

**ARTICLES OF ASSOCIATION**  
**of**  
**HORNBACH Baumarkt AG**

**1. General Provisions**

**§ 1**

**Company Name, Domicile, Duration**

- (1) The company is a stock corporation with the name

**HORNBACH Baumarkt AG**

- (2) The company domicile is in 76878 Bornheim bei Landau/Pfalz.
- (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 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. Furthermore, the company is authorized to pursue retail and wholesale activities, as well as to manufacture and process objects of all kinds.
- (2) The company is authorized to perform all transactions deemed suitable to promote, whether directly or indirectly, the company's business object or which are otherwise deemed relevant in this respect. Specifically, the company may establish, acquire, or participate in companies of the same nature or operating in related sectors both in Germany and abroad, and may establish branch outlets.

**§ 3**

**Announcements and Information**

- (1) In the absence of any mandatory legal requirements to the contrary, announcements made by the company are published exclusively in the 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 share capital amounts to € 95,421,000.00.
- (2) It is divided into 31,807,000 individual ordinary shares.
- (3) Any non-voting preference shares issued are endowed with the rights set out in § 19 and § 23. 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.

In the event of capital increases, it is permitted to issue new ordinary shares and new non-voting preference shares at the existing ratio of these two share classes and to grant existing ordinary shareholders subscription rights solely to new ordinary shares and existing preference shareholders subscription rights solely to new non-voting preference shares. Any other, more far-reaching exclusions or

restrictions in shareholders' subscription rights permitted by law or the Articles of Association shall not be affected by this provision.

- (4) In the event of a capital increase, the determination of profit participation may deviate from the requirements of § 60 of the German Stock Corporation Act (AktG).
  
- (5) The Board of Management is authorized, subject to approval by the Supervisory Board, to increase the company's share capital up to July 7, 2021 by a total of up to € 15,000,000.00 by issuing new individual shares in return for cash contributions on one or more occasions (Authorized Capital I). The new shares may be issued either as ordinary shares with voting rights or as non-voting preference shares. New non-voting preference shares may have precedence over, be equivalent to, or subordinate to any existing non-voting preference shares in respect of the distribution of profit and/or company assets; unless otherwise stipulated in the capital increase resolution, they are equivalent to any existing preference shares. The Board of Management is authorized, subject to approval by the Supervisory Board, to determine the further details of the execution of capital increases. When drawing on authorized capital, the company will in principle grant subscription rights to its shareholders. However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights:
  - a) to settle any residual amounts,
  
  - b) to the extent necessary to grant subscription rights to bearers of convertible or warrant bonds issued or still to be issued by the company or any of its direct or indirect wholly-owned subsidiaries insofar as they would be entitled to such having exercised their conversion or option rights,
  
  - c) to offer new shares up to a total volume of € 1,500,000.00 for subscription as employee shares by employees of the company and/or its subsidiaries,
  
  - d) to the extent that the portion of share capital attributable to the new shares for which subscription rights are excluded does not in total exceed ten percent of the existing share capital either at the time at which this authorization is approved nor at the time at which this authorization becomes effective, nor at

the time at which this authorization is exercised, and that the amount at which the new shares are issued does not fall materially short of the respective market price of shares in the corresponding share class. Any shares issued, disposed of, or to be issued due to any other direct or corresponding application of § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) must also be imputed to the limit of ten percent of share capital. Specifically, this also applies to the disposal of treasury stock executed on the basis of a treasury stock disposal authorization pursuant to § 71 and § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG), as well as to shares issued or to be issued to service bonds with conversion and/or option rights in cases where such bonds are issued on the basis of an authorization pursuant to § 221 (4) and § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG).

- (6) The Board of Management is authorized, subject to approval by the Supervisory Board, to increase the company's share capital up to July 7, 2021 by a total of up to € 30,000,000.00 by issuing new individual shares in return for cash and/or non-cash contributions on one or more occasions (Authorized Capital II). The new shares may be issued either as ordinary shares with voting rights or as non-voting preference shares. New non-voting preference shares may have precedence over, be equivalent to, or subordinate to any existing non-voting preference shares in respect of the distribution of profit and/or company assets; unless otherwise stipulated in the capital increase resolution, they are equivalent to any existing preference shares. The Board of Management is authorized, subject to approval by the Supervisory Board, to determine the further details of the execution of capital increases. When drawing on authorized capital, the company will in principle grant subscription rights to its shareholders. However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights to the extent that the capital increases are executed in return for non-cash contributions for the purpose of acquiring companies or interests in companies or other assets or claims to acquire assets, including receivables due from the company or its shareholdings. The Board of Management is further authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights to the extent necessary to grant subscription rights to bearers of convertible or warrant bonds issued or still to be

issued by the company or any of its direct or indirect wholly-owned subsidiaries insofar as they would be entitled to such having exercised their conversion or option rights. Furthermore, residual amounts may be excluded from shareholders' subscription rights.

- (7) The Supervisory Board is authorized to adjust the wording of the Articles of Association in line with the respective balance and level of utilization of the authorized capital and any conditional capital.

**§ 5**

(rescinded)

**§ 6**

(rescinded)

**§ 7**

**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 liaises with the Supervisory Board to determine the form of the shares and the profit participation and renewal coupons. The same applies to bonds and interest coupons. A certificate (global certificate) may be issued for holdings of several shares. Shareholders are not entitled to request securitization of their shareholdings. Certificates for shares with a par value of € 2.56 are deemed to represent certificates embodying one individual share.

Certificates for shares with par values higher than € 2.56 are deemed to represent certificates embodying a correspondingly higher number of shares.

### **III. Company Organization**

#### **§ 8**

#### **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**

#### **§ 9**

#### **Composition and Management of Business**

- (1) The Board of Management consists of at least two persons.
  
- (2) 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. It may also appoint substitute members of the Board of Management.
  
- (3) The Board of Management manages the company under its own responsibility. 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 his

vote is decisive in the event of any parity of votes upon the adoption of resolutions.

- (4) 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.

## **§ 10**

### **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**

### **§ 11**

#### **Composition, Election, Term in Office**

- (1) The composition of the Supervisory Board is governed by § 7 (1) Sentence 1 No. 2 of the German 1976 Codetermination Act (MitbestG). The Supervisory Board therefore consists of sixteen members, of which eight from among shareholders, whose election is based on the requirements of the German Stock Corporation Act (AktG), and eight from among employees, whose election is based on the requirements of the German 1976 Codetermination Act (MitbestG).

- (2) Unless a shorter term in office is stipulated upon their election, 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) At elections of shareholder representatives to the Supervisory Board, the Chairman of the Annual General Meeting is entitled to invite shareholders to vote on a list of candidates presented by the management or by shareholders. 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.
- (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.
- (5) When a member elected by the Annual General Meeting retires from the Supervisory Board prior to the expiry of his or her term in office, an election is held to replace such member at the next Annual General Meeting. The term in office of the new member thereby elected is equivalent to the remaining term in office of the retiring member.
- (6) In the case of those Supervisory Board members it is due to elect, the Annual General Meeting may appoint substitute members to join the Supervisory Board in an order determined at the election in cases where Supervisory Board members elected to represent shareholders retire from office prior to the conclusion of their term in office. Their status as substitute members is revived once the Annual General Meeting has held new elections for the retiring Supervisory Board members replaced by the respective substitute members. The term in office of the substitute member as a member of the Supervisory Board is limited to the period through to the conclusion of the Annual General Meeting in which an election pursuant to Paragraph 5 is held.



**§ 12**

**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 one or several Deputy Chairmen from among its number in line with the requirements of the German Codetermination Act (MitbestimmG) for the term in office of the member thereby elected. Where the Chairman or a 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. A Deputy Chairman of the Supervisory Board only has the rights and duties incumbent on the Chairman by law and under the Articles of Association in cases where the Chairman is unable to perform his or her duties.
- (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.

**§ 13**

**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, 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. Meetings are chaired by the Supervisory Board Chairman or the Deputy Chairman. 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 voting parity, the same item is voted on once again at the request of the Supervisory Board Chairman or another Supervisory Board member. The Supervisory Board Chairman has two votes in this round of voting, even if it also results in a parity; § 108 (3) of the German Stock Corporation Act (AktG) also applies to the casting of this second vote. Deputy Chairmen are not entitled to this second vote.
- (3) Absent Supervisory Board members may participate in the adoption of resolutions by submitting their votes in writing via Supervisory Board members present or via substitute members.
- (4) The Chairman of the meeting determines the order in which the agenda items are addressed and the voting procedures to be adopted. Outside of meetings, resolutions may be adopted in writing, by telephone, by facsimile, or by e-mail. The requirements of Paragraph 2 apply by analogy to resolutions adopted this way. Further details are determined by the Chairman.
- (5) 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.

**§ 14**

**Duty of Confidentiality, Responsibility, Internal Order,  
Participation in Annual General Meeting**

- (1) 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.
- (2) 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.
- (3) The Supervisory Board is authorized, and to the extent required by law, obliged to form committees from among its number, and to set out the duties and powers of such committees in a Code of Procedure. 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, to the extent permitted by law, in the event of any parity of votes. The same does not apply for the vote of the Deputy Chairman. The Supervisory Board may otherwise, to the extent permitted by law, also lay down the procedures to be adopted in any committees, or assign responsibility for the adoption of such to the specific committee itself.
- (4) 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. 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.

- (5) The Board of Management is obliged to notify the Supervisory Board in writing of the resolutions adopted by the Annual General Meeting.

## **§ 15**

### **Supervisory Board Compensation**

- (1) From the 2012/2013 financial year, in addition to the reimbursement of his or her expenses, each Supervisory Board member receives fixed compensation of € 20,000 payable retrospectively on the day after the Annual General Meeting taking receipt of the annual financial statements for the respective financial year. The Chairman receives two-and-a-half times and the Deputy Chairman twice the fixed compensation.

From the 2012/2013 financial year, Supervisory Board members also sitting on a Supervisory Board committee receive additional fixed committee compensation, amounting to € 9,000 for the Audit Committee, € 6,000 for the Personnel Committee, and € 4,000 for the Mediation Committee, should this latter committee be convened, retrospectively payable together with the fixed compensation pursuant to Sentence 1. Supervisory Board members chairing a Supervisory Board committee receive two-and-a-half 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.

Corresponding provisions apply for compensation pursuant to Paragraph 1, Sentence 2 and fixed committee membership compensation pursuant to Paragraph 1, Sentences 3 and 4 should the respective member retire from the Supervisory Board, or from the respective function while remaining in the Supervisory Board.

- (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, officers, and senior management. This policy also covers Supervisory Board members, who are co-insured at the company's expense.

## **C. Annual General Meeting**

### **§ 16**

#### **Location and Convening**

- (1) 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.
- (2) The Annual General Meeting is convened by the Board of Management or by the Supervisory Board.

### **§ 17**

#### **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 21<sup>st</sup> 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.

## **§ 18**

### **Chairmanship of the 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 Supervisory Board member 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.

## **§ 19**

### **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) Unless mandatory requirements of the German Stock Corporation Act (AktG) stipulate otherwise, the Annual General Meeting adopts resolution on the basis of a simple majority of the votes cast. Where the German Stock Corporation Act (AktG) states that the adoption of a resolution also requires a majority of the share capital represented upon the adoption of such resolution, a simple majority of the share capital represented upon the adoption of the resolution is, to the extent permitted by law, also sufficient.
- (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.

## **IV. Annual Financial Statements and Appropriation of Profit**

### **§ 20**

#### **Financial Year**

The financial year begins on March 1 and ends on the final day of February in each calendar year.

### **§ 21**

#### **Annual Financial Statements, Utilization of Annual Net Income**

- (1) 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.
- (2) When adopting the annual financial statements, the Supervisory Board and Board of Management may by joint resolution transfer up to one half of annual net income to other revenue reserves.

### **§ 22**

#### **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.

## § 23

### **Utilization of Profit**

- (1) Where non-voting preference shares have been issued, these 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 non-voting 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 non-voting 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% of their portion of the share capital in addition to the dividend payable on ordinary shares.

- (4) In cases where the company has granted profit participation rights with the approval of the Annual General Meeting, and when the respective conditions governing the profit participation rights entitle the bearers of such rights to a distribution from the net profit, shareholders' claim to distribution of this portion of the net profit is excluded (§ 58 (4) of the German Stock Corporation Act – AktG).

#### **§ 24**

##### **Advance Payments from Net Profit**

Following the expiry of a given financial year, the Board of Management may, subject to approval by the Supervisory Board, distribute an advance dividend to shareholders within the framework of § 59 of the German Stock Corporation Act (AktG).

### **V. Sundry Provisions**

#### **§ 25**

##### **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.

#### **§ 26**

##### **Contribution in Kind**

- (1) The founders are the sole shareholders in Hornbach Baumarkt GmbH & Co. KG in Bornheim bei Landau/Pfalz. They contribute the company operated by this limited 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, 1992 onwards the company's transactions are deemed to be executed on the account of the stock corporation; however, Hornbach AG remains entitled to withdraw property, plant and equipment (land, leasehold rights and buildings, including buildings on third-party land, and prepayments made and assets under construction – DIY stores in Dresden, Leipzig and Berlin, as well as a property in Chemnitz on which a DIY store is to be built) with a total carrying amount of DM 32,467,287.39 (as of March 1, 1992) at this carrying amount; this withdrawal already occurred as of March 1, 1992 on the basis of a notarized deed dated May 22, 1992 and has been accounted for in the reorganization balance sheet.

- (2) The volume of assets contributed is apparent from the opening balance sheet of the limited partnership as of March 1, 1992.
- (3) All rights and obligations on the part of the limited partnership in connection with employment contracts are also transferred to the newly founded stock corporation, unless any employee exercises 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 Baumarkt GmbH & Co. KG, as its founders, the following shares in respect of the balance sheet dated March 1, 1992 underlying the corporate reorganization:

in Hornbach Aktiengesellschaft, Bornheim bei Landau/Pfalz,	
799,980 ordinary shares with a par value each of DM 50.00,	
total par value	DM 39,999,000.00
and	
in Hornbach Baumarkt Verwaltungs-GmbH,	
Bornheim bei Landau/Pfalz,	
20 ordinary shares with a par value each of DM 50.00,	
total par value	DM 1,000.00
	<hr/>
	DM 40,000,000.00

- (5) The total par value of the shares granted in return for assets contributed is equivalent to a partial sum of the same amount in the limited partners' capital contribution item within the limited shareholders' fixed capital account in the balance sheet underlying the corporate reorganization (fixed capital account). The corporate reorganization is therefore based on carrying amounts. The amounts in the fixed capital account in the aforementioned reorganization balance sheet in excess of the shares granted to the founders and amounts on shareholders' clearing accounts remain as loan receivables on the part of the respective shareholder due from the reorganized company Hornbach Baumarkt AG. The loans bear interest at 9% per annum starting on March 1, 1992. They may be requested or repaid by either party at any time without any notice period being required.

## **§ 27**

### **Costs of Foundation / Reorganization**

- (1) The total expenses incurred for the foundation / reorganization, especially transaction taxes (namely real estate transfer tax), formation audit expenses, notary public expenses, court expenses, advisory expenses, publication expenses and all other transaction taxes, expenses and costs arising upon execution of § 26 of the Articles of Association (Contribution in Kind) are borne by Hornbach Baumarkt AG.
- (2) These total expenses are estimated at DM 1,200,000.00, plus any sales tax (VAT) incurred in accordance with legal requirements.