

ARTICLES OF ASSOCIATION

of

Hornbach Holding Aktiengesellschaft

I.

General Provisions

§ 1

Company Name, Domicile, Duration

- (1) The name of the company is:

Hornbach Holding Aktiengesellschaft.

- (2) The company domicile is in 67433 Neustadt an der Weinstrasse.
- (3) The company is not limited to any specified period in respect of its duration.

§ 2

Company Object

- (1) The company has as its object the management of a retail, service and real estate group, which pursues and/or is entitled to pursue activities in the following specific areas:

Construction, acquisition and/or operation of large-scale retail stores, especially DIY and home improvement stores, with or without garden centers, garden stores, specialist stores, and other specialist retail stores,

Similar and other retail and wholesale activities,

Manufacturing and processing of products to be sold in the retail stores,

Administration of assets and acquisition, management and disposal of investments in companies in Germany and abroad,

Performance of management and other services for subsidiaries and other companies in which the company holds a participating interest,

Preparation, acquisition, development, planning, construction, utilization, management, disposal and/or other use of pieces of land either built or not, and leasehold rights

Said activities may be pursued both by the company itself, as well as by its subsidiaries and participating interests; such activities may also be assigned to such companies.

- (2) The company is entitled to acquire participating interests in other companies in Germany and abroad, as well as to assign participating interests to other companies, to acquire and/or found, as well as to dispose of or discontinue, such companies, to found branch outlets in Germany and abroad, to conclude fiscal unity and profit transfer agreements, as well as company agreements of all kinds, and to take all measures deemed suitable to promote the company's object whether directly or indirectly, or which are otherwise deemed relevant in this respect.

§ 3**Announcements and Information**

- (1) In the absence of any mandatory legal requirements to the contrary, announcements made by the company are published solely in the electronic Federal Official Gazette.
- (2) The company is authorized to the extent permitted by law to communicate information to its shareholders by way of data telecommunications.

II.**Share Capital and Shares****§ 4****Share Capital**

- (1) The company's share capital amounts to €48,000,000.00.
- (2) It is divided into

8,000,000 individual ordinary shares (total prorated amount of individual ordinary shares in share capital: €24,000,000.00) and

8,000,000 individual non-voting preference shares (total prorated amount of individual preference shares in share capital: €24,000,000.00).
- (3) The preference shares are endowed with the rights set out in § 21 and § 25. The issue of additional preference shares, profit participation certificates, warrant bonds, convertible bonds or similar instruments equivalent to or with precedence over the respective non-voting preference shares in respect of the distribution of profit and/or company assets does not require the approval of preference shareholders.

- (4) In the event of any capital increase, the determination of profit participation may deviate from the requirements of § 60 of the German Stock Corporation Act (AktG).

§ 5

Shares

- (1) The shares are individual bearer shares.
- (2) Should the resolution adopted for any capital increase not lay down whether the new shares are bearer shares or registered shares, such shares will also be bearer shares.
- (3) The Board of Management determines the form and contents of the share certificates and profit participation and renewal coupons. The same applies to bonds and interest and option coupons, profit participation certificates and similar instruments issued by the company. A certificate (global certificate) may be issued for holdings of several shares. Shareholders have no right to demand securitization of their shareholdings. Certificates for shares with a face value of €2.56 are deemed to represent certificates embodying one individual share. Certificates for shares with face values higher than €2.56 are deemed to represent certificates embodying a correspondingly higher number of shares.

III.**Company Organization****§ 6****Company Organs, Advisory Board**

- (1) The organs of the company are:
 - A. Board of Management,
 - B. Supervisory Board,
 - C. Annual General Meeting.
- (2) The company may appoint an Advisory Board.

A. Board of Management**§ 7****Composition and Management of Business**

- (1) The Board of Management consists of at least two persons.

The Supervisory Board appoints members of the Board of Management and determines their number. It may appoint a member of the Board of Management to act as Chairman or Spokesman of the Board of Management.
- (2) The Board of Management manages the company under its own responsibility. All matters of fundamental or material significance are decided by the Board of Management by way of resolutions based on simple majorities. Where a member of the Board of Management has been appointed Chairman and should the Board of Management consist of more than two members, then the vote of

the Chairman of the Board of Management is decisive in the event of any parity of votes upon the adoption of resolutions.

- (3) The members of the Board of Management participate in Supervisory Board meetings unless otherwise stipulated in individual cases by the Supervisory Board or its Chairman.

§ 8

Representation of the Company

- (1) The company may be legally represented by two members of the Board of Management or by one member of the Board of Management together with an authorized representative (*Prokurist*).
- (2) The Supervisory Board may grant powers of sole representation to all or individual members of the Board of Management and / or exempt them from the restrictions of § 181 of the German Civil Code (BGB) within the limits legally permitted (§ 112 of the German Stock Corporation Act – AktG).

B. Supervisory Board

§ 9

Composition of Supervisory Board, Election of Supervisory Board Members and Substitute Members, Term in Office

- (1) The Supervisory Board consists of six members.
- (2) Supervisory Board members are elected for the period through to the conclusion of the Annual General Meeting formally approving their actions for the fourth financial year after the beginning of their term in office. The financial year in

which the term in office begins is not counted in this calculation. Re-election is permitted.

- (3) Where substitute members are elected as shareholder representatives to the Supervisory Board, they replace any shareholder representative Supervisory Board members prematurely retiring from office in the order in which they are appointed, unless otherwise stipulated upon their election. Where a Supervisory Board member is elected to replace a retiring member, his or her term in office is equivalent to the remainder of the term in office of the retiring member. Where a substitute member replaces a retiring member, his or her term in office expires upon the conclusion of the next Annual General Meeting following such substitution, or the next but one, should such Annual General Meeting hold a by-election to replace the retiring member; otherwise, the term in office ends upon the expiry of the remaining term in office of the retiring member.
- (4) Each Supervisory Board member and each substitute member may stand down from his or her position with one month's notice by notifying the Board of Management and the Supervisory Board accordingly in writing. This notice period does not apply for members and substitute members elected by employees.

§ 10

Chairman, Deputy Chairman

- (1) At a meeting held directly after the Annual General Meeting at the end of which its term in office begins, with no separate invitation being required for such meeting, the Supervisory Board elects a Chairman and a Deputy Chairman from among its number for the term in office of the member thereby elected. Where the Chairman or the Deputy Chairman retires from the Supervisory Board prior to the conclusion of his or her term in office, the Supervisory Board must immediately hold a new election for the remaining term in office of the retiring member.

- (2) Declarations of intent on the part of the Supervisory Board and its Committees may be submitted on behalf of the Supervisory Board by the Supervisory Board Chairman or his or her Deputy Chairman.

§ 11

Supervisory Board Meetings and Adoption of Resolutions

- (1) Supervisory Board resolutions are generally adopted at meetings. Supervisory Board meetings are generally held in person. Meetings are convened by the Chairman, stating the agenda items, by way of written notification issued three weeks in advance. When convening the meeting, the Chairman may stipulate that it be held by way of a teleconference or video conference. Furthermore, in urgent cases he may curtail the three-week notice period and, where appropriate, convene the meeting verbally, by facsimile, by telephone, or by e-mail. The three-week notice period does not apply for meetings convened pursuant to § 110 (1) and (2) of the German Stock Corporation Act (AktG).
- (2) The Supervisory Board has a quorum when at least half of the total number of members of which it consists, and a minimum of three members, including the Chairman or Deputy Chairman, attend and participate in the meeting. Members submitting written voting instructions via another Supervisory Board member or other person entitled to participate in the meeting are also counted as present. The Supervisory Board adopts resolutions on the basis of simple majorities, unless otherwise required by law or the Articles of Association. In the event of a parity of votes, the vote of the Chairman of the meeting is decisive; in the case of elections, any parity is resolved by casting lots. The Chairman of the meeting determines the voting procedure.
- (3) Outside of meetings, resolutions may be adopted in writing, by telephone, by facsimile, or by e-mail. The Chairman determines the details of the procedure to be adopted.

- (4) For each meeting of the Supervisory Board, a set of written minutes must be prepared, signed by the Chairman of the meeting, and filed in the company's records. The minutes should include the place and date of the meeting, the names of the participants, the agenda items, the main contents of the discussions, and the resolutions adopted by the Supervisory Board. The same requirements apply by analogy to resolutions adopted outside of meetings.

§ 12

Duty of Confidentiality and Responsibility of Supervisory Board Members

Supervisory Board members and substitute members must maintain confidentiality in respect of confidential information and company secrets, and specifically as to operating or business secrets of which they gain awareness on account of their activity on the Supervisory Board. Should a Supervisory Board member wish to pass on to third parties items of information for which it cannot be excluded with certainty that they are confidential or involve company secrets, such member must inform the Supervisory Board Chairman in advance, and give him opportunity to state his position. Supervisory Board members who breach this duty bear joint and several liability to reimburse the company for any damages arising as a result.

§ 13

Supervisory Board Committees

To the extent permitted by law and the Articles of Association, the Supervisory Board may assign duties and rights incumbent on it to its Chairman, individual members, or committees formed from among its number. Where the Supervisory Board Chairman is a member of a committee, his vote shall be decisive in the event of any parity of votes. The same applies by analogy to the Deputy Chairman of the Supervisory Board. The Supervisory Board may otherwise also lay down the procedures to be adopted in any committees, or assign responsibility for the adoption of such to the specific committee itself.

§ 14
Right to Participate
in the Annual General Meeting

- (1) Supervisory Board members are entitled and obliged to participate in shareholders' Annual General Meetings. The Board of Management is obliged to forward the agenda of the Annual General Meeting and any related submissions to the Supervisory Board in good time ahead of the meeting. The Board of Management and/or the Supervisory Board must make proposals for each agenda item for which the Annual General Meeting is to adopt resolutions. The Supervisory Board alone is responsible for submitting candidates to the Annual General Meeting for election as auditors. Proposals of candidates for election as Supervisory Board members to represent shareholders are submitted to the Annual General Meeting not by the Supervisory Board as a whole, but rather only by those members of the Supervisory Board elected by shareholders.
- (2) The Board of Management is obliged to notify the Supervisory Board in writing of the resolutions adopted by the Annual General Meeting.

§ 15
Code of Procedure

The Supervisory Board has a self-imposed Code of Procedure within the framework permitted by law and consistent with the requirements of these Articles of Association.

§ 16
Supervisory Board Compensation

- (1) In addition to the reimbursement of his or her expenses, each Supervisory Board member receives annual fixed compensation of €6,000 payable following the conclusion of the Annual General Meeting, as well as performance-related compensation dependent on the appropriation of profit resolved by the Annual

General Meeting and amounting to €520.00 for each 1% of the dividend in excess of 5% distributed to ordinary shareholders for the previous financial year. Such calculation must be based on the prorated portion of individual ordinary shares in the share capital pursuant to § 4 (2) of the Articles of Association. The Chairman receives three times, while the Deputy Chairman receives twice the fixed and performance-related compensation.

Supervisory Board members also sitting on the Supervisory Board Audit Committee receive an additional amount of €3,000. Supervisory Board members sitting on one or several other Supervisory Board committees receive an additional amount of €1,500 per committee. Supervisory Board members chairing a Supervisory Board committee receive three times the respective committee membership compensation.

- (2) Supervisory Board members only sitting on the Supervisory Board for part of a financial year receive proportionately lower compensation on a pro rata temporis basis.
- (3) Sales tax is refunded by the company to the extent that Supervisory Board members are entitled to charge the company separately for sales tax and exercise this right.
- (4) To protect its interests, the company maintains a financial loss liability insurance policy for its directors and officers. This policy also covers Supervisory Board members, who are co-insured at the company's expense.

§ 17

Location of Annual General Meeting

The Annual General Meeting is held at the company's domicile, at the domicile of a German stock exchange, within a radius of 50 km of the company's domicile, or within a radius of 15 km of the domicile of a German stock exchange.

§ 18**Convening of Annual General Meeting**

The Annual General Meeting is convened by the Board of Management or by the Supervisory Board.

§ 19**Participation Entitlement**

- (1) Only those shareholders that register and submit documentary evidence of their shareholding are entitled to participate in the Annual General Meeting and exercise their voting rights. The registration and documentary evidence must be received by the company at the address stated for this purpose in the invitation no later than six days before the Annual General Meeting. Neither the date of receipt of the registration nor the date of the Annual General Meeting are included in the calculation of the registration deadline.
- (2) A certification of the shareholder's shareholding issued in text form in German or English by the account-holding financial institution is deemed to represent adequate evidence of entitlement pursuant to Paragraph 1. The documentary evidence must refer to the beginning of the 21st day prior to the Annual General Meeting.
- (3) The company is entitled to request further appropriate evidence should it harbor any doubts as to the correctness or authenticity of the certification. Should such evidence not be provided, or not in suitable form, then the company is entitled to reject the shareholder in question.

§ 20**Chairman of Annual General Meeting**

- (1) The Annual General Meeting is chaired by the Supervisory Board Chairman or, should he be unavailable, by another member of the Supervisory Board selected by him. Should none of these persons assume the chairmanship, the Chairman of the Meeting is elected by the Annual General Meeting, with such election being overseen by the oldest ordinary shareholder present.
- (2) The Chairman of the Meeting chairs the meeting, determines the order in which the agenda items are addressed and the voting procedures to be adopted.
- (3) The Chairman of the Meeting may impose a suitable limit on the time allocated for shareholders to pose questions and make statements. In particular, either at the beginning of or in the course of the Annual General Meeting he is also entitled to set a suitable timeframe for the duration of the entire Annual General Meeting, for individual agenda items, or for individual statements and questions.

§ 21**Voting Rights, Voting Procedures**

- (1) Each individual ordinary share entitles its bearer to one vote at the Annual General Meeting.
- (2) Preference shareholders are not entitled to any voting rights. However, in those cases where legal requirements grant mandatory voting rights to preference shareholders, each individual preference share entitles its bearer to one vote.
- (3) The Annual General Meeting adopts resolution on the basis of a simple majority of the votes cast and, where a majority of capital is required, on the basis of a simple majority of the share capital represented upon the adoption of such resolution, unless mandatory requirements of the relevant laws or the Articles of Association stipulate otherwise.

- (4) When the first round of voting in elections does not produce a simple majority, a second round of voting is held for those two individuals achieving the highest number of votes. In the event of the same numbers of votes being cast in the second round of voting, the Chairman of the Annual General Meeting, provided that he or she is an ordinary shareholder, otherwise the oldest ordinary shareholder in terms of age among the Supervisory Board members appointed by shareholders, failing that the oldest ordinary shareholder in terms of age participating in the election, shall determine the outcome of the election.

D. Advisory Board

§ 22

Advisory Board

In liaison with the Supervisory Board, the Board of Management may form an Advisory Board to establish closer links with the economy at large, may impose Codes of Procedure on such Advisory Board, appoint and dismiss its members and lay down any compensation for such.

IV.

Annual Financial Statements and Appropriation of Profit

§ 23

Financial Year, Annual Financial Statements and Appropriation of Profit

- (1) The financial year begins on March 1 and ends on the final day of February in each calendar year.
- (2) The Board of Management must prepare the annual financial statements and management report for the previous financial year within the first three months of the financial year and, where appropriate, the consolidated financial

statements and group management report for the previous financial year within the first five months of the financial year, and forward these documents to the Supervisory Board together with the proposed utilization of unappropriated net profit. This requirement does not affect the statutory duties of submission to the auditors.

- (3) The Supervisory Board and Board of Management may by joint resolution transfer up to one half of annual net income to other revenue reserves.

§ 24

Annual General Meeting

The Annual General Meeting is held within the first eight months of each financial year. It decides in particular on the utilization of unappropriated net profit, the election of the auditor, the formal approval of the Board of Management and the Supervisory Board, the election of Supervisory Board members and, in those cases where the Annual General Meeting is required by law to decide, on the adoption of the annual financial statements and, where appropriate, on the approval of the consolidated financial statements.

§ 25

Utilization of Profit

- (1) Non-voting preference shares (§ 4) receive a preferential dividend of 2% of their portion of the share capital from the net profit for the year.
- (2) If the net profit is not sufficient in one or several financial years to distribute a preferential dividend of at least 2% on the preference shares, the arrears are payable without interest from the net profit of the following financial years in such a way that the older arrears are settled before the more recent arrears and that the preferential payments to be made from the profit of a given financial year are only to be made once all arrears have been settled. This right to

subsequent payment constitutes an integral part of the dividend for the financial year in which the subsequent payment on the preference shares is made from the net profit of the year.

- (3) Following the subsequent payment of any arrears of dividends on preference shares in connection with previous years (Paragraph 2) and the distribution of the preferential dividend of 2% on the non-voting preference shares (Paragraph 1), a dividend of up to 2% of their portion of the share capital is then paid on the ordinary shares from the remaining net profit. After the distribution of a dividend of 2% on the ordinary shares, the preference and ordinary shares participate in a further dividend distribution in the ratio of their respective portions of the share capital in such a way that the non-voting preference shares receive a further dividend of 1% in addition to the dividend payable on ordinary shares.

V.

Concluding Provisions

§ 26

Amendments to Articles of Association by Supervisory Board

The Supervisory Board is authorized to amend the Articles of Association to the extent that such amendments only affect the respective wording.

§ 27

Partial Ineffectiveness

Should any current or future provision of these Articles of Association be legally ineffective or unenforceable either in full or in part, or lose its effectiveness or enforceability at a later date, this circumstance will not otherwise affect the validity of the Articles of Association. The same applies should any omission be identified in the Articles of Association. The ineffective or unenforceable provision will rather be

replaced, or the omission filled, by a suitable provision approximating as closely as legally possible to that which the shareholders intended, or would have intended in line with the purpose of the Articles of Association if they had considered the respective matter when adopting resolutions in respect of the Articles of Association or the relevant supplement. This also applies in cases where the ineffectiveness of the provision is due, for instance, to a performance or time measurement (deadline or due date) regulated in the Articles of Association; in such cases, the agreed provision will be replaced by a legally permitted performance or time measurement approximating as closely as possible to the measurement originally intended.

VI.

Contribution Provisions

§ 28

Contribution in Kind

- (1) The founders are the sole shareholders in Hornbach OHG, based in Bornheim. They contribute the company operated by this commercial partnership, together with all of its assets and liabilities, all other rights, and in particular the right to maintain the company name, to the stock corporation by way of a corporate reorganization pursuant to § 41 (1) Sentence 2 No. 2 of the German Corporate Reorganization Act (UmwG). The contribution is subject to the requirement that from March 1, 1987 onwards the company's transactions are deemed to be executed on the account of the stock corporation.
- (2) The volume of assets contributed is apparent from the balance sheet of the commercial partnership as of February 28, 1987.
- (3) All rights and obligations on the part of the commercial partnership in connection with employment contracts are also transferred to the newly founded stock corporation, unless any employee draws on any rights of objection to which he or she is entitled.

- (4) In return for this contribution in kind, the stock corporation grants the shareholders in Hornbach OHG, as its founders, the following shares in respect off the balance sheet as of February 28, 1987 underlying the corporate reorganization:

Otmar Hornbach, Bornheim	
210,000 ordinary shares	
with a par value each of DM 50.00,	
total par value	DM 10,500,000.00
and	
120,000 non-voting preference shares	
with a par value each of DM 50.00	
total par value	<u>DM 6,000,000.00</u>
total	DM 16,500,000.00

Albert Wilhelm Hornbach, Bornheim,	
190,000 ordinary shares	
with a par value each of DM 50.00,	
total par amount	DM 9,500,000.00
and	
80,000 non-voting preference shares	
with a par value each of DM 50.00	
total par value	<u>DM 4,000,000.00</u>
total	<u>DM 13,500,000.00</u>
total amount of share capital	DM 30,000,000.00

- (5) The total par value of the shares granted in return for the assets contributed is equivalent to a partial sum of the same amount in the credit balances reported on the capital accounts of the shareholders in the commercial partnership in the balance sheet underlying the corporate reorganization. The corporate reorganization is therefore based on carrying amounts. The partial amounts on the capital accounts in the aforementioned reorganization balance sheet in excess

of the total par value of the shares granted to each individual founder remain as loan receivables on the part of the respective shareholder due from the reorganized Hornbach Aktiengesellschaft. The loans bear interest at 6% per annum starting on March 1, 1987. They may be requested or repaid by either party at any time without any notice period being required.

§ 29

Costs of Foundation / Reorganization

- (1) The total expenses incurred for the foundation and reorganization, especially transaction taxes (namely company taxes, stock exchange turnover tax, land acquisition tax), notary public expenses, formation audit and advisory expenses, court expenses, publication expenses, and all other transaction taxes, expenses, and costs, arising upon execution of § 28 of the Articles of Association (Contribution in Kind) are borne by Hornbach Aktiengesellschaft.
- (2) These total expenses are estimated at DM 3,000,000.00, plus any sales tax (VAT) incurred in accordance with legal requirements.