



Report by the Management Board
of
DO & CO Aktiengesellschaft
Vienna, FN 156765 m,
with regard to
authorising the Management Board,
subject to the consent of the Supervisory Board,
to acquire treasury shares off the floor and
to sell acquired treasury shares by other means than on the floor or by public offer
(Agenda Item 7: authorising the Management Board to acquire treasury shares)

The members of the Management Board submit to the 17th Ordinary General Meeting of DO & CO Aktiengesellschaft, held on 2 July 2015, the following Report by the Management Board of DO & CO Aktiengesellschaft, domiciled in Vienna, pursuant to Section 65 (1b) AktG (Austrian Corporation Act) in combination with Section 170 (2) AktG and the second sentence of Section 153 (4) AktG.

1. DO & CO Aktiengesellschaft (the Company), domiciled in Vienna and residing at A-1010 Vienna, Stephansplatz 12, registered in the Company Register under FN 156765 m, currently has a share capital of € 19,488,000.–, divided into 9,744,000 non-par value bearer shares.
2. The Company's Management Board intends to propose that the Company's 17th Ordinary General Meeting of 2 July 2015 adopt the following resolution regarding **Agenda Item 7**:
 - a) The Management Board shall be authorised, under Section 65 (1) 8 and Paras 1a and 1b AktG to acquire non-par value bearer shares or registered non-par value shares of the Company for up to 10% of the Company's share capital for a period starting on 2 July 2015 until 31 July 2016, both on and off the floor, from

individual shareholders or any single shareholder, for a minimum equivalent of € 20.– (twenty euros) per share and a maximum equivalent of € 140.– (one hundred and forty euros) per share. Trade in treasury shares shall be excluded as a purpose of the acquisition. The authorisation may be exercised in whole or in part or in several parts and in the pursuit of one or more purposes, by the Company, a subsidiary (Section 228 (3) UGB) or a third party on behalf of the Company.

- b) On-the-floor acquisition may be resolved on by the Management Board of DO & CO Aktiengesellschaft, subject to the Supervisory Board being notified subsequently of such resolution. Off-the-floor acquisition shall be subject to the prior approval of the Supervisory Board. An off-the-floor acquisition may be executed by excluding pro rata disposal rights (reverse exclusion of subscription rights).
 - c) The Management Board shall be authorised for a period of five years following adoption of the resolution pursuant to Section 65 (1b) AktG and subject to the Supervisory Board's approval to decide, regarding the disposal or use of treasury shares, on a method of disposal other than on the floor or by a public offer, applying *mutatis mutandis* the provisions governing the exclusion of shareholders' subscription rights, and to determine the terms and conditions of disposal. The authorisation may be exercised in whole or in part or in several parts and in the pursuit of one or more purposes, by the Company, a subsidiary (Section 228 (3) UGB) or a third party on behalf of the Company.
 - d) The Management Board shall be furthermore authorised, subject to the Supervisory Board's approval, if necessary to reduce the share capital by redeeming such treasury shares without any further resolution by the General Meeting of Shareholders pursuant to the last sentence of Section 65 (1) 8 in combination with Section 122 AktG. The Supervisory Board shall be authorised to adopt amendments to the Articles of Association resulting from the redemption of shares.
3. To begin with it should be noted that the Management Board was authorised, most recently by a resolution of the General Meeting of 3 July 2014, to acquire treasury shares pursuant to Section 65 (1) 8 AktG of up to 10% of the Company's share capital and to sell treasury shares pursuant to Section 65 (1b) AktG also by other methods than on the floor or by a public offer. The Management Board used these authorisations so that the

Company (i) acquired 974,400 treasury shares (i.e. 10% of the share capital) from UniCredit Bank AG on 26 September 2014, and (ii) on 6 November 2014 sold 974,400 treasury shares to investors chosen by way of accelerated bookbuilding. The authorisations granted by the resolution of the General Meeting of 3 July 2014 have thus been utilised.

4. In view of the option of acquiring treasury shares off the floor pursuant to Section 65 (1) 8 AktG and the sale of treasury shares acquired pursuant to Section 65 (1) 8 AktG by other means than on the floor or by a public offer pursuant to Section 65 (1b) AktG, the Management Board needs to furnish, pursuant to Section 65 (1b) AktG in combination with Section 170 (2) AktG and the second sentence of Section 153 (4) AktG, a written resolution regarding the reason for the attendant exclusion of the subscription right or the exclusion of the proportionate power of alienation (reverse exclusion of subscription right) attendant to any off-the-floor acquisition.
5. Treasury shares may be acquired off the floor by the Company's Management Board solely upon the Supervisory Board's prior consent, and treasury shares thus acquired may be sold by other methods than on the floor or by a public offer solely upon the Supervisory Board's consent. On-the-floor acquisition may be resolved on by the Management Board of DO & CO Aktiengesellschaft, subject to it subsequently informing the Supervisory Board of such resolution.
6. The acquisition of own shares on or off the floor, including acquisition from individual shareholders or from a single shareholder, including by the exclusion of the proportionate power of alienation for the other shareholders, is possible for any lawful purpose and at any time when an objectively different treatment of shareholders is feasible and/or necessary and there is thus an objective justification for excluding the pro-rata disposal right. An objective differentiation/justification applies in particular in the following cases:
 - a) Any attempt on the part of one or more of the Company's shareholders to sell a major stake carries the risk that the price of the Company's stock may deteriorate (possibly to a substantial degree). This would harm not just the Company's shareholders but also its ability to finance itself on the capital market. Such a

scenario can be precluded by the Company acquiring, off-the-floor, possibly by way of block trading, the shares of the shareholder(s) wanting to sell.

- b) The Company intends to continue its growth in Austria and abroad. Such growth may take the shape of acquiring other enterprises or operations. The Management Board is to be given greater flexibility and enabled to take rapid action for future acquisitions. To this end it may be necessary to have at the Company's disposal the requisite currency of the acquisition by way of an adequate number of treasury shares. Moreover, it may be of advantage for the Company to offer treasury shares as full or partial consideration for acquiring other assets (especially real estate properties) if or when the seller prefers to receive all or part of the price in Company shares rather than in cash. For these purposes it is necessary to enable the Company to acquire treasury shares by way of off-the-floor block trading from individual shareholders or a single shareholder.
 - c) Within the scope of an employees share ownership plan still to be launched, the Company intends to give, against payment or for free, Company shares to staff, executives and members of the Management Board/ management of the Company and its affiliated companies, in order to strengthen the loyalty of executives and other staff to the Company and increase their commitment to and identification with the Company's objectives and goals. In order to be able to give such shares, against a price or for free, in good time and in the requisite numbers, to staff, executives and members of the Management Board/management of the Company and its affiliated companies, the Company is to be enabled to acquire treasury shares off the floor by block trading from individual shareholders or a single shareholder.
7. The treasury shares acquired pursuant to Section 65 (1) 8 and Paras (1a) and (1b) AktG may be sold otherwise than on the floor or by a public offer and by excluding the shareholders' subscription right in the pursuit of one or more purposes by the Company in any lawful manner whatsoever. Off-the-floor sale/use of treasury shares, including by the exclusion of the shareholders' subscription right, needs to be an option for the Management Board whenever an objectively different treatment of shareholders is feasible and/or necessary and there is thus an objective justification for off-the-floor

sale/use and its attendant exclusion of the subscription right. An objective differentiation/justification applies in particular in the following cases:

- a) Any attempt on the part of the Company to sell a large number of shares on the floor or through a public offer carries the risk that the price of the Company's stock may deteriorate (possibly to a substantial degree). This would harm not just the Company's shareholders but also its ability to finance itself on the capital market. Such a scenario can be precluded by the Company selling, off the floor, treasury shares while excluding the shareholders' subscription right.
- b) The Company intends to continue its growth in Austria and abroad. Such growth may take the shape of acquiring other enterprises or operations. The acquisition of enterprises, operations or divisions may be legally arranged as an acquisition of specified assets (and liabilities) of a company, operation or division (a so-called asset deal) or as an acquisition of shares in an enterprise (a so-called share deal). Both options to acquire an enterprise, operation or division, i.e. asset deals and share deals, are described as acquisitions hereinafter.

In the case of an acquisition, the consideration may be in the form of money or shares of the acquiring entity. This may be in the interest of the Company as the buyer as well as in the interest of the seller. If an enterprise is acquired by the seller furnishing the business (or shares in the business) as a contribution in kind against receiving new shares – in this case from the approved capital – this means that the Company's share capital and thus its equity will increase. When an enterprise is acquired by paying a cash purchase price, this may lead to a substantial outflow of liquidity, whereas a purchase in the form of a contribution in kind does not cause any liquidity to be drained from the acquiring enterprise but will, on the contrary, increase its equity. There may be cases where it is necessary and practical on strategic grounds that the seller invests in the Company by taking a small stake or requests such a stake as a counter-performance.

Given the restrictions that apply regarding the acquisition of treasury shares – a limit of altogether 10% of the company's share capital (in almost all cases pursuant to Section 65 AktG) – a seller cannot obtain any substantial stake in the Company from

such a transaction. When the Company has acquired treasury shares at an earlier date and their price has since risen, the company can reduce its costs when it uses treasury shares as a consideration for acquiring an enterprise – in computing the consideration for the acquisition, the treasury shares to be used as (part of the) consideration are normally put at the current (average) price or their intrinsic value (which may be higher), but not at the lower historical purchase price.

An acquisition of an enterprise by way of furnishing (part of) it as a contribution in kind while excluding the subscription right of the other shareholders is generally recognised as an objective justification for excluding the subscription right. In view of its plans to grow the Company is interested in acquiring new enterprises by obtaining contributions in kind while excluding subscription rights and at the same time going easy on the Company's liquid funds. The consideration in the form of treasury shares enables the Company to act with due rapidity and flexibility whenever there is an opportunity for such a transaction.

When acquiring an enterprise, it is necessary to sell treasury shares by other methods than on the floor or by a public offer and excluding the shareholders' subscription rights because this is the only way for the Company to ensure that it can buy the enterprise as a contribution in kind without an outflow of liquidity and because the seller frequently is willing to sell the enterprise or a stake in it only against obtaining a stake in the buying company that is of an equivalent value. From the Company's point of view it may be necessary for strategic or organisational reasons to include the seller as a shareholder in the group. Where an enterprise is acquired by way of a contribution in kind, the seller and contributor-in-kind will obtain the desired stake only when he is the only party to get new shares, because the seller wants to obtain a (percentage) holding in the Company which corresponds to the value of his enterprise as a proportion of the company's value and which grants him the requisite voting rights (and thus participatory rights) in the Company.

- c) The explanations in b) above apply *mutatis mutandis* not just to the acquisition of enterprises but also to the purchase of other assets (in particular real estate properties). It may thus be advantageous and/or necessary for the Company to offer treasury shares when acquiring such other assets, e.g. when the seller prefers getting

shares of the Company as a whole or part of the consideration rather than cash. Moreover, it may be necessary for the Company for strategic or organisational reasons to include the seller as a shareholder in the Company. The use of treasury shares reduces the company's liquidity requirements for such an investment/acquisition and accelerates its performance because it can use its own treasury shares rather than having to create new shares.

- d) Selling or using treasury shares allows the company to handle, on a case-to-case basis, a special need for capital and/or financing at a lower cost than it would incur if it took out external financing. When the acquisition of an enterprise or a real estate property or another financial need (such as the expiry of a loan) requires funding, then, given the amount required and/or the time frame within which the amount required must be found, and general and specific market and share price developments and the trading volumes available at the stock exchange, it may not always be possible to cover the financing requirement sufficiently or in good time by the sale of treasury shares on the floor or by a public offer.

The envisaged authorisation of the Management Board to resolve on another method of sale, including by excluding the shareholders' subscription right, enables the Management Board quickly and flexibly to take up opportunities offered for the off-the-floor sale of treasury share blocks at an adequate price. This is very important for the Company because it needs to be enabled to exploit, quickly and flexibly, every market opportunity and to obtain the required capital/financing rapidly and at favourable terms.

- e) The Company should have the option to sell or give treasury shares to employees, executives and members of the Management Board/management of the Company and its affiliated enterprises within the scope of an intended employees share ownership plan. This requires an off-the-floor sale/use of treasury shares while excluding the shareholders' subscription rights.
- f) The Company aims to increase liquidity in trading with its shares, to which end it intends to extend the number of shares in the free float and to widen the structure of shareholders. It should thus be able to sell treasury shares to targeted investors, off

the floor and excluding the shareholders' subscription rights, with a view to enlarging the block of free floating shares and expanding the structure of shareholders.

8. The exclusion of subscription rights and the sale of treasury shares otherwise than on the floor or by a public offer is in the interest of the Company and thus, ultimately, in the interest of the shareholders, also and in particular for reasons stated in Item 7. a) to f). In order to achieve these interests it is suitable, necessary and reasonable to exclude the subscription rights.

The purposes stated in Item 7. a) and f) (avoiding a negative effect on the Company's share price, increasing the number of shares in the free float, expanding the structure of shareholders, improving liquidity in trading Company shares) can be achieved only when the Company can flexibly dispose of its treasury shares and is not bound to selling on the floor or by a public offer and does not need to offer treasury shares to its own shareholders (especially since the latter would only strengthen the current shareholder structure).

Authorising the Management Board to sell treasury shares otherwise than on the floor or by a public offer while excluding the shareholders' subscription rights is suitable and necessary in order to ensure that treasury shares will be used in the best possible way and/or to achieve optimal financing and transaction terms and/or to obtain necessary funds within a tight time schedule, especially for the purposes stated in Item 7 b) to d).

That the exclusion of subscription rights is justified in the event that shares are primarily issued to employees, executives and members of the Management Board is obvious from Section 153 (5) AktG.

Even if the exercise of this selling authorisation of the Management Board and the exclusion of the shareholders' subscription rights should be of disadvantage for some shareholders, this disadvantage would be very limited especially since the sale of treasury shares does not normally entail the risk of stock watering and since the shares to be sold are limited to 10% of the Company's capital.

Balancing the Company's special interest (i) in a stable share price and/or (ii) in the acquisition of an enterprise or parts of it or another asset and/or (iii) in the timely and low-cost filling of a capital and financing requirement and/or (iv) in the creation and maintenance of a balanced shareholder structure on the one hand, and the present shareholders' interest in preserving their proportionate stake in the Company on the other hand, we arrive at the conclusion that the authorisation to sell treasury shares off the floor and while excluding the shareholders' subscription rights is commensurate.

9. If and when treasury shares acquired pursuant to Section 65 (1) 8 and Paras 1a and 1b AktG are sold otherwise than on the floor or by a public offer, the Management Board shall, not later than two weeks prior to the resolution of the Supervisory Board (which needs to consent to the sale otherwise than on the floor or by a public offer), publish a report which, i.a., has to give reasons for the sales price of the shares (Section 65 (1b) in combination with Section 171 (1) AktG).

As already stated above it is emphasised in this connection that the sale of treasury shares and the acquisition otherwise than on the floor or by a public offer, and the exclusion of the subscription rights is possible only upon the Supervisory Board's consent. The Company's Management Board is not authorised to decide on such transactions on its own.

10. Summarising, the Management Board of DO & CO Aktiengesellschaft has come to the conclusion that authorising the Company's Management Board to acquire treasury shares off the floor, including from individual shareholders and from a single shareholder, or to sell treasury shares acquired pursuant to Section 65 (1) 8 and Paras 1a and 1b AktG, subject to the Supervisory Board's consent, otherwise than on the floor or by a public offer and to exclude the shareholders' subscription rights, is fully in line with the provisions of the law.

Vienna, 1 June 2015

The Management Board of
DO & CO Aktiengesellschaft

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Attila Dogudan
Chairman

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Haig Asenbauer

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Gottfried Neumeister

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Klaus Petermann