



ADO Properties S.A.
Société anonyme
1B Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg
RCS Luxembourg: B 197554
(the “Company”)

**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY DATED 28 AUGUST 2020 DRAWN UP
IN ACCORDANCE WITH ARTICLE 420-26 (5) OF THE LUXEMBOURG LAW OF 10 AUGUST
1915 ON COMMERCIAL COMPANIES, AS AMENDED**

This report is drawn up in accordance with article 420-26 (5) of the law of 10 August 1915 on commercial companies, as amended (the “**Law**”), for the extraordinary general meeting of shareholders to be held on 29 September 2020, at 12 noon CET (or on such later date, if reconvened) (the “**EGM**”).

The board of directors of the Company (the “**Board**”) hereby presents an explanatory report on the proposal which has been put to the EGM for consideration, to authorise the Board to suppress or limit pre-emptive subscription rights of shareholders of the Company in relation to increases of the share capital of the Company within the framework of the authorised capital of the Company as proposed in the agenda item (1) of the EGM.

I. Background

An extraordinary general meeting of the shareholders of the Company held on 16 June 2015 resolved to authorise the Board to increase the corporate share capital within the limits of the authorised share capital up to an amount of EUR 750,000,000 for a period of five years from the date of publication of the resolution creating the authorised capital, in the official gazette of Luxembourg (at that time, *Mémorial C, Recueil électronique des sociétés et associations*), i.e. the Board was authorised to increase the issued share capital within the limits of the authorised share capital of the Company until 20 August 2020.

The Board has utilised the previous authorised capital on a number of occasions, in the best interests of the Company. Following the expiry of the previous authorised capital on 20 August 2020, the Board now proposes that the EGM renews the authorised share capital of the Company in an amount of EUR 1,000,000 and approves the authorisation to the Board to increase the share capital of the Company within the limits of the authorised share capital for a period of five (5) years from the date of the publication, in the official gazette of Luxembourg (*Recueil électronique des sociétés et associations*) (“**RESA**”) of the resolution of the EGM renewing the authorised share capital.

II. Resolutions concerning the authorised share capital of the Company submitted to the EGM

It is proposed that the EGM adopt the following resolutions related to the authorised share capital of the Company:-

- (i) to approve the renewal of the authorised share capital of the Company in an amount of EUR 1,000,000 and to approve the authorisation to the board of directors of the Company to increase the share capital of the Company within the limits of the authorised share capital for a

period of five (5) years from the date of the publication in RESA, of the resolution of the extraordinary general meeting renewing the authorised share capital;

- (ii) to approve the report of the board of directors of the Company pursuant to the article 420-26 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, relating to the possibility of the board of directors of the Company to suppress or limit pre-emptive rights of the shareholders in relation to the increase of the share capital of the Company within the framework of the authorised capital of the Company;
- (iii) to grant to the board of directors of the Company all powers to carry out capital increases within the framework of the authorised share capital of the Company and suppress or limit pre-emptive rights of the shareholders of the Company on the issue of new shares;
- (iv) to amend the article 5 of the articles of association of the Company to read as follows:-

"The issued capital of the Company is set at one hundred twenty-nine thousand nine hundred thirty-four Euro and fifty-five Cent (EUR 129,934.55) represented by one hundred four million seven hundred eighty-five thousand nine hundred thirty (104,785,930) dematerialised shares without a nominal value, all of said shares being fully paid up.

*The authorised capital of the Company is set at one million Euros (EUR 1,000,000) without nominal value. The authorisation to issue shares thereunder is valid for a period ending five (5) years from the date of the publication in the official gazette of Luxembourg (Recueil électronique des sociétés et associations) ("**RESA**") of the resolution of the General Meeting creating/renewing/increasing the authorised capital.*

The Board of Directors or delegate(s) duly appointed by the Board of Directors, may from time to time issue such shares, grant options to subscribe for shares and to issue any other instruments convertible into shares within the limits of the authorised share capital at such times and on such terms and conditions, including the issue price, as the Board of Directors or its delegate(s) may in its or their discretion resolve and the Board of Directors is further authorised to arrange for a requisite change of these articles to reflect such increase. The Board of Directors is authorised to suppress, limit or waive any pre-emptive subscription rights of shareholders to the extent it deems advisable for any issues of shares within the authorised capital.

The Board of Directors is authorised to attribute existing shares or issue new shares, to the following persons free of charge:

- employees or a certain category of employees of the Company;*
- employees of companies in which the Company holds directly or indirectly at least 10 per cent of capital or voting rights; and*
- corporate officers of the Company or of any of the companies mentioned above or certain categories of such corporate officers.*

The Board of Directors is authorised to determine the conditions and modalities of any attribution or issue of shares free of charge (including any required minimum holding period).

In addition, the issued and/or authorised capital of the Company may be increased or reduced one or several times by a resolution of the General Meeting adopted in compliance with the quorum and majority rules set by these Articles, as the case may be, by law for any amendment of these Articles.

Subject to the provisions of law and these Articles, each shareholder shall have a preferential right of subscription (droit préférentiel de souscription) (“Pre-emptive Right”) in the event of the issue of new shares in return for contributions in cash. Such Pre-emptive Right shall be proportional to the fraction of the capital represented by the shares held by each shareholder.

The Pre-emptive Right may be limited or cancelled by a resolution of the General Meeting in accordance with the legal requirements for amendments to the Articles.

The Company may proceed to the repurchase of its own shares within the limits laid down by law.

All shares bear equal rights.

The Company may, without limitation, accept capital contributions from existing shareholders without issuing any shares or other securities in consideration for the contribution and may credit the contributions to one or more capital contribution accounts. Decisions as to the use of such accounts are to be taken by the Board of Directors subject to compliance with these Articles and applicable law. For the avoidance of doubt, any such decision does not need to allocate to the contributor any amount contributed to such accounts.”

III. Justification for the potential suppression or limitation of pre-emptive rights within the framework of an authorisation granted to the Board for a period of five years and the authorisation to the Board to set the issue price in that context

The Board would like to draw attention to the importance of the Company being able to act quickly and have flexibility in increasing the share capital of the Company, according to the needs of the Company, and therefore, proposes to the EGM to authorise the Board to limit or suppress the pre-emptive rights of the shareholders in the event of potential future capital increases and to set the issue price in case of the issue of new shares. In particular, the authorised share capital with the facility for the Board to suppress/limit pre-emptive rights and to set the issue price of new shares, offers the Company the following advantages:-

- (i) the flexibility required to be active in the capital markets, raise funds and, thus, to carry out significant real estate transactions on short notice;
- (ii) the possibility to raise the necessary funds to meet the Company’s financing and re-financing needs without delay, to strengthen its liquidity, its debt to equity ratios, and to optimize equity as a source of funding so as to reduce the overall cost of external funding;
- (iii) the possibility to take advantage of opportunities in potential merger & acquisition transactions including take-over bids, share exchange offers and/or squeeze-out techniques, by enabling the Company to acquire shares and other assets on the best possible terms at short notice;
- (iv) the possibility to convert bonds and other convertible securities, if any, into shares issued by the Company;
- (v) the possibility to deliver shares in the context of share incentive plans set up by the Company;
- (vi) the protracted procedure to convene an extraordinary general meeting and to offer shares on a pre-emptive basis to shareholders over a minimum fourteen day period (as required by law) can be circumvented, if in the best interests of the Company, noting that such a protracted procedure may be incompatible with the Company’s needs and lead to missed opportunities for potential new transactions which require funding within an expedited timeframe;

Consequently, the Board proposes to the EGM to renew the authorised share capital of the Company in an amount of EUR 1,000,000 and to approve the authorisation to the Board to increase the share capital of the Company within the limits of the authorised share capital for a period of five (5) years from the date of the publication in RESA of the resolution of the EGM renewing the authorised capital.

This report is addressed to the EGM which is scheduled for 29 September 2020 and any subsequent EGM which is convened due to lack of quorum at the first-convened meeting.

Dated 28 August 2020

The Board of Directors

Dr. Peter Maser

(The Chairman)