



**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 new shares under the exclusion of the shareholders' pre-emptive rights**  
**(Agenda Item 8: Authorized Capital 2017)**

All members of the Management Board submit to the 19<sup>th</sup> Ordinary General Meeting of DO & CO Aktiengesellschaft, held on 27 July 2017, 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 Company 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 € 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 and the share value shall be stimulated by increasing the free float.

3. The Company's Management Board intends to propose that the Company's 19<sup>th</sup> Ordinary General Meeting of 27 July 2017 adopt the following resolution regarding **Agenda Item 8**:
  - a) to authorize the Management Board pursuant to Section 169 AktG to increase the share capital, subject to the Supervisory Board's consent, from its present nominal amount of EUR 19,488,00 by, at most, EUR 9,744,000 by issuing up to 4,872,000 new no-par value bearer shares against a contribution in cash or in kind – possibly in several tranches -, and to specify the face value, the issuing terms and the other details of the share capital increase with the consent of the Supervisory Board,
  - b) to offer the new shares to shareholders possibly by an indirect subscription right pursuant to Section 153 (6) AktG,
  - c) to exclude, subject to the consent of the Supervisory Board, the shareholders' right to subscribe to such new shares:
    - (i) if and when the capital increase is made by contributions in kind, i.e. shares are issued for the purpose of acquiring businesses, operations, partial operations or stakes in one or more businesses in the home country and abroad, or
    - (ii) in order to exclude fractional amounts from the shareholders' subscription rights, or
    - (iii) in order to service a surplus allocation option granted to the issuing banks.(Authorized Capital 2017)
4. With regard to the option to exclude the subscription right in utilizing the Authorized Capital, 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 to the General Meeting of Shareholders.
5. The Company's Management Board may issue shares from the Authorized Capital only upon the consent of the Supervisory Board, regardless of whether such new shares are issued against contributions in cash or in kind or excluding or including the subscription right. Face value, issuing terms and other details of the capital increase may be specified by the Management Board only by agreement with the Supervisory Board.
6. The Authorized Capital, amounting to up to EUR 9,744,000 may be utilized once or several times until the proposed final deadline of 26 July 2022. Altogether, a maximum of 4,872,000 new share certificates may be issued from the Authorized Capital.

7. New shares may be issued from the Authorized Capital excluding the subscription right when the sale of such shares is the consideration for the acquisition of businesses, operations, partial operations or stakes in one or more companies in the home country and abroad.

DO & CO DO & CO intends to continue to grow both in the home country and abroad (in its present business segments as the case may be in new business segments, on its present markets and, as the case may be, by creating and developing new markets). 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 not just be cash, but also shares of the business to be acquired. This may be in the interest both of DO & CO 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 are increased. Whereas the purchase of a business by way of the 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) - quite on the contrary it increases its equity. There also 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 or where the seller requests a consideration in the form of a stake in the Company.

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, 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. The Authorized Capital allows the Company to act with the rapidity and flexibility required for such transactions.

Excluding the shareholders' right to subscribe to new shares is necessary 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 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 which is proportionate to the value of its business compared to the value of DO & CO and which grants such seller corresponding voting rights (and thus participatory rights) in the Company.

The exclusion of subscription rights is commensurate because DO & CO 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. When a business is acquired by way of contributions in kind through the issue of new shares from the Authorized Capital, the value of the business or stake to be contributed is compared to the value of DO & CO; the contributor in kind receives a proportionate part of new shares in DO & CO. The original shareholders furthermore participate in the future profits of the acquired business which should typically rise thanks to synergies with DO & CO.

With regard to the five-year period of the Authorized Capital, it is at present not possible to furnish any information to the seller of a company on the face value because this depends on the development of DO & CO and its stock. In the cases described here, it is not necessary to specify the face value when the authorization has been granted. The original shareholders are informed of the face value in that the Management Board, upon issuance of new shares from the Authorized Capital while excluding the subscription right, must publish, not later than two weeks before the Supervisory Board passes a

resolution to approve the issue of shares from the Authorized Capital, another report, analogously applying the second sentence of Para 4 of Section 153 AktG, which report i.a. provides 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 rise. 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 Authorized Capital it may become necessary to grant surplus allocations to issuing banks. In order to service such surplus allocation options it may be necessary to exclude subscription rights.
  
10. Summarizing, the Management Board of DO & CO has arrived at the conclusion that authorizing the Management Board of the Company to increase the Company's share capital, subject to the consent of the Supervisory Board and if necessary by excluding the right to subscribe to new shares, by way of issuing new shares from the Authorized Capital fully complies with the law.

Vienna, 27 June 2017

The Management Board