



Report by the Management Board
of
DO & CO Aktiengesellschaft
Vienna, FN 156765 m,
with regard to
the authorization of the Management Board,
subject to the approval of the Supervisory Board,
to issue new shares under exclusion of the shareholders' subscription rights
(Agenda Item 7: Authorized Capital 2018)

All members of the Management Board submit to the 20th Ordinary General Meeting of DO & CO Aktiengesellschaft, held on 12 July 2018, the following Report by the Management Board of DO & CO Aktiengesellschaft, domiciled in Vienna, pursuant to Section 170 para 2 AktG (Austrian Stock Corporation Act) in combination with Section 153 (4) second sentence AktG.

1. DO & CO Aktiengesellschaft (the Company), domiciled in Vienna and residing at A-1010 Vienna, Stephansplatz 12, registered in the Commercial Register under FN 156765 m, currently has issued 9,744,000 non-par value bearer shares with voting rights. The share capital of the Company currently amounts to EUR 19,488,000.–.
2. DO & CO intends to continue its growth and in the course of it to acquire other companies or shares in companies.

In addition the shareholder structure shall be broadened.

3. The Company's Management Board intends to propose that the Company's 20th Ordinary General Meeting of 12 July 2018 adopt the following resolution regarding **Agenda Item 7**:
 - a) Resolution to authorize the Management Board for a period of five years from the registration of the respective amendment of the Articles of Association in the commercial register

- aa) to increase pursuant to Section 169 AktG the share capital, subject to the Supervisory Board's approval, from its present nominal value of EUR 19,488,000,- by up to additional EUR 2,000,000.- by issuing up to 1,000,000 new ordinary bearer shares (no-par value shares) against contribution in cash and/or in kind – also in several tranches -, and to specify the face value, the issuing terms and the other details of the capital increase subject to the approval of the Supervisory Board,
- bb) subject to the exclusion of subscription rights in accordance with clause cc) below, to offer the new shares to shareholders potentially by means of an indirect subscription right pursuant to Section 153 (6) AktG,
- cc) to exclude, subject to the approval of the Supervisory Board, the shareholders' right to subscribe to such new shares:
 - (i) if and when the capital increase is made against contribution in kind for the purpose of acquiring businesses and business units or parts thereof or shareholdings in one or more companies in Austria and abroad or
 - (ii) in order to exclude fractional amounts from the shareholders' subscription rights or
 - (iii) in order to satisfy a greenshoe option granted to the issuing banks.

(Authorised Capital 2018)

and

- b) a corresponding amendment of Para 3 of Section 5 (share capital) of the Articles of Association.
4. With regard to the option to exclude the subscription right when utilizing the Authorized Capital 2018, the Management Board, pursuant to Para 2 of Section 170 AktG in combination with the second sentence of Para 4 of Section 153 AktG, shall furnish a written report on the reason for such exclusion of subscription rights to the General Meeting of Shareholders.
 5. The Company's Management Board may issue shares under the Authorized Capital 2018 only subject to the approval of the Supervisory Board, regardless of whether such new shares are issued against contribution in cash or in kind or by granting or excluding subscription rights. Face value, issuing terms and other details of the capital increase may be specified by the Management Board only with the approval of the Supervisory Board.
 6. The Authorized Capital 2018, amounting to up to EUR 2,000,000.- may be utilized once or multiple times until the proposed final deadline (five years from the registration of the

respective amendment of the Articles of Association in the commercial register). Altogether, a maximum of 1,000,000 new no-par value shares may be issued under the Authorized Capital 2018. This corresponds to a portion of the share capital after completion of the corresponding capital increase(s) of up to (rounded) 9.31 %.

7. New shares may be issued under the Authorized Capital 2018 excluding the subscription right when the sale of such shares is the consideration or part of the consideration for the acquisition of businesses or business units or parts thereof or shareholdings in one or more companies in Austria and abroad.

DO & CO intends to continue to grow both in Austria and abroad (in its present business segments and, as the case may be, in new business segments, on its present markets and, as the case may be, by establishing and developing new markets). Such growth may also occur by way of acquiring other businesses or business units. The acquisition of businesses or business units or parts thereof may take the legal form of a purchase of certain assets (and liabilities) of a business or business unit or parts thereof (a so-called asset deal) or the acquisition of shares in a company (a so-called share deal). Both types of acquisition of (parts of) businesses and (parts of) business units, i.e. asset deals and share deals, are furtheron referred to as business acquisition.

The consideration for a business acquisition may not only be in cash, but may also consist of shares of the acquiring company. This may be in the interest of DO & CO as the buyer and in the interest of the seller. Where a business acquisition is made in such form that the seller contributes the business or parts thereof (or shares in the business) as a contribution in kind to DO & CO Aktiengesellschaft also against the granting of new shares - in this case under the Authorized Capital 2018 - the share capital and thus the equity of DO & CO are increased. While the purchase of a business by way of the payment of a cash purchase price may lead to a substantial liquidity outflow from the Company, the business acquisition by way of contribution in kind does not lead to a liquidity outflow from the acquiring company (DO & CO) but on the contrary to an increase in its equity. There also may be cases where for strategic reasons it is necessary and useful that the seller of a business acquires a stake in DO & CO, or where the seller requests a consideration in the form of a shareholding in the Company.

The business acquisition in the form of contributing the business or stake in the business to the Company as a contribution in kind is generally recognized as an objective justification for the exclusion of the subscription right. In view of the planned growth of DO & CO, DO & CO is interested in enabling business acquisitions by way of a contribution in kind which excludes the subscription right and at the same time conserves

the Company's liquidity. The Authorized Capital 2018 allows the Company to act with the rapidity and flexibility required for such transactions.

Excluding the shareholders' right to subscribe to new shares is required because this is the only way for the Company to acquire a business against contribution in kind without an outflow of liquidity and because sellers typically are often willing to sell the business or shares only when they receive an equivalent shareholding in the Company. In the view of DO & CO it may be necessary for strategic or organizational reasons to include the seller as a shareholder. Under a business acquisition by means of a contribution in kind, the seller acting as a contributor in kind will obtain the desired stake only when new shares are issued solely to such seller; a seller wants to acquire a (proportional) shareholding in DO & CO which corresponds to the value of its business compared to the company value of DO & CO.

The exclusion of subscription rights is commensurate because DO & CO typically has a significant interest in acquiring the business or shareholdings concerned. The preservation of the interests of the existing shareholders is ensured by the fact that the acquisition of shares involves a proportionate granting of shares - usually after carrying out a company valuation. Under a business acquisition by way of contribution in kind against the issuance of new shares under the Authorized Capital 2018, the value of the business or shareholding to be contributed is compared to the value of DO & CO; proportionally, the contributor in kind receives new shares in DO & CO. The existing shareholders will in future participate in the profits of the acquired business, which should generally increase through synergies with DO & CO.

With regard to the five-year period of the Authorized Capital 2018 from the registration of the respective amendment of the Articles of Association in the commercial register, it is at present not possible to furnish any information on the face value of new shares to be issued to the seller of a business because this depends on the development of DO & CO and the share price development of the DO & CO shares. In the cases described above, it is not required to specify the face value at the time when the authorization is granted. The existing shareholders will be informed of the face value in such way that the Management Board, upon issuance of new shares under the Authorized Capital 2018 with the exclusion of the subscription right, must publish, not later than two weeks before the Supervisory Board passes a resolution to approve the issuance of shares under the Authorized Capital 2018, a further report, analogously applying the second sentence of Para 4 of Section 153 AktG, which report i.a. provides the reasons for the face value of the new shares (Para 1 of Section 171 AktG).

8. The authorization to exclude the subscription right for fractional amounts serves to produce a practicable subscription ratio for the amount of the capital increase. Those new shares which are excluded from the shareholders' subscription rights for being fractional shares will be utilized by selling them on-the-floor or other-wise so as to achieve the best possible benefit for the Company.
9. When a capital increase is made from an authorized capital it may become necessary to grant a greenshoe option to issuing banks. In order to satisfy such greenshoe options it may be necessary to exclude subscription rights.
10. Summarizing, the Management Board of DO & CO concludes that authorizing the Management Board of the Company to increase the Company's share capital, subject to the approval of the Supervisory Board by way of issuing new shares under the Authorized Capital 2018 with the option to exclude the right to subscribe to new shares, fully complies with the law.

Vienna, 13 June 2018

The Management Board