OFFERING MEMORANDUM | **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

€250,000,000

HORNBACH-Baumarkt-Aktiengesellschaft

6⅛% Senior Notes due 2014

Guaranteed on a senior unsecured basis by certain subsidiaries of HORNBACH-Baumarkt-Aktiengesellschaft

HORNBACH-Baumarkt-Aktiengesellschaft (the "*Company*") is offering €250,000,000 aggregate principal amount of its 6⅛% senior notes due 2014 (the "*Notes*"). The Company will pay interest on the Notes semi-annually on each May 15 and November 15, commencing May 15, 2005. At any time on or after November 15, 2009, the Company may redeem all or part of the Notes by paying a specified premium. Prior to November 15, 2009, the Company may also redeem all or part of the Notes by paying a "make-whole" premium. In addition, on or before November 15, 2007, the Company may also redeem up to 35% of the Notes with the net proceeds of specified equity offerings. If the Company undergoes a change of control followed by a rating decline or sells certain of its assets, the Company may be required to offer to purchase the Notes from you.

The Notes will be senior unsecured obligations of the Company and will rank equally with other existing and future senior unsecured debt of the Company. The Notes will be guaranteed on a senior unsecured basis by certain of the Company's subsidiaries. The Notes and the guarantees will be effectively subordinated to the indebtedness of the Company's subsidiaries that will not guarantee the Notes.

This offering memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

Application has been made to list the Notes on the Irish Stock Exchange. We expect that the Notes will be made ready for delivery, in book-entry form, through Euroclear and Clearstream, on or about November 19, 2004, against payment in immediately available funds.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 15.

We have not registered and will not register the Notes or the related guarantees under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Notes and the related guarantees are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A of the U.S. Securities Act of 1933, as amended, and in transactions outside the United States in accordance with Regulation S of the U.S. Securities Act of 1933, as amended. See "Notice to Investors" and "Plan of Distribution" for additional information about eligible offerees and transfer restrictions.

Price: 100% plus accrued interest from the issue date.

Deutsche Bank | **Goldman Sachs International**

Joint Book-Running Lead Managers

The date of this offering memorandum is November 12, 2004.

SUMMARY

This summary highlights selected information about us and about the offering of the Notes contained in this offering memorandum. This summary does not contain all the information you should consider before investing in the Notes. You should read the following summary together with the more detailed information included in this offering memorandum, including the consolidated financial statements and related notes, "Risk Factors," and "Operating and Financial Review and Prospects" before making an investment decision.

Our Business

We are one of the leading European DIY retailers, with a particular focus on the operation of large format warehouse-style DIY Megastores combined with garden centers. We are the eighth largest DIY retailer in terms of European sales, with operations in Germany, Austria, The Netherlands, Luxembourg, the Czech Republic, Switzerland, Sweden, and Slovakia. We believe that in each of these markets, with the exception of Sweden and Slovakia, which we have entered only recently, we are among the top five DIY retailers in terms of sales. Founded in 1877, we opened our first DIY Store and garden center in 1968. In 1980, we were the first DIY retailer to introduce large format DIY Superstores in Germany and have since successfully introduced this concept in neighboring European countries. We currently operate 116 DIY Stores and garden centers across eight European countries with a total sales area of approximately 1,174,000 square meters. Over the last three financial years ended February 29, 2004, we opened 13 new stores in Germany and 15 outside of Germany, which increased our sales area by approximately 324,000 square meters. During the same period, our like-for-like sales increased by an average of 2.7% per annum, whereas our sales increased by 33.6%. In the twelve months ended August 31, 2004, we generated sales of €2,042.8 million and EBITDA of €152.5 million, of which 32.1% and 35.8%, respectively, were generated outside of Germany.

We focus primarily on the operation of DIY Megastores with a sales area of more than 10,000 square meters and similar store layouts and product portfolios, which are located in urban areas with catchment areas of at least 150,000 households. We believe that operating a homogeneous portfolio of DIY Megastores in prime locations allows us to generate significant economies of scale in store development, store operations, procurement, logistics and advertising. With a current average store size of 10,121 square meters across our portfolio of 116 DIY Stores and garden centers, we believe that we are the DIY retailer with the highest average store size in Europe. In addition, we believe that we had, as of the end of the financial year 2003/2004, one of the most homogeneous portfolios of DIY Megastores among European DIY retailers, one of the highest average sales per store (€18.3 million) and one of the highest sales densities (€1,804 per square meter).

We target primarily DIY consumers engaged in DIY projects and trade professionals, to whom we believe we offer one of the broadest DIY product ranges in the industry with approximately 50,000 items in stock and additional products available through our in-store order service. Our product range includes tools and hardware, building materials, bathroom fittings and tiles, paint, wall and floor coverings and garden products. In order to create strong customer loyalty, we adhere to an "every-day-low-price" pricing policy covering our entire product range, which is made possible by significant economies of scale and the extent of our European store network.

Germany is our core market, where we operate 88 stores and generated sales of €1,386.5 million and EBITDA of €98.2 million in the twelve months ended August 31, 2004. The German DIY market is the largest DIY market in Europe, with sales of approximately €37 billion (including VAT), of which €22 billion are generated by DIY retailers, and the remainder by a variety of other retailers. We are the fifth largest DIY retailer in Germany and have increased our share of the German DIY market from 4.9% in 1998 to 7.0% in 2003. Our market share expansion during that period reflects both an increase in the number of our stores in Germany and like-for-like sales growth that has consistently outpaced the overall market growth rate in Germany.

In 1996, we introduced our DIY Megastore format outside of Germany with the view to expand our operations across Europe. In that year, we opened our first DIY Megastore in Austria, today our largest foreign operation, and, in 1997, we entered The Netherlands, our second largest foreign operation. We currently operate 28 stores in seven countries outside of Germany, and generated sales of €656.3 million and EBITDA of €54.6 million in these countries in the twelve months ended August 31, 2004. As of August 31, 2004, we operated 11 stores in Austria, eight in The Netherlands, four in the Czech Republic, two in Switzerland, and one in each of Luxembourg, Slovakia and Sweden.

In 2002, in order to strengthen our merchandising, procurement, logistics and own brand development capabilities, we entered into a non-binding strategic alliance with United Kingdom-based Kingfisher plc ("*Kingfisher*"), the leading DIY group in Europe. As part of this alliance, Kingfisher acquired and continues to hold 5.5% of our share capital and 21.2% of the share capital of our parent company HORNBACH HOLDING AG, representing 25% plus one share of the voting shares of HORNBACH HOLDING AG.

Our Strengths

We believe that we benefit from the following competitive strengths:

Successful DIY Megastore concept

We have an established base of successful DIY Megastores at prime locations that allows us to achieve significant benefits in customer service, marketing and cost efficiency. We were one of the first European DIY retailers to introduce the DIY Megastore concept in Europe, which has become the dominant European format for DIY Stores, and have over 24 years of experience in operating large format DIY Superstores. Our experience has provided us with the opportunity to refine the DIY Megastore concept and to optimize our operating processes. Our DIY Megastores, which now represent 74 of our 110 DIY Stores and six garden centers and 75% of our total sales area, have a sales area of between approximately 10,000 square meters and 16,000 square meters, common fascia, décor and service levels. The DIY Megastore format makes up approximately 70% of our sales area in Germany and almost all of our sales area in other European countries. The size of our stores allows us to offer our customers one of the broadest product offerings consisting of over 50,000 products. In addition, our homogeneous store portfolio enables us to conduct standardized marketing campaigns enhancing our already strong brand recognition, and to roll out our latest store format and product developments in a systematic manner. Our economies of scale in procurement, logistics and branding allow us to implement our "every-day-low-price" pricing policy while maintaining our margins and profitability. The attractiveness of our DIY Megastore concept is demonstrated by our ability to generate significant like-for-like sales growth. For example, in Germany, we increased our like-for-like sales in 2002 and 2003, by 1.2% and 3.3%, respectively, while the DIY retail market declined on a like-for-like basis by 3.1% in 2002 and grew by only 2.1% in 2003. As a result, despite the competitive market environment, we expanded our market share in Germany from 4.9% to 7.0% between 1998 and 2003.

Unique value proposition to customers

We believe our unique combination of selling strengths allows us to successfully target the "high volume customer" and creates a strong brand image. We believe that we are the only DIY Megastore retailer in Germany to pursue an ongoing "every-day-low-price" pricing policy covering our entire product range. This pricing policy is complemented by a broad product offering and a range of ancillary services such as tool rental, repair and maintenance, tradesmen services, trailer and transport rental, kitchen planning, paint mixing and wood-cutting, designed to meet specific DIY customer needs. We believe that our "every-day-low-price" pricing policy across our product range combined with a focus on our customers' needs creates a unique market position and enhances our customer loyalty.

Record of successful European expansion

Our successful record of expansion outside of Germany has given us significant expertise on which to build our future expansion. In 1996, we began our European expansion based on our DIY Megastore format. By adapting organizational structures and marketing strategies to local market conditions, we have successfully and profitably implemented our DIY Megastore concept in a number of countries outside of Germany. Today, we operate 28 stores in seven European countries outside of Germany and, in the twelve months ended August 31, 2004, we generated 32.1% of our sales and 35.8% of our EBITDA in these countries. On average, we achieve profitability in a new country within two years of commencing operations in that country. The international success of our DIY Megastore concept is demonstrated by the continuing like-for-like sales growth in our foreign operations, which increased by 7.7% in the financial year 2003/2004. In addition to increasing and diversifying our sales, our expansion outside of Germany has provided us with new supply sources and greater opportunity for leverage of our group-wide purchasing.

Highly efficient operations, procurement and logistics systems

We believe that we enjoy significant economies of scale in the areas of store development, store operations, procurement and logistics as a result of our large homogenous store network and our experience in operating DIY Megastores. We operate state-of-the-art supply chain and logistics processes consisting of a combination of central warehousing, cross-docking and direct delivery between suppliers and our stores. We currently operate two warehousing and cross-docking stations, with one serving Southern Germany as well as Austria, Switzerland, Luxembourg, Slovakia and the Czech Republic and the other serving Northern Germany, The Netherlands and Sweden. In addition, we are currently constructing a third warehousing and cross-docking facility in South East Germany, which we expect will further enhance the efficiency of our distribution network. We believe that our state-of-the art logistics infrastructure combined with the size of our operations allows us to minimize our procurement, logistics, staffing and advertising costs. In addition, we believe that the size of our operations, together with our ability to co-ordinate procurement with Kingfisher and our access to new suppliers outside of Germany, enable us to optimize our product portfolio and to negotiate lower prices, better payment terms and reduced delivery costs with our suppliers. As a result, we are able to offer our customers a large selection of products at the best possible prices. We are further leveraging our lean and efficient administrative structure and enhancing efficiency by implementing a group-wide information technology systems integration program based on SAP.

Strong management team and strong support from our shareholders

We have a well-established and experienced management team with a proven track record of successfully expanding our store network in Germany and outside of Germany and adapting and improving our store concept and operating model. Our management team benefits from the support of the Hornbach family and our main shareholders, HORNBACH HOLDING AG and Kingfisher. In particular, our strategic alliance with Kingfisher provides us with access to an enlarged pool of suppliers and an international sourcing infrastructure, particularly in the Far East, and improves our sourcing through co-ordinated purchasing. Our co-operation with Kingfisher also enables us to develop jointly our own brands and to benefit from Kingfisher's experience in international expansion.

Our Strategy

Our principal objectives are to enhance our position as one of the leading DIY retailers in Europe while increasing our sales, cashflow and profits. The key components of our strategy are:

Continue the controlled roll-out of our DIY Megastore format in Germany and selected European countries

We intend to continue to expand our store portfolio through organic growth, both in Germany and abroad. We believe that, in Germany, DIY Megastores have significant potential to grow at the expense of competitors with smaller store formats and specialized retail trade. Over the last three financial years ended February 29, 2004, we opened a total of 13 new stores in Germany and 15 new stores outside of Germany. In Germany, we intend to focus on opportunities in selected metropolitan areas. Outside of Germany, we plan to enter new markets selectively in Scandinavia and Eastern Europe, as well as continue to build on our existing operations in order to enhance our market position and improve our profitability. We expect to concentrate our expansion in markets adjacent to our current areas of operation in order to optimize the use of our logistics infrastructure and increase economies of scale. We plan to maintain a high degree of flexibility regarding our rate of expansion in order to be able to adjust our capital commitments in a timely manner if required. We believe that our expansion into European markets will allow us to achieve further sales growth and cost benefits and will make us less susceptible to business downturns in individual markets.

Continuously refine our DIY Megastore format and improve our existing store portfolio

We will continue to refine our concept of DIY Megastores and introduce further improvements to this format to enhance the efficiency of our operations as well as the shopping experience for our customers. In October 2003, we were the first DIY retailer to open a store with an innovative covered drive-in facility where customers can load heavy building materials directly into their vehicles. We believe that the drive-in facility makes shopping significantly more convenient for our customers and, at the same time, allows us to configure payment, check-out and store logistics more efficiently. We also continue to upgrade our existing store network to achieve greater conformity in store layout, product presentation and merchandising which, we believe, will allow us to offer our customers a selection of products designed to meet all of their specific DIY needs. We believe that by enhancing our DIY Megastore format and upgrading our existing store portfolio we can achieve an improved customer proposition, more efficient operations and higher sales.

Increase profitability through improved efficiency

We intend to improve our productivity by enhancing our procurement, logistics, inventory management and administrative processes. We expect to lower our procurement costs by developing new procurement channels, by further internationalizing our procurement efforts and sourcing from local suppliers in low cost markets and by optimizing our product portfolio. In addition, we intend to exploit further our cooperation with Kingfisher by increasing joint development of our own brands and by pooling our procurement. To enhance our supply chain and further reduce costs, we expect to open a third logistics facility in South East Germany in 2005. We believe that this additional facility will allow us to serve better the South Eastern region of Germany as well as the markets in Austria, the Czech Republic and Slovakia. Furthermore, we anticipate that the new facility will enhance overall productivity by decreasing supply chain costs and opening up spare capacity in our other centers. We also expect that in the coming months, we will introduce software system components from our new company-wide software system provided by SAP, which should lead to improved management of our inventory and logistics processes.

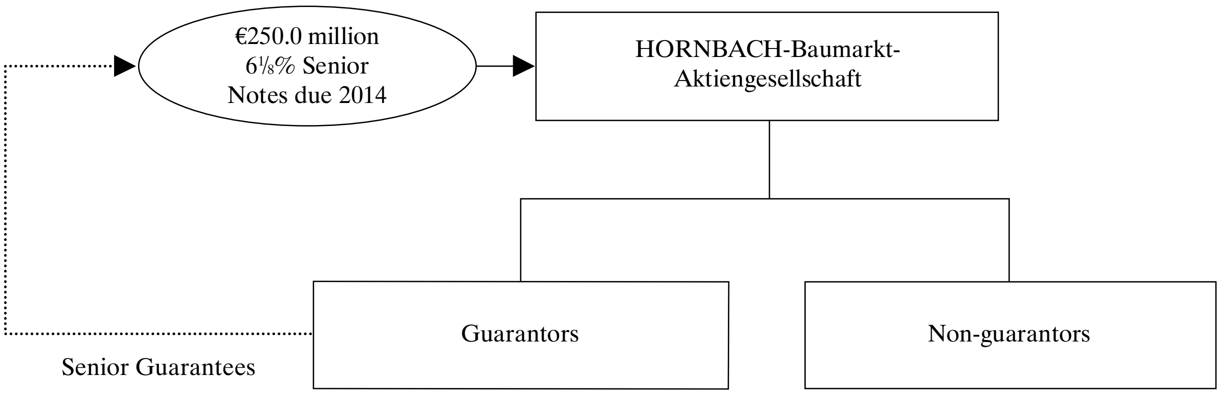
Enhance sales by continuously focusing on our key customers

We intend to increase further the demand for our products by focusing on the specific needs of our customers involved in substantial home and garden DIY projects. We believe that such customers tend to buy a higher volume of our products and, consequently, increased sales to such customers are expected to have a positive impact on our sales. We intend to focus further our marketing efforts on these customers by publishing "*how-to*" brochures, which will be made available to customers in our stores and through direct mail marketing. We will also continue our TV advertising campaigns to improve our brand image. We aim to maintain sufficient stock of all our products in order to enable our customers to purchase the products they require for their projects in one visit. We also intend to enhance our ancillary services, such as delivery services, truck rentals, as well as expert tradesmen advice and installation services.

Corporate Structure

The diagram below depicts, in simplified form, our corporate and financing structure following the offering of the Notes. The Company's subsidiaries which will guarantee the Notes (the "*Guarantors*") will include:

- the intermediate holding company for our international operations[(1)];
- the operating companies in Austria, The Netherlands, the Czech Republic, Switzerland, Sweden, Luxembourg and Slovakia[(2)]; and
- the international holding company for our operations in The Netherlands[(3)].



(1) HORNBACH International GmbH.

(2) HORNBACH Bouwmarkt (Nederland) B.V., The Netherlands, HORNBACH Baumarkt GmbH, Austria, HORNBACH Baumarkt Luxembourg S.à.r.l., Luxembourg, HORNBACH Baumarkt CS spol s.r.o., Czech Republic, HORNBACH Baumarkt (Schweiz) AG, Switzerland, HORNBACH Byggmarknad AB, Sweden, HORNBACH Baumarkt SK spol s.r.o., Slovakia.

(3) HORNBACH Holding B.V., The Netherlands.

The Company and the Guarantors generated 99.9% of our consolidated net sales and all of our EBITDA in the twelve months ended August 31, 2004 and, as of August 31, 2004, held 82.4% of our consolidated tangible assets, 82.3% (€321.2 million) of our consolidated financial liabilities and 88.5% (€540.0 million) of our consolidated total liabilities to third parties. As of August 31, 2004, on a *pro forma* basis following the completion of the offering of the Notes, the Company and the Guarantors would have had 87.8% (€488.6 million) of our consolidated financial liabilities and 91.1% (€707.4 million) of our consolidated total liabilities to third parties.

The Company

The Company is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany. The Company was incorporated on August 20, 1992 by the transformation of HORNBACH-Baumarkt GmbH & Co. KG into a stock corporation, while its original predecessor company was founded in 1877. The Company is registered with the commercial register of the local court of Landau/Pfalz under the number HRB 2311. The corporate seat of the Company is at 76878 Bornheim bei Landau/Pfalz, Germany and its business address is at Hornbachstraße 11, 76878 Bornheim bei Landau/Pfalz, Germany.

The Offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Company	HORNBACH-Baumarkt-Aktiengesellschaft.
Notes Offered	€250.0 million aggregate principal amount of 6⅛% Senior Notes due 2014.
Maturity Date	November 15, 2014.
Interest Payment Dates	Semi-annually each May 15 and November 15, commencing May 15, 2005. Interest will accrue from the issue date of the Notes.
Ranking and Guarantees	The Notes will be senior unsecured debt of the Company. The Notes will rank equally in right of payment to any existing and future senior unsecured indebtedness of the Company. The Guarantors will provide guarantees for the Notes (each a "*Guarantee*" and, collectively, the "*Guarantees*") on a senior unsecured basis.
	The Guarantees are subject to limitations under local law and may be released in certain circumstances. See "Risk Factors—Risks Relating to the Notes—The Guarantees may be limited by applicable laws or subject to certain limitations or defenses" and "Description of the Notes—Ranking and Subordination—Subsidiary guarantees."
	The Notes and the Guarantees will be structurally subordinated to all obligations of the Company's subsidiaries that do not guarantee the Notes. In addition, the Notes and the Guarantees would effectively be subordinated to approximately €295.0 million of secured indebtedness.
	As of August 31, 2004, on a *pro forma* basis, after giving effect to the offering of the Notes and the application of the proceeds thereof as described in "Use of Proceeds":
	• the Company and the Guarantors would have had €230.6 million of secured indebtedness;
	• the Company would have had €199.0 million of indebtedness other than the Notes;
	• the Guarantors would have had €39.6 million of indebtedness, €35.8 million of which would have been secured; and
	• non-guarantor subsidiaries of the Company would have had €67.7 million of indebtedness, €64.4 million of which would have been secured and €40.6 million of which would have been guaranteed by the Company; all of which would have been structurally senior to the Notes.

Optional Redemption	The Company may redeem all or part of the Notes on or after November 15, 2009, at the redemption prices listed in "Description of the Notes—Optional Redemption." At any time prior to November 15, 2009, the Company may also redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, plus the Applicable Premium, as defined under "Description of the Notes—Optional Redemption." On or before November 15, 2007, the Company may use the proceeds of specified equity offerings to redeem up to 35% of the original principal amount of the Notes at a redemption price equal to 106.125% of their principal amount, plus accrued and unpaid interest, if any, and certain other amounts, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the Notes remains outstanding after the redemption. See "Description of the Notes—Optional Redemption." The Company may also redeem the Notes in whole, but not in part, at any time, upon giving proper notice, following certain changes in tax laws. If the Company decides to do this, it must pay investors a price equal to the principal amount of the Notes plus interest and certain other amounts. See "Description of the Notes—Optional Tax Redemption."
Change of Control	If the Company experiences a change of control followed by a rating decline, the Company will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest. See "Description of the Notes—Change of Control and Rating Decline."
Covenants	The Company will issue the Notes and the related Guarantees under an indenture. The indenture will limit, among other things, the ability of the Company and certain of its subsidiaries to: • incur or guarantee additional indebtedness; • make certain restricted payments, including payments of dividends, other distributions or investments; • create or permit to exist liens; • impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to the Company; • transfer or sell assets; • merge or consolidate with other entities; and • enter into transactions with affiliates. Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of the Notes—Certain Covenants."

Transfer Restrictions	Neither the Notes nor the related Guarantees have been, or will be, registered under the U.S. Securities Act. The Notes and the related Guarantees are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "Notice to Investors."
No Prior Market	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to list the Notes on the Irish Stock Exchange.
Governing Law	The indenture for the Notes and the related Guarantees will be governed by the laws of the State of New York.
Use of Proceeds	The net proceeds from the offering of the Notes will be used to repay in part our unsecured short-term and long-term debt and for our future expansion as well as for general corporate purposes. See "Use of Proceeds."
Trustee, Transfer Agent, Registrar and Principal Paying Agent	The Bank of New York.
Irish Listing Agent	The Bank of New York.
Irish Paying Agent	AIB/BNY Fund Management (Ireland) Limited.
Risk Factors	You should refer to the section entitled "Risk Factors" for an explanation of certain risks involved in investing in the Notes.

Summary Historical and *Pro forma* Financial Information

The following table summarizes our historical and *pro forma* financial information derived from our financial statements for the financial years ended February 28, 2002, February 28, 2003 and February 29, 2004 (audited), the six month periods ended August 31, 2003 and 2004 (unaudited) and the twelve months ended August 31, 2004 (unaudited).

We prepare our financial statements on the basis of IFRS. IFRS differ in certain significant respects from U.S. GAAP. These differences could be material to the information contained herein. See "Operating and Financial Review and Prospects—Summary of significant differences between IFRS and U.S. GAAP."

Our financial year ends on the last day of February. We have historically presented our income statement in accordance with the Total Cost Method, including our income statements for the financial years 2001/2002, 2002/2003 and 2003/2004. Since the first quarter of our current financial year 2004/2005, we have presented our income statement based on the Cost of Sales Method in order to align our reporting with that of other companies in our industry as well as our own internal reporting and controls. The Cost of Sales Method differs from the Total Cost Method in certain respects. See "Operating and Financial Review and Prospects—Financial statement presentation." For convenience purposes, we have included an unaudited statement of income for the financial year 2003/2004 prepared on the basis of IFRS in accordance with the Cost of Sales Method in the consolidated financial statements appearing elsewhere in this offering memorandum.

KPMG *Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft* ("*KPMG*"), independent auditors, audited our consolidated financial statements for the financial years 2002/2003 and 2003/2004 included in this offering memorandum, as well as the management reports (*Lagebericht*). The consolidated financial statements for the financial year 2001/2002 have been audited as comparatives in connection with the audit of the consolidated financial statements for the financial year 2002/2003, as the financial year 2002/2003 was the first financial year in which we prepared our consolidated financial statements on the basis of IFRS. The auditors issued an unqualified audit opinion for each of these years.

The unaudited *pro forma* consolidated financial information included in the following table has been derived from our consolidated financial statements included elsewhere in this offering memorandum and reflects the offering of the Notes and the application of the proceeds thereof as described in "Use of Proceeds" and has been prepared for illustrative purposes only and does not purport to, nor can it, represent what our results of operations or financial condition would have actually been had the offering of the Notes occurred on the dates assumed, nor does it purport to project our results of operations or financial condition for any future period or at any future date.

You should read the following table in conjunction with the other information contained in this offering memorandum, in particular our consolidated financial statements and notes thereto included elsewhere in this offering memorandum as well as the sections "Risk Factors" and "Operating and Financial Review and Prospects."

	Financial year			Six months ended August 31		Twelve months ended August 31(1)
	2001/2002	2002/2003	2003/2004	2003	2004	2004
	(€ million)					
Selected profit and loss account data:						
Sales	1,439.0	1,627.5	1,923.0	1,020.7	1,140.5	2,042.8
Earnings before interest and tax (EBIT)	64.8	46.3	67.0	58.0	83.0	89.6(2)
Net financial expenses	(18.5)	(20.8)	(20.8)	(10.3)	(9.9)	(20.4)
Consolidated earnings before taxes and extraordinary result	46.3	25.4	46.2	47.7	73.1	69.2(2)
Consolidated net income	29.9	14.5	28.0	30.1	44.6	42.5
Selected balance sheet data:						
Property, plant and equipment	573.4	649.8	621.6	614.3	600.6	600.6
Inventories	323.1	363.2	425.0	364.9	410.5	410.5
Accounts receivable and other assets	50.7	27.8	34.5	31.9	75.6	75.6
Cash and cash equivalents	49.6	23.1	48.6	48.1	41.2	41.2
Total assets	1,020.4	1,093.0	1,162.3	1,084.5	1,158.2	1,158.2
Accounts payable and other liabilities(3)	227.9	239.2	271.5	242.3	220.1	220.1
Financial liabilities(4)	355.3	416.5	415.5	369.0	390.3	390.3
Financial liabilities to affiliated companies(5)	45.0	43.6	71.3	31.8	1.0	1.0
Shareholders' equity	349.9	349.5	363.4	365.9	409.1	409.1
Shareholders' equity and liabilities	1,020.4	1,093.0	1,162.3	1,084.5	1,158.2	1,158.2
Selected cashflow data:						
Cashflow from operating activities	61.6	36.2	46.4	86.4	124.6	84.6
Cashflow from investing activities	(31.2)	(126.5)	(32.5)	10.8	(35.3)	(78.6)
—capital expenditures(6)	(112.7)	(128.4)	(71.4)	(26.9)	(39.9)	(84.4)
—proceeds from disposals of fixed assets	81.5	1.9	38.9	37.7	4.6	5.8
Cashflow from financing activities	(10.5)	63.7	11.7	(72.1)	(96.7)	(12.9)
Change in cash and cash equivalents	19.9	(26.5)	25.6	25.1	(7.4)	(6.9)
Other financial data:						
Financial liabilities(4)	355.3	416.5	415.5	369.0	390.3	390.3
Net financial liabilities(7)	305.7	393.4	366.9	320.9	349.1	349.1
Financial liabilities to affiliated companies(5)	45.0	43.6	71.3	31.8	1.0	1.0
Net financial liabilities and financial liabilities to affiliated companies(8)	350.7	437.0	438.2	352.7	350.1	350.1
Depreciation and amortization	53.5	57.1	62.3	28.4	29.0	62.9
EBITDA(9)	118.3	103.4	129.3	86.4	112.0	152.5(2)
Comparable EBIT(10)	63.1	44.3	64.6	58.0	83.0	89.6
Comparable EBITDA(11)	116.6	101.4	126.9	86.4	112.0	152.5
Rental expenses	60.1	70.7	82.3	40.0	45.0	87.3
Comparable EBITDAR(12)	176.7	172.1	209.2	126.4	157.0	239.8
Segment data:						
DIY sales in Germany	1,119.6	1,202.2	1,309.5	694.8	769.8	1,384.5
DIY sales outside of Germany	316.3	422.6	610.5	324.9	369.9	655.5
EBITDA in Germany(9)	88.3	79.8	87.9	63.3	74.5	98.2(2)
Comparable EBITDA in Germany(11)	87.5	79.1	87.0	63.3	74.5	98.2
EBITDA outside of Germany(9)	30.6	24.5	41.2	23.2	38.1	54.6(2)
Comparable EBITDA outside of Germany(11)	29.7	23.2	39.7	23.2	38.1	54.6

	Financial year			Six months ended August 31		Twelve months ended August 31[1]
	2001/2002	2002/2003	2003/2004	2003	2004	2004
			(€ million)			
Operating data:						
Growth of sales (%)	9.5	13.1	18.2	18.4	11.7	N.A.
Like-for-like growth of sales (%)[13]	1.4	1.5	5.2	3.1	4.2	N.A.
Like-for-like growth of sales in Germany (%)[13]	(0.3)	1.8	4.4	2.3	3.2	N.A.
Like-for-like growth of sales outside of Germany (%)[13]	7.9	0.4	7.7	5.5	6.4	N.A.
Number of stores	91	102	110	106	116	116
Number of stores in Germany	75	78	83	80	88	88
Number of stores outside of Germany	16	24	27	26	28	28
Sales area (thousands of square meters)	887	1,015	1,116	1,062	1,174	1,174
Sales area in Germany (thousands of square meters)	710	746	805	770	847	847
Sales area outside of Germany (thousands of square meters)	177	269	311	297	327	327
Average store size (square meters)	9,752	9,948	10,145	10,016	10,121	10,121
Average weighted sales per store[14]	16.6	16.9	18.3	9.7	9.9	18.4
Average weighted sales per square meter (€)[14]	1,705	1,699	1,804	969	992	1,834
***Pro forma* data:**						
Pro forma net financial expenses[15]						29.3
Pro forma net financial debt[16]						360.1
Ratio of *pro forma* net financial debt to EBITDA						2.4
Ratio of EBITDA to *pro forma* net financial expenses						5.2

(1) Unless otherwise indicated, summary financial data for the twelve months ended August 31, 2004 has been derived by adding the audited historical consolidated financial data for the financial year 2003/2004 to the unaudited interim consolidated financial data for the six month period ended August 31, 2004 and deducting the unaudited interim consolidated financial data for the six month period ended August 31, 2003.

(2) This financial data has been derived on the same basis as the financial data for the twelve months ended August 31, 2004 described in footnote 1 above using the statement of income (Cost of Sales Method) for the financial year 2003/2004 included in the consolidated financial statements included elsewhere in this offering memorandum.

(3) Accounts payable and other liabilities include financial liabilities to affiliated companies (as defined in footnote 5 below).

(4) Financial liabilities include secured debt (comprised entirely of long-term mortgage loans secured by liens over our real estate store properties), unsecured long-term debt, unsecured short-term debt, the convertible bonds, liabilities in relation to finance lease contracts and liabilities in relation to derivative financial instruments.

(5) Financial liabilities to affiliated companies are, together with trade liabilities to affiliated companies, included in liabilities to affiliated companies which amounted to €46.3 million, €44.2 million, €72.6 million, €32.0 million, €1.8 million and €1.8 million in the financial years 2001/2002, 2002/2003, 2003/2004, the six month periods ended August 31, 2003 and 2004 and the twelve months ended August 31, 2004, respectively.

(6) Capital expenditures consist of payments for investments in tangible assets, payments for investments in intangible assets, payments for the acquisition of subsidiaries and other operating units as well as payments for investments in other financial assets.

(7) Net financial liabilities are financial liabilities (as defined in footnote 4 above) less cash and cash equivalents.

(8) Net financial liabilities and financial liabilities to affiliated companies are financial liabilities (as defined in footnote 4 above) and financial liabilities to affiliated companies (as defined in footnote 5 above) less cash and cash equivalents.

(9) We define EBITDA as earnings before interest expense, taxes, depreciation and amortization. EBITDA is a financial measure used to measure operating performance. It is not a uniformly defined measure and it is not recognized under

U.S. GAAP or any other generally accepted accounting principles. EBITDA does not purport to be an alternative to operating income as an indicator of operating performance. We use EBITDA because we believe it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts and investors in the evaluation of companies in our industry because it eliminates variances caused by the effects of differences in taxation, the amounts and types of capital employed, amortization policies and extraordinary result and is intended to help investors evaluate the performance of our business.

Other companies in our industry may calculate EBITDA differently than we do, and consequently our presentation of EBITDA figures is not readily comparable to other companies' EBITDA figures and must be read in conjunction with the related additional explanations. The EBITDA calculation is based on a different accounting method than the calculation of "Comparable EBITDA" in footnote 11 below.

The following table shows EBITDA as derived from our earnings before interest and taxes for the financial years 2001/2002, 2002/2003 and 2003/2004 and for the six month periods ended August 31, 2003 and 2004, each with respect to our operations in Germany and outside of Germany.

	Financial year			**Six months ended August 31,**	
	2001/2002	**2002/2003**	**2003/2004**	**2003**	**2004**
			(€ million)		
Earnings before interest and taxes:	**64.8**	**46.3**	**67.0**	**58.0**	**83.0**
Germany	46.6	38.3	44.7	44.1	54.6
Outside of Germany	19.3	8.9	22.7	14.0	29.0
Consolidation	(1.1)	(0.9)	(0.4)	(0.1)	(0.6)
Depreciation and amortization:	**53.5**	**57.1**	**62.3**	**28.4**	**29.0**
Germany	41.7	41.5	43.2	19.2	19.9
Outside of Germany	11.3	15.6	18.5	9.2	9.1
Consolidation	0.5	0.0	0.6	0.0	0.0
EBITDA:	**118.3**	**103.4**	**129.3**	**86.4**	**112.0**
Germany	88.3	79.8	87.9	63.3	74.5
Outside of Germany	30.6	24.5	41.2	23.2	38.1
Consolidation	(0.6)	(0.9)	0.2	(0.1)	(0.6)

(10) We present comparable EBIT as another measure of our performance, which is intended to eliminate the differences in the definition of our EBIT which are caused by the adoption of the Cost of Sales Method as described above and in the section "Operating and Financial Review and Prospects—Financial statement presentation." For the financial years 2001/2002, 2002/2003 and 2003/2004, comparable EBIT is calculated by deducting other taxes from our EBIT as historically reported. For the six month periods ended August 31, 2003 and 2004 and for the twelve months ended August 31, 2004, no such adjustment was necessary.

	Financial year			**Six months ended August 31,**		**Twelve months ended August 31,**
	2001/2002	**2002/2003**	**2003/2004**	**2003**	**2004**	**2004**
			(€ million)			
EBIT	**64.8**	**46.3**	**67.0**	**58.0**	**83.0**	**89.6**
Other taxes	(1.7)	(2.0)	(2.4)	N.A.	N.A.	N.A.
Comparable EBIT	**63.1**	**44.3**	**64.6**	**58.0**	**83.0**	**89.6**

(11) We present comparable EBITDA as another measure of our performance with the same intention and applying the same adjustments as described in footnote 10 above for comparable EBIT.

	Financial year			Six months ended August 31,		Twelve months ended August 31,
	2001/2002	2002/2003	2003/2004	2003	2004	2004
	(€ million)					
EBITDA:	**118.3**	**103.4**	**129.3**	**86.4**	**112.0**	**152.5**
Germany	88.3	79.8	87.9	63.3	74.5	98.2
Outside of Germany	30.6	24.5	41.2	23.2	38.1	54.6
Consolidation	(0.6)	(0.9)	0.2	(0.1)	(0.6)	(0.3)
Other taxes	**(1.7)**	**(2.0)**	**(2.4)**	**N.A.**	**N.A.**	**N.A.**
Germany	(0.8)	(0.7)	(0.9)	N.A.	N.A.	N.A.
Outside of Germany	(0.9)	(1.3)	(1.5)	N.A.	N.A.	N.A.
Comparable EBITDA:	**116.6**	**101.4**	**126.9**	**86.4**	**112.0**	**152.5**
Germany	87.5	79.1	87.0	63.3	74.5	98.2
Outside of Germany	29.7	23.2	39.7	23.2	38.1	54.6
Consolidation	(0.6)	(0.9)	0.2	(0.1)	(0.6)	(0.3)

(12) We define comparable EBITDAR as comparable EBITDA plus rental expenses. We present comparable EBITDAR as a measure of our performance, which eliminates the differences resulting from different ownership strutures of our store properties.

	Financial year			Six months ended August 31,		Twelve months ended August 31,
	2001/2002	2002/2003	2003/2004	2003	2004	2004
	(€ million)					
Comparable EBITDA	**116.6**	**101.4**	**126.9**	**86.4**	**112.0**	**152.5**
Rental expenses	60.1	70.7	82.3	40.0	45.0	87.3
Comparable EBITDAR	**176.7**	**172.1**	**209.2**	**126.4**	**157.0**	**239.8**

(13) "Like-for-like sales" represents the current period's sales for all stores that have recorded sales for at least 12 months less the prior period's sales for the same group of stores. In calculating like-for-like sales growth, sales figures are aggregated on a monthly basis and only included for the current year and prior year to the extent that a store recorded sales throughout the same month during both years.

(14) Average weighted sales per store and average weighted sales per square meter are calculated using yearly sales figures weighted on a monthly basis.

(15) *Pro forma* net financial expenses is defined as the estimated interest expense on *pro forma* net financial debt and reflects the application of the proceeds from the offering of the Notes as described in "Use of Proceeds." We have calculated *pro forma* net financial expenses based on the following changes in net financial expenses:

i. repayment of €73.0 million of short-term unsecured debt, assuming an interest rate of 3.5%, translating into a decrease in net financial expenses of €2.6 million;

ii. repayment of €11.1 million of long-term unsecured debt, assuming an interest rate of 4.9%, translating into a decrease in net financial expenses of €0.5 million;

iii. offering of the Notes, assuming an interest rate of 6.125%, translating into an increase in net financial expenses of €15.3 million; and

iv. increase in cash and cash equivalents of €155.9 million, assuming an interest rate of 2.1%, translating into a decrease in net financial expenses of €3.3 million.

Net financial expenses for the twelve months ended August 31, 2004 was €20.4 million. The adjustment for the offering of the Notes and application of the proceeds (as described herein) is €8.9 million, translating into *pro forma* net financial expenses of €29.3 million.

(16) *Pro forma* net financial debt is defined as net financial liabilities and financial liabilities to affiliated companies (as defined in footnote 8 above) and as adjusted to reflect the offering of the Notes and the application of the proceeds as described in "Use of Proceeds" as though the offering of the Notes had taken place as of August 31, 2004. See "Capitalization." As of August 31, 2004, our actual net financial debt was approximately €350.1 million, reflecting €390.3 million of financial liabilities (as defined in footnote 4 above), €1.0 million of financial liabilities to affiliated companies (as defined in footnote 5 above) and €41.2 million of cash and cash equivalents.