



Report by the Management Board
of
DO & CO Restaurants & Catering Aktiengesellschaft
Vienna, FN 156765 m,
on the
authorization of the Management Board to acquire,
subject to the Supervisory Board's consent, own shares off-the-floor
and to sell purchased own shares otherwise than
on-the-floor or by public offering
(Item 8 of the Agenda: Authorization of the Management Board
to acquire own shares)

The members of the Management Board submit the following Report by the Management Board of DO & CO Restaurants & Catering Aktiengesellschaft domiciled in Vienna, pursuant to Para 1 b of Section 65 AktG in combination with Para 2 of Section 170 and the second sentence of Para 4 of Section 153 AktG, addressed to the 14th Ordinary General Meeting of Shareholders of DO & CO Restaurants & Catering Aktiengesellschaft on 5 July 2012.

1. DO & CO Restaurants & Catering Aktiengesellschaft domiciled in Vienna at 1010 Vienna, Stephansplatz 12, registered in the Central Business Register under FN 156765 m, currently has a share capital of EUR 19,488,000.--, which consists of 9,744,000 individual bearer shares.
2. The Company's Management Board intends to propose to the 14th Ordinary General Meeting of Shareholders held on 5 July 2012 to adopt the following resolution on **Item 8** of the Agenda:
 - a) The Management Board shall be authorized pursuant to Item 8 of Para 1 and Paras 1a and 1b of Section 65 AktG to purchase non-par value bearer or

registered shares of the Company both on and off-the-floor in an amount of up to 10% of the Company's share capital, for a term of 30 months starting on 5 July 2012, at a minimum equivalent value of EUR 15.– (fifteen euros) per share and a maximum equivalent value of EUR 50.– (fifty euros) per share. Trading in own shares shall be excluded as the purpose of the acquisition. The authorization may be exercised in whole or in part or in several partial amounts and in the pursuit of one or more objects, by the Company, by a subsidiary (Para 3 of Section 228 UGB) or by third parties for the account of the Company.

- b) If the Management Board of DO & CO Restaurants & Catering Aktiengesellschaft decides on on-the-floor acquisition, the Supervisory Board needs to be subsequently informed of such resolution. Off-the-floor acquisition requires the prior consent of the Supervisory Board.
 - c) The Management Board shall be authorized for a period of five years following a resolution pursuant to Para 1b of Section 65 AktG to decide, with the consent of the Supervisory Board, to sell or use own shares by another manner of sale than on-the-floor or by a public offering, also excluding the repurchase right (reverse subscription right) of the shareholders, and to define the sales terms. The authorization may be exercised in whole or in part or in several partial amounts and in the pursuit of one or more objects, by the Company, by a subsidiary (Para 3 of Section 228 UGB) or by third parties for the account of the Company.
3. To begin with it should be noted that the Management Board was authorized by a resolution of the General Meeting of Shareholders of 10 July 2008 to acquire own shares pursuant to Item 8 of Para 1 of Section 65 AktG, that the Management Board did not make use of such authorization and that this authorization expired on 5 January 2010.
 4. In view of the option of an off-the-floor acquisition of own shares pursuant to Item 8 of Para 1 of Section 65 AktG and the sale of own shares acquired pursuant to Item 8 of Para 1 of Section 65 AktG by other means than on-the-floor or by a public offering, the Management Board pursuant to Para 1b of Section 65 AktG in combination with Para 2 of Section 170 AktG and the second sentence of Para 4 of Section 153 AktG needs to furnish a written resolution on the reason for the

concomitant exclusion of the subscription right or the exclusion of the pro rata sales right (reverse exclusion of the subscription right) concomitant with any off-the-floor acquisition.

5. The Company's Management Board may acquire own shares off-the-floor only upon the prior consent of the Supervisory Board, and may sell own shares acquired by the Company by another manner than on-the-floor or by a public offering only upon the consent of the Supervisory Board. The Management Board of DO & CO Restaurants & Catering Aktiengesellschaft may decide to acquire own shares on-the-floor but in such case the Supervisory Board must be subsequently informed of such a decision.
6. The own shares acquired pursuant to Item 8 of Para 1 and Paras 1a and 1b of Section 65 AktG may be sold by another manner than on-the-floor or by a public offering when the sale of such shares constitutes the consideration for the acquisition of businesses, operations, partial operations and stakes in one or more companies, including by way of the contribution of stakes, businesses, operations and partial operations as contributions in kind in the home country and abroad.

DO & CO Restaurants & Catering Aktiengesellschaft intends to continue to grow both in the home country and abroad. Such growth may also occur by way of acquiring other businesses or operations. The acquisition of businesses, operations or partial operations may take the legal form of a purchase of certain assets (and liabilities) of a business, operation or partial operation (a so-called asset deal) or the acquisition of shares in a company (a so-called share deal). Both types of the acquisition of businesses or (partial) operations, i.e. asset deals and share deals, are referred to as business acquisition below.

The consideration for the acquisition of a business may be not just money but also shares of the business to be acquired. This may be in the interest both of DO & CO Restaurants & Catering Aktiengesellschaft as the buyer and of the seller. Where a business is acquired in the form that the seller contributes the business (or the shares in the business) as a contribution in kind to DO & CO Restaurants & Catering Aktiengesellschaft against the granting of new shares – in this case from the Authorized Capital – the share capital and thus the equity of DO & CO Restaurants & Catering Aktiengesellschaft are increased. Whereas the purchase of a business by way of payment of a cash purchase price may cause a substantial liquidity outflow at the

Company, the acquisition of a business by way of in-kind contributions does not cause any liquidity to drain off from the buying company (DO & CO Restaurants & Catering Aktiengesellschaft) – quite on the contrary it increases its equity. There may be cases where on strategic grounds it is necessary and useful for the seller of a business to hold a small stake in DO & CO Restaurants & Catering Aktiengesellschaft or where the seller requests a consideration in the form of a stake in the Company.

Due to the limitations governing the acquisition of own shares – not more than altogether 10% of the Company's share capital (for almost all cases pursuant to Section 65 AktG) – a seller due to this procedure cannot acquire any major stake in DO & CO Restaurants & Catering Aktiengesellschaft. To the extent that the Company acquired own shares at a previous date and the price has since risen, the Company will enjoy some savings when it uses own shares as a consideration for the acquisition of a business: in determining the consideration for the acquisition of the business, the own shares to be granted as (part of) the consideration will be generally assessed at the current (average) market value or (higher) intrinsic value rather than the lower historical cost of acquisition.

The acquisition of a business by contributing the business or stake in the business to the Company as a contribution in kind while excluding the subscription rights of the other shareholders is generally recognized as an objective justification for excluding the subscription right. In view of the planned growth of DO & CO Restaurants & Catering Aktiengesellschaft, the Company is interested in enabling the acquisition of businesses by way of a contribution in kind while excluding the subscription right and at the same time going easy on the Company's liquidity. A consideration in the form of own shares allows the Company to act with the rapidity and flexibility required for such transactions.

The sale of own shares by another manner than on-the-floor or by a public offering is necessary for the acquisition of a business because this is the only way for the Company to acquire a business against contributions in kind without an outflow of liquidity and because sellers typically are willing to sell the business or stake only when they receive an equivalent stake in the Company. In the view of DO & CO Restaurants & Catering Aktiengesellschaft it may be necessary for strategic or organizational reasons to include the seller as a shareholder in the Group. When a

business is acquired by contributions 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; because a seller wants to achieve a (percentage) stake in DO & CO Restaurants & Catering Aktiengesellschaft which is proportionate to the value of its business compared to the value of DO & CO Restaurants & Catering Aktiengesellschaft and which grants such seller corresponding voting rights (and thus participatory rights) in the Company.

The exclusion of subscription rights and the sale of own shares by other manners than on-the-floor or by a public offering is commensurate because DO & CO Restaurants & Catering Aktiengesellschaft is typically greatly interested in acquiring the business or stake concerned. The interests of the original shareholders are protected in that the acquisition of the business involves the proportionate granting of shares – typically after the business has been assessed. The value of the business or stake to be contributed is compared to the value of DO & CO Restaurants & Catering Aktiengesellschaft; the contributor in kind receives a proportionate part of own shares acquired by the Company. The original shareholders furthermore participate in the future profits of the acquired business which should typically rise thanks to synergies with DO & CO Restaurants & Catering Aktiengesellschaft.

Where own shares acquired pursuant to Item 8 of Para 1 and Paras 1a and 1b of Section 65 AktG are sold by another manner than on-the-floor or by a public offering, the Management Board must release a report which, i.a., provides a reasoning for the sales price of the shares (Para 1b of Section 65 in combination with Para 1 of Section 171 AktG) not later than two weeks before the decision of the Supervisory Board (which must consent to a sale by another manner than on-the-floor or by a public offering).

7. The purpose of the exercise is to allow the Management Board more flexibility and rapidity of action for the future acquisition of businesses. To this end it may be necessary to have the rapid disposal of the currency of acquisition to the required extent and thus acquire a block of own shares off-the-floor. The rapid availability of the currency of acquisition by way of own shares for purposes as outlined above provides the objective justification for the reverse exclusion of subscription right, i.e. the exclusion of the shareholders' pro rata right of sale.

8. In conclusion it should be noted that authorizing the Management Board to acquire, subject to the prior consent of the Supervisory Board, own shares off-the-floor and to sell own shares thus acquired, with the consent of the Supervisory Board, by other means than on-the-floor or by a public offering, each for the purpose of issuing shares as a consideration for the purchase of a business, is a customary and generally accepted procedure in many quoted companies in Austria (and Germany). This is also expressed in Item 7 of Para 2 of Section 5 VeröffentlV (Publication Ordinance) according to which the mandatory publication needs to include the type and purpose of the repurchase and/or sale of own shares, and in particular whether the repurchase and/or sale is to be carried out on-the-floor and/or off-the-floor.

As outlined above, it needs to be emphasized again that the sale of own shares and the off-the-floor acquisition by other means than on-the-floor or by a public offering requires the consent of the Supervisory Board. In such cases the Management Board of DO & CO Restaurants & Catering Aktiengesellschaft must not decide on its own.

9. Summarizing, the Management Board of DO & CO Restaurants & Catering Aktiengesellschaft has arrived at the conclusion that authorizing the Management Board of the Company to acquire own shares off-the-floor or sell own shares acquired pursuant to Item 8 of Para 1 and Paras 1a and 1b of Section 65 AktG with the consent of the Supervisory Board by other means than on-the-floor or by a public offering fully complies with the law.

Vienna, 12 June 2012

The Management Board of
DO & CO Restaurants & Catering Aktiengesellschaft

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Attila Dogudan

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Michael Dobersberger