by orders at the fiscal year-end.
(b) Number of orders recorded during a given fiscal year, i.e., the number of orders signed by customers during the 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.
(e)Excluding work-study trainees and interns.

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	75 to 145 sq. m	€270,000 to €398,000	€306,840
Multi-occupancy housing [b] [c]	22 to 127 sq.m	€2,648 to €6,877/sq.m	€4,460/sq.m
Regions			
Single-family homes in communities	66 to 250 sq.m	€245,500 to €499,000	€324,786
Multi-occupancy housing [b]	16 to 141 sq.m	€2,434 to €11,024/sq.m [d]	€4,153/sq.m

(a) Based on housing units ordered, sold and delivered in fiscal year 2020 (non-representative cases excluded).
(b) Including student rooms and managed products.
(c) Including the Beausoleil Gomes Martyrs program, Beausoleil, with one apartment at €11,024/sq.m.
(d) Including the Eaubonne Le Clos Boisé program, Eaubonne, with one apartment at €6,877/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 had the strongest presence 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 22 sq.m (due to managed accommodation such as student residences of around 16 sq.m) and range up to 158 sq.m at an average price of €4,153/sq.m in the provinces and €4,406/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 66 sq.m and 250 sq.m in the Regions. The average price of single-family homes is €324,786 in the Regions and €306,840 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 2019 and 2020.

Housing	Number of net orders [a]	Orders by value (in € thousands, incl. 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, 2020						
First quarter	42	12,610	108	451	95,003	10.5
Second quarter	233	69,544	27	657	148,299	19.7
Third quarter	69	19,122	99	606	139,267	18.9
Fourth quarter	53	11,281	124	556	122,941	17.1
TOTAL	**397**	**112,557**	**358**	**–**	**–**	**–**
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**	**–**	**–**	**–**

(a) Net number of orders recorded during the period, i.e. the number of orders signed by customers during the period, less the number of orders canceled by the period end.
(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, multiplied by (ii) 12 (i.e. the previous 12 months of business).

Housing	Number of net orders [a]	Orders by value (in € thousands, incl. 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, 2020						
First quarter	1,440	313,891	1,372	12,348	1,978,246	19.3
Second quarter	1,920	475,933	378	13,887	2,315,941	27.8
Third quarter	996	186,335	1,120	13,709	2,250,207	29.6
Fourth quarter	1,552	402,078	1,946	13,395	2,260,215	30.9
TOTAL	**5,908**	**1,378,237**	**4,816**	**–**	**–**	**–**
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**	**–**	**–**	**–**

(a) Net number of orders recorded during the period, i.e. the number of orders signed by customers during the period, less the number of orders canceled by the period end.
(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, 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, 2020			
First quarter	64,094	1,075,020	1,329,981
Second quarter	2,510	4,888	1,324,477
Third quarter	4,620	18,360	1,307,484
Fourth quarter	46,575	87,209	1,247,969
TOTAL	**117,799**	**1,185,461**	**–**
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**	**–**

2.1.3.1.1. Orders

2.1.3.1.1.1. Housing

In fiscal year 2020, 6,305 net housing unit orders were recorded, versus 8,222 in 2019, a decline of 23.3%. In value, orders fell 12.8% to €1,490.8 million (including VAT), compared to €1,709.0 million (including VAT) in 2019. The take-up rate for housing was 25.2% in 2020, compared with 18.4% in 2019. The Housing segment accounted for 55.7% of all group orders in value terms, versus 78.5% in 2019.

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 2020 and 2019 (December 1 to November 30).

	Number of single-family homes ordered				Number of multi-occupancy housing units ordered			
	2020	%	2019	%	2020	%	2019	%
Île-de-France	156	39%	298	81%	2,209	38%	2,652	34%
Regions	241	61%	68	19%	3,699	63%	5,204	66%
TOTAL	**397**	**100%**	**366**	**100%**	**5,908**	**100%**	**7,856**	**100%**

Multi-occupancy housing

In fiscal year 2020 as a whole, 5,908 Multi-occupancy housing units were ordered versus 7,856 in 2019, a 24.8% fall. Multi-occupancy housing orders totaled €1,378.2 million (including VAT), versus €1,599.6 million (including VAT) in 2019, a 13.8% fall (€221.4 million). This fall is the result of a 28.9% decrease in order numbers in the Regions (€162.3 million, or 17.0%, in value terms) in the Regions, along with falls of 16.7% in order volumes and 9.2% in value terms in the Île-de-France.

Of the total for Multi-occupancy housing, 37.4% in volume and 42.5% in value related to Île-de-France, versus 33.8% and 40.9% in 2019, respectively. Multi-occupancy housing continued to represent the majority of the Group's orders, accounting for 51.5% in value and 94.0% in volume of its total orders versus, respectively, 73.5% and 95.3% in 2018.

Single-family homes in communities

There were 397 orders for Single-family homes in communities, amounting to €112.6 million, versus 366 orders amounting to €109.4 million in 2019. The number of orders on Single-family homes in communities declined by 19.8% in Île-de-France and by 25.3% in the Regions. Île-de-France accounted for 39.3% of the volume and 39.8% of the value of these orders versus, respectively, 81.4% and 85.4% in 2019. The Regions accounted for 60.7% of orders by volume and 60.2% by value.

Orders by operating segment

Fiscal year ended November 30		2020 Net number of orders	2020 Orders in value (in € thousands, including VAT)	2020 Average price (in € thousands, incl. VAT)	2019 Net number of orders	2019 Orders in value (in € thousands, including VAT)	2019 Average price (in € thousands, incl. VAT)
Île-de-France		**2,365**	**630,184**	**–**	**2,735**	**686,542**	**–**
	Housing	2,365	630,184	*266.5*	*2,734*	*686,038*	*250.9*
	Commercial	–	–	–	–	–	–
	Other	-	-	-	*1*	*504*	*504.0*
West		**841**	**146,554**	**–**	**752**	**106,095**	**–**
	Housing	*841*	141,682	*168.5*	751	104,753	*144.7*
	Commercial	*0*	*4,888*	–	*0*	*1,320*	–
	Other	*0*	*(16)*	–	*1*	*22*	*22.0*
Southwest		**1,729**	**445,241**	**–**	**1,817**	**352,252**	**–**
	Housing	*1,752*	*399,132*	*227.8*	*1,800*	*352,008*	*195.6*
	Commercial	*(23)*	*46,109*	–	*17*	*243*	–
	Other	–	–	–	–	–	–
East		**1,235**	**298,870**	**–**	**2,721**	**514,395**	**–**
	Housing	1,235	*298,870*	*242.0*	*2,721*	*514,395*	*189.0*
	Commercial	–	–	–	–	–	–
	Other	–	–	–	–	–	–
Other regions		**112**	**20,925**	**–**	**–**	**–**	**–**
	Housing	*112*	*20,925*	*186.8*	–	–	–
	Commercial	–	–	–	–	–	–
	Other	–	–	–	–	–	–
Business property and logistics [b]		**-**	**1,134,480**	**–**	**216**	**517,810**	**–**
	Housing	-	-	-	*216*	*51,840*	*240.0*
	Commercial	-	*1,134,480*	–	*0*	*465,970*	–
	Other	–	–	–	–	–	–
GROUP TOTAL		**6,282**	**2,676,255**	**–**	**8,241**	**2,177,094**	**–**
	Housing	*6,305*	*1,490,793*	*236.4*	*8,222*	*1,709,034*	*207.9*
	Commercial [c]	*(23)*	*1,185,477*	-	*17*	*467,534*	–
	Other [a]	-	*(16)*	–	*2*	*526*	–

(a) Land, building lots.
(b) See Section 2.1.3.1.1.2. "Commercial".
(c) Offices, retail space, business premises, logistics warehouses etc.

Geographically, the Housing segment in Île-de-France[1] recorded a decrease in orders of 13.5% in volume and 8.2% in value compared to 2019. The Regions posted a decrease of 25.3% in volume and 11.4% in value. Île-de-France's share in the Housing segment rose slightly in relation to the Regions. The Regions represented 62.5% in volume and 57.7% in value of the group's 2020 housing orders, compared to 64.1% in volume and 56.8% in value in 2019.

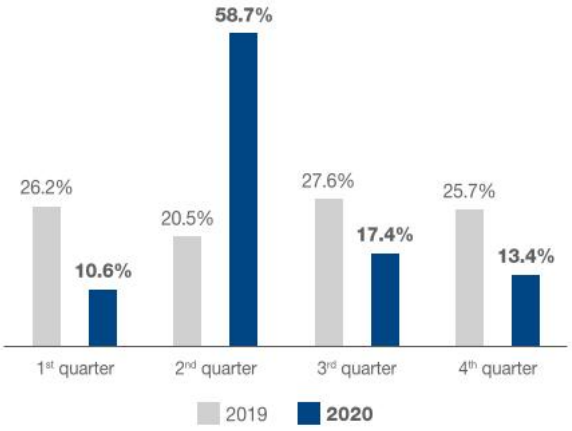
In 2020, the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier, La Rochelle and Perpignan) accounted for 27.8% of total housing order volume, versus 13.3% for the West (Upper Normandy, Caen, Rennes, Val de Loire, Nantes) and 19.6% for the East (Lille, Strasbourg, Grenoble, Annecy, Lyon, Dijon, Marseille, Toulon, Nice). At the same time, the share attributable to Île-de-France rose from 35.9% to 37.5% in volume, while falling from 43.2% to 42.3% in volume .

(1) For Île-de-France, excluding hotel residences classed as Business Property.

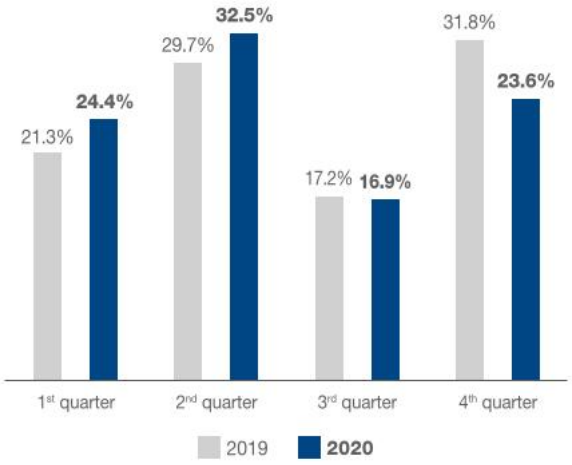
Over one year, the average price of the group's housing unit orders increased 13.8%, from €207.9 thousand (including VAT) in 2019 to €236.4 thousand (including VAT) per home in 2020. The price increase was mainly due to an 18.6% rise in the Regions, while Île-de-France[1] posted a 6.2% increase compared to 2019.

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 2020, Commercial property orders reached €1,185.5 million (including VAT), compared to €467.5 million (including VAT) in 2019.

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, 2020, the total backlog amounted to €3,631.2 million (excluding VAT) versus €2,545.0 million (excluding VAT) at November 30, 2019, representing an increase of 42.7%.

The following table shows the number and share of backlog by type of housing units ordered in Île-de-France and in the Regions in fiscal years 2020 and 2019 (December 1 to November 30):

	Backlog in number of Single-family homes				Backlog in number of Multi-occupancy housing			
	2020	%	2019	%	2020	%	2019	%
Île-de-France	250	45%	338	65%	4,123	36%	4,073	33%
Regions	306	55%	179	35%	9,272	64%	8,204	67%
TOTAL	**556**	**100%**	**517**	**100%**	**13,395**	**100%**	**12,277**	**100%**

The Housing backlog totaled 13,951 units compared with 12,794 units at November 30, 2019, a rise of 9.0%. In value terms, it increased by 15.2% compared to the end of 2019 to reach €2,383.2 million (excluding VAT), compared to €2,069.3 million at the end of 2019.

Multi-occupancy housing

The Multi-occupancy Housing backlog was €2,260.2 million (excl. VAT), up 15.3% compared with the end of 2019, when it totaled €1,959.6 million. In volume, it amounted to 13,395 units, compared to 12,277 units in 2019, an increase of 9.1%. In Île-de-France, the Multi-occupancy housing backlog rose 1.2% in volume and 7.6% in value. The Multi-occupancy housing backlog also continued to rise in the Regions, with increases of 13.0% and 20.3% 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 was €122.9 million and comprised 556 units, i.e., a rise of 7.5% in volume and 12.0% in value compared to November 30, 2019, when it totaled €109.8 million and comprised 517 units. This rise in value terms is concentrated in the Regions, where total value has gone up by 70.9% relative to 2019, than in Île-de-France where the total value has fallen by 26.0%. At November 30, 2020, Île-de-France recorded a backlog of 250 single-family homes with a value of €55.3 million, versus 338 units with a value of €78.8 million at the end of 2019. The backlog in the Regions reached 306 units (€67.6 million), versus 179 units (€31.0 million) in 2019.

Backlog by operating segment

	2020			2019		
Fiscal year ended November 30	**Backlog by volume**	***Backlog* by value** *(in € thousands, excl. VAT)*	**Average price** (in € thousands, excl. VAT)	**Backlog by volume**	**Backlog, by value** *(in € thousands excl. VAT)*	**Average price** *(in € thousands, excl. VAT)*
Île-de-France	**4,098**	**804,300**	**–**	**3,970**	**735,177**	**–**
Housing	*4,098*	*804,300*	*196.3*	*3,970*	*735,177*	*185.2*
Commercial	*–*	*–*	*–*	*–*	*–*	*–*
Other	*–*	*–*	*–*	*–*	*–*	*–*
West	**1,735**	**217,619**	**–**	**1,462**	**153,819**	**–**
Housing	*1,734*	*212,422*	*122.5*	*1,460*	*152,289*	*104.3*
Commercial	*–*	*5,173*	*–*	*–*	*1,462*	*–*
Other	*1*	*24*	*–*	*2*	*68*	*–*
Southwest	**4,025**	**704,969**	**–**	**3,227**	**503,315**	**–**
Housing	*4,025*	*666,143*	*165.5*	*3,227*	*503,315*	*156.0*
Commercial	*–*	*38,826*	*–*	*–*	*–*	*–*
Other	*–*	*–*	*–*	*–*	*–*	*–*
East	**3,707**	**611,020**	**–**	**3,696**	**573,624**	**–**
Housing	*3,707*	*611,020*	*164.8*	*3,696*	*572,683*	*154.9*
Commercial	*–*	*–*	*–*	*–*	*941*	*–*
Other	*–*	*–*	*–*	*–*	*–*	*–*
Other regions	**112**	**18,261**		**-**	**(3)**	
Housing	*112*	*18,261*	*163.0*	*–*	*(3)*	*–*
Commercial	*–*	*–*	*–*	*–*	*–*	*–*
Other	*–*	*–*	*–*	*–*	*–*	*–*
Business property and logistics [(b)]	**278**	**1,274,980**	**–**	**444**	**579,117**	**–**
Housing	*275*	*71,010*	*258.2*	*441*	*105,874*	*240.1*
Commercial	*3*	*1,203,970*	*–*	*3*	*473,243*	*–*
Other	*–*	*–*	*–*	*–*	*–*	*–*
GROUP TOTAL	**13,955**	**3,631,149**	**–**	**12,799**	**2,545,050**	**–**
Housing	*13,951*	*2,383,156*	*170.8*	*12,794*	*2,069,336*	*161.7*
Commercial [(c)]	*3*	*1,247,990*	*-*	*3*	*475,646*	*–*
Other [(a)]	*1*	*24*	*-*	*2*	*68*	*–*

(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] rose by 3.2% in volume and 9.4% in value compared to the previous year. During the same period, the Regions were up 14.3% in volume and 22.8% in value. The Île-de-France share [1] of the Housing backlog declined compared to the Regions, to 29.4% in volume and 33.7% in value at the end of November 2020, versus 31.0% in volume and 35.5% in value at the end of November 2019. The East (Lille, Strasbourg, Grenoble, Annecy, Lyon, Dijon, Marseille, Toulon, Nice) accounted for 25.6% in value, versus 28.8% for the Southwest (Toulouse, Bordeaux, Bayonne, Montpellier, La Rochelle and Perpignan) and 8.9% for the West (Upper Normandy, Caen, Rennes, Val de Loire, Nantes).

At November 30, 2020, the Housing backlog was equivalent to 29.7 months of business, compared to 18.4 months at November 30, 2019.

2.1.4. Outlook

The context of recent developments in the current health crisis and its impacts on general economic activity.

Land reserve

Lots available for development by 2023 *(at November 30, 2020)*	**In units**	**Estimated sq.m** [(c) (d) (e)]
Land to be developed [(a)]	**35,102**	**2,254,829**
Single-family homes	2,136	202,490
Multi-occupancy housing	32,950	1,768,168
Commercial	16	284,171
Other	–	–
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, 2020, the total amount of land for which a sales deed or a contract of sale has been signed (total land reserve) was 2,254,829 sq.m. in 35,102 lots. The group's Housing portfolio stood at 35,086 lots, i.e., four years of future business. The Commercial portfolio, meanwhile, included 377,798 sq.m of net surface area.

Lastly, the group's potential business from now until 2023 (including land for which a sales deed or a contract of sale has not yet been signed as well as the land reserve) comprised 41,548 lots, including 53,515 sq.m. of office space on land currently in the survey phase.

(1) Including hotel residences classed as Business Property.

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)*	**2020**	**2019***
Revenue	1,163,050	1,472,154
Gross margin	207,176	294,288
Gross margin rate *(%)*	17.8%	20.0%
Current operating income	80,134	143,425
Operating income	80,134	143,425
Income (loss) of the consolidated group	56,514	95,529
Attributable net income	40,138	77,891
Net earnings per share [(a)]	€1.82	€3.53

(a) Based on the number of shares making up the share capital at the period end, i.e. 22,088,023 at both November 30, 2019 and November 30, 2020.

** Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

2.2.2. Sources of net income

The accounting principles, estimates and assumptions used to prepare the consolidated financial statements at November 30, 2020 are described in Note 1 in Section 6.1.5. "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 obtained by multiplying the cumulated revenue from the lots for which a deed of sale has been signed 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 fitting out and maintaining model homes, the cost of creating models and long-term billboard signage, 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;
- 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 is current operating income 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), which comprises the interest expense on the syndicated credit lines, interest expenses on swaps, fees paid on overdrafts, commitment fees and the amortization of credit line arrangement fees, gains on disposals of money market funds, income from term deposits 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 of the income of equity affiliates and joint ventures (equity accounting).

Attributable net income is consolidated net income, adjusted for:

- net income attributable to non-controlling equity interests (minority interests), comprising all 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

(in € thousands)	November 30, 2020	November 30, 2019*
Revenue	1,163,050	1,472,154
Cost of sales	(955,874)	(1,177,866)
GROSS MARGIN	**207,176**	**294,288**
Selling expenses	(21,689)	(31,031)
Administrative expenses	(52,808)	(64,437)
Technical and customer service expenses	(19,237)	(22,200)
Development and program expenses	(33,308)	(33,196)
CURRENT OPERATING INCOME	**80,134**	**143,425**
Other non-recurring income	–	–
Other non-recurring expenses	–	–
OPERATING INCOME	**80,134**	**143,425**
Financial expenses	(13,260)	(14,639)
Financial income	3,563	1,326
COST OF NET FINANCIAL DEBT	**(9,697)**	**(13,313)**
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**70,437**	**130,112**
Income tax	(16,247)	(38,003)
NET INCOME (LOSS) OF CONSOLIDATED COMPANIES	**54,190**	**92,109**
Share of income (loss) of equity affiliates and joint ventures	2,324	3,420
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**56,514**	**95,529**
Income attributable to non-controlling interests	16,376	17,638
Attributable net income	40,138	77,891
Average number of shares	21,676,866	21,486,138
BASIC EARNINGS PER SHARE (A)	**€1.85**	**€3.63**
DILUTED EARNINGS PER SHARE (A)	**€1.85**	**€3.63**

(a) Earnings per share calculated based on average number of shares.

** Restated to reflect the end of the capitalization of financing costs following the change in interpretation of IAS 23 and a reclassification of the CVAE expense from the operating expenses item to the income tax item.*

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 2020 and 2019:

Fiscal year ended November 30 *(in € thousands)*	2020			2019		
	Deliveries *(EHUs) (in units)*	Revenue	Gross margin [b]	Deliveries *(EHUs) (in units)*	Revenue	Gross margin [b]
Multi-occupancy housing	4,816	877,146	153,305	6,664	1,232,362	226,099
Single-family homes	358	86,134	16,183	392	101,638	21,066
TOTAL HOUSING	**5,174**	**963,280**	**169,487**	**7,056**	**1,334,000**	**247,165**
Commercial	**(23)**	**194,372**	**36,040**	**25**	**130,410**	**45,227**
Other [a]	1	5,398	1,647	6	7,744	1,897
GRAND TOTAL	**5,152**	**1,163,050**	**207,175**	**7,087**	**1,472,154**	**283,858**

(a) Corresponds primarily to sales of undeveloped lots and external fees (project management contracts).
(b) Restated to reflect the end of the capitalization of financing costs following the change in interpretation of IAS 23 and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

Deliveries (EHUs)

The number of Equivalent Housing Units (EHUs) delivered fell 27.3% between 2019 and 2020, from 7,087 units delivered in 2019 to 5,152 units delivered in 2020. Multi-occupancy housing deliveries fell 26.7% to 5,174 units in 2020, while deliveries of Single-family homes in communities decreased by 8.7% to 358 units delivered. Multi-occupancy housing accounted for 93.1% of delivered housing units, versus 94.4% in 2019.

Revenue

Compared to 2019, total group revenue (excluding VAT) was down 21.0% to €1,163.1 million, versus €1,472.2 million in 2019. This change is primarily due to the 287.8% fall in revenue from the Housing segment (€963.3 million). The decline of €309.1million in total revenue is the net result of a fall of €355.2 million in Multi-occupancy housing, a fall of €155.0 million in Single-family homes and a rise of €64.0 million in revenue from the Commercial business.

Multi-occupancy housing segment

Revenue from the Multi-occupancy housing segment fell 28.8%, from €1,232.4 million to €877.2 million in 2020. Of this revenue, 49.8% was generated in Île-de-France versus 46.8% in 2019. The Regions accounted for 50.2% in 2020, compared to 53.2% in 2019. Multi-occupancy housing accounted for 75.4% of total revenue, versus 83.7% in 2019.

Single-family homes in communities

Revenue from Single-family homes went down by 15.3%, from €101.6 million in 2019 to €86.1 million in 2020. This segment accounted for 7.4% of total revenue, compared to 6.9% in 2019. The €15.5 million decrease subdivides into a contraction of €18.8 million for Île-de-France and a rise of €3.3 million for the Regions. Île-de-France accounted for 70.8% of Single-family home revenue, while the other Regions accounted for 29.2%.

Other business activities

Revenue for the Commercial segment rose by €64.0 million. It amounted to €194.4 million in 2020, versus €130.4 million in 2019. It is largely accounted for by progress towards completion of the Puteaux project, which generated €81.0 million in revenue, as well as the projects in Courbevoie (€32.3 million), Montrouge (€23.9 million), Bordeaux Amédée (€22.4 million) and the logistics project at La Chapelle d'Armentière (€14.4 million).

Showroom (or "Design Space") revenue totaled €4.9 million, compared to €6.7 million in 2019.

Gross margin

The Group's gross margin was €207.2 million, as opposed to €294.3 million in 2019 (Restated in 2020 to reflect the end of the capitalization of financing costs following the change in interpretation of IAS 23 and the reclassification of the CVAE charge from operating expenses to income tax). This is a fall of €87.1 million, or 29.6%. The gross margin rate was 17.8%, versus 20.0% at November 30, 2019. This increase is primarily due to the 27.8% fall in revenue from the Housing segment, revenue for which was €169.5 million. The €87.1 million decline in gross margin was due to the €72.8 million fall in the gross margin from Multi-occupancy housing, together with falls of €4.9 million in relation to Single-family homes and €9.2 million in relation to the Commercial segment.

Multi-occupancy housing segment

Gross margin for the Multi-occupancy housing segment was €153.3 million, compared to €226.1 million in 2019 (a fall of 32.2%). Its gross margin rate declined from 18.3% in 2019 to 17.5% in 2020. The €72.8 million fall in gross margin was the net effect of a fall of €18.0 million in Île-de-France and a €54.8 million fall in the Regions. In Île-de-France, the gross margin rate was 19.4%, versus 17.8% in 2019. In the Regions, it was 15.6%, compared with 18.8% in 2019.

Single-family homes in communities

Following the same trend as revenue, the gross margin for Single-family homes fell relative to 2019 (by 23.2%). It amounted to €16.2 million for fiscal year 2020, versus €21.1 million for fiscal year 2019. This decline derives from business in Île-de-France, which fell by €5.0 million, whereas the gross margin in the Regions remained steady, rising by €0.1 million to €4.2 million. The gross margin rate for the single-family homes segment was 18.8% versus 20.7% last year.

Other business activities

The gross margin from other businesses was €37.7 million, versus €47.2 million in 2019. The Business property segment alone accounted for €36.0 million of this amount; it was down €9.2 million compared to 2019.

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 2020 and 2019:

Fiscal year ended November 30 (in € thousands)	2020 Deliveries (EHUs) (in units)	2020 Revenue	2020 Gross margin	2019* Deliveries (EHUs) (in units)	2019* Revenue	2019* Gross margin
Île-de-France	**2,237**	**462,989**	**86,813**	**2,782**	**600,127**	**116,138**
Housing	*2,237*	*459,699*	*86,095*	*2,781*	*594,680*	*115,025*
Commercial	*–*	*-*	*(5)*	*–*	*–*	*(3)*
Other [a]	*-*	*3,290*	*723*	*1*	*5,447*	*1,116*
West	**567**	**59,960**	**8,422**	**551**	**81,992**	**19,124**
Housing	*566*	*59,554*	*8,259*	*546*	*80,117*	*18,661*
Commercial	*–*	*354*	*95*	*–*	*1,616*	*231*
Other [a]	*1*	*52*	*69*	*5*	*259*	*232*
Southwest	**931**	**180,396**	**30,840**	**1,773**	**297,909**	**51,716**
Housing	*954*	*180,689*	*29,824*	*1,749*	*297,190*	*52,267*
Commercial	*(23)*	*(400)*	*880*	*24*	*465*	*(627)*
Other [a]	*–*	*107*	*136*	*–*	*254*	*77*
East	**1,234**	**225,921**	**37,759**	**1,660**	**314,012**	**58,257**
Housing	*1,234*	*111,154*	*33,878*	*1,660*	*300,137*	*56,371*
Commercial	*–*	*2,193*	*3,533*	*–*	*12,193*	*1,516*
Other [a]	*–*	*1,574*	*348*	*–*	*1,682*	*370*
Other regions	**17**	**3,188**	**1,269**	**–**	**102**	**341**
Housing	*17*	*2,814*	*897*	*–*	*–*	*239*
Commercial	*–*	*–*	*–*	*–*	*–*	*–*
Other [a]	*–*	*374*	*372*	*–*	*102*	*102*
Business property and logistics [b]	**166**	**230,596**	**42,072**	**321**	**178,012**	**48,711**
Housing	*166*	*38,371*	*10,535*	*320*	*61,876*	*4,602*
Commercial	*-*	*192,225*	*31,537*	*1*	*116,136*	*44,109*
Other [a]	*–*	*–*	*-*	*–*	*–*	*1*
TOTAL	**5,152**	**1,163,050**	**207,175**	**7,087**	**1,472,154**	**294,288**
Housing	*5,174*	*969,281*	*169,488*	*7,056*	*1,334,000*	*247,164*
Commercial	*(23)*	*194,372*	*36,040*	*25*	*130,410*	*45,227*
Other [a]	*1*	*5,397*	*1,648*	*6*	*7,744*	*1,897*

* *The sector breakdown has changed - 2019 figures are pro forma.*
(a) Bare lot sales, external fees and the Showroom business.
(b) Offices, retail space, business premises, logistics warehouses etc.

Deliveries (EHUs)

By geographic area, Île-de-France represented an important part in the group's Housing business with 46.4% of housing units delivered in 2019 (i.e. 44.8% for Multi-occupancy housing units and 68.2% for Single-family homes in communities) versus 43.9% in 2019. 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 18.4%, 10.9%, and 23.9% of the housing units were delivered, respectively, compared to 24.8%, 7.7% and 23.5% in 2019.

Housing revenue

Housing revenue totaled €969.3 million in 2020, versus €1,334.0 million in 2019, down 27.8%. Île-de-France contributed 51.7%, versus 49.2% in 2019.

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 23.1% and 18.8% of Housing business revenue respectively. The West (Nantes, Rennes) contributed 6.2%.

The €370.7 million decrease in Housing revenue compared to 2019 derives from the €137.1 million decrease in revenue in Île-de-France[1] and a fall of €117.5 million in revenue from the Southwest.

Housing gross margin

The Housing gross margin at November 30, 2020 was €169.5 million, versus €247.2 million in 2019, a fall of 31.4% year-on-year. The gross margin rate declined, from 17.8% in 2019 to 17.6% in 2020.

Île-de-France contributed 33.7% of the Housing gross margin achieved by the group in 2020 (39.5% in 2019). The Southwest (Toulouse, Bordeaux, Bayonne, Montpellier) was the second-largest contributor with 24.0%, while the East (Lille, Reims, Strasbourg, Grenoble, Lyon, Nice, Toulon, Marseille) accounted for 23.5%. The West (Nantes, Rennes) contributed 12.3% of the gross margin of the Housing segment.

The €77.7 million decrease in Housing segment gross margin between 2019 and 2020 derived from the fall in the gross margin from Île-de-France (€29.3 million) together with falls of €10.7 million, €20.9 million and €20.5 million in the West, Southwest and East respectively.

2.3.2. Operating expenses

(in € thousands)	November 30, 2020	November 30, 2019
Selling expenses	21,689	31,031
Administrative expenses	52,808	64,437
Technical and customer service expenses	19,237	22,200
Development and program expenses	33,308	33,196
TOTAL OPERATING EXPENSES	**127,042**	**150,863**

At November 30, 2020, operating expenses totaled €127.0 million, versus €150.9 million in 2019. Operating expenses remained stable, accounting for 10.9% of revenue in 2020 and 10.2% in 2019.

The change in operating expenses is explained primarily by the following items:

Selling expenses

Selling expenses were €21.7 million versus €31.0 million in 2019, a decrease of 30.1%. This fall is mainly due to the €9.2 million fall in advertising expenses.

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)*	2020	2019
Salaries and payroll taxes	10,383	9,656
Commissions paid to the sales team	7,962	10,329
As a percentage of total Group revenue	*1.6%*	*1.4%*

Commissions on sales *(in € thousands)*	2020	2019
Commissions paid to the sales team	7,962	10,329
External commissions	33,425	41,424
TOTAL COMMISSIONS ON SALES	**41,386**	**51,753**
As a percentage of total Group revenue	*3.6%*	*3.5%*
As a percentage of Housing gross margin	*20.0%*	*18.2%*

(1) For Île-de-France, includes hotel residences classed as Business Property.

The amount of commissions on sales was €41.4 million in 2020, comprising €8.0 million for internal commissions (paid to the sales teams) and €33.4 million for external commissions (paid to specifiers). Sales commissions as a percentage of revenue went up to 3.6%, a rise of 0.1 percentage points. It should be noted that these expenses are included in the cost of sales of property development operations.

Advertising

Kaufman & Broad in principle devotes between 2% and 2.5% of its annual revenue to advertising, in connection with the launches of real estate programs (Single-family homes in communities and Multi-occupancy housing units) and through national advertising campaigns to promote the group's image and products. Depending on the portion of the business carried out by specifiers, as well as the weight of the Commercial sector in total revenue, the recorded percentage may be less. For the 2020 fiscal year, expenses for advertising, models and show home areas totaled €8.3 million and accounted for 0.71% of total revenue, down 0.47 percentage points compared to 2019.

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)*	**2020**	**2019**
Advertising expenses	8,249	17,416
As a percentage of revenue	*0.71%*	*1.18%*

Advertising expenses in 2020 are down 47.3% relative to 2019, while revenue fell 21.0% over the same period. This decrease was mainly due to the high proportion of block sales to institutional buyers following the Covid-19 health crisis. Virtually no sales or marketing costs were incurred in relation to these sales.

Administrative expenses

Administrative expenses were €52.8 million in 2020, versus €64.4 million in 2019. The fall of 18.0% is mainly attributable to a €6.5 million fall in "Salaries and payroll taxes", a €5.4 million fall in "Rental and lease expenses" following the application of IFRS 16 from December 1, 2019 and lastly to a €1.7 million decrease in "Estimated expenses".

Technical and customer service expenses

Technical and customer service expenses totaled €19.2 million at November 30, 2020, versus €22.2 million in 2019, the decrease deriving essentially from the €2.2 million fall in "Salaries and payroll taxes".

Development and program expenses

Development and program expenses remained steady, totaling €33.3 million in the period to November 30, 2020 as compared with €33.2 million in 2019. This includes a €2.0 million decrease in "Salaries and payroll taxes" and a €2.8 million increase in provisions against inventories of new projects, which is recognized in "Estimated expenses".

2.3.3. Current operating income - Operating margin

The Group's current operating profit was down 44.1%, from €143.4 million in 2019 to €80.1 million in 2020. The current operating margin was 6.9% versus 9.7% in 2019. The €63.3 million decrease in current operating profit reflects first and foremost the €87.1 million drop in gross margin.

2.3.4. Other non-recurring income and expenses

At November 30, 2020, the amount of non-recurring income was zero. Accordingly, operating income was €80.1 million, versus €143.4 million in 2019.

2.3.5. Cost of net financial debt

The cost of net financial debt fell €3.6 million, from €13.3 million in 2019 to €9.7 million in 2020. Interest expenses on the syndicated credit lines and bond reflect an average utilization of €198.3 million during 2020, compared to €158.2 million (syndicated credit lines only) in 2019.

The total effective rate payable on the debt, taking into account the overall amortization of issuance expenses and hedging arrangements, was 3.52%, versus 4.36% in 2018. (See Section 6.1.5., 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 €16.2 million, based on the group's net profit at November 30, 2020, compared to €38.0 million for fiscal year 2019 (see Note 9.1. "Income tax" et seq. to the Consolidated Financial Statements).

Non-controlling interests

The amount attributable to non-controlling interests was down by €1.3 million, from €17.6 million in 2019 to €16.4 million in 2020. In 2020, €1.8 million was recorded in respect of purchases of shares from holders of non-controlling interests, versus €1.6 million in 2019.

The difference between the price paid and the corresponding reduction in any non-controlling interests is recognized in attributable shareholders' equity.

Net income

Attributable net income for fiscal year 2020 was down by 48.5% relative to 2019. It amounted to €40.1 million, versus €77.9 million in 2019.

The net margin (net income as a percentage of revenue) was 3.5% in 2020, 1.8 percentage points down relative to the 5.3% figure for 2019.

2.3.7. Income by operating segment

Pursuant to IFRS 8, the segment information presented reflects the organization of the internal reporting prepared for the group's management. Details of this segment analysis can be found in Note 3.1.1. "Segment information" to the Consolidated Financial Statements at November 30, 2020.

Fiscal year ended November 30, 2020 *(in € thousands)*	**Île-de-France**	**West**	**East**	**Southwest**
Revenue	462,989	59,959	225,921	180,396
GROSS MARGIN	**86,906**	**8,326**	**37,760**	**30,831**
Selling expenses	(6,242)	(1,285)	(5,383)	(3,486)
Administrative expenses	(10,789)	(2,513)	(8,294)	(7,673)
Technical and customer service expenses	(7,847)	(1,647)	(4,326)	(3,939)
Development and program expenses	(6,218)	(2,842)	(11,506)	(5,233)
Reallocation of head office expenses	(9,227)	(2,596)	(7,442)	(5,988)
OPERATING INCOME	**46,583**	**(2,557)**	**810**	**4,512**
Cost of net financial debt and other financial income/expenses	(1,003)	(732)	(4,364)	(3,842)
Reallocation of cost of net financial debt	(207)	(58)	(167)	(134)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**45,373**	**(3,346)**	**(3,722)**	**536**
Income tax	(11,826)	1,361	2,131	946
Share of income (loss) of equity affiliates and joint ventures	1,790	35	155	(108)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**35,337**	**(1,950)**	**(1,436)**	**1,373**
Attributable net income	*26,486*	*(2,175)*	*(2,507)*	*(933)*
Non-controlling interests	*8,851*	*225*	*1,070*	*2,307*

Fiscal year ended November 30, 2020 *(in € thousands)*	**Business property and logistics**	**Other regions**	**Other business activities**	**Head Office**	**Grand total**
Revenue	230,596		3,189		1,163,050
GROSS MARGIN	**42,079**	**519**	**753**		**207,176**
Selling expenses	(445)	0	(9)	(4,838)	(21,689)
Administrative expenses	(1,858)	(6)	(1,095)	(20,579)	(52,808)
Technical and customer service expenses	(622)	0	(58)	(799)	(19,237)
Development and program expenses	(6,236)	(57)	2	(1,218)	(33,308)
Reallocation of head office expenses	(1,978)	0	(203)	27,434	0
OPERATING INCOME	**30,940**	**456**	**(610)**	**0**	**80,134**
Cost of net financial debt and other financial income/ expenses	(282)	(162)	1,303	(614)	(9,697)
Reallocation of cost of net financial debt	(44)	0	(5)	614	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**30,614**	**294**	**688**	**0**	**70,437**
Income tax	(8,393)	(91)	(374)		(16,247)
Share of income (loss) of equity affiliates and joint ventures	(222)	(4)	679		2,324
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**21,998**	**199**	**993**	**0**	**56,514**
Attributable net income	*18,201*	*200*	*867*	*0*	*40,138*
Non-controlling interests	*3,798*	*(1)*	*126*		*16,376*

Fiscal year ended November 30, 2019 *(in € thousands)*	Île-de-France	West	East	Southwest
Revenue	600,127	81,993	314,012	297,908
GROSS MARGIN	**116,138**	**19,124**	**58,257**	**51,717**
Selling expenses	(8,475)	(1,548)	(7,181)	(4,787)
Administrative expenses	(9,557)	(3,848)	(10,182)	(8,781)
Technical and customer service expenses	(9,246)	(1,708)	(4,850)	(4,466)
Development and program expenses	(7,142)	(1,640)	(8,295)	(6,153)
Reallocation of head office expenses	(12,095)	(3,264)	(9,428)	(9,009)
OPERATING INCOME	**69,623**	**7,116**	**18,321**	**18,521**
Cost of net financial debt and other financial income/expenses	(1,929)	(114)	(3,472)	(2,185)
Reallocation of cost of net financial debt	(1,437)	(388)	(1,120)	(1,070)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**66,257**	**6,614**	**13,729**	**15,266**
Income tax	(19,065)	(1,862)	(4,022)	(3,659)
Share of income (loss) of equity affiliates and joint ventures	2,345	11	936	(61)
Income (loss) of the consolidated group	49,537	4,763	10,643	11,546
Attributable net income	*37,632*	*4,085*	*9,083*	*8,635*
Non-controlling interests	*11,905*	*678*	*1,560*	*2,911*

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	**48,710**	**238**	**102**	**0**	**294,288**
Selling expenses	(1,112)	0	(17)	(7,912)	(31,031)
Administrative expenses	(4,493)	(16)	(800)	(26,759)	(64,437)
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 head office expenses	(2,822)	0	(185)	36,803	0
OPERATING INCOME	**30,299**	**458**	**(915)**	**0**	**143,425**
Cost of net financial debt and other financial income/ expenses	1,322	(157)	(2,405)	(4,372)	(13,313)
Reallocation of cost of net financial debt	(335)	0	(22)	4,372	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**31,286**	**301**	**(3,342)**	**0**	**130,112**
Income tax	(10,396)	(104)	1,108	0	(38,003)
Share of income (loss) of equity affiliates and joint ventures	(2)	0	190	0	3,420
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**20,888**	**197**	**(2,044)**	**0**	**95,529**
Attributable net income	*20,305*	*197*	*(2,046)*	*0*	*77,891*
Non-controlling interests	*583*	*0*	*2*	*0*	*17,638*

2.4. Liquidity and capital resources

2.4.1. Cash flows

The group's net cash totaled €215.2 million at November 30, 2020, down €7.1 million relative to November 30, 2019, when it totaled €208.1 million. The change is analyzed below:

(in € thousands)	November 30, 2020	November 30, 2019 [2]
Cash flow from operating activities	100,823	87,444
Cash flow from (used in) investing activities	(6,302)	(7,276)
Free cash flow [1]	94,522	80,168
Cash flow from (used in) financing activities	(87,433)	(125,423)
Increase (decrease) in cash	7,089	(45,255)
CASH AT START OF PERIOD	**208,102**	**253,358**
CASH AT END OF PERIOD	**215,192**	**208,102**

(1) Free cash flow is equal to cash flow before the cost of debt and taxes less net operating investments made during the period.
(2) Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.

Cash flow from operating activities

Cash flows generated by operating activities totaled €100.8 million versus €87.4 million at November 30, 2019, an increase of €13.4 million. The change in cash flow generated from operating activities was primarily due to:

- a €70.5 million decrease in cash flow before the cost of debt and taxes, which fell from €166.6 million to €96.1 million;
- an €86.0 million decrease in taxes paid to €2.3 million, versus €88.2 million in the period to the end of November 2019;
- a smaller change in the operating working capital requirement (excluding current taxes), producing a movement of €7.0 million in the year to November 30, 2020, as compared with €9.1 million the year before.

The operating working capital requirement (excluding current taxes) totaled €119.3 million at the end of November 2020, versus €131.7 million at the end of November 2019, a fall of €12.4 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 €77.5 million decrease in inventories, a €47.0 million decrease in accounts receivable, a €147.5 million decrease in accounts payable and a €51.1 million increase in other assets and liabilities including current taxes. WCR (including current taxes) was equal to 10.5% of revenue at November 30, 2020, compared to 10.2% for the same period in 2019.

Cash flow from (used in) investing activities

Cash flow used in investing activities was €6.3 million, versus €7.3 million in fiscal year 2019. It primarily consists of the following:

- -€4.8 million for acquisitions of property, plant and equipment and intangible assets;
- -€4.9 million related to the change in financial assets (loans) granted as part of real estate projects;
- +€2.6 million from investments in equity-accounted companies.

Cash flow from (used in) financing activities

Cash flow used in financing activities was €87.4 million versus €125.4 million in 2019. It primarily consists of the following:

- -€38.0 million in dividends paid to shareholders;
- -€12.8 million in distributions to non-controlling interests and -€1.8 million in purchases of shares from non-controlling interests;
- -€18.4 million in purchases of treasury shares;
- -€6.9 million related to the repayment of IFRS 16 right-of-use liabilities;
- -€9.6 million in net 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, 2020	November 30, 2019
Syndicated credit lines – Senior facility	-	-
Bond	150,000	150,000
Accrued interest	2,322	2,322
Other borrowings	163	299
Credit facilities used	1,527	926
Lease obligations (IFRS 16)	19,618	-
Lease obligations (IFRS 16) – Accrued interest	72	
Loan arrangement costs	(1,348)	(1,457)
Fair value of derivatives	-	-
GROSS FINANCIAL DEBT	**172,354**	**152,089**
– of which non-current	162,376	148,900
– of which current	9,978	3,189

At November 30, 2020, the group's gross financial debt amounted to €172.4 million, including €162.4 million of non-current debt consisting mainly of bonds and €4.0 million of current debt related to accrued interest and credit facilities. The equivalent figure at November 30, 2019 was €152.1 million, when the time to maturity was 4.6 years as compared with 4.2 years at the end of 2020 (including the €250 million syndicated credit line not yet drawn down, the repayment date of which was extended by one year in March 2020).

On March 30, 2020, in accordance with the clause provided in the loan agreement signed on January 30, 2019, Kaufman & Broad requested a one-year extension to the final repayment date of the loan from January 30, 2024, as originally provided, to January 30, 2025. All the lenders under the syndicated loan agreement accepted the request.

At the end of November 2020, the group had bond borrowings of €150 million, comprising one tranche of €50 million (maturing May 2024) and one tranche of €100 million (maturing May 2025), and a revolving credit facility for €250 million (not drawn down at November 30, 2020; maturing January 2025).

Financial covenants in place

For each six-month accounting period from November 2017 until the bond is repaid, 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 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 attributable to 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.

For each six-month accounting period from November 2019 until the 2019 syndicated credit line is repaid, 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 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 attributable to 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 (i) according to the leverage ratio applicable at each testing date and (ii) 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, 2020	Threshold [1]	Ratio at date
Leverage ratio	≤ 3.0	(0.78)
Debt/equity ratio (bond issue)	≤ 2.5	(0.18)
Debt/equity ratio (syndicated loan agreement)	≤ 2.0	(0.20)

(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, 2020	Maturity	Type	Rate [a]
Syndicated Loan Agreement January 29, 2019					
RCF [b]	250,000	–	January 2025	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.

The total effective rate of the debt, taking into account the total amortization of the arrangement costs (€0.159 million in 2019) and hedging was 3.52%, versus 4.36% in 2019; the difference is primarily due to the inclusion of the financing costs related to the drawdown of the 2019 RCF between March and September 2020. As a precautionary measure, the group drew down €150 million of the revolving credit facility in March 2020 during the Covid-19 pandemic, in order to further strengthen its sound cash position and ensure funding for its general needs, at a time when the majority of its construction sites had partly or totally stopped work and sales activity had severely contracted. All drawings on the 2019 RCF had been repaid as of November 30, 2020. This remains the case as of the date of this document.

2.4.2.2. Main changes in gross financial debt

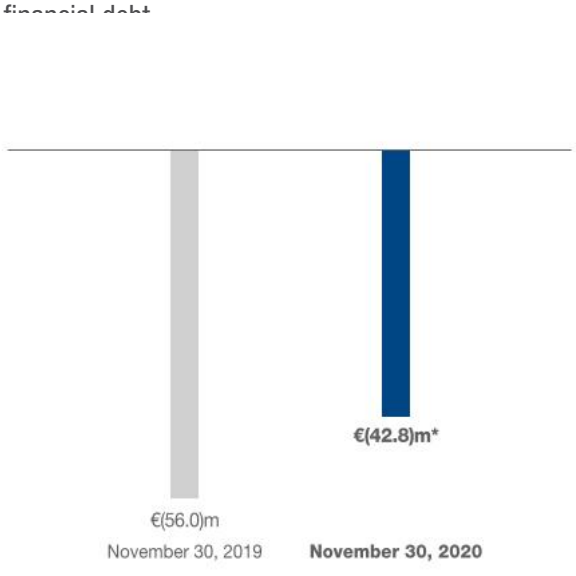
(in € thousands)	November 30, 2020
Gross financial debt at November 30, 2019	**152,089**
Lease obligations (IFRS 16)	19,618
Issuance expenses	109
Change in other borrowings and finance leases	(134)
Lease obligations (IFRS 16) – Accrued interest	72
Change in credit facilities	601
Gross financial debt at November 30, 2020	**172,354**
Change in gross financial debt in 2020	20,265

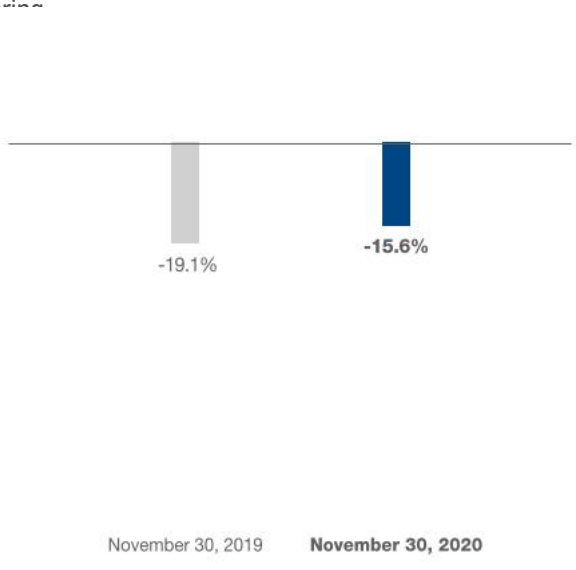
The Group's gross financial debt changed by €20.3 million between November 30, 2019 and November 30, 2020, mainly as a result of the recognition of €19.7 million in lease obligations under IFRS 16. The new standard was applied retrospectively as of December 1, 2020.

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, 2020	November 30, 2019
Shareholders' equity	275.4	293.1
Financial debt *	**172.4**	**152.1**
Financial debt maturing in less than 1 year (excluding issuance expenses)	10.3	3.5
Financial debt maturing in less than 1 year (issuance expenses)	(0.4)	(0.4)
Financial debt maturing between 1 and 5 years	162.4	148.9
Maturity	**4.2 years**	**4.6 years**
* *of which:*		
Loan arrangement costs	*(1.3)*	*(1.4)*
Fair value of derivatives	-	-
Credit facilities used	*1.5*	*0.9*
Lease obligations (IFRS 16)	*19.7*	-
Bond	*150.0*	*150.0*
Other borrowings	*2.5*	*2.6*

2.4.2.3. Changes in net financial debt





Net financial debt means gross financial debt less cash and cash equivalents. At November 30, 2020, it had improved by €6.5 million relative to the end of the previous year (excluding IFRS 16 lease obligations), leading to net cash of €62.5 million, compared with net cash of €56.0 million at the end of 2019. (After deducting the €19.7 million of IFRS 16 lease obligations, the Group's net cash at the end of November 2020 was €42.8 million).

Gearing (the ratio of net debt to consolidated shareholders' equity) was -15.6% at November 30, 2020, versus -19.1% at November 30, 2019.

2.5. Events after the closing date

Measures to adapt to the Covid-19 crisis

With the start of the Covid-19 pandemic in March 2020, work was halted or reduced at the majority of the group's construction sites and sales activity was extremely sluggish. This situation had material adverse effects on the Group's financial situation. Against the backdrop of the health crisis, which began in the first quarter of 2020, and its impacts on economic activity in general, and above all on account of its uncertain duration, the Group was obliged to plan its business and make all forecasts on the assumption that the current economic and social situation will stabilize with a return to GDP growth and positive developments on the public health front in the next few months, leading to no further work stoppages at the group's construction sites over the course of 2021. At the date of publication of this Universal Registration Document, it is likely that recovery in 2021 will be slow, owing to the persistence of the virus, the multiplication of new variants and the strengthening of containment measures that hamper recovery.

However, the company's management of the crisis is an opportunity to test the robustness of Kaufman & Broad's business model, the solidity and resilience of its financing structure and the relevance of the risk mitigation measures put in place.

Governance

Corporate Social Responsibility (CSR) has become a core principle underlying Kaufman & Broad's activity and the company has consequently set up a CSR Department that reports directly to the Chairman and Chief Executive Officer. A new CSR Committee has also been established as a subcommittee of the Board of Directors.

The CSR Committee's role is to oversee execution of the CSR plan in accordance with the company's strategy. It is reiterated that ESG criteria have formed an integral part of the compensation metrics applicable to Kaufman & Broad's management since 2018.

Reduction in share capital via the cancellation of treasury shares

Under the authority granted during the Shareholders' Meeting held on May 5, 2020, the Board of Directors meeting on January 27, 2021 decreased Kaufman & Broad's capital by canceling 375,000 treasury shares worth €12.5 million, thus reducing the number of shares in the company's share capital from 22,088,023 to 21,713,023 shares.

Proposal by the Board of Directors to pay a dividend for the fiscal year ended November 30, 2020

Based on Kaufman & Broad's 2020 results, solid balance sheet and historically large backlog, the Board of Directors will propose the payment of a dividend of €1.85 per share on 2020 earnings when the Shareholders' Meeting is held on May 6, 2021.

Building permit obtained for A7/A8 - Austerlitz project

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. At the end of 2020, the Group has obtained the required permits (building permit and environmental authorizations) to carry out the A7/A8 Austerlitz project. Before implementation, they must go through the appeals period, which is three months for the building permit and four months for the environmental authorizations. At the date of publication of this Universal Registration Document, the company has been informed of one appeal against the building permit.

2.6. Recent developments and outlook

2.6.1. Markets

At the date of publication of this Universal Registration Document, growth in France had slowed substantially due to the Covid-19 health crisis. Following an expected contraction of 9.8%, the International Monetary Fund (IMF) stated in its most recent report on the French economy that it was forecasting growth of 5.5% in the country's gross domestic product (GDP) in 2021. The recovery in 2021 is likely to be sluggish, owing to the persistence of the virus, the multiplication of new variants and the strengthening of containment measures that hamper recovery. The majority of economic agencies are not currently predicting a return to growth before the second half of the year, particularly in France, owing in particular to uncertainties regarding the rapid rollout of vaccination campaigns.

INSEE, for instance, forecasts that GDP will recover by 3% in the first quarter of 2021 and 2% in the second. Activity in June 2021 will therefore be "only" 3% below the pre-crisis level. In mid-2021, growth is expected to rise to a rate of 6% per annum. Although this figure is high, it chiefly reflects the fact that 2020 represents a very low starting point. Inflation, which was virtually zero at the end of 2020, is meanwhile likely to go back up between now and June 2021.

At the date of publication of this Universal Registration Document, there are major uncertainties in France that may weigh on the growth outlook for 2021:

- the impact of the Covid-19 epidemic on general economic activity, particularly as a result of the various measures restricting movement, the shutdown or slowdown of certain business sectors due to the limitations imposed by the government's pandemic measures and the unease created by the pandemic among economic actors;
- social movements, such as those that shook France in November 2018 and the anti-pension-reform demonstrations in early September 2019, could pick up again after the end of the health crisis;
- considerable volatility in commodity prices, both upward and downward, with a cyclicality that is hard to predict;
- climate issues and their consequences (particularly in terms of regulation) on the global business model;
- 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;
- economic issues in Europe, due to the definitive occurrence of Brexit at the end of January 2021 and its effects on the European market;
- as well as budgetary issues in EU member states in connection with the ballooning of national debt caused by measures to address the Covid-19 health crisis.

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:

- according to an INSEE study, demographic growth of some 3-8 million inhabitants is to be expected between now and 2050, depending on the scenario, taking the French population to somewhere between 69 million and 74 million inhabitants. This growth will mainly be due to the rise in the population aged over 65, which is expected to grow by 10.4 million over the period and reach 27% of the total, compared to 17% today. The number of over-75s is set to double between 2013 and 2070, a rise of 7.8 million. The proportion of over-75s is expected to top 18% in more than half the regions of mainland France;
- ongoing concentration of the population in the main agglomerations, to the detriment of rural areas;
- adaptation of the existing building stock due to climate issues 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, given the current health crisis and its impacts on general economic activity, all these guidance targets are based on the assumption that the current economic and social situation will stabilize and that any developments on the public health front will not lead to further work stoppages at the group's construction sites over the course of the year.

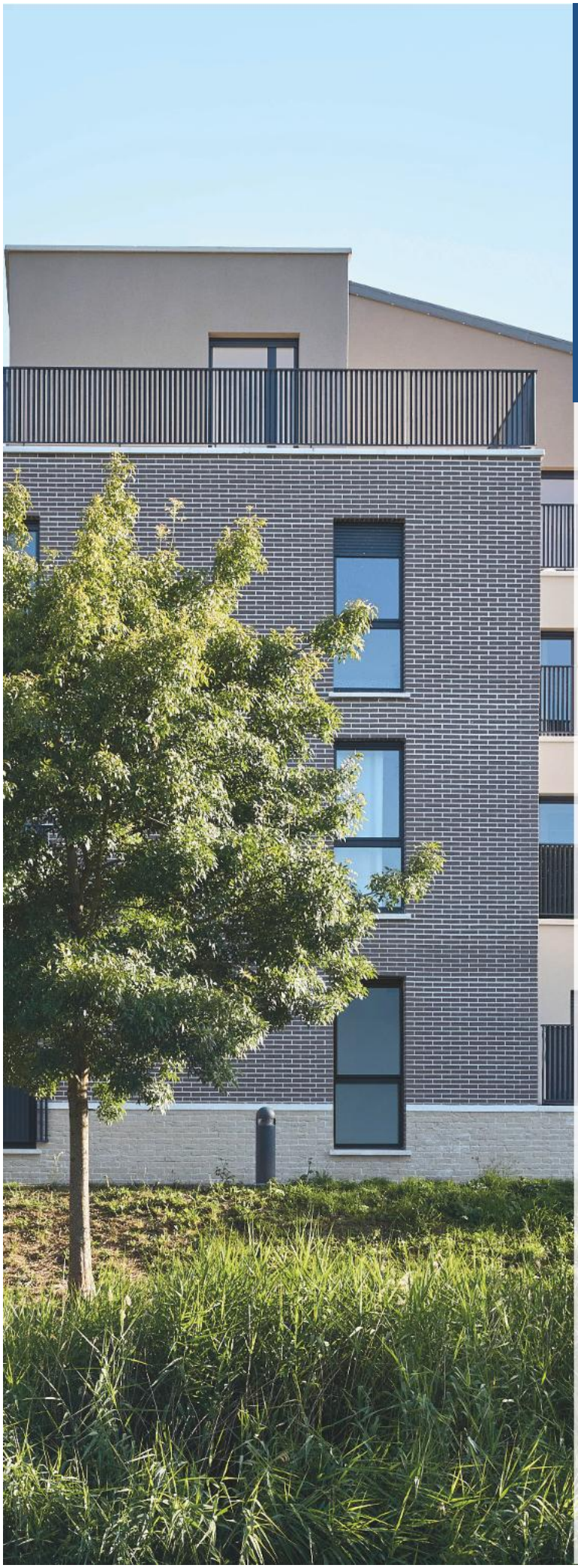
With respect to the business outlook for Kaufman & Broad's housing segment in 2021, we have noted that the number of building permits granted has continued to trend downwards since 2019 and we therefore expect order levels to remain flat in 2021.

As announced back in July 2021, revenue should come out at around €1.3 billion. If the administrative authorizations required for the A7/A8 Austerlitz project are obtained without any objection in 2021, the revenue figure could rise to €1.6 billion. In the first scenario, the EBIT margin would be similar to that generated in 2020; in the second, it could return to the levels achieved in previous years.

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:

- indicators that give Kaufman & Broad visibility beyond the next few months:
  - an overall backlog of €3.631 billion at November 30, 2020, of which €2.383 billion related to Housing. 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 35,086 units at the end of November 2020. The Housing property portfolio represents all the land for which a commitment (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.



3

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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 10 Board members from different, complementary backgrounds and with varied profiles:

Name	Age[1]	Compensation and Nominating Committee	Audit Committee	Investment Committee	CSR Committee[6]	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	60					✔	7	6/25/2013	2020	74,207[3]	3.27%
Independent Directors[5]											
Sylvie Charles	61		✔	✔		✔	8	2/16/2012	2020	250	-
Jean-Louis Chaussade[7]	69	✔			✔	✔	4	1/21/2017	2021	278	-
Yves Gabriel	71	✔		✔		✔	4	3/8/2016	2021	250	-
Sophie Lombard	51	✔	✔	✔	✔	✔	13	7/10/2007	2020	283	
Caroline Puechoultres	51					✔	6	9/30/2014	2020	250	-
Lucile Ribot	54		✔			✔	2	5/3/2018	2020	270	-
André Martinez[8]	68		✔		✔	✔	1	1/29/2020	2020	450	
Board member representing employee shareholders											
Karine Normand	51					✔	3	5/3/2018	2020	12,479[4]	0.1%
Other Directors											
Michel Paris	63					✔	5	7/7/2015	2021	1,289	-

(1) As at February 28, 2021
(2) Approval of the financial statements for the fiscal year.
(3) Nordine Hachemi holds 74,207 Kaufman & Broad SA shares, directly or through RKCI of which he is the sole shareholder. He also owns 27.34% of the share capital of Artimus Participations, which itself held 10.71% of the Company's share capital at February 28, 2021, equating to 635,530 Kaufman & Broad SA shares.
(4) Karine Normand holds 12,479 shares. She also owns nearly 0.40% of the share capital of Artimus Participations, which itself held 10.71% of the Company's share capital at February 28, 2019, equating to 9,206 Kaufman & Broad SA shares.
(5) See Section 3.1.1.2.8.
(6) At its meeting of January 27, 2021, the Board of Directors decided to implement a CSR Committee made up of three members.
(7) On February 26, 2021, the Board of Directors appointed Jean-Louis Chaussade as Chairman of the CSR Committee and Lead Director, replacing Yves Gabriel.
(8) On June 18, 2020, the Board of Directors decided to appoint André Martinez as member of the Audit Committee, replacing Yves Gabriel as of the meeting of the Audit Committee in September 2020.

At the date of publication, with the exception of Nordine Hachemi, 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
**Chair of the Audit Committee*

Primary role held outside the Company

Chief Executive Officer of Transilien.

Other roles and offices held

Member of the SETER SAS Management Committee (Senegal)

Member of the Supervisory Board of Geodis SA.

Independent Director of the SANEF group.

Other information

Sylvie Charles is a graduate of the Institut d'Études Politiques in 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.

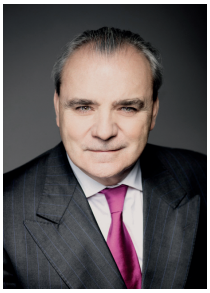
She served as Advisor to the Chair of STVA group's Management Board from 2001 to 2004, when she became Chair of the Management Board.

In February 2010, Sylvie Charles took responsibility for 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. In March 2020, Sylvie Charles was appointed Chief Executive Officer of Transilien SNCF.

Between January 1 and March 2020, Sylvie Charles resigned from the following positions: President of Transport Ferroviaire Holding, President of VFLI, President of Europe Intermodal Holding (EIH), President of Transport Ferroviaire Services, Chair of the Board of Directors of Lorry Rail (Luxembourg) and Vice-President of BLS Cargo (Switzerland).

She is a member of the Supervisory Board of Geodis SA and independent director of the SANEF group.

In February 2020, she was appointed member of the Management Committee of SETER SAS in Senegal.



Jean-Louis Chaussade *

CEO of JLCH Conseil

109, Boulevard Haussmann
75008 Paris
* *Chairman of the CSR Committee and Lead Director*

Primary role held outside the Company

Former Chairman and Chief Executive Officer of the SUEZ group.

Special advisor of the Accuracy 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.

Director of the Institut du Capitalisme Responsable.

Vice-Chairman of SIBAC.

Chairman of the Industry Strategy Committee Transformation and Recycling of Waste.

Chairman of the Endowment Fund Campaign Committee of the French Society of Dermatology.

Member of the CMIA (Chongqin Mayor's International Economic Advisory Board).

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 the Suez group.

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.

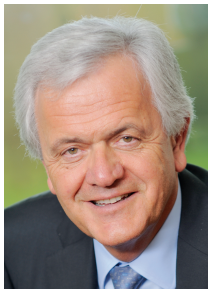
Jean-Louis Chaussade has an engineering degree from ESTP and a master's degree in economics. He is also a graduate of the Institut d'Études Politiques de Paris and of *Harvard Business School's* Advanced Management Program.

He was appointed Chairman of the Board of Directors of the Suez group on May 14, 2019.

Jean-Louis Chaussade served as Director and Chairman of the Board of Directors of Suez until the end of the Combined Ordinary and Extraordinary Shareholders' Meeting of May 12, 2020.

CEO of JLCH Conseil.

Jean-Louis Chaussade is an Officer of the French Légion d'Honneur.



Yves Gabriel *

Yves Gabriel Consulting

21 bis, route de Choisel
78460 Chevreuse

* *Chairman of the Compensation and Nominating Committee*

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 Executive Management roles in different subsidiaries of the SCREG and Bouygues groups.

Sophie Lombard

Bluester Capital

38, rue Mermoz
75008 Paris

Primary role held outside the Company

CEO, Bluester Capital (formerly Parvilla, a *Private Equity* fund management company).

Other roles and offices held

Member of the Supervisory Board of La Banque Postale Asset Management.

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 Director of Financière Gaillon 8 until 2017 and a member of the Supervisory Board of 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 the 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

Other roles and offices held
Independent Director of HSBC Continental Europe, member of the Audit Committee.

Independent Director of Imerys, member of the Audit Committee.

Member of the Supervisory Board of Siaci Saint Honoré.

Member of the Supervisory Board of Acropole Holding SAS, Chair 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 then a member of the Management Board in 2002. She contributed to the Fives group's growth and strategic development up until 2017. Since then she has been an independent director.

André Martinez

127, avenue Charles-de-Gaulle
92207 Neuilly-sur-Seine Cedex

Primary role held outside the Company

Member of the Board of Directors and Chairman of the Strategy and Investment Committee SNCF SA.

Other roles and offices held

Founder-Chairman of Financière des Cent Chênes SAS.

Member of the Board of Directors of SNCF SA and Chair of the Strategy and Investment Committee of SNCF SA.

Member of the Strategy Committee of GoSense SAS.

Director of MMA.

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 Méridien group, subsequently becoming Chief Executive Officer of Société des Hotels Méridien.

From 1997 to 2006, he was successively responsible for development and strategy at Compagnie des Wagons-Lits, and then 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.

André Martinez then served 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

Partner and Member of PAI Partners's Investment Committee.

Other roles and offices held

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

In 1984, Michel Paris joined Paribas Affaires Industrielles, which became PAI Partners in 2001.

He is a Member of the Investment Committee and the Retail, Industrial Goods, and Services teams.

Michel Paris has more than 30 years' experience in investment in the company PAI. He contributed to a number of transactions, including those concerning Sogeres, Bouygues Telecom, Atos, Equant, Elior, 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

Primary role held within the company

Head of the Accounting and Consolidation Department of the Kaufman & Broad group.

Chair of the Supervisory Board of the KB Actions FPCE (company mutual fund).

Other roles and offices held

None.

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 the accounting teams, and then the consolidation teams 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.

From 1992 to 1997, Karine Normand worked at accounting and audit firm SEFICO (Paris 16). 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 reduce shrinkage in the retail sector.

Karine Normand has been Chair of the KB Actions FPCE Supervisory Board since January 2018.

The list of the various offices held by the Company's Directors other than in the group's subsidiaries over the past five years is provided in Section 3.1.1.1. "Membership 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;
- 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 10 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 January 27, 2021, to include provisions relating to the creation of a CSR committee (see Section 3.1.2.4).

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, related-party 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. They also stipulate that each Director must own at least 250 shares and must not trade in the Company's shares during (i) the 30 calendar days preceding the publication of the Company's half-year and annual results and (ii) the 15 calendar days preceding the publication of the Company's quarterly results, the day of the publication being included in the aforementioned periods. 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, in compliance with the thresholds in force.

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.

Decisions relating to the specific powers of the Board of Directors provided for by the regulations may be taken by written consultation with the Board members.

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;
- 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 26, 2021, 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;
- any other third party, for one year and for a total amount not exceeding €3,500,000,000, including any amounts required for performance bonds.

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.

At its meeting of February 26, 2021, the Board of Directors appointed Jean-Louis Chaussaude, Independent Director, as Lead Director, replacing Yves Gabriel who resigned.

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;
- her high level of qualification, given her solid experience in areas affecting the group's various businesses;

considered that the 12-year criterion defined by the AFEP-MEDEF Code as revised in January 2020 (paragraph 9.5 of the AFEP-MEDEF Code), among the five other criteria set out, was not in itself sufficient for Sophie Lombard to automatically lose her status as Independent Director.

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 7.3.1 "The Company's shareholding structure on November 30, 2020 and change over three years" of this document).

3.1.1.2.10. Directors' compensation

At the Combined Ordinary and Extraordinary Shareholders' Meeting of May 3, 2018, the total amount of compensation 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, when updated, , and approved by the Board of Directors on September 27, 2018, stipulate that the compensation is spread between Board members with no function in the Kaufman & Broad group in consideration for their Director mission. The amount of compensation is paid pro rata based on their physical attendance (or via videoconference) at Board of Directors' meetings during the fiscal year. A portion set by the Board of Directors, raised on the amount of compensation 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 27, 2021 resolved to allocate compensation for 2020:

- 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.

At its January 29, 2019 meeting, the Board of Directors decided that the Lead Director would receive additional compensation in the amount of €10,000 in respect of his duties.

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 2020 were delivered to the Directors at the meeting of February 26, 2021. The outcome of this assessment will be presented at the next Board meeting on May 6, 2021.

3.1.1.2.12. Meetings of the Board of Directors in 2020

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
Nordine Hachemi	10	10	100%
Sylvie Charles	10	10	100%
Jean-Louis Chaussade	9	10	90%
Yves Gabriel	10	10	100%
Sophie Lombard	9	10	90%
André Martinez *	9	10	100%
Caroline Puechoultres	6	10	60%
Lucile Ribot	10	10	100%
Frédéric Stévenin *	1	10	100%
Karine Normand	10	10	100%
Michel Paris	10	10	100%

* *André Martinez was co-opted as a new Director to replace Frédéric Stévenin, who resigned, after the Board Meeting of January 29, 2020.*

In fiscal year 2020, the Board of Directors met 10 times (the attendance rate of Directors at Board meetings was 94%):

- on **January 29, 2020**, the Board of Directors held a meeting attended by nine members. The Committee 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 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,
  - acknowledgment of the resignation of a Director – co-option of a new Director;
- on **February 27, 2020**, the Board of Directors held a meeting attended by nine members. The Committee 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 at November 30, 2019 and the proposed appropriation of net profits for the fiscal year,
  - review and approval of the consolidated financial statements for the fiscal year ended November 30, 2019,
  - agreements subject to Article L. 225-38 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 make 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 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,
  - 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 Committee 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;

- on **April 9, 2020**, the Board of Directors held a meeting attended by 10 members. The Committee discussed the following agenda:
  - update on the current situation,
  - amount of the dividend to be paid,
  - organization of the Combined Ordinary and Extraordinary Shareholders' Meeting of May 5, 2020,
  - appointment of Yves Gabriel, Lead Director, as Chairman of the session at the Combined Ordinary and Extraordinary Shareholders' Meeting of May 5, 2020, if the Chairman and Chief Executive Officer is absent or unable to act.
  - the Company's shareholding structure,
  - proposal to amend the statutory threshold crossing disclosure - corresponding amendment to the bylaws,
  - taking into account the provisions of Order No. 2020-321 of March 25, 2020 applicable, as from March 12, 2020, to Board meetings held without the physical presence of the directors;
- on **April 18, 2020**, the Board of Directors held a meeting attended by 10 members. The Committee discussed the following agenda:
  - update on the current situation,
  - the Company's shareholding structure;
- on **May 5, 2020**, the Board of Directors held a meeting attended by 10 members. The Committee discussed the following agenda:
  - implementation of the share buyback program,
  - assessment of the operation of the Board of Directors;
- on **June 18, 2020**, the Board of Directors held a meeting attended by nine members. The Committee discussed the following agenda:
  - update on the shareholding structure of Kaufman & Broad SA – Rothschild presentation;
  - proposal to implement a Steering Committee made up of:
  - Yves Gabriel, Lead Director,
  - Michel Paris,
  - André Martinez,
  - proposal of an advisory mission to be given to Rothschild,
  - presentation of the benchmark established by Ethics & Boards on the compensation of directors,
  - proposal to change the composition of the Audit Committee as of September 2020,
  - presentation of the benchmark established by Ethics & Boards on the implementation of a CSR Committee,
  - proposal to amend the Internal Rules and the stock market ethics charter;
- on **July 9, 2020**, the Board of Directors held a meeting attended by 10 members. The Committee discussed the following agenda:
  - report of the Audit Committee: Minutes of the meeting of July 7, 2020,
  - business activities in the first half of 2020,
  - review and approval of the half-yearly consolidated financial statements at May 31, 2020,
  - *update III:* presentation of the revised 2020 Plan,
  - presentation of the benchmark established by Ethics & Boards on the compensation of directors,
  - presentation of the benchmark established by Ethics & Boards on the implementation of a CSR Committee;
- on **July 17, 2020**, the Board of Directors held a meeting attended by nine members. The Committee discussed the following agenda:
  - update on the shareholding structure of Kaufman & Broad SA,
  - draft press release of July 20, 2020;
- on **September 30, 2020**, the Board of Directors held a meeting attended by nine members. The Committee discussed the following agenda:
  - report of the Audit Committee: Minutes of the meeting of September 30, 2020,
  - presentation of the estimated consolidated financial data at August 31, 2020,
  - *update IV:* presentation of the revised 2020 Plan,
  - review and approval of the revised draft management documents for 2020 and of the report analyzing those documents,
  - update on development;

Since November 30, 2020, the Board of Directors has met twice:

- on **January 27, 2021**, the Board of Directors held a meeting attended by 10 members. The Committee discussed the following agenda:
  - report of the Audit Committee – minutes of the meeting of January 25, 2021,
  - review of the estimated consolidated financial data at November 30, 2020,
  - review of the 2021 budget,
  - review and approval of the draft management documents and of the report analyzing those documents,
  - review and approval of the draft press release on the 2020 annual results,
  - report of the Compensation and Nominating Committee – minutes of the meeting of January 18, 2021,
  - compensation of the corporate officer for 2020,
  - amount of compensation to be paid to the Directors (formerly directors' fees): breakdown for fiscal year 2020,
  - definitive award of bonus shares (2019 Plan),
  - definitive award of performance shares (2018 Second Plan),
  - cancellation of treasury shares (cancellation of 37,000 shares) following the repurchase of treasury shares by the Company under its share buyback program,
  - proposal to amend the Internal Rules to create a CSR Committee - appointment of Committee members
  - presentation of the "Digital Board" solution;
- on **February 26, 2021**, the Board of Directors held a meeting attended by 10 members. The Committee discussed the following agenda:
  - report of the Audit Committee – minutes of the meeting of February 24, 2021,
  - review and approval of the statutory financial statements at November 30, 2020 and the proposed appropriation of net profits for the fiscal year,
  - review and approval of the consolidated financial statements for the fiscal year ended November 30, 2020,

- agreements subject to Article L. 225-38 of the French Commercial Code,
- preparation and approval of the Board of Directors' management report,
- preparation and approval of special reports,
- review and approval of the report on corporate governance,
- renewal of the authority to make 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 meetings of January 29 and February 18, 2021;
- compensation of the corporate officer for 2021,
- appointment of a Lead Director,
- appointment of a Chairman of the CSR Committee,
- award of bonus shares,
- acknowledgment of the end of the terms of office of directors – appointment of directors;
- acknowledgment of the expiry of the terms of office of the Statutory Auditors, proposal to renew the terms of office of the Statutory Auditors for a period of six years,
- notice of meeting of a Combined Ordinary and Extraordinary Shareholders' Meeting and setting the agenda and the text of the draft resolutions,
- appointment of the Lead Director, as Chairman of the session at the Combined Ordinary and Extraordinary Shareholders' Meeting of May 6, 2021, if the Chairman and Chief Executive Officer is absent or unable to act.
- approval of the services provided by the Statutory Auditors,
- report of the CSR Committee - minutes of the meeting of February 9, 2021.

3.1.1.2.13. Description of the diversity policy within the Board of Directors pursuant to Article L. 22-10-10 (previously 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 Chairman as of September 30, 2014, Sophie Lombard, appointed on September 29, 2010 and an Independent Director as of December 1, 2016, Lucile Ribot, appointed on September 27, 2018 and Yves Gabriel, appointed on July 11, 2016. André Martinez was appointed member of the Audit Committee as of September 30, 2020, replacing Yves Gabriel.

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 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 the monitoring of 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.

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").

3.1.2.1.7. Audit Committee meetings in fiscal year 2020

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	4	4	100%
Sophie Lombard	4	4	100%
André Martinez *	1	4	100%
Yves Gabriel *	3	4	100%
Lucile Ribot	4	4	100%

* *André Martinez joined the Audit Committee on September 30, 2020, replacing Yves Gabriel.*

In fiscal year 2020, the Audit Committee met four times (the attendance rate of Directors at Audit Committee meetings was 100%):

- 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 at November 30, 2019,
  - review of the statutory financial statements at November 30, 2019 and the proposed appropriation of income for the fiscal year,
  - comments of the Statutory Auditors on the statutory financial statements at 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,
  - approval of the services provided by the Statutory Auditors;
- on **July 7, 2020**, 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 2020,
  - review of the estimated financial data for the first half of 2020 and review of the main potential risks identified to date,
  - comments of the Statutory Auditors on the estimated consolidated financial data at May 31, 2020,
  - internal audit: presentation of the results of the DCI (internal control system) tests carried out at head office at the end of the first quarter of 2020,
  - *update III:* presentation of the revised 2020 Plan;
- on **September 30, 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 August 31, 2020,
  - *update IV:* presentation of the revised 2020 Plan,
  - quarterly results of the tests on the internal control system.

The Audit Committee has met twice since November 30, 2020:

- on **January 25, 2021**, 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, 2020,
  - comments of the Statutory Auditors on the estimated consolidated financial data at November 30, 2020,
  - review of the 2021 budget,
  - presentation of the 2021 update to the group's major risks,
  - update on the call for tenders for the renewal of the terms of office of the Statutory Auditors;

- on **February 24, 2021**, the Audit Committee held a meeting attended by three members. The Committee discussed the following agenda:
  - review of the notes to the consolidated financial statements at November 30, 2020,
  - review of the statutory financial statements at November 30, 2020 and the proposed appropriation of income for the fiscal year,
  - comments of the Statutory Auditors on the statutory financial statements at November 30, 2020,
  - review of the Board of Directors' Report on Corporate Governance,
  - internal audit:
  - results of the H2 2020 tests on the internal control system and the 2020 annual summary,
  - 2021 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,
  - approval of the services provided by the Statutory Auditors.

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, Independent Director, appointed on January 29, 2019.

The duties of the Compensation and Nominating Committee are to assist the Board of Directors in determining the compensation paid to corporate officers and other executive officers of the Company. To this end, the Committee considers the criteria referred to in Section 8.7. "Agenda and Resolutions of the Shareholders' Meeting of May 6, 2021" Section 2.1. " Criteria used to define an agreement relating to current operations entered into under normal conditions". In particular, it recommends the allocation of compensation 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 2020

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	3	3	100%
Sophie Lombard	3	3	100%
Jean-Louis Chaussade	3	3	100%

In fiscal year 2020, the Compensation and Nominating Committee met three times (the attendance rate of Directors at meetings of the Compensation and Nominating Committee was 100%):

- on **January 15, 2020**, the Compensation and Nominating Committee met 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 met 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,
  - award of bonus shares:
  - new plan under the authority granted by the Shareholders' Meeting of May 2, 2019,
  - proposed granting of new authority by the 2020 Shareholders' Meeting;
- on **September 15, 2020**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:
  - implementation of an exceptional bonus share plan (AGA),
  - governance / workforce.

The Compensation and Nominating Committee has met three times since November 30, 2020:

- on **January 18, 2021**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:
  - 2020 wage policy: compensation analysis and budget management,
  - variable compensation of the corporate officer for 2020,
  - definitive award of performance shares (2018 Second Plan),
  - preparation update: compensation of the corporate officer for 2021,
  - amount of directors' compensation (formerly directors' fees) – proposed allocation for 2020;
- on **January 29, 2021**, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:
  - compensation of the corporate officer for 2021 – long-term compensation of the corporate officer – commitments in favor of the corporate officer,
  - Proposed reappointment as Directors of André Martinez, Sylvie Charles, Caroline Puechoultres, Sophie Lombard and Lucile Ribot at the next Shareholders' Meeting of May 6, 2021.
  - identification of Directors,
  - proposal for a new Lead Director,
  - proposal for Karine Normand to take the position of Board member representing employee shareholders at the next Shareholders' Meeting of May 6, 2021.
  - proposed reappointment of Nordine Hachemi as Chairman of the Board of Directors exercising Executive Management of the Company;
  - award of bonus shares:
  - new plan under the authority granted by the Shareholders' Meeting of May 5, 2020,
  - proposal to grant new authority by the 2021 Shareholders' Meeting.
- on February 18, 2021, the Compensation and Nominating Committee met attended by three members. The Committee discussed the following agenda:
  - proposal to reappoint Directors.

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;
- significant 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 1.5.2. "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.

The decline in activity caused by the health crisis did not allow the Investment Committee to meet to discuss significant new investment or acquisition projects.

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".

3.1.2.4. CSR Committee

The Board's Internal Rules stipulate that the CSR 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, 2021: Sophie Lombard, André Martinez and Jean-Louis Chaussade, Chairman.

The CSR Committee meets at least once a year and as often as necessary depending on the development of the company's activities and in particular changes in sustainable development issues specific to its activities. Meetings may take place via videoconference or by conference call.

The Committee's tasks include:

- ensuring that issues relating to social and environmental responsibility are taken into account in the group's strategy and its implementation (in particular, issues relating to the environmental impact and the societal challenges of the group's activities, professional training, compensation policy, gender equality, employment and integration of people with disabilities, the fight against discrimination and the promotion of diversity);
- examining the report on sustainable development provided for in Article L. 22-10-36 of the French Commercial Code;
- examining the group's commitments in terms of sustainable development, in light of the challenges specific to its business and its objectives.

3.1.3. Senior Executives

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 seven members:

Nordine Hachemi, Chairman and Chief Executive Officer; Bruno Coche, Chief Financial Officer; Christian Delapierre, Executive Vice-President, Ile-de-France and Institutional Sales; David Laurent, Executive Vice-President, Business Property, Logistics and Real Estate Development; Jacques Rubio, Executive Vice-President, Regions and Managed Accommodation; William Truchy, Executive Vice-President, Marketing and Sales; Sophie Letierce, Senior Vice-President, Human Resources.

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.

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 Supérieure du Pétrole et des Moteurs and holder of an MBA from 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 until 2015.

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, Ile-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 Ile-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 Ile-de-France. In January 2016, he became a member of the Executive Committee. In July 2019, he was appointed Executive Vice-President, Ile-de-France and Institutional Sales.

3.1.3.1.4. David Laurent, Executive Vice-President, Business Property, Logistics and Real Estate Development as well as Hauts-de-France and East

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 Real Estate Development department.

3.1.3.1.5. Jacques Rubio, Executive Vice-President, Regions, Managed Accommodation and Kalilog

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 Ile-de-France. He was appointed Vice-President, Marketing in January 2005, and led the Sales and Marketing and *Showroom* operations in Paris and Ile-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, Sales and Marketing.

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.

She joined Kaufman & Broad in October 2018 as Senior Vice-President, Human Resources to support the group's transformation and the challenges regarding recruitment, organization and talent development.

3.1.3.1.8. Management Committee

The Kaufman & Broad Management Committee has 16 members: the members of the Executive Committee, and: Chrystèle Marchand, Senior Vice-President, Marketing, Communication and Digital; Frédéric Bourg, Senior Vice-President, Ile-de-France Operations; Marc Vettraino, Vice-President, Outer Paris Suburbs; Philippe Ribouet, Vice-President Southwest; Thierry Verninas, Senior Vice-President, Architecture and Quality; Bertrand Eyraud, Senior Vice-President, CSR and Innovation; Ludovic Landon-Rouly, Regional Vice-President, Auvergne Rhône-Alpes; Luc Le Gall, Regional Vice-President Ile-de-France Paris and Inner Suburbs; Georges Lopez, Agency Director, Poitou-Charentes. The Management Committee monitors implementation of the plan by each business activity. It proposes improvement initiatives and sets the objectives to be deployed in the agencies and departments. It helps to define and implement 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.

3.1.3.2. Operational divisions

The principal regional divisions within the group are as follows:

Paris - Ile-de-France

- Christian Delapierre, Executive Vice-President, Ile-de-France (Housing)
  - Luc Le Gall, Regional Vice-President, Paris and Inner Suburbs (75, 92 and 93)
  - – Gwenaëlle Delassalle, Agency Director, Paris and Inner Suburbs and Paris North (75, 93)
  - – Laurent Garnier, Agency Director, Inner Suburbs and Paris South (92, 94)
  - Marc Vettraino, Regional Vice-President, Outer Paris Suburbs (77, 78, 95, 60 and 94)
  - – Krystel Briant, Agency Director, Seine-et-Marne and Val de Marne
  - – Emmanuelle Gonzalez, Agency Director, Essonne
  - – Mathieu Jaegle, Agency Director, Yvelines
- Frédéric Bourg, Senior Vice-President, Ile-de-France Operations

Regions: Northwest (Loire Atlantique - Brittany - Normandy) - Northeast (North Flanders - East - Rhône-Alpes - Savoie), Southeast (Mediterranean - 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, Normandy (Caen/Rouen/Le Havre)
  - Yannick Le Bihan, Agency Director, Loire-Atlantique (Nantes/Val de Loire)

Northeast: Savoie - East - North Flanders - Rhône-Alpes

- Ludovic Landon-Rouly, Regional Vice-President, Auvergne Rhône-Alpes
  - Ludovic Landon-Rouly, Agency Director, Savoie (Annecy – Grenoble)
  - Vincent Moskofidis, Agency Director, Rhône-Alpes (Lyon – Dijon)

Southeast: Côte d'Azur - Méditerranée - Provence

- Philippe Ribouet oversees the Southeast region
  - Stéphane Thirroueiz, Agency Director, Côte d'Azur (Nice)
  - Philippe Ribouet, Agency Director, Mediterranean (Marseille)
  - Nicolas Lévy, Agency Director, Provence (Toulon)
  - Julien Eybalin, Agency Director, Languedoc-Roussillon (Montpellier) and Pyrénées Orientales (Perpignan)

Southwest Nouvelle Aquitaine (Midi-Pyrénées - Gironde - Pyrénées Atlantiques and Serge Mas Promotion)

- Georges Lopez, Regional Vice-President, Nouvelle Aquitaine, Agency Director, Poitou-Charentes
  - Geoffrey Doux, Agency Director, Pyrénées-Atlantiques (Bayonne)
  - Pierre-Emmanuel Dao, Agency Director, Midi-Pyrénées (Toulouse)
  - Ingrid Bouisset, Agency Director, Serge Mas Promotion (Toulouse)

Hauts-de-France and East

- David Laurent, Executive Vice-President, Hauts-de-France
  - Nicolas Rifflart, Agency Director, Flanders (Lille/Reims)
  - Thibaud Simon, Agency Director, East (Strasbourg/Nancy)

Business Property, Logistics, Urban Projects, Innovation and Real Estate Development

- David Laurent, Executive Vice-President, Business Property, Logistics and Real Estate Development
  - Patrick Decreton, Vice-President, Promotion
  - Charles Henri Billot, Vice-President, Development
  - Jean Paul Rival, Vice-President, Logistics (Concerto)
  - Vincent Drouet, Senior Vice President, Real Estate Development and Territories

3.1.3.3. 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' interests

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

3.2.1.1. Compensation of members of the administrative bodies

On the recommendation of the Compensation and Nominating Committee, the Board of Directors, at its meeting of January 27, 2021, resolved to pay a total amount of €297,320 in compensation for the fiscal year ended November 30, 2020, broken down as follows, based on the criteria listed in Section 3.1.1.2.10. "Directors' compensation":

Table 3 AMF Definitions

	Compensation due / paid to the non-executive corporate officers						
Non-executive corporate officers *(amounts in euros)*	**Board of Directors**	**Audit Committee**	**Compensation and Nominating Committee**	**Investment Committee [4]**	**Lead Director [1]**	**Amount due for fiscal year 2020**	**Amount paid in fiscal year 2019**
Sylvie Charles	26,800	20,000				46,800	54,800
Jean-Louis Chaussade	24,120		9,000			33,120	15,314
Yves Gabriel [1]	26,800	9,000	15,000		10,000	60,800	64,800
Sophie Lombard	24,120	12,000	9,000			45,120	47,800
Caroline Puechoultres	16,080					16,080	19,143
Frédéric Stévenin	2,680					2,680	15,314
Michel Paris	26,800					26,800	26,800
Lucile Ribot	26,800	12,000				38,800	41,800
André Martinez [3]	24,120	3,000				27,120	0
Karine Normand [2]						0	0
TOTAL	**198,320**	**56,000**	**33,000**	**0**	**10,000**	**297,320**	**285,771**

(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.

(3) André Martinez was co-opted as a Director by the Board of Directors on January 29, 2020 to replace Frédéric Stévenin who resigned. At the Board of Directors' meeting of June 18, 2020, André Martinez was appointed member of the Audit Committee as of the Audit Committee meeting held in September 2020, replacing Yves Gabriel.

(4) During fiscal year 2020, the Investment Committee did not have the opportunity to meet to decide on matters within its competence.

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 8.9. I.1. "Principles and criteria for determining, revising and implementing the group compensation policy. "

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 all 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 2020, approximately 26% 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 43% of the total compensation for the members of the Executive Committee, 38% for the members of the Extended Management Committee and 55% 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 a four-year availability horizon. The granting of these to the Chairman and Chief Executive Officer and members of the Executive Committee, the Management Committee and the Extended Management Committee, subject to stringent, 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 KBSA shares, more than €21 million of capital for a period of eight years.

The compensation and benefits for fiscal year 2020 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, 2020**	**Fiscal year ended November 30, 2019**
Compensation for the fiscal year (detailed in Table 2)	1,132,033	1,372,036
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)	510,661 (1)	555,232 (2)
TOTAL	**1,642,694**	**1,927,268**

(1) At its meeting of February 27, 2020, the Board of Directors awarded 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. 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 27, 2021, the Board of Directors made a definitive award, subject to the condition of presence in 2022, of 10,650 performance shares to Nordine Hachemi in respect of his deferred variable compensation, for fiscal year 2020, corresponding to an overall performance of 71%.

(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, 2020		Fiscal year ended November 30, 2019	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	600,000 [(a)]	600,000	600,000	600,000
Annual variable compensation	498,000 [(d)]	738,172 [(c)]	738,172 [(c)]	793,000 [(b)]
Multi-year variable compensation	–	–	–	–
Exceptional compensation [(e)]	–	–	350	350
Compensation (formerly directors' fees)	–	–	–	–
Any type of benefits (unemployment insurance)	34,033	34,033	33,514	33,514
TOTAL	**1,132,033**	**1,372,205**	**1,372,036**	**1,426,864**

(a) The fixed compensation amount was approved by the Board of Directors on January 27, 2021.
(b) The variable compensation for fiscal year 2018 was approved by the Board of Directors on January 29, 2019 and paid in February 2019.
(c) The variable compensation for fiscal year 2019 was approved by the Board of Directors on January 29, 2020 and paid in February 2020.
(d) The variable compensation for fiscal year 2020 was approved by the Board of Directors on January 27, 2021.
(e) Seniority bonus in accordance with the group policy applying to all employees and executive officers, paid in December 2018.

Nordine 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 2020, the Company paid a total of €26,327.04 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.

AT the date of publication, Nordine Hachemi holds 74,207 Company shares, directly or through RKCI, of which he is the sole shareholder. In addition, he owns more than 27.34% of the share capital of Artimus Participations, which itself owns 10.71% of Kaufman & Broad SA's share capital. Nordine Hachemi therefore owns 3.27% 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, 2020

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, 2020 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 2020 (1st Plan) [a]	2/27/2020	10,650	37.38	313,685	2/27/2022	2/27/2024
o/w Plan 2020 (2nd Plan) [b]	2/27/2020	10,000	37.38	196,976	2/27/2023	2/27/2024

(a) At its meeting of February 27, 2020, the Board of Directors awarded 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. 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 payroll), return on capital employed, adapting the Company to advances in technology, and efficient risk management.*

At its meeting of January 27, 2021, the Board of Directors made a definitive award, subject to the condition of presence in 2022, of 10,650 performance shares to Nordine Hachemi in respect of his deferred variable compensation, for fiscal year 2020, corresponding to an overall performance of 71%.

(b) At its meeting of February 27, 2020, 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 2020-2022 (CSR performance – Quality of Property and Service – level of employee shareholding – Total Shareholder Return (TSR)).

Table 7 AMF Definitions
Bonus shares vested during fiscal year 2020 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
	15,000		
Nordine Hachemi	3/7/2018 (1st Plan)	15,000	[a]

(a) At its meeting of March 7, 2018 the Board of Directors decided to grant deferred annual compensation in the form of performance shares. It exercised the powers conferred by the Shareholders' Meeting of May 11, 2017. The Board of Directors thereby 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 the performance shares to the corporate officer would be subject to the same performance conditions as those provided for in relation to the annual variable compensation in cash. 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 qualitative criteria are assessed on the basis of the following qualitative elements: management of group teams, the quality of the working atmosphere in the Company, control over operating expenses (including payroll), return on capital employed, adapting the Company to technological developments, and sound risk management.
The performance condition set by the Board was met. The shares were definitively awarded in February 2020.

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 €26,327.04 for fiscal year 2020. 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, and approved, in application of Articles L. 22-10-8 and L. 22-10-34 of the Commercial Code, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid during the past fiscal year or awarded in respect of the same fiscal year to the Company's Chairman and Chief Executive Officer for the fiscal year ended November 30, 2020, as presented in Section 2.2 of the aforementioned report, included in Section 8.9. of this Universal Registration Document (and Section 8.7. "Agenda and Resolutions of the Shareholders' Meeting of May 6, 2021" under the "Seventh resolution").

Approval of the payment of the fixed, variable and extraordinary components of the total compensation and benefits of any kind paid during the year ending November 30, 2020 or awarded to Nordine Hachemi, Chairman and Chief Executive Officer for the fiscal year, subject to the vote of the shareholders.

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. No compensation shall be paid for voluntary departure.

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).

The history of the award of bonus shares is set out in Section 3.3.3.3.2 "Bonus share plans".

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% is 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, the number of lots approved by the Commitment Committees for fiscal year 2020; and 30% is based on the following qualitative elements: management of group teams and the quality of the working atmosphere 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, the Shareholders' Meeting of May 2, 2019 authorized the Board of Directors to allocate a maximum of 250,000 shares, including a maximum of 50,000 shares (i.e., 20% of the total amount) to Nordine Hachemi.

The Shareholders' Meeting resolved:

- 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. The Board of Directors shall have the option of choosing between the above two options and to apply them alternately or concurrently, and may, in the first case, extend the vesting and/or holding period and may, in the second case, extend the vesting period and/or set a holding period;
- that the shares granted to the Chairman and Chief Executive Officer should be subject to performance conditions.

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, 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).

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, 2021, Nordine Hachemi's fixed gross annual compensation was maintained at €600,000 for fiscal year 2021. 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 2021. 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 2021; and 30% is based on the following qualitative elements: management of group teams and the quality of the working atmosphere within the Company, control of operating expenses (including payroll), return on capital employed, adaptation of the Company to technological developments (evolution of low-carbon construction, improvement of home automation offers to customers, continuation of the digitalization of the lifting of reservations) and sound risk control.

Furthermore, under the thirteenth resolution passed by the Combined Shareholders' Meeting of May 5, 2020, 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 2024, and must then be held for a period of one year;
- long-term performance conditions assessed over the period 2021-2023 (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 Activity Vice-Presidents, the Chief Financial Officer and the Senior Vice-President, Human Resources;
- the Management Committee monitors the implementation of the Plan by business activity. It proposes improvement initiatives and sets the objectives to be deployed in the agencies and departments. It helps to define and implement the group's projects. It is composed of the Executive Committee and Regional Senior 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 €2,742,984 for the fiscal year ended November 30, 2020, representing €1,556,649 in fixed salaries and €1,186,335 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 €1,007,269 in the financial statements for fiscal year 2020. 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.

In 2020, the members of the Executive Committee, excluding Kaufman & Broad SA's corporate officers, received 13,800 bonus shares on February 28, 2020.

For fiscal year 2020, they 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, namely:

- 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 Committees;
- fulfillment of qualitative criteria related to their scope of responsibility.

At its meeting of January 29, 2021, the Board of Directors confirmed that the performance conditions for granting the 10,467 performance shares had been met.

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 7.2.3.2. "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 6.1.5. "Notes to the financial statements" Note 4.4. "Executive compensation (related parties)", paragraph "Terms and Conditions of Related-party Transactions" and 8.9 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, 2020, subject to the vote of the shareholders

In accordance with Article L. 225-100 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 application of the compensation principles and criteria approved by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 5, 2020.

The compensation components paid or awarded to the Chairman and Chief Executive Officer, as set out below, for the fiscal year ended November 30, 2020, will be put to the vote at the Combined Ordinary and Extraordinary Shareholders' Meeting on May 6, 2021:

Compensation components	Amounts or accounting valuation subject to a vote	Comments
Fixed compensation	€600,000	–
Variable compensation	€498,000	Amount approved by the Board of Directors on January 27, 2021
Multi-year variable compensation	None	–
Compensation in respect of term of office as Director	None	–
Exceptional compensation (2)	None	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	€510,661	
o/w 2020 Plan (1st Plan)	€313,685	10,650 bonus shares (a)
o/w 2020 Plan (2nd Plan)	€196,976	10,000 performance shares (b)
Pay relating to entering or leaving office	None	–
Supplemental retirement plan	€26,327.04	Annual contributions capped at 80% of gross salary up to a maximum of eight times the maximum Social Security contribution
Company car	€20,400	€1,700 per month excl. tax
Any type of benefits	€34,033	Unemployment insurance

(a) At its meeting of February 27, 2020, the Board of Directors awarded 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. 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 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 payroll), return on capital employed, adapting the Company to advances in technology, and efficient risk management.*

At its meeting of January 27, 2021, the Board of Directors made a definitive award, subject to the condition of presence in 2022, of 10,650 performance shares to Nordine Hachemi in respect of his variable compensation with deferred payment, for fiscal year 2020, corresponding to an overall performance of 71 %.

(b) At its meeting of February 27, 2020, 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 2020-2022 (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 8.9. "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.

To promote employee saving under advantageous financial and tax conditions, Kaufman & Broad set up a Group Employee Savings Plan (Plan d'Épargne Groupe) open to all employees (see section 3.3.2. of this Universal Registration Document). It consists of five company mutual funds ("FCPE"), including the "Kaufman & Broad Actionnariat" fund invested in Kaufman & Broad shares and covered by a contribution matching program, and the fund, "KB Actions" with its two sub-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.

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" shareholding offer with leverage and investment guarantee, reserved for group employees who are participants in 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 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. 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 participation rate of eligible employees reached 66.1%, with a total of 283,991 shares subscribed through the "KB Actions 2019" sub-fund of the KB ACTIONS FCPE 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" sub-funds 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). The 283,991 new shares issued pursuant to the offer are common stock, fully fungible with existing shares and vested.

At November 30, 2020, employees held, mainly through the various FCPEs of the Group Employee Savings Plan, 809,455 shares in the Company, or 3.66% of Kaufman & Broad SA's capital.

INCENTIVE BONUSES AND PROFIT-SHARING

By agreement of June 25, 2020, Kaufman & Broad implemented a profit-sharing scheme for the company as well as an incentive scheme. Both agreements are applicable as of fiscal year 2021, from December 1, 2020 to November 30, 2021.

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. 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;
- 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 definitive award of the shares to the beneficiaries who are employees will be contingent on meeting the performance conditions as defined by the Board of Directors;
- authority granted to the Board of Directors is valid for a period of thirty-eight (38) months;
- 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 preemptive 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 minimum duration indicated above, 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 para. 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.

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.

3.3.3.3. 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;

- 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;
- authority granted to the Board of Directors is valid for a period of thirty-eight (38) months;
- 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 preemptive 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 para. 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. 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 93,217 existing shares on February 27, 2020, representing 0.42% of the Company's share capital, and awarded the corporate officer 10,000 existing shares on February 27, 2020, representing 0.05% of the Company's share capital.

Refer to Section 3.3.3.2. "Bonus share plans" for the summary table relating to the bonus share plan.

3.3.3.4. 2020 bonus share plan

The Company's Shareholders' Meeting of May 5, 2020 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;
- 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;
- authority granted to the Board of Directors is valid for a period of thirty-eight (38) months;
- 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 preemptive 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 para. 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 twenty-sixth resolution of the Shareholders' Meeting of May 2, 2019 to award existing bonus shares to employees and/or executive corporate officers of the Company.

3.3.3.5. Summary tables

3.3.3.5.1. 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, 2020.

3.3.3.5.2. Bonus share plans

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
o/w number of shares awarded to corporate officers [(a)]	*15,000*
o/w number of shares definitively awarded	*60,372*
o/w number of shares lapsed	*22,190*

(a) 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) and over the medium term as defined by the Company for fiscal year 2018.

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
o/w number of shares awarded to corporate officers [(a)]	*10,000*
o/w number of shares definitively awarded	–
o/w number of shares lapsed [(b)]	3,194

(a) Subject to compliance with a series of quantitative and qualitative performance criteria with an impact on the group's business activities over the medium term as defined by the Company for the period 2018-2020, with a three-year vesting period and a one-year lock-in period.

(b) At the date of publication of this document, no shares had lapsed as of November 30, 2020.

Bonus share awards in 2019

2019 (2nd award - 2018 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	944
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	62,054
o/w number of shares lapsed [(b)]	24,934

(a) 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) and over the medium term as defined by the Company for fiscal year 2019.
(b) There were 23,039 shares as at November 30, 2020.

Bonus share awards in 2019

2019 (1st award - 2019 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 [(a)]	*10,000*
o/w number of shares definitively awarded	–
o/w number of shares lapsed [(b)]	*0*

(a) Subject to compliance with a series of quantitative and qualitative performance criteria with an impact on the group's business activities over the medium term as defined by the Company for the period 2019-2021, with a three-year vesting period and a one-year lock-in period.
(b) No shares had lapsed as of November 30, 2020.

Bonus share awards in 2020

2020 (2nd award - 2019 Plan)	
Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 2, 2019
Number of shares available for award	250,000
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	February 27, 2020
Number of beneficiaries	883
Number of bonus shares awarded on February 27, 2020	93,217
Vesting period, share transfer date	February 27, 2022
Lock-in period	1 year
End of lock-in period	February 27, 2024
o/w number of shares awarded to corporate officers [(a)]	*15,000*
o/w number of shares definitively awarded	–
o/w number of shares lapsed [(b)]	25,248

(a) 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) and over the medium term as defined by the Company for fiscal year 2020, with a three-year vesting period and a one-year lock-in period.

(b) There were 9,170 shares as at November 30, 2020.

2020 (1st award - 2020 Plan)	
Date of the Extraordinary Shareholders' Meeting authorizing the share award plan	May 2, 2019
Number of shares available for award	156,783
Tranche 1 – Date of the Board of Directors' meeting awarding the shares	February 27, 2020
Number of beneficiaries	1
Number of bonus shares awarded on February 27, 2020	10,000
Vesting period, share transfer date	February 27, 2023
Lock-in period	1 year
End of lock-in period	February 27, 2024
o/w number of shares awarded to corporate officers [(a)]	*15,000*
o/w number of shares definitively awarded	–
o/w number of shares lapsed [(b)]	0

(a) Subject to compliance with a series of quantitative and qualitative performance criteria with an impact on the group's business activities over the medium term as defined by the Company for the period 2020-2022, with a three-year vesting period and a one-year lock-in period.

(b) No shares had lapsed as of November 30, 2020.

3.4. Special report of the Statutory Auditors on related-party agreements

Shareholders' Meeting for approval of the financial statements for the fiscal year ended November 30, 2020

To the Shareholders,

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 financial year to be submitted to the General 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

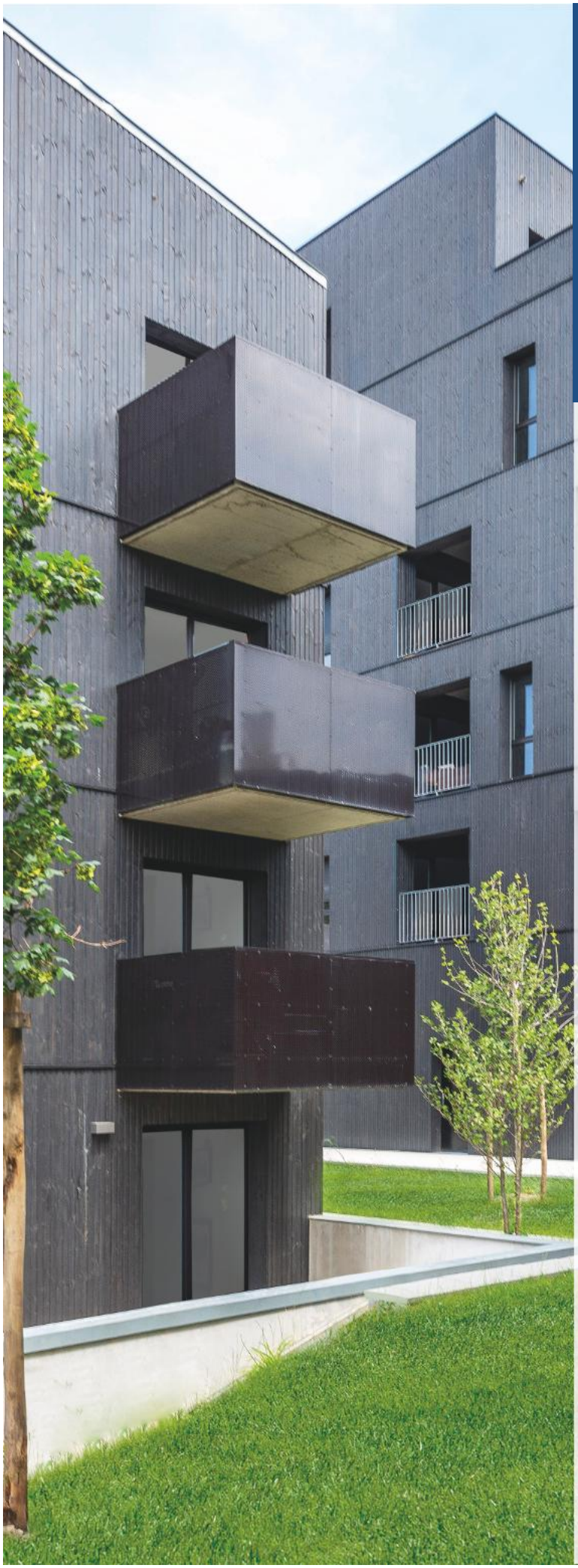
We have not been informed of any agreements already approved by the Shareholders' Meeting whose implementation continued during the fiscal year.

Paris-La Défense, March 24, 2021

The Statutory Auditors

ERNST & YOUNG Audit
Denis Thibon

DELOITTE & ASSOCIÉS
Bénédicte Sabadie



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RISK FACTORS

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4.1. 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 topotentially 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 reviewed in December 2019 and updated in December 2020, notably in response to the impacts of the COVID-19 crisis. This mapping exercise assesses the criticality of the group's main risks, 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.

At the date of this Universal Registration Document, the risks listed below are those that the Company considers to be specific to the group and that, were they to materialize, could have a material net adverse impact on the group, its operations, financial position, results or its ability to achieve its objectives. The order of importance in which these risk factors are presented by the Company may change at any time, particularly if new events of which the Company might be aware were to occur outside the Company or specifically relate to it.

Risks relating to the group's line of business	• Risks relating to the economic environment* • Risks relating to competition in the real estate development sector • Risks relating to joint-development programs • Risks relating to bank guarantees for sales before completion
Risks relating to the group's operations	• Risks relating to the land market* • Risks relating to construction costs* • Risks relating to relationships with suppliers* • Risks relating to the group's reputation • Risks relating to program management CSR • Risks relating to major projects • Risks relating to the group's development strategy • Risks relating to contracts signed with public bodies • Pollution risks • Risks relating to weather conditions CSR • Risks relating to IT systems • Risks relating to acquisitions • Risks relating to potential fraud, scams and corruption • Risks relating to insurance coverage CSR
Risks relating to the Company	• Risks relating to key-person dependency CSR* • Risks relating to human resources CSR* • Risks relating to the Company's debt • Risks relating to covenants in financing agreements
Market risks	• Interest rate risks*
Legal risks	• Risks relating to regulations applying directly to the group* • Risks relating to tax incentives that may affect the new housing market and to changes in tax regulations • Risks relating to litigation proceedings • Risks relating to off-balance sheet commitments • Risks relating to the protection of personal data

* *Risks considered to be the most significant of the category.*
CSR *Risk factors presented in the CSR risk assessment table.*

Impact of the public health crisis on the risk factors specific to the group

The Company is of the opinion that, although the current health crisis is not specific to the group, it could exacerbate, to some extent, certain risks or families of risks specific to the group, such as risks relating to construction costs, risks relating to relationships with suppliers, and risks relating to the Company's debt.

Conversely, the current crisis is not likely to call into question the scope and classification of specific risks as they are identified and described in this section of the Universal Registration Document. In actual fact, the Company's handling of the crisis tests the robustness of the Kaufman & Broad business model, the strength and resilience of its financial structure, as well as the appropriateness of the measures put in place to mitigate the consequences of the risks.

As a reminder, during the first lockdown in response to the COVID-19 outbreak, work had been halted or scaled down at most of the group's construction sites, and sales activity had slowed significantly. This situation had a material adverse impact on the group's financial position, as cash inflows were virtually zero during this period, since no new calls for funds were issued, while payments for work performed in the first quarter became due. Kaufman & Broad did not request the deferral or suspension of payment of its tax and social security charges or apply for the government-backed bank loans introduced as one of the measures to support the economy. Kaufman & Broad nevertheless introduced short-time work arrangements for some employees, so as to maintain its human resources in anticipation of a resumption of business. This enables the affected employees to continue to receive their full pay. Funding for this measure was partly covered by a "short-time work allowance", for which the group submitted an application to the competent authorities. Furthermore, in March 2020, as a precaution, the group drew down €150 million from its revolving credit facility in order to further strengthen its already sound cash position and secure funding for its general needs given the circumstances, repayable over periods of one, three and six months. As of November 30, 2020, the full amount had been repaid.

4.1.1. Risks relating to the group's line of business

4.1.1.1. 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 1.3. "Main characteristics of the business") are some of the variables that may impact the business of real estate development.

At the date of publication of this Universal Registration Document, growth has slowed sharply in France as a result of the COVID-19 crisis. Following the 8.3% contraction observed in 2020, the International Monetary Fund (IMF) indicated in its latest report on the French economy that it was anticipating growth of 5.5% in France's gross domestic product (GDP) in 2021. The recovery in 2021 is expected to be slowed by the continued circulation of the virus, the proliferation of new variants and the reinforcement of restrictions that are impeding any upturn. Most economic organizations are now not expecting a return to growth before the second half of 2021, particularly in France, due in particular to the uncertainty over the rapid roll-out of vaccination programs.

By the same token, according to INSEE (French national statistics office), GDP could rebound by +3% in the first quarter of 2021, and by +2% in the second quarter. This would put economic activity in June 2021 at "just" 3% below the pre-crisis level. The "growth overhang" (*acquis de croissance*) is expected to come to 6% by mid-2021. While high, this figure is mainly a reflection of the very low level recorded in 2020. As a parallel to this, inflation is expected to recover by June 2021, after falling to near-zero levels at the end of 2020.

At the date of publication of this Universal Registration Document, there are major uncertainties in France that may weigh on the growth outlook for 2021:

- the repercussions of the COVID-19 pandemic on general economic activity, due in particular to the various travel restrictions, the halt or slowing of certain sectors of activity tied to government measures in response to the pandemic, and the concern this is fueling among the various agents of the economy;
- movements such as those that created upheaval in France in November 2018 and again in September 2019, with the demonstrations that opposed pension reform, and which could well resume when the health crisis is over;
- considerable volatility in commodity prices, both upward and downward, with a cyclicality that is hard to predict;
- climate issues and their consequences (particularly in terms of regulation) for 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;
- the economic challenges in Europe, with the effective entry into force of Brexit at the end of January 2021 and its consequences for the European market;
- together with the budgetary challenges facing the Member States, tied to the consequences of mounting public debt to handle the effects of the COVID-19 crisis.

Regarding new housing, buyers decide to purchase real estate based on their ability to make such an acquisition 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. The current COVID-19 context, which is fueling uncertainty over the outlook for growth and employment, could have a significant and lasting effect on consumer confidence, which could, in turn, 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 and the difficulty to obtain financing 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 and any future profits that may be generated fromexploiting the property, 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 approving them (personal funds contributed, guarantees required, etc.), as well as the economic inflation rate, are likely to have a direct impact on demand for real estate 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 real estate plans.

The group has benefited from a favorable environment for several years now, with low mortgage rates helping 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 1.17% (December 2020 figure). At the same time, the average mortgage term has increased from 15.4 years to 29.4 years (December 2020 figure). This increase has absorbed the consequences of the steady rise in housing prices and has often kept the debt-service-to-income (DSTI) ratio below the 33% threshold. The average loan term reached its highest level ever in October last year. 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 segments are still being 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 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” - under “Revenue”). The group’s inability to anticipate or adapt to changes in these factors might materially affectits 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, in a bid to 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 1.4.4. “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 1.3.1.6. “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 Business Property, 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 2020 are described in Section 2.1.1. “Significant data”.

Lastly, the main assumptions made by the group with regard to the factors that might favorably or adversely influence its business activities in 2021 are presented in Section 2.6. “Recent developments and outlook”.

4.1.1.2. Risks relating to competition in the real estate 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 1.3.1.4. "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 4.1.2.1 "Risks relating to the land market" of this Universal Registration Document);
- slow down the construction of programs due to a lack of sub-contractors;
- reduce revenues and/or profit margins;
- cause Kaufman & Broad to offer or increase price discounts;
- reduce the sales of housing units or increase the cancellation rate.

Each of these 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.

4.1.1.3. 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 development phase and may fail to honor their commitments, which would result in the group having to meet the cash requirements generated by the affected real estate programs. If the group believes that a partner's financial position has weakened, a provision for risks isrecorded in the Company's financial statements. Accordingly, the total risk provision was €8.4 million in the group's Consolidated FinancialStatements for the year ended November 30, 2020, compared with €7.9 million at the end of 2019 (see Section 6.1.5. "Notes to the financial statements", Note 8. "Provisions for liabilities and charges", under "Provisions for risks relating to affiliates"). However, such provisions may not be sufficient to cover a default by any of its partners.

4.1.1.4. 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 1.5.4. "Program financing"). Enforcement of these bank guarantees may represent a significant financial burden for the group. At November 30, 2020, the performance bonds and land holding guarantees given by the group or by its banks in the form of guarantees amounted to nearly €400 million, compared with more than €520 million at November 30, 2019 (see Section 6.1.5. "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 a 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.

4.1.2. Risks relating to the group's operations

4.1.2.1. 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 4.1.1.2 "Risks relating to competition in the real estate 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 5.1.2.2. "Responsible land development" of the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad" in Section 5.1 of this document).

4.1.2.2. 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 Sections 1.5. "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 9.8% (between Q3 2015 and Q3 2020), with an acceleration in the last two years that points to an average quarterly increase of 0.5%. 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. In addition, the Company has incorporated estimated additional personnel protection costs into the work budgets for its current or future construction sites for the duration of the COVID-19 period. These additional costs amount to €7.8 million at November 30, 2020 in the budgets at completion for the related developments.

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.

4.1.2.3. 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 4.2.3. "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 COVID-19 context, which has notably led the authorities to introduce restrictions on movement and lockdown measures, construction at most of the group's sites had come to a complete or partial halt between the middle of March and April 2020, leading the group to defer a large number of deliveries initially scheduled for the second or even the third quarter of 2020. A further tightening of the current travel restrictions, or another total lockdown, could lead to yet another complete or partial halt of construction at existing sites, possibly resulting in significant adverse consequences for the group's operations.

4.1.2.4. 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 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.

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

4.1.2.5. Risks relating to program management CSR

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, 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 1.5.3. "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. This is a particular risk given the current public health crisis, which could have economic repercussions, particularly on consumer confidence, that could lead potential buyers to delay or even abandon their plans to purchase real estate.

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 5.1.2.3. "Managing the impact on the construction phase", particularly in paragraph 5.1.2.3.1. "Managing the environmental impact of construction sites").

4.1.2.6. 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 which Kaufman & Broad announced on January 29, 2021 that it had secured a building permit for approximately 50,000 sq.m of offices). This is one of the cornerstones of its development strategy (see Section 2.6 "Recent developments and outlook" of this Universal Registration Document). Moreover, the group created a structure at the end of fiscal year 2019 dedicated to the development of large urban and brownfield rehabilitation projects. The group currently has nearly 600,000 sq.^{m} of such land in the design stage for the medium term.

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. Significant financial penalties may also be imposed on the group in the event of delays in construction work, even where such delays are caused by factors beyond the group's control (most of the group's construction sites were forced to come to a complete or partial halt from [mid-March to April 2020] because of the government lockdown measures and travel restrictions introduced to contain the spread of COVID-19 (see the introductory paragraph of Section 4.1 "Risk factors" in this Universal Registration 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.

4.1.2.7. 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 4.1.1.2 "Risks relating to competition in the real estate 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, insufficient integration of digital technologies 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, which house several teams with cross-disciplinary experience, 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.

4.1.2.8. 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 real estate 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 award 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.

4.1.2.9. 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 5.1.2.2. "Responsible land development" of the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad" in Section 5.1 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 5.1.2.2.1. "Biodiversity issues and impact on the landscape", in particular paragraph 5.1.2.3.1. "Managing the environmental impact of construction sites").

4.1.2.10. Risks relating to weather conditions CSR

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 5.1.2.1. "Group environmental strategy: addressing climate change issues and analyzing opportunities" in the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad" in Section 5.1 of this document).

4.1.2.11. 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.

4.1.2.12. Risks relating to acquisitions

In recent years, the group has made acquisitions and purchased equity interests in order to expand its market share, and has sold other interests (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 entities and operations 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, 2020, the amount of goodwill recognized was €68.6 million (see Note 5.1 "Goodwill" in Section 6.1.2. of the notes to the group's Consolidated Financial Statements for the year ended November 30, 2020, which appear in Section 6.1. "Consolidated Financial Statements at November 30, 2020" of this Universal Registration Document).

4.1.2.13. Risks relating to potential fraud, scams and corruption

As part of its real estate 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 5.1.4.4.2. "Compliance and ethics at Kaufman & Broad" in the "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad", under "Fighting corruption and influence peddling").

4.1.2.14. 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.

4.1.3. Risks relating to the Company

4.1.3.1. Risks relating to key-person dependency * CSR

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 14.8 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.

4.1.3.2. Risks relating to human resources * CSR

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 the real estate development sector (see also Section 5.1.3. "Building with employees: the group's human resources policy" in the Statement on non-financial performance in this document). 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.

4.1.3.3. 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, 2020. On March 30, 2020, in accordance with a clause in the loan agreement entered into on January 30, 2019, Kaufman & Broad applied for a one-year extension of the loan maturity date, under the terms provided for in the loan agreement, i.e. extending it from the original date of January 30, 2024 to January 30, 2025. This request was accepted by all the lenders participating in the syndicated loan agreement of January 30, 2019.

At November 30, 2020, the group's cash and cash equivalents stood at €215.2 million, compared with €208.4 million at the end of November 2019, plus the undrawn revolving facility of €250 million, taking Kaufman & Broad's financing capacity to €465.2 million at November 30, 2020, compared with €458.1 million at November 30, 2019. Lastly, the group's total debt amounted to €172.4 million, bringing its net cash position to €62.5 million (excluding IFRS 16 lease obligations), compared to €152.1 million at November 30, 2019 and a net cash position of €56 million.

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

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

The group's ability to meet its debt obligations will depend on its future performance, which 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 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.

4.1.3.4. 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 andinvestments, to make strategic acquisitions, investments or alliances, to restructure its organization or to finance its capital requirements. They 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 (i) according to 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.

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 asfollows:

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 debtcontracted 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 thevoting 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 asfollows:

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 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.

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 dueunder 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; note 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 LoanAgreement 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. During the public health crisis, Kaufman & Broad did not request deferral or suspension of payment of its tax and social security charges or apply for the government-backed bank loans introduced as one of the measures to support the economy. It did, on the other hand, extend its RCF (revolving credit facility) by one year, bringing its debt maturity to 4.2 years.

4.1.4. Market risks

4.1.4.1. 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, 2020). 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 real estate 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. In the context of the health crisis, and in order to further strengthen its cash position and funding for its general needs, the group drew down €150 million in March 2020 as a precaution, repayable over periods of one, three and six months. The Company gradually repaid these amounts during the second and third quarters of 2020.

At November 30, 2020, all amounts drawn on the RCF had been reimbursed.

Interest rate sensitivity of financial assets and liabilities

(in € thousands)	Base	Book gains/losses 50bp increase	Book gains/losses 10bp 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 -0.490%.
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: -€8 thousand;*
- *decrease: +€2 thousand.*

(b) Excluding issuance expenses, fair value of derivatives and accrued interest.
(c) Banks, 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	fixed	2,322	150,000	
Credit facilities	floating	1,527		
FINANCIAL LIABILITIES		**3,849**	**150,000**	
Bank balances and cash on hand	floating	213,794		
Short-term investments	floating	0		
Order balances	floating	1,398		
FINANCIAL ASSETS		**215,192**	**–**	**–**
Net position before risk management		(211,343)	150,000	
Swaps			0	
NET POSITION AFTER RISK MANAGEMENT		**(211,343)**	**150,000**	**0**

(a) This breakdown does not include the €250 million Syndicated Loan Agreement entered into on January 30, 2020 and not drawn at November 30, 2020.

4.1.5. Legal risks

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

In accordance with Articles L. 271-1 et seq. of the French construction and housing code, non-professional buyers have a right of withdrawal during a cooling-off period of ten days from receipt of the non-notarized purchase contract or an order contract, if one exists, since the contract does not become final and binding until this period expires. The regulations 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, togetherwith 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 enablescompensation 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 case of compensation, insurers will subsequently make claims against the manufacturers and their insurer in order to recover the advanced indemnities (see Section 4.2.3.1. “Mandatory insurance”).

This insurance and other forms of insurance relating to the group’s business are described in Section 4.2.3. “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 local residents) 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 1.5.2.4. “Commitment Committee”) or even being compelled to abandon programs whose design has generated costs for the group. Where certain programs 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.

4.1.5.2. 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 1.3.1.1. “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 oftax 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 may lead to charges that may or may not have a material impacton the group’s financial position.

4.1.5.3. Risks relating to litigation proceedings

In the normal course of business, the group may 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 legalor 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 may 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 inSection 4.3. “Current litigation” as well as in Section 6.1.5. “Notes to the Financial Statements”, Note 8 “Provisions for risks and liabilities – Contingent liabilities – Guarantees”.

4.1.5.4. 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 6.1.5. "Notes to the Consolidated Financial Statements").

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

4.1.5.5. 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.

While the Company considers that it has taken appropriate measures to protect these data (see Section 4.2.1. "Internal control and risk management system" under 4.2.1.4.3 "Information Systems") and to comply with the regulations of the French data protection authority (*Commission Nationale Informatique et Libertés*), there is a risk of these data being 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 might be tarnished in a way that might 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 European General Data Protection Regulation (see section 5.1.4.4.2 "Compliance and Ethics at Kaufman & Broad" under "Fight against corruption and influence peddling").

4.2. Internal control and risk management system and insurance

4.2.1. Internal control and risk management system

4.2.1.1. 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. No group entity 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 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 theCompany'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.

4.2.1.2. Context and organization of internal control

4.2.1.2.1. General organization of internal control

4.2.1.2.1.1. 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.

4.2.1.2.1.2. 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 and Quality,
  - CSR and Innovation,
  - Real Estate Development and Territories;
- 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,
  - the Audit Committee of Kaufman & Broad SA.

4.2.1.2.2. 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.

4.2.1.2.2.1. 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.

4.2.1.2.2.2. Corporate Social Responsibility (CSR) Executive Committee

Kaufman & Broad understands that corporate social responsibility (CSR) has become a key issue for its operations, which is why it has formed a CSR Department, directly reporting to the Company's Chairman and Chief Executive Officer, together with a CSR Executive Committee, tasked with implementing the CSR Plan in keeping with the Company's strategy.

A newly-formed CSR Committee of the Board of Directors monitors and reports to the Board on the implementation of the Plan defined by the CSR Executive Committee.

CSR governance is described in Section 5.1.1.1 "CSR governance: a sustainable development organization" in the statement on non-financial performance.

It is worth noting that ESG criteria have formed an integral part of the compensation metrics applicable to Kaufman & Broad's management since 2018.

4.2.1.2.2.3. Management Committee

The composition of Kaufman & Broad's Management Committee is described in detail in Section 3.1.3.1.8. 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.

4.2.1.2.2.4. 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 1.5.2.2. 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 relevant Agency Director powers to continueexamining the real estate project. The way this Committee operates is described in detail in Section 1.5.2.4. of this Universal Registration Document.

4.2.1.2.2.5. Quarterly meeting to review 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 andthe 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 this quarterly committee to approve the real estate program budgets that will be used when preparing the group's Consolidated Financial Statements.

4.2.1.2.2.6. 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.

4.2.1.2.3. 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.

4.2.1.2.3.1. Management Control, Reporting and Financial Information Department

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

- manage the planning processes;
- apply the reporting, steering and decision-making tools adapted to various levels of responsibility and various types of business activities;
- analyze the variances between achieved and targeted results, explaining the causes to the operational divisions and monitoring the implementation of the corresponding corrective measures;
- check the accuracy of the basic data and monitor the consistency of the data provided by the financial information systems;
- participate in the preparation of both internal and external business reviews and financial reports;
- upgrade the management information systems;
- oversee the management control functions in the agencies;
- make sure, in collaboration with the contributing departments and the Accounting and Consolidation Department, that all the financial information and management documents are prepared, reliable and consistent.

4.2.1.2.3.2. Internal Audit Department

The main duties of this department, which reports to the Chief FinancialOfficer, are to ensure:

- the adequacy and effectiveness of the group's procedures in terms of its operations and environment;
- compliance with these procedures by the respective players.

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

The 2020 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 riskanalysis 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.

4.2.1.2.3.3. 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.

4.2.1.2.3.4. 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 the accounting and financial information documents in compliance with applicable formats and standards;
- monitor changes to the accounting and consolidation systems;
- coordinate with the Statutory Auditors and provide them with access to the information required to conduct their audit.

4.2.1.2.3.5. 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.

4.2.1.2.3.6. 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.

4.2.1.2.3.7. 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 current taxes;
- assistance and advice to the operational departments during the launch of real estate programs;
- monitoring of group litigation and tax risks.

4.2.1.3. Risk management systems

4.2.1.3.1. Identified material risks

The identified material risks to which the group might be exposed are described in Section 4.1. of the Company's Universal Registration Document "Risk factors".

4.2.1.3.2. 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, as was the case in 2019 for fiscal year 2020, or be based on changes in the relevant indicators that have been defined during this interview process in order to adjust major risk weightings, as is the case for 2021. The updated risk map was presented at the Audit Committee meeting of January 25, 2021.

Furthermore, pursuant to the Sapin II Act, 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 5.1. 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 the 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 it deems acceptable.

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 real estate staff and sales staff.

4.2.1.4. Key components of the group's internal control system

4.2.1.4.1. 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 of the Sapin II Act. The charter and procedures are an integral part of the group's internal rules. The internal rulesand 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, customersand 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 inthese 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.

4.2.1.4.2. 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.

4.2.1.4.3. 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 rulesand responsibilities relating to the use of IT resources. This document is handed to employees joining the Company, who are required to signand return it to the Human Resources Department.

4.2.1.4.4. 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.

4.2.1.4.5. 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 theregional 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 Departmentat 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.

4.2.1.4.6. 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 anincrease 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.

4.2.1.4.7. 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 ofeach 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.

4.2.1.5. 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 the financial statements;
- monitoring of commitments;
- financial reporting;
- the Management Control, Reporting and Financial Information Department.

4.2.1.5.1. 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 concerned in preparing the 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 the 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.

4.2.1.5.2. 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.

4.2.1.5.3. 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.

4.2.1.5.3.1. 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.

4.2.1.5.3.2. 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 (*Commission de Contrôle des Assurances*).

4.2.1.5.3.3. 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.

4.2.1.5.4. 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.

4.2.1.6. 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 the Kaufman & Broad 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.

4.2.2. 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 6.7. "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;
- 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 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 identifyingrisks 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:

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

4.2.2.1.1. 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.

In order to handle the economic repercussions of the public health crisis, Kaufman & Broad did not request the deferral or suspension of payment of its tax and social security charges or apply for the government-backed bank loans introduced as one of the measures to support the economy. However, as a precaution, in order to secure funding for its general needs given the circumstances, the group drew down €150 million from its revolving credit facility in March 2020, repayable over periods of one, three and six months. At November 30, 2020, the full amount had been repaid.

In addition, the group quickly implemented the following measures:

Remote work: digital mobility arrangements for employees had already been initiated and foreseen in response to the "Yellow Vest" demonstrations in December 2018 and the transport strikes in December 2019. Virtually all employees were already equipped with laptops when the first COVID-19 lockdown was introduced, and ad hoc organization structures were quickly put in place, coordinated by management, human resources, and with the support of the IS Department.

Property portfolio: management was vigilant when managing the land reserve and was able to rapidly anticipate the necessary renewal of commitments to purchase land.

Sales activity: the group was agile in the manner that it was able to partially offset difficulties encountered with planned orders for non-grouped units by signing large-scale agreements for block sales to institutional investors. This significantly reduced marketing expenses.

Human resources: Kaufman & Broad has introduced short-time work arrangements for some of its employees, so as to maintain its human resources in anticipation of a resumption of business. This enables affected employees to continue to receive their full pay.

4.2.2.1.2. 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 andcontrol 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 themain procedures involved in real estate programs, see Section 4.2.1.4. "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.

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

To minimize its potential exposure to a decline in the number of institutions able to grant such guarantees, the group is calling on a greater number of varied top-tier banking institutions. The main banks that the group deals with are: Crédit Mutuel ARKÉA, the Crédit Mutuel group (CIC, BECM, etc.), the Banque Populaire andCaisse 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).

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

4.2.2.2.1. 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 (seeSection 1.5.2.1. "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 1.5.2.2. "Approval of projects by the Land Committee").

4.2.2.2.2. 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 5.1.4.4.1. "Purchasing and outsourcing", under "Selecting suppliers and responsible purchasing"). 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 through lasting relationships (see Section 5.1.4.4.2 "Compliance and ethics at Kaufman & Broad").

4.2.2.2.3. 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 Sections 1.5. "Development process" et seq.). The group relies on estimated preliminary cost budgets and technical studies, and issuestender 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.

4.2.2.2.4. 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 thelevel and status of sales, technical feasibility, cash plan, etc.). For more details, see Sections 1.5.2. "Land purchases" et seq.).

4.2.2.2.5. 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.

4.2.2.2.6. 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.

4.2.2.2.7. 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 4.2.1.4.3. "Information systems").

4.2.2.2.8. 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, and has sold other interests (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.

4.2.2.2.9. 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 payment, which are all centralized at its head office.

Under its obligations with respect to the Sapin II Act, the group has taken suitable steps to prevent corruption and influence peddling. This mechanism is described in detail in Section 5.1.4.4.2. "Compliance and ethics at Kaufman & Broad".

4.2.2.3. Management of risks relating to the Company

4.2.2.3.1. 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 endeavors 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 performance reviews and career reviews to identify talent, to ensure that the Company's 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 and Section 5.1.3 "Building with employees: the group's human resources policy").

In response to the COVID-19 outbreak, a guide was distributed at the end of the first lockdown in May 2020 providing information on how to protect oneself and others during the pandemic. The guide describes equipment-related adaptations (see-through partitions, cleaning kits, etc.), social distancing rules and remote working arrangements. These measures are described in Section 5.1.3.4.1 "Health, safety and quality of life at work", paragraph "COVID-19 specific measures").

Lastly, in response to the health situation and French Decree No. 2020-325 of March 25, 2020 on short-time working, the group introduced short-time working arrangements for employees whose duties were most affected by the decline in activity, particularly during the first lockdown period and the halt of work at the construction sites. However, Kaufman & Broad ensured that all employees received their full pay, regardless of the proportion of their salary that was covered by the government support mechanism (see Section 5.1.3.1.2 "Compensation policy" in the statement on non-financial performance in this Universal Registration Document).

4.2.2.4. Management of market risks

4.2.2.4.1. Management of interest rate risks

The policy governing the management of interest rate risks is described in Section 4.2.1.4.6. "Control of liquidity and interest rate risks".

4.2.2.5. Management of legal risks

4.2.2.5.1. Management of risks relating to regulations applicable directly to the group

To minimize its exposure to these risks, the group has a Legal Department that 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.

4.2.2.5.2. 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. It 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.

4.2.2.5.3. Management of risks relating to litigation proceedings

The risks inherent in such proceedings are insured on the terms summarized in Section 4.2.3. "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.

4.2.2.5.4. 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 4.2.1.5.3. "Procedures to control off-balance sheet commitments".

4.2.2.5.5. 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 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.

4.2.3. Insurance

4.2.3.1. Mandatory insurance

In accordance with the regulations governing their business as builder-developersdescribed in Section 4.1.5.1 "Risks relating to regulations applicable directly to the group", the group's companies take outmandatory 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 groupcompanies.

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 €6.236 million (i.e. 0.5536% of consolidated revenue) in the fiscal year ended November 30, 2020.

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 QBE since January 1, 2020.

The premiums paid under that policy in the fiscal year ended November 30, 2020 totaled €0.537 million (i.e. 0.046% of consolidated revenue).

A call for tenders was issued in 2020 to renew the group's Structural Defects, Non-Builder Developer and Comprehensive Construction insurance cover, which resulted in a new framework insurance agreement with effect from January 1, 2021 with AXA France IARD and SMA.

4.2.3.2. Other insurance related to group activities

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

4.2.3.2.1. 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 bypersons, movable property, buildings and animals used in the conduct of its business for which it would be liable.

They represented a cost of €1.085 million in fiscal year 2020 (i.e. 0.093% 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. 6.44% of consolidated revenue).

4.2.3.2.2. 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 €0.882 million (i.e. 0.076% of consolidated revenue) in the fiscal year ended November 30, 2020.

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 4.2.3.2.1. "Developer Liability Insurance".

4.2.3.2.3. 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 defensecosts incurred by the insured party for civil or criminal liability in the performance of their duties.

4.2.3.2.4. Fraud and cyber risk insurance

Lastly, to supplement the existing framework, procedures and information systems in place to prevent these risks, the group renewed its "fraud risk and cyber risk" cover in 2021 by taking out two separate policies that cover, 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.

4.3. 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 6.1.5. "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.

5 CORPORATE SOCIAL RESPONSIBILITY - CSR

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5.1. Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad

According to UN Habitat forecasts, population growth, climate change, and more sudden global phenomena such as the current COVID-19 public health crisis, require the urban model to be adapted and made more resilient in order to face global challenges.

For a group like Kaufman & Broad, part of the answer lies in improving the well-being of inhabitants, helping to build inclusive cities and creating buildings that are tailored to the demands of local communities and citizens. The production and use of buildings in particular account for nearly 25% of greenhouse gas emissions in France. The design, construction and use of new and existing buildings are therefore strategically-important in order to fulfill national commitments to cut emissions in this area and reduce the impact of energy-intensive buildings.

At a time when 55% of the world's population lives in urban areas, with citizens in France, for example, spending on average more than 80% of their time indoors, the design of housing and offices determines the environment and quality of life of users. This has been further underpinned by the COVID-19 pandemic: the time that people spend at home and the work, cultural, sports or leisure-related activities they carry out at home, have altered their perception of where they live. Comfort of use and occupant well-being are therefore a core concern for the group, as well as being a source of innovation and a driver of high standards.

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

"Make cities and human settlements inclusive, safe, resilient and sustainable".

"Ensure sustainable consumption and production patterns".

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

"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

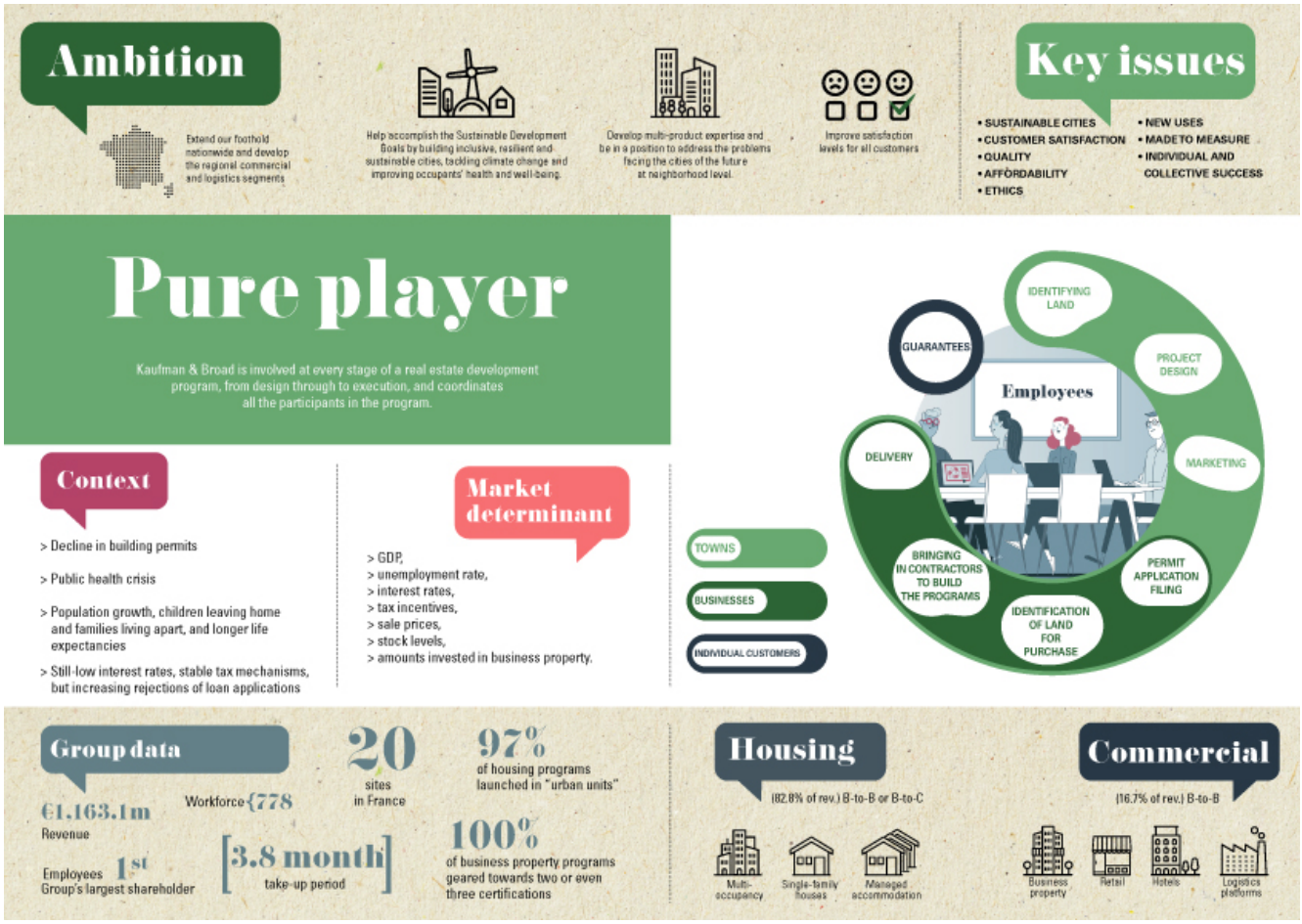
In accordance with Article L. 225-102-1 of the French commercial code, revised after the transposition of Directive 2014/95/EU as regards disclosure of non-financial information and set forth in Decree No. 2017-1265 on the publication of non-financial information, the group is publishing this information for its 2020 fiscal year. Pursuant to the aforementioned decree, Kaufman & Broad also has this information verified, according to the procedures set forth in the Order of September 14, 2018. The CSR disclosures therefore 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.

5.1.1. Overview of the group's operations and the corporate social responsibility approach at Kaufman & Broad

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.

2020 business model



In France, for more than 50 years, Kaufman & Broad has been a builder-developer of new single-family homes in communities (grouped homes), apartments, social housing, serviced accommodation (student and non-assisted living accommodation for older adults, as well as business and tourist accommodation) and hotels, as well as commercial real estate (offices, retail space and logistical warehouses).

As a builder-developer, Kaufman & Broad is involved in the entire real estate chain and guides programs from design through to sale:

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

The developer, who is in charge of coordinating all the participants in a program, therefore has a complete overview. This position gives it 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 – how contractors carry out their work at building sites (the criteria set initially in the technical specifications on award of the works contracts have a bearing on this), or the behavior of building occupants (which can only be influenced by the pitch when an order is placed and/or when the property is delivered).

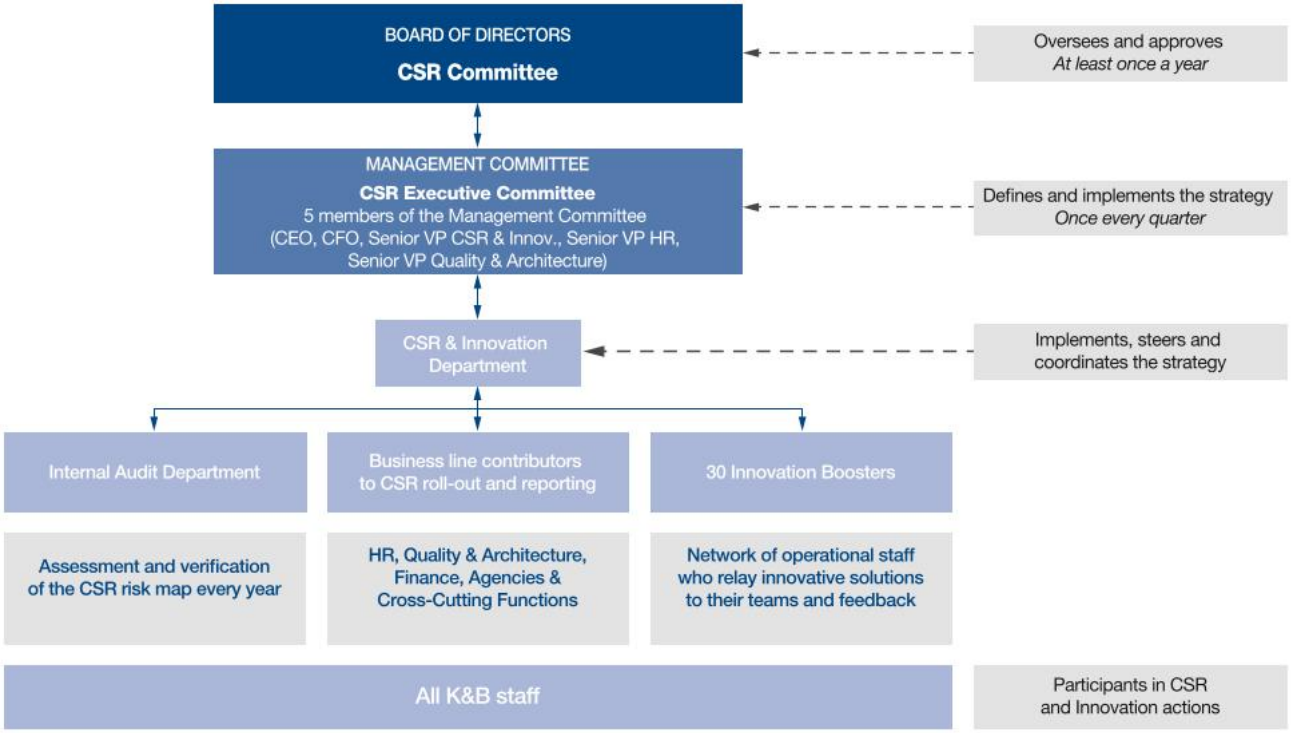
Kaufman & Broad is therefore developing its strategy through responsible land development, buildings that meet local expectations, energy-efficient products that ensure low energy consumption for occupants, and an ongoing dialog with the stakeholders to best meet their expectations.

Without necessarily being exhaustive, this depiction of the group's business model is intended 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 1.3. of this Universal Registration Document also provides further details on the essential characteristics of the group's business and how it operates, while Section 2.1.2. details some of the 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 is not positioned as a land holding company, a builder or a real estate manager;
- 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 and 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.

5.1.1.1. CSR governance: a sustainable development organization



The Board of Directors' CSR Committee meets at least once a year to oversee and approve the strategic directions and actions proposed by the CSR Executive Committee (which meets at least once a quarter). Five members of the Management Committee sit on the CSR Executive Committee: the Chief Executive Officer, the Chief Financial Officer, the Senior Vice-President - Human Resources, the Senior Vice-President - Architecture & Quality, and the Senior Vice-President - CSR & Innovation.

The Senior Vice-President - CSR & Innovation reports directly to Executive Management and is a member of the Management Committee and the CSR Executive Committee. The CSR & Innovation Department promotes CSR issues within the Management Committee and handles reporting on these issues in association with the other group departments, including the Finance and Investor Relations Department, the Internal Audit Department, the Human Resources Department, the Quality & Architecture Department and the Agencies & Cross-Cutting Functions Departments.

The CSR strategy is deployed across the various business lines, in conjunction with the operational teams, by setting up cross-functional projects on issues identified as priorities by the Company, including improving the environmental impact of the group and its products, quality, customer satisfaction, skills management and innovation. In terms of products and services in particular, the innovation strategy can rely on a network of "Innovation Boosters", comprising the various operational business line managers at each group agency and within each cross-cutting function. This network encourages the sharing of know-how and innovative best practices (including from an environmental perspective) between agencies and organizes the implementation, monitoring and follow-up of tests on new solutions or services.

5.1.1.2. Dialog with our stakeholders

Kaufman & Broad is involved in all stages of the design and execution of a real estate development program, which leads it to work with multiple partners. The group has defined the various issues and responsibilities that exist in its relations with its stakeholders.

Mapping the group's stakeholders

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

- The first table represents the stakeholders directly involved in the Company's operations and the sustainability of its offering. These are stakeholders with whom the group proactively engages and collaborates.

Stakeholder	Method of dialog
Individual customers	• Website and application • Media and social networks • Customer Relations and Customer Account Unit • Sales network • Owner's guide & "Green Actions" booklet • Customer satisfaction surveys
Staff and employee shareholders	• Employee representative organizations and trade unions • General meeting and governance body for employee shareholders • HR reviews and annual performance reviews • Internal performance measurement • Internal communication & intranet • GPTW surveys • Anonymous ethics whistleblowing system
Municipalities and local residents	• FPI representative bodies • Industry associations • Responses to public consultations • Meetings with the office of the mayor • Preventive proceedings • Partnership with the Empreintes Citoyennes association
Partner businesses and suppliers	• Negotiations • Contractual relationships • Viability/solvency assessment • CSR and ethics policy survey
Shareholders and investors	• Website • Registration document • Shareholders' meetings • Due diligence • Ad hoc meetings
R&D, experts and innovation	• "Innovation Booster" network • Incubators • Contractual partnerships • Working groups
Institutional and corporate clients	• KB Patrimoine website (specifically for referrals for financial advisors) • Network for sales through intermediaries (independent financial advisors) • Signature of national agreements

- The second table represents the identified stakeholders who operate in the same ecosystem as Kaufman & Broad and may influence its business. The group must therefore maintain a dialog with such parties.

Industry networks and associations	Certifying and label-issuing authorities
Banks, insurance firms and lenders	Financial and non-financial rating agencies
Starts-ups and technical partners	Journalists, the media and influencers
Trade unions and employee representatives	End users
Regulatory, control and oversight authorities	Candidates
Associations and NGOs	Public authorities (government bodies and institutions)
Competitors and peers	Universities and schools

The stakeholder map was drawn up by a specialized firm in 2018. It was updated in 2020 based on a benchmark and a reassessment of the levels of influence, as well as on the degree of dependence on the various stakeholder categories in relation to the group's activities.

CSR performance assessment

Kaufman & Broad has had its CSR performance evaluated since 2017 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 integrating the expectations of external stakeholders to the greatest extent possible.

To fully embed the improvement of non-financial performance in the group's strategy, the results of these assessments are factored into the Chief Executive Officer's variable compensation objectives on the terms described in the report presented in Section 8.1.2. "Components of the compensation of the Chairman and Chief Executive Officer" of this Universal Registration Document.

Non-financial rating agencies

- Gaïa Rating, Ethifinance's ESG rating agency, conducts an annual data collection campaign covering most small- and mid-caps in France. On the basis of this information, companies are rated on their level of transparency and performance.
- The Carbon Disclosure Project is a non-financial rating agency specializing in environmental issues and climate change, to which the group refers for the development of its environmental strategy.
- Vigeo evaluates CSR and the integration of ESG criteria into the group's financial and strategic operations. The Group's rating has been steadily rising since it was first assessed in 2016.
- MSCI assesses more than 8,500 companies based on environmental, social and governance criteria. Research has shown that these criteria have affected the performance of many companies. The non-financial disclosures in this section have been verified by Deloitte, which, in its capacity as an independent third-party organization, has expressed a reasoned opinion on the compliance and accuracy of the statement on non-financial performance (in accordance with the Order of September 14, 2018).

Green finance

Kaufman & Broad took out a Green Loan in 2019. This took the form of bonds to finance projects that contribute to the ecological transition. The difference with conventional bonds lies in the commitments made by the borrower. Kaufman & Broad has reached an agreement with an issuer and has undertaken to satisfy four criteria:

- rating by the Carbon Disclosure Project non-financial rating agency;
- rating by the Vigeo non-financial rating agency;
- number of BREEAM-certified commercial sq.m under construction;
- share of NF Habitat-certified housing (excluding managed accommodation) delivered as a proportion of all housing.

These criteria evolve over a period of time in an effort to promote a continuous improvement. Each year, the group must show that it has met its commitments across the four impact indicators.

5.1.1.3. Assessment of CSR risks and issues

The Company has specifically mapped its CSR risks through an analysis of the non-financial risks that apply to Kaufman & Broad's operations (environmental and social consequences of its operations and the effects of its activities on human rights, efforts to tackle 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 identified risks are assessed based on a criteria grid that takes into account the impact and probability of each risk materializing, in order to determine a net risk rating. 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 majority of these non-financial risks may be included in connection with certain risks factored into the group's risk map. These connections are indicated throughout the statement of non-financial performance and are detailed in the sections listed in the following table (Sections 4.1 "Risk factors" and 4.2.1.3 "Risk management systems"). Efforts to tackle corruption and influence peddling are addressed in a mapping exercise and a specific management process.

The CSR risk map was drawn up by a specialized firm in 2018 and updated in 2020 using a similar method. In 2020, the risk assessment following the initial surveys was reviewed and approved by the Internal Audit Department, the Quality Department, the Human Resources Department, the Finance and Investor Relations Department and the CSR Department, before being submitted to the Chairman and Chief Executive Officer. An internal committee will update the CSR risk map every two years and review it each year.

The major risks identified in this mapping exercise relate to employee loyalty and talent retention, customer satisfaction, the ability to anticipate and innovate in the products and services offered, and the availability of competitive suppliers who work to a high standard. They are listed in the mapping table below (in blue), together with the other risks assessed in the non-financial risk map that have been assigned a lower priority level.

The group's environmental issues

Risk	Significance for the group	Reference
Lack of foresight and innovation in the products and services offered	Offer products and/or services that are commensurate with the new expectations of stakeholders (type of housing, uses, affordability, environmental performance, services, quality, etc.). Monitor innovations and develop the integration of innovative participants. Share innovation knowledge with the teams.	5.1.4.2.1. Innovation to meet new needs 5.1.2.3.3. Circular economy 5.1.2.3.4. Low-carbon solutions 5.1.2.4.2. Mobility and customer awareness
Risks associated with the low-carbon transition (costs, regulations, expectations, etc.)	Anticipate environmental transition regulations (thermal regulations, disclosures, etc.), as well as the rise in energy costs and the price per ton of carbon. Consider stakeholder expectations (investors, customers, employees, communities, etc.).	5.1.2.1. The group's environmental strategy 5.1.2.3.2. Quality policy and certification approach 5.1.2.4. Developer liability with respect to use
Non-consideration of environmental issues in buildings at all stages of the life cycle (design, construction, operation and renovation)	Consider community expectations as regards environmental performance (certifications, innovative solutions from an environmental perspective, etc.) at a reasonable cost. Anticipate future regulations and standards, control costs.	5.1.2.2. Responsible land development 5.1.2.3. Managing the impact of the construction phase 5.1.2.4 Developer liability with respect to use 4.1.2.9 Pollution risks
Risks relating to buildings' resilience to climate change	Anticipate regulations and consider investor expectations in particular (e.g. disclosures) and the impact of climate change on operations (extreme natural events affecting construction sites).	5.1.2.1.2 Managing climate change risk 5.1.2.3.2 Quality policy and certification approach 4.1.2.10 Risks relating to weather conditions

Group human resources issues

Risk	Significance for the group	Reference
Employee loyalty and talent retention	Attract and retain the talent needed to develop the business and capture market share. Foresee the key-person replacement process. Consider regulatory developments and staffing impacts.	4.1.3.1. Risks relating to dependence on key personnel 4.1.3.2. Risks relating to human resources 4.2.2.3.1. Managing risks relating to human resources and to dependence on key personnel 5.1.3.1. Managing talent 5.1.3.5. Equal opportunities and treatment
Development and maintenance of the skills necessary to the group	Training policy tailored to the needs of the group. Consideration of regulatory developments through training. Pooling of resources and know-how.	5.1.3.2. Skills development
Risk as regards employee health, safety and well-being	Fulfill legal obligations regarding occupational health and safety. Take steps to protect the health of employees, including in a pandemic. Consider and value employee satisfaction in order to avoid a deterioration of customer relations due to a higher rate of absenteeism.	5.1.3.4. Quality of life at work and labor relations

The group's societal issues

Risk	Significance for the group	Reference
Customer dissatisfaction (contractual compliance and customer support)	Recognize the quality of customer care, service or the customer relationship. Management of customer complaints. Fulfillment of contractual obligations. Consider customer satisfaction as key to the group's image.	5.1.4.2.2. Kaufman & Broad customer support in housing 1.4.4. Sales method
Appeals filed against projects	Foresee the risk of appeals when putting together projects and identify environments in which there is a risk of appeal. Develop communication with local residents and communities.	5.1.4.2.2. Kaufman & Broad customer support in housing 4.1.2.14. Risks relating to insurance coverage
Availability of competitive suppliers who work to a high standard	Find suppliers who are available, qualified and able to meet specifications on time. Avoid a deterioration in the quality of work that would lead to customer dissatisfaction.	5.1.4.4.1. Purchasing and outsourcing 4.1.2.3. Risks relating to relationships with suppliers 4.1.2.5. Risks relating to program management
Failure on the part of suppliers and subcontractors to fulfill their social and environmental obligations	Compliance with labor legislation on construction sites (including health and safety conditions, undeclared work, waste management, etc.) in order to avoid overshooting deadlines or budgets due to a failure by suppliers to fulfill their obligations.	5.1.4.4.1. Purchasing and outsourcing 5.1.2.3.1. Managing the impact of construction sites
Ability to meet local planning expectations	Develop relations with elected officials and local authorities in order to avoid situations in which they might postpone or withdraw authorizations. Foresee and consider the impact of national or local elections on applicable rules and standards (legislative, fiscal and urban planning measures).	5.1.4.3. Community relations
Design and marketing of affordable products	Adapt offers to the social housing market in response to the expectations of communities and elected representatives. Development opportunity not seized in this new market.	5.1.4.1. Developing an affordable offer 5.1.4.3.1. Contributing to local economic and social development
Failure to comply with regulations and non-ethical conduct	Consider regulatory obligations relating to ethics and compliance issues (GDPR, Sapin II Act, etc.). Educate and train employees in this area.	5.1.4.4.2. Compliance and ethics at Kaufman & Broad 4.1.2.13. Risks relating to potential fraud, scams and corruption

5.1.2. Environmental challenges relating to business activities

5.1.2.1. Group environmental strategy: addressing climate change issues and analyzing opportunities

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

The French national low-carbon strategy (SNBC), adopted for the first time in 2015, was revised in 2018-2019 when higher ambitions were set, with a new target for France to achieve carbon neutrality by 2050 (i.e. cutting national emissions by a factor of six).

The construction sector and the use of residential-commercial real estate is responsible for nearly 25% of French emissions; it therefore has a major role to play 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" (French low-energy building standard) 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 energy conservation.

The initial SNBC called for a halving of the sector's greenhouse gas emissions between 2013 and 2028 and an 85% reduction in its emissions 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 achieve these goals.

Kaufman & Broad is developing a carbon reduction strategy and, as part of this, has called on the services of an outside firm specializing in climate change issues and the various methods involved. To date, Kaufman & Broad has mainly set targets relating to certification and the energy efficiency of buildings, which have a direct impact on the reduction of the group's carbon emissions. This parameter is taking on increasing importance for the group. In 2021, the group is acquiring tools to measure and improve the carbon impact of its programs. These will supplement the existing impact indicators used by the group to set an emissions reduction target. They will notably factor in the publication of the methodology for calculating the carbon impact of constructions under the new "RE 2020" environmental regulation (to be published in 2021).

In order to support the national low-carbon strategy, Kaufman & Broad is analyzing its carbon impact and mobilizing its impact levers across the full range of its business activities: land development (see Section 5.1.2.2. "Responsible land development"), the building construction phase (Section 5.1.2.3. "Managing the impact of the construction phase"), the use of buildings (Section 5.1.2.4. "Developer liability with respect to use"), and the administrative scope (Section 5.1.2.5. "Impact of administrative activities").

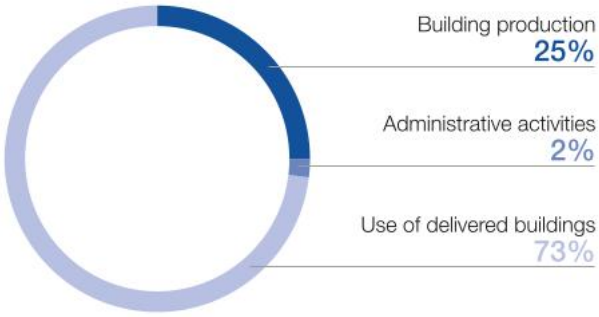
5.1.2.1.2. The group's carbon impact

In 2019, the group conducted a greenhouse gas emissions assessment ("BEGES") in respect of 2018, covering all of its activities, in accordance with the regulation that requires the BEGES to be repeated every four years.

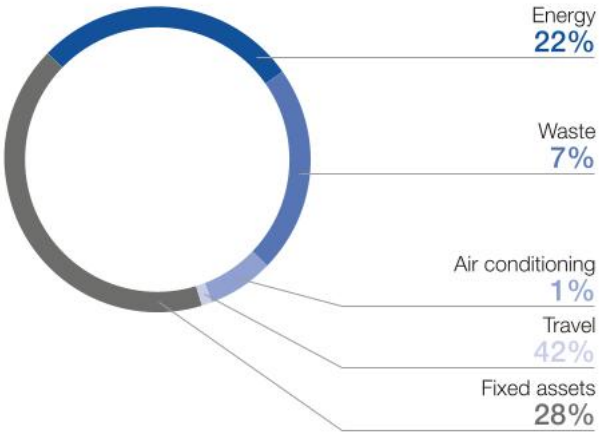
The analysis of greenhouse gas emissions for Kaufman & Broad's business activities was conducted on regulatory scopes 1 and 2, and on certain scope 3 emissions.

The greenhouse gas emissions assessment carried out in 2019 pointed to approximately one million tons of CO_2 equivalent, with the following breakdown by emission item:

BREAKDOWN OF THE GROUP'S CARBON EMISSIONS IN 2018



CARBON EMISSIONS BREAKDOWN FOR ADMINISTRATIVE ACTIVITY IN 2018



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

- **the location of buildings** (land development) must be taken into account in the group's environmental strategy. This is because the carbon emissions produced by commuting (mainly home-work-home) have a significant impact. Although this is not included in the scope of the carbon footprint assessment, the group can have an indirect impact on these emissions by considering the location of its programs and the proximity of public transport. It can also propose sustainable mobility solutions (See Section 5.1.2.4.2 "Promoting sustainable mobility and occupant awareness of responsible actions");
- the **construction** phase (building production) accounts for about a quarter of emissions, mainly associated with building materials and their use (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 and using low-carbon materials and components, but also on other aspects such as reducing the impact of operations during the construction phase with our contractors (see Section 5.1.2.3.1. "Managing the environmental impact of construction sites");
- the **building use phase**, during which the delivered buildings are used**,** accounts for almost three-quarters of GHG emissions. This is by far the greatest emissions item associated with real estate activities, as it is based on a period of use that spans 50 years. However, according to the BBCA association and HQE, and based on the results of the "HQE Performance" test, the operating phase for NF Habitat HQE-certified offices and multi-occupancy housing can limit GHG emissions tied to the use phase to approximately 40%. Anticipating the use of buildings from the design phase so that structures incorporate efficient technical systems is therefore an important driver of environmental performance for Kaufman & Broad. A buyer awareness policy (see "Raising customers' awareness about the impactof their acquisition" in this section) rounds out this strategic CSR focus (although there is less control over the behavioral aspect once structures are delivered).

  In 2021, Kaufman & Broad deployed an assessment tool to explain the environmental and social impact of programs when they come under review at decision meetings, putting these aspects on the same level as technical, marketing and financial issues, and making them an integral part of the selection/approval criteria;
- lastly, the group's **administrative activities** have a relative impact, accounting for around 2% of the total emissions associated with our activities (see the above diagram "Carbon emissions breakdown for administrative activity in 2018"). They are monitored closely nonetheless because of the very direct influence we have on such activities, and are the object of special impact reduction programs, evidence of the daily efforts of the group and its employees to reduce our carbon footprint (see Section 5.1.2.5 "Impact of administrative activities").

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

In addition to the regulatory BEGES, Kaufman & Broad updates each year the greenhouse gas emissions associated with the construction and use phase of its buildings, as well as with the activities included in the scope of its administrative activities, including work-related travel and energy consumption at its agencies. 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.

Emission type ($tCO_2eq.$)	Items taken into account	2020	2019
Scope 1	Work-related travel by company vehicle (company car fleet and TOTAL cards – combustion)	2,173.5	1,321
	Direct emissions from stationary combustion sources (agency gas consumption)	129	-
Scope 2	Energy consumption at administrative sites (combustion)	54	68
Scope 3	Energy consumption at administrative sites (upstream)	17	21
	Indirect emissions from stationary combustion sources (upstream - gas)	2.72	-
	Work-related travel by personal vehicle, train or plane	502.5	822
	Work-related travel by company vehicle (company car fleet and TOTAL cards – upstream)	578.15	345
	Construction phase of various product types	154,911	257,190
	Use phase for the different product types (over 50 years)	434,753	698,871
TOTAL		**593,121**	**958,061**

The results of this annual summary confirm those obtained under the regulatory BEGES, and in particular that operational activities account for the bulk of impacts: in 2020, 99% of emissions were attributable to the construction and use phases. The increase in scope 1 despite the public health context is due to improved reporting and the extension of the work-related travel scope. This analysis is explained in detail in Section 5.1.2.5.1. "Impact of administrative activities".

5.1.2.1.3. Managing climate change risk

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

The residential-commercial sector is responsible for almost 25% of French emissions. With this in mind, Kaufman & Broad must adapt its business and meet the expectations of its stakeholders in order to play a part in the global effort to cut carbon emissions. Failure to take these issues into account represents a risk for the group not only of failing to anticipate the introduction of more stringent regulatory requirements in this area, but also of being unable to meet the expectations of key stakeholders such as customers, communities, investors or employees, whose support and satisfaction are essential to the smooth running of the group and its development.

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 charges for companies (increased cost of materials and increasingly stringent regulatory standards, especially when it comes to safety and the environment). Significant fluctuations in the prices of raw materials (mainly concrete, steel and cement) used in the construction of buildings could have a material impact on the group's construction costs (see also Section 4.1.2.4. "Risks relating to construction costs"). The group is also developing the incorporation of recovered materials into its real estate programs (see also Section 5.1.2.3.3. "Circular economy").

With the increase in the frequency 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 program to be halted for several days (or even several weeks) and potentially delay delivery, thus impacting the recognition of revenue and margin (see also Section 4.1.2.10. "Risks relating to weather conditions").

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 delivery. One way that Kaufman & Broad manages this risk is by taking into account weather-related delays when negotiating deadlines with construction companies ("adverse weather package").

The group's Quality and Innovation Department is 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) and industry initiatives such as the "Recovered Materials Booster Network". All of these actions enable it to regularly develop new product lines that are closer to the needs and expectations of its customers.

The risk relating to the introduction of more stringent regulatory requirements calls for the group to keep abreast of changes in regulations but also of best practices in terms of environmental performance (e.g. labels), and to have the skills and innovative solutions in-house that will enable it to anticipate these requirements and integrate them into its programs. Kaufman & Broad has therefore set up internal and external intelligence systems in these areas.

Bioclimatic project design

The group strives to design bioclimatic projects, i.e. which rely 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.

5.1.2.2. Responsible land development

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

The real estate development profession is governed by urban planning rules. Since the SRU (solidarity and urban renewal) law of December 13, 2000, and the entry into force of earthquake resistance regulations, municipalities have been:

- defining local zoning plans (*Plans Locaux d'Urbanisme* or PLUs):
- developing territorial consistency rules (*Schémas de Cohérence Territoriale* or SCOTs), which are required in several municipalities;
- the PPR, which is an appendix to the PLU, defines land for construction on the basis of natural hazards (floods, avalanches, landslides, forest fires, etc.).

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. Their objective is to reconcile quality of habitat, protection of natural and cultural heritage, natural and climatic risks, and economic and demographic growth. However, the SCOTs and 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. This upstream part of the group's business is heavily regulated.

5.1.2.2.1. The issue of biodiversity and landscaping impact

Taking account of biodiversity in the choice of location

A "Green and Blue Corridor" network allows 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., governed by the national biodiversity strategy. In order to respond to the environmental impact of construction, measures are taken at the design and implementation stages of the works.

Aware that any action involving the land can have an impact on the natural environment and local biodiversity, Kaufman & Broad conducts impact studies, 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). Phytosanitary assessment reports are sometimes prepared by landscape gardeners to identify plants to be conserved and check their health status. When a biodiversity risk is identified, the Group may modify the general

layout plan to preserve biodiversity, 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.

The group is particularly attentive to the landscaping of its programs. In single-family homes, there is a special focus on 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 program if recommendations are made by an ABF architect (*Architectes des Bâtiments de France*).

- In multi-occupancy housing:

The YOU building on Île Seguin – Rives-de-Seine in Boulogne-Billancourt	L'Enclos de Granis in Grans	"The Green Forest" in Perray-en-Yvelines
In mixed development zones (ZACs), the environmental aspect is particularly important and an environmental design firm is selected in the response for consultation and 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 (work with an ecologist, selection of endogenous plants, installation of beehives, nesting boxes and insect shelters, etc.).	The "Enclos de Granis" program, built on former farmland, is classified as a Natura 2000 zone because of its exceptional natural habitats. Goals have therefore been set to take the life cycle of the species at the site into consideration, to protect habitats of interest for the community such as oak trees and irrigation canals, to recreate beauty spots, and to promote the development of biodiversity. In order to achieve these goals, more than 300 trees will be planted, a 250 sq.m retention and infiltration basin will be designed with a view to creating an eco-complex, the Grans heritage canal network will be restored to supply water to 94 hectares of grassland in association with a local farmer, and four hectares of land will be reclaimed as hay meadows. This program will be delivered in 2021.	A "water law" dossier was prepared for the "Green Forest" program in Perray-en-Yvelines, which includes a wetland area identified by a pedological study commissioned by Kaufman & Broad. The group took compensatory measures to restore another wetland area, located in the same watershed as this program, and on the shore of the Etang du Perray. 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.

- In commercial activity:

New'R in Nantes	Amédée in Bordeaux
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.	The Amédée program located in Bordeaux is also targeting the Biodivercity label, the first international label certifying that biodiversity has been taken into account in real estate construction and renovation programs. This program is part of an ecodistrict operation.

- On our premises:

Toulouse agency in the Church of Notre-Dame-des-Grâces (deconsecrated in 2011)

Kaufman & Broad has its regional office in the Church of Notre-Dame-des-Grâces (deconsecrated in 2011), in the heart of the city 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 Architectes des Bâtiments de France, the city of Toulouse and the architect Pierre-Louis Taillandier.

5.1.2.2.2. Land use, rehabilitation and soil de-sealing policy

Location of programs

Commuting can account for more than 50% of an occupant's carbon emissions (an individual's average carbon footprint in France). While this is not included in the scope of the current carbon footprint assessment, Kaufman & Broad is keen to take action on this emissions item, which could potentially significantly reduce people's emissions. The location of a program has a direct influence on emissions associated with daily transport (especially commuting from home to work and back). 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 group is experimenting with alternative solutions for programs located a good distance from public transport services, such as a carpooling service, a partnership including a sustainable mobility offer (electric cars or electric bikes) as described in Section 5.1.2.4.2 "Promoting sustainable mobility and occupant awareness of responsible actions".

100% of business property programs less than 1km from public transport

97% of housing programs launched* in "urban units"**

* *Programs whose technical completion evolved during the 2020 fiscal year.*
* *Unité urbaine: a statistical area defined by the French national statistics office (INSEE).*

With the exception of single-family homes, most Kaufman & Broad properties are built in urban or suburban areas. This strategy limits urban sprawl and indirectly lessens the group's impact on land and biodiversity. In some cases, it can also contribute to the renewal of the existing stock of buildings.

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. 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 site is located on at-risk soils, such as clay soils, or if the land is located on a brownfield site (see Section 4.1.2.9. "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 held.

Renovation operations

Well aware that the key challenge in terms of energy efficiency relates to the existing building stock, Kaufman & Broad has developed an energy rehabilitation offer for business property.

Kaufman & Broad and Elithis have been in a partnership known as Revivalis® since 2010, in order to combine their expertise and enter the market for the redevelopment of commercial real estate in accordance 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 enhance the value of their real estate assets, significantly lower energy consumption, comply with environmental standards and customize the redevelopment of their buildings.

The group also carries out rehabilitation operations that change the use of buildings, while preserving the shell and structure. By comparison with a new build, this cuts down on certain carbon emissions relating to materials.

Baud-Chardonnet in Rennes

This was initially an urban fringe area with intermixed industrial sites and warehouses, which later became a brownfield site. The site, enclosed between the Vilaine river and the rail tracks, is part of a mixed development zone (ZAC) project 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 real estate, 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.

Green Village in Montpellier

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 program in Montpellier, retaining the intermediate floors and the roof slab.

Rehabilitation operations at brownfield sites

Kaufman has launched major brownfield renovation programs that create value and meet environmental challenges, while easing urban sprawl-related pressure.

Key figure

Nearly 400,000 sq.m of brownfield programs earmarked

These projects generally involve soil pollution remediation and de-sealing work. Soil de-sealing and the reclaiming of land through planting have a positive impact on biodiversity.

In addition to the direct environmental impact, the rehabilitation of these brownfields has a "carbon sink" effect, thanks in particular to soil revegetation.

A7A8 Austerlitz program	Before rehabilitation	Planned after rehabilitation
Number of trees	69	201
Degree of soil de-sealing	95%	76%

i.e approximately 14,000 sq.m of de-sealed soil.

Reims program	Before rehabilitation	Planned after rehabilitation
Number of trees	3	1,700
Planted area	6,914 sq.m	15,546 sq.m

i.e approximately 22,242 sq.m of de-sealed soil.

5.1.2.3. Managing the impact of the construction phase

In a highly regulated market, Kaufman & Broad designs programs that meet stringent environmental and technical standards, which ensures 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.

Given the significant portion of the group's emissions associated with the construction phase, Kaufman & Broad opted for an annual assessment, above and beyond the mandatory "BEGES" assessment (to be repeated 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 BBCA association considers that construction accounts for 60% of emissions by new buildings. This analysis is based on the results of the HQE Performance test conducted by HQE on offices and multi-occupancy housing. Kaufman & Broad also had a life cycle analysis performed on its 20,852 sq.m "ORA" business property program in the 17th *arrondissement* of Paris, which has secured the Effinergie+ label.

For real estate built in 2020, estimates by type of product are shown below, with the comparative data for 2019. For 2020, the construction phase of products having achieved 100% technical progress represented 154,911 $tCO_2eq.$ for 295,317 sq.m delivered.

sq.m built [a]	2020 *(sq.m)*	Construction phase emissions for products delivered in 2020 *($tCO_2eq.$)*	2019 *(sq.m)*	Construction phase emissions for products delivered in 2019 *($tCO_2eq.$)*
Apartments	256,203	134,507	356,528	187,177
Managed accommodation [c]	20,284	10,649	25,849	13,571
Houses	11,040	4,692	27,013	11,481
Offices	7,790	5,064	8,031	5,220
Retail	0	0	0	0
Logistics	0	0	144,513	39,741
TOTAL [b]	**295,317**	**154,911**	**561,924**	**257,190**

(a) Calculation at completion.
(b) Excluding land/lots to build.
(c) Equivalent to multi-occupancy housing in terms of emission factors.

5.1.2.3.1. 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 being awarded to a single company; or programs with contractors from different trades, where contracts are awarded to several companies involved in the construction. General contractors have more environmental expertise, particularly because of their size and therefore their corporate structure. Kaufman & Broad therefore prefers to work with a single point of contact 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.

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

In order to specify its required criteria in the construction phase, the group has prepared a charter for low-pollution construction sites. This charter is systematically applied for NF Habitat HQE-certified programs. The group plans to disseminate it and extend its application to all Kaufman & Broad sites.

The environmental goals addressed in the low-pollution construction charter are as follows:

- reducing disturbances (noise, dust) for local residents;
- minimizing the risk of water and soil pollution during construction;
- sorting and reducing the amount of waste taken to landfills;
- protecting the natural environment and biodiversity;
- controlled use of water and energy resources.

In 2020, the training course on clean, low-pollution construction sites was reworked to incorporate more ambitious content for the Technical Managers and group foremen.

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 raise awareness about low-pollution construction at the main lots, and draws up a site report once the program has been completed.

Waste sorting is mandatory on all our building sites, and is carried out in-situ if the size of the site allows. The group is developing its reporting capacity to determine the quantity of waste produced in the construction phase and the recovery rate. The roll-out of the low-pollution construction charter is one aspect of this. The charter is now systematically applied at NF Habitat HQE sites, and the aim is to apply it to all Kaufman & Broad sites from 2021. For 2020, the group is reporting information for 19 sites completed during the year. The group produced 12,913 tons of waste according to data provided by the companies responsible for managing waste or the site.

In accordance with regulations and certification rules, a portion of construction site waste is recovered. For the “Clos des Etoiles” program, 92% of site waste was recovered.

In addition to waste, Kaufman & Broad endeavors to closely monitor water and electricity use at its site. 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 therefore reporting data across a sample that represents 70% of the programs completed in fiscal year 2020. The consumption analyzed is that paid for on a pro rata basis for 40 construction sites, consolidated by the group, which had achieved 100% technical progress and were delivered in 2020. Electricity consumption came to 6,427,395 kWh for the 40 construction sites, representing 190,404 sq.m of living space. The water consumption analyzed concerned 36 sites and came to 40,986 m^3 for 171,822 sq.m.

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 contractors 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 will be conducted to determine the presence of lead in paint or pipes and the risks involved.

5.1.2.3.2. Quality policy and certification approach

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 become more stringent 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 approval of a building permit. The group anticipates changes to environmental regulations in order to control costs, developits expertise and see these changes as a driver for innovation rather than a limitation (see also Section 5.1.2.4.1. “Energy efficiency in buildings”).

For the housing activity

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).

Every group agency has its own Quality Contact, whose role is to ensure that the process is properly implemented and that quality 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 group’s quality process for all group operations. In 2020, NF Habitat Contact certification training was offered to employees.

In fiscal year 2020, 861 housing units were launched, excluding co-development and managed accommodation. They were marketed under the Kaufman & Broad brand name and NF Habitat-certified. In 2020, 1,659 certified housing units achieved the NF Habitat HQE level.

For commercial activity

Business property, logistics and major urban projects are a strategic business line for Kaufman & Broad. The group acts as a partner for investors with a view to enhancing the attractiveness of communities.

Kaufman & Broad is a genuine facilitator in that it handles all phases of a project. The project management teams develop projects designed to have the lowest extended carbon footprint while sustainably optimizing the use of resources and emissions from the use of buildings. The group designs modular spaces that address new ways of working as well as the challenges of building convertibility. It strives to develop programs that actively contribute to the well-being and comfort of users. Our various certifications and labels provide strong quality assurances to our stakeholders and reflect the high standard of our programs. These certifications and labels are adapted to each program and may correspond to quality, environmental and/or well-being standards. With this in mind, the group aims to secure two or even three certifications for its office buildings.

NF Habitat HQE certification	E+C- label
BREEAM certification	Effinergie + label
LEED certification	Biosourcé building label
WELL or Osmoze certification	Biodivercity label

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) in the Amédée Saint-Germain district near 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 BBCA low-carbon building association, which has launched a new label for construction and buildings in operation with a reduced carbon footprint. This effort to improve knowledge and raise collective awareness about more sparing use of energy and materials has allowed Kaufman & Broad to gradually incorporate sector advances into the overall reduction of its buildings' carbon footprint.

Lastly, with a view to future environmental regulations, the group conducted a study into the implementation of the E+C- label within its programs so as to identify the building units that need work. 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.

5.1.2.3.3. Circular economy

According to ADEME (French agency for the environment and energy management) and the OPTIGEDE circular economy and waste resource center, the construction industry produces 42 million tons of waste and rubble from demolition or deconstruction every year, which is three times household waste. An increasing share of this waste is recycled, but very little is currently "reused", i.e. without first undergoing any, or hardly any, processing. However, a very large volume of materials can be reused after deconstruction, for all types of applications.

The use of materials that have undergone no, or hardly any, processing from deconstructed buildings has a very clear impact on the carbon footprint of buildings. According to figures calculated by the "Recovered Materials Booster Network" based on data reported in environmental product declarations (*fiches de déclaration environnementales et sanitaires* - FDES), for a floor space of 1,000 sq.m, the reuse of recovered materials enables a reduction of 44 tons of waste and 67 tons of Co_2eq. (and more than 1 million liters of water). These reductions are in line with the targets set in the national low-carbon strategy.

On the supply side, many site clearance and demolition/deconstruction companies already sell materials on special platforms. However, demand for recovered materials is not as developed, with opportunities to reuse materials only rarely being incorporated when a program is being considered. Often, contractors do not have the leeway or resources to substitute recovered materials for new ones, and insurance companies do not know how to take the reuse of materials into account in the cover they provide. While the new circular economy law (February 2020) requires public procurement contracts to ensure that recovered materials are reused, this requirement is not yet operational, and private procurement contracts have no such obligation.

Environmental considerations have already prompted Kaufman & Broad to incorporate the reuse of materials into its innovation policy, which is described in Section 5.1.4.2.1. "Innovation to meet new needs". Recovered materials are already being used for the raised floors in the 10,000 sq.m "Green Oak" office program in Arcueil, which is currently under construction. Through its innovation policy, Kaufman & Broad endeavors at all times to limit the environmental impact of its operations. This naturally led it to form a partnership with the "Recovered Materials Booster Network" in the fall of 2020. This three-year undertaking aims to transform the way in which the reuse of recovered materials is promoted and decided in construction contracts. This will involve working closely with "partners" and "designers" at building sites: architects, designers, design firms, inspection offices, technical managers, and committed firms and industrial companies.

- More than 30 major project owners are behind the "Recovered Materials Booster Network". This alliance on an unprecedented scale aims to promote the reuse of construction materials. The initiative is expected to draw new members rapidly, bringing together investors (Agrica, Colliers, Covéa Immobilier, Gecina, Groupama Immobilier, Icade, etc.), developers (Adim, Altarea, BNP Paribas Real Estate, Bouygues Immobilier, Ceetrus, Crédit Agricole Immobilier, Kaufman & Broad, Spie Batignolles Immobilier, etc.), and large users who set many programs in motion (Engie, Orange, etc.). Advanced discussions are also under way with public sector customers (city of Paris, regions, etc.).
- The signatories have committed to re-using materials from old deconstructed buildings at 150 construction sites (five each per year). In early 2021, Kaufman & Broad embarked on this process at five construction sites, three of them in Île-de-France, one in Bordeaux and another in Nantes.
- An online platform designed by Fabernovel will centralize and standardize the needs for reused materials, which are currently difficult to ascertain for suppliers: raised floors, dropped ceilings, doors, lighting systems, carpets, metalwork, dividing walls, furnishings, joinery, plumbing, etc. The platform is intended as a way to facilitate the reuse of materials on the market and to bring supply and demand together, e.g. programs that will produce materials for reuse (demolition) and programs that can receive such materials (construction).
- The network will support each project to facilitate the process, for instance by getting stakeholders to commit to reuse recovered materials (assistance services for project owners, contractors, architects, companies, consulting firms, inspection offices, design firms, etc.).
- By structuring today's hesitant and fragmented demand, the network is convinced that it can truly "boost" the reuse of

recovered materials, which currently account for less than 1% of the materials used in the construction industry. This demand will be necessary to achieve the various goals set in the national low-carbon strategy.

- The "Booster" method involves getting a pilot group of pioneering companies to commit to take action in their own programs, to help them create tools and set standards, and to encourage the market to join them in this "win-win" initiative. It is being led by A4MT (Action for Market Transformation) and IFPEB (French institute for building efficiency), which have been successfully applying the method for five years to – among other things – help the commercial real estate sector achieve the energy saving targets set in the ELAN Act (-40% by 2030).

Kaufman & Broad is also a member of the Orée association, and a participant in the "deconstruction" industry club and the working group on the circular economy, which addresses this theme from a local territorial planning angle in order to find courses of action to incorporate the circular economy into programs, and more particularly in applications for architectural competitions.

ZAC La Vallée program in Châtenay-Malabry

This is a large-scale program that addresses issues relating to energy (see in this section "Application of low carbon labels and high energy efficiency standards") and the circular economy. Following the transfer of École Centrale, the new eco-neighborhood has been 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.

Key figures

A goal to reuse materials at 5 sites a year as part of the "booster network", for at least 3 years

5,000 tons of concrete reused for the Roissy program

10,000 sq.m of reused materials for raised floors at the Green Oak program

5.1.2.3.4. Low-carbon solutions: choosing materials and using renewable energy

Choosing construction materials and systems

Some of the building materials used today are very carbon-intensive, especially in the production phase, such as cement. The group is exploring less carbon-intensive materials in order to reduce its carbon footprint in the construction phase. One such material is wood. The use of low-carbon materials is also a lever for securing ambitious environmental labels (E+C-, Effinergie, etc.).

The group is therefore working on innovative programs that incorporate wood. Wood has many advantages that make it more sustainable as a material, e.g.:

- the construction of a wood-frame house requires four times less fossil energy and produces 5% less waste;
- the insulation capacity of wood is 12 times higher than for concrete;
- the stability of wood-frame buildings in the event of fire, and its slower combustion make it a safer material;
- 94% of the wood used in construction is PEFC-certified or of French origin.

In order to facilitate the use of wood in Kaufman & Broad programs, the Innovation Department has prepared a guide that describes the solution and the related technical aspects (detailed in Section 5.1.4.2.1. "Innovation to meet new needs").

Kaufman & Broad supported the creation and implementation of the Woodrise Congress (the first world congress dedicated to mid-rise and high-rise wood buildings, creating a benchmark and a forum for 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".

Silva tower

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 extends over 17,700 sq.m divided between 14,200 sq.m of NF Habitat HQE-certified housing, 3,000 sq.m of offices with BREEAM "Very Good" certification, 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.

EDF regional headquarters

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, as well as wood-frame houses in Bussy-Saint-Georges.

Use of renewable energies

Kaufman & Broad is also working on the energy mix to improve the performance of its structures and lower their environmental impact by reducing the use of fossil energy. Energy can be produced by using solar panels and domestic wind turbines. The use of renewable energy in construction must be explored from the design stage.

A7A8 Austerlitz	Montbartier platform	Iconic neighborhood
The group was selected for the A7A8 project, totaling 128,500 sq.m 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. The electricity produced by these panels will be re-injected into the grid every year.	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.

5.1.2.4. Developer liability with respect to use

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, the optimization of energy efficiency and the reduction of greenhouse gas emissions from its products.

5.1.2.4.1. Energy efficiency in buildings

The new environmental regulation for new buildings ("RE 2020") has been set out in the French law on housing, development and digital technologies (ELAN Act). 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 as of the date of this Universal Registration Document, namely:

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

Aware of the broader role that the sector can play to tackle climate change, the group is also continuing to explore suitable ways and objectives to reduce the greenhouse gas emissions of its products, including during the customer use phase. Even so, the requirements set out in the 2012 thermal regulation (RT 2012) are similar to those set for low-energy buildings ("BBC"), which is about 50 kWh/m^2/year of energy consumption. In some cases, the group already goes beyond the RT 2012 requirements.

Percentage of RT 2012-certified housing units [1]	2020	2019
RT 2012	20.4%	35.1%
RT 2012 - 10%	77.1%	55.3%
RT 2012 - 20%	2.5%	9.6%

(1) For all housing units signed during fiscal year 2020.

5.1.2.4.2. Promoting sustainable mobility and occupant awareness of responsible actions

Mobility as a service

Our mission at Kaufman & Broad requires us to play a vital role in the changing urban landscape, such as with new individual modes of mobility. This is because the carbon emissions produced by commuting (mainly home-work-home) have a significant impact. The group understands that its innovation strategy can have an indirect impact on these emissions by considering the location of its programs and the proximity of public transport, and by proposing sustainable mobility solutions.

The ambition is to enhance the range of mobility solutions on offer for users by looking at travel management issues through fresh eyes, focusing on demand rather than supply, using a "MAAS" approach: *Mobility as a Service*. This involves providing mobility services that complement the use of individual vehicles, in keeping with the transformation of the communities in which Kaufman & Broad operates.

To do this, Kaufman & Broad is developing a strategy centered on the location of its programs (see Section 5.1.2.2. "Responsible land development") and forging partnerships to provide innovative mobility solutions to occupants.

Applications of the Mobility as a Service approach

Facilitating access to public transport	Locating programs in urban or suburban areas with access to public transport.
Pooled and varied parking	Give buyers/users access to parking spaces over which they would have a right of use, to make the shift from an "ownership-based" system to a "shared" system among users.
Encouraging carpooling for short daily commutes	Carpooling for short daily commutes reduces the use of individual cars. The partner (service – application) is in direct contact with occupants and can be referred by the owners association.
Premium parking facilities for bicycles and electric bikes. Shared electric bikes	Providing environmentally-friendly alternatives by including parking facilities for bicycles and electric bikes. Providing a self-service shared electric bike service for occupants.
Electric car sharing	Kaufman & Broad has teamed up with Renault to provide shared electric car solutions to homebuyers (details below).

Kaufman & Broad and Renault have signed a cooperation agreement on mobility and energy. This facilitates:

- a continued look at courses of action relating to shared car and mobility services within the private sphere, as part of the programs developed by Kaufman & Broad;
- the use and exchange of energy between energy-producing buildings and electric vehicles or second-life batteries (after being used in an electric vehicle);
- the examination and introduction of innovative real estate and mobility solutions, for example by marketing "packs" that include the housing unit as well as an electric vehicle under a leasing agreement.

"Feel Wood" programin Villepreux

The partnership between Kaufman & Broad and Renault was first rolled-out for the "Feel Wood" program in Villepreux, where all future buyers were given priority access to an electric vehicle under a long-term lease with preferential terms.

Côté Village complex in Saint Jean de Vedas

As part of a competition, Kaufman & Broad came up with an alternative solution at the Côté Village complex in Saint Jean de Vedas: making five electric bicycles available to users on a self-service basis, with the possibility of booking a bike via a mobile application.

Raising customers' awareness about the impact of their acquisition

An energy performance assessment (*diagnostic de performance énergétique* - DPE) is used to assess the energy efficiency of a property and rate it from an environmental point of view. It provides added value for the buyer, since a low-energy home is also a home that is less expensive to run. Kaufman & Broad therefore displays the DPE rating 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 their home's potential in terms of energy savings. For example, clogged vents or a damaged exterior wall cancel 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 best practices to be adopted on a daily basis, so that they are aware of how to "best use" their homes.

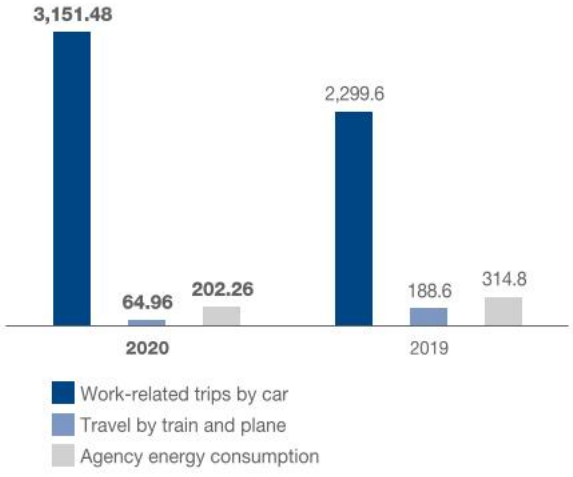
Logistics platforms and offices are delivered with a building management system (BMS) that, among other things, allows users to monitor and improve their consumption.

5.1.2.5. 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.

5.1.2.5.1. Direct impact of activity

DIRECT CARBON EMISSIONS IN TCO_2EQ.



The scope covering vehicles and fuel consumption was significantly extended for the 2020 carbon footprint assessment, and now factors in all work-related travel. That is why, despite the public health context and the policies followed, carbon emissions from work-related travel by car rose between 2019 and 2020.

Carbon footprint for work-related travel in 2020

In 2020, the group assessed the greenhouse gas emissions from employees' work-related travel. The analysis covered work-related travel with company cars, employees' personal vehicles, by train and by plane.

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

	2020		2019	
Type of transportation	**tCO2eq.**	**Distribution**	**tCO2eq.**	**Distribution**
Car	3,189.16	98%	2,299.6	92.42%
Train	1.4	0.04%	9.9	0.40%
Plane	63.5	1.96%	178.7	7.18%
TOTAL	**3,254.11**	**100%**	**2,488.2**	**100%**

In total, around 3,254.11 tons of CO_2 equivalent were emitted in 2020 by work-related travel. Vehicles were the main CO_2 emitters, accounting for 98% of emissions. The scope of analysis of work-related travel and fuel consumption for TOTAL cardholders is now more accurate, covering all TOTAL cardholders. This explains the increase in CO_2 emissions despite the public health context and the introduction of remote working arrangements.

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 work-related travel. 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.

The group's fleet of company vehicles now includes hybrid and rechargeable hybrid vehicles in an effort to reduce the use of fossil fuels.

The alternative mobility pack

In 2018, the group surveyed all employees on their home-work commute to measure its impact, better understand their habits and expectations, and put an action plan in place to reduce the group's environmental impact. The results of the questionnaire prompted the group to introduce a "mobility pack" in 2020, enabling employees to combine five different eco-friendly, sustainable and alternative mobility solutions.

The pack has been developed in conjunction with different partners:

- a SNCF discount train travel card, paid for by Kaufman & Broad;
- the reimbursement of up to 60% of the annual cost of public transport passes;
- the reimbursement of up to 70% of the cost of an electric bicycle for employees who use public transport;
- free use of a shared vehicle on weekdays and the possibility to rent it for a weekend at a preferential rate;
- access to a carpooling application for short commutes in order to optimize home-to-work trips.

Water and electricity consumption at 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 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.

	Average number of employees	Water consumption *(m^3)*	Electricity consumption *(kWh)*	Gas consumption *(kWh)*
2020	**822**	**11,881**	**1,362,191**	**70,661**
2019	841	7,114	1,602,415	105,022

The data point to an increase in water consumption in 2020 due to improved reporting. The agencies' water and electricity consumption is also monitored. The group does not use renewable energy for its own energy needs.

5.1.2.5.2. Recycling & digital technologies

Recycling of waste at Kaufman & Broad premises

As Kaufman & Broad is a service company, the waste it produces directly is primarily office waste. Kaufman & Broad is committed to a group policy of implementing sorting and recycling at 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.

In 2020, around 20 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. In addition, at the end of 2020, the group introduced a system to collect cigarette butts at its headquarters and have them recycled.

	Weight of waste collected *(kg)*	Water saved *(L)*	Emissions avoided *($kgCO_2eq.$)*	Energy saved *(kWh)*
2020	**19,710**	**1,056,355**	**17,887**	**164,352**
2019	53,766	1,485,492	24,957	234,240

Data reported by service providers.

There is also a group-wide system in place to recover and recycle computer equipment. In fiscal year 2020, 231.5 kg of cartridges were collected. Recycling is organized in conjunction with two organizations, one of which is engaged in the “New Life” program that processes used consumables to avoid them being crushed, incinerated, dumped in landfills and buried. Used cartridges are collected 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 the solution cuts 33% more greenhouse gas emissions than incineration.

Reducing the environmental impact of computer hardware

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 is part of a Green IT approach to reduce energy consumption and environmental impacts. It also secures the group’s information system and streamlines costs.

This project was completed in 2020 and enabled the group’s data to be distributed over two data centers in France, one of which is a latest-generation modular data center with a PUE index (Power Usage Effectiveness index) of 1.23 that relies, among other things, on a “free-cooling” method. With this technique, aisles are cooled with outside air up to 23°C. It also uses the heat emitted by the machines to raise the room’s temperature whenever necessary. 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 data 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, 99% of servers have been virtualized. This has reduced electricity consumption by a factor of ten (for the virtualized part). The group wants to further optimize the energy-efficiency of “data processing” tasks by replacing the infrastructure used to host its hypervisors. An action plan was set in motion at the end of 2020 and will be completed in 2022. It will eventually reduce energy consumption by 32% for the equivalent volume of data processed by its servers.

In addition, in response to the public health crisis and in an effort to adapt to new uses and working methods, optimize remote working and improve its energy performance, the group finished replacing desktop computers with latest-generation laptops for all employees, enabling it to adapt load thresholds and automatically adjust energy parameters according to daily use (automatic brightness adjustment, extended standby mode, etc.).

Printing management has been centralized within Kaufman & Broad’s Information Systems Department so as to manage orders for consumables and equipment.

In 2017, the IS Department gradually rolled out a printing policy at headquarters with a view to lowering the environmental impact, reducing overall printing quantities and the associated costs, and increasing confidentiality and flexibility. The stock of printers (multifunction printers) is continuously renewed in order to benefit from the most economical and high-performance equipment available. Only eco-efficient models are selected. They must have the Energy Star label and only consume 1 watt in standby mode. These printers reduce unnecessary printing thanks to their scanning, EDM and data storage capabilities. The renewal of the stock of printers is being carried out in parallel with a reorganization of our different departments, in order to centralize printing equipment and reduce the number of printers needed.

5.1.3. Building with employees: the group's human resources policy

The mission of the Human Resources Department

The mission of the Human Resources Department is to contribute to the group's growth by drawing 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 on 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:

- 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 with the group and help them embrace its corporate culture;
- reveal and develop employees' potential and promote the transmission of know-how;
- 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 inviting them to voice their expectations and ideas for improvement. We all share the same goal: to grow and secure the group's economic, societal and environmental performance on a long-term basis.

These actions are directly linked to the group's risk mapping exercise. The risk map has highlighted how important these issues addressed by Human Resources (see also Section 4.1.3.1. "Risks relating to dependence on key personnel") are for the organization of the group, its development and its performance.

Human resources report: workforce data

Total headcount at December 31, 2020 [1]	2020	2019
Men	381	428
Women	397	435
TOTAL	**778**	**863**

(1) Through the Economic Interest Grouping (GIE) that combines all the group entities in Francesince January 2008.

Management	2020	2019
% managers	70.6	68.5%
% female managers	38.6	50.41%

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

Breakdown of the workforce by duties

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. As of May 1, 2019, we have integrated the data for CITEC employees.

KetB Partenaires business (relating to commercial partnerships with other real estate developers) is now also reported.

Organizational aspects were optimized in 2020 in the interests of efficiency. Each departure was an opportunity to explore avenues to improve the organization.

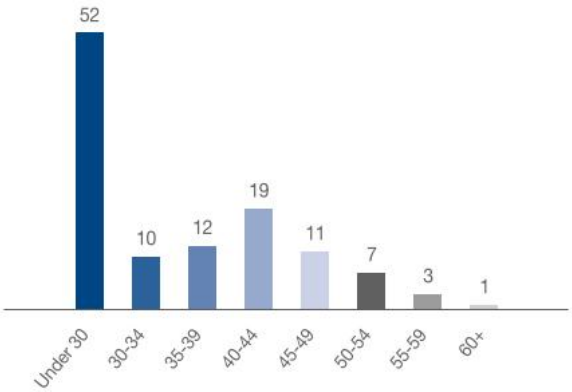
Breakdown of workforce by function at December 31, 2020	2020	2019
Land development	102	108
Programs	93	107
Technical & Customer Service	228	237
Marketing/Sales	136	180
Regional support functions	109	114
Corporate support functions	110	117
TOTAL	**778**	**863**

Employee arrivals and departures

The turnover rate at the group has been improving for many years. It has remained stable in the past two years, at 16.8% in 2019 and 16.14% in 2020.

Arrivals

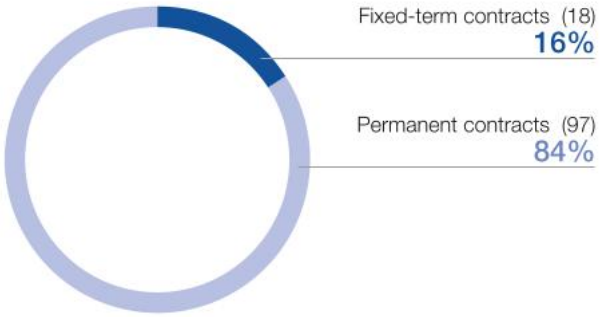
In 2020, Kaufman & Broad hired 115 people, including 97 on permanent contracts (compared with 158 hires, of which 133 on permanent contracts, in 2019).



92 managers, 21 employees and 2 salespeople were hired.

Of the 115 employees hired on fixed-term and permanent contracts in 2020, 52 were under 30 years of age when they joined the group, i.e. 45.2% of new hires.

In 2020, the group signed or renewed 25 apprenticeship and professional development contracts. At December 31, 2020, the group had 45 work-study students, creating a pool of young people ready to join the teams as opportunities arise.



Departures

Departures	2020	2019
Number of departures (resignations, termination of employment contracts by mutual agreement, lay-offs, termination after trial periods, and retirements) (permanent contracts)	178	161
Of which resignations (permanent contracts)	70	77
Of which lay-offs (permanent contracts)	29	17

The resignation rate was stable in 2020 at 8.22%. Resignations concerned mainly employees under the age of 30, reaching 16.79% in 2020 (22 resignations), a rate down 0.57 of a point from 2019. This is why we are pressing on with our action, in particular with the pursuit of the KB Factory project, which contributes 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 2020, our organization stabilized, with the promotion and transfer rate now standing at 12.14%.

Temporary employees

In 2020, the use of temporary employees was very low: temporary employment contracts accounted for 0.73% of the payroll (1.33% in 2019), i.e. the equivalent of 5.99 people for the year (11.4 in 2019). Temporary staff worked an average of 11.56 days per assignment (10.51 days in 2019).

5.1.3.1. Managing talent

5.1.3.1.1. Recruiting and on-boarding

Recruiting and relations with schools

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

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

- employees' role as ambassadors ("employee advocacy") in referring and recruiting new people.

  LinkedIn is a major recruitment channel and a platform through which we can showcase our employer brand. We provide LinkedIn training to all our employees (how to set up an account and optimize the use of LinkedIn features), and publish two to three posts a week that are liked, shared and commented on by our employees.

  In the space of 18 months, our LinkedIn audience has increased by almost 50%.
- Special links and partnerships with a number of schools.

  The group has forged special partnerships with schools such as the ESTP engineering school and Dauphine University (Master 246 Finance – real estate management course), and actively participates in job forums (ESPI, Mines d'Alès, "Forum des Métiers de l'Immobilier", Lille forum for engineering schools).

  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.

  With approximately 5.5% 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, an undertaking of the collective agreement on intergenerational employment. 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 2020, hired three of them on fixed-term contracts and seven on permanent contracts.

  In the same vein, Kaufman & Broad is still committed to the Fondation Espérance Banlieues, under the auspices of which it is sponsoring two classes for their entire middle school cycle.

  Genuine communication, opening up about our culture, our business and our expertise, is an essential lever to continue to attract talent. In 2020, the group deployed a communication strategy on social media in a bid to develop our employer brand. The group has built up a greater 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 2020, a total of 115 employees were hired on fixed-term or permanent contracts.

45.2% of the employees hired in 2020 on fixed-term or permanent contracts were under 30 years old.

Welcome on Broad: a new on-boarding program for everyone

On-boarding has always been a key issue, particularly with the development of remote working.

We have therefore developed a new on-boarding program this year. Key aspects:

- designed in conjunction with employees to get them **involved**;
- a 6-month program;
- a program that addresses remote working, the fact that our staff move around a great deal, as well as digital challenges;
- a program that gives new employees **an integral role** in their on-boarding process;
- a program that generates synergies by bringing employees **together**, regardless of their duties, and across our entire agency network in France.

We want to give new employees all the tools they need to:

- understand the business lines that make up the operational chain;
- develop their own network of contacts;
- familiarize themselves with the group's history and culture;
- give them an integral role in their on-boarding process.

Kaufman & Broad continues to prioritize the goal of forming a **lasting relationship** with each new hire.

In the past, this program had only involved face-to-face sessions. The first lockdown provided an opportunity to re-examine and adapt this. As Kaufman & Broad continued to recruit throughout 2020, it was imperative that we have tools in place to facilitate the successful on-boarding of new hires in such an unprecedented environment.

5.1.3.1.2. 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.

Kaufman & Broad offers each of its employees a compensation policy that combines competitive packages in relation to other industry employers 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.

In view of the public health situation and the application of French Decree No. 2020-325 of March 25, 2020 on short-time work, the group introduced short-time working arrangements for employees whose duties were most affected by the decline in activity, particularly during the first lockdown period and the halt of work at the construction sites. However, Kaufman & Broad ensured that all employees received their full pay, regardless of the proportion of their salary that was covered by the government support mechanism.

Individual employment summary

In the interests of clarity and transparency, Kaufman & Broad gives each employee a document every two years that shows how their compensation and its components have evolved. 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.

Each employee received his or her individual employment summary in 2019. The next summary will be provided in 2021.

Compensation structure

The compensation structure is identical for all employees: a fixed component, a variable component, and long-term incentivized compensation.

Each employee is invested in the Company's performance through their variable compensation and through the awarding of bonus shares. This means that 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 outside firm for managers, and against an internal analysis of compensation consistency according to duties and years of experience in the position;
- variable compensation is differentiated by duties and level of responsibility.

  Senior executives and directors of operation receive annual variable compensation. This variable component is based on targets and is measured against a set of criteria; 70% of its value is based on quantitative factors and 30% 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, the amount of which is negotiated with trade union representatives during mandatory annual collective bargaining procedures*;
- long-term incentivized compensation consists in bonus shares distributed according to a plan approved at the Shareholders' Meeting. Kaufman & Broad has opted for a universal plan that enables all employees to benefit. The individual allocations are based on employee categories and levels of responsibility.

Average annual compensation [1] and payroll taxes

	2020			2019		
(in euros)	Men	Women	Average	Men	Women	Average
Employees	66,078	39,969	45,593	66,386	40,996	46,995
• of which base salary	31,513	28,932	29,488	27,933	28,625	28,461
Managers	85,745	59,502	75,561	85,671	61,204	75,938
• of which base salary	64,567	47,806	58,062	62,216	47,064	56,189

(1) 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 average gross annual compensation paid out by the group (excluding employercontributions) was €66,393, relatively stable compared to 2019. The gross base salary for both employees and managers, both men and women, increased compared to 2019: +1.6% for women and +5.8% for men.

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 payroll taxes recognized in respect of compensation for fiscal years 2019 and 2020 amounted to €29.8 million and €23.7 million, respectively.

5.1.3.1.3. Employee share ownership

Employees: our biggest shareholder

At November 30, 2020, the employees of Kaufman & Broad were the group's largest shareholder, holding nearly 15.2% of the share capital (through Artimus Participations, the Kaufman & Broad company mutual fund and the KB Actions 2017 and 2019 schemes).

As 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.

As described in Section 3.3. of this Universal Registration Document, Kaufman & Broad has implemented long-term plans for its employees and managing corporate officers. For some of the employees who receive variable compensation, the performance criteria applied for the definitive award of their shares are the objectives set for their variable compensation in cash.

There are two objectives underlying these allocations:

- motivate employees and give them a stake in the future growth of the group's earnings;
- reinforce the sense of belonging felt by managers and employees by fostering their long-term loyalty against a backdrop of strong competition for talent.

Depending on duties 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 saving under advantageous financial and tax conditions, Kaufman & Broad set up a group employee savings plan ("PEG") open to all employees (see Section 3.3.2. of this Universal Registration Document). The PEG consists of five company mutual funds ("FCPE"), including the "Kaufman & Broad Actionnariat" fund invested in Kaufman & Broad shares and covered by a contribution matching program, and the "KB Actions" fund, with its two sub-funds "KB Actions 2017" and "KB Actions 2019", 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, 2020, employees held, mainly through the various FCPEs of the group employee savings plan, 809,455 shares in the Company, or 3.66% of Kaufman & Broad SA's share capital.

Incentive bonuses and profit-sharing

Agreements were negotiated on June 25, 2020 regarding the Kaufman & Broad incentive bonus and profit-sharing schemes. Both agreements will apply starting in fiscal year 2021, which will run from December 1, 2020 to November 30, 2021.

5.1.3.2. Cultivating potential

Developing skills and supporting employees throughout their careers are the cornerstones of Kaufman & Broad's performance. This creates value.

Regardless of their duties, position and initial training, all employees are encouraged to play an active role in their own career development.

5.1.3.2.1. Dialog with employees

Forging a dialog with employees and getting them involved in corporate governance, particularly through share ownership, is a lever for employee engagement.

Annual performance reviews

The annual performance review is an opportunity to share views and:

- assess skills, evaluate performance over the past year, and set new goals;
- identify training that is not already offered through the KB Factory program;
- explore courses of action regarding an individual's career path;
- set goals.

The percentage of annual performance reviews completed in 2020 remained high at 91%.

Great Place to Work survey

Ever attentive to the satisfaction of its employees, Kaufman & Broad conducted a GPTW survey in June 2020 when the first COVID-19 lockdown ended. This was an ad hoc survey specifically relating to the public health context.

The survey found that 80% of employees felt that the company had been adaptable and agile during the lockdown, and that 90% were satisfied with the remote working tools they were given. Similarly, 74% were satisfied with the Company's communication during the lockdown, and more than 80% appreciated the availability and trust of their superiors.

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 expand its teams and enable employees to take up positions of responsibility in-house.

Internal transfers are a way to support our growth, ensure the dissemination of knowledge and create a network of relationships through the various agencies and entities that make up the group.

They are the result of several levers: the development of employees' skills through training and the responsibilities assigned to them, the annual performance review, real-time access to group opportunities via the intranet portal and measures to assist with geographic relocations, facilitated by Kaufman & Broad's presence throughout France.

No. of geographic relocations: 43

No. of promotions: 62

5.1.3.3. KB Factory: developing employees' skills

2020 training challenges

Based on the firm premise that skills development and performance are closely linked, 2020 was marked by the continued roll-out of KB Factory, an initiative launched in 2019, in order to:

- unlock employee potential;
- disseminate the group's culture and pass on know-how;
- reinforce a sense of belonging.

Our market is changing rapidly. Within our organizations, which have short reporting lines and fast decision-making circuits, KB Factory anticipates changes in our businesses and ensures that our employees are nimble and employable.

KB Factory focuses on the following skill sets:

- business line training;
- soft skills training (including leadership and management);
- "talent booster" training.

Tapping into the digital transformation for training

2020 provided us with an opportunity to step up the digital transformation of our work tools. All members of staff embraced the TEAMS collaborative tool. Our employees were able to view webinars on how to get the most out of TEAMS.

Over the course of the year, there was a strong increase in the number of log-ins to the KB Factory digital platform. Nearly 85% of employees (345 men and 377 women) logged in to follow 1,136 hours of training (up 25% on 2019).

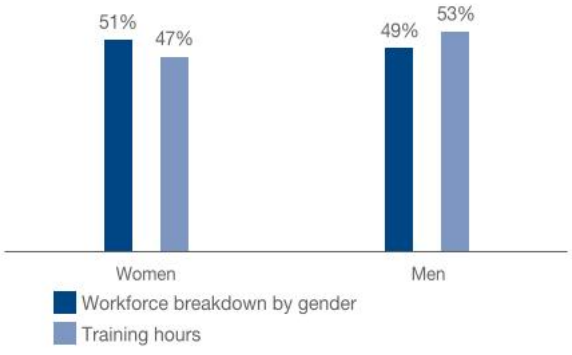
The most popular digital training courses were:

- mandatory training: IT security, ethics and GDPR;
- business line training: technical, business tools, customer relations, etc;
- training sessions as part of the new on-boarding program: Welcome on BROAD.

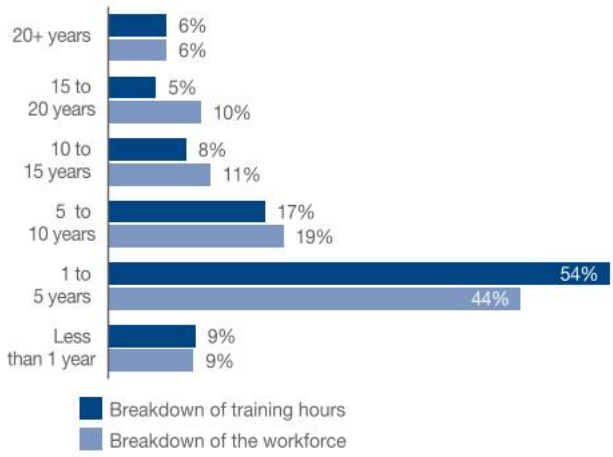
	"Connected" employees	Training hours
2019	89%	856
2020	89%	1,136
	Steady rate	**+25%**

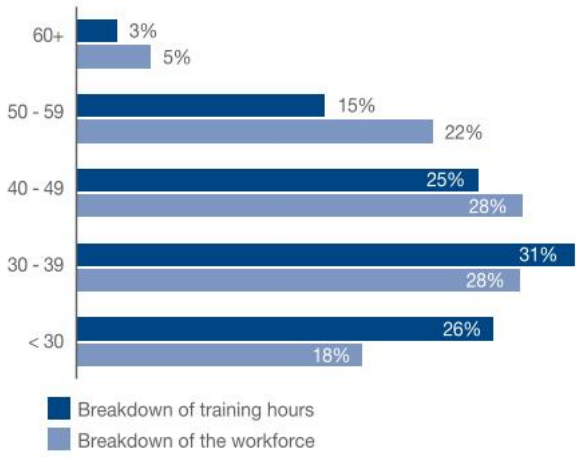
Key training data

Nearly 5,500 hours of training (excluding the digital platform) were provided in fiscal 2020, breaking down as follows:



Digital training courses were primarily followed by employees with an average seniority of 1 to 5 years and an average age of 30 to 39 years:





2020 was marked by the COVID-19 lockdown measures and travel restrictions, which prevented in-person training. Even so, we managed to maintain a relatively stable level of training, at 68% of our workforce.

	Training hours	Staff trained	Proportion of the payroll
2019	8,630	77%	0.77%
2020	5,446	68%	0.64%

These three themes accounted for more than 80% of the training hours provided, or nearly 90% of the participants in the courses.

KB Factory content

Business line training

KB Factory currently includes four operational business line training courses:

- land development;
- the housing program;
- set-up & technical purchases;
- production.

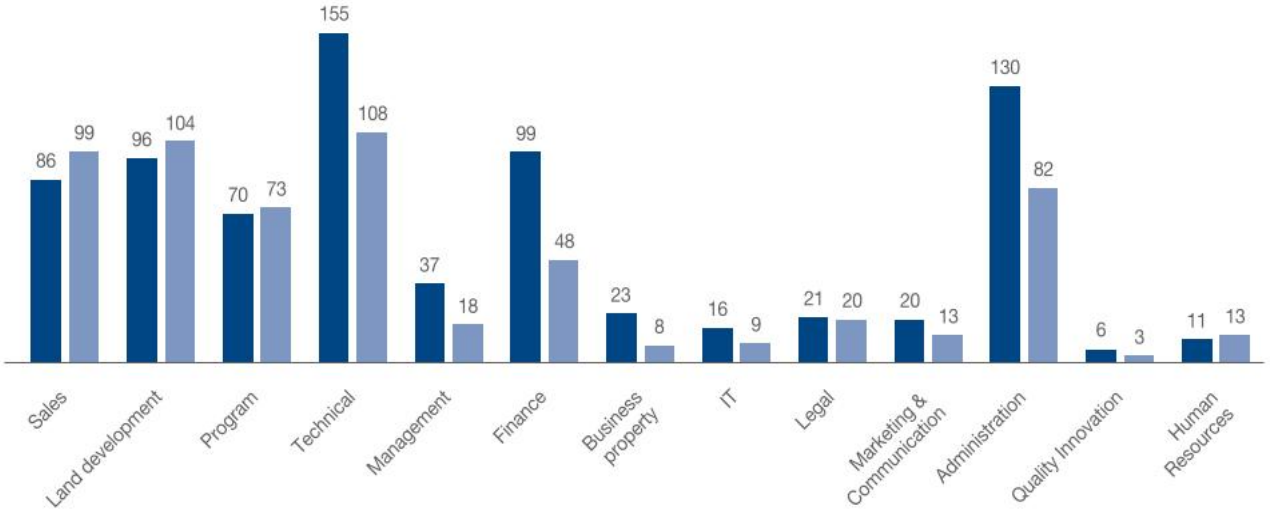
Four courses are under development: sales, legal, accounting & consolidation and the commercial real estate program.

These are mandatory courses for all employees involved.

The same development and roll-out process has been used for each course to ensure that each one meets the same high standards:

- formation of a Steering Committee (expert members of staff), which decides on the topics to be covered by the modules;
- approval of course content by a sponsoring committee (members of the Management Committee);
- development of the modules, either in-house with staff, or with outside firms endorsed by the operational staff;
- completion of a pilot session;
- roll-out of the module for the target population.

Accordingly, staff assigned to operational activities have received the most training. They account for 53% of the total group workforce and 64% of the workforce having completed training.



All business line courses include specific CSR modules, such as "A human approach to urban planning & new societal issues", an environmental impact assessment for a real estate program, and thermal regulation.

Nearly 300 training hours were devoted to environmental and societal issues in 2020.

Soft skills training

Key issues addressed in 2020 through soft skills training:

- **applying a strong managerial culture;**
- **deepening self-knowledge and gaining more insight into interactions, in order to position collaborative work as a key success factor:** this is the focus of the team-based Communication Process training;
- **providing / gathering feedback and continually improving.**

"Talent booster" training

These courses focus on:

- expressing oneself in a compelling and effective manner;
- developing one's assertiveness and ability to make a convincing argument, by bringing people around to one's view.

Such skills are key when it comes to having an impact on the various stakeholders with whom our employees interact.

Training as a lever for compliance with the laws in force

Compliance with our legal obligations, both as a real estate developer and as an employee, is of utmost importance for the group.

Employees are therefore required to complete the following training:

- "Ethics at Kaufman & Broad". 638 employees had completed this training by the end of 2020.
- "GDPR at Kaufman & Broad,". 399 members of staff had completed this course by the end of 2020.

These courses are included in the Welcome on BROAD digital on-boarding program.

It is also worth mentioning that:

- all members of the Social and Economic Committee ("CSE") completed specific training in how to perform their duties;
- the CSE has appointed two sexual harassment and gender-based violence consultants, who have also completed special training in order to be able to respond to such conduct and support any employee who needs help.

To sum up

68% of employees completed in-person training

89% of employees completed training on the digital platform

The training percentages shown only relate to staff on permanent contracts.

5.1.3.4. Quality of life at work and labor relations

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.

5.1.3.4.1. Health, safety and quality of life at work

Occupational health and social welfare

COVID-19 measures

In response to the COVID-19 outbreak, a guide was distributed at the end of the first lockdown in May 2020 providing information on how to protect oneself and others during the pandemic.

The guide not only contains information on mask-wearing/ distancing measures in the workplace, together with specific adaptations that need to be complied with (see-through partitions, cleaning kits, etc.), it also describes the remote working arrangements required for the duration of the public health crisis.

The CSE has been informed and consulted at every new phase of the health crisis that has necessitated adjustments to the guide and/ or work arrangements.

Kaufman & Broad has also provided masks and hand sanitizer to all employees.

Occupational health

Beyond the public health issues, Kaufman & Broad's objectives are to provide employees and their loved-ones with a high standard of healthcare coverage and, in terms of personal protection, financial protection in difficult times.

The contingency benefits extended to all personnel include educational annuities, together with death, accidental death and work incapacity/permanent disability benefits. With regard to healthcare expenses, employees benefit from very broad cover, on a par with the highest standards on the market.

Since January 1, 2020, health and personal protection plans have been governed by two collective company agreements (dating from December 16, 2019). It is important to highlight that the healthcare plan meets the obligations of a fully-responsible plan.

The rate of absenteeism due to illness is monitored and incorporated into the assessment of quality of life at work.

Absenteeism by reason [1]	2020	2019
Sick leave	3.1%	3.27%
Workplace and commuting accidents	0.06%	0.14%
Maternity leave	1.09%	0.88%
Family events	0.11%	0.19%
TOTAL	**4.36%**	**4.47%**

The rate of absenteeism due to illness decreased by 1.7% between 2019 and 2020.

Long-term sick leave (i.e. employees who take more than 100 sick days during the year) accounted for 43% of absenteeism due to illness.

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. With this in mind,

- the CSE has a health, safety and working conditions committee (CSSCT), which is responsible for handling such issues;
- we have also prepared a single document for each establishment that defines the physical and psychosocial risks and determines an annual action plan. This document is submitted to the members of the CSSCT for their opinion.

The work premises are fitted in such a way as to guarantee the health and safety of our employees.

The technical and safety installations and systems are maintained and checked periodically. Our premises comply with specific standards concerning in particular: ventilation and sanitation, lighting, heating, protection against noise, layout of computer stations, protection against smoking, sanitary facilities, staff catering, signage of danger zones in case of intervention, and first aid equipment. All the agencies regularly carry out evacuation drills (fire risk).

At construction sites, employees are present as visitors, project managers or coordinators of services with partners, contractors and customers.

Employees who need to go to our sites are provided with personal protective equipment and a procedure, which is distributed every year to all relevant employees and posted on the intranet, reminding 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 2020, there were three workplace accidents (of which one resulted in an absence from work), and eight commuting accidents (of which three resulted in absences). These led to 61 calendar days of absence from work due to workplace accidents and 58 calendar days of absence caused by commuting accidents. In 2020, no cases of occupational illness were registered.

Ergonomic studies of workstations are carried out to design customized workstations for the relevant employees and to train them on proper movement and posture.

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.

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, and progress reports will also be made to take stock of improvements.

At the head office and within each agency, work is organized in accordance with applicable legal and contractual obligations.

Working hours for part-time employees

At December 31, 2020, 26 people were employed on a part-time basis: 17 non-managerial employees, 7 managers and 2 sales representatives. Of these, 88.5% were women. 73.1% of these employees work 20 to 30 hours per week (four-day workweek), mostly under parental leave arrangements. All the part-time employment situations are elective.

In addition, 13 employees avail of work-life balance related flextime.

Remote working agreement

The management and the trade unions representing the group's employees signed a remote working agreement on March 16, 2020. This is in keeping with the QWL approach that was formally defined in the July 31, 2019 agreement on quality of life at work and gender equality in the workplace.

Food services for employees

With regard to food services, the group's contributions (restaurant vouchers and employer contributions to the cafeteria) amounted to €461,000 in 2020.

Work-life balance: the right to disconnect

A collective agreement on the right to disconnect dated September 19, 2017 sets out the principles that guarantee a healthy work-life balance.

The agreement describes the behaviors, rules of life and work that aim to respect the work-life balance and the effectiveness of working relationships, particularly as regards the following:

1) Application of the right to disconnect outside actual working hours.

Concerning, more particularly, the use of work email accounts, the agreement states that employees are never obliged to read or answer emails sent to them outside working hours, except in emergency and exceptional circumstances that require it.

2) In the context of work organization, special attention is paid to the over-solicitation of certain individuals, relating to the increased use of digital tools during work hours.

Training and awareness-raising actions are organized for managers and all employees to inform them of the risks, challenges and best practices relating to the use of digital tools. A specific training course has been developed with this in mind, and is accessible on the digital platform.

When employees adopt, are comfortable with and are effective in using their digital tools, this also improves working conditions.

3) Awareness of how to handle information volumes (best practices when using e-mail and remote tools).

Procedure for the purchase of Kaufman & Broad housing by an employee

Kaufman & Broad 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 companies in the Kaufman & Broad group and to all people on the payroll. The purchase of a home from one of the group's real estate programs by an employee is considered an unusual transaction, and while the employee benefits from specific conditions, the 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.

5.1.3.4.2. Labor relations

Labor relations at Kaufman & Broad are constructive between management, employees and their representatives, with a neutral attitude toward the various trade unions.

The Social and Economic Committee (CSE) was established in March 2019.

As a result of these elections, employees are now represented on the CSE by 15 representatives (9 managers and 6 employees), i.e. 5 more than in 2018.

The CSE has set up three committees:

- the health, safety and working conditions committee ("CSSCT");
- the mixed social and cultural affairs committee;
- and, since September 2020, a health insurance committee.

The trade unions are represented by two union delegates, one from the national union of caretakers, concierges, and real estate employees, a branch of the Force Ouvrière trade union, and the other from the national union for urban planning and housing and property managers, a branch of the *Confédération Française de l'Encadrement - Confédération générale des cadres* (CGC).

Management and CSE representatives meet every month as part of regular meetings. Management and the 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 2020, the following meetings were held:

- 16 CSE meetings > 11 regular meetings and 5 extraordinary meetings;
- 4 CSSCT meetings.

Summary of collective bargaining agreements

In 2020, the trade unions and management unanimously signed four agreements that addressed the following topics:

- wage negotiations (agreement dated October 6, 2020);
- company agreement on remote working, dated March 16, 2020;
- company agreement on profit-sharing, dated June 25, 2020;
- company agreement on the incentive bonus scheme, dated June 25, 2020.

Over the years, Kaufman & Broad has signed agreements which pertain mainly to the organization of work, compensation and working conditions that are conducive to the smooth running of the Company and its performance.

The main agreements are:

- the collective agreements of December 16, 2019 on healthcare and personal protection plans;
- the collective agreement of September 4, 2019 on skills management planning ("GEPP");
- the agreement of July 31, 2019 on quality of life at work and gender equality;
- the agreement of September 19, 2017 on the right to disconnect;
- the agreement of November 7, 2006 and its riders on the organization of working time.

A closer look at the company agreement on skills management planning ("GEPP")

The collective agreement signed unanimously by the labor relations partners on September 4, 2019 follows on from the three-year agreement of October 3, 2016.

In a labor market that 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 key issues:

- 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 under the name of KB Factory;
- the major three-year guidelines for vocational training and the objectives of the skills development plan, incorporating the regulatory changes provided for under the French law of September 5, 2018 on the freedom to choose one's career path;
- supporting the group's transformation, both in terms of the digital transformation and innovation, and preparing for changes in our businesses;
- specific measures for targeted populations: in favor of "young" employees, "senior" populations, and employees exercising trade union duties.

5.1.3.5. Equal opportunities and treatment: diversity and inclusion

To ensure that the real estate development and urban planning programs 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 embraced. 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.

The group's policy on gender equality, employment of seniors, and employment and integration of workers with disabilities is detailed in the points above. 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.

5.1.3.5.1. Gender equality

The group presents the action plan it has pursued in order to meet its commitments to its labor relations partners on an annual basis. Women make up 51.03% of the group's workforce.

In 2020, the following areas in particular were covered by gender equality measures:

- classification: at December 31, 2020, the proportion of women in management was 38.6%, 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 completing a variety of training sessions;
- work-life balance: the group accepts all flextime applications, regardless of whether they are submitted by men or women;
- appointment of women to key positions: 38.14% of new hires 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 French law No. 2018-771 of September 5, 2018 on the freedom to choose one's career path, which invites companies to measure their gender equality performance with regard to compensation (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 gender equality, as evidenced by the aforementioned agreement signed on July 31, 2019 with all the trade unions on quality of life at work and gender equality.

Closer look at the agreement on quality of life at work and gender equality

On July 31, 2019, following on from previous agreements, management and the trade unions entered into a new collective agreement, combining the issues of quality of life at work and gender equality into a single agreement.

The agreement covers the following three key areas:

- gender equality: the group renewed its determination not simply to respect but also to promote the principle of equality between men and women by implementing concrete measures;

This gender 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 gender-based violence;

- 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 championing environmental and societal issues.

  This concerns both employee protection, our CSR approach and the group's commitment to our partner companies.

The agreement covers the following topics: conditions for accessing employment, the balance between time spent at work and at home and family responsibilities and, lastly, one's career path (promotions, qualifications, classifications and training) and compensation. It also addresses measures to strengthen the prevention of and fight against sexual violence, harassment and gender-based violence.

5.1.3.5.2. Age diversity

Kaufman & Broad continued its policy for young people and seniors, as part of an agreement dated September 4, 2019 on skills management planning ("GEPP").

This agreement identifies three priorities:

1) Commitments in favor of the sustainable integration of younger employees under 30 years of age by specifying the methods for the on-boarding, training and support of this population.

The group considers that a policy geared towards younger age groups 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 employees under 30 years of age represent at least 15% of the workforce on permanent or fixed-term contracts (excluding work-study contracts), and that work-study contracts (apprenticeship and/or professional training) make up 4% of the workforce.

At December 31, 2020, the group employed 141 staff under the age of 30, of which 1 on a fixed-term contract. In 2020, 53 of these employees were hired. At December 31, 2020, this segment accounted for 17.8% of employees on permanent contracts.

The group hired 25 young people as interns or under work-study contracts in 2020. With approximately 5.5% 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.

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, 2020, employees aged 55 and over represented 15.4% of the total workforce (15.1% in 2019).

3) Methods to enable transmission of knowledge and skills through KB Factory.

The agreement also reasserts the eligibility of employees with trade union duties to benefit from specific measures: HR reviews, and an assessment of the balance between work and union duties. Particular attention is paid to these employees, as the exercise of duties as employee representatives contributes to the development of labor relations within the Company.

Breakdown of workforce by age at December 31, 2020	2020	2019
Under 24	17	30
25 to 29	124	140
30 to 34	105	116
35 to 39	109	129
40 to 44	117	111
45 to 49	97	110
50 to 54	89	97
55 to 59	84	87
More than 60 years	36	38
TOTAL	**778**	**889**

5.1.3.5.3. Policy to promote the employment of people with disabilities

At December 31, 2020, the group employed 12 people with disabilities at its various entities.

As a result of the efforts made since 2010, the number of disabled workers employed by the group has increased from 4 to 12.

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 duties, to work with institutions that provide employment for people with disabilities (protected and adapted sectors), particularly when it comes to the waste management policy at Kaufman & Broad.

5.1.4. Societal challenges associated with real estate development

5.1.4.1. Developing an adapted and affordable offer

Facilitating home ownership: affordability of programs

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.

To give first-time buyers 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 rest of France. 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 solvency criteria for first-time homebuyers. The design of these units improves on traditional components while still meeting the group's quality and environmental performance standards. For affordable housing, Kaufman & Broad has worked extensively on design, leveraging its expertise to offer smaller units that are less expensive while still offering a pleasant living environment. The "New'R" program in Nantes, for example, includes affordable housing units.

Buyer type in numbers	2020	2019
Investor	25%	35%
Block	67%	48%
First-time homebuyer	5%	13%
Second-time homebuyer	3%	4%
TOTAL	**100%**	**100%**

Kaufman & Broad works closely with social housing providers to contribute to the construction of housing for lower-income households. Rents, and the designation of tenants, are subject to rules set by the State because access to social housing is subject to means testing criteria. This involves a specific taxation system and is managed by a State-approved body (see Section 5.1.4.3. "Community relations").

5.1.4.2. Relations with customers

5.1.4.2.1. Innovation to meet new needs

Innovation has been a key factor for many years when it comes to setting real estate developers apart and in terms of competition. Ecological transition goals, the development of conurbations, changing lifestyles and ways of working, shifting relationships to property, time and space, disintermediation, the "connected" era and the emergence of Housing as a Service are underlying trends that are reshaping demand and creating new expectations and needs, both for housing and commercial real estate. The shifts in user behavior and stakeholder expectations show that the real challenge for tomorrow will be to provide new services to occupants and residents, and to enhance the user experience while preserving natural resources and participating in the ecological transition (the innovation strategy and CSR strategy have been developed coherently, both coming under the responsibility of the CSR and Innovation Department).

Our mission at Kaufman & Broad is to anticipate sustainable lifestyles by offering more than just housing, a place to work or square meters.

Our innovation philosophy

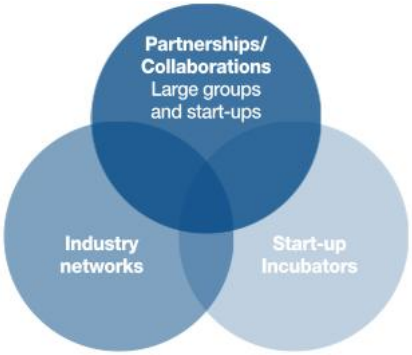
At Kaufman & Broad, innovation is everyone's business. **Our company has opted to organize our innovation strategy with a very strong operational focus. All participants in the innovation process have an operational role.** This enables us to view innovation issues from a very pragmatic operational perspective, in order to be in a position to quickly and effectively incorporate innovation into our processes and programs. Lastly, as all our employees share this common and collective ambition, this has strengthened the culture of enterprise that has driven Kaufman & Broad for 50 years.

CSR and Innovation Department

The Kaufman & Broad CSR and Innovation Department (Bertrand Eyraud and the members of the Innovation Steering Committee, Chrystèle Marchand, David Laurent and William Truchy, who report to Executive Management) comes up with the innovation strategy, has it approved and executed. It coordinates and monitors external partnerships and organizes and facilitates the sharing and relaying of experience, and the formalization of innovative ideas and internal and external best practices.

External business partnerships

Innovation also involves partnerships with theme-focused industry networks and incubators, together with collaborations with companies, from start-ups through to large groups.



For instance, Kaufman & Broad is a member and partner of the following:

- **Incubators:**
  - **Paris&Co** (an agency whose work is geared towards innovation, and the economic development and appeal of the city of Paris), and its **Urban Lab** incubation program (two annual calls for applications), which monitors and analyzes innovation for a sustainable city.
  - **Catalyseur de l'Innovation,** an incubator in the Paris Ouest La Défense ("POLD") business quarter that gets start-ups working in collaboration with key accounts.
- **Industry networks such as the "Recovered Materials Booster Network", which brings together public and private project owners** and designers to encourage, promote and facilitate the reuse of recovered materials in the building industry.
- **Companies, from start-ups to large groups, in innovative areas:** for example a global partnership with a car maker focusing on the increasingly interlocking relationship between real estate and ecomobility, which has resulted in a series of concrete applications. Regular collaboration with operators of pooled parking facilities, energy engineers, participants in the circular economy, etc.

Qualification of innovative solutions

The Innovation Department organizes the formal definition of innovative practices. Innovative ideas submitted by employees, a start-up or an outside entity are formally documented in "innovation briefs" that centralize a benchmark and a technical, economic, and legal analysis of the innovation. A **monthly Innovation Committee** meeting is held in which four to six business line experts keep track of the production of the innovation briefs, challenge economic, technical and legal aspects of the proposed solutions and, where appropriate, sign off on the solutions so that they can be relayed to the network of Innovation Boosters (see below) and operational staff. This process gives every employee, in the operational phase and with the help of his/her Innovation Booster co-workers, an opportunity to acquire an advanced level of understanding with a view to implementing innovation in a concrete project. This internal process has two goals:

- to master innovative business models and the integration of partner innovations;
- to implement innovations that make our business lines or products truly stand out, while anticipating the related legal, technical and economic challenges.

The "Innovation Booster" network

The CSR and Innovation Department relies on a network of **"Innovation Boosters"**, made up of around 30 operational business line managers at each group agency and within each cross-cutting function. The network's mission is to relay innovations. The Innovation Boosters are tasked with:

- facilitating an innovation culture within their agency or unit;
- keeping abreast of innovative solutions formally defined by the Innovation Department and their content, and sharing the principle of these solutions throughout their agencies/units;
- organizing, monitoring and implementing innovative experiments at the agencies and gathering and escalating feedback;
- contributing to the pooling of expertise, by participating and involving their co-workers in the innovation formalization process.

Each quarter, the Innovation Boosters hold a video conference to compare their experience and current experiments, share the innovative challenges and problems encountered and the solutions found to them, relay new "innovation bricks" that have been qualified and endorsed at **Innovation Committee meetings**, and review the **quarterly update on innovation in the industry** (also uploaded to the intranet portal). At the end of the video conference, the Innovation Boosters are provided with a presentation that they can share with their teams, aimed directly at the Kaufman & Broad employees, and providing an operational, grassroots view of innovation issues.

The five main areas of innovation

In order to share a common terminology, the innovations we promote within the group are divided into five strategic categories:

Mobility	New uses	Circular economy	Energy	Business lines
• Car-sharing • Electric vehicles • Shared parking • MAAS (shared bicycles, carpooling, etc.)	• New ways of living • Ways of working • Neighborhood building managers • Participatory and community initiatives • Shops and services • Voluntary owners' associations • Social diversity • Prefiguration and sales and information centers	• Wood construction • Biosourced materials • Water management • Biodiversity • Local sourcing and short supply channels • Reuse of materials	• Renewable energy • Energy efficiency • Energy self-sufficiency • Storage • Control over energy usage costs	• Digital transformation of processes • Marketing • Financing • BIM • Digital technologies and identifying land for purchase • Customer experience • 3D visualization • Sales process virtualization • Design process optimization

The group's various innovation focuses

Innovation focus	Significance for the group	Reference or example of a program
Mobility	Our ambition is to enhance the range of mobility solutions on offer for users by looking at travel management issues through fresh eyes, focusing on demand rather than supply, and by incorporating a service-based approach. This involves exploring interlocking mobility services or even alternatives to the use of individual vehicles, in keeping with the transformation of the communities in which we operate. **(Main) topics covered or solutions provided:** car-sharing in multi-occupancy housing, shared electric vehicles, pooled parking, application of the MAAS approach to real estate programs (shared bicycles, car-pooling incentives, etc.).	We teamed up with Renault for the "Feel Wood" program in Villepreux to offer buyers an opportunity to take out a long-term lease on a ZOE electric car under preferential terms. Charging stations were also installed in the car park and the private garages of the houses. Parking at a number of Kaufman & Broad programs is pooled and varied, as with the Symbioz program in Nantes in conjunction with ZenPark. See also Section 5.1.2.4.2 "Promoting sustainable mobility and occupant awareness of responsible actions".
Circular economy	The resilient city that Kaufman & Broad is helping to develop is a city that can manage its resources and grow without impairing its future. The circular economy is a core aspect of the thought process we apply to the entire life cycle of our production, to improve its overall environmental performance and keep its carbon footprint to a minimum. In practice, the innovations that we develop are designed to minimize the use of materials, space, water and non-renewable energy in the construction phase as well as in the use phase, while promoting the use of sustainable, biosourced, low-carbon and/or recovered materials from the design phase onwards, together with soil conservation and the development of biodiversity. **(Main) topics covered or solutions provided:** water management, wood-frame office buildings, selective deconstruction, hives/urban pollination, green roofs, carbon offsetting, on-site soil reuse, low-carbon concrete, biodiversity, urban heat islands, etc.	The raised floors in the Green Oak program in Arcueil are made from reused materials as part of a collaboration with the start-up Mobius. The Harmonie Village Provençal program in Aix-en-Provence reused the soil that had been excavated at the construction site as part of the landscaping project. 66% of the Silva tower developed by Kaufman & Broad is made from a primary wood structure. See also Section 5.1.2.3.3. "Circular economy".

Innovation focus	Significance for the group	Reference or example of a program
Energy	When it comes to environmentally-friendly, local consumption, energy is one of the first issues to take into account. There is a strong shift towards the decentralization of energy production to buildings that produce renewable energy that covers part of their energy needs. Moreover, energy is one of the main household spending items that cannot be avoided, not to mention one of the main contributors to the carbon footprint of buildings in use. We want to anticipate the regulatory, legal and economic issues that support the integration of renewable energy generation solutions into our programs. **(Main) topics covered or solutions provided:** energy self-sufficiency in individual and multi-occupancy housing, third-party investment in solar panels, third-party investment in biomass boiler systems, etc.	The ICONIC program in Cap D'Agde uses marine geothermal power (in which heat pumps recover calories from the sea) in association with an energy operator. The Lagord program features solar panels on the roof so that the buildings can produce and use their own energy. See also Section 5.1.2.3.4. "Low-carbon solutions: choosing materials and using renewable energy".
New uses	We all know the saying: "in real estate, it's all about location, location, location." The notion of location relies on local connectivity (partly covered by the "Mobility" angle), and on seeing the notion of buildings and urban areas as "potential for individual and shared experiences", conducive to new ways of living, new housing solutions, as well as new ways of working, relaxing, growing as an individual, etc. This drives us to incorporate innovative service-based, program-related and technical solutions in order to promote the value in use of our developments. **(Main) topics covered or solutions provided:** *bail réel solidaire* (ground lease system for social housing), neighborhood apps, neighborhood building managers, smart mailboxes, controlled condominium costs, inclusive housing for people with disabilities, art in real estate programs, appointment of voluntary owners' associations, etc.	Le Chailly in Chilly-Mazarin is a mixed program that includes a home ownership scheme under the *bail réel solidaire* ground lease mechanism, significantly lowering the purchase price for future homeowners. The Jardins de la Jaunaie program in the Saint-Sébastien area of Nantes features smart building management services and a shared DIY area for occupants. The ITSELF program in Bordeaux takes a legally-novel approach in which future owners are asked to customize their homes.
Business lines	The digital transformation is making us rethink our business processes and workflows in the interests of a more flexible, collaborative, high-quality and efficient organization. Digital technologies have an impact on our entire value chain, from identifying land for purchase to marketing, and from the contracting of work to the customer experience. Far beyond simply "digitizing" our usual processes, the challenge is to transform the way we work, change how we are organized, and adapt our skills to raise our standards even higher and further improve our efficiency. **(Main) topics covered or solutions provided:** tapping into the digital transformation to adapt our processes, electronic signing of documents, customer experience, use of BIM, etc.	We introduced the electronic signing of works contracts in order to optimize our processes and those of our partners.

This list of innovations is not exhaustive and can evolve. We adapt to the strategy, feedback and expectations of our stakeholders, and the innovations that emerge.

Innovative, interlocking responses to specific challenges

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 of our focal points at Kaufman & Broad, prompting us to direct our attention to the first recognized certification in this field, the WELL Building Standard.

The "ORA" program

The ORA business property program in the 17th *arrondissement* of Paris has been awarded Well Core & Shell certification. This certification guarantees a number of parameters relating 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.

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 Silver Residences, launched in 2014, offer affordable serviced housing for seniors. Designed to evolve in accordance with the needs of their occupants and to anticipate loss of autonomy, these fully adapted housing units are designed to be built close to shops, transport and facilities, in a secure environment. They have a building manager and also provide optional services such as catering and, for some, daily housekeeping.

The "Pinpirina" program

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. This approach to affordable serviced housing for seniors is undergoing new developments, notably through partnerships with the French postal service (La Poste).

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.

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.

The "New'R" program

This involves, for example, proposals for high-rise buildings that combine the advantages of high floors with the conviviality of green spaces and the features of individual housing. The "New'R" program in Nantes, winner of the Silver Pyramids award, includes a collective greenhouse on the tenth floor that 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 "Chartrons" program

The group's first program 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 Bâtiments 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 program is certified as a HQE sustainable building.

Guaranteeing efficient connectivity for users

Adapting to technological developments, the group is working on building performance to improve employee productivity.

The "Green Oak" program

The ORA business property programs in the 17th *arrondissement* of Paris and Green Oak in Arcueil each have a "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.

5.1.4.2.2. 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 customers' homes 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 signing the notarized deed 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 online customer account. 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 with the "Effervescence" program in Marseille and the "Aroma Park" program in Grasse.

During deliveries, many contractors are on site to immediately perform any rework and alterations requested by customers.

Improving customer satisfaction

The satisfaction survey has been designed to fine-tune satisfaction measurement by systematically surveying all purchasers at four specific points in their customer experience:

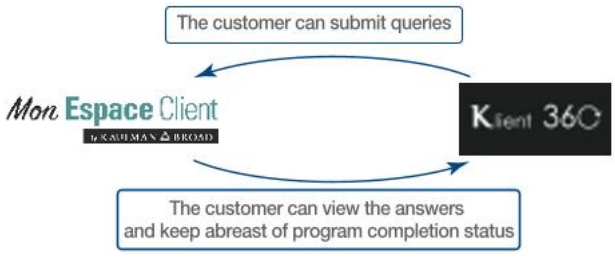
- after the notarized deed is signed;
- after inspection of the partitions;
- upon delivery;
- one year after delivery.

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. These satisfaction surveys and analyzes are conducted by BVA, a recognized expert independent third-party organization. BVA handles all issues relating to the traceability and reliability of the survey results. The results are analyzed according to the type of buyer and the type of product, across all the group's agencies.

They are presented to the members of the Management Committee and Extended Management Committee at least twice a year to ensure that the planned improvement actions are in line with the group's strategy. In addition, the variable compensation targets set for the members of the Management Committee now incorporate a component that is based on the results of this customer satisfaction survey.

Following the initial surveys, working groups were formed to rethink the customer experience with a constant emphasis on customer centricity and on offering the same level of quality at all agencies. This work resulted in the creation of a transparent, easy-to-read customer experience, 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, leading to audit efforts and recommendations to improve the support given to customers at these particular moments. This methodology pinpoints areas in which particular vigilance is required and ensures that the group's commitments to customer experience are satisfied (e.g. receipt of plans, number of reservations expressed, etc.).

The Klient 360 platform, rolled-out in 2019, has become a useful collaborative tool for managing customer relations at Kaufman & Broad.



	2020	2019
Customer requests processed per day	164	43
Number of KB contacts with clients*	29,534	0
Number of programs followed-up	392	351
Number of lots	11,700	10,180
Number of employees who actively use the tool	240	130

* *Introduced in 2020.*

In the context of the current public health crisis, Klient 360 has been key in:

- maintaining a link with our customers;
- keeping our customers informed by email about the current situation and the possible lengthening of our response times;
- facilitating collaboration and information-sharing for employees working from home.

Our IT Services department developed Klient 360 over a period of nine months in association with our operational teams. Klient 360 now enables us to interface with our customers. It provides an A-to-Z trace of all interactions between our buyers and the group at all stages of the customer experience, and logs each request. This also helps to streamline the relationship between the different business lines so that each one can provide the necessary response to satisfy our customers.

In the interests of greater transparency toward our customers, Klient 360 will serve as a document base to feed information into the new online accounts for KB customers.

The relevant teams have been briefed. This work has led to the development of online training content available to all employees.

A high standard of customer relations, a dialog with customers, and innovation to meet their expectations are all essential. Kaufman & Broad is keenly aware that customer satisfaction also depends on many other factors: the quality of the work of our suppliers and on-time delivery, affordability, the skills of customer-facing Kaufman & Broad employees, the environmental performance of our products, etc. Throughout this report, we develop these interlocking issues and explain the policies put in place by the group.

5.1.4.3. Community relations

Contributing to local economic and social development

France's SRU (solidarity and urban renewal) law was introduced on December 13, 2000 to create a social balance in each community and address social housing shortages. In some municipalities,(1) social housing must account for 25% of the total volume of primary residences by 2025.

Kaufman & Broad works closely with social housing providers to contribute to the construction of social housing for lower-income households.

19% of 2020 orders placed were means-tested

25% of 2019 orders placed were means-tested

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 population aged 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.

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 Gérontopôle 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.

295 senior residences

244 student residences

(1) Municipalities of more than 3,500 inhabitants – and 1,500 inhabitants in the Paris conurbation – that belong to conurbations or intermunicipal areas of more than 50,000 inhabitants comprising at least one municipality of 15,000+ inhabitants.

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.

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 program in the 17th *arrondissement* of Paris.

5.1.4.3.2. Limiting pollution and establishing dialog around projects

Consulting local residents and elected representatives

Wherever possible, Kaufman & Broad organizes meetings to consult local residents before filing a building permit. These meetings are generally organized on the initiative of the mayor's office and provide a forum for discussing progress with the program, informing the residents and taking their requests into consideration. They take the form of a debate where all points of view are expressed, and all the documents are distributed to everyone present.

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 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. They organize resident participation, taking into account the history of the place and the greater urban context, and facilitate a dialog between the group, the residents and the elected representatives.

These initiatives make it possible to defuse early on any tension that may arise from a real estate program by emphasizing dialog from the design phase.

As described in Section 1.5.2.4. "Commitment Committee", and 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 program and invoke the non-fulfillment of the condition precedent to obtain a clear building permit provided for in the contract of sale of the land;
- defend the project before the competent administrative court (this solution is rarely chosen because of the long delays caused by these courts' work load);
- try to reach an amicable settlement with the applicant, pursuant to which the latter agrees to withdraw all objections.

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 addition to this legal framework, the group takes 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 its quality procedures, and applies it systematically to all NF Habitat HQE-certified programs. It plans to circulate this charter and extend its application to all Kaufman & Broad programs.

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 current regulations regarding noise pollution, while adapting to the specific requirements of municipalities when they set the working hours for individual sites. For example, the site for the "New 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 onsite;
- encourages the storage of topsoil from the site so that it can be reused to create green spaces if the type of soil is suitable. This limits truck movements;
- takes special measures, in cases of sensitive environments such as proximity to a school, by specifically restricting access to the construction site;
- provides a mailbox that local residents can use to submit complaints and comments.

5.1.4.3.3. Sustainable involvement with communities

Integrating programs into town policies

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 are mindful of the town's policies.

The phasing of programs may be linked to the opening of new public services or facilities. For major programs, Kaufman & Broad diversifies its professional skills, in order to adopt an urban logistics vision and generate true economic momentum.

Green Lodge in Villepreux

This is an exceptional program with more than 500 housing units combining traditional and contemporary homes and a wide 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.

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 programs. A 800 sq.m town square was constructed as part of the Terra Nostra program in Montpellier, then given back to the city (as with the "Helgoaldea" program in Hendaye). A fun and fitness structure was created as part of the Domaine de Gaia program and also then given back to the town of Pélissanne, and a food village with several food stores (butcher, baker) was created in Wambrechies.

Whatever their size, urban programs have an impact on living environments, uses and mobility, necessitating contacts with local residents, businesses, communities and associations to inform, dialog, mediate and ensure accountability. With this in mind, Kaufman & Broad entered into an exclusive operational partnership with the association Empreintes Citoyennes in 2020. The aim is to ensure that the conditions are in place for urban development that is open to dialog and willing to take into consideration the expectations of local communities and stakeholders. The association intervenes as a third party and intermediary for relations with stakeholders. It provides training to understand the societal role that can be played by real estate developers. These modules are designed to make employees more keenly aware of the merits of responsible collaborative models.

Engagement through sponsorship

In 2020, 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 healthcare, 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 programs and contributes, alongside municipalities, 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. As part of this commitment, Kaufman & Broad supports a class throughout their schooling, teaching them about the group's businesses and inviting them to site visits.

In fiscal year 2020, Kaufman & Broad made sponsorship donations amounting to €684,500.

In 2020, Kaufman & Broad contributed €519,000 to social initiatives.

5.1.4.4. Partner relations

5.1.4.4.1. Purchasing and outsourcing

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.

The risks relating to the value chain are outlined in Sections 4.2.3. "Insurance" and 4.1.2.3. "Risks relating to supplier relationships" in particular.

The group is especially vigilant when it comes to outsourcing conditions and compliance with legal provisions both in terms of labor laws and personal safety. The procedure for signing contracts requires systematic verification that subcontractors are up to date with their social security contributions. The legal representatives must sign a sworn statement attesting that they do not employ any undocumented workers.

Prevention of undeclared work

The group could also suffer adverse consequences, particularly in terms of image, if its suppliers and subcontractors were to breach or violate an obligation. The group fulfills its verification and enforcement commitments with respect to contractors in accordance with its regulatory obligations.

When a construction contract is entered into, the developer (the principal, with respect to the contractors) is required, under Article D. 8222-5 to 7 of the French labor code, to request its co-contractors to deliver to it a list of documents, and to continue to do this every six months until the completion of the contract.

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 to combat 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 contractors.

Construction site safety

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.

Kaufman & Broad does not build its real estate programs itself. Instead, it entrusts the construction work to third-party contractors from a variety of trades. In accordance with the French law of December 31, 1993, the Project Owner appoints, at the design phase, a Health & 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, contractors must also draft their own specific health and safety plans ("PPSPS").

The group restricts access to its construction sites to authorized contractors (see Section 4.2.2.5.1. "Risks relating to regulations applicable directly to the group").

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 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 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 relevant technical departments and regional agencies would be systematically notified so that they could follow up on the incident in conjunction with the contractors involved. Depending on the severity of the situation, the Legal Department and Executive Management would also be notified and involved in monitoring the incident.

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 tender. 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 2020, the top 10 suppliers accounted for 20.66% of flows invoiced by suppliers, and the leading supplier accounted for 6.59% of these flows.

Selecting suppliers and responsible purchasing

Kaufman & Broad's policy is generally to choose all its contractors and suppliers through calls for tender. 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. Finally, trade contractors are selected and the contracts are signed by type of work and program by program. These parties are chosen on the basis of their skills, financial bid, organization and the quality of their prior work (see Section 1.5.5. "Builders and suppliers").

With this in mind, 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.

For several years, Kaufman & Broad has been engaged in a process of centralizing its purchasing and standardizing its procedures for the selection of suppliers of finished work, at group level. Management of the structural work currently falls to each agency. Such centralization makes it possible to develop long-term relationships with suppliers that sign framework agreements 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 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 ensures that these companies are covered by appropriate insurance, and carries out checks to verify the quality of their past work and their compliance with worksite schedules.

As explained in Section 1.4.2.2. "Products", Kaufman & Broad's reputation has been mainly built on the quality of its products. Consequently, the group closely monitors the construction companies it uses in order to select the best subcontractors for future programs. For this purpose, the companies involved are assessed by the group's technical services department, generally on completion of each project.

Kaufman & Broad also selects its suppliers and the products it wants on the basis of a certain number of non-financial criteria. In 2020, this prompted it to participate in an industry initiative to define and collect data on certain criteria, such as those relating to ethics, governance and CSR.

This platform covers significant technical commitments. The questionnaire entitled "Business ethics pre-qualification & sustainability" asks for information on:

- governance;
- occupational health and safety;
- environmental policies;
- CSR commitments through certifications or labels;
- the CSR commitments of the company's own suppliers and/or subcontractors.

This confidential questionnaire for principals will be mandatory from January 1, 2021 and will be presented to the person(s) who signs off on / effectively signs the contract when it gets to the signature stage. Ultimately, the goal is to be able to round out the assessment of their performance in the tendering phase based on non-financial criteria, and to develop the responsible purchasing policy.

Whenever possible, the group uses contractors and suppliers who are committed to a responsible approach.

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.

5.1.4.4.2. Compliance and ethics at Kaufman & Broad

As described in Section 4.1.5., the group has a Legal Department that is in charge of regulatory and legislative matters, whether they pertain to corporate or operational issues. 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 corporatelevel, 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 French law on transparency, fighting corruption and the modernization of economic life (the Sapin II Act), the group has mapped its corruption risks, using the same approach as for its major risk mapping exercise.

This mapping draws 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 identifying 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 4.2.

The controls applied to financial transactions are described in Section 4.2.1.4., 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 payment, 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 whistle-blowing procedure provides a framework for employees to report the emergence of a risk of violation of the law, the Kaufman & Broad Ethics Charter, the group's internal rules and/or any other K&B internal procedures. The whistle-blowing process. One of these processes ensures, in accordance with the law, that the identity of the whistle-blower and of the persons he or she is reporting is kept strictly confidential. The same confidentiality assurances are given as regards the information gathered by all the recipients of the report. This module also automates the fulfillment of legal requirements in terms of processing times (no more than three months) and the deletion of the file if the whistle-blowing procedure is canceled.

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, customersand elected officials, all in accordance with the Corporate Social Responsibility initiative implemented by the group. It also references the existing agreements, procedures and memoranda in these different areas.

The Ethics Charter is given to, and signed, by all new hires and can be viewed by employees on the Company's intranet portal. At the end of 2020, 638 employees had completed an "Ethics at Kaufman & Broad" e-learning course.

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 launch of a collaborative portal enabling third parties to answer a single questionnaire intended for all portal partners who might consider referring to it. For tenders relating to technical work that involves contracts of considerable amounts, companies are asked to complete a "Business ethics pre-qualification & sustainability" questionnaire, which facilitates checks on their compliance with certain criteria, particularly in relation to corruption matters.

This confidential questionnaire for principals will be mandatory from January 1, 2021 and will be presented to the person(s) who signs off on / effectively signs the contract when it gets to the signature stage. Other CSR criteria have been incorporated into the questionnaire to provide a well-rounded view of companies' performance in the tender phase, as part of a responsible purchasing approach (see "Selecting suppliers and responsible purchasing" in Section 5.1.4.4.1. "Purchasing and outsourcing").

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 2020 fiscal year.

Kaufman & Broad SA undergoes regular tax audits by the French national and international audit department (*Direction des vérifications nationales et internationales*). The 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 and IT security

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 business.

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. New employees are required to read and sign the Ethics Charter, which includes a section on protecting confidential data. At the end of 2020, 399 employees had completed training on "GDPR at Kaufman & Broad".

The group's information system is protected by restrictions on access, protection rules and security systems, which are regularly tested and reinforced. The IT department runs regular cyber attack tests. New hires must sign the user charter before they can use the group's IT resources and internet services. Kaufman & Broad has also included mandatory IT security training in its on-boarding procedure. At the end of 2020, 223 employees had completed this training.

Methods used in Kaufman & Broad's non-financial reporting for the 2020 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 dialog 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 for the year ended November 30, 2020 include the financial statements of 353 companies, 310 of which are fully consolidated and 43 recognized using the equity accounting method.

At November 30, 2020, there were no non-consolidated companies 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 310 fully-consolidated companies, including real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs), which include a limited number of real estate 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, are excluded from this scope. These are: real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs), which are special purpose vehicles with real estate development programs.

Scope of coverage and reporting period for 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 delivered products). Unless otherwise indicated, all of these indicators follow the accounting year – from December 1 to November 30.

Kaufman & Broad does not build its real estate programs itself. Instead, it calls on third-party contractors. In the construction phase, the group's liability is therefore limited. Nonetheless, beyond the consumption of resources by 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 by the social reporting exercise.

Exclusions

Preventing food waste and food insecurity; animal welfare; responsible, fair and sustainable food are 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 interns, 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 starting in 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 in fiscal year 2018.

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 training courses offered on the KB Learning tool.

Share of payroll costs devoted to training

The training budget includes all expenses linked to in-service training 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 completed more than one training course 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.

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 count 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 applied in accordance with the provisions of the French law on the freedom to choose one's career path, promulgated on September 5, 2018.

Environmental risks

Greenhouse gas emissions relating to work-related travel

The report on carbon emissions linked to work-related travel was prepared in-house for all employees of the group and included: interns; those under apprenticeship contracts or under professional development contracts; and temporary employees. This was done to obtain the most accurate and representative result.

Work-related travel by employees in either personal or company cars, by train and by plane billed in 2020 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 2020.

Estimating the carbon emissions of delivered products

The data are calculated according to surface area delivered and the emission factors in the Base Carbone database, which is based on sectoral benchmarks (HQE, CSTB and ADEME).

The data relating to the use phase are calculated based on the emission factors used for the 2018 regulatory carbon footprint assessment. The data are calculated according to surface area delivered and energy efficiency.

Summary of the group's carbon emissions within its administrative scope and activities

The data are taken from the carbon footprint assessment of work-related travel for 2020, estimates based on the emission factors in the Base Carbone database by product type for the construction phase of products delivered in 2020, and the calculation of the emissions produced by the electricity consumption of the agencies in 2020, based on the emission factor "average mix for consumption" in the Base Carbone database.

Share of housing launched in "urban units"

The group publishes this indicator, which corresponds to the share of programs in progress, i.e. sites that registered a variation in technical progress in fiscal 2020, located in a statistical area that the French national statistics office (INSEE) defines as an "urban unit".

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 2020 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 consumption, electricity consumption and waste production at 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 contractor handling 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 program, for programs that had achieved 100% technical progress and were delivered in 2020.

Electricity consumption is reported for 70% of the programs delivered in 2020, i.e. 40 programs that achieved 100% technical progress and were delivered during the year, for which Kaufman & Broad handled technical monitoring, excluding JVTs and situations in which supplier default have made it impossible to retrieve the data.

Water consumption is reported for 36 programs that achieved 100% technical progress during the year and were delivered, for which Kaufman & Broad handled technical monitoring, excluding JVTs and situations in which supplier default have made it impossible to retrieve the data.

Waste production is reported for 19 programs that achieved 100% technical progress during the year and were delivered, for which Kaufman & Broad handled technical monitoring, excluding JVTs and situations in which supplier default have 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 required for the available housing units to be sold if sales are maintained at the same pace as in previous months, i.e., housing units outstanding (offer available) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.

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 real estate 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 means-tested.

The group declares the proportion of housing units for which access is means-tested, which have a dedicated tax system, and which are managed by a state-approved body.

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 audited by Deloitte, under the obligation to be audited by an independent third party, whose role it is to express, in accordance with the French Order of September 14, 2018, a reasoned opinion on the compliance of the statement on non-financial performance with the provisions of Article R. 225-105 and on the fair presentation of the information disclosed.

5.2. Report of one of the Statutory Auditors, acting as an appointed independent third-party organization, on the consolidated statement on non-financial performance

Fiscal year ended November 30, 2020

To the Shareholders,

In our capacity as Statutory Auditor of Kaufman & Broad, acting as an appointed independent third-party organization, certified by the French national accreditation body COFRAC under number 3-1048 (certification scope available at www.cofrac.fr), we present you with our report on the consolidated statement on non-financial performance for the fiscal year ended November 30, 2020 (the "Statement"), presented in the group management report inaccordance 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 Statement 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 Statement was prepared by applying the Company's procedures (the "Guidelines"). The key information on these procedures is presented in the Statement 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 our 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 Statement 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, paragraphs 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 Company's duty of care, efforts to tackle corruption, or tax-related matters, nor on the compliance of its 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 shall perform its duties, in accordance with the professional guidelines issued by the French national institute of auditors (*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 Statement's compliance with the regulatory provisions and the fair presentation of the Information:

- We reviewed the activity of all 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 intelligibility, and taking into account industry best practices where appropriate.
- We checked that the Statement covered each category of information provided for in paragraph III of Article L. 225-102-1 as regards social and environmental criteria, and the second subparagraph of Article L. 22-10-36 as regards respect for human rights and the fight against corruption and tax evasion.
- We checked that the Statement presented the information provided for in paragraph II of Article R. 225-105 when relevant regarding the main risks and included, if applicable, an explanation of the reasons justifying the absence of the information required by the second subparagraph,paragraph III of Article L. 225-102-1.

- We checked that the Statement presented the business model and main risks linked to the activity of all 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] - with regard to 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 Statement covered the consolidated scope, namely all the companies included in the consolidation scope in accordance with Article L. 233-16, in line with the limits stipulated in the Statement.
- 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 covered between 70% and 100% of the consolidated data for the key performance indicators and results selected for these tests.
- We assessed the overall consistency of the Statement with our knowledge of the group.

We believe that the work we have carried out, based on our professional judgment, is sufficient to provide a basis for our opinion based on a moderate level of assurance; 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 five people between November 2020 and March 2021.

We called upon our sustainable development and CSR experts to assist us in our work. We conducted around a dozen interviews with the people responsible for preparing the Statement.

Conclusion

Based on the work performed, we found no material misstatements that caused us to doubt that the statement on non-financial performance 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 opinion 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 Statement, the environmental impact indicators for the construction sites cover waste production and electricity consumption, and have been published for a limited scope.

Paris-La Défense, March 24, 2021

One of the Statutory Auditors,
Deloitte & Associés

Bénédicte Sabadie
Partner

Julien Rivals
Partner, Sustainable Development

(1) Efforts to tackle corruption, waste, reuse of recovered building materials and the circular economy, customer satisfaction, and new uses.
(2) Workforce at 12/31, number of new hires and departures in the calendar year, turnover rate, number of hours of absence per reason over the calendar year, rate of absenteeism per reason 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, number of employees trained over the calendar year, percentage of the workforce having completed training over the calendar year, electricity consumption at the agencies, electricity consumption on construction sites, number of square meters delivered, Greenhouse Gas Emissions Assessment (Scopes 1, 2 and 3), and the degree of group dependence on suppliers.

6

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6.1. Consolidated financial statements at November 30, 2020

6.1.1. Statement of consolidated comprehensive income

Consolidated income statement

(in € thousands)	Notes	November 30, 2020	November 30, 2019 *
Revenue	*3.2*	1,163,050	1,472,154
Cost of sales		(955,874)	(1,177,866)
GROSS MARGIN	*3.2*	**207,176**	**294,288**
Selling expenses	*3.3*	(21,689)	(31,031)
Administrative expenses	*3.3*	(52,808)	(64,437)
Technical and customer service expenses	*3.3*	(19,237)	(22,200)
Development and program expenses	*3.3*	(33,308)	(33,196)
OPERATING INCOME		**80,134**	**143,425**
Financial expenses		(13,260)	(14,639)
Financial income		3,563	1,326
COST OF NET FINANCIAL DEBT	*6.3*	**(9,697)**	**(13,313)**
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES		**70,437**	**130,112**
Income tax	*9*	(16,247)	(38,003)
NET INCOME (LOSS) OF CONSOLIDATED COMPANIES		**54,190**	**92,109**
Share of income (loss) of equity affiliates and joint ventures		2,324	3,420
INCOME (LOSS) OF THE CONSOLIDATED GROUP		**56,514**	**95,529**
Income attributable to non-controlling interests	*7.1.5*	16,376	17,638
Attributable net income		40,138	77,891
Average number of shares	*7.2*	21,676,866	21,486,138
BASIC EARNINGS PER SHARE	*7.2*	**€1.85**	**€3.63**
DILUTED EARNINGS PER SHARE	*7.2*	**€1.85**	**€3.63**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Consolidated comprehensive net income

(in € thousands)	November 30, 2020	November 30, 2019 *
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**56,514**	**95,528**
Change in gross value of derivative instruments		113
Tax impact on derivative instruments		(39)
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY TO BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**0**	**74**
Change in actuarial gains and losses	555	(817)
Tax impact on actuarial gains and losses	(311)	281
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**244**	**(536)**
CONSOLIDATED COMPREHENSIVE NET INCOME	**56,757**	**95,066**
Attributable net income	40,381	78,420
Non-controlling interests	16,376	17,638

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

6.1.2. Statement of consolidated financial position

Assets

(in € thousands)	Notes	November 30, 2020	November 30, 2019 *
Goodwill	*5.1*	68,661	68,661
Other intangible assets	*5.2*	91,060	91,209
Right-of-use assets	*5.2*	20,388	
Property, plant and equipment	*5.3*	5,977	5,976
Equity affiliates and joint ventures	*2.1.2*	5,767	5,929
Other non-current financial assets	*6.1.1*	7,021	1,756
Deferred tax assets	*9*	502	4,002
NON-CURRENT ASSETS		**199,376**	**177,533**
Inventories/new projects	*3.4*	57,253	55,451
Inventories/current programs	*3.4*	321,198	400,525
Accounts receivable	*3.5*	464,977	511,907
Other receivables	*3.5*	178,334	189,731
Current tax position	*9*	5,563	21,770
Cash and cash equivalents	*6.1.3*	215,192	208,102
Prepaid expenses	*3.5*	515	1,435
CURRENT ASSETS		**1,243,031**	**1,388,921**
TOTAL ASSETS		**1,442,407**	**1,566,454**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Equity and liabilities

(in € thousands)	Notes	November 30, 2020	November 30, 2019 *
Share capital		5,743	5,743
Consolidated reserves		296,058	295,554
Other reserves		(12,654)	(12,741)
Treasury shares	*7.1.4*	(22,727)	(6,395)
ATTRIBUTABLE SHAREHOLDERS' EQUITY		**266,420**	**282,160**
Non-controlling interests	*7.1.5*	8,998	10,953
SHAREHOLDERS' EQUITY		**275,418**	**293,113**
Non-current provisions for retirement benefits	*4.2*	7,119	7,907
Non-current provisions for liabilities and charges	*8.1*	32,764	29,799
Borrowings and other non-current financial liabilities	*6.1.2*	149,008	148,900
Lease obligations		13,368	
Deferred taxes	*9*	47,006	50,346
NON-CURRENT LIABILITIES		**249,265**	**236,952**
Current provisions for liabilities and charges	*8.1*	2,017	2,529
Borrowings and other current financial liabilities	*6.1.2*	3,656	3,189
Lease obligations		6,322	
Accounts payable	*6.1.1*	759,985	907,498
Other payables	*6.1.1*	141,977	119,771
Current tax position	*9*	2,720	3,276
Deferred income	*6.1.1*	1,047	126
CURRENT LIABILITIES		**917,724**	**1,036,389**
TOTAL EQUITY AND LIABILITIES		**1,442,407**	**1,566,454**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

6.1.3. Cash flow statement

(in € thousands)	Notes	November 30, 2020	November 30, 2019 [2]
Consolidated net income		56,514	95,528
Share of income (loss) of equity affiliates and joint ventures		(2,324)	(3,420)
Estimated income and expenses		15,958	23,197
CASH FLOW AFTER COST OF FINANCIAL DEBT AND TAXES		**70,148**	**115,305**
Cost of net financial debt	*6.1.3*	9,697	13,314
Tax expense (income)	*9*	16,247	38,003
CASH FLOW BEFORE COST OF FINANCIAL DEBT AND TAXES		**96,092**	**166,623**
Tax (paid) received		(2,257)	(88,244)
Change in operating working capital requirement	*3.6*	6,989	9,066
CASH FLOW FROM OPERATING ACTIVITIES (A)		**100,823**	**87,444**
Investing activities			
Acquisitions of property, plant & equipment and intangible assets (net of disposals)	*5*	(4,809)	(6,077)
Net change in financial assets		(4,877)	214
Cash flow with equity affiliates and joint ventures	*2.1.2*	2,566	(1,436)
Acquisitions of equity interests		819	23
CASH FLOW FROM INVESTING ACTIVITIES (B)		**(6,302)**	**(7,276)**
FREE CASH FLOW [1]		**94,522**	**80,168**
Financing activities			
Distributions to minority interests	*7.1.5*	(12,794)	(20,500)
Buyouts of minority interests	*7.1.5*	(1,778)	(1,233)
Buybacks of treasury shares, net of re-sales	*7.1.4*	(18,387)	(1,092)
Capital increase	*7.1.1*		7,832
Loan repayments	*6.1.3*		(50,000)
Payment of lease obligations		(6,864)	
Distributions to shareholders	*7.1.1*	(38,035)	(48,690)
Net financial interest paid		(9,575)	(11,741)
CASH FLOW FROM FINANCING ACTIVITIES (C)		**(87,433)**	**(125,423)**
INCREASE (DECREASE) IN CASH (A + B + C)		**7,089**	**(45,255)**
Cash at start of period		208,102	253,358
CASH AT END OF PERIOD		**215,192**	**208,102**
INCREASE (DECREASE) IN CASH		**7,089**	**(45,256)**
Cash and cash equivalents	*6.1.3*	215,192	208,102
Credit facilities		(1,527)	(926)
Interest accrued on cash and cash equivalents		1,527	926
CASH AT END OF PERIOD		**215,192**	**208,102**

(1) Free cash flow is equal to cash flow from operations less net operating investments made during the period.

(2) Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.

6.1.4. Statement of changes in consolidated shareholders' equity

(in € thousands)	Number of shares	Share capital	Consolidated reserves	Other reserves	Treasury shares	Attributable shareholders ' equity	Non-controlling interests	Total shareholders ' equity
NOVEMBER 30, 2018 *	**21,864,074**	**5,685**	**266,634**	**(13,021)**	**(15,653)**	**243,645**	**14,029**	**257,674**
Gains and losses recognized directly in shareholders' equity				(461)		(461)		(461)
Net income at November 30, 2019 *			77,891			77,891	17,638	95,529
CONSOLIDATED COMPREHENSIVE NET INCOME		**0**	**77,891**	**(461)**	**0**	**77,429**	**17,638**	**95,067**
Capital increase and distribution	434,681	113	(40,970)			(40,857)	(20,634)	(61,491)
Capital reduction	(210,732)	(55)	(7,185)		7240	0		0
Treasury share transactions				(2,038)	2,017	(21)		(21)
Share-based payments				1,997		1,997		1,997
Other transactions			815	782		1,597	(80)	1,517
Buyouts of minority interests			(1,630)			(1,630)		(1,630)
TOTAL TRANSACTIONS WITH SHAREHOLDERS	**223,949**	**58**	**(48,970)**	**741**	**9,258**	**(38,914)**	**(20,714)**	**(59,628)**
NOVEMBER 30, 2019 *	**22,088,023**	**5,743**	**295,554**	**(12,742)**	**(6,395)**	**282,160**	**10,953**	**293,113**
Gains and losses recognized directly in shareholders' equity				244		244		244
Net income at November 30, 2020			40,138			40,138	16,376	56,514
CONSOLIDATED COMPREHENSIVE NET INCOME	**0**	**0**	**40,138**	**244**	**0**	**40,381**	**16,376**	**56,757**
Capital increase and distribution			(38,035)			(38,035)	(17,297)	(55,332)
Capital reduction						0		0
Treasury share transactions				(1,398)	(16,331)	(17,729)		(17,729)
Share-based payments				1,242		1,242		1,242
Other transactions			289			289	(591)	(303)
Buyouts of minority interests			(1,888)			(1,888)	(442)	(2,331)
TOTAL TRANSACTIONS WITH SHAREHOLDERS	**0**	**0**	**(39,634)**	**(156)**	**(16,331)**	**(56,121)**	**(18,331)**	**(74,452)**
NOVEMBER 30, 2020	**22,088,023**	**5,743**	**296,058**	**(12,654)**	**(22,726)**	**266,420**	**8,998**	**275,418**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

6.1.5. Notes to the financial statements

Note 1. Accounting principles

The consolidated financial statements at November 30, 2020 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, whose registered office is 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.

The consolidated annual financial statements at November 30, 2020 along with the related notes were approved by the Board of Directors on February 26, 2021.

Note 1.1. Basis of preparation

Pursuant to Regulation (EC) no. 1606/2002 of July 19, 2002, the Kaufman & Broad group prepared its company consolidated financial statements at November 30, 2020 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 accompanying notes are denominated in euros.

Note 1.1.1. Standards applied

Standards, interpretations and amendments with mandatory application for the fiscal year beginning December 1, 2019

Application of the standards, amendments to standards and interpretations published by the IASB and presented below is mandatory for the fiscal year beginning December 1, 2019.

Standard	Applied to periods beginning on or after
IFRS 16 "Leases"	January 1, 2019

IFRS 16

This new standard, which replaces IAS 17, eliminates the distinction between operating leases and finance leases for lessees. It requires lessees 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 has been 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 effects on the balance sheet, income statement and cash flow statement are as follows:

- operating lease charges are replaced by a depreciation charge and an interest charge;
- cash flows for operating lease payments are replaced by cash flows from repayments of principal and interest, these amounts being presented as cash flows from financing activities.

For all eligible leases, the standard requires lessees to recognize the full amount of the lease payments due in the form of a:

- right-of-use asset, recorded in non-current assets;
- lease obligation, recorded as a financial debt.

Leased assets mainly comprise premises and equipment occupied and used by Kaufman & Broad employees. Leases with a term of less than one year have not been restated. The average discount rate used to value lease obligations in the first half of 2020 was 1.5% for leases with a term of 48 months or fewer and 3% for leases with a term of more than 48 months.

IAS 23/IFRIC Update of March 2019

In March 2019, the IFRS Interpretations Committee published an explanation of IAS 23, the standard that sets out the accounting treatment for interest capitalized 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 treatment it uses to recognize revenue and cost of sales and determine the cost of real estate inventories. These changes were made in the group's financial statements as from December 1, 2019; the 2019 accounts have been restated accordingly. The impact on shareholders' equity at November 30, 2019 was -€0.9 million. The impact on attributable net income for the year ended November 30, 2019 was €1.6 million; the impact on total consolidated net income was €1.8 million.

Change of presentation

Following an analysis of taxes that meet the definition of an income tax pursuant to IAS 12 "Income taxes", the group now discloses CVAE (Contribution on business value added) within the "income tax" item, rather than in the "taxes and duties" item under "operating charges". This change of presentation is considered to be a change of accounting policy and the financial statements for the prior periods have been adjusted in order to present comparable figures. The restated accounts for November 2019 take account of this reclassification, which amounts to €4.2 million.

Indicators affected by the adoption of the IFRS Interpretations Committee's explanations of IAS 23 and by the change of presentation regarding CVAE

(in € thousands)	November 30, 2019 pro forma (*)	Capitalization effect	CVAE effect	November 30, 2019 published
NET INCOME				
Cost of sales	(1,177,866)	(10,429)		(1,188,295)
GROSS MARGIN	**294,288**	**(10,429)**	**0**	**283,859**
Marketing expenses	(31,031)		232	(30,800)
Administrative expenses	(64,437)	0	(4,466)	(68,903)
OPERATING INCOME	**143,425**	**(10,429)**	**(4,235)**	**128,761**
Financial expenses	(14,639)	7,804		(6,836)
Cost of net financial debt	(13,313)	7,804	0	(5,509)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**130,112**	**(2,626)**	**(4,235)**	**123,252**
Income tax	(38,003)	853	4,235	(32,915)
NET INCOME (LOSS) OF CONSOLIDATED COMPANIES	**92,109**	**(1,772)**	**0**	**90,337**
Share of income (loss) of equity affiliates and joint ventures	3,420	4		3,424
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**95,529**	**(1,768)**	**0**	**93,761**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

(in € thousands)	November 30, 2019 pro forma (*)	Capitalization effect	CVAE effect	November 30, 2019 published
ASSETS				
Equity affiliates and joint ventures	5,929	158	0	6,087
NON-CURRENT ASSETS	**177,533**	**158**	**0**	**177,691**
Inventories/current programs	400,525	1,345	0	401,870
CURRENT ASSETS	**1,388,921**	**1,345**	**0**	**1,390,266**
TOTAL ASSETS	**1,566,454**	**1,503**	**0**	**1,567,957**
EQUITY AND LIABILITIES				
ATTRIBUTABLE SHAREHOLDERS' EQUITY	**282,160**	**735**	**0**	**282,894**
Non-controlling interests	10,953	187	0	11,140
SHAREHOLDERS' EQUITY	**293,113**	**922**	**0**	**294,034**
Deferred taxes	50,346	582	0	50,928
NON-CURRENT LIABILITIES	**236,952**	**582**	**0**	**237,534**
TOTAL EQUITY AND LIABILITIES	**1,566,454**	**1,504**	**0**	**1,567,957**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Standards and interpretations effective after the closing date

Application of the standards, amendments to standards and interpretations published by the IASB and presented below does not become mandatory until after November 30, 2020.

Standard	Applied to periods beginning on or after
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 16 "Covid-19-related rent concessions"	June 1, 2020
Interest rate benchmark reform (IBOR) – Phase 1 – Amendments to IFRS 9, IAS 39 and IFRS 7 *	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of 'material'"	January 1, 2020
Revised conceptual framework for financial reporting (replacing the 2010 framework)	January 1, 2020
Amendments to IFRS 4 "Deferral of IFRS 9"	January 1, 2021
Interest rate benchmark reform (IBOR) – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**	January 1, 2021
Amendments to IFRS 3 "Updating a reference to the conceptual framework"	January 1, 2022
Amendments to IAS 16 "Accounting for products produced while the company is preparing the asset for its intended use"	January 1, 2022
Amendments to IAS 37 "Onerous contracts"	January 1, 2022
Annual improvements 2018- 2020 cycle – amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16	January 1, 2022
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IAS 1 - Classification of liabilities as current or noncurrent	January 1, 2023

* *The IBOR phase 1 amendment was applied at November 30, 2020 but had no impact on the accounts, as the group does not record accounting hedges on its borrowings.*
** *This amendment was not applied early at November 30, 2020.*

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 amounts of income and expenses, and on the book value of assets and liabilities.

The estimates and assumptions primarily concern:

- earnings forecasts for real-estate programs used to recognize these operations on a percentage-of-completion basis (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 assets (Notes 5.1 "Goodwill" and 5.2 "Other intangible 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, could be impacted by the economic environment and regulatory changes, particularly government tax incentives.

Impacts of Covid-19

The lockdown measures taken under the healthcare crisis since March 2020 and the postponement of the second round of municipal elections brought work at construction sites, the signing of notarized deeds and the issuance of building permits to a simultaneous halt. The group has made efforts to ensure that operations continue while also ensuring the protection of its employees, its suppliers and their subcontractors, and has taken all possible measures to adjust its cost base and limit the impact of the crisis on results. In these exceptional circumstances, the group identified the effects of these matters as indications of loss of value and consequently performed impairment tests in accordance with IAS 36. The results of these tests demonstrated that the assets tested retained their value and did not lead to the recording of an impairment charge. The assumptions and estimates made in the tests are given in Note 5.4.

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

The 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 equity affiliates

Joint ventures are partnerships in which the group and the other parties involved have joint control, as agreed contractually, over the entity and rights over the entity's net assets.

Decisions regarding 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% of 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 implicit 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 of equity affiliates and joint ventures

(in € thousands)	November 30, 2019 *	Distribution	Share of net income for the fiscal year	Impact of changes in scope and similar	November 30, 2020
Equity-accounted investments in equity affiliates	927	(1,400)	1,207	82	816
Equity-accounted investments in joint ventures	(249)		(4)	0	(253)
TOTAL EQUITY-ACCOUNTED INVESTMENTS	**678**	**(1,400)**	**1,203**	**82**	**563**
Receivables due from equity affiliates	5,251			(47)	5,204
Receivables due from joint ventures	0				0
TOTAL RECEIVABLES DUE FROM EQUITY AFFILIATES AND JOINT VENTURES	**5,251**	**0**	**0**	**(47)**	**5,204**
EQUITY AFFILIATES AND JOINT VENTURES	**5,929**	**(1,400)**	**1,203**	**36**	**5,767**

* *Restated to reflect the end of the capitalization of financing costs following the change in interpretation of IAS 23 and the reclassification of the CVAE expense from operating expenses to income tax.*

Main components of the balance sheets and income statements of equity affiliates and joint ventures

	November 30, 2020		November 30, 2019 *	
(in € thousands)	Equity affiliates	Joint ventures	Equity affiliates	Joint ventures
Non-current assets	(4,095)	(308)	(5,579)	(302)
Current assets	96,912	2,467	79,679	2,481
TOTAL ASSETS	**92,817**	**2,159**	**74,100**	**2,179**
Shareholders' equity	5,328	(506)	4,274	(499)
Non-current liabilities	2,274		9,894	0
Current liabilities	85,215	2,665	59,932	2,678
TOTAL EQUITY AND LIABILITIES	**92,817**	**2,159**	**74,100**	**2,179**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

	November 30, 2020		November 30, 2019 *	
(in € thousands)	Equity affiliates	Joint ventures	Equity affiliates	Joint ventures
Revenue	36,578		36,105	
Cost of sales	(28,567)	(7)	(28,205)	(16)
GROSS MARGIN	**8,011**	**(7)**	**7,900**	**(16)**
Other income and expenses	(4,756)	(1)	(7,640)	(1)
Current operating income	3,255	(8)	259	(17)
NET INCOME	**3,167**	**(8)**	**3,264**	**(17)**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Business combinations

In the event of a takeover, the identifiable assets, liabilities and contingent liabilities of the acquired entity 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 provisions of the standard, the costs associated with business combinations are recognized in expenses in the period during which they were incurred.

Note 2.2. Changes to the scope of consolidation

No material acquisitions were made during the year. During the year, 26 companies entered the scope of consolidation and 17 companies were wound up or deconsolidated.

Note 3. Operational 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, 2020 *(in € thousands)*	**Île-de-France**	**West**	**East**	**Southwest**
Revenue	462,989	59,959	225,921	180,396
GROSS MARGIN	**86,906**	**8,326**	**37,760**	**30,831**
Selling expenses	(6,242)	(1,285)	(5,383)	(3,486)
Administrative expenses	(10,789)	(2,513)	(8,294)	(7,673)
Technical and customer service expenses	(7,847)	(1,647)	(4,326)	(3,939)
Development and program expenses	(6,218)	(2,842)	(11,506)	(5,233)
Reallocation of head office expenses	(9,227)	(2,596)	(7,442)	(5,988)
OPERATING INCOME	**46,583**	**(2,557)**	**810**	**4,512**
Cost of net financial debt and other financial income/expenses	(1,003)	(732)	(4,364)	(3,842)
Reallocation of cost of net financial debt	(207)	(58)	(167)	(134)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**45,373**	**(3,346)**	**(3,722)**	**536**
Income tax	(11,826)	1,361	2,131	946
Share of income (loss) of equity affiliates and joint ventures	1,790	35	155	(108)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**35,337**	**(1,950)**	**(1,436)**	**1,373**
Attributable net income	*26,486*	*(2,175)*	*(2,507)*	*(933)*
Non-controlling interests	*8,851*	*225*	*1,070*	*2,307*

Fiscal year ended November 30, 2020 *(in € thousands)*	Business Property and Logistics	Other regions	Other business activities	Head Office	Grand total
Revenue	230,596		3,189		1,163,050
GROSS MARGIN	**42,079**	**519**	**753**		**207,176**
Selling expenses	(445)	0	(9)	(4,838)	(21,689)
Administrative expenses	(1,858)	(6)	(1,095)	(20,579)	(52,808)
Technical and customer service expenses	(622)	0	(58)	(799)	(19,237)
Development and program expenses	(6,236)	(57)	2	(1,218)	(33,308)
Reallocation of head office expenses	(1,978)	0	(203)	27,434	0
OPERATING INCOME	**30,940**	**456**	**(610)**	**0**	**80,134**
Cost of net financial debt and other financial income/expenses	(282)	(162)	1,303	(614)	(9,697)
Reallocation of cost of net financial debt	(44)	0	(5)	614	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**30,614**	**294**	**688**	**0**	**70,437**
Income tax	(8,393)	(91)	(374)		(16,247)
Share of income (loss) of equity affiliates and joint ventures	(222)	(4)	679		2,324
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**21,998**	**199**	**993**	**0**	**56,514**
Attributable net income	*18,201*	*200*	*867*	*0*	*40,138*
Non-controlling interests	*3,798*	*(1)*	*126*		*16,376*

Head office 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 business activity (measured by the number of Equivalent Housing Units – EHUs delivered) and the number of employees projected in the budget for the period concerned.

Income tax is based on a notional tax charge for each segment according to its net pre-tax income. The impact of permanent differences included in the calculation of income tax is reallocated on the basis described above.

Fiscal year ended November 30, 2019 *(in € thousands)*	Île-de-France	West	East	Southwest
Revenue	600,127	81,993	314,012	297,908
GROSS MARGIN	**116,138**	**19,124**	**58,257**	**51,717**
Selling expenses	(8,475)	(1,548)	(7,181)	(4,787)
Administrative expenses	(9,557)	(3,848)	(10,182)	(8,781)
Technical and customer service expenses	(9,246)	(1,708)	(4,850)	(4,466)
Development and program expenses	(7,142)	(1,640)	(8,295)	(6,153)
Reallocation of head office expenses	(12,095)	(3,264)	(9,428)	(9,009)
OPERATING INCOME	**69,623**	**7,116**	**18,321**	**18,521**
Cost of net financial debt and other financial income/expenses	(1,929)	(114)	(3,472)	(2,185)
Reallocation of cost of net financial debt	(1,437)	(388)	(1,120)	(1,070)
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**66,257**	**6,614**	**13,729**	**15,266**
Income tax	(19,065)	(1,862)	(4,022)	(3,659)
Share of income (loss) of equity affiliates and joint ventures	2,345	11	936	(61)
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**49,537**	**4,763**	**10,643**	**11,546**
Attributable net income	*37,632*	*4,085*	*9,083*	*8,635*
Non-controlling interests	*11,905*	*678*	*1,560*	*2,911*

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	**48,710**	**238**	**102**	**0**	**294,288**
Selling expenses	(1,112)	0	(17)	(7,912)	(31,031)
Administrative expenses	(4,493)	(16)	(800)	(26,759)	(64,437)
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 head office expenses	(2,822)	0	(185)	36,803	0
OPERATING INCOME	**30,299**	**458**	**(915)**	**0**	**143,425**
Cost of net financial debt and other financial income/expenses	1,322	(157)	(2,405)	(4,372)	(13,313)
Reallocation of cost of net financial debt	(335)	0	(22)	4,372	0
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**31,286**	**301**	**(3,342)**	**0**	**130,112**
Income tax	(10,396)	(104)	1,108	0	(38,003)
Share of income (loss) of equity affiliates and joint ventures	(2)	0	190	0	3,420
INCOME (LOSS) OF THE CONSOLIDATED GROUP	**20,888**	**197**	**(2,044)**	**0**	**95,529**
Attributable net income	*20,305*	*197*	*(2,046)*	*0*	*77,891*
Non-controlling interests	*583*	*0*	*2*	*0*	*17,638*

Note 3.1.2. Working capital requirement by operating segment

Fiscal year ended November 30, 2020 *(in € thousands)*	Île-de-France	West	East	Southwest
Inventories	95,738	22,626	70,452	173,352
Accounts receivable	161,017	18,373	69,962	115,585
Other	(251,789)	(42,568)	(115,404)	(185,005)
WORKING CAPITAL REQUIREMENT	**4,966**	**(1,569)**	**25,011**	**103,932**

Fiscal year ended November 30, 2020 *(in € thousands)*	Business Property and Logistics	Other regions	Other business activities	Head Office	Grand total
Inventories	9,907	0	4,319	2,056	378,451
Accounts receivable	96,705	1	2,812	523	464,977
Other	(142,678)	(852)	(1,452)	18,430	(721,318)
WORKING CAPITAL REQUIREMENT	**(36,066)**	**(851)**	**5,679**	**21,008**	**122,110**

"Other" essentially comprises trade accounts payable of €760.0 million, social security and tax payable of €75.7 million, and other liabilities of €70.0 million, less sundry receivables of €184.4 million.

Fiscal year ended November 30, 2019 * (in € thousands)	Île-de-France	West	East	Southwest
Inventories	157,005	22,428	84,392	185,569
Accounts receivable	172,637	31,131	121,190	142,406
Other	(294,182)	(44,169)	(141,587)	(233,065)
WORKING CAPITAL REQUIREMENT	**35,460**	**9,390**	**63,995**	**94,910**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to "Income tax".*

Fiscal year ended November 30, 2019 * (in € thousands)	Business Property and Logistics	Other regions	Other business activities	Head Office	Grand total
Inventories	2,684	0	5	3,892	455,976
Accounts receivable	41,506	1	530	2,504	511,907
Other	(111,789)	(1,578)	311	8,328	(817,735)
WORKING CAPITAL REQUIREMENT	**(67,599)**	**(1,577)**	**846**	**14,724**	**150,148**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

Note 3.2. Revenue and gross margin

The group markets all of its development projects under the rules governing sale before completion (VEFA).

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 percentage of land expenses and construction expenses incurred by the group for the program to date relative to the program's total budgeted costs.

The forecasts used were completely re-examined every quarter and, to the best of the Management's knowledge, they take account of expected changes in sales prices and in the cost of marketing and construction.

Below is a breakdown of revenue and gross margin by product:

	November 30, 2020		November 30, 2019	
(in € thousands)	Revenue	Gross margin	Revenue	Gross margin
Multi-occupancy housing	877,146	153,304	1,232,362	226,099
Single-family homes	86,135	16,183	101,638	21,066
TOTAL HOUSING	**963,281**	**169,488**	**1,334,000**	**247,165**
COMMERCIAL	**194,372**	**36,039**	**130,410**	**45,226**
OTHER	**5,397**	**1,649**	**7,744**	**1,897**
TOTAL REVENUE AND GROSS MARGIN	**1,163,050**	**207,176**	**1,472,154**	**294,288**

Note 3.3. Operating expenses

(in € thousands)	November 30, 2020				November 30, 2019			
	Salaries and payroll taxes	Advertising expenses	Other operating expenses	Total	Salaries and payroll taxes	Advertising expenses	Other operating expenses	Total
Selling expenses	10,383	8,249	3,056	21,689	9,656	17,469	3,906	31,031
Administrative expenses	23,854	0	28,954	52,808	30,416		34,021	64,437
Technical and customer service expenses	17,379		1,858	19,237	19,649		2,551	22,200
Development and program expenses	15,666		17,642	33,308	17,674		15,522	33,196
TOTAL OPERATING EXPENSES	**67,282**	**8,249**	**51,511**	**127,042**	**77,395**	**17,469**	**56,000**	**150,864**

Selling expenses

Selling expenses were €21.7 million at November 30, 2020, versus €31.0 million in 2019. This 30% decrease is mainly due to a €9.2 million fall in advertising expenses.

Administrative expenses

Administrative expenses were €52.8 million at November 30, 2020, versus €64.4 million in 2019. The fall of 18% is mainly attributable to a €6.5 million fall in "Salaries and payroll taxes", a €5.4 million fall in "Rental and lease expenses" following the application of IFRS 16 from December 1, 2019, and a €1.7 million decrease in "Estimated expenses".

Technical and customer service expenses

Technical and customer service expenses totaled €19.2 million at November 30, 2020, versus €22.2 million in 2019, the decrease deriving essentially from the €2.2 million fall in "Salaries and payroll taxes".

Development and program expenses

Development and program expenses remained steady, totaling €33.3 million in the period to November 30, 2020 as compared with €33.2 million in 2019. This includes a €2.0 million decrease in "Salaries and payroll taxes" and a €2.8 million increase in provisions against inventories of new projects, which is recognized in "Estimated expenses".

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.

On each accounting period end date, the fraction 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 the construction and development of 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 set up to cover foreseeable losses, which are measured on the basis of an analysis of the projected economic and financial data specific to each project.

(in € thousands)	November 30, 2020 Gross	Impairment	Net	November 30, 2019 * Net
New projects	79,828	(22,576)	57,253	55,451
Current programs	323,907	(2,709)	321,198	400,525
TOTAL INVENTORIES	**403,735**	**(25,284)**	**378,451**	**455,976**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

The change in impairment charges may be broken down as follows:

(in € thousands)	November 30, 2019	Increases	Reversals	November 30, 2020
New projects	16,764	20,006	(14,194)	22,576
Current programs	2,337	877	(505)	2,709
TOTAL INVENTORIES	**19,101**	**20,883**	**(14,699)**	**25,284**

Net inventories of new project expenses were up €1.8 million.

The provision for new project expenses increased following the decision to impair expenses for projects that had not been formally abandoned but whose future development was uncertain. Impairment provisions of €9.3 million were reversed in relation to 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 decreased by 19.6% over the year.

Provisions for current programs reflect provisions for purchased but undeveloped land and provisions for losses on completion on programs under development.

Reversals of provisions for impairment mainly reflect the reversal of a €0.5 million provision in relation to one abandoned project.

Note 3.5. Accounts receivable and other receivables

Accounts receivable are receivables arising from the recognition of revenues 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; such 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, given that the essence of its business is carried out within a regulatory framework that ensures that receivables will be settled.

(in € thousands)	November 30, 2020 Gross	Impairment	Net 2020	November 30, 2019 Net 2019
ACCOUNTS RECEIVABLE	**465,430**	**(453)**	**464,977**	**511,907**
Government – VAT	144,144	(185)	143,959	154,155
Advances and down-payments	674		674	547
Partners' current accounts	9,427		9,427	10,773
Receivables due from notaries	13,236		13,236	12,103
Other	14,597	(3,561)	11,037	12,153
TOTAL OTHER RECEIVABLES	**182,079**	**(3,746)**	**178,334**	**189,731**
GOVERNMENT – CURRENT TAXES	**5,563**		**5,563**	**21,770**
PREPAID EXPENSES	**515**		**515**	**1,435**
TOTAL ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES	**653,588**	**(4,199)**	**649,389**	**724,843**

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, 2019	Change in scope of consolidation	Increases	Used reversals	Unused reversals	November 30, 2020
Accounts receivable	830		84	(15)	(446)	453
Other receivables and VAT	3,852		720	(716)	(110)	3,746
TOTAL	**4,682**	**0**	**804**	**(731)**	**(556)**	**4,199**

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 (€465.0 million) and outstanding calls for payment (€72.4 million, net of impairments), i.e. €392.6 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.

At November 30, 2020, calls for payment by due date were as follows:

	November 30, 2020		November 30, 2019	
(in € millions)	value	%	value	%
• Not yet due	5.3	7.3%	5.5	7.6%
• Less than 30 days	48.7	67.2%	64.4	88.9%
• 30 to 60 days	11.0	15.2%	9.8	13.5%
• 60 to 90 days	1.1	1.5%	1.3	1.8%
• More than 90 days	6.4	8.8%	4.9	6.8%
TOTAL CALLS FOR PAYMENT	**72.4**		**85.9**	

Notaries drafting deeds of sale are generally required to verify that the financing of a sale is secured by the time the 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 €0.45 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.

Note 3.5.2. Government – VAT

At November 30, 2020, the VAT item included: deductible VAT of €43.5 million (2019: €30.3 million) in relation to supplier invoices; VAT of €80.1 million (2019: €103.7 million) on invoices not yet received in relation to program expenses recognized on the percentage-of-completion basis; and VAT credits of €20.6 million (2019: €20.1 million).

Note 3.5.3. Partners' current accounts

This item reflects the share of losses allocated to minority partners for fully consolidated operations and not settled at November 30, 2020. A provision for liabilities and charges of €8.5 million has been established to cover the non-recoverability risk associated with partners' current accounts receivable (see Note 8.1 "Provisions for liabilities and charges").

Note 3.5.4. Other

The "Other" line item includes, among other things, two loan receivables from partners, one of which (€1.2 million) is fully provisioned on account of the legal dispute between the group and the partner in question, the payment of €0.5 million in relation to the Urssaf adjustment (see Note 8.1 "Provisions for liabilities and charges"), the sums paid in relation to the Roissy Park development dispute (€0.6 million; see Note 8.2 "Contingent liabilities"), insurance premiums paid in 2020 that are to be reinvoiced to programs (€1.8 million), and an advance on future profits (€1.6 million) paid in connection with the agreements linked to the acquisition of SMP.

Note 3.6. Breakdown of the change in working capital requirement

(in € thousands)	November 30, 2019 *	Change in WCR in the CFS	Change in scope of consolidation	Other changes in the WCR	November 30, 2020
Inventories	455,976	(78,668)	668	475	378,450
Accounts receivable	511,907	(56,000)	3,011	6,059	464,977
Accounts payable	(907,498)	121,648	(2,099)	27,964	(759,985)
Other operating assets and liabilities	71,268	6,031	(3,084)	(38,390)	35,825
OPERATING WORKING CAPITAL REQUIREMENT (CASH FLOW STATEMENT)	**131,653**	**(6,989)**	**(1,504)**	**(3,893)**	**119,267**
Current taxes	18,495	(14,190)		(1,462)	2,843
WORKING CAPITAL REQUIREMENT	**150,147**	**(21,179)**	**(1,504)**	**(5,355)**	**122,111**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses (Inventories).*

The operating working capital requirement (excluding current taxes) decreased by €12.4 million compared to November 30, 2019.

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 customer receivables 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 Company having to meet the cash requirements generated by the relevant property programs.

Note 4. Employee compensation and benefits

Note 4.1. Payroll expenses

Payroll expenses incurred in relation to the group's employees break down as follows:

(in € thousands)	November 30, 2020	November 30, 2019
Salaries (excluding retirement benefits and employer's contributions)	(44,729)	(50,630)
Retirement indemnities: awarded during year [(a)]	208	59
Employer's contributions to share purchase schemes	(1,009)	(1,048)
SALARIES	**(45,530)**	**(51,619)**
Expenses in relation to stock options [(b)]	(1,594)	(2,786)
SALARIES AND OTHER COMPENSATION	**(47,124)**	**(54,406)**
Social contributions [(c)]	(21,752)	(25,775)
Payroll taxes	(1,114)	(655)
Social contributions: retirement indemnities	69	21
TAX AND SOCIAL SECURITY CHARGES	**(22,797)**	**(26,409)**
TOTAL PAYROLL EXPENSES	**(69,921)**	**(80,815)**
Average number of employees (full-time equivalents)	829	868

(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 €6.2 million in fiscal year 2020, compared to €6.4 million in fiscal year 2019.

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 the amount of the award for each employee based on his or her projected final salary and the vested rights associated with the employee's length of service on the valuation date. The amount of the award thus measured is discounted and weighted for probability using the mortality table and the employee turnover table.

Actuarial gains and losses are fully and directly recognized in shareholders' equity over the course of the period in which they arise.

The following assumptions were used in order to calculate retirement benefits:

- discount rate: 0.50% 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: 9.1% for managerial staff and 7.9% for others, whereby differential rates calculated on the average of the last three fiscal years were 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 benefit plans.

This provision includes the payroll taxes that the Company would have to pay if it required employees to retire pursuant to the labor laws in force.

The table below shows the details of the retirement benefit expenses recognized for the fiscal year:

(in € thousands)	November 30, 2020	November 30, 2019
Current service cost [(a)]	(277)	(80)
Interest cost [(b)]	44	98
EXPENSE RECOGNIZED IN INCOME STATEMENT	**(233)**	**18**

(a) The current service cost was recognized in "Salaries and payroll taxes".
(b) The interest cost is recorded in "Cost of net financial debt".

The changes to the provision are as follows:

(in € thousands)	November 30, 2020	November 30, 2019
Net liabilities at beginning of period	7,907	7,072
Cost for the fiscal year	(171)	286
Benefits paid	(62)	(268)
Change in scope of consolidation	0	13
Actuarial gains or losses (recognized in shareholders' equity)	(555)	804
NET LIABILITIES AT END OF PERIOD	**7,119**	**7,907**

The actuarial loss at November 30, 2020 totaled €0.6 million, compared with an actuarial gain of €0.8 million at November 30, 2019. The change was due for the most part to the updating of the staff turnover rate.

At November 30, 2019, the net liability would be €7,327 thousand using a discount rate of 0.25% and €6,920 thousand using a discount rate of 0.75%.

The actuarial gains and losses generated can be presented on a historical basis as follows:

(in € thousands)	November 30, 2020	November 30, 2019	November 30, 2018	November 30, 2017
Obligations	7,119	7,907	7,072	6,406
Financial assets	-	-	-	-
FINANCIAL COVERAGE	**7,119**	**7,907**	**7,072**	**6,406**
Actuarial losses and (gains) generated on the obligations	(555)	804	345	(583)

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 based on 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 27, 2020, under the authority granted by the Shareholders' Meeting of May 5, 2019.

The main features of the group's plans in effect at November 30, 2020 are presented in the table below:

Bonus share plan	May 3, 2018	February 21, 2019 Plan 1	February 21, 2019 Plan 2	February 2020 Plan 1	February 2020 Plan 2
Date authorized by the Extraordinary Shareholders' Meeting	May 3, 2018	May 3, 2018	May 3, 2018	May 2, 2019	May 2, 2019
Number of bonus shares that may be awarded	250,000	240,000	138,012	250,000	156,783
Date of the Board of Directors' meeting awarding the shares	May 3, 2018	February 21, 2019	February 21, 2019	February 27, 2020	February 27, 2020
Number of beneficiaries	1	944	1	883	1
Types of shares	Existing	Existing	Existing	Existing	Existing
Number of bonus shares awarded	10,000	101,988	10,000	93,217	10,000
Lapsed shares	0	23,039	0	9,170	0
Shares outstanding at November 30, 2020	10,000	78,949	10,000	84,047	10,000
Share price on the award date	€43.80	€34.20	€34.20	€37.38	€37.38
Date of vesting	May 3, 2021	February 21, 2021	February 21, 2022	February 27, 2022	February 27, 2023
Date available	May 3, 2022	February 21, 2023	February 21, 2023	February 27, 2024	February 27, 2024
Initial fair value of the plan	236,016	2,055,210	164,285	2,074,706	196,976
Data input into the model:	Binomial model	Binomial model	Binomial model	Binomial model	Binomial model
• exercise price	-	-	-	-	-
• expected dividends (% of capitalization)	€2.10 per share	€2.50 per share	€2.50 per share	€2.50 per share	€2.50 per share
• risk-free interest rate (market rate)	-0.30%	-0.28%	-0.28%	-0.48%	-0.48%
• share lending/borrowing rate					
• forward price discounting rate	Euribor +300 bps	Euribor + 300 bps	Euribor + 300 bps	Euribor +300 bps	Euribor +300 bps
• turnover rate	0% for the Chairman	0% for the Chairman, 11.3% for key executives, 18.3%/year for other employees	0% for the Chairman	0% for the Chairman, 11.11% for key executives, 19.59%/year for other employees	0% for the Chairman

The bonus share plans generated an expense of €1.6 million in 2020, as detailed below. This was recognized in income with a contra entry in shareholders' equity:

(in € thousands)	March 7, 2018 plan	March 5, 2018 plan	February 21, 2019 plan No. 1	February 21, 2019 plan No. 2	February 27, 2020 plan No. 1	February 27, 2020 plan No. 2	Total
Initial valuation	2,583	236	2,055	164	2,075	197	7,310
Expense for the period	151	78	699	55	562	50	1,595

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 2019 and no other transaction that was unusual in its type or amount occurred during the fiscal year.

Group corporate officers

In 2019 and 2020, 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.

(in € thousands)	November 30, 2020	November 30, 2019 published
Short-term benefits other than employer contributions [(a)]	3,915	3,574
Short-term benefits: employer contributions	2,206	1,975
Post-employment benefits – balance sheet impact [(b)]	-	-
Other long-term benefits [(c)]	-	-
Severance awards	-	-
Directors' fees [(d)]	286	240
Share-based compensation	-	-
Stock option awards (number)	-	-
Bonus share awards (number)	29,800	29,200

(a) Includes gross salaries, compensation, bonuses, incentives, profit-sharing and benefits in kind paid for the year.
(b) Compensation relates to members of the Management Committee.
(c) Benefits provided as retirement benefits.
(d) Other compensation vested but due in the long term.
(e) 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 2020, the amount recognized as expenses by our Company for this contract was €195,000 (€155,000 at November 30, 2019).

Note 5. Property, plant and equipment and intangible 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 may be analyzed by cash generating unit (CGU) as follows:

(net value in € thousands)	November 30, 2020	November 30, 2019
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, 2020	November 30, 2019
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, 2020. The recoverable amount used was based on value in use.

Note 5.2. Other intangible assets

Intangible 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 any indication of impairment.
Other intangible assets consist of design costs and software, which are recognized at their acquisition or production cost, and are amortized using the straight-line method over 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 assets break down as follows:

	November 30, 2020			November 30, 2019
(in € thousands)	Gross value	Aggregated amortization	Net value	Net value
Kaufman & Broad brand	80,422		80,422	80,422
Other intangible assets	37,993	(27,355)	10,638	10,787
TOTAL INTANGIBLE ASSETS	**118,415**	**(27,355)**	**91,060**	**91,209**

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 assets may be analyzed as follows:

(in € thousands)	November 30, 2020	November 30, 2019
Balance at beginning of period	91,209	91,012
Acquisitions of intangible assets	3,582	3,646
Sales and disposals and change in scope of consolidation	(9)	(56)
Amortization expense	(3,722)	(3,392)
BALANCE AT END OF PERIOD	**91,060**	**91,209**

Acquisitions of intangible 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: 9 years;
- construction equipment: 5 years;
- transportation equipment: 5 years;
- office equipment: 5 years;
- office furniture: 10 years;
- IT equipment: 3 years.

Right-of-use assets (IFRS 16)

The first-time application of IFRS 16 "Leases" had an impact of €26.789 million on property, plant and equipment at November 30, 2019. This was recorded under right-of-use assets and breaks down as follows:

	November 30, 2020			November 30, 2019
(in € thousands)	Gross value	Aggregated amortization	Net value	Net value
Buildings and infrastructure	24,746	(5,854)	18,892	
Bootiks	1,170	(197)	974	
Vehicles	771	(306)	466	
Digital equipment	101	(45)	56	
TOTAL PROPERTY, PLANT AND EQUIPMENT	**26,789**	**(6,401)**	**20,388**	**0**

Property, plant and equipment break down as follows:

	November 30, 2020				November 30, 2019
(in € thousands)	Gross value	Aggregated amortization	Provisions for impairment	Net value	Net value
Land					
Buildings					
Other property, plant and equipment	27,114	(21,137)		5,977	5,976
Property, plant and equipment in progress				0	0
TOTAL NET PROPERTY, PLANT AND EQUIPMENT	**27,114**	**(21,137)**	**0**	**5,977**	**5,976**

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, 2020	November 30, 2019
Balance at beginning of period	5,976	7,414
Acquisitions of property, plant and equipment	1,228	2,869
Sales, write-offs and changes in scope of consolidation	(298)	(456)
Depreciation (net of reversals)	(3,062)	(3,154)
Provision for impairment (net of reversals)	2,133	(696)
BALANCE AT END OF PERIOD	**5,977**	**5,976**

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 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 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 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 its recoverable value with its 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 the 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 is equal 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, 2020 was 7% (unchanged compared to November 30, 2019). The group uses a single discount rate, as the geographic and industry segments do not have any specific features that might have an impact on the discount rate. This rate is calculated based on the average cost of capital employed and includes a risk premium.

The group used the projections established at fiscal year-end for the 2019-2023 period; these projections include growth assumptions that differ from one another to 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, 2019). 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 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 changes to the calculation parameters that were management deemed to be reasonably possible, namely: 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 6. Financing and financial instruments

Note 6.1. Financial assets and liabilities

Financial assets are classified and measured at amortized cost. They principally comprise receivables in relation to equity interests, loans, and deposits and sureties paid.

Financial liabilities are classified into three categories and include:

- borrowings at amortized cost;
- financial liabilities recognized at fair value through profit or loss;
- financial liabilities recognized at fair value through equity.

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 added to that 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 as a 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

(in € thousands)	November 30, 2020			November 30, 2019		
	Fair value through profit or loss	Amortized cost	Balance sheet value	Fair value through profit or loss	Amortized cost	Balance sheet value
Financial assets						
Other non-current financial assets		7,021	7,021		1,756	1,756
Accounts receivable		464,977	464,977		511,507	511,507
Other current receivables		178,334	178,334		189,731	189,731
Current tax position		5,563	5,563		21,770	21,770
Cash and cash equivalents	215,192		215,192	208,102		208,102
TOTAL FINANCIAL ASSETS	**215,192**	**655,895**	**871,087**	**208,102**	**724,764**	**932,866**
Financial liabilities						
Borrowings and financial debts		152,664	152,664		152,089	152,089
Lease obligations (IFRS 16)		19,691	19,691			
Accounts payable		759,985	759,985		907,498	907,498
Current tax position		2,720	2,720		3,275	3,275
Other current liabilities		141,977	141,977		119,897	119,897
TOTAL FINANCIAL LIABILITIES	**0**	**1,077,037**	**1,077,037**	**0**	**1,182,759**	**1,182,759**

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 within 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 inputs.

	November 30, 2020			November 30, 2019		
(in € thousands)	Book value	Fair market value	Level	Book value	Fair market value	Level
Assets						
Cash and cash equivalents	215,192	215,192		208,102	208,102	
TOTAL ASSETS	**215,192**	**215,192**		**208,102**	**208,102**	
Liabilities						
Syndicated line of credit				0	0	3
Bonds	150,000	150,000	3	150,000	150,000	3
Credit facilities utilized	1,527	1,527	3	926	926	3
Other borrowings and finance leases	1,137	1,137	3	1,163	1,163	3
Fair value of derivatives				0	0	2
TOTAL LIABILITIES (EXCLUDING IMPACT OF IFRS 16 LEASE OBLIGATIONS)	**152,664**	**152,664**		**152,089**	**152,089**	
Lease obligations (IFRS 16)	19,691	19,691				
TOTAL EQUITY AND LIABILITIES	**172,355**	**172,355**		**152,089**	**152,089**	

Loans and receivables, and 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 those liabilities, and accrued interest on those liabilities and hedging instruments.

Gross financial debt by type

At November 30, 2020, gross financial debt broke down as follows:

	November 30, 2020			November 30, 2019
(in € thousands)	Current	Non-current	Total	
Syndicated credit line [(a)]			0	0
Bond [(b)]		150,000	150,000	150,000
Issuance expenses	(350)	(998)	(1,348)	(1,457)
Credit facilities utilized	1,527		1,527	926
Other borrowings and finance leases	2,479	6	2,485	2,621
Fair value of derivatives			0	0
GROSS FINANCIAL DEBT (EXCLUDING IMPACT OF IFRS 16 LEASE OBLIGATIONS)	**3,656**	**149,008**	**152,664**	**152,089**
Lease obligations (IFRS 16)	6,322	13,368	19,691	0
GROSS FINANCIAL DEBT	**9,978**	**162,376**	**172,355**	**152,089**

(a) The revolving credit facility (RCF) set up in January 2019 was drawn down from March 2020, then partially repaid. The amount of €118 million that was outstanding at May 31, 2020 was repaid on September 30, 2020. During the period, the repayment date for the facility was extended from 31 January 2024 to 31 January 2025.

(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, 2020, 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 comprised 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 six-month accounting period from November 2017 until the bond is repaid, 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, 2020	Ratio at November 30, 2020
Financial leverage ratio [(1)]	≤ 3.0	(0.78)
Debt/equity ratio [(2)]	≤ 2.0	(0.18)

(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 commitments;
(b) 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 attributable to 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 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 January 31, 2019, Kaufman & Broad SA signed a syndicated loan agreement for €250 million with an initial maturity of five years. This loan replaced the existing senior credit facilities and RCF 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. The option to extend the agreement from the date originally provided in the signed contract by one year to 31 January 2025 was taken and was approved by the lenders in May 2020.

As a result, at November 30, 2020, the group had syndicated loans comprising a revolving credit facility (the "Revolving Credit Facility") with a principal amount of €250 million. Owing to the Covid-19 health crisis, the group drew down €150 million of the revolving facility in March 2020. This amount was gradually reduced, with the balance being repaid on September 30, 2020. No amount was outstanding under the facility at November 30, 2020.

Under the 2019 Senior Facilities 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 six-month accounting period from November 2018 until 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, 2020	Ratio at November 30, 2020
Financial leverage ratio (1)	≤ 3.0	(0.78)
Debt/equity ratio (2)	≤ 2.0	(0.20)

(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 commitments;
(b) 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 attributable to 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 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 also stipulates that, in the event of a change of control of Kaufman & Broad SA, all commitments will automatically be canceled and any ongoing advances, 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 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 by the Borrower's Board of Directors; note that the term "acting in concert" refers to the definition given in Article L. 233-10 of the French Commercial Code.

Unutilized syndicated credit lines

(in € thousands)	November 30, 2020	November 30, 2019
Unutilized RCF line (1)	250,000	250,000

(1) The revolving credit facility (RCF), providing up to €250 million for an initial five-year period ending in January 2024, was extended until the end of January 2025 during the period. The facility was set up in January 2019 to finance the group's general and working capital needs. Following the Covid-19 health crisis, the facility was utilized from March 2020 to enable the group to meet its immediate cash needs. The amount drawn was gradually repaid over the period to September 30, 2020.

Change in gross financial debt

Gross financial debt at November 30, 2019	152,089
Issuance expenses	109
Repayment of senior debt	
Change in other borrowings (a)	(135)
Change in the fair value of derivative instruments	
Change in credit facilities	601
Gross financial debt at November 30, 2020 (excluding IFRS 16 lease obligations)	152,664
Change in IFRS 16 lease obligations	19,691
GROSS FINANCIAL DEBT AT NOVEMBER 30, 2020	**172,355**

(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, 2020	November 30, 2019
Bank balances and cash in hand [(a)]	213,794	206,047
Short-term investments and term deposits [(b)]		
Order balances [(c)]	1,398	2,055
CASH AND CASH EQUIVALENTS	**215,192**	**208,102**

(a) In accordance with the provisions of the Construction and Housing Code, payment of any sum owed by program companies to their partners 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 consist of the 5% deposits paid by customers to a blocked bank account upon signing 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 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, 2020	November 30, 2019
Gross financial debt	152,664	152,089
Cash and cash equivalents	215,192	208,102
NET FINANCIAL DEBT (EXCLUDING IFRS 16 LEASE OBLIGATIONS)	**(62,528)**	**(56,013)**
Lease obligations (IFRS 16)	19,691	
NET FINANCIAL DEBT	**(42,838)**	**(56,013)**

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 only to a limited degree on the group's own estimates. 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 interest rate risk management policy is intended to limit and control fluctuations in interest rates and their impact on net 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. These are derivatives for hedging cash flows. They are recognized in the balance sheet at their 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.

The group has had no hedging instruments in place since the first half of 2019.

The group's net debt exposure at November 30, 2020 was as follows:

Type of instrument	Floating/fixed	Less than 1 year	1 to 5 years	More than 5 years
Syndicated credit lines				
Bond	Fixed	2,322	150,000	
Credit facilities	Floating	1,527		
FINANCIAL LIABILITIES		**3,849**	**150,000**	**0**
Bank balances and cash in hand [(a)]	Floating	213,794		
Short-term investments	Floating			
Order balances	Floating	1,398		
FINANCIAL ASSETS		**215,192**	**0**	**0**
NET POSITION BEFORE RISK MANAGEMENT		**(211,343)**	**150,000**	**0**
Swaps				
NET POSITION AFTER RISK MANAGEMENT		**(211,343)**	**150,000**	**0**

(a) Banks, cash in hand and order balances.

Interest rate sensitivity of financial assets and liabilities

Assumptions: 1-month Euribor at -0.490%

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: -€8 thousand;
- decrease: +€2 thousand.

The group's net debt exposure at November 30, 2019 was as follows:

Type of instrument	Floating/fixed	Less than 1 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.

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 SICAVs (mutual funds) and certificates of deposit 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 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, 2020.

(in € thousands)	Book value at November 30, 2020											Book value at November 30, 2019
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 5 years		More than 5 years		Total	
	Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments	Interest	Repay-ments		
Borrowings and financial liabilities												
Syndicated credit lines											0	0
Bond			3,746		3,746		6,770	150,000	1,106		150,000	150,000
Other borrowings	140	4,078		6							4,084	3,547
TOTAL (EXCLUDING IFRS 16 LEASE OBLIGATIONS)	**140**	**4,078**	**3,746**	**6**	**3,746**	**0**	**6,770**	**150,000**	**1,106**	**0**	**154,084**	**153,547**
Lease obligations (IFRS 16)		6,250		4,218		2,336		4,281		2,533	19,618	0
TOTAL	**140**	**10,328**	**3,746**	**4,224**	**3,746**	**2,336**	**6,770**	**154,281**	**1,106**	**2,533**	**173,702**	**153,547**

Interest is paid monthly.

Note 6.3. Cost of net financial debt

(in € thousands)	November 30, 2020	November 30, 2019
Financial expenses	13,260	14,639
Financial income	(3,563)	(1,326)
COST OF NET FINANCIAL DEBT	**9,697**	**13,314**

The cost of net financial debt was €9.7 million, a decrease of €3.6 million compared with 2019.

Financial expenses break down as follows:

(in € thousands)	November 30, 2020	November 30, 2019
Interest expenses on syndicated credit lines and bond issue	5,462	4,880
Interest expenses on swaps		142
Charges for the deferral of arrangement fees for syndicated lines	359	290
Financial expenses on IFRS 16 lease obligations	477	
Expenses on dedicated transactions	3,071	3,090
Fair value of swaps		
Other	3,891	6,237
FINANCIAL EXPENSES	**13,260**	**14,639**

Interest expenses on the syndicated credit lines and bond reflect an average utilization of €198.3 million during 2020, compared to €158.2 million (syndicated credit lines only) in 2019.

The total effective rate payable on the debt, taking into account the overall amortization of issuance expenses and hedging arrangements, was 3.52%, versus 4.36% in 2018.

Income from cash and cash equivalents breaks down as follows:

(in € thousands)	November 30, 2020	November 30, 2019
Capital gain on sale of money-market SICAVs and certificates of deposit	(66)	(115)
Interest income from equity-accounted affiliates	(362)	(112)
Other financial income	(255)	(224)
Reversal of provision on fund advances	(2,880)	(875)
Penalty interest		
FINANCIAL INCOME	**(3,563)**	**(1,326)**

Note 7. Shareholders' equity and earnings per share

Note 7.1. Shareholders' equity

Note 7.1.1. Change in capital

None.

(in € thousands)	November 30, 2019	Increase	Reduction	November 30, 2020
Number of shares	22,088,023			22,088,023
Par value (in €)	0.26			0.26
TOTAL (IN € THOUSANDS)	**5,743**	**0**	**0**	**5,743**

Note 7.1.2. Consolidated reserves

At November 30, 2020, consolidated reserves included €266.4 million in attributable net income for the year.

Note 7.1.3. Dividends

Kaufman & Broad SA's Shareholders' Meeting held on May 5, 2020 proposed the payment of a dividend in cash for the year ended November 30, 2019.

The total dividend payable in cash to shareholders was €38.0 million. This sum was paid on June 10, 2020.

Note 7.1.4. Treasury shares

Purchases of treasury shares are recognized against shareholders' equity based on their acquisition cost. Gains and losses from the sale of treasury shares, net of tax, are posted to consolidated reserves.

At November 30, 2020, the group held 715,105 shares, including 6,000 shares held under a liquidity agreement. At November 30, 2019, the group held 210,261 treasury shares, including 5,750 shares held under the liquidity agreement.

Note 7.1.5. Non-controlling interests

At November 30, 2020, non-controlling interests on the balance sheet totaled €9.0 million and related to 170 companies. This included negative amounts of €3.3 million.

At November 30, 2019, non-controlling interests on the balance sheet totaled €11.1 million and related to 164 companies. This included negative amounts of €2.7 million.

In order to take into account the risk associated with recovering negative non-controlling 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 has been increased by €0.1 million and thus stood at €7.6 million at November 30, 2020.

In 2020, €1.8 million was recorded in respect of purchases of shares from holders of non-controlling interests, versus €1.6 million in 2019. The difference between the price paid and the corresponding reduction in any non-controlling interests is recognized in attributable shareholders' equity.

Note 7.2. Earnings per share

The group discloses basic 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 at a lower than market price.

Treasury shares are deducted from consolidated shareholders' equity and are not included in the calculation of earnings per share.

(in € thousands)	November 30, 2020	November 30, 2019 *
Attributable net income	40,138	77,890
Average number of shares outstanding	21,676,866	21,486,138
Adjustment for dilutive effect of share awards		
EARNINGS PER SHARE	**€1.85**	**€3.63**
DILUTED EARNINGS PER SHARE	**€1.85**	**€3.63**

* *Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

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. At November 30, 2020 the group had net cash (negative net debt) of €42.8 million, versus €56.0 million at November 30, 2019. Gearing (the ratio of net debt to consolidated shareholders' equity) was thus -16% in 2020, as against -19% at November 30, 2019. The figure is -23% if IFRS 16 lease obligations are excluded.

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 will 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 partners;
- 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, 2019	**7,878**	**2,771**	**2,373**	**19,305**	**32,327**
Change in scope of consolidation					0
Increases	1,066	2,032	5,484	4,435	13,017
Used reversals	(42)		(2,568)	(1,112)	(3,722)
Unused reversals	(465)	(2,566)	(2,426)	(1,385)	(6,842)
NOVEMBER 30, 2020	**8,437**	**2,237**	**2,863**	**21,243**	**34,781**

Provisions for risks relating to affiliates

This €8.4 million provision covers the risk associated with defaulting partners, including €7.6 million for a risk relating to one partner as the result of a dispute (see Note 7.1.5 "Non-controlling 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.

At November 30, 2020, Kaufman & Broad has recognized a €2.2 million provision to cover the full amount of the adjustment. This amount is recorded in the accounts of the lead company in the tax consolidation group. 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 €1.7 million provision covers Urssaf adjustments of which the Kaufman & Broad EIG has been informed. A provision was booked for these adjustments, which are essentially for unpaid contributions on travel allowances. The amount of the provision is equal to the Company's estimate of the risk, 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 €19.2 million, essentially covers current disputes with customers or suppliers relating to projects delivered. A €2.0 million provision for head office refurbishment expenses, recorded in May 2019, was maintained at November 30, 2020.

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 were 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 provisions remained unchanged at November 30, 2020, pending the outcome of a final appeal to the Court of Cassation. 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. These deeds are now final. Proceedings relating to the completion of this program remained in progress at November 30, 2020.

Note 8.3. Guarantees and bonds issued

All the items detailed below relate to the normal course of our operations.

(in € thousands)	November 30, 2020	November 30, 2019
Performance bonds [(a)]	240,047	309,808
Hoguet Law guarantees [(b)]	440	440
Holding guarantees [(c)]	18,246	21,190
Other guarantees issued [(d)]	58,839	37,900
GUARANTEES AND BONDS ISSUED – BANKS	**317,572**	**369,338**
Land holding guarantees and works guarantees	32,271	48,626
Miscellaneous guarantees and bonds issued [(e)]	41,945	58,261
Guarantee of repayment of the sale-before-completion price	0	50,784
GUARANTEES ISSUED – KAUFMAN & BROAD SA	**74,216**	**157,671**
TOTAL GUARANTEES AND BONDS ISSUED	**391,788**	**527,009**

(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.

(b) In consideration for these bonds, Kaufman & Broad typically gives the financial institutions or insurance companies an option a mortgage undertaking (promesse hypothécaire), 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.

(c) Performance bonds are presented off-balance sheet, in the amount corresponding to the risk incurred by the financial institution issuing the bonds. For each transaction, this risk is valued as follows: the program's projected production cost, less the share financed by the group and the amount of the sales for which an agreement has been signed at the closing date. This valuation does not, therefore, take into account orders placed as of the closing date, or the percentage of construction completion for unsold lots.

(d) Performance bonds are valued internally each month and the consistency of the data is then confirmed every six months based on the figures communicated by the financial institutions, according to their own disclosures to the Banque de France or the Insurance Supervision Commission.

(e) Hoguet Law guarantees are required from companies intending to operate as real estate agents. This purely occasional activity is not a part of the group's strategy.

(f) Holding guarantees are bank or financial guarantees given in lieu of security deposits in connection with land acquisition commitments.

(g) These other guarantees primarily cover acquisitions of land, matters relating to roads and infrastructure, payment for works (pursuant to article 1799 of the Civil Code) and urban planning taxes.

(h) These are miscellaneous guarantees and bonds given by Kaufman & Broad SA, primarily a lease guarantee on head office rent payments.

Works and other guarantees received

(in € thousands)	November 30, 2020	November 30, 2019
Guarantees on works contracts	132,845	138,320
Buyers' guarantees received	384,855	221,508
TOTAL	**517,700**	**359,828**

On purchasing its equity interests, Kaufman & Broad obtained the usual liability guarantees to cover pre-acquisition risks.

Note 8.4. Pledges and liens

Under a memorandum of understanding, Kaufman & Broad SA stood as guarantor for one of its partners. The guarantee was limited to €4 million excluding tax and until the provision of a first-demand bank guarantee, in keeping 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 until 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, 2020, the group's tax liability broke down as follows:

(in € thousands)	November 30, 2020	November 30, 2019 *
Current tax expense/(income)	15,028	23,277
CVAE expense	2,404	4,235
Provision/expense for tax risk [(a)]	(344)	0
Deferred taxes	(841)	10,491
TOTAL INCOME TAX EXPENSE (INCOME)	**16,247**	**38,003**

(a) See note 8.1 "Provisions."

** Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

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 2020 was a profit of €40.9 million.

The current tax liability at November 30, 2020 includes a tax charge of €13.0 million (before tax credits) in relation to the consolidated tax group.

Note 9.1.2. Breakdown of tax liability

Deferred taxes are calculated on the basis of legal tax rates, i.e. 32.02% for 2020, 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 theoretical tax expense and the actual tax liability is as follows:

(in € thousands)	November 30, 2020	November 30, 2019 *
PRE-TAX INCOME (LOSS) OF CONSOLIDATED COMPANIES	**70,437**	**130,112**
Applicable tax rate	32.02%	34.43%
THEORETICAL TAX EXPENSE (INCOME)	**22,529**	**44,773**
Tax on share of profit (loss) of equity affiliates	744	1,179
Impact of shares in fiscally transparent non-controlling interests	(5,244)	(6,021)
Impact of tax rates	(1,509)	(5,922)
Provision for tax audits [(a)]	(344)	0
CVAE charge (net of tax effect)	1,634	2,777
Impact of other permanent differences	(1,563)	1,217
GROUP TAX EXPENSE (INCOME)	**16,247**	**38,003**

(a) See note 8.1 "Provisions."

** Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.*

At November 30, 2020, permanent differences mainly concerned tax losses of €3.5 million at one subsidiary that predate its acquisition, and to the adding-back of a €1.3 million expense in relation to relating to capital losses on shares in subsidiaries and €0.6 million in other expenses.

The share of the income (loss) of equity affiliates is presented before tax in the income statement given their fiscally transparent nature. The corresponding tax expenses is included in the group's tax expense. The group's tax expense does not include the tax attributable to non-controlling 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 31% to 28% in 2021, 26.5% in 2022 and 25% as from 2023 prompted the group to record a €5.7 million reduction in its tax charge at November 30, 2020 in relation to the margin generated from operations due for delivery in 2021 (€2.0 million), 2022 (€2.2 million), 2023 (€1 million) and 2024 (€0.5 million). Against this, an additional tax charge of €4.2 million arose in relation to fees invoiced by agency entities for programs in 2019 and 2020, leading to a net impact of €-1.5 million at November 30, 2020. 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 recognized in relation to all intangible assets recognized in the event of a business combination (brands etc.).

Deferred tax assets and liabilities are not discounted.

The group does not recognize a tax expense in relation to the share of income attributable to holders of non-controlling interests in fiscally transparent companies, owing to the tax status of those companies.

The primary sources of deferred tax are as follows:

- application of the percentage-of-completion method when determining the margin on operations in the financial statements;
- application of the completed contract method when determining the margin on operations for tax purposes;
- the elimination of intra-group services;
- tax deductibility of certain goodwill items;
- timing differences relating to provisions for liabilities and charges;
- 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, 2020	November 30, 2019
Current tax (assets)	5,563	21,770
Current tax (liabilities)	(2,720)	(3,275)
Deferred tax liabilities	(47,006)	(50,346)
Deferred tax assets	502	4,002
BALANCE AT END OF PERIOD	**(43,661)**	**(27,849)**

Current tax receivables of €5.6 million at November 30, 2020 mainly concern a claim against the Treasury, owing to the fact that payments on account made during 2020 exceeded the amount of tax due.

Note 9.2.2. Sources of deferred taxes by type

(in € thousands)	Deferred tax base at November 30, 2020	Deferred taxes at November 30, 2020
Differences in recognition of real estate programs	136,957	(43,854)
Provisions and expenses with deferred deductibility	(16,709)	5,350
Tax-deductible beneficial ownership	26,130	(8,367)
Other	424	(136)
BALANCE AT END OF PERIOD – LIABILITIES	**146,801**	**(47,006)**
Tax loss carry forwards (excluding tax consolidation)	(1,569)	502
BALANCE AT END OF PERIOD – ASSETS	**(1,569)**	**502**

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).

Note 10. Fees of the Statutory Auditors

The main fees of the group's Statutory Auditors are as follows:

	Ernst & Young Audit				Deloitte & Associés			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
(in € thousands)	2020	2019	2020	2019	2020	2019	2020	2019
Audit and half-year limited review of the individual and consolidated financial statements								
Issuer: Kaufman & Broad SA	130	147	27%	25%	130	147	61%	57%
Fully consolidated subsidiaries	345	424	72%	72%	61	88	29%	34%
Non-audit services			0%	0%			0%	0%
Issuer: Kaufman & Broad SA		18	0%	3%	18	18	8%	7%
Fully consolidated subsidiaries	2		0%	0%	4	4	2%	2%
TOTAL	**477**	**589**	**100%**	**100%**	**213**	**257**	**100%**	**100%**

Note 11. Events after the closing date

Kaufman & Broad joins the SBF 120 index

On December 10, 2020, Kaufman & Broad, one of France's leading developers and builders by virtue of its size, profitably and brand strength, announced that it had become part of the SBF 120 index following a decision by the Expert Indices Committee of Euronext Paris. The SBF 120 is one of the headline indices of the Paris stock exchange. It covers the 120 largest stocks listed on Euronext Paris in terms of liquidity and market capitalization. This decision was effective from market opening on Monday, December 21, 2020.

As of the date of this document, the company had ceased to be part of this index on March 19, 2021.

Reduction in share capital via the cancellation of treasury shares

Under the authority granted during the Shareholders' Meeting held on May 5, 2020, the Board of Directors meeting on January 27, 2021 decreased Kaufman & Broad's capital by canceling 375,000 treasury shares worth €12.5 million, thus reducing the number of shares in the company's share capital from 22,088,023 to 21,713,023 shares.

Note 12. List of consolidated companies

The consolidated financial statements of the Kaufman & Broad group at November 30, 2020 include the financial statements of 336 companies, of which 290 are fully consolidated and 48 are recognized using the equity method.

At November 30, 2020, there were no non-consolidated companies that could have a material impact on the group's consolidated financial statements.

The main companies in 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 Résidences Services	SAS	100,000	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	100.00%	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	713,200	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
Kaufman & Broad Immo	SNC	1,000	100.00%	FC

Company name	Legal structure	Capital	% group control	Consolidation method [a]
Concerto Développement	SAS	500,000	100.00%	FC
Montigny Ampère	SAS	100,000	50.00%	EA
Roissy Hôtel Aménagement	SARL	1,000	70.00%	FC
Paris 14e rue Losserand	SAS	1,000	100.00%	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
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	100.00%	FC

(a) FC = Full Consolidation, EA = Equity accounting.

Listed below are the main special purpose vehicles, in the form of real estate partnerships (SCIs), construction/sale companies (SCCVs) or commercial partnerships (SNCs), that held a real estate program with revenues of over €1 million in 2020, as calculated under the percentage-of-completion method.

Company name	Legal structure	Capital	% group control	Consolidation method [a]
SCI RUEIL D'ORVES BROSSOLETTE	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
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 VILLEPREUX – RUE DE LA PEPINIERE	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 FOSSÉS BELLECHASSE	SCI	1,000	51.00%	FC
SCCV GAGNY RAFFIN	SCCV	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 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
SCI BOURG LA REINE – MARÉCHAL JOFFRE	SCI	1,000	100.00%	FC
SCI VALLIÈRE	SCI	1,219,593	100.00%	FC
SCCV SOPPIM LE HAVRE 2	SCCV	1,500	100.00%	FC
SCCV SOPPIM HONFLEUR	SCCV	1,500	100.00%	FC
SCI BLAGNAC LE MYRA	SCI	1,000	65.00%	FC
SCI SMOI	SCI	1,000	60.00%	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 CARRE DE LINA	SCCV	1,000	100.00%	FC
SCI MARSEILLE 12e – 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
SCCV CHÂTENAY MALABRY ÉCOLE CENTRALE LOT R2	SCCV	1,000	50.10%	FC
SCI NEUILLY PLAISANCE MARÉCHAL FOCH	SCI	1,000	100.00%	FC
SCI LISSES – PAUL BOUCHARD	SCI	1,000	70.00%	FC
SCCV PONTAULT COMBAULT 65A73 RUE DE LA LIBÉRATION	SCCV	1,000	51.00%	FC
SCI BOBIGNY – 198 AVENUE PAUL VAILLANT COUTURIER	SCI	1,000	60.00%	FC
SCI LE GALION	SCI	1,000	100.00%	FC
SCI CONCERTO LA CHAPELLE D'ARMENTIÈRES	SCI	1,000	97.50%	FC
SCCV FONTAINEBLEAU 177 RUE GRANDE	SCCV	1,000	60.00%	FC
SCCV CONCERTO BEAUCAIRE	SCCV	1,000	97.50%	FC

Company name	Legal structure	Capital	% group control	Consolidation method [a]
SCI VALLIÈRE	SCI	1,219,593	100.00%	FC
SCCV MONTPELLIER ZAC PORT MARIANNE RÉPUBLIQUE	SCCV	1,000	70.00%	FC
SCI REIMS – BREBANT	SCI	1,000	58.50%	FC
SCCV VILLEURBANNE 25- 29 RUE FRÉDÉRIC FAYS	SCCV	1,000	59.00%	FC
SCI STRASBOURG STARLETTE QUAI VAUBAN	SCI	1,000	99.00%	FC
SCI LES JARDINS D'IRIS	SCI	1,000	51.00%	FC

(a) FC = Full Consolidation, EA = Equity accounting.

6.2. Report of the Statutory Auditors on the consolidated financial statements

Fiscal year ended November 30, 2020

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of Kaufman & Broad SA for the financial year ended November 30, 2020, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at the end of that year and of the results of its operations during the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditors for the audit of the consolidated financial statements" section of our report.

Independence

We performed our audit in accordance with applicable independence rules provided in the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie) for the period from December 1, 2019 to the issue date of our report, and we rendered no services prohibited under Article 5 (1) of Regulation (EU) 537/2014.

The non-audit services we provided during the fiscal year to your Company and to the entities that it controls and which are not referred to in the management report or the notes to the consolidated financial statements are as follows:

- Report by one of the Statutory Auditors (Deloitte & Associés), appointed as independent third party, on the statement on non-financial performance;
- Report by one of the Statutory Auditors (Deloitte & Associés) prepared upon the distributions of interim dividends by subsidiaries of the Company;
- Attestation by one the Statutory Auditors (Deloitte & Associés) on the amount of a claim held by a subsidiary of the Company;
- Attestations by one of the Statutory Auditors (Ernst & Young Audit) on the amount of claims held by three subsidiaries of the Company;
- Attestation by one of the Statutory Auditors (Ernst & Young Audit) on the calculation of net income and equity used to calculate the special reserve for employee profit-sharing, addressed to a subsidiary of the Company.

Matters to report

Without qualifying the opinion expressed above, we draw your attention to the following points set out in Note 1.1.1 to the consolidated financial statements:

- the first-time application of IFRS 16 "Leases";
- the change in presentation of CVAE in connection with IAS 12 "Income tax";
- the publication by the IFRS Committee relating to IAS 23 "Borrowing costs".

Justification of assessments – Key audit matters

The global crisis related to the Covid-19 pandemic created unusual circumstances for the preparation and audit of the financial statements for this period. This crisis and the exceptional measures taken in connection with the public health emergency had numerous consequences for businesses, especially their activity and financing, and gave rise to increased concerns about their future prospects. Some of these measures, such as restrictions on movement and remote working, also affected the internal organization of businesses and the manner in which audits were carried out.

It is amid these complex and changing circumstances that, in accordance with the requirements of Articles L. 8239 and R. 8237 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the key audit matters

relating to risks of material misstatement which, in our professional judgment, were of most significance for the audit of the consolidated financial statements for the period, together with our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements of the consolidated financial statements.

Measurement of the gross margin for the real estate development business and of real estate program inventory

Risk identified	As at November 30, 2020, the balance sheet discloses real estate program inventories of €378,451,000 and a gross margin of €207,176,000. The accounting policies relating to the recognition of revenue and gross margin and management's significant estimates in connection with those items are presented in Note 3.2 to the consolidated financial statements. The group's real estate development business is essentially carried out through sale-before-completion contracts (VEFA contracts), whereby the group transfers ownership of future units over the course of their construction. Sales and gross margins for the real estate development business are recognized in the income statement in proportion to the accumulation of the total costs for each program, starting from the acquisition of the land. This method requires management to make estimates, particularly in order to measure the margin on completion and to assess the degree of completion of each operation. As indicated in Note 3.4 to the consolidated financial statements, inventories of "new projects" and "programs under development" are valued at cost. Provisions are set up to cover foreseeable losses, which are measured on the basis of an analysis of the projected economic and financial data specific to each project. Moreover, as stated in Note 1.1.2 to the consolidated financial statements, the global crisis related to the Covid-19 pandemic and the postponement of the second round of municipal elections led to delays in relation to construction sites, the signing of notarized deeds and the obtaining of building permits. We considered the measurement of the gross margin on property development and of real estate program inventories to be a key audit matter. These items are material to the consolidated financial statements. Furthermore, the assumptions on which these measurements are based leave significant scope to management's judgment.
Our response	We took note of the internal control procedures put in place to establish and monitor real estate program budgets. Our approach consisted of assessing the assumptions and data used by management to measure the profit on real estate operations (gross margin) and to measure real estate inventories. **Regarding building programs under development and building programs sold and delivered:** • We examined the assumptions relating to sales prices, land costs, construction costs and service fees from a sample of programs. This sample was determined by combining a random sample with a selection of certain programs that in particular included those that were the most material in terms of gross margin and those for which the gross margin was negative. We further selected the programs for which the budgets showed abnormal margin rates and some old operations that showed little progress on sales and a high level of inventory. • Particularly for the programs that were the most material in terms of gross margin, the percentage of completion in relation to the costs of the selected operations was confirmed to us by the primary contractors in charge of the real estate operations. We examined these confirmations by comparing the expenses incurred to the forecasts. For these programs, we also examined the reasonableness of the rates of sales progress by comparing the number of sales contracts signed with the amount of sales budgeted and we conducted detailed tests on sales by comparing them with the notarized deeds. • We also examined, based on a sample of programs that had been completed and sold, the consistency between the margin rates actually achieved and those initially budgeted, by analyzing supporting documents and information obtained from the program managers and/or financial controllers. **With regard to programs not yet launched commercially and delivered programs with units still for sale:** • For a sample of programs not yet launched commercially, we examined whether there was a likelihood of profitability by means of discussions with management. • For a sample of delivered programs with units still for sale, we analyzed the take-up projections presented by management and compared the forecast sale prices of units in stock with the sale prices of sold units. We also assessed the appropriateness of the information provided on these items in the notes to the consolidated financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations of the information pertaining to the group presented in the management report of the Board of Directors.

We have no matters to report concerning the fair presentation of this information and its consistency with the consolidated financial statements.

We attest that the consolidated statement on non-financial performance provided for by Article L.225-1021 of the French Commercial Code (Code de commerce) is included in the information pertaining to the group presented in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in that statement, which must be the subject of a report by an independent third party.

Other verifications or information provided for by law or regulations

Appointment of the Statutory Auditors

The Shareholders' Meeting of July 30, 1999 appointed DELOITTE & ASSOCIÉS as Statutory Auditors for Kaufman & Broad SA, while ERNST & YOUNG Audit was appointed on July 3, 1991.

As of November 30, 2019, DELOITTE & ASSOCIÉS was in itstwenty-second uninterrupted year as Statutory Auditor, and ERNST & YOUNG Audit was in its thirtieth year (including twenty-one years since the Company's securities were listed for trading on a regulated market).

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements that comply with International Financial Reporting Standards as adopted in the European Union and for such internal control as management determines is necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where applicable, matters related to its continuation as a going concern and for using the going concern basis of accounting unless it is expected to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, internal audit, with respect to the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified by Article L.823-101 of the French Commercial Code (Code de commerce), our statutory audit does not serve to provide assurance on the viability of your Company or the quality of the management of your Company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. The statutory auditor also:

- identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks, and obtains audit evidence that the auditor considers to be sufficient and appropriate to provide a basis for his/her opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or the overriding of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of the accounting policies used and the reasonableness of the accounting estimates by management and the related disclosures in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, attention must be drawn in the audit report to the relevant disclosures in the consolidated financial statements, or, if such disclosures are not provided or are inadequate, a qualified opinion or adverse opinion must be issued;
- evaluates the overall presentation of the financial statements and assesses whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on those consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which presents in particular the scope of the audit and the audit program followed, as well as the results of our work. We also report significant deficiencies, if any, in internal control that we have identified with respect to the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the period and which are therefore the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks affecting our independence and the related safeguards.

Paris-La Défense, March 24, 2021

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Denis Thibon

6.3. Company financial statements at November 30, 2020

Annual financial statements at November 30, 2020

Income statement

(in € thousands)	Section	November 30, 2020	November 30, 2019
Revenue	4.2.2.13	1,840	3,304
Other purchases and external charges	4.2.2.14	(2,963)	(3,612)
Wages and salaries		-	-
Taxes		(484)	(335)
Amortization, depreciation and provisions	4.2.2.8	(4,680)	(3,565)
Reversal of provisions and expense transfers		3,042	3,576
Other operating charges and revenues	4.2.2.8	(365)	(287)
OPERATING INCOME		**(3,610)**	**(918)**
Profits allocated and losses incurred	4.2.2.15	40,100	98,652
Net financial income (including dividends from subsidiaries)	4.2.2.16	16,060	10,772
CURRENT OPERATING INCOME		**52,550**	**108,506**
Non-recurring income/(expenses)	4.2.2.17	(6,555)	(3,127)
Corporate income tax	4.2.3	(5,082)	(14,017)
NET INCOME/(LOSS)		**40,913**	**91,362**

Balance sheet

Assets

(in € thousands)	Section	November 30, 2020	November 30, 2019
Intangible assets	4.2.2.2	-	-
Property, plant and equipment	4.2.2.3	117	118
Financial assets	4.2.2.4	546,299	466,921
NON-CURRENT ASSETS		**546,416**	**467,039**
Inventories		-	-
Receivables	4.2.2.5	76,945	148,806
Treasury shares	4.2.2.6	22,726	6,396
Cash and cash equivalents		99	25,976
Prepaid expenses		20	30
CURRENT ASSETS		**99,790**	**181,208**
TOTAL ASSETS		**646,206**	**648,247**

Equity and liabilities

(in € thousands)	Section	November 30, 2020	November 30, 2019
Share capital		5,743	5,743
Premiums and reserves		409,774	356,446
Net income		40,913	91,362
SHAREHOLDERS' EQUITY	**4.2.2.7**	**456,430**	**453,551**
Provisions for liabilities and charges	4.2.2.8	14,513	15,942
Financial debt	4.2.2.9	152,367	152,322
Trade payables and related accounts		1,910	1,217
Other payables	4.2.2.10	20,986	25,215
TOTAL EQUITY & LIABILITIES		**646,206**	**648,247**

6.3.1. General principles

The fiscal year lasts 12 months, from December 1 to November 30.

The annual financial statements were prepared in accordance with current French accounting regulations (the General Chart of Accounts and Commercial Code).

6.3.1.1. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated in 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.

6.3.1.2. Financial assets

The gross amount of the equity investments in companies in the balance sheet is equal to their 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 the net equity held, which includes a share in the income from programs hosted by the company and the earnings outlook of the subsidiaries. Receivables from equity interests and loans are recognized at their value on acquisition 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 management of Kaufman & Broad makes estimates and assumptions that are based on past experience and anticipated changes in the markets in which the 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 prices and take-up rate assumptions used to forecast earnings from real estate programs, and the achievement of the medium-term forecasts used in impairment testing, could be impacted by the economic environment and regulatory changes, particularly government tax incentives.

Receivables relating to equity interests correspond to current account advances to group companies.

The net income from fiscally transparent subsidiaries (construction-sale partnerships or other business partnerships) of which Kaufman & Broad SA is a partner or shareholder 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.

6.3.1.3. 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. Treasury shares held for the purposes of the liquidity agreement, or not yet allocated, are valued at their acquisition price. A provision is recorded in the event of a loss compared to the average stock market price during the last month of the fiscal year. Treasury shares allocated to a bonus share plan are kept at their book value on the allocation date.

6.3.1.4. 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.

6.3.1.5. Suspense accounts and financial instruments

Unrealized gains and losses on interest-rate instruments used in hedging transactions are not recognized.

6.3.1.6. Share of profits and losses incurred

Since 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 financial statements.

Revenue and margin are recognized in proportion to the percentage of 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 is applied whether the program is expected to be profitable or loss making.

The taxable income of these subsidiaries is still determined using the completed contract method.

The bylaws of these companies, which have the legal form of SCIs (real estate partnerships) and SNCs (commercial partnerships), provide for the automatic transfer of profits to their partners in the same fiscal year.

In accordance with the provisions of the Construction and Housing Code, payment of any sum owed by program companies to their partners 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.

6.3.1.7. 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 obtained as a result of losses are retained by Kaufman & Broad SA, as the parent company, and are considered as earnings for the period even if they give rise to an expense in the period during which the loss-making subsidiaries return to profit.

6.3.1.8. 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, each legal entity checks to ensure that the VAT credits of each company included in the scope of consolidation are repaid by Kaufman & Broad SA (60 days later).

6.3.2. Analysis of the financial statements

6.3.2.1. Significant events

Impacts of Covid-19

The lockdown measures taken under the healthcare crisis in March 2020 and the postponement of the second round of municipal elections brought work at construction sites, the signing of notarized deeds and the issuance of building permits to a simultaneous halt. The group has made efforts to ensure that operations continue while also ensuring the protection of its employees, its suppliers and their subcontractors, and has taken all possible measures to adjust its cost base and limit the impact of the crisis on results. In these exceptional circumstances, the group identified the effects of these matters as indications of loss of value and consequently performed impairment tests. The results of these tests demonstrated that the assets tested retained their full value and did not lead to the recording of an additional impairment charge.

Dividends received

The net financial income of Kaufman & Broad SA at November 30, 2020 included dividends paid by three subsidiaries in the amount of €12.3 million (see Note 6.3.2.17).

6.3.2.2. Intangible assets

(in € thousands)	November 30, 2020	November 30, 2019
Software licenses	274	274
Depreciation and amortization	(274)	(274)
NET INTANGIBLE ASSETS	**-**	**–**

6.3.2.3. Property, plant and equipment

(in € thousands)	November 30, 2020	November 30, 2019
Facilities and fittings	184	184
Depreciation and amortization	(67)	(65)
FACILITIES AND FITTINGS	**117**	**118**
Office and IT equipment – furnishings	601	601
Depreciation and amortization	(601)	(601)
OFFICE AND IT EQUIPMENT – FURNISHINGS	**-**	**-**
NET PROPERTY, PLANT AND EQUIPMENT	**117**	**118**

6.3.2.4. Financial assets

(in € thousands)	November 30, 2020	November 30, 2019
Equity interests	324,900	326,000
Receivables related to equity interests and loans [1]	226,495	147,815
Other financial assets [2]	1,054	1,325
Impairment [3]	(6,150)	(8,219)
NET NON-CURRENT FINANCIAL ASSETS	**546,299**	**466,921**

(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 (€51.5 million) and to the current account advance of €175 million granted to Kaufman & Broad Financement SNC to coordinate and centralize the cash management needs of all Kaufman & Broad group companies (at November 30, 2019 this advance totaled €125 million).

(2) Other investments and loans consist primarily of deposits and guarantees, including the €1 million in cash made available by Rothschild Bank pursuant to the share buyback agreement.

(3) At November 30, 2019, the provision on shares in subsidiaries primarily concerned Kaufman & Broad Financement (€2.7 million), and Kaufman & Broad Bretagne (€3.2 million).

6.3.2.5. Receivables

(in € thousands)	November 30, 2020	November 30, 2019
Value-added tax	317	191
Territorial Economic Contribution	-	-
Corporate income tax	1,870	21,541
Current accounts [1]	67,796	119,602
Intra-group customers – Invoices to be issued [2]	6,954	7,403
Other receivables	7	69
RECEIVABLES	**76,944**	**148,806**

(1) This sum comprises: €43.6 million, being the share of the revenue upstreamed from subsidiaries (versus €103.8 million at November 30, 2018); €13.3 million, being the current accounts for tax consolidation purposes with other group companies (see Note 6.2.3.); and €10.8 million for consolidated VAT current accounts.

(2) This sum corresponds to intra-group reinvoicing relating to the bonus shares awarded to employees of the Kaufman & Broad group.

(in € thousands)	November 30, 2020	In one year at most	In more than one year
Value-added tax	317	317	
Territorial Economic Contribution			
Corporate income tax	1,870	1,870	
Current accounts [1]	67,796	57,608	10,188
Intra-group customers – Invoices to be issued	6,954	3,779	3,175
Other receivables	7	7	
RECEIVABLES	**76,944**	**63,581**	**13,363**

(1) The proportion at more than one year corresponds to the share of non-distributable income upstreamed from subsidiaries during the 12-month period, 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 6.2.1.6.).

6.3.2.6. Treasury shares

(in € thousands)	November 30, 2020	November 30, 2019
Treasury shares	22,727	6,396
Provisions for impairment of treasury shares		-
TREASURY SHARES (VALUE NET OF IMPAIRMENT)	**22,727**	**6,396**

At November 30, 2020, the group held 715,105 treasury shares (representing 3.24% of the Company's share capital). This comprised124,139 shares (representing 0.58% of the Company's share capital)valued at €4.1 million intended to cover the bonus share awards of May 2018, February 2019, May 2019 and February 2020, 579,966 shares (representing 2.63% of the Company's share capital) valued at €18.4 million held to ensure that the other objectives of the share buyback plan are met (share cancellations by the Company), and 6,000 shares held under the liquidity agreement (representing 0.03% of the Company's share capital).

At November 30, 2019, there were 210,261 treasury shares comprising:

- 204,511 shares (€6.2 million) allocated to bonus share plans;
- 5,750 shares (€0.2 million) held under the liquidity agreement.

6.3.2.7. Shareholders' equity

The change in shareholders' equity is broken down as follows:

(in € thousands)	Share capital	Legal reserve	Stock warrants	Premium	Other reserves	Balance of retained earnings	Net income	Shareholders ' equity
NOVEMBER 30, 2018	**5,685**	**979**	**781**	**66,081**	**0**	**279,590**	**57,171**	**410,287**
Capital increase and distribution	39			4,818		3,624	(57,171)	(48,690)
Capital reduction	(55)			(7,185)				(7,240)
Capital increase	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**
Distribution						53,328	(91,362)	(38,034)
Capital reduction								
Capital increase								
Net income for the fiscal year							40,913	40,913
NOVEMBER 30, 2020	**5,743**	**979**	**781**	**71,472**	**0**	**336,542**	**40,913**	**456,430**

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

(in euros)	November 30, 2019	Increase	Reduction	November 30, 2020
Number of shares	22,088,023			22,088,023
Par value	0.26			0.26
CAPITAL	**5,742,886**			**5,742,886**

At November 30, 2019, Kaufman & Broad's share capital was €5,742,885.98, divided into 22,088,023 shares of common stock with a par value of €0.26.

Bonus share plans

During the first half of the year, the Board of Directors decided to introduce two new bonus share plans on February 27, 2020, under the authority granted by the Shareholders' Meeting of May 5, 2019.

The main features of the group's plans in effect at November 30, 2020 are presented in the table below:

Bonus share plan	May 3, 2018	February 21, 2019 Plan 1	February 21, 2019 Plan 2	February 2020 Plan 1	February 2020 Plan 2
Date authorized by the Extraordinary Shareholders' Meeting	May 3, 2018	May 3, 2018	May 3, 2018	May 2, 2019	May 2, 2019
Number of bonus shares that may be awarded	250,000	240,000	138,012	250,000	156,783
Date of the Board of Directors' meeting awarding the shares	May 3, 2018	February 21, 2019	February 21, 2019	February 27, 2020	February 27, 2020
Number of beneficiaries	1	944	1	883	1
Types of shares	Existing	Existing	Existing	Existing	Existing
Number of bonus shares awarded	10,000	101,988	10,000	93,217	10,000
Lapsed shares	0	23,039	0	9,170	0
Shares outstanding at November 30, 2020	10,000	78,949	10,000	84,047	10,000
Share price on the award date	€43.80	€34.20	€34.20	€37.38	€37.38
Date of vesting	May 3, 2021	February 21, 2021	February 21, 2022	February 27, 2022	February 27, 2023
Date available	May 3, 2022	February 21, 2023	February 21, 2023	February 27, 2024	February 27, 2024
Initial fair value of the plan	236,016	2,055,210	164,285	2,074,706	196,976
Data input into the model:	Binomial model	Binomial model	Binomial model	Binomial model	Binomial model
• exercise price	-	-	-	-	-
• expected dividends (% of capitalization)	€2.10 per share	€2.50 per share	€2.50 per share	€2.50 per share	€2.50 per share
• risk-free interest rate (market rate)	-0.30%	-0.28%	-0.28%	-0.48%	-0.48%
• share lending/borrowing rate					
• forward price discounting rate	Euribor + 300 bps	Euribor + 300 bps	Euribor + 300 bps	Euribor + 300 bps	Euribor + 300 bps
• turnover rate	0% for the Chairman	0% for the Chairman, 11.3% for key executives, 18.3%/year for other employees	0% for the Chairman,	0% for the Chairman, 11.11% for key executives, 19.59%/year for other employees	0% for the Chairman

6.3.2.9. Provisions for liabilities and charges

(in € thousands)	November 30, 2020	November 30, 2019
Provision for bonus share awards [1]	5,795	6,169
Provision for tax liabilities [2]	2,236	205
Provision for subsidiary liabilities [3]	6,058	9,145
Other provisions for liabilities and charges	424	423
PROVISIONS FOR LIABILITIES AND CHARGES	**14,513**	**15,942**

(1) Provision created up to the capital loss that the Company will incur on the delivery of bonus shares to employees.
(2) Following the tax audit of Kaufman & Broad Développement, Kaufman & Broad SA established a provision equal to the expected impact on the tax consolidation group, since as the lead entity in the tax group it bears sole liability for the tax.
(3) Provision to cover the net negative equity position of the subsidiary Kaufman & Broad Normandie (€6 million).

(in € thousands)	November 30, 2019	Increase	Used reversals	Unused reversals	November 30, 2020
Provision for bonus shares awarded	6,169	2,646	2,299	721	5,795
Provision for tax liabilities	205	2,031			2,236
Provision for subsidiary liabilities	9,145		3,087		6,058
Other provisions for liabilities and charges	423	1			424
PROVISIONS FOR LIABILITIES AND CHARGES	**15,942**	**4,678**	**5,386**	**721**	**14,513**

6.3.2.10. Financial debt

(in € thousands)	November 30, 2020	November 30, 2019
Syndicated bank credit line	-	-
Bond	150,000	150,000
Credit facilities used	45	
Interest accrued on borrowings	2,322	2,322
FINANCIAL DEBT	**152,367**	**152,322**

Kaufman & Broad SA has a syndicated banking credit line and a bond borrowing, the terms and conditions of which are described below.

Main utilizations of financial debt

(in € thousands)	Debt capacity	Utilization at November 30, 2020	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	-		E [3] + 250 to 275 BPS
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.
(3) The applicable margin depends on the financial leverage ratio.

Bond

On May 18, 2017, as part of a private placement with institutional investors in Europe, Kaufman & Broad issued its first "Euro PP" bond for €150 million. This private placement comprised 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 six-month accounting period from November 2018 until the bond is repaid, 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, 2020	Ratio at November 30, 2020
Financial leverage ratio (1)	≤ 3.0	(0.78)
Debt/equity ratio (2)	≤ 2.0	(0.18)

(1) i.e. net financial debt (a) divided by EBITDA (b), where:

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

(b) 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 attributable to 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 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 January 31, 2019, Kaufman & Broad SA signed a syndicated loan agreement for €250 million with an initial maturity of five years. This loan replaced the existing senior credit facilities and RCF 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. The option to extend the agreement from the date originally provided in the signed contract by one year to 31 January 2025 was taken and was approved by the lenders in May 2020.

As a result, at November 30, 2020, the group had syndicated loans comprising a revolving credit facility (the "Revolving Credit Facility") with a principal amount of €250 million. Owing to the Covid-19 health crisis, the group drew down €150 million of the revolving facility in March 2020. This amount was gradually reduced, with the balance being repaid on September 30, 2020. No amount was outstanding under the facility at November 30, 2020.

Under the 2019 Senior Facilities 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 six-month accounting period from November 2019 until 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, 2020	Ratio at November 30, 2020
Financial leverage ratio (1)	≤ 3.0	(0.78)
Debt/equity ratio (2)	≤ 2.0	(0.20)

(1) i.e. net financial debt (a) divided by EBITDA (b), where:

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

(b) 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 attributable to 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 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 also stipulates that, in the event of a change of control of Kaufman & Broad SA, all commitments will automatically be canceled and any ongoing advances, 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 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 by the Borrower's Board of Directors; note that the term "acting in concert" refers to the definition given in Article L. 233-10 of the French Commercial Code.

Repayment schedule

(in € thousands)	November 30, 2020	Less than one year	1 to 5 years repayment schedule	More than 5 years
Bond	150,000		150,000	
Credit facilities used	45	45		
Accrued interest	2,322	2,322		
GROSS FINANCIAL DEBT	**152,367**	**2,367**	**150,000**	

6.3.2.11. Other payables

(in € thousands)	November 30, 2020	November 30, 2019
Value-added tax	12,141	9,458
Corporate income tax	-	-
Other taxes	83	81
Other miscellaneous payables	400	400
Current accounts [(1)]	8,362	15,276
OTHER PAYABLES	**20,986**	**25,215**

(1) This amount comprises: €4.5 million relating to the current accounts of the member companies of consolidated VAT group (compared to €9.4 million at November 30, 2019), and €2.9 million in relation to cash advances granted by group companies (compared to €4.9 million at November 30, 2019).

(in € thousands)	November 30, 2020	Up to 1 year	1 to 5 years	More than 5 years
Value-added tax	12,141	12,141		
Corporate income tax	-	-		
Other taxes	83	83		
Other miscellaneous payables	400	400		
Current accounts	8,362	5,499	2,863	
OTHER PAYABLES	**20,986**	**18,123**	**2,863**	

6.3.2.12. Amounts due to or owed by related companies

(in € thousands)	November 30, 2020	November 30, 2019
Receivables from equity interests	226,495	147,819
Other receivables	67,765	127,005
Current accounts	(8,362)	(15,276)
RELATED COMPANIES – RECEIVABLES AND PAYABLES	**285,898**	**259,548**

6.3.2.13. Accrued expenses and income

(in € thousands)	November 30, 2020	November 30, 2019
Borrowings and financial debts	(2,322)	(2,322)
Trade payables and related accounts	(1,718)	(836)
Tax and social security liabilities		
TOTAL ACCRUED EXPENSES	**(4,040)**	**(3,158)**

The amount listed under trade payables and related accounts corresponds primarily to fees not yet invoiced.

(in € thousands)	November 30, 2020	November 30, 2019
Other receivables [1]	6,954	7,403
TOTAL ACCRUED INCOME	**6,954**	**7,403**

(1) These are invoices to be issued relating to bonus share plans for employees of the Kaufman & Broad group.

6.3.2.14. Revenue

(in € thousands)	November 30, 2020	November 30, 2019
Provision of services	1,840	3,304
TOTAL	**1,840**	**3,304**

Revenues relate mainly to the reinvoicing of operating costs incurred in 2020 by Kaufman & Broad SA on behalf of group companies or some of its shareholders, namely Artimus Participations, and to the reinvoicing 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.

6.3.2.15. Other purchases and external charges

(in € thousands)	November 30, 2020	November 30, 2019
Legal fees and arrangement costs	(1,339)	(1,413)
Audit fees	(142)	(368)
Intra-group services	(562)	(835)
Other expenses	(920)	(996)
TOTAL	**2,963**	**(3,612)**

6.3.2.16. Profits allocated and losses incurred

This item records the income from program support companies, the net total of which was €40.1 million for the year ended November 30, 2020, compared with €98.6 million for the year ended November 30, 2019. This net figure includes shares of losses totaling €3.4 million for the year ended November 30, 2020, compared with €5 million for the year ended November 30, 2019.

6.3.2.17. Financial income

(in € thousands)	November 30, 2020	November 30, 2019
Dividends received [1]	12,305	17,329
Net change in provisions [2]	5,157	(2,486)
Financial income relating to the early repayment of the Senior B and C lines		
Net interest expenses [3]	(1,402)	(4,071)
TOTAL	**16,060**	**10,772**

(1) Dividends and financial income consist of dividends received from Kaufman & Broad Europe, Kaufman & Broad Homes and Kaufman & Broad Développement.
(2) In 2020 this amount included the reversal of a €4 million impairment provision on shares in Kaufman & Broad Grands Projets following the recapitalization of that subsidiary, and an impairment charge of €1 million in relation to shares in Kaufman & Broad Financement.
(3) The interest charge reflects interest incurred on borrowings and intra-group current accounts.

6.3.2.18. Non-recurring income (expenses)

(in € thousands)	November 30, 2020	November 30, 2019
Other net non-recurring expenses [1]	(6,555)	(3,127)
TOTAL	**(6,555)**	**(3,127)**

(1) The non-recurring loss concerns the capital loss of €2 million incurred on treasury shares delivered under the March 2018 bonus share plan, which is covered a provision reversal of the same amount (cf. Note 6.2.2.8), as well as the capital loss of €5.3 million on shares in Kaufman & Broad Grands Projets following the recapitalization of that subsidiary and its sale to another company in the group.

6.3.2.19. 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.

Off-balance sheet commitments received

Unutilized syndicated credit lines

(in € thousands)	November 30, 2020	November 30, 2019
Unutilized RCF line [1]	250,000	250,000

(1) The revolving credit facility (RCF), providing up to €250 million for an initial five-year period ending in January 2024, was extended until the end of January 2025 during the period. The facility was set up in January 2019 to finance the group's general and working capital needs. Following the Covid-19 health crisis, the facility was utilized from March 2020 to enable the group to meet its immediate cash needs. The amount drawn was gradually repaid over the period to September 30, 2020.

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 until the provision of its own first-demand bank guarantee.

Off-balance sheet commitments given

Guarantees and bonds issued

(in € thousands)	November 30, 2020	November 30, 2019
Land holding guarantees and works guarantees	32,271	48,626
Counter-guarantees granted [1]	41,945	58,261
Guarantee of repayment of the sale-before-completion price	-	50,784
TOTAL	**74,216**	**157,671**

(1) These are miscellaneous guarantees and bonds given by Kaufman & Broad SA, primarily a lease guarantee on head office rent payments and a €4 million bond under a memorandum of understanding with a partner.
Performance bonds are provided to customers as part of sale-before-completion contracts by Kaufman & Broad SA subsidiaries. Kaufman & Broad asks a financial institution, mutual guarantee institution or insurance company to issue a performance bond in favor of Kaufman & Broad's customers. These bonds are 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 undertaking (promesse hypothécaire) and a non-assignment of shares undertaking in relation to the companies running the programs, and a pledge of receivables accruing on the sale price.

6.3.3. 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 2020.

(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	52,550	1,946	54,988	-	54,988	17,560	(11,789)	5,771	46,779
Non-current	(6,555)	4,399	(2,156)	-	(2,156)	(688)		(688)	(5,867)
TOTAL	**45,995**	**6,345**	**52,832**	**-**	**52,832**	**16,872**	**(11,789)**	**5,082**	**40,913**

(1) The tax adjustments include mainly the deduction of dividends received from subsidiaries and the restatement of 2020 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. As an indication, 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) is €137 million, corresponding to deferred tax of €43.9 million at November 30, 2020.

6.3.4. 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.

Dealings with related parties, including the compensation method for executives, remained comparable to 2019 and no transaction that was unusual in its type or amount occurred during the fiscal year.

6.3.5. Post-closing events

Kaufman & Broad joins the SBF 120 index

On December 10, 2020, Kaufman & Broad, one of France's leading developers and builders by virtue of its size, profitably and brand strength, announced that it had become part of the SBF 120 index following a decision by the Expert Indices Committee of Euronext Paris. The SBF 120 is one of the headline indices of the Paris stock exchange. It covers the 120 largest stocks listed on Euronext Paris in terms of liquidity and market capitalization. This decision was effective from market opening on Monday, December 21, 2020.

As of the date of this document, the company had ceased to be part of this index on March 19, 2021.

Reduction in share capital via the cancellation of treasury shares

Under the authority granted during the Shareholders' Meeting held on May 5, 2020, the Board of Directors meeting on January 27, 2021 decreased Kaufman & Broad's capital by canceling 375,000 treasury shares worth €12.5 million, thus reducing the number of shares in the company's share capital from 22,088,023 to 21,713,023 shares.

6.3.6. Consolidation

Kaufman & Broad SA is the parent company in the scope of consolidation that consists of Kaufman & Broad SA and its subsidiaries.

6.3.7. Other

Kaufman & Broad SA has no employees.

The total compensation paid to directors and corporate officers for 2020 amounted to €1,417,804, of which €285,771 was paid to non-executive directors.

6.4. Subsidiaries and equity affiliates

	Capital	Other shareholders' equity before allocation of profit or loss	% ownership	Gross book value of shares held	Net book value of shares held	Outstanding loans and advances granted by the Company	Sum of guarantees and endorse-ments given by the Company	Last published net revenue	Last published net income (loss)	Dividends received by the Company during the fiscal year
A – Detailed information on investments in subsidiaries the gross book value of which exceeds 1% of Kaufman & Broad S.A.'s capital										
1. Subsidiaries (at least 50% of the capital held by the Company)										
Kaufman & Broad Europe SAS	221,440,548	5,573,484	99.90%	217,436,878	217,436,878	-	-	8,582,985	7,419,893	7,240,000
Kaufman & Broad Homes SAS	2,247,403	8,202,922	100.00%	10,450,195	10,450,195	39,727	5,848,799	20,870,274	(4,877,673)	309,000
Kaufman & Broad Développement SAS	152,449	221,443	100.00%	152,449	152,449	1,871,330	1,340,989	12,708,459	900,961	4,756,000
Kaufman & Broad Champagne	100,000	628,043	100.00%	100,000	100,000	-	-	576,733	(926,687)	-
SMCI Développement SAS	762,245	655,218	100.00%	762,245	762,245	-	-	58,767	(428,977)	-
Kaufman & Broad Rénovation SAS	160,000	100,542	100.00%	152,296	152,296	-	-	2,128,002	263,946	-
Kaufman & Broad Financement SNC	3,040,500	1,032,750	99.90%	4,307,707	1,579,097	174,944,771	-	374,930	(2,485,785)	-
Kaufman & Broad Real Estate SAS	205,280	(2,497,790)	100.00%	30,191,792	30,191,792		-	2,893,063	(1,084,029)	-
Kaufman & Broad Méditerranée SARL	100,000	(27,109,249)	100.00%	100,000	100,000	-	7,739,477	4,704,790	(2,294,587)	-
Kaufman & Broad Normandie SARL	100,000	(6,501,494)	100.00%	100,000	-	-	-	-	(167,921)	-
Kaufman & Broad Savoie SARL	100,000	(5,408,643)	100.00%	100,000	100,000		966,330	5,358,406	232,077	-
Kaufman & Broad Rhône-Alpes SARL	1,300,000	(20,727,542)	100.00%	1,300,000	1,300,000	-	1,097,300	4,059,088	(1,848,152)	-
Kaufman & Broad Pyrénées-Atlantiques SARL	100,000	(8,827,708)	100.00%	100,000	100,000		741,662	626,238	(3,074,519)	-
Residences Bernard Teillaud SARL	840,000	15,924,552	100.00%	15,663,729	15,663,729	-	101,000	197,750	(2,003)	-
Kaufman & Broad Midi-Pyrénées SARL	2,858,910	1,915,997	100.00%	36,404,833	36,404,833		2,958,831	11,639,024	2,006,489	-
SARL Kaufman & Broad Languedoc-Roussillon	100,000	(7,150,753)	99.00%	99,000	99,000		1,182,505	4,802,582	(490,762)	-
SARL Kaufman & Broad Gironde	100,000	(9,063,502)	99.00%	1,387,900	1,387,900	-	505,000	7,301,493	825,543	-
Kaufman & Broad Bretagne	1,000,000	881,895	100.00%	4,964,530	1,800,862		169,377	1,356,550	(75,535)	-
Kaufman & Broad Flandres	7,700	(1,892,715)	99.90%	449,360	449,360	-	426,026	2,259,883	(961,512)	-
Kaufman & Broad Innovations	1,000	(1,835,030)	100.00%	1,000	1,000	-	-	401,105	8,555	-
Kaufman & Broad Marketing et Ventes	1,000	76,620	100.00%	1,000	1,000	-	-	35,785,140	781,868	-
Kaufman & Broad Poitou Charentes	100,000	(2,285,895)	100.00%	100,000	100,000		-	1,217,847	147,055	-
Kaufman & Broad Pyrénées-Orientales	100,000	206,261	100.00%	100,000	100,000	-	-	653,441	200,354	-
Kaufman & Broad Est	100,000	(1,762,685)	100.00%	100,000	100,000	-	71,500	2,100,105	(1,700,506)	-
Kaufman & Broad Bourgogne Franche Comté	100,000	(1,165,197)	100.00%	100,000	100,000	-	104,845	2,666,828	1,123,136	-
Kaufman & Broad Investissement	100,000	(609,108)	100.00%	100,000	100,000	1,040,000	-	-	(142,797)	-
Serge Mas Immo	1,000	-	99.90%	1,000	1,000	-	162,951	-	-	-
2. Equity affiliates (10% to 50% owned by the Company)										

	Capital	Other shareholders' equity before allocation of profit or loss	% ownership	Gross book value of shares held	Net book value of shares held	Outstanding loans and advances granted by the Company	Sum of guarantees and endorse-ments given by the Company	Last published net revenue	Last published net income (loss)	Dividends received by the Company during the fiscal year
B – General information on other interests with a gross value less than 1% of Kaufman & Broad S.A.'s capital										
1. Subsidiaries not included in Section A										
SNC Kaufman & Broad Promotion 1	1,000	(271,362)	99.90%	990	990	-	1,220,600	110,606,810	4,279,309	-
SNC Kaufman & Broad Promotion 2	1,000	-	99.90%	990	990	124,508	-	-	238,000	-
SNC Kaufman & Broad Promotion 3	1,000	(1,356,619)	99.90%	990	990	5,159,486	6,550,000	134,541,472	4,323,449	-
SNC Kaufman & Broad Promotion 4	1,000	(230,396)	99.90%	990	990	-	-	66,105,194	14,453,558	-
SNC Kaufman & Broad Promotion 5	1,000	(194,079)	99.90%	990	990	2,806,920	110,000	76,276,328	3,821,094	-
SNC Kaufman & Broad Promotion 6	1,000	(355,151)	99.90%	990	990	377,129	2,718,241	109,478,567	6,073,817	-
SNC Kaufman & Broad Promotion 7	1,000	(61,918)	99.90%	990	990	906,861	-	32,138,357	1,204,459	-
SNC Kaufman & Broad Promotion 8	1,000	(428,671)	99.90%	990	990	7,686,893	-	124,998,653	1,752,192	-
SNC Kaufman & Broad Promotion 9	1,000	-	99.90%	990	990	128,468	-	-	23,928	-
Other French subsidiaries (aggregate)	-	-	-	8,910	8,910	-	-	-	-	-
2. Equity interests in French companies not included in Section A (aggregate)	**-**	**-**	**-**	**158,270**	**200**	**31,386,904**	**-**	**-**	**-**	**-**

6.5. Report of the Statutory Auditors on the company financial statements

Fiscal year ended November 30, 2020

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the financial statements of Kaufman & Broad S.A. for the year ended November 30, 2020, as attached to this report.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at the end of that year and of the results of its operations for the year then ended.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditors for the audit of the financial statements" section of our report.

Independence

We performed our audit in accordance with applicable independence rules provided in the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie) for the period from December 1, 2019 to the issue date of our report, and we rendered no services prohibited under Article 5 (1) of Regulation (EU) 537/2014.

The non-audit services we provided during the fiscal year to your Company and to the entities that it controls and which are not referred to in the management report or the notes to the financial statements are as follows:

- Report by one of the Statutory Auditors (Deloitte & Associés), appointed as independent third party, on the statement on non-financial performance;
- Report by one of the Statutory Auditors (Deloitte & Associés) prepared upon the distributions of interim dividends by subsidiaries of the Company;
- Attestation by one the Statutory Auditors (Deloitte & Associés) on the amount of a claim held by a subsidiary of the Company;
- Attestations by one of the Statutory Auditors (Ernst & Young Audit) on the amount of claims held by three subsidiaries of the Company;
- Attestation by one of the Statutory Auditors (Ernst & Young Audit) on the calculation of net income and equity used to calculate the special reserve for employee profit-sharing, addressed to a subsidiary of the Company.

Justification of assessments – Key audit matters

The global crisis related to the Covid-19 pandemic created unusual circumstances for the preparation and audit of the financial statements for this period. This crisis and the exceptional measures taken in connection with the public health emergency had numerous consequences for businesses, especially their activity and financing, and gave rise to increased concerns about their future prospects. Some of these measures, such as restrictions on movement and remote working, also affected the internal organization of businesses and the manner in which audits were carried out.

It is amid these complex and changing circumstances that, in accordance with the requirements of Articles L. 8239 and R. 8237 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgment, were of most significance for the audit of the financial statements for the period, together with our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements of the financial statements.

Measurement of equity interests

Risk identified	At November 30, 2020, the carrying value of equity investments was €318,750,000, or 49% of total assets. They are recognized at cost on their date of acquisition. A provision for impairment is recognized when the carrying value of equity interests is lower than the value on acquisition. As indicated in Note 6.3.1.2. to the financial statements, the carrying value is determined with reference to the value in use of the equity interests, which is based on the share of the equity held in each company and the outlook for the subsidiaries concerned. Determining the value in use of equity interests, taking into account the income forecasts for the real estate programs developed by the subsidiaries, requires management to make assumptions and estimates. The measurement of equity interests is therefore considered a key audit matter because of their significance in the financial statements and the estimated nature of their valuation. Moreover, as stated in Note 6.3.2.1 to the financial statements, the global crisis related to the Covid-19 pandemic and the postponement of the second round of municipal elections led to delays in relation to construction sites, the signing of notarized deeds and the obtaining of building permits.
Our response	We examined the method for determining the value in use of the subsidiaries and took note of the associated internal control procedures. For a representative sample of these entities, we reconciled the equity figures used by management in its evaluations to those disclosed in the accounts of the subsidiaries concerned, on which an audit or analytical procedures had been conducted in connection with our audit of the consolidated financial statements of the group. Regarding the outlook for the subsidiaries in question, 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 circumstances, affected by the Covid-19 crisis, in which the subsidiaries of your Company find themselves; – analyzing, with the help of our valuation specialists, the assumptions made by management (business plan, discount rate) in measuring the intangible assets associated with subsidiaries. We also assessed the appropriateness of the information provided on those items in the notes to the financial statements.

Measurement of the share of income and losses of subsidiaries

Risk identified	At November 30, 2020, the net share of the income and losses of subsidiaries recognized by your Company for the year was €40,100,000; this amount is presented under "Profits allocated and losses incurred" in the income statement. This net amount includes shares of losses amounting to €3.462 million. As indicated in Note 6.3.1.6 to the financial statements, most of the subsidiaries of your group have opted to recognize revenues and margin on real estate programs in accordance with the percentage-of-completion method in their financial statements. Revenue and margin are recognized in proportion to the percentage of technical completion and the progress of sales of each program. The bylaws of these companies, which mostly have the legal 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 the measurement of the share of income and losses of subsidiaries to be a key audit matter on account of their materiality to the financial statements and the judgment required in forming the estimates used determine the values of the share of income and losses of the subsidiaries, which depend on the percentage of completion and the provisional margin on the programs they operate, bearing in mind, as stated in Note 6.3.2.1 to the financial statements, that the global crisis related to the Covid-19 pandemic and the postponement of the second round of municipal elections led to delays in relation to construction sites, the signing of notarized deeds and the obtaining of building permits.
Our response	We took note of the internal control procedures put in place to measure the shares of income and losses of subsidiaries. For a representative sample of subsidiaries in the form of SCIs and SNCs, our work consisted mainly of reviewing: – whether the bylaws of these companies do indeed include a clause providing for the automatic transfer of profits to their partners at the close of the fiscal year; – whether the profit figures used by management agree to those disclosed in the accounts of the subsidiaries concerned, on which an analysis of the percentage of completion and the provisional margin of the programs they operated had been performed; – whether the percentage interest used in the calculation matches that indicated in the respective bylaws of the entities concerned. We also assessed the appropriateness of the information provided on those items in the notes to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by laws and regulations.

Information given in the management report and other documents on the financial position and the financial statements provided to the shareholders

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 and the other documents about the financial position and the financial statements provided to the shareholders.

We attest that the information on payment terms referred to in Article D. 441-6 of the French Commercial Code (Code de commerce) is fairly presented and consistent with the financial statements.

Report on corporate governance

We attest that the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce) is set out in the report of the Board of Directors on corporate governance.

We have verified that the information provided pursuant to Article L. 22-10-9 of the French Commercial Code (Code de commerce) on the remuneration and benefits received by the corporate officers and any other commitments made in their favor is consistent with the financial statements, or with the underlying information used to prepare those financial statements and, where appropriate, with the information obtained by your Company from the entities it controls that are included in the scope of consolidation. Based on these procedures, we attest that this information is accurate and fairly presented.

We have verified that the information provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce) on matters that your Company considered liable to have an impact on a public purchase or exchange offer conforms to the documents disclosed to us from which it is derived. Based on these procedures, we have no matters to report on this information.

Other information

In accordance with French law, we have verified that the various items of information on the identity of shareholders or holders of voting rights have been disclosed to you in the management report.

Other verifications or information provided for by law or regulations

Appointment of the Statutory Auditors

The Shareholders' Meeting of July 30, 1999 appointed DELOITTE & ASSOCIÉS as Statutory Auditors for Kaufman & Broad SA, while ERNST & YOUNG Audit was appointed on July 3, 1991.

As of November 30, 2019, DELOITTE & ASSOCIÉS was in itstwenty-second uninterrupted year as Statutory Auditor, and ERNST & YOUNG Audit was in its thirtieth year (including twenty-one years since the Company's securities were listed for trading on a regulated market).

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of financial statements that comply with French accounting principles and for such internal control as it determines is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where applicable, matters related to its continuation as a going concern and for using the going concern basis of accounting unless it is expected to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, internal audit, with respect to the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified by Article L.823-101 of the French Commercial Code (Code de commerce), our statutory audit does not serve to provide assurance on the viability of your Company or the quality of the management of your Company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. The statutory auditor also:

- identifies and assesses the risks of material misstatement in the financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks, and obtains audit evidence that the auditor considers to be sufficient and appropriate to provide a basis for his/her opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or the overriding of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of the accounting policies used and the reasonableness of the accounting estimates by management and the related disclosures in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, attention must be drawn in the audit report to the relevant disclosures in the financial statements, or, if such disclosures are not provided or are inadequate, a qualified opinion or adverse opinion must be issued;
- evaluates the overall presentation of the financial statements and assesses whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which presents in particular the scope of the audit and the audit program followed, as well as the results of our work. We also report significant deficiencies, if any, in internal control that we have identified with respect to the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements for the period and which are therefore the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks affecting our independence and the related safeguards.

Paris-La Défense, March 24, 2021

The Statutory Auditors

DELOITTE & ASSOCIÉS
Bénédicte Sabadie

ERNST & YOUNG Audit
Denis Thibon

6.6. Five-year financial summary

Type of information	2020	2019	2018	2017	2016
1. Financial position at year-end					
a) Authorized capital	5,742,886	5,742,886	5,684,659	5,479,119	5,417,630
b) Number of shares issued	22,088,023	22,088,023	21,864,074	21,073,535	20,837,039
c) Number of convertible bonds					
2. 2. Total income from operating activities					
a) Revenues excluding VAT	1,839,625	3,304,344	2,842,553	3,604,354	12,021,144
b) Earnings before taxes, amortization, depreciation and provisions	42,477,345	107,854,956	105,062,412	68,679,187	100,183,918
c) Tax on profits	5,082,377	14,017,152	42,405,115	5,545,300	15,594,010
d) Earnings after taxes, amortization, depreciation and provisions	40,913,230	91,362,351	57,170,733	73,114,615	74,644,419
e) Amount of profits distributed (1)	38,034,684	55,220,058	53,547,078	43,619,335	36,071,683
3. Earnings per share from operations					
a) Earnings after taxes and before amortization, depreciation and provisions	1.69	4.25	2.87	3.00	4.81
b) Earnings after taxes, amortization, depreciation and provisions	1.85	4.14	2.61	3.47	3.58
c) Dividend per share (1)	1.85	1.75	2.50	2.10	1.85
4. Workforce					
d) Number of employees		-	-		-
e) Total payroll		-	-		-
f) Amounts paid in respect of employee benefits		-	-		-

(1) The 2018 figures include €4,856,739 paid via the issue of 150,690 new shares. The 2020 figures are in keeping with the income allocation plan to be submitted at the next Shareholders' Meeting.

6.7. Management report by the Board of Directors

1. Business and financial review of Kaufman & Broad SA

1.1. Business volumes

See Section 6.3. Company financial statements at November 30, 2020 – section 6.3.2.1. "Significant events".

1.2. Situation

See Section 6.3. Company financial statements at November 30, 2019 – section 6.3.2. "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 4.1. "Risk factors".

4. Other information

4.1. Summary of share purchases and sales (L. 225-211 par. 2)

See Section 7.2.3.2. "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 4.2. "Internal control and risk management system".

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

See Section 5.1. "Statement on non-financial performance: Corporate social responsibility at Kaufman & Broad".

5. Ordinary resolutions to be proposed to the Shareholders' Meeting on May 6, 2021

See Section 8.7. "Agenda and resolutions of the Shareholders' Meeting of May 6, 2021" – fourth to eighteenth resolutions.

6. Extraordinary resolutions to be proposed to the Shareholders' Meeting on May 6, 2021

See Section 8.7. "Agenda and resolutions of the Shareholders' Meeting of May 6, 2021" – nineteenth to thirtieth resolutions.

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 7.2.3.6. "Summary table of the securities transactions by corporate officers and related parties during the last fiscal year".

Subsidiaries and equity affiliates

See Section 6.3. Company financial statements at November 30, 2020 – Notes to the company financial statements, Section 6.5. "Subsidiaries and equity affiliates".

Five-year financial summary

See Section 6.6. "Five-year financial summary".

Scope of consolidation

See Section 6.1.5. "Notes to the financial statements", Note 12 "List of consolidated companies".

7

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7.1. General information concerning the Company

7.1.1. 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

7.1.2. 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.

7.1.3. 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.

7.1.4. Corporate purpose

As defined in Article 3 of the bylaws, the corporate purpose of the Company is to perform the following, directly or indirectly, in France or abroad:

- to acquire any developed or undeveloped land, with or without structures requiring demolition, for the construction and sale, upon or before completion, of new buildings of any type (apartments, single-family homes, offices and commercial premises) as a package or in individual lots, to any individual or legal entity;
- to design and complete any project for subdivision into real estate lots or for groups of housing units, governed or not by condominium bylaws, for urban development or any program to rehabilitate or renovate existing buildings;
- to prepare all documents, take all administrative steps and perform all formalities on its own behalf or on behalf of landowners, to obtain all administrative authorizations, sign all contracts of sale or, before contracts are signed, to analyze and prepare all construction and service contracts with any contractors, architects, design firms and project owners and, more generally, all technical, legal, financial, marketing and advertising programs, transactions and campaigns to promote the implementation and sale of real estate developments;
- to construct, on behalf of landowners, buildings 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 and to create new businesses, merging companies, or representing any French or foreign corporations or companies;
- and generally, to carry out any scientific, technical, industrial, sales, financial, securities or real estate transactions directly or indirectly relating to the above-mentioned purposes or any similar or related purposes, or that are likely to facilitate their growth or development or make them more profitable.

7.1.5. Trade and companies register

The Company is identified under number 702 022 724 in the Trade and Companies Register of Nanterre (RCS).

7.1.6. 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.

7.1.7. Fiscal year

The Company's fiscal year begins on December 1 of one year and ends on November 30 of the following year.

7.1.8. 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 7.5.1. "Distribution policy".

7.1.9. 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-pact (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.

7.1.10. 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.

A 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.

7.1.11. 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 7.3.1. "Shareholding structure of the Company at November 30, 2020 and three-year change".

7.2. General information concerning the capital

7.2.1. 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 is subject to the statutory provisions.

7.2.2. Rights, privileges and restrictions attached to shares

On November 30, 2020, the Company's authorized capital was composed of 22,088,023 shares all carrying the same rights (see Section 7.1.8. "Appropriation of income"), subject to the existence of double voting rights (see Section 7.1.10. "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.

Following the cancellation of 375,000 treasury shares on February 5, 2021, the company's share capital now comprises 21,713,023 actions with a par value of €5,645,385.98.

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.

A 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.

7.2.3. 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 5, 2020 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.

7.2.3.1. Buyback program authorized by the Shareholders' Meeting of May 5, 2020

The Shareholders' Meeting of May 5, 2020, 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 €60 per share, up to a maximum overall price of €132,528,138.

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 stock by the delivery of shares when exercising the rights attached to securities giving the right via redemption, conversion, exchange or presentation of a warrant, or in any other way, to an allocation of the Company's stock;
- 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 5, 2020, 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 €132,528,138 and resolved that the maximum purchase price must 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 authority, or in the event of a stock split or reverse stock split, the Shareholders' Meeting delegates to the Board of Directors the authority to adjust, if necessary, the maximum purchase price per share referred to above to take into account the impact of such transactions on the value of the stock.

This authority was granted for a period of 18 months from the date of the Shareholders' Meeting of May 5, 2020.

Liquidity agreement

Since October 22, 2018, for a period of one year renewing automatically, Kaufman & Broad has entrusted financial institution Rothschild Martin Maurel with implementing a 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, 2020, the following resources were reported in the liquidity account: 6,000 shares and €1,305,629.41 not invested in shares.

7.2.3.2. Summary of share purchases and sales

Implementation of the Liquidity Agreement resulted in the following transaction volumes and prices during the 2020 fiscal year:

Number of shares purchased:	243,355 shares
Average purchase price:	€34.57
Number of shares sold:	243,105 shares
Average selling price:	€34.62
Total trading cost:	**€40,000**

At November 30, 2020, the group held 715,105 treasury shares (representing 3.24% of the Company's share capital). This comprised 192,996 shares (representing 0.87% of the Company's share capital) intended to cover the bonus share awards of May 2018, February 2019 and February 2020 authorized by the Shareholders' Meetings of May 3, 2018 and May 2, 2019, as well as 516,109 shares (representing 2.34% of the Company's share capital) held to ensure that the other objectives of the share buyback plan are met (share cancellations by the Company) and 6,000 shares held under 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. On March 24, 2020, Kaufman & Broad SA resolved to allot a further €5,000,000 to the amount of the buyback program arranged with Rothschild Martin Maurel.

On July 22, 2020, in continuation of its share buyback program under the terms set by the 11th resolution of the Shareholders' Meeting on May 5, 2020, Kaufman & Broad SA announced the signing of a non-cancellable mandate with an independent investment services provider for the repurchase of the company's shares up to a maximum of 8% of the Company's share capital over a twelve-month period from July 22, 2020, depending on market conditions.

7.2.3.3. Summary of bonus share awards

Pursuant to the authorizations of its Shareholders' Meetings on May 3, 2018, May 2, 2019 and May 5, 2020, 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, February 21, 2019 and February 27, 2020 (First Plan), and after three years from the date of award by the Board of Directors for the plans of May 3, 2018 (First Plan), February 21, 2019 (Second Plan) and February 27, 2020 (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.

During the year, the Board of Directors decided to introduce two new bonus share plans on February 27, 2020, under the authority granted by the Shareholders' Meeting of May 2, 2019.

The main features of the group's plans in effect at November 30, 2020 are presented in the table below:

Bonus shares	May 3, 2018	February 21, 2019Plan 1	February 21, 2019Plan 2	February 2020 Plan 1	February 2020 Plan 2
Date authorized by the Extraordinary Shareholders' Meeting	May 3, 2018	May 3, 2018	May 3, 2018	May 2, 2019	May 2, 2019
Number of bonus shares that may be awarded	250,000	240,000	138,012	250,000	156,783
Date of the Board of Directors' meeting awarding the shares	May 3, 2018	February 21, 2019	February 21, 2019	February 27, 2020	February 27, 2020
Total number of shares awarded	10,000	101,988	10,000	93,217	10,000
Number of beneficiaries	1	944	1	883	1
Date of transfer of ownership of bonus shares	May 3, 2021	February 21, 2021	February 21, 2022	February 27, 2022	February 27, 2023
Date of sale of bonus shares	May 3, 2022	February 21, 2023	February 21, 2023	February 27, 2024	February 27, 2024
Lapsed shares	0	23,039		9,170	0
Shares outstanding	10,000	78,949	10,000	84,047	10,000

7.2.3.4. Special reports on the stock options, stock warrants, and bonus shares presented to the Shareholders' Meeting of May 6, 2021

7.2.3.4.1. Stock subscription and purchase options (L. 225-184 par. 1) awarded to employees and corporate officers

None.

7.2.3.4.2. Bonus shares awarded during the fiscal year ended November 30, 2020 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

Table 6 AMF Definitions

Executive corporate officer of the Company	Number	Price at date of award	Date of share award	Company awarding the shares
Nordine Hachemi				
from the First 2020 Plan [(a)]	*10,650*	*37.38*	*February 27, 2020*	*Kaufman & Broad SA*
from the Second 2020 Plan [(b)]	*10,000*	*37.38*	*February 27, 2020*	*Kaufman & Broad SA*

(a) At its meeting of February 27, 2020, the Board of Directors awarded 15,000 performance shares to the Chairman and Chief Executive Officer for 2020, on condition that he is still in office when they are fully vested in 2022. 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 on February 27, 2020, the Board of Directors definitively awarded 10,650 performance shares out of the 15,000 performance shares initially allotted to Mr. Nordine Hachemi by way of deferred variable compensation for the 2020 fiscal year, corresponding to an overall performance score of 71%. The award is conditional on his remaining with the company until 2022.

(b) At its meeting of February 27, 2020, 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 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 2020-2022 (CSR performance - quality of goods and services - level of employee shareholding - total shareholder return).

7.2.3.4.3. 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.

7.2.3.4.4. Bonus shares awarded, during the fiscal year ended November 30, 2020, 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, other than corporate officers, who were awarded the highest number of shares

Company employee	Number	Price at date of award	Date of share award	Company awarding the shares
Shares awarded during the fiscal year to the ten group employees holding the highest number of shares thus awarded [(a)]	17,900	37.38	February 27, 2020	Kaufman & Broad SA

(a) 17,900 shares under the 1st 2020 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 27, 2020.

7.2.3.4.5. Bonus shares awarded during the fiscal year ended November 30, 2020 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	12	16,500
Directors of profit centers or of a support department	27	12,430
Department heads	127	21,980
Other employees	717	27,307
TOTAL [(b)]	**884**	**93,217**

(a) At its meeting of February 27, 2020, the Board of Directors awarded 15,000 performance shares to the Chairman and Chief Executive Officer for 2020, on condition that he is still in office when they are fully vested in 2022. 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 on February 27, 2020, the Board of Directors definitively awarded 10,650 performance shares, corresponding to an overall performance score of 71%.

(b) The definitive awarding of these shares was subject to performance conditions in respect of the 2020 fiscal year. Of the 58,910 shares allocated on February 27, 2020, 41,815 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 27, 2020.

7.2.3.5. Summary table of securities transactions by corporate officers and related parties during the last fiscal year

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

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	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

7.2.3.6. Summary table of securities transactions by corporate officers and related parties after the end of the 2020 fiscal year

- None.

7.2.4. Share capital

The Company's authorized capital at November 30, 2020, 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. At the date of this document, following the cancellation of 375,000 treasury shares on February 5, 2021, the Company now has share capital of €5,645,385.98 divided into 21,713,023 shares with a par value of €0.26 apiece.

7.2.5. 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 9 "Appendix", Section 9.4. "Summary table of currently valid authorizations concerning capital increases".

7.2.6. Non-equity securities

The Board of Directors has the authority, granted by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 5, 2020, 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.

7.2.7. 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 7.2.3.3. "Summary of bonus share awards" and Section 9.4. "Summary table of currently valid authorizations concerning capital increases").

7.2.8. 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	–	–	–	29,992,949 F	19,414,200 F	194,142	100 F
January 21, 2000	–	–	–	–	–	–	–
30-for-1 stock split	5,630,118	–	–	29,992,949 F	19,414,200 F	5,824,260	3.3333 F
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)		€29,266,080.99	€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

Transactions	Number of shares issued	Total change in capital	Premium per share	Total issue premium	Successive capital amounts	Total number of shares	Par value
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 6, 2019							
Capital reduction	(210,732)	€(54,790.32)	€34.10	€58,895,185.72	€5,629,868.92	21,653,342	€0.26
June 14, 2019							
2018 capital increase dividend payout	150,690	€39,179.40	€31.97	€63,712,745.02	€5,669,048.32	21,804,032	€0.26
November 30, 2019							
Capital increase in favor of the Company savings plan (FCPE) KB Actions 2019 [(d)]	283,991	€73,837.66	€27.32	€71,471,379.14	€5,742,885.98	22,088,023	€0.26
November 30, 2020	283,991	€73,837.66	-	€71,471,379.14	€5,742,885.98	22,088,023	€0.26
February 5, 2021							
Capital reduction	(375,000)	€(97,500.00)	33.01	€59,093,757.56	€5,645,385.98	21,713,023	€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".

The Company's share capital was affected by the cancellation of 375,000 treasury shares on February 5, 2021, which reduced the number of shares from 22,088,023 to 21,713,023 shares with a cumulative par value of €5,645,385.98.

7.3. Current distribution of capital and voting rights

7.3.1. The company's shareholding structure on November 30, 2020 and change over three years

The shareholding structure of our Company at November 30, 2020 was as follows:

Shareholders on November 30, 2020	Number of shares	% of share capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Shareholders				
Public [(a)]	13,287,324	60.16%	52.24%	50.82%
Artimus Participations [(b)]	2,324,423	10.52%	18.10%	17.61%
Prédica/Spirica	1,766,629	8.00%	13.77%	13.39%
Rolloy family (Promogim)	2,962,355	13.41%	11.54%	11.23%
Employees [(c)]	1,032,187	4.67%	4.35%	4.23%
Kaufman & Broad SA	715,105	3.24%	–	2.71%
TOTAL	**22,088,023**	**100.00%**	**100.00%**	**100.00%**

(a) Shares owned by Directors are included in "Public" shareholders at November 30, 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 held approximately 27% 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.

At the closing date, the number of shares held by employees, as defined in Article L. 225-102 of the French Commercial Code, represented 3.66% of the Company's authorized capital.

The total number of shares known to have double voting rights at November 30, 2020 was 4,291,578, representing 11,744,554 votes exercisable at the Shareholders' Meeting (including double votes). Accordingly, the total number of the Company's theoretical voting rights totaled 26,379,601 on the same date, and the total number of voting rights exercisable at Shareholders' Meetings amounted to 25,664,496 (with the difference corresponding to the number of treasury shares held by the Company, which are stripped of voting rights).

There are 926 holders of registered shares, individuals and legal entities combined.

On November 30, 2020, the number of shares held by members of the Board of Directors totaled 74,606 shares representing 110,174 votes.

To the Company's knowledge, no shareholder holds more than 5% of the share capital and voting rights with the exception of the funds managed by Prédica, Artimus Participations and the Rolloy family.

Shareholders on February 28, 2021	Number of shares	% of share capital	% of voting rights exercisable at Shareholders' Meetings	% of theoretical voting rights
Public [(a)]	12,784,870	58.88%	51.06%	49.63%
Artimus Participations [(b)]	2,324,423	10.71%	18.38%	17.86%
Prédica/Spirica	1,766,629	8.14%	13.98%	13.59%
Rolloy family (Promogim)	3,029,229	13.95%	11.98%	11.65%
Employees (Group savings scheme), KB Actions & Management and Kaufman & Broad SA employees [(c)]	1,081,818	4.98%	4.60%	4.48%
Kaufman & Broad SA (treasury shares)	726,054	3.34%	0.00%	2.79%
TOTAL	**21,713,023**	**100.00%**	**100.00%**	**100.00%**

(a) Shares owned by Directors are included in "Public" shareholders at February 28, 2021.

(b) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who held approximately 27% 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 is not aware of any material changes in relation to its shareholding structure since February 28, 2021.

Disclosure thresholds on shares held in Kaufman & Broad SA

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 on January 10, 2020 that, 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, 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.

By letter received on April 21, 2020, the Rolloy family (Promogim SAS) declared that on April 16, 2020 it had exceeded the legal threshold of 5% of the share capital of Kaufman & Broad and held 1,256,011 shares in Kaufman & Broad SA representing the same number of voting rights, i.e. 5.69% of the Company's share capital and 4.79% of its voting rights (based on total share capital of 22,088,023 shares representing 26,449,957 voting rights, pursuant to the second paragraph of Article 223-11 of the AMF General Regulation).

This crossing of the threshold resulted from an acquisition of Kaufman & Broad SA shares on the market.

The informant stated that, as of April 17, 2020, it held 1,309,715 Kaufman & Broad SA shares representing the same number of voting rights, i.e., 5.93% of the capital and 4.95% of the voting rights of this company.

By letter received on April 22, 2020, the Rolloy family (Promogim SAS) declared to the AMF that on April 21, 2020 it had exceeded the legal threshold of 5% of the voting rights of Kaufman & Broad and held 1,322,498 Kaufman & Broad shares representing the same number of voting rights, i.e., 5.99% of the share capital and 5.00% of the voting rights of this company. This crossing of the threshold resulted from an acquisition of Kaufman & Broad SA shares on the market.

By letter received on May 19, 2020, the Rolloy family (Promogim SAS) declared that on May 15, 2020 it had exceeded the legal threshold of 10% of the share capital of Kaufman & Broad SA and held 2,228,000 shares and voting rights in Kaufman & Broad SA, i.e. 10.09% of the Company's share capital and 8.42% of its theoretical voting rights. This crossing of the threshold resulted from an acquisition of Kaufman & Broad SA shares on the market.

By the same letter, the following declaration of intent was made by the Rolloy family (Promogim):

"The company Promogim Groupe SAS, a company wholly owned by the family of Christian Rolloy, declares that on May 15, 2020 it exceeded the threshold of 10% of the share capital of Kaufman & Broad SA and that it holds 2,228,000 shares and voting rights in Kaufman & Broad SA, i.e. 10.09% of the Company's share capital and 8.42% of its theoretical voting rights.

In accordance with Article L. 233-7 of the French Commercial Code, the Rolloy family (Promogim) specifies:

- that the acquisitions were made on the market and financed by Promogim Groupe SAS's available cash;
- that it is not party to any concerted action vis-à-vis Kaufman & Broad SA;
- that it plans to continue its purchases of Kaufman & Broad SA shares depending on opportunities and market conditions;
- that it does not intend to acquire control of Kaufman & Broad SA;
- that Promogim Groupe SAS's investment is a long-term financial investment reflecting its confidence in the management and outlook of the Group, whose strategy Promogim Groupe SAS does not intend to change;
- that it does not plan to carry out the transactions referred to in Article 223-17 I, 6° of the AMF General Regulation;
- that it is not party to the agreements and instruments mentioned in 4° and 4° bis of Article L. 233-9 of the French Commercial Code;
- that it is not party to any temporary sale agreements in respect of Kaufman & Broad SA's shares or voting rights;
- that it does not plan to request the appointment of directors to the Board of Kaufman & Broad SA."

In a letter of June 22, 2020, the Caisse des Dépôts et Consignations ("CDC") informed Kaufman & Broad SA that, indirectly through CNP Assurances, it had crossed above the legal threshold of 5% of the Company's capital and voting rights as well as the thresholds set in the bylaws of 4% of the voting rights and 6% of the Company's capital.

On this occasion, CNP Assurances individually exceeded the threshold set in the bylaws of 2% of the capital of Kaufman & Broad.

These crossings of the thresholds resulted from the receipt by CNP Assurances of shares as collateral, with the result that the Caisse des Dépôts et Consignations now held, indirectly through CDC Croissance and CNP Assurances, 1,368,659 shares and voting rights in the Company, representing 6.19% of the share capital and 5.15% 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	3.41
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	460,000	2.08	460,000	1.74
TOTAL CDC (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD)	**1,368,659**	**6.19**	**1,368,659**	**5.15**

In a letter dated June 29, 2020, the Caisse des Dépôts et Consignations informed Kaufman & Broad SA (the Company) that, indirectly through CNP Assurances, it had crossed below the legal thresholds of 5% of the Company's capital and voting rights as well as the thresholds set in the bylaws of 6% of the capital and 4% of the voting rights.

On this occasion, CNP Assurances individually crossed below the threshold set in the bylaws of 2% of the capital of your company.

These crossings of the thresholds resulted from the return of shares received by CNP Assurances as collateral, with the result that the Caisse des Dépôts et Consignations now held, indirectly through CDC Croissance and CNP Assurances, 1,006,070 shares and voting rights in the Company, representing 4.55% of the share capital and 3.78% 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	3.41
CNP Assurances (deemed to be held pursuant to Article L. 233-9 I 2° of the French Commercial Code)	97,411	0.44	97,411	0.37
TOTAL CDC GROUP (SHARES AND VOTING RIGHTS HELD AND DEEMED TO BE HELD)	**1,006,070**	**4.55**	**1,006,070**	**3.78**

By letter received on July 7, 2020, the Rolloy family (Promogim SAS) informed the Company that on July 2, 2020 it had exceeded, the threshold of 10% of the voting rights of Kaufman & Broad and that it held 2,962,355 Kaufman & Broad shares representing the same number of voting rights, i.e., 13.41% of the share capital and 11.15% of the voting rights.

By the same letter, the following declaration of intent was made:

"The company Promogim Groupe SAS, a company wholly owned by the family of Christian Rolloy, declares that on July 2, 2020 it exceeded the threshold of 10% of the voting rights of Kaufman & Broad SA and that it holds 2,962,355 shares and voting rights in Kaufman & Broad SA, i.e. 13.41% of the Company's share capital and 11.15% of its theoretical voting rights.

In accordance with Article L. 233-7 of the French Commercial Code, the Rolloy family (Promogim) specifies:

- that the acquisitions were made on the market and financed by Promogim Groupe SAS's available cash;
- that it is not party to any concerted action vis-à-vis Kaufman & Broad SA;
- that it plans to continue its purchases of Kaufman & Broad SA shares depending on opportunities and market conditions;
- that it does not intend to acquire control of Kaufman & Broad SA;
- that Promogim Groupe SAS's investment is a long-term financial investment reflecting its confidence in the management and outlook of the Group, whose strategy Promogim Groupe SAS does not intend to change;
- that it does not plan to carry out the transactions referred to in Article 223-17 I, 6° of the AMF General Regulation;

- that it is not party to the agreements and instruments mentioned in 4° and 4° bis of Article L. 233-9 of the French Commercial Code;
- that it is not party to any temporary sale agreements in respect of Kaufman & Broad SA's shares or voting rights;
- that it does not plan to request the appointment of directors to the Board of Kaufman & Broad SA."

Since the end of the fiscal year on November 30, 2020, three crossings of thresholds have been declared to the Company.

In a letter of February 8, 2021, Invesco Ltd informed Kaufman & Broad SA that on February 5, 2021 it had crossed the capital and voting rights threshold and held 895,792 shares, i.e. 4.05%.

In a letter of February 8, 2021, Amundi stated, in accordance with Article L. 233-7 of the French Commercial Code (crossing of thresholds), that its UCITS funds held 452,851 voting rights in Kaufman & Broad SA, representing a holding of 2.05% and implying de facto that it had exceeded the threshold of 2.0% of shares set in the bylaws.

In a letter of March 24, 2021, Henderson Global Investors Limited (a UK-based investment firm) informed Kaufman & Broad SA that it had exceeded the threshold of 5% share capital in connection with its asset management business. Having surpassed the threshold, the company held 5.07% of the share capital, i.e. 1,101,350, and 4.23% of the voting rights. Henderson Global Investors Limited declares that it acted separately from other business activities and under the control of no other entity, pursuant to Article L. 233-9 II. of the French Commercial Code and Articles 223-12 and 223-12-1 of the General Regulation of the French Financial Markets Authority (AMF).

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 February 28, 2021	Number of shares	Number of voting rights
Shareholders		
Sylvie Charles	250	500
Jean-Louis Chaussade	278	542
Yves Gabriel	250	500
Nordine Hachemi	74,207	97,013
Sophie Lombard	283	533
André Martinez [1]	450	450
Karine Normand	12,479	23,708
Michel Paris	1,289	1,308
Caroline Puechoultres	250	500
Lucile Ribot	270	520
TOTAL	**90,006**	**125,574**

(1) Co-opted as director at the Board of Directors meeting on January 29, 2020 as a replacement for Mr. Frédéric Stévenin, resigning.

7.3.2. Changes in the distribution of authorized capital during the past three fiscal years

	2020		2019		2018	
Three-year changes in shareholding structure at November 30	Number of shares	% of capital	Number of shares	% of capital	Number of shares	% of capital
Shareholders						
Public [1]	13,287,324	60.16%	16,973,284	76.84%	16,774,878	76.72%
Artimus Participations [2]	2,324,423	10.52%	2,324,423	10.52%	2,321,440	10.62%
Prédica/Spirica	1,766,629	8.00%	1,766,629	8.00%	1,766,629	8.08%
Rolloy family (Promogim)	2,962,355	13.41%	-	-	-	-
Employees [3]	1,032,187	4.67%	813,426	3.68%	522,429	2.39%
Kaufman & Broad SA	715,105	3.24%	210,261	0.95%	478,878	2.19%
TOTAL	**22,088,023**	**100.00%**	**22,088,023**	**100.00%**	**21,864,074**	**100.00%**

(1) Shares owned by Directors are included in "Public" shareholders at November 30, 2020.

(2) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who held approximately 27% 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 2019.

Three-year changes in voting rights at November 30

Holders	2020	2019	2018
Public [1]	52.24%	66.56%	70.53%
Artimus Participations [2]	18.10%	17.23%	14.33%
Prédica/Spirica	13.77%	13.11%	12.97%
Rolloy family (Promogim)	11.54%	-	-
Employees [3]	4.35%	3.10%	2.17%
TOTAL	**100.00%**	**100.00%**	**100.00%**
TOTAL VOTING RIGHTS EXERCISABLE AT SHAREHOLDERS' MEETINGS	**25,664,496**	**26,244,439**	**24,056,108**
TOTAL THEORETICAL VOTING RIGHTS	**26,379,601**	**26,454,700**	**24,534,986**

(1) Shares owned by Directors are included in "Public" shareholders at November 30, 2020.

(2) A company owned by certain group executives and employees and chaired by Mr. Nordine Hachemi, Chairman and CEO of Kaufman & Broad SA (who held approximately 27% 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 2019.

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.

7.3.3. Legal entities with controlling interests the Company

7.3.3.1. 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.

7.3.3.2. Shareholders' agreement

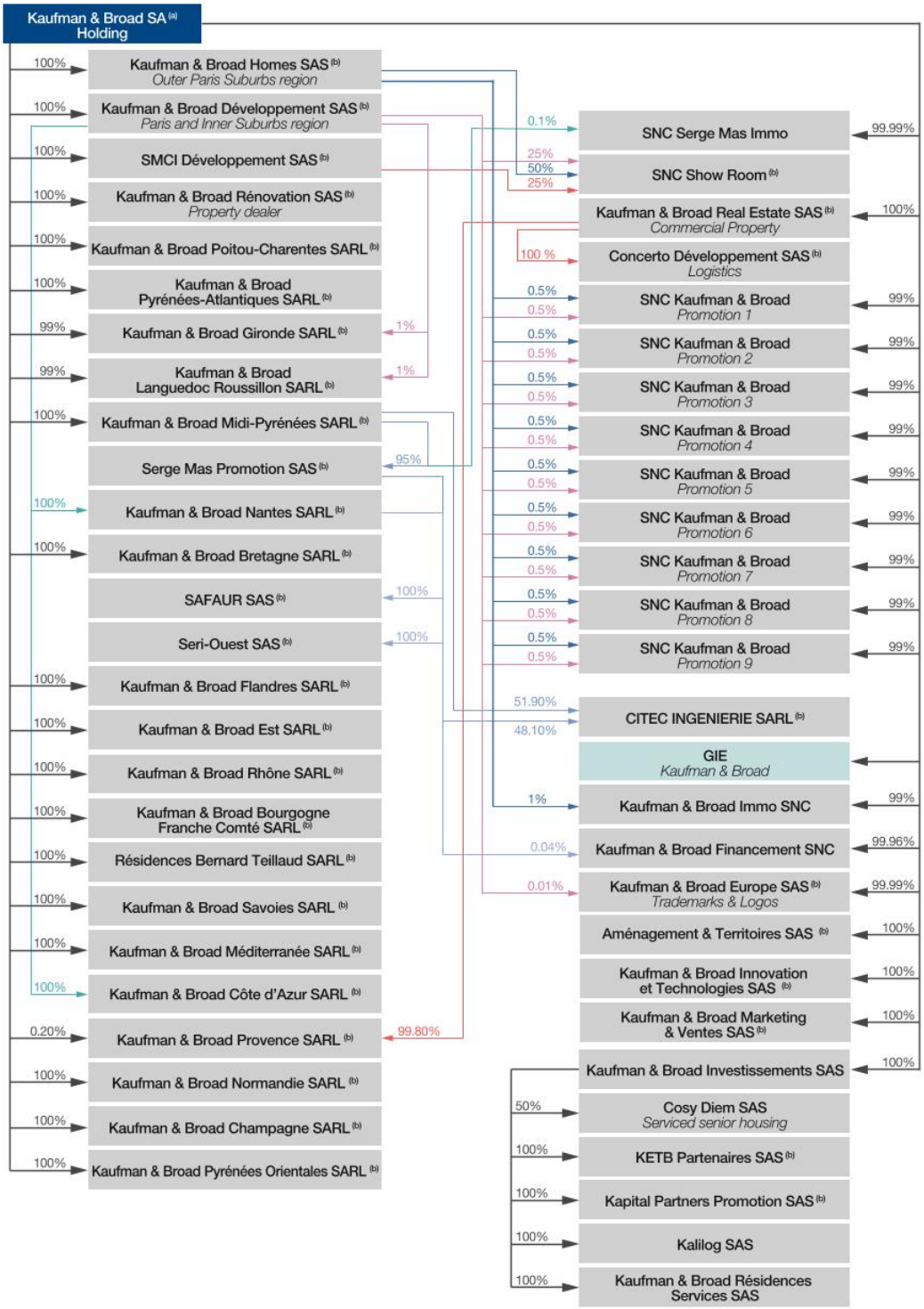
No shareholders' agreements have been entered into by the group's companies with contracting parties outside the group. For joint development programs, the partners sign a Memorandum of Understanding defining the allocation of responsibilities and the fees to be invoiced to these service providers.

7.3.3.3. Pledges

To the Company's knowledge, no pledges of its securities exist.

7.3.4. Group organization chart

The following organization chart shows the companies owned by Kaufman & Broad SA as holding company at November 30, 2020, 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.

7.3.4.1. Related party agreements

The terms and conditions of application of the agreements entered into by the various group entities are described in Section 6.1.5. "Notes to the financial statements" in Note 4.4. "Executive compensation (related parties)", paragraph "Terms and conditions of related-party transactions".

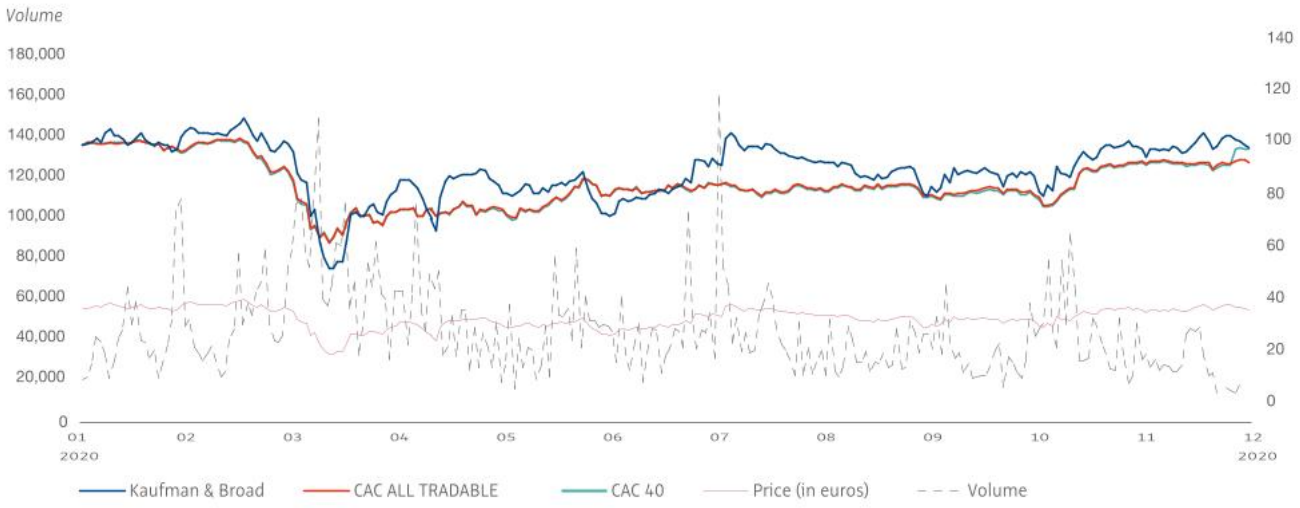
7.4. Trading in the Company's shares

From January 1 to December 31, 2020, the CAC All-Tradable fell by 6.4%, while the shares of Kaufman & Broad SA fell by 1.1%.

2020	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	829.1	22	37.7	707,208	32,146	1,210,244	26,625,357
February	776.9	20	38.8	841,887	42,094	1,636,025	32,720,510
March	619.6	22	28.2	1,475,645	67,075	1,843,033	40,546,729
April	601.1	20	30.1	1,021,208	51,060	1,504,978	30,099,568
May	625.9	20	31.3	553,655	27,683	869,871	17,397,425
June	655.6	22	29.8	833,087	37,868	1,137,869	25,033,117
July	796.0	23	34.6	987,512	42,935	1,511,133	34,756,062
August	737.3	21	35.1	633,362	30,160	1,065,496	22,375,411
September	712.4	22	32.4	629,140	28,597	924,277	20,334,093
October	715.6	22	32.5	519,019	23,592	760,317	16,726,982
November	748.0	21	35.6	761,927	36,282	1,271,218	26,695,585
December	815.7	22	37.1	438,544	19,934	740,427	16,289,395

(a) 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



7.5. Dividends

7.5.1. Distribution policy

Over the past five years, the company has paid the following dividends:

Fiscal year during which the dividend was paid	Type	Dividend paid per share *(in euros)*	Total amount *(in euros)*
2016	Dividends [a]	1.85	38,548,522.15
2017	Dividends [b]	2.10	44,254,423.50
2018	Dividends [c]	2.50	54,660,185.00
2019	Dividends [d]	1.75	38,654,040.25
2020	Dividends [d]	1.85	40,169,092.55

(a) Gross dividends calculated on the basis of 20,837,039 shares (including dividends payable on treasury shares).
(b) Gross dividends calculated on the basis of 21,073,535 shares (including dividends payable on treasury shares).
(c) Gross dividends calculated on the basis of 21,864,074 shares (including dividends payable on treasury shares).
(d) Gross dividends calculated on the basis of 21,713,023 shares (including dividends payable on treasury shares).

Note: the amount of profit distributed, including via the issue of new shares, is stated in section 6.6 "Five-year financial summary".

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 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, 2020.

Payment in cash of the dividend for the fiscal year ended November 30, 2019

Reduction of the dividend to €1.75 per share

In light of the public health crisis and the Government's calls for moderation in dividend payments during the first lockdown, Kaufman & Broad SA's Board of Directors resolved at its meeting on May 2, 2019 to reduce the proposed dividend for the period ended November 30, 2019 to be put to the Shareholders' Meeting on May 5, 2020 from €2.50 per share to €1.75 per share, i.e. 30% less than both the original proposal and the dividend paid in 2019 for the period ended November 30, 2018. Payment of the dividend in cash was the only option offered.

This decision reflected Kaufman & Broad S.A.'s desire to act responsibly in the circumstances at the time and strike a balance between the interests of its various stakeholders.

Upon publication of its first-quarter results on March 19, 2020, Kaufman & Broad S.A. reiterated that it had been focusing on financial performance for a number of years and that this had led to a financial structure with no net debt and an extremely solid cash position of €412.5 million, along with a backlog of over €3.4 billion. As a result of this situation, it did not expect to request the deferral or suspension of its tax or social security payments or to apply for government-backed loans, and had kept the use of the furlough scheme ("partial unemployment") within reasonable bounds, with all employees remaining on full pay.

Payment of a lower dividend will enable the company to enhance its charitable support campaign, particularly in support of caregivers and children's education. In addition, it will further bolster the group's already solid financial position.

Employee shareholders, the leading shareholders in Kaufman & Broad S.A. with over 15% of the share capital, supported the decision to adjust the dividend.

The Combined Ordinary and Extraordinary Shareholders' meeting of Kaufman & Broad SA held behind closed doors on May 5, 2020 under the chairmanship of Nordine Hachemi resolved to distribute a total dividend of €1.75 per share for the year ended November 30, 2019. The dividend was paid in cash on June 10, 2020.

7.5.2. 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.

8

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8.1. Person responsible for the Universal Registration Document

Nordine Hachemi

Chairman and Chief Executive Officer of Kaufman & Broad SA

8.2. Declaration by the person responsible for the Universal Registration Document

I declare 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 6.7.) 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, 2021

The Chairman and Chief Executive Officer

8.3. Person responsible for financial communications and investor relations

Bruno Coche

Chief Financial Officer

Kaufman & Broad SA
127, avenue Charles-de-Gaulle
92207 Neuilly-sur-Seine Cedex
Telephone: + 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 limited review of the half-year results. Estimated financial results are published quarterly.

The publication timetable is as follows:

- first-quarter results, April 15, 2021 after market close;
- first-half results, July 12, 2021 after market close;
- third-quarter results, October 1, 2021 after market close;
- annual results, in January 2022.

(This schedule is subject to change).

8.4. Information incorporated by reference

Pursuant to Article 19 of Regulation (EU) No. 2017/1129 of the Commission, the European Parliament and the Council, 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 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;
- 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 2019 Registration Document, the French version of which was filed with the AMF on March 31, 2020 under reference No. D.20-0231;
- the financial information presented in Sections 2.1., 2.2. and 1.1.2.1. of the 2019 Registration Document, the French version of which was filed with the AMF on March 31, 2020 under reference No. D.20-0231.

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.

8.5. Persons responsible for the audit of the financial statements

8.5.1. Principal Statutory Auditors

Ernst & Young Audit

1-2 place des Saisons, 92400 Courbevoie, Paris La Défense 1, represented by Denis Thibon, 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.

8.5.2. Alternate Statutory Auditors

Auditex

1-2 place des Saisons, 92037 Paris - La Défense Cedex, 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, appointed on April 16, 2015 until the Shareholders' Meeting convened to approve the financial statements for the fiscal year ending November 30, 2020.

8.6. Fees paid by the group to the Statutory Auditors and members of their networks

See Section 6.1.5. "Notes to the financial statements", Note 10. "Statutory Auditors' fees" to the consolidated financial statements for the year ended November 30, 2020, within Chapter 6.1. "Consolidated Financial Statements at November 30, 2020" of this Universal Registration Document.

8.7. Agenda and Resolutions of the Shareholders' Meeting of May 6, 2021

Combined Ordinary and Extraordinary Shareholders' Meeting of May 6, 2021

AGENDA

- Review and approval of the statutory financial statements for the fiscal year ended November 30, 2020;
- Appropriation of earnings for the fiscal year ended November 30, 2020;
- Review and approval of the consolidated financial statements for the fiscal year ended November 30, 2020;
- 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, 2020 or awarded to the Company's Chairman and Chief Executive Officer for the same fiscal year;
- Approval of information mentioned in Article L. 22-10-9-I of the French Commercial Code;
- Acknowledgment of the expiry of the term of office as Director of Nordine Hachemi, renewal of the term of office as Director of Nordine Hachemi for a period of three years;
- Acknowledgment of the expiry of the term of office as Director of André Martinez, appointment of a new Director for a period of three years;
- Acknowledgment of the expiry of the term of office as Director of Sylvie Charles, renewal of the term of office as Director of Sylvie Charles for a period of three years;
- Acknowledgment of the expiry of the term of office as Director of Sophie Lombard, renewal of the term of office as Director of Sophie Lombard for a period of three years;
- Acknowledgment of the expiry of the term of office as Director of Lucile Ribot, renewal of the term of office as Director of Lucile Ribot for a period of three years;
- Acknowledgment of the expiry of the term of office as Director representing employee shareholders of Karine Normand, renewal of the term of office as Director of Karine Normand for a period of three years;
- Acknowledgment of the expiry of the term of office as Director of Caroline Puechoultres, appointment of a new Director for a period of three years;
- Acknowledgment of the expiry of the terms of office of ERNST & YOUNG AUDIT, Principal Statutory Auditors of the Company, and of AUDITEX, Alternate Statutory Auditors of the Company; appointment of Statutory Auditors for a period of six fiscal years;
- Acknowledgment of the expiry of the terms of office of DELOITTE & ASSOCIES, Principal Statutory Auditors of the Company, and of B.E.A.S., Alternate Statutory Auditors of the Company; appointment of Statutory Auditors for a period of six fiscal years;
- Authority 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 the Extraordinary Shareholders' Meeting

- Authority 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 increase the share capital by capitalizing reserves or premiums;
- Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, with preemptive subscription rights for shareholders;
- Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, in the event of a public offer other than those referred to in Article L. 411-2 of the French Monetary and Financial Code;
- Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, in the event of a public offer referred to in 1 of Article L. 411-2 of the French Monetary and Financial Code;
- Authority to be granted to the Board of Directors, for a period of 26 months, in the event of the issuing of ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, to set the issue price in accordance with the rules set by the Shareholders' Meeting up to a maximum of 10% of the share capital;
- Authority to be granted to the Board of Directors, for a period of 26 months, to increase the number of securities to be issued in the event of a capital increase, with or without preemptive subscription rights for shareholders;
- Delegation of authority to be granted to the Board of Directors, for a period of 26 months, 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;
- Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue shares and/or equity securities convertible into other equity securities or debt securities in compensation for securities contributed to any public exchange offers initiated by the Company;

- 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;
- Authority 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;
- Setting of general delegation of authority ceilings at a nominal amount of (i) €2,270,000 for all capital increases through the issuing 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 issuing of shares or equity securities convertible into other equity securities or securities convertible into equity securities to be issued without preemptive subscription rights and (iii) €500,000,000 for issues of debt securities convertible into equity or debt securities; setting of specific ceilings for capital increases that may result in the awarding of bonus shares;

Resolution submitted to the Ordinary Shareholders' Meeting

- Powers to complete formalities.

TEXT OF THE RESOLUTIONS

Resolutions submitted to the Ordinary Shareholders' Meeting

FIRST RESOLUTION

(Review and approval of the company financial statements for the fiscal year ended November 30, 2020)

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 and the report of the Statutory Auditors, approves the annual financial statements for the fiscal year ended November 30, 2020, 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 €40,913,230.30.

The Shareholders' Meeting duly notes that no expenditure or cost provided for under Article 39-4 of the French General Tax Code was made by the Company for the fiscal year ended November 30, 2020.

SECOND RESOLUTION

(Appropriation of earnings for the fiscal year ended November 30, 2020)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors, resolves to appropriate:

the profit for the fiscal year ended November 30, 2020, amounting to	€40,913,230.30
plus retained earnings in the amount of	€336,541,908.85
namely, a total of	€377,455,139.15
for the distribution of a dividend of	€40,169,092.55
the balance, namely	€337,286,046.60

will be allocated to retained earnings, which accordingly will increase from €336,541,908.85 to €337,286,046.60.

The dividends in respect of the Company's treasury shares at the dividend payment date shall be allocated to retained earnings.

The net dividend per share will be €1.85. This dividend will be paid out no later than June 30, 2021.

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
2017	€2.10/share	yes
2018	€2.50/share	yes
2019	€1.75/share	yes

(1) Amount(s) eligible for 40% tax relief available to individuals who are tax resident in France, as provided for in Article 158-3-2 of the French General Tax Code.

THIRD RESOLUTION

(Review and approval of the consolidated financial statements for the fiscal year ended November 30, 2020)

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 and the report of the Statutory Auditors, approves the consolidated financial statements for the fiscal year ended November 30, 2020, 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 €40,138,000.

FOURTH RESOLUTION

(Review and approval of agreements referred to in Article L. 225-38 et seq. of the French Commercial Code)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, and after a reading of the special report of the Statutory Auditors on the agreements referred to in Articles L. 225-38 and L. 225-40 to L. 225-42 of the French Commercial Code, approves all the provisions of this report and notes that no new agreement was entered into in the fiscal year ended November 30, 2020.

FIFTH 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.22-10-8 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 8.9 of the Company's 2020 Universal Registration Document.

SIXTH 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.22-10-8 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 8.9 of the Company's 2020 Universal Registration Document.

SEVENTH 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, 2020 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.22-10-34 II 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 to the Company's Chairman and Chief Executive Officer for the same fiscal year, as presented in paragraph 2.2.1 of the aforementioned report, included in Section 8.9 of the Company's 2020 Universal Registration Document.

EIGHTH RESOLUTION

(Approval of information mentioned in Article L. 22-10-9-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. 22-10-34-I of the French Commercial Code, the information mentioned in Article L. 22-10-9-I of the French Commercial Code as presented in the aforementioned report, included in Section 8.9 of the Company's 2020 Universal Registration Document.

NINTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director of Nordine Hachemi, renewal of the term of office as Director of Nordine Hachemi for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of Nordine Hachemi would expire at the close of this Shareholders' Meeting, resolves to renew the term of office as Director of Nordine Hachemi for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

Nordine Hachemi has made it known in advance that he would accept these duties if reappointed.

TENTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director of André Martinez, renewal of the term of office as Director of André Martinez for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of André Martinez would expire at the close of this Shareholders' Meeting, resolves to appoint, as his replacement, as new Director, [----------] for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

[----------] has made it known in advance that he would accept these duties if reappointed. Eleventh resolution

ELEVENTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director of Sylvie Charles, renewal of the term of office as Director of Sylvie Charles for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of Sylvie Charles would expire at the close of this Shareholders' Meeting, resolves to renew the term of office as Director of Sylvie Charles for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

Sylvie Charles has made it known in advance that she would accept these duties if reappointed.

TWELFTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director of Sophie Lombard, renewal of the term of office as Director of Sophie Lombard for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of Sophie Lombard would expire at the close of this Shareholders' Meeting, resolves to renew the term of office as Director of Sophie Lombard for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

Sophie Lombard has made it known in advance that she would accept these duties if reappointed.

THIRTEENTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director of Lucile Ribot, renewal of the term of office as Director of Lucile Ribot for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of Lucile Ribot would expire at the close of this Shareholders' Meeting, resolves to renew the term of office as Director of Lucile Ribot for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

Lucile Ribot has made it known in advance that she would accept these duties if reappointed.

FOURTEENTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director representing employee shareholders of Karine Normand, renewal of the term of office as Director of Karine Normand for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of Karine Normand, Director representing employee shareholders, would expire at the close of this Shareholders' Meeting, resolves to renew the term of office as Director of Karine Normand for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

Karine Normand has made it known in advance that she would accept these duties if reappointed.

FIFTEENTH RESOLUTION

(Acknowledgment of the expiry of the term of office as Director of Caroline Puechoultres, appointment of a new Director for a period of three years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and noting that the term of office as Director of Caroline Puechoultres would expire at the close of this Shareholders' Meeting, resolves to appoint, as her replacement, as new Director, [----------] for a period of three years, which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended November 30, 2023.

[----------] has made it known in advance that he would accept these duties if reappointed.

SIXTEENTH RESOLUTION

(Acknowledgment of the expiry of the terms of office of ERNST & YOUNG AUDIT, Principal Statutory Auditors of the Company, and of AUDITEX, Alternate Statutory Auditors of the Company; appointment of Statutory Auditors for a period of six fiscal years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors,

- noting the expiry of the term of office of the company ERNST & YOUNG AUDIT, as Principal Statutory Auditors, at the end of this Shareholders' Meeting, resolves to renew the term of office of ERNST & YOUNG AUDIT, 1-2 Place des Saisons Paris La Défense 1 92037 Courbevoie, as Principal Statutory Auditor, for a period of six (6) fiscal years which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending November 30, 2026,
- noting the expiry of the term of office of the company AUDITEX, as Alternate Statutory Auditors, at the end of the this Shareholders' Meeting, resolves not to renew the said term of office for a period of six (6) fiscal years.

The company ERNST & YOUNG AUDIT has indicated in advance, by separate letters addressed to the Chairman and Chief Executive Officer of the Company, that it would accept these duties if this resolution were adopted.

SEVENTEENTH RESOLUTION

(Acknowledgment of the expiry of the terms of office of DELOITTE & ASSOCIES, Principal Statutory Auditors of the Company, and of B.E.A.S., Alternate Statutory Auditors of the Company; appointment of Statutory Auditors for a period of six fiscal years)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors,

- noting the expiry of the term of office of the company DELOITTE & ASSOCIES, as Principal Statutory Auditors, at the end of this Shareholders' Meeting, resolves to appoint, as a replacement, KPMG S.A. – Tour Eqho – 2, avenue Gambetta 92066 Paris-La Défense Cedex, as Principal Statutory Auditors, for a period of six (6) fiscal years which will end at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending November 30, 2026,
- noting the expiry of the term of office of the company B.E.A.S. as Alternate Statutory Auditors, at the end of this Shareholders' Meeting, resolves not to renew said term of office and not to appoint a new Alternate Statutory Auditor for a period of six (6) fiscal years.

The company KPMG S.A. has indicated in advance, by separate letter addressed to the Chairman and Chief Executive Officer of the Company, that it would accept these duties if this resolution were adopted.

EIGHTEENTH RESOLUTION

(Authority 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 option to delegate in the manner provided for by law, in accordance with the provisions of Articles L. 22-10-62 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 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 stock by the delivery of shares when exercising the rights attached to securities giving the right via redemption, conversion, exchange or presentation of a warrant, or in any other way, to an allocation of the Company's stock;
- potentially cancel the shares acquired, subject to adoption of the nineteenth 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 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 €130,278,138 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 authority, or in the event of a stock split or reverse stock split, the Shareholders' Meeting delegates to the Board of Directors the authority to adjust, if necessary, the maximum purchase price per share referred to above to take into account the impact of such transactions on the value of the stock.

The Shareholders' Meeting grants full authority to the Board of Directors, with the option to delegate this authority under the terms provided for by law, to:

- resolve to implement this authority;
- set the terms and conditions the observance of which ensure, if necessary, the preservation of the rights of bearers of securities convertible into equity capital, stock warrants or stock options, or rights to allocation of performance shares, in compliance with legal, regulatory or contractual provisions;
- place any stock market order and enter into any agreement specifically in order to keep the records of buy and sell transactions in compliance with applicable regulations;
- file all required disclosures and comply with all formal, legal and other requirements and, in general, take all necessary measures.

The Board of Directors will inform the shareholders attending the Annual Ordinary Shareholders' Meeting about all the transactions executed in application of this resolution.

This authority is granted for a period of 18 months from the date of this Shareholders' Meeting.

It replaces the authority previously granted by the Shareholders' Meeting of May 5, 2020 in its tenth resolution.

Resolutions submitted to the Extraordinary Shareholders' Meeting

NINETEENTH RESOLUTION

(Authority 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. 22-10-62 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. 22-10-62 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 authority is granted for a period of twenty-six months from the date hereof.

It replaces the authority previously granted by the Shareholders' Meeting of May 5, 2020 in its eleventh resolution.

TWENTIETH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to increase the share capital by capitalizing reserves or premiums)

The Shareholders' Meeting, with the quorum and majority required for Ordinary Shareholders' Meetings, and after a reading of the report of the Board of Directors and in accordance with Articles L. 225-129, L. 225-129-2, L. 22-10-49 and L. 22-10-50 of the French Commercial Code:

1) Delegates to the Board of Directors, with the option of sub-delegation, its authority toproceed, on one or more occasions, in the proportions and at the times it deems appropriate, with the incorporation into the capital of all or part of the profits, reserves or premiums, the capitalization of which will be legally and statutorily possible and in the form of an award of bonus shares or an increase in the par value of the existing shares, or by the combined use of these two methods;

2) Sets the validity of this delegation of authority at twenty-six (26) months from the date of this Shareholders' Meeting;

3) Sets at €853,000 the maximum nominal amount of the capital increases likely to be carried out pursuant to this delegation of authority, it being specified that to this ceiling shall be added, if applicable, the nominal value of the shares to be issued in order to preserve the rights of the holders of securities convertible into equity capital, stock warrants or stock options, or rights to allocation of performance shares;

4) Resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority from the filing by a third party of a public offer aimed at the Company's shares until the end of the offer period;

5) Grants the Board of Directors full powers, with the option to delegate to the Chief Executive Officer, or in agreement with the latter, to a Deputy Chief Executive Officer, to implement, under the conditions set by law, this delegation of authority, and in particular to decide that the rights forming fractional shares will not be negotiable, that the corresponding shares will be sold in accordance with the terms and conditions provided for by the applicable regulations, and that the proceeds of the sale will be allocated to the holders of the rights;

6) Notes that this resolution replaces the authorization previously granted by the Shareholders' Meeting of May 2, 2019 in its seventeenth resolution.

TWENTY-FIRST RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, with preemptive subscription rights for shareholders)

The Shareholders' Meeting, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of the French Commercial Code and particularly Articles L. 22-10-49, L. 225-129, L. 225-129-2 and L. 228-92:

1) Delegates to the Board of Directors, with the option of sub-delegation, its authority to issue, on one or more occasions, in

the proportions and at the times it deems appropriate, in France and/or abroad, in euros or in any other currency or unit of account established by reference to several currencies, ordinary shares, equity securities convertible into other equity securities or convertible into debt securities and/or any other securities, including detachable warrants or stock purchase warrants, convertible into future equity securities to be issued by the Company, in the forms and on the terms that the Board of Directors deems appropriate, it being specified that the issue of preferred shares and securities giving immediate or future access to preferred shares is excluded from this delegation;

2) Sets the validity of this delegation of authority at twenty-six (26) months from the date of this Shareholders' Meeting;

3) Resolves that if the Board of Directors uses this delegation of authority:

- the maximum nominal amount (excluding issue premium) of the capital increases that may be carried out as a result of the issue of shares or securities referred to in 1/ above is set at €2,270,000, it being specified:
  - that in the event of a capital increase by incorporation into the capital of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of this delegation of authority, the aforementioned nominal amount shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares making up the capital after the transaction and the number of shares before the transaction,
  - to the above ceiling is added the nominal amount of shares to be issued to preserve the rights of holders of securities convertible into shares, of stock options and/or stock warrants or of rights to the allocation of bonus shares,
  - the nominal amount of any capital increase carried out pursuant to this delegation of authority shall be deducted from the overall nominal ceiling set for capital increases set forth in the thirtieth resolution,
- in addition, the maximum aggregate nominal amount of issues of securities representing claims against the Company convertible into equity capital or a debt security may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies; it being specified that this amount will be deducted from the aggregate nominal ceiling for issues of debt securities convertible into Company shares or a debt security provided for in the thirtieth resolution;

4) Resolves that if this delegation of authority is used:

- the shareholders will have a preemptive right to subscribe and will be able to subscribe on an irreducible basis in proportion to the number of shares then held by them, the Board having the option of instituting a right to subscribe on a reducible basis and of providing for an extension clause intended exclusively to satisfy orders to subscribe on a reducible basis which could not be served,
- if the subscriptions on an irreducible basis and, where applicable, on a reducible basis, have not absorbed the entire issue, the Board of Directors may in particular offer to the public, in whole or in part, the unsubscribed shares and/or securities;

5) Resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority from the filing by a third party of a public offer aimed at the Company's shares until the end of the offer period;

6) Grants full powers to the Board of Directors, with the option to delegate to the Chief Executive Officer, or, with the latter's agreement, to a Deputy Chief Executive Officer, to implement, under the conditions laid down by law, this delegation of authority, to charge the costs of the capital increases against the amount of the premiums relating thereto, and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital after each increase;

7) Notes that in the event of the use of this delegation of authority, the decision to issue securities convertible into Company shares shall automatically entail the waiver by the shareholders of their preemptive rights to subscribe to the equity securities to which these securities will give entitlement, in favor of the holders of these securities;

8) Resolves that the Board of Directors may suspend the exercise of the rights attached to the securities issued, for a maximum period of three months, and shall take any useful measure in respect of the adjustments to be made in accordance with the legal and regulatory provisions in force and, where applicable, the contractual stipulations to protect the holders of rights attached to the securities convertible into Company shares;

9) Notes that this authorization replaces the delegation of authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its eighteenth resolution.

TWENTY-SECOND RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, in the event of a public offer other than those referred to in Article L. 411-2 of the French Monetary and Financial Code)

The Shareholders' Meeting, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of the French Commercial Code and particularly Articles L. 225-129, L. 225-129-2, L. 22-10-49, L. 22-10-51, L. 22-10-52 and L. 228-92:

1) Delegates to the Board of Directors, with the option of sub-delegation, its authority to issue, on one or more occasions, in the proportions and at the times it deems appropriate, in France and/or abroad, in euros or in any other currency or unit of account established by reference to several currencies, via public offer other than those referred to in Article L. 411-2 of the French Monetary and Financial Code, ordinary shares, equity securities convertible into other equity securities or convertible into debt securities and/or any other securities, including detachable warrants or stock purchase warrants, convertible into the Company's capital or convertible into a debt instrument, in the forms and on the terms that the Board of Directors deems appropriate, it being specified that the issue of preferred shares and securities giving immediate or future access to preferred shares is excluded from this delegation;

2) Sets the validity of this delegation of authority at thirty-eight (26) months, from the date of this Shareholders' Meeting;

3) Resolves that if the Board of Directors uses this delegation of authority:

- the maximum nominal amount (excluding issue premium) of the capital increases that may be carried out as a result of the issue of shares or securities referred to in 1/ above is set at €568,000, it being specified:

  – that in the event of a capital increase by incorporation into the capital of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of this delegation of authority, the aforementioned total nominal amount shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares making up the capital after the transaction and the number of shares before the transaction,

  – to the above ceiling is added the nominal amount of shares to be issued to preserve the rights of holders of securities convertible into shares, of stock options and/or stock warrants or of rights to the allocation of bonus shares,

  – the nominal amount of any capital increase carried out in application of this authority will be deducted from the total nominal ceiling of €2,270,000 for capital increases and the nominal ceiling of €568,000 for capital increases without preemptive subscription rights set forth in the thirtieth resolution.

- in addition, the maximum aggregate nominal amount of issues of securities representing claims against the Company convertible into equity capital or a debt security may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies; it being specified that this amount will be deducted from the overall nominal ceiling for issues of securities representing claims against the Company convertible into the capital or a debt security provided for in the thirtieth resolution;

4) Decides to remove the shareholders' preemptive rights to shares and other securities that may be issued by the Company pursuant to this resolution;

5) Resolves that, with respect to the issues carried out pursuant to this delegation of authority, the Board of Directors may establish a priority subscription period in favor of the shareholders, on an irreducible and possibly reducible basis, not giving rise to the creation of negotiable rights, and consequently delegates to the Board of Directors, with the option of sub-delegation under the conditions laid down by law and regulations, the power to set this period and its terms, in accordance with the provisions of Article L. 22-10-51 of the French Commercial Code;

6) Resolves that the amount of the consideration to be received and/or to be received subsequently by the Company for each of the shares issued or to be issued under this delegation, taking into account, in the event of the issue of detachable warrants, the issue price of said warrants, shall be at least equal to the minimum price provided for by the regulations in force on the date of issue (i.e, on that day, the weighted average of the prices of the Company's shares over the last three trading sessions on the regulated market of Euronext Paris preceding the start of the public offering within the meaning of Regulation (EU) No. 2017/1129 of June 14, 2017, possibly less a maximum discount of 10%);

7) Resolves that the Board of Directors may suspend the exercise of the rights attached to the securities issued, for a maximum period of three months, and shall take any useful measure in respect of the adjustments to be made in accordance with the legal and regulatory provisions in force and, where applicable, the contractual stipulations to protect the holders of rights attached to the securities convertible into Company shares;

8) Resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority from the filing by a third party of a public offer aimed at the Company's shares until the end of the offer period;

9) Grants full powers to the Board of Directors, with the option to delegate to the Chief Executive Officer, or, with the latter's agreement, to a Deputy Chief Executive Officer, to implement, under the conditions laid down by law, this delegation of authority, to charge the costs of the capital increases against the amount of the premiums relating thereto, and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital after each increase;

10) Notes that in the event of the use of this delegation of authority, the decision to issue securities convertible into Company shares shall automatically entail the waiver by the shareholders of their preemptive rights to subscribe to the equity securities to which these securities will give entitlement, in favor of the holders of these securities;

11) Notes that this authority replaces the delegation of authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its nineteenth resolution.

TWENTY-THIRD RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, in the event of a public offer referred to in Article L. 411-2 of the French Monetary and Financial Code)

The Shareholders' Meeting, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with the provisions of the French Commercial Code and particularly Articles L. 225-129, L. 225-129-2, L. 22-10-49, L. 22-10-52, L. 228-92 and L. 228-93:

1) Delegates to the Board of Directors, with the option of sub-delegation, its authority to issue, on one or more occasions, in the proportions and at the times it deems appropriate, in France and/or abroad, in euros or in any other currency or unit of account established by reference to several currencies, in the event of a public offer referred to in 1 of Article L. 411-2 of the French Monetary and Financial Code, ordinary shares, equity securities convertible into other equity securities or convertible into debt securities and/or other securities, including detachable warrants, convertible into future equity securities to be issued by the Company, in the forms and on the terms that the Board of Directors deems appropriate; it being specified that the issue of preferred shares and securities giving immediate or future access to preferred shares is excluded from this delegation;

2) Sets the validity of this delegation of authority at thirty-eight (26) months, from the date of this Shareholders' Meeting;

3) Resolves that if the Board of Directors uses this delegation of authority:

- the maximum nominal amount (excluding issue premium) of the capital increases that may be carried out as a result of the issue of shares or securities referred to in 1/ above is set at €568,000, it being specified:
  - that in the event of a capital increase by incorporation into the capital of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of this delegation of authority, the aforementioned nominal amount shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares making up the capital after the transaction and the number of shares before the transaction,
  - to the above ceiling is added the nominal amount of shares to be issued to preserve the rights of holders of securities convertible into shares, of stock options and/or stock warrants or of rights to the allocation of bonus shares,
  - the issue shall be limited to 20% of the share capital adjusted for transactions subsequent to this Meeting affecting the capital, per year,
  - the nominal amount of any capital increase carried out in application of this authority will be deducted from the total nominal ceiling of €2,270,000 for capital increases and the nominal ceiling of €568,000 for capital increases without preemptive subscription rights set forth in the thirtieth resolution;
- in addition, the maximum nominal amount of issues of securities representing claims against the Company convertible into future equity securities of the Company may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies, it being specified that this amount will be deducted from the overall nominal ceiling for issues of securities representing claims against the Company convertible into the capital or a debt security provided for in the thirtieth resolution;

4) Decides to remove the shareholders' preemptive rights to shares and other securities that may be issued by the Company pursuant to this resolution;

5) Resolves that the amount of the consideration to be received and/or to be received subsequently by the Company for each of the shares issued or to be issued under this delegation, taking into account, in the event of the issue of detachable warrants, the issue price of said warrants, shall be at least equal to the minimum price provided for by the regulations in force on the date of issue (i.e, on that day, the weighted average of the prices of the Company's shares over the last three trading sessions on the regulated market of Euronext Paris preceding the start of the public offering within the meaning of Regulation (EU) No. 2017/1129 of June 14, 2017, possibly less a maximum discount of 10%);

6) Resolves that the Board of Directors may suspend the exercise of the rights attached to the securities issued, for a maximum period of three months, and shall take any useful measure in respect of the adjustments to be made in accordance with the legal and regulatory provisions in force and, where applicable, the contractual stipulations to protect the holders of rights attached to the securities convertible into Company shares;

7) Resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority from the filing by a third party of a public offer aimed at the Company's shares until the end of the offer period;

8) Grants full powers to the Board of Directors, with the option to delegate to the Chief Executive Officer, or, with the latter's agreement, to a Deputy Chief Executive Officer, to implement, under the conditions laid down by law, this delegation of authority, to charge the costs of the capital increases against the amount of the premiums relating thereto, and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital after each increase;

9) Notes that in the event of the use of this delegation of authority, the decision to issue securities convertible into Company shares referred to in 1 above shall automatically entail the waiver by the shareholders of their preemptive subscription rights to the equity securities to which the securities issued will give entitlement, in favor of the holders of these securities;

10) Notes that this authority replaces the delegation of authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its twentieth resolution.

TWENTY-FOURTH RESOLUTION

(Authority to be granted to the Board of Directors, for a period of 26 months, in the event of the issuing of ordinary shares and/or equity securities convertible into other equity securities or debt securities, and/or securities convertible into equity securities to be issued by the Company, without preemptive subscription rights for shareholders, to set the issue price in accordance with the rules set by the Shareholders' Meeting up to a maximum of 10% 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 the provisions of Article L. 22-10-52 of the French Commercial Code, authorizes the Board of Directors, in the event of implementation of the twenty-second and twenty-third resolutions, to derogate from the conditions for setting the price provided for in said resolutions and to set it as follows:

- The issue price of ordinary shares will be at least equal, at the discretion of the Board of Directors, to (i) the weighted average price of the Company's share on the Euronext Paris regulated market the day prior to the date of setting the issue price, possibly less a maximum discount of 10% or (ii) the weighted average of the price of the Company's share 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 10%;
- the issue price of equity securities convertible into the Company's capital by any means, immediately or at a later date, shall be such that the amount received immediately by the Company, plus any amount that may be received subsequently by it, shall be at least equal to the amount referred to above for each share of the Company issued as a result of the issue of these securities;
- the maximum nominal amount of the capital increase resulting from the implementation of this resolution may not exceed 10% of the share capital per 12-month period, as well as the ceilings set by the thirtieth resolution, from which it is deducted.

This authorization is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

It supersedes the delegation of authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its twenty-first resolution.

TWENTY-FIFTH RESOLUTION

(Authority to be granted to the Board of Directors, for a period of 26 months, to increase the number of securities to be issued in the event of a capital increase, with or without preemptive subscription rights for shareholders)

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, delegates to the Board of Directors, within the framework of the issues that would be decided pursuant to the delegations of authority granted to the Board of Directors by virtue of the preceding resolutions (twenty-first , twenty-second and twenty-third resolutions), its authority to increase the number of securities to be issued under the initial issue, in accordance with the conditions set forth in Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, within the limits of the ceilings provided for in said resolutions and for the duration provided for in said resolutions.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its twenty-first resolution.

TWENTY-SIXTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 months, 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)

The Shareholders' Meeting, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Articles L. 22-10-53 of the French Commercial Code:

- delegates to the Board of Directors, with the option to sub-delegate, the necessary powers to issue shares in the Company or equity securities convertible into capital, up to a limit of 10% of the Company's current capital, in compensation for contributions in kind of equity securities granted to the Company and consisting of equity securities or securities convertible into capital, where the provisions of Article L. 22-10-54 of the French Commercial Code do not apply;
- resolves that the share issues carried out pursuant to this delegation of authority shall be deducted from the ceilings specified in the thirtieth resolution below;
- notes that the Company's shareholders will not have a preemptive right to subscribe for the shares to be issued under this delegation of authority, as these shares will be used exclusively to remunerate contributions in kind, and notes that this delegation of authority entails a waiver by the shareholders of their preemptive right to subscribe for the shares of the Company to which the securities issued under this delegation of authority may give entitlement;
- Resolves that the Board of Directors may not, except with the prior authorization of the Shareholders' Meeting, make use of this delegation of authority from the filing by a third party of a public offer aimed at the Company's shares until the end of the offer period;
- grants authority to the Board of Directors to implement this authority, to approve the value of the contributions, to charge the costs of the capital increases to the amount of the premiums relating to these increases and to amend the bylaws accordingly.

This delegation of authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its twenty-third resolution.

TWENTY-SEVENTH RESOLUTION

(Delegation of authority to be granted to the Board of Directors, for a period of 26 months, to issue shares and/or equity securities convertible into other equity securities or debt securities in compensation for securities contributed to any public exchange offers initiated by the Company)

The Shareholders' Meeting, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Articles L. 22-10-54, L. 225-129 and L. 228-92 of the French Commercial Code:

- delegates to the Board of Directors, with the option of sub-delegation, its authority to resolve, on one or more occasions, to issue shares and/or equity securities convertible into other equity securities, or to the allocation of debt securities, in compensation for securities contributed to any public exchange offers initiated by the Company in France or abroad in accordance with local rules (e.g. within the framework of an Anglo-Saxon type reverse merger);
- resolves that the total nominal amount (excluding issue premium) of the capital increases likely to be carried out through the issuing of shares or securities convertible into Company shares or, provided that the primary security is a share, convertible into debt securities, may not exceed €568,000, it being specified:
  - that in the event of a capital increase by incorporation into the capital of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of this delegation of authority, the aforementioned total nominal amount (excluding issue premium) shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares making up the capital after the transaction and the number of shares before the transaction,
  - to the above ceiling is added the nominal amount of shares to be issued to preserve the rights of holders of securities convertible into shares, of stock options or stock warrants or of rights to the allocation of bonus shares;
- resolves that the issues of shares and/or securities convertible into a proportion of the equity capital of the Company or convertible into debt securities pursuant to this authority shall be deducted from the ceilings referred to in the thirtieth resolution below;
- notes that the Company's shareholders will not have a preemptive right to subscribe to the shares and/or securities issued under this authority, as these will be used exclusively to remunerate securities contributed to a public exchange offer initiated by the Company;
- notes that the price of the shares and securities to be issued under the present delegation of authority will be determined on the basis of the legislation applicable to public exchange offers;
- authorizes the Board of Directors, with the option to sub-delegate within the conditions set by the law, to implement this authority and to charge the costs of the capital increases against the premiums relating to such increases.

This delegation of authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of May 2, 2019 in its twenty-fourth resolution.

TWENTY-EIGHTH 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, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to Articles L. 225-129-2, L. 225-138, L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code and also in compliance with the provisions of Article L. 225-129-6 of the French Commercial Code:

1) Delegates to the Board of Directors, with the option to sub-delegate, its authority to (i) increase, on one or several occasions, the Company's share capital by issuing shares and/or 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 capital to replace in full or in part the discount referred to in 3. below in accordance with the terms and within the limits set forth in Article L. 3332-21 of the French Labor Code, it being specified, as applicable, that the Board of Directors may substitute in whole or in part such capital increase with the disposal, under the same conditions, of already existing securities held by the Company;

2) Resolves that the number of shares that may result from all the shares issued under this authority, including those resulting from shares or securities 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 the capital; the nominal amount of any capital increase carried out in application of this authority will be deducted from the total nominal maximum limit of €2,270,000 for capital increases set forth in the thirtieth resolution above. 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;

3) Resolves that (i) the issue price for new shares may neither exceed the average of the first share prices quoted in the twenty trading sessions prior to the day of the decision of the Board of Directors or of the Chief Executive Officer setting the subscription start date nor be lower than such average by more than 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% byawarding 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;

4) Resolves to remove, in favor of the participants in the group's savings plan(s), the shareholders' preemptive rights to subscribe to Company shares or securities that may be issued under this delegation of authority and to waive all rights to the shares and stock equivalents that may be awarded as bonus shares under this present resolution;

5) Delegates all powers to the Board of Directors, with the option to sub-delegate this authority, in compliance with the provisions of law, in order particularly to:

- decide whether the shares must be subscribed directly by employees participating in the group's savings plans, through a company mutual fund (an 'FCPE'), or through an employees' mutual fund (a 'SICAVAS');
- identify the companies whose employees will be eligible for the subscription offer;
- decide whether employees should be given a deadline for paying up their securities;
- set the terms and conditions for joining the group's PEE plan(s), by establishing or amending their regulations;
- set the opening and closing dates for subscriptions and the issue price of the securities;
- award, within the limits set in Article L. 3332-18 et seq. of the French Labor Code, the bonus shares or 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 stock equivalents against the amount of the premiums relating to these increases and to deduct from such amount the sums required to increase the legal reserve to 10% of the Company's new capital after each increase.

This delegation of authority is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

This authority supersedes the authority granted to the Board of Directors by the Shareholders' Meeting of May 5, 2020 in its twelfth resolution.

TWENTY-NINTH RESOLUTION

(Authority 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, with the quorum and majority required for Extraordinary Shareholders' Meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Articles L. 225-197-1, L. 225-197-2, L. 22-10-59 and L. 22-10-60 of the French Commercial Code:

- authorizes the Board of Directors to award, on one or more occasions, existing ordinary shares of the Company as bonus shares to the employees or executive corporate officers of the Company and its related French and foreign companies or the economic interest groupings (GIE) related to it on the terms and conditions set forth in Article L. 225-197-2 of the French Commercial Code or to certain categories among them;
- resolves that, without prejudice to the potential impact of the adjustments referred to below, the total number of bonus shares awarded may not exceed 250,000 shares, while the number of shares awarded to executive corporate officers may not exceed 50,000 shares;
- resolves that the allotment of shares to their beneficiaries will become definitive either i) at the end of a minimum one-year vesting period, after the beneficiaries have held said shares for a minimum of one year from the date of the definitive award; or ii) at the end of a minimum vesting period of two years, and in this case with no minimum lock-in period. It is understood that the Board of Directors will have the option of choosing between the above two possibilities and to apply them alternately or concurrently, and may, in the first case, extend the vesting and/or lock-in period, and in the second case, extend the vesting period and/or set a lock-in period.

  Note, however, that the shares will vest prematurely in the event of the death or incapacity of a beneficiary under the second or third category referred to in Article L. 341-4 of the French Social Security;
- resolves that the shares will vest to the beneficiaries who are corporate officers contingent on meeting the performance conditions as defined by the Board of Directors;
- resolves that the vesting of the shares to the beneficiaries who are employees may be contingent on meeting the performance conditions as defined by the Board of Directors;
- sets the validity of this authority at thirty-eight (38) months from the date of this Shareholders' Meeting;
- 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 preemptive rights to subscribe.

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, 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 para. 4 of the French Commercial Code, or to decide that these shares cannot be sold by the interested parties, prior to ceasing their functions, or to determine 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 thirteenth resolution of the Shareholders' Meeting of May 5, 2020 to award new or existing bonus shares to employees and/or executive corporate officers of the Company.

THIRTIETH RESOLUTION

(Setting of general delegation of authority ceilings at a nominal amount of (i) €2,270,000 for all capital increases through the issuing 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 issuing of shares or equity securities convertible into other equity securities or securities convertible into equity securities to be issued without preemptive subscription rights and (iii) €500,000,000 for issues of debt securities convertible into equity or debt securities; setting of specific ceilings for capital increases that may result in the awarding of bonus 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, resolves to set the following overall limits on the amounts of issues that may be decided pursuant to the delegations of authority to the Board of Directors resulting from the preceding resolutions:

- the overall nominal ceiling for all capital increases through the issue of shares or equity securities convertible into other equity securities or securities convertible into equity securities to be issued is set at a nominal amount (excluding issue premium) of €2,270,000, plus the nominal amount of capital increases to be carried out in order to preserve, in accordance with the law and, where applicable, the applicable contractual stipulations, the rights of the holders of these securities. In the event of a capital increase by incorporation into the capital of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of said delegations of authority, the aforementioned maximum nominal amount (excluding issue premium) shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares making up the share capital after the transaction and the amount before the transaction;
- the overall nominal ceiling of the capital increases without preemptive subscription rights carried out pursuant to the twenty-second, twenty-third, twenty-fourth, twenty-fifth, twenty-sixth and twenty-seventh resolutions submitted to this Shareholders' Meeting is set at a nominal amount (excluding issue premium) of €568,000 (itself to be deducted from the overall nominal ceiling of all capital increases of €2,270,000 referred to above), plus the nominal amount of capital increases to be carried out in order to preserve, in accordance with the law and, where applicable, with the applicable contractual stipulations, the rights of the holders of these securities. In the event of a capital increase by incorporation into the capital of premiums, reserves, profits or in the form of an award of bonus shares during the period of validity of said delegations of authority, the aforementioned maximum nominal amount (excluding issue premium) shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares making up the share capital after the transaction and the amount before the transaction;
- the maximum aggregate nominal amount of issues of debt securities convertible into Company shares or to a debt security may not exceed €500,000,000 or the equivalent value on this date of this amount in any other currency or unit of account established by reference to several currencies;
- it being specified that the amount of the capital increases resulting or likely to result from the delegation of authority granted by the twentieth resolution is in addition to the ceilings indicated above.

Resolution submitted to the Ordinary Shareholders' Meeting

THIRTY-FIRST 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 non-regulated 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 ("**KBSA**") on February 27, 2020 and is included in KBSA's corporate governance report, available on its website (www.kaufmanbroad.fr) and included in KBSA's universal registration document.

The purpose of the Charter is to describe, in accordance with the provisions of Article L.22-10-10 of the French Commercial Code, the procedure implemented by KBSA within the group (as defined below) in application of the provisions of Article L. 22-10-12 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 KBSA 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. 22-10-12 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 a significant challenge 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 a non-regulated 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 of 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. 22-10-16 and L. 22-10-17 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.22-10-8 and L. 22-10-34 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 annual 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. 22-10-12 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. 22538 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. 22-10-13 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.

8.8. Board of Directors' Report on Corporate Governance, (articles 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 procedures 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 7.3.1. The company's shareholding structure at November 30, 2020 and change over three years (Table "Kaufman & Broad SA shares held by Directors at February 28, 2021").

1.2.8. Operation of the Board of Directors

See Sections 3.1.1.1. "Members of the Board of Directors" and 3.1. (b) Annual Assessment of the Board of Directors - 3.1.1.2.12. "Meetings of the Board of Directors in 2020" 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

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, 2020, duties, operation, compensation of members, meetings and work during the fiscal year ended November 30, 2020

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 2020".

1.3.2. Compensation and Nominating Committee (membership at November 30, 2020, duties, compensation of members, meetings and work during the fiscal year ended November 30, 2020

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 2020".

1.3.3. Investment Committee

See Sections 3.1.2.3. "Investment Committee" and 3.1.2.3.1. "Membership and duties".

1.3.4. 1.3.4. CSR Committee

See Section 3.1.2.4 "CSR Committee"

1.4. Operating procedures 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 8.7. "Agenda and Resolutions of the Combined Shareholders' Meeting of May 6, 2021" and "Appendix to the Report of the Board of Directors on Corporate Governance."

2.1.1. Principles and criteria for determining and distributing compensation to executive corporate officers

See Section 8.5. 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 8.5. 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 8.5. 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, 2020

See Section 3.2.7. "Components of the compensation due or awarded for the fiscal year ended November 30, 2020 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 8.5. II.1" Chairman and Chief Executive Officer".

2.2.2. Directors

See Section 8.5. 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 8.5. 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 8.5. 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 6, 2021

See Section 8.7. "Agenda and Resolutions of the Shareholders' Meeting of May 6, 2021".

3.2. Related party agreements - current agreements - commitments

3.2.1. 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"

3.2.2. Current agreements, see Section 9.5 IV. 2.2 "Current agreements"

3.2.3. 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 7.1.9. "Shareholders' Meetings"

3.3.2. Exercising of voting rights, double voting rights and restrictions on voting rights

See Section 7.1.10 "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 9.4. "Summary table of currently valid authorizations concerning capital increases".

3.5. Factors likely to have an impact in the event of a public offer

3.5.1. Capital reductions

See Section 7.2.4. "Share capital"

3.5.2. The company's shareholding structure on November 30, 2020 and change over three years

See Section 7.3.1. "Shareholding structure of the company at November 30, 2020 and three-year change" and 7.3.2. "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 7.1.11 "Disclosure thresholds"

3.5.4. Rights, privileges and restrictions attached to shares

See Section 7.1.10 "Double voting rights" and 7.2.2. "Rights, privileges and restrictions attached to shares".

3.5.5. Equity interests in the Company

See Section 7.3.4. "Group organization chart."

3.5.6. Shareholders' agreement

See Section 7.3.3.2. "Shareholders' agreement".

3.5.7. Powers of the Board of Directors to increase the share capital and buy back shares

See Section 7.2.3. "Acquisition by the Company of its own shares" and 9.4. "Summary table of currently valid authorizations concerning capital increases".

3.5.8. Change of control clauses

See Section 4.1.3.4. "Risks related to covenants in financing agreements"

8.9. 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 2021. 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. 22-10-8-II of the French Commercial Code, the principles and criteria presented below will be submitted to the Combined Shareholders' Meeting of May 6, 2021 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 5, 2020.

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 Vice-Presidents and Agency 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, 2020 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 AFEP-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 Committees).

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 his gross annual fixed compensation for the following year as well as the ceiling of his 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 his annual variable compensation due for the previous fiscal year based on that year's results and the achievement of his quantitative and qualitative objectives, and sets objectives for the qualitative part of his annual variable compensation for the current fiscal year.

In order to link the Chairman and Chief Executive Officer with 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 paragraph I.2.2.(b) and II.3. below).

For the fiscal year ended November 30, 2021, the Compensation and Nominating Committee proposed to the Board of Directors' meeting of February 26, 2021 to keep the compensation policy unchanged from that which was approved at more than 80% by the Shareholders' Meeting of May 5, 2020.

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 2021 of the long-term plan implemented in 2018 and approved by the Shareholders' Meeting of May 2, 2019 (see paragraph I.2.3 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 variable compensation components, to which is added a long-term compensation component. The Board was keen to emphasize the Company's ability to achieve positive net income and strengthen its balance sheet despite the health and economic crisis in 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 26, 2021 at €600,000 for 2021, unchanged from 2020.

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 portion in the form of awards of bonus shares with performance conditions attached.

a) Target annual variable portion and maximum variable portion 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 26, 2021, the Board of Directors set the gross maximum annual variable portion of the Chairman and Chief Executive Officer's compensation for 2021 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 2022.

A total of 70% of the variable portion 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. 22-10-34 of the French Commercial Code, this variable compensation is subject to an affirmative vote by the Ordinary Shareholders' Meeting that will vote in 2022 on the financial statements for the fiscal year ended November 30, 2021.

- 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 2021, the quantitative criteria represent 70% of variable compensation, of which 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 Committees for 2021 (the latter two indicators reflect the group's medium-term business outlook).
- Qualitative criteria:
  Non-financial criteria, which represent 30% of variable compensation for 2021, 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 and environmental 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 portion in the form of performance shares

The thirteenth resolution of the Shareholders' Meeting of May 5, 2020, 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 2020, 250,000 shares may be awarded under the aforementioned thirteenth resolution, including a maximum of 50,000 shares to the executive corporate officer.

The Board of Directors' meeting of February 26, 2021 made use of the authorization conferred by this resolution, awarding 15,000 performance shares to the Chairman and Chief Executive Officer for 2021, provided that he is still in office when they are fully vested in 2023.

On the basis of valuation work carried out by a specialized actuary at the request of the Company and using the Company's share price on February 26, 2021, 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 €449,672.

Final award of these performance 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 I.2.2 a) 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. 22-10-34 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 2022 on the financial statements for the fiscal year ended November 30, 2021.

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;
- in 2020 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 2020-2022.

At its meeting of February 26, 2021, the Board of Directors awarded 10,000 performance shares to the Chairman and Chief Executive Officer, under the thirteenth resolution approved by the Combined Shareholders' Meeting of May 5, 2020, in respect of the renewal of the long-term compensation plans introduced in 2018 and renewed for 2019 and 2020.

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 2024, 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 2021-2023 (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, and 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 2021,
  - obtaining a B rating on the CDP index [(3)] in 2021.

  Each of the criteria will represent 6.66% of the total number of performance shares to be awarded.

(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.

- 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:
    - 67/100 in 2021,
    - 67/100 in 2022,
    - 67/100 in 2023.

  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.

  On the basis of valuation work carried out by a specialized actuary at the request of the Company and using the Company's share price on February 26, 2021, 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 2021-2023 compensation with deferred payment is estimated at approximately €189,985.

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%	• Stay in the top 70 companies in the GAIA index (230 companies) for 3 years	6.66%	100% otherwise 0
		• Obtain a minimum rating of 50 from VIGEO beginning in 2021	6.66%	100% otherwise 0
		• Obtain a B in the CDP (Carbon Disclosure Project) index by 2021	6.66%	100% otherwise 0
Property and Service Quality	22.5%	• Obtain the following score for each of the next 3 fiscal years:		
		– 2021: 66/100	1/3	100% otherwise 0
		– 2022: 67/100	1/3	100% otherwise 0
		– 2023: 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%

4. Total compensation

The maximum total compensation that may be awarded to the Chairman and Chief Executive Officer for his performance in the fiscal year 2021, including:

- his fixed compensation (€600,000);
- his variable cash compensation (maximum of €840,000);
- his deferred variable compensation (15,000 shares estimated at around €449,672).

This therefore amounts to around €1,890,000, 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 €189,985) subject to performance conditions assessed over the long term (period 2021-2023) and a presence condition.

In addition, the total number of performance shares granted in 2021, in respect of the deferred variable portion, representing 10,650 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.

5. Company car

The Chairman and Chief Executive Officer benefits from a company car with a budget of €1,700 per month (excluding tax) for the year ending November 30, 2020.

6. 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 €26,327.04 for the 2020 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.

7. 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.

No compensation shall be paid to the Chairman and Chief Executive Officer for voluntary departure.

The non-compete clause is 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.

8. 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 2021 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. 22-10-8 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. 22-10-34 of the French Commercial Code.	The annual variable portion of the Chairman and Chief Executive Officer's compensation is €700,000 gross if objectives are 100% achieved and, in the event of outperformance up to the achievement of 120% of these objectives, a maximum amount of €840,000 gross, 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 Committees for 2021 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 2021, for the period 2021-2023.	Final award of these shares is subject to the achievement of the objectives detailed in paragraph 3 above and a vesting period of three years.
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 €26,327.04 in 2020.	The scheme is that described in paragraph (v) above.
Severance and non-compete indemnity	The Chairman and Chief Executive Officer is entitled to a commitment by the company to pay a termination indemnity in the event of the Board's decision to terminate his duties and an indemnity intended as compensation for his non-compete commitment.	Severance pay and non-competition benefit schemes are described in paragraph (vi) above.
Company car	The Chairman and Chief Executive Officer benefits from a company car with a budget of €1,700 per month (excluding tax) for the year ending November 30, 2020.	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. 22-10-34 of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 6, 2021

FIFTH 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.22-10-8 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 8.9 of the Company's 2020 Universal Registration Document.

I.3. Components of the Directors' compensation

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 amounts which compensate the function of Director are paid pro rata based on their physical attendance (or via videoconference) 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 2021 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, €5,000 per year is paid to the Chairman of each Committee, it being understood that the Chairman of the Audit Committee receives a compensation of €7,000 per year.

In addition to the basic compensation, €3,000 is paid for each Board Committee meeting attended by the Director concerned.

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 Committees.

Draft resolution prepared by the Board of Directors in accordance with Article L. 22-10-34 of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 6, 2021

SIXTH 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.22-10-8 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 8.9 of the Company's 2020 Universal Registration Document.

II. Compensation and benefits granted to corporate officers during the fiscal year ended November 30, 2020

In accordance with Article L. 22-10-34 of the French Commercial Code, the Shareholders' Meeting approves a draft resolution concerning the information mentioned in I of Article L. 22-10-9-I 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, 2020. These elements are presented in paragraphs II.1 and II.2 below for the Chairman and Chief Executive Officer and the Directors.

In addition, in accordance with Article L. 22-10-34-II 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 II.1 below.

The Combined Ordinary and Extraordinary Shareholders' Meeting of May 6, 2021 will therefore be asked to vote, in separate resolutions, on the one hand on the information mentioned in I of article L. 22-10-9 of the French Commercial Code, including in particular the items presented in paragraphs II.1 and II.2 below, and on the other hand on the compensation items paid or awarded in respect of the fiscal year ended November 30, 2020 to the Chairman and Chief Executive Officer, as set out in paragraph II.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, 2020 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.

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.

The group's activities were impacted by the consequences of the health crisis in 2020 with, in the year ended November 30, 2021, a 21% decrease in revenues and an EBIT rate of 6.9% compared with 9.7% in 2019.

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 revenue, EBITDA or annual housing orders (see paragraph (ii) a) below), having been set by the Board of Directors on February 27, 2020 and remaining unchanged, the variable compensation - and therefore the total compensation - that will be due to the Chairman and Chief Executive Officer in respect of fiscal year 2020 will be significantly lower than the previous year.

a) Annual variable portion in cash

The Board of Directors meeting of January 27, 2021, acting on the proposal of the Compensation and Nominating Committee meeting of January 18, 2021, after reviewing the results of the Company and the qualitative results of the Chairman and Chief Executive Officer during the year ended November 30, 2020, set the quantitative portion of the variable compensation due to the Chairman and Chief Executive Officer for the year ended November 30, 2020 at €245,781 i.e. 50.16% of the target, and the qualitative portion of this compensation to 120% of the target, i.e. €252,000 (a total of €498,000).

Concerning the quantitative part, representing 70% of the variable compensation, the Board of Directors noted that rights to variable compensation are awarded according to the grid below:

	2020		
Objective	**Weighting**	**Achievement of objective** *(in % of the objective)*	**Bonus award** *(as a % of the target amount)*
Revenue	**10%**	78.46%	56.91%
EBITDA	**15%**	73.94%	47.88%
Attributable Net Income	**15%**	63.57%	0%
WCR	**10%**	144.61%	120%
Number of housing orders	**10%**	76.04%	52.09%
Number of lots approved by the Commitment Committees	**10%**	75.15%	50.30%

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 (including payroll), return on capital employed, adaptation of the company to technological changes and good risk control.

The Board of Directors emphasized that the Chairman and CEO had achieved a significantly positive attributable net income and strengthened the company's balance sheet structure in the context of the health and economic crisis.

b) Deferred payment of the annual variable portion in the form of performance shares

It is noted that the Board of Directors meeting of February 27, 2020 made use of the authorization conferred by the twenty-sixth resolution, of the Combined Ordinary and Extraordinary Shareholders' Meeting of May 2, 2019, awarding 15,000 performance shares to the Chairman and Chief Executive Officer for fiscal year 2020, 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.1.2 a) 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%.

At its meeting of January 27, 2021, the Board of Directors, on the recommendation of the Compensation and Nominating Committee, made a definitive award of 10,650 performance shares to Nordine Hachemi in respect of his deferred variable compensation, for fiscal year 2020, corresponding to an overall performance of 71%.

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, 2020, the benefit corresponding to the 10,650 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 €313,685.

1.3. Long-term compensation

At its meeting of May 3, 2018, the Board of Directors resolved, on the recommendation of the Compensation and Nominating Committee, to introduce a long-term compensation scheme 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.

The Board decided to include the following performance conditions: long-term performance conditions evaluated over the period 2018-2020 (three financial years), including CSR performance, customer satisfaction, 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 15% for CSR performance, 17.5% for customer satisfaction, 17.5% for employee share ownership and 50% for TSR.

The Compensation and Nominating Committee meeting of January 18, 2021 made the following observations on the achievement of the performance conditions over the period under review:

- With regard to the condition linked to CSR performance

	Assessment		
Objective	**2018**	**2019**	**2020**
To be rated in a non-financial index for 3 years (such as GAIA index)	**Achieved: 14th out of 230 companies (The GAIA index includes the top 70 companies) Score: 72/100**	**Achieved: 24th out of 230 companies (GAIA Index) Score: 76/100**	**Achieved: 36th out of 230 companies (GAIA Index) Score: 78/100**
Obtain a rating from a non-financial rating agency which is at least greater than the average (VIGEO type rating) from 2019: 50/100	Achieved: **52/100**	Achieved: **54/100**	Achieved: **54/100**
Obtain a B rating on the CDP index in 2020	Achieved: B	Achieved: B	**Not achieved: C**

- With regard to the condition linked to Customer Satisfaction performance
  The ratings obtained are:
  - 2018: 6.7
  - 2019: 6.5
  - 2020: 6.5
- With regard to the condition linked to the level of employee share ownership
  The objectives were:
  - 2018: 13.01%
  - 2019: 14.82%
  - 2020: 15.20%
- With regard to the condition linked to TSR performance over 3 years:
  - 81.125%

Summary table of number of performance shares to be granted

Performance criteria	Weighting	Number of bonus shares (AGA)	Achieved (basis 100)	Obtained
CSR performance	15%	1,500	66%	1,000
Customer satisfaction	17.50%	1,750	0%	0
Employee share ownership	17.50%	1,750	100%	1,750
TSR	50%	5,000	81.125%	4,056
TOTAL	**100%**	**10,000**		**6,806**

At its meeting of January 27, 2021, the Board of Directors, on the recommendation of the Compensation and Nominating Committee, decided to award to Nordine Hachemi, in respect of his long-term compensation in the form of performance shares (period 2018-2020) a total of 6,806 shares (valued at roughly €160,632).

In accordance with the provisions of Article L.22-10-34 II of the French Commercial Code (ex-post vote), the payment of the performance shares will be subject to a favorable vote by the Shareholders' Meeting which will be held on May 6, 2021 to decide on the definitive award of said shares. The effective transfer of ownership of the shares can only take place after approval of the relevant resolution by the Shareholders' Meeting.

1.4. Exceptional compensation

None.

1.5. Compensation in respect of term of office as Director

None.

1.6. Severance and non-compete indemnity

See paragraph I.2.7 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 €26,327.04 for the 2020 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 3, 2018, in its seventh resolution, when Nordine Hachemi's term of office as Chairman and Chief Executive Officer was renewed.

For the fiscal year ended November 30, 2020, 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 €26,327.04.

1.8. Company car

The Chairman and Chief Executive Officer benefits from a company car with a budget of €1,700 per month (excluding tax) for the year ending November 30, 2020.

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, 2020 or awarded for the same fiscal year

Compensation components	Amounts or accounting valuation subject to a vote	Comments
Fixed compensation	€600,000	–
Variable compensation	€498,000	Amount approved by the Board of Directors on January 27, 2021
Multi-year variable compensation	None	–
Compensation in respect of term of office as Director	None	–
Exceptional compensation	None	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	€510,661	
2020 Plan (1st Plan)	€313,685	10,650 bonus shares [(a)]
2020 Plan (2nd Plan)	€196,976	10,000 performance shares [(b)]
Pay relating to entering or leaving office	None	–
Supplemental retirement plan	€26,327.04	Annual contributions capped at 8% of gross salary up to a maximum of eight times the maximum Social Security contribution
Company car	€20,400	€1,700 per month excl. tax
Any type of benefits	€34,033	Unemployment insurance

(a) At its meeting of February 27, 2020, the Board of Directors awarded 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. 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 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 payroll), return on capital employed, adapting the Company to advances in technology, and efficient risk management.*

At its meeting of January 27, 2021, the Board of Directors made a definitive award, subject to the condition of presence in 2022, of 10,650 performance shares of the 15,000 performance shares initially awarded to Nordine Hachemi in respect of his deferred variable compensation, for fiscal year 2020, corresponding to an overall performance of 71%.

(b) At its meeting of February 27, 2020, 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 2020-2022 (CSR performance – Quality of Property and Service – level of employee shareholding – Total Shareholder Return (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, 2020	Fiscal year ended November 30, 2019
Compensation for the fiscal year (detailed in Table 2)	1,132,033	1,372,036
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)	510,661[1]	555,232[2]
TOTAL	**1,642,694**	**1,927,268**

(1) At its meeting of February 27, 2020, the Board of Directors awarded 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. 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 27, 2021, the Board of Directors made a definitive award, subject to the condition of presence in 2022, of 10,650 performance shares of the 15,000 performance shares initially awarded to Nordine Hachemi in respect of his deferred variable compensation, for fiscal year 2020, corresponding to an overall performance of 71%.

(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, 2020		Fiscal year ended November 30, 2019	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	600,000 [a]	600,000	600,000	600,000
Annual variable compensation	498,000 [d]	738,172 [c]	738,172 [c]	793,000 [b]
Multi-year variable compensation	–	–	–	–
Exceptional compensation [e]	–	–	350	350
Compensation (formerly directors' fees)	–	–	–	–
Any type of benefits (unemployment insurance)	340,33	340,33	335,14	335,14
TOTAL	**1,132,033**	**1,372,205**	**1,372,036**	**1,426,864**

(a) The fixed compensation amount was approved by the Board of Directors on January 27, 2021.
(b) The variable compensation for fiscal year 2018 was approved by the Board of Directors on January 29, 2019 and paid in February 2019.
(c) The variable compensation for fiscal year 2019 was approved by the Board of Directors on January 29, 2020 and paid in February 2020.
(d) The variable compensation for fiscal year 2020 was approved by the Board of Directors on January 27, 2021.
(e) Seniority bonus in accordance with the group policy applying to all employees and executive officers, 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, 2020

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, 2020 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 2020 Plan (1st Plan) [(a)]	Feb. 27, 2020	10,650	37.38	313,685	Feb. 27, 2022	Feb. 27, 2024
o/w 2020 Plan (2nd Plan) [(b)]	Feb. 27, 2020	10,000	37.38	196,976	Feb. 27, 2023	Feb. 27, 2024

(a) At its meeting of February 27, 2020, the Board of Directors awarded 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. 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 payroll), return on capital employed, adapting the Company to advances in technology, and efficient risk management.*

At its meeting of January 27, 2021, the Board of Directors made a definitive award, subject to the condition of presence in 2022, of 10,650 performance shares of the 15,000 performance shares initially awarded to Nordine Hachemi in respect of his deferred variable compensation, for fiscal year 2020, corresponding to an overall performance of 71%.

(b) At its meeting of February 27, 2020, 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 2020-2022 (CSR performance – Quality of Property and Service – level of employee shareholding – Total Shareholder Return (TSR)).

Table 7 AMF Definitions

Bonus shares vested during fiscal year 2020 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
	15,000		
Nordine Hachemi	3/7/2018 (1st Plan)	15,000	[(a)]

(a) Making use of the authorization conferred by the Shareholders' Meeting of May 11, 2017, the Board of Directors, on March 7, 2018, decided to grant deferred annual compensation in the form of performance shares. The Board of Directors thereby 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 the performance shares to the corporate officer would be subject to the same performance conditions as those provided for in relation to the annual variable compensation in cash. 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 qualitative criteria are assessed on the basis of the following qualitative elements: management of group teams, quality of the working atmosphere in the Company, control over operating expenses (including payroll), return on capital employed, adapting the Company to technological developments, and sound risk management.

The performance condition set by the Board was met. The shares were definitively awarded in February 2020.

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 €26,327.04 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.

1.11. Draft resolution prepared by the Board of Directors in accordance with Article L. 22-10-34 of the French Commercial Code submitted to the Combined Ordinary and Extraordinary Shareholders' Meeting of May 6, 2021

SEVENTH 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, 2020 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.22-10-34 II 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 to the Company's Chairman and Chief Executive Officer, for the same fiscal year, as presented in paragraph 2.2.1 of the aforementioned report, included in Section 8.9 of the Company's 2020 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, 2020 or allocated in respect of the term of office for the same fiscal year:

Director	Amount paid in fiscal year 2020 or allocated for fiscal year 2020
Sophie Lombard	
Compensation in respect of term of office as Director	€45,120
Other compensation	-
Frédéric Stévenin	
Compensation in respect of term of office as Director	€2,680
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	€46,800
Other compensation	-
Caroline Puechoultres	
Compensation in respect of term of office as Director	€16,080
Other compensation	-
Yves Gabriel	
Compensation in respect of term of office as Director	€60,800
Other compensation	-
Jean-Louis Chaussade	
Compensation in respect of term of office as Director	€33,120
Other compensation	-
Lucile Ribot	
Compensation in respect of term of office as Director	€38,800
Other compensation	-
André Martinez	
Compensation in respect of term of office as Director	€27,120
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. 22-10-9 of the French Commercial Code, the Company referred to the AFEP- MEDEF guidelines dated December 19, 2019. In accordance with Article L. 22-10-9, 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 and taking into account the performance shares and bonus shares granted during the same periods and valued at their fair value (IFRS value) at the time they were granted.

	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Ratio on average compensation	27.43	27.22	26.93	26.21	47.50
Ratio on median compensation	35.15	34.75	34.90	34.05	68.39

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 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Compensation of executive corporate officer [1]	€2,010,991	€1,982,096	€1,960,369	€1,938,093	€3,824,275
Performance of the company (attributable net income)	€40.1m	€76.3m	€73.0m	€59.1m	€46.0m
Average compensation on a full-time equivalent basis of the company's employees other than senior executives [2]	€73,315	€77,806	€72,795	€73,952	€80,512
Ratio on average compensation	27.43	27.22	26.93	26.21	47.50
Ratio on median compensation	35.15	34.75	34.90	34.05	68.39

(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. 22-10-34 of the French Commercial Code submitted to the Combined Shareholders' Meeting of May 6, 2021

EIGHTH RESOLUTION

(Approval of information mentioned in Article L. 22-10-9 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. 22-10-34-I of the French Commercial Code, the information mentioned in Article L. 22-10-9-I of the French Commercial Code as presented in the aforementioned report, included in Section 8.9 of the Company's 2020 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 6, 2021.

See Section 8.7 "Agenda and Resolutions of the Shareholders' Meeting of May 6, 2021" of this document.

IV.2. Related party agreements - current agreements - commitmentsRelated party transactions

(a) Agreements subject to 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, 2020.

(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 26, 2021 (*see document in the appendix).*

(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).

No compensation shall be paid for voluntary departure.

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.225-42-11 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 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.

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.225-42-11 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 €26,327.04 in 2020.

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.225-42-11 of the French Commercial Code, said commitment was submitted to the Shareholders' Meeting of May 2, 2019 for approval.

8 Additional information

9 APPENDIX

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9.1. Universal Registration Document Cross-Reference Table

Topics (headings from Annex 1 of European Regulation No. 809/2004)		Sections	Pages
1.	**Persons responsible**		
1.1.	**Persons responsible for the information contained in the Registration Document**	**8.1.**	**290**
1.2.	**Statement of the persons responsible for the Registration Document**	**8.2.**	**290**
2.	**Statutory Auditors**		
2.1.	**Name and address of the issuer's Statutory Auditors**	**8.5.1./8.5.2.**	**291**
2.2.	**Statutory Auditors that have resigned, been removed or not been re-appointed during the period covered**	**N.A.**	
3.	**Selected financial information**		
3.1.	**Selected historical financial information**	**2.1.**	**52**
3.2.	**Selected financial information for interim periods and comparative data from the same period in the preceding fiscal year**	**N.A.**	
4.	**Risk factors**	**4.1./4.2.2.**	**118-138**
5.	**Information about the issuer**		
5.1.	**History and development of the company**	**1.1.1.**	**14**
5.1.1.	Legal and trading name of the issuer	7.1.1./7.1.2./7.1.4.	268
5.1.2.	Place of registration of the issuer and its registration number	7.1.5./7.4	269/286
5.1.3.	Date of incorporation and term of the issuer	7.1.3	268
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5.1.5.	Important events in the development of the issuer's business	1.1.1.	14
5.2.	**Investments**	**1.7.**	**49**
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6.	**Business overview**		
6.1.	**Principal activities**	**1.3.**	**20**
6.1.1.	Nature of the issuer's operations and its principal activities	1.3./1.4.1./7.1.4.	20-33-268
6.1.2.	New products and/or services that have been introduced	N.A.	
6.2.	**Principal markets**	**1.3.1./1.3.1.3./ 1.3.1.4.**	**20-28-31**
6.3.	**Exceptional factors that have influenced the information given pursuant to items 6.1. and 6.2.**	**N.A.**	
6.4.	**Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes**	**4.1.2.7.**	**123**
6.5.	**Basis for any statements made by the issuer regarding its competitive position**	**1.3.1./ 1.3.1.3./ 4.1.1.2.**	**20-29-121**
7.	**Organization chart**		
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7.2.	**List of the issuer's significant subsidiaries**	**6.4./7.3.4.**	**257-285**

Topics (headings from Annex 1 of European Regulation No. 809/2004)		Sections	Pages
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9.2.	**Operating income**	**2.2./6.1.**	**65-196**
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9.2.2.	Changes in revenues and the reasons for such changes	2.3.1.	67
9.2.3.	Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, the issuer's business	1.3./4.1./4.2.2./6.3.5. note 6.2.	20-118-138-226
10.	**Capital resources**		
10.1.	**Information concerning the issuer's capital resources (both short and long term)**	**2.4./6.3.5. note 7.1.**	**75-229**
10.2.	**Sources and amounts of the issuer's cash flows**	**1.5.4./2.4./6.1.3.**	**47-75-200**
10.3.	**Information on the borrowing requirements and funding structure of the issuer**	**4.1.3./4.1.5./2.4.2./6.3.5. note 6.1.2.**	**125-131-76-224**
10.4.	**Information regarding any restrictions on the use of capital resources**	**7.1.11./7.2.2.**	**270-271**
10.5.	**Information regarding anticipated sources of funds**	**1.5.4./4.1.3/4.1.5.**	**47-125-129**
11.	**Research and development, patents and licenses**		
	Description of the issuer's research and development policies, including the amount spent on issuer-sponsored research and development activities	1.7.	49
12.	**Trend information**		
12.1.	**Most significant recent trends in production, sales and inventory, and costs and selling prices, from the end of the latest fiscal year to the date of the Registration Document**	**1.3.**	**20**
12.2.	**Known trends, uncertainty or demand or any commitment or event, which could reasonably materially impact the outlook of the issuer, at least for the current fiscal year**	**1.3./1.4.**	**20-41**
13.	**Profit forecasts or estimates**	**N.A.**	**N.A.**
14.	**Administrative, management and supervisory bodies and Executive Management**		
14.1.	**Information on the positions and other directorships held by the following persons, and the absence of criminal convictions:**		
	• members of the administrative, management or supervisory bodies	3.1.1.1.	82
	• any Chief Executive Officer who is relevant to establishing that the issuer has the appropriate expertise and experience to manage the issuer's business	3.1.1.1./3.1.3.	82-99
14.2.	**Conflicts of interest of administrative, management and supervisory bodies and Executive Management:**		
	• any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or member of Executive Management	3.1.1.1./3.1.3.2.	82-100
	• details of any restrictions agreed to by the persons referred to in item 14.1 on the disposal within a certain period of time of their equity interests in the issuer's authorized capital		

Topics (headings from Annex 1 of European Regulation No. 809/2004)		Sections	Pages
15.	**Compensation and benefits awarded to persons referred to in item 14.1**		
15.1.	**Amount of compensation paid and benefits-in-kind granted by the issuer, its subsidiaries or its controlling entity**	**3.2.1./3.2.2./3.2.3./ 3.2.7./8.9.**	**102-109-311**
15.2.	**Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or other benefits**	**3.2.1.2./3.2.1.3./ 3.2.7./8.9. /6.1.5. note 4.4.**	**102-107-218-311**
16.	**Board practices**		
16.1.	**Date of expiry of the current terms of office of members of the issuer's administrative, management and supervisory bodies**	**3.1.1.1.**	**82**
16.2.	**Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries**	**3.2.4./3.2.5./3.2.6.**	**108**
16.3.	**Information about the issuer's Audit Committee and Compensation Committee**	**3.1.2.1./3.1.2.2.**	**94-97**
16.4.	**Statement as to whether or not the issuer complies with its country of incorporation's corporate governance rules**	**3.1.1.2.1.**	**88**
17.	**Employees**		
17.1.	**Number of employees at the end of the period or the average for each fiscal year for the period covered by the historical financial information, and a breakdown of persons employed by category**	**5.1.3**	**165**
17.2.	**Shareholdings and *stock-options* of each person referred to in item 14.1; information as to their share ownership and any existing stock options**	**3.3.3.**	**111**
17.3.	**Description of any employee shareholding agreement**	**3.3.1./3.3.2./3.3.3.**	**110-111**
18.	**Major shareholders**		
18.1.	**Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's share capital or voting rights, which must be notified under the issuer's national law**	**7.3.1.**	**279**
18.2.	**Different voting rights**	**7.1.11./7.3.1.**	**270-279**
18.3.	**Control over the issuer and measures in place to ensure that such control is not abused**	**4.1.3.1./7.3.3.**	**125-284**
18.4.	**Any arrangements which may result in a change of control of the issuer**	**7.3.3.2.**	**284**
19.	**Related party transactions**	**3.2.4./3.2.6./6.1.5. note 12 /7.3.4./3.4.**	**108-236-285-116**
20.	**Financial information concerning the issuer's assets and liabilities, financial position, and profits and losses**		
20.1.	**Historical financial information**	**6.1.**	**196**
20.2.	Pro forma financial information	**N.A.**	
20.3.	**Financial statements**	**6.1./6.3.**	**196-244**
20.4.	**Audit of historical annual financial information**		
20.4.1.	Declaration that the historical financial information has been audited	8.2./6.3./6.5.	290-244-259
20.4.2.	Other information in the Registration Document which has been verified by the Statutory Auditors	N.A.	
20.4.3.	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, statement of the source of the data and that the data is unaudited	N.A.	
20.5.	**Age of latest financial information**	**6.1./6.3./9.3.**	**196-244-334**
20.6.	**Interim and other financial information**	**N.A.**	**N.A.**

Topics (headings from Annex 1 of European Regulation No. 809/2004)		Sections	Pages
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20.8.	**Legal and arbitration proceedings**	**4.3./6.1.5 note 8**	**142-230**
20.9.	**Significant changes in the issuer's financial or trading position**	**N.A.**	**N.A.**
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	• par value per share	7.2.4./7.2.8.	276-277
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21.1.3.	Number, book value and par value of shares held by the issuer	7.2.3./7.3.1.	271-279
21.1.4.	Convertible securities, exchangeable securities or securities with warrants	N.A.	
21.1.5.	Information about the terms of any acquisition rights and/or obligations attached to capital subscribed, but not paid-up, or any undertaking to increase the capital	7.2.2./7.3.3.	271-284
21.1.6.	Information about any capital of any member of the group, which is under option or agreed to be placed under option	N.A.	
21.1.7.	History of the issuer's share capital for the period covered by the historical financial information	7.3.1./7.3.2.	279-284
21.2.	**Memorandum of association and bylaws**	**7.1.3.**	**268**
21.2.1.	Corporate purpose of the issuer	7.1.4.	268
21.2.2.	Summary of the provisions of the issuer's bylaws, charter or rules with respect to the members of the administrative, management and supervisory bodies	3.1.1.2./3.1.2./3.1.3.	88-94-99
21.2.3.	Rights, preferences and restrictions attaching to each class of shares	7.2.2.	271
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21.2.6.	Provisions of the issuer's bylaws, charter or rules that would have the effect of delaying, deferring or preventing a change in control of the issuer	7.1.11./7.3.3.2.	270-284
21.2.7.	Provisions of the bylaws, charter or rules governing the ownership threshold above which shareholder ownership must be disclosed	7.1.11.	270
21.2.8.	Conditions imposed by the bylaws, charter or rules governing changes in the capital, where such conditions are more stringent than is required by Law	7.2.1.	271
22.	**Material contracts**	**1.6.1.1./4.1.3.3.**	**48-125**
23.	**Third party information, statements by experts and declarations of interest**	**N.A.**	
24.	**Documents available to the public**	**7.1.6.**	**269**
25.	**Information on equity interests**		
	Information on businesses in which the issuer holds a proportion of the capital, which could have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	6.4./7.3.4.	257-285

9.2. Annual Financial Report Cross-Reference Table

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 2020 are incorporated by reference in this Universal Registration Document in the Sections referred to in the table below:

Annual financial report	Sections	Pages
Annual Financial Statements	6.3.	244
Consolidated Financial Statements	6.1.	196
Management report (Board of Directors' report)	6.7.	265
Objective and exhaustive analysis of the business, results and financial position of the consolidating Company and the group, as well as the main risks and uncertainties	2./4.1.	51-118
Capital structure and factors likely to have an impact in the event of a public offer	7.2./7.3.	271-279
Information about the implementation of the share buyback program during the fiscal year	7.2.3.	271
Statement by the persons responsible for the document	8.1/8.2/8.3	290
Statutory Auditors' reports:		
• report of the Statutory Auditors on the consolidated financial statements	6.2.	240
• report of the Statutory Auditors on the annual financial statements	6.5.	259
Special report of the Statutory Auditors on related-party agreements	3.4.	116
Report by the independent third party on the consolidated human resources, environmental and social information included in the management report	5.2.	192
Fees paid by the group to the Statutory Auditors and members of their networks	8.6.	291
Board of Directors' report on Corporate Governance	8.8.	308

9.3. List of publications since December 2019

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	Jan.31, 2020	Sale-before-completion agreement (VEFA) for offices in Paris Austerlitz	Internet
Press release	June 2, 2020	Kaufman & Broad breaks ground on the consultation center of the health clinic in Pessac (33)	Internet
Press release	Feb.13, 2020	Kaufman & Broad has its organization evaluated to support the creation of an urban development activity	Internet
Press release	Feb.18, 2020	Development of the organization: appointment of Philippe RIBOUET	Internet
Press release	March 2, 2020	Signing of a bilateral contract of sale for the future Ayrolle senior residence in Millau	Internet
Press release	Sept. 16, 2020	Kaufman & Broad wins the "Rotonde habitat / inside-out" award for the BASTIDE 152 program (Aix-en-Provence)	Internet
Press release	Oct.12, 2020	Kaufman & Broad hands over to Cycas Hospitality a Hyatt hotel complex in Roissy-en-France: an exemplary project in terms of circular economy in real estate	Internet
Press release	Nov. 30, 2020	Kaufman & Broad signs a VEFA sale-before-completion agreement with the Caisse de Retraite du Personnel Navigant for the building Le Galion (92)	Internet

Type	Date	Subject	Medium
Legal disclosure	Dec. 2, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Dec. 6, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Dec. 9, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Dec. 16, 2019	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Dec. 30, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Dec.31, 2019	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Jan.6, 2020	Half-year assessment of Kaufman & Broad's Liquidity Agreement	Internet
Legal disclosure	Jan.8, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Jan.13, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Jan.20, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Jan.27, 2020	Disclosure of transactions relating to the share buyback program	Internet
Financial reporting	Jan.30, 2020	2019 annual results	Internet
Financial presentation	Jan.31, 2020	Presentation of the 2019 annual results	Internet
Press release	Jan.31, 2020	Sale-before-completion agreement (VEFA) in Paris	Internet
Legal disclosure	Feb. 3, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Feb.7, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Feb.10, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Feb.17, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Feb.24, 2020	Disclosure of transactions relating to the share buyback program	Internet
Press release	Feb.25, 2020	Amendment of the mandate for the share buyback program	Internet
Legal disclosure	March 2, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 6, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	March 9, 2020	Disclosure of transactions relating to the share buyback program	Internet
Press release	March 10, 2020	Amendment of the mandate for the share buyback program	Internet
Legal disclosure	March 10, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 11, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 12, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 13, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 17, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 18, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 19, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 19, 2020	2020 first quarter results	Internet
Legal disclosure	March 20, 2020	Presentation of 2020 first quarter results	Internet
Legal disclosure	March 20, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 23, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	March 25, 2020	Disclosure of transactions relating to the share buyback program	Internet
Universal registration document	March 31, 2020	Availability of the 2019 Universal registration document	Internet

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List of publications since December 2019

Type	Date	Subject	Medium
Universal registration document	March 31, 2020	2019 Universal registration document	Internet
Legal disclosure	April 3, 2020	Monthly information on the total number of shares and voting rights comprisingthe Company's share capital	Internet
Shareholders' Meeting	April 9, 2020	Shareholders' Meeting to be held on May 5, 2020 and 2019 dividend confirmed but reduced to €1.75 per share	Internet
Legal disclosure	April 14, 2020	Disclosure of transactions relating to the share buyback program	Internet
Shareholders' Meeting	April 14, 2020	Report on the 13th resolution - VM issue PEE participants	Internet
Shareholders' Meeting	April 14, 2020	Table of grants of authority relating to the capital increase	Internet
Shareholders' Meeting	April 14, 2020	Report of the Board of Directors on Corporate Governance	Internet
Financial reporting	April 14, 2020	Annual financial statements at November 30, 2019	Internet
Legal disclosure	April 14, 2020	Monthly information on the total number of shares and voting rights comprisingthe Company's share capital	Internet
Shareholders' Meeting	April 14, 2020	Voting form of the Shareholders' Meeting of May 5, 2020	Internet
Shareholders' Meeting	April 14, 2020	Management report for the fiscal year ended November 30, 2019	Internet
Shareholders' Meeting	April 14, 2020	Agenda and Resolutions of the Shareholders' Meeting of May 5, 2020	Internet
Shareholders' Meeting	April 14, 2020	Report on the 14th resolution - bonus share awards	Internet
Shareholders' Meeting	April 14, 2020	Bylaws up to date	Internet
Shareholders' Meeting	April 14, 2020	Report on related-party agreements as at November 30, 2019	Internet
Legal disclosure	April 14, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	April 22, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	April 23 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	April 24, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	April 27, 2020	Disclosure of transactions relating to the share buyback program	Internet
Shareholders' Meeting	May 4, 2020	Presentation and replay of the Shareholders' Meeting of May 5, 2020	Internet
Legal disclosure	May 5, 2020	Description of the share buyback program	Internet
Legal disclosure	May 6, 2020	Monthly information on the total number of shares and voting rights comprisingthe Company's share capital	Internet
Legal disclosure	May 11, 2020	Disclosure of transactions relating to the share buyback program	Internet
Shareholders' Meeting	May 11, 2020	Ordinary and Extraordinary Shareholders' Meeting of May 5, 2020 - voting results	Internet
Legal disclosure	May 12, 2020	Disclosure of transactions relating to the share buyback program	Internet
Shareholding structure	May 12, 2020	Payment of 2019 dividend	Internet
Legal disclosure	May 13, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	May 14, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	May 25, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 2, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 8, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 8, 2020	Monthly information on the total number of shares and voting rights comprisingthe Company's share capital	Internet
Legal disclosure	June 9, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 15, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 22, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	June 24, 2020	New internal rules for the Board of Directors	Internet
Legal disclosure	June 26, 2020	New stock market ethics charter	Internet

Type	Date	Subject	Medium
Legal disclosure	June 29, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 3, 2020	Half-year assessment of Kaufman & Broad's Liquidity Agreement	Internet
Legal disclosure	July 6, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 7, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Financial reporting	July 9, 2020	2020 first half results	Internet
Financial presentation	July 10, 2020	Presentation of 2020 first half results	Internet
Legal disclosure	July 15, 2020	Disclosure of transactions relating to the share buyback program	Internet
Press release	July 20, 2020	Kaufman & Broad press release following Promogim's stake increase	Internet
Legal disclosure	July 20, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	July 22, 2020	Implementation of the share buyback program	Internet
Legal disclosure	July 27, 2020	Details following Promogim's press release	Internet
Legal disclosure	July 27, 2020	Disclosure of transactions relating to the share buyback program	Internet
Half-year financial report	July 31, 2020	Availability of the 2019 half-year financial report	Internet
Half-year financial report	July 31, 2020	2020 half-year financial report	Internet
Legal disclosure	Aug.3, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Aug.6, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Aug.8, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Aug.17, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Aug.24, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Aug.31, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept.7, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept.7, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Sept.14, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept.21, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Sept.28, 2020	Disclosure of transactions relating to the share buyback program	Internet
Financial reporting	Oct.1, 2020	Results for the first nine months 2020	Internet
Financial presentation	Oct.2, 2020	Presentation of results for the first nine months of 2020	Internet
Legal disclosure	Oct.5, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct.6, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Oct.12, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct.19, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Oct.26, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov.2, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov.5, 2020	Monthly information on the total number of shares and voting rights comprising the Company's share capital	Internet
Legal disclosure	Nov.2, 2020	Disclosure of transactions relating to the share buyback program	Internet

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Type	Date	Subject	Medium
Legal disclosure	Nov.9, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov.16, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov.23, 2020	Disclosure of transactions relating to the share buyback program	Internet
Legal disclosure	Nov.30, 2020	Disclosure of transactions relating to the share buyback program	Internet
French legal notice journals	April 15, 2020	Notice of Annual Shareholders' Meeting	Petites Affiches
BALO	April 15, 2020	Notice of Annual Shareholders' Meeting	BALO

9.4. 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
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
Authority in the event of the issuing of common stock and/or	May 2, 2019	July 2, 2021	€580,000 (shares or securities)	None	None	None	€580,000 (shares or securities)

Appendix

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
equity securities convertible into other equity securities or debt securities and/or securities convertible into equity securities to be issued, without preemptive rights, in the context of a private placement [1]			€500,000,000 (securities representing claims against the company convertible into other equity securities)				€500,000,000 (or securities representing claims against the company convertible into other equity securities)
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 public offer [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	None	None	
Authority to award bonus shares (new or existing)	May 5, 2020	July 5, 2023	250,000 shares including 50,000 shares to corporate officers	None	None[2]	None	€125,000

(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.

9.5. Glossary

Business lines

ANRU area	Area covered by the signing of a multi-year agreement with the French National Agency for Urban Renewal (ANRU). In this geographical area with tax benefits, households, in particular tax households with limited resources, can purchase a new principal residence with a reduced VAT rate (5.5%) subject to certain conditions.
BBC-Effinergie®	Low Energy Consumption Building (Bâtiment Basse Consommation). BBC-Effinergie® is a thermal performance label for buildings intended for residential use. For new residential 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.
Cash and cash equivalents	This corresponds to cash and cash equivalents on the assets side of the balance sheet, i.e., all cash on hand (bank balances and cash on hand), investment securities (short-term investments and term deposits) and order balances.
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.
EBIT	Earnings Before Interest and Taxes corresponds to current operating income, i.e. gross margin less current operating expenses.
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.
Financing capacity	This corresponds to cash assets plus lines of credit not yet drawn.
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 (Habitat & Environment) 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® (Haute Qualité Environnementale or High Environmental Quality) process implemented by the association HQE® makes possible the application of an environmental policy to the construction of a building. This label allows Project Owners to specify environmental objectives on the basis of 14 targets that define the profile of their future building. This approach is also based on a managerial strategy that includes a project management system to find concrete solutions to the environmental challenges facing our planet. Its ultimate goal is the construction of comfortable buildings that are healthier and more environmentally friendly than buildings of the same generation. HQE® targets are grouped into four categories and define environmental quality objectives based on 14 items: Green building (Relationship between buildings and their immediate environment, Integration of construction process and materials, Low-pollution construction); Eco-management (Energy management, Water management, Construction waste management, Upkeep and maintenance management); Comfort (Hygrothermal comfort, Acoustic comfort, Visual comfort, Olfactory comfort); Health (Health quality of spaces, Air health quality, Water health quality).
Land reserve	This includes land for development (otherwise called the land portfolio), i.e., the land for which an act or promise of sale was signed, as well as land under consideration, i.e., the land for which an act or promise of sale has not yet been signed.
Net cash	This corresponds to the "negative" net debt or net financial debt, i.e. for the company the balance of available cash and financial investments forming its "active cash position" is greater than the amount of its gross financial debt (or gross financial debt).
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 (value)	These represent the value of the real property as expressed in order contracts signed, including VAT, for a given period. They are mentioned net of cancellations recorded during that period.
Orders of Housing Units (volume)	These are a reflection of the group's commercial activity. Orders are recognized in revenue based on the time necessary for the "conversion" of an order into a signed and notarized deed, which is the point at which income is generated. Moreover, in apartment programs that include mixed-use buildings (apartments/business premises/retail space/offices), all floor space is converted into housing equivalents. They are measured in volume (Units) and value.
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.
Sub-contracting	Sub-contracting is a contract by which a company, the "principal", asks one or more other companies, called "sub-contractors" to perform part of its production process or make some of the components necessary to its production. The sub-contractors are companies that are authorized to do certain tasks. The sub-contractor is different from a supplier because it manufactures a product designed by the sponsor or, often, it does so together with the sponsor. The product is manufactured by the 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

AFEP-MEDEF Code	The AFEP-MEDEF Code is the set of recommendations developed by the working groups of the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (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.
AMF (Autoité 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 (Cotation Assistée en Continu) 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 40 stocks listed on the continuous market among the 100 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.
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 société anonyme (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.
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.
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 (sociétés anonymes). 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 theshare 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.
EBIT	Earnings Before Interest and Taxes corresponds to current operating income, i.e. gross margin less current operating expenses.
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_2O) and carbon dioxide (CO_2). The other main greenhouse gases are methane (CH_4), ozone (O_3), nitrous oxide (N_2O) 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 II" 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.
Senior loans (lines of credit)	Banks use senior debt to fund LBO (leveraged buyout) transactions. LBO financing by banks is risky in the bank credit market. It is characterized by a loan repayable by installments and/or, most frequently, a "bullet repayment" type loan, but also by lines of credit to finance the working capital requirements and growth policies of companies affected by this kind of acquisition. Senior debt is a debt that enjoys specific guarantees, the repayment of which has priority over other so-called subordinated debt. It is therefore "priority debt".
Share	Equity instrument representative of a portion of the capital issued by the corporation that issued it. It gives the holder ownership of part of the capital, and the rights associated with it, such as the ability to be involved in the management of the Company and to derive an income therefrom known as a dividend. A share gives one vote to its owner (shareholder) at Shareholders' Meetings, and shares may be 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.
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.

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