



# Report

**ABOUT THE SPECIAL INVESTIGATION AT THE**

Adler Group S.A.,  
Senningerberg, Luxembourg

April 21, 2022

Strictly confidential

KPMG AG Auditing Company



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# List of abbreviations

Abbreviation	Explanation
Para.	Paragraph
Adler Group S.A.	Adler Group S.A., Senningerberg, Luxembourg
Adler Group or Adler Group	Group companies of (today's) Adler Group S.A., in particular Adler Real Estate AG, Consus Real Estate AG and Adler Group S.A.
Adler Real Estate AG or Adler Real Estate	Adler Real Estate AG, Berlin
AFS	Aggregate Financial Services Ltd.
AG	Public limited company
BaFin	Federal Financial Supervisory Authority
BGB	Civil Code
bulwiengesa	bulwiengesa AG, Berlin
CAGR	Compound Annual Growth Rate
CDO	Chief Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
Consus Real Estate AG or Consus	Consus Real Estate AG, Berlin
CSSF	Commission de Surveillance du Secteur Financier
DCF	Discounted cash flow
DeuWo	Deutsche Wohnen SE, Berlin
EA	Executive Assistant
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EPRA	European Public Real Estate Association
EUR	Euro
EVS	European Valuation Standards
FMV	Fair Market Value
CLA	Gross asset value
GBP	Great British Pound (British Pound)
GCP	Grand City Property, Berlin
GmbH	Limited liability company
GP	General Partnership

Abbreviation	Explanation
HypZert	HypZert GmbH, Berlin
IAS	International Accounting Standards
ICAV	Irish Collective Asset-management Vehicle
IDW S 10	Institut der Wirtschaftsprüfer-in Deutschland e.V.-Standard 10 "-Principles for the Valuation of Real Estate
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number
IVS	International Valuation Standards
KG	Limited partnership
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main
KYC	Know Your Customer
Lda.	Sociedade por Quotas
LEG	LEG Immobilien AG; Düsseldorf
LP	Limited Partnership
Ltd.	Limited
LtV	Loan-to-Value
Mio	Million
Billion	Billion
NAV	Net asset value
N.V.	Naamloze vennootschap
Omega	Omega AG, Munich
p. a.	Per annum (per year)
Peach Properties	Peach Property Group AG, Zurich
Q	Quarter
S.A.	Société Anonyme
S.à r.l.	Société à responsabilité limitée
DAY	TAG Immobilien AG, Hamburg
TEGOVA	The European Group of Valuers' Associations
RICS	Royal Institution of Chartered Surveyors
S.A.M.	Société Anonyme Monégasque
VU	Valuation Unit
Viceroy Research or Viceroy	Viceroy Research LLC, Wilmington, Delaware, USA
Viceroy I or Viceroy Report	Viceroy Research internet publication dated October 6, 2021 (title "Adler Group - Bond Villains").

Abbreviation	Explanation
Viceroy II	Viceroy Research internet publication dated October 12, 2021 (Title_ "Adler Group - The Whistleblower vs The Lawyer").
cf.	compare
Vonovia	Vonovia SE, Bochum

# 1 Order , objects, implementation and general conditions of the investigation

## 1.1 Investigation order

The

**Adler Group S.A., Senningerberg, Luxembourg,**

- hereinafter also referred to as "Adler Group S.A. " or "Company" for short - represented by the Board of Directors,

commissioned **KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main** (hereinafter referred to as "KPMG"), to conduct an independent special investigation in an engagement letter dated November 15, 2021.

**Consus Real Estate AG, Berlin** (hereinafter "Consus Real Estate AG", together with Adler Group S.A. "Companies"), represented by the Supervisory Board, has also commissioned KPMG to conduct an independent special investigation in an engagement letter dated December 3, 2021.

**The investigation was prompted** by the allegations published in a report by Viceroy Research LLC, Wilmington, Delaware, USA (hereinafter "Viceroy Research") on October 6, 2021 against the (current) Adler Group S.A. and its subsidiaries as well as specific natural persons who are alleged to have significantly influenced decisions of the companies. The allegations and the downstream discussions focused on the following topics, which were the starting point of KPMG's investigation presented below:

- allegation that transactions had been conducted with suspected related parties;
- Allegations of inflated valuations of real estate projects and portfolios;
- Allegation that the methodology for the financial ratio "loan-to-value" had been modified in an inappropriate manner in order to avoid disclosure of violations of related bond terms and conditions.

**The aim of the investigation** was to verify or falsify the allegations published by Viceroy Research.

We focused our review on the period from January 1, 2017, through the Viceroy Report's October 6, 2021, publication date, and on selected transactions that occurred or were initiated during that period.

## **1.2 Test objects ände**

In accordance with the order, the allegations contained by Viceroy Research in their internet publication "Adler Group - Bond Villains"<sup>1</sup> dated October 6, 2021 were in particular the subject of the KPMG investigation. On October 12, 2021, Viceroy Research published in another article "Adler Group - The Whistleblower vs. The Lawyer"<sup>2</sup> supplementary allegations which Viceroy Research claims were made by a "whistleblower". These were also the subject of the special investigation. In the following report, unless explicitly stated otherwise, the term "Viceroy Report" refers to the publications of October 6 and October 12, 2021.

The allegations summarized by Viceroy Research in its publication of October 6, 2021 are set out below. More detailed descriptions of specific allegations are preceded by the findings of the investigation in section 4 of this investigation report.

### **1.2.1 Transactions with suspected related parties**

Viceroy Research has raised allegations in particular with regard to transactions with related parties not designated as such by Adler Group S.A.. In this context, the term "related party" refers to the natural persons and legal entities listed in the Viceroy Report ("related-party transactions"), which is defined much more broadly in the Viceroy Report than according to the criteria defined in IAS 24. The

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<sup>1</sup> [Viceroy-Research-Adler-Group.pdf \(viceroyresearch.org\)](https://viceroyresearch.org/Viceroy-Research-Adler-Group.pdf), last accessed March 4, 2022.

<sup>2</sup> [Viceroy-Research-Adler-Group-The-Whistleblower-vs-The-Lawyer.pdf \(viceroyresearch.org\)](https://viceroyresearch.org/Viceroy-Research-Adler-Group-The-Whistleblower-vs-The-Lawyer.pdf), last accessed March 4, 2022

Viceroy Report states that control over the companies is exercised by Extern7, an external third party, and that transactions were used to enrich him and related parties:

Quote	Source
Adler Group's modus operandi is to acquire or force mergers with better capitalized companies to then saddle them with debt. Management then channels cash and assets to enrich its friends and associates via undisclosed and blatantly uncommercial related-party transactions, many of which are never intended to be settled in full. The related-party nature of these transactions is always hidden. This is not a matter of one or two small transactions. This behavior is endemic and continues today.	Viceroy I, Page 1
Adler is controlled by an undisclosed cabal of kleptocrats which we believe have systematically asset-stripped Adler and its subsidiaries for over a decade.	Viceroy I, Page 3
<ul style="list-style-type: none"> <li>– This cabal is headed by secretive financier Extern7, who was previously responsible for the second largest REIT collapse in German history: Level One.</li> <li>– Extern7 now operates Adler from a yacht in Monaco. Despite holding no official position at the company and claiming to be no more than a consultant, Extern7 control is an open secret and has drawn the attention of Israeli and German authorities.</li> </ul>	
Extern7 wife, brother-in-law, and other associates from Extern7 failed Level One venture own or hold senior positions at various related-party entities. These related-party entities act covertly and in concert with Adler in the commission of its schemes.	

Table 1: Allegations regarding transactions with related parties

## 1.2.2 Residential Real Estate Portfolio

Quote	Source
Along with other German residential real estate investment companies, Adler value their investment portfolio on a DCF basis rather than trying to estimate market value. This may be appropriate for competitors, who invest in real estate assets with the intention to rent them out and create a spread-based portfolio (thus, DCF).	Viceroy I, Page 24
Given Adler's propensity to offload assets to related parties in an environment where every asset appears to be for sale, a DCF valuation method is inherently inappropriate.	
Adler's residential investment property portfolio is valued extremely aggressively. This systematic overvaluation appears to derive from Adler's rent growth and residual value assumptions in its Discounted Cash Flow (DCF) valuation model. Valuations are fatally sensitive to mild adjustments in their calculation assumptions.	Viceroy I, Page 23
Adler's residential portfolio is valued on a DCF model backed by delusional assumptions. Adler's derived cap rates are ~100bps less than comps, despite an inferior portfolio.	Viceroy I, Page 2
<ul style="list-style-type: none"> <li>– Viceroy's base-case valuation derives a EUR 2.36b impairment of Adler's yielding residential portfolio.</li> </ul>	

Table 2: Allegations regarding the accounting valuation of the residential real estate portfolio

### 1.2.3 Project development portfolio

Quote	Source
Adler's development pipeline is booked on residual value method, which assumes project completion despite Adler's inability to finance and complete these projects. – Viceroy's base-case valuation derives a EUR 1.77b impairment of Adler's Development Pipeline.	Viceroy I Page 2
In a default-event scenario, which Viceroy believe is likely, we believe Adler's development and inventory pipeline will take a hit of at least a EUR 1b hit.	Viceroy I Page 32

Table 3: Allegations regarding the balance sheet valuation of the project portfolio

### 1.2.4 Loan-to-value (Ltv) ratio and bond conditions

Quote	Source
If properly accounted for, the company is in breach of its bond covenants and would be in immediate default. The usual assumption held by investors in property bonds is that even where cash flow or solvency issues may arise, the company's assets are real; even in a worst-case scenario, recoveries from liquidating the real estate portfolio will largely cover any losses. That assumption will be sorely misplaced in this case.	Viceroy I, Page 2
Adler's bond covenants dictate that an event of default occurs if its LTV surpasses 60 %. LTV is not an IFRS measure meaning it can be manipulated and Adler has mastered this manipulation to mislead credit rating agencies, bond investors, and the wider market as to the health of its balance sheet.	Viceroy I Page 33
[...]	
Management have quietly re-defined how they calculated LTV from Q4 2020 to artificially place Adler below the default event threshold. If it did not change its calculation methodology, Adler would have already triggered a default event.	
ADO Properties (now Adler Group) changed how it calculated LTV when it acquired Adler Real Estate and Consus. This change was materially beneficial to Adler: it subsequently refinanced old, expensive debt and issued a large new tranche of unsecured bonds.	Viceroy I Page 33

Table 4: Allegations regarding the loan-to-value ratio and breach of bond conditions

## 1.3 Examination procedure

In order to simplify the readability of the following report, the term "Adler Group" or "Adler Group" is used to refer to the group companies of (today's) Adler Group S.A., in particular Adler Real Estate AG, Consus Real Estate AG and Adler Group S.A..

In the engagement letter, the following procedure was agreed upon for the special investigation:

1. Overarching investigative actions
  - Analysis of press and Internet publications;
  - Conduct process interviews;
  - Review of audit reports and reports of external auditors;
  - Discussions of matters with auditors of companies of the (now) Adler Group.
2. Investigations of transaction with suspected related parties
  - Obtain an understanding of the transactions, particularly with respect to the legal structure of the underlying contracts and agreements, agreed collateral and persons involved;
  - Evaluation of contractual relations concluded in connection with the subject of the investigation with regard to agreed conditions and performance records;
  - Investigations into the persons named in press or internet publications with regard to their position in relation to relevant companies of Adler Group S.A., in particular:
    - Research any interrelationships in freely available public sources;
    - Searches in publicly accessible or viewable registers, for example on court proceedings and on companies;
    - (Supplementary) research on company histories, business practices and any facts relevant to reputation;
  - Investigative actions concerning the transactions concluded as of January 1, 2017, mentioned in press or internet publications, in particular:
    - Examination of the arm's length nature of the transactions based on the agreements reached;
    - Evaluating the appropriateness of accounting for transactions and related assets and liabilities over time.

#### **Extension of the investigation - e-mail review**

In a letter dated January 12, 2022, Adler Group S.A. informed us that email inboxes of 17 former or current board members and the legal counsels of Adler Group will be made available for evaluation for a period of time specified by KPMG. The e-mail inboxes are to be reviewed for the allegations raised in the Viceroy Report.

The background to this was that KPMG considered it necessary to access the stored electronic communication of selected former or current board members and the legal counsels of the Adler Group in order to further clarify the facts, starting in a meeting with the steering committee of the Adler Group S.A. on December 9, 2021. On December 15, 2021, KPMG presented the intended procedure for the evaluation of e-mail communications to the Board of Directors of Adler Group S.A..

In a letter dated January 12, 2022, KPMG was informed that the e-mail communication for individual transactions would be made available and evaluated. Subsequently, the Adler Group informed us that

such communication, which according to the legal opinion of the Adler Group is subject to the "Attorney Client Privilege" or the "Attorney Work Product Doctrine", respectively, will be removed by an external service provider at the instigation of the Adler Group.

#### **Communication with the Board of Directors and Senior Management**

The Board of Directors of Adler Group S.A. and the Supervisory Board of Consus Real Estate AG, as the client, were regularly informed in writing about the status of the investigation by means of status presentations. These status presentations were discussed with representatives of the client at meetings of the Board of Directors or Supervisory Board or Steering Committee meetings, in some cases together with members of the senior management of Adler Group S.A., discussed in each case.

At the request of the Board of Directors of Adler Group S.A., KPMG submitted a report on the status of the special investigation at that time on March 9, 2022. In this report (as also repeatedly elsewhere), KPMG presented an overview of the status of the special investigation at that time with regard to the documents that had not yet been made available by that date, despite requirements that in some cases had already been made considerably longer ago, together with scenarios for the possible progress of the special investigation, as the results of the special investigation are also of material importance for the annual and consolidated financial statements audits in 2021.

Date	(Written) report to the supervisory body on the special investigation
October 28, 2021	Kick-off presentation for the special investigation
November 19 2021	Status Meeting Adler Group S.A. (Board of Directors)
November 26 2021	Adler Status Meeting (Audit Committee)
December 10, 2021	Adler Steering Committee Meeting
December 15, 2021	Brief presentation Evaluation of electronic documents Adler Group S.A. (Board of Directors)
December 22, 2021	Adler Steering Committee Meeting
January 14, 2022	Adler Steering Committee Meeting
January 28, 2022	Adler Steering Committee Meeting
February 4, 2022	Adler Steering Committee Meeting
February 11, 2022	Adler Steering Committee Meeting
February 16, 2022	Discussion on the status of the procedure - without written presentation
February 25, 2022	Adler Steering Committee Meeting
March 9, 2022	Report on the work status of the special investigation
March 11, 2022	Adler Steering Committee Meeting - without written presentation
March 25, 2022	Adler Steering Committee Meeting

Table 5: (Written) reporting to the supervisory body in the special investigation

In addition to ongoing e-mail and telephone exchanges, regular virtual journs fixes were held with senior management and other employees of the Adler Group to clarify organizational issues relating to the special investigation and to discuss open information requests. The journs fixes took place twice a week, starting on November 16, 2021, and continuously until the conclusion of the special investigation. KPMG also informed CO-CEO Adler22 of Adler Group S.A. in a separate response letter dated February 2, 2022, in response to a letter from CO-CEO Adler22 of Adler Group S.A. dated January 30, 2022, and with reference to KPMG's Steering Committee presentation dated January 28, 2022, of significant delays that occurred due to late submissions by Adler Group S.A. of documents requested by KPMG.

#### **Other information on order and order execution**

This report is the pseudonymous version of the official investigation report dated April 21, 2022. Both reports are written in German.

The detection and investigation of possible improper actions outside the subjects of investigation described in more detail above was **not the subject** of KPMG's engagement.

A legal (and tax) assessment of the matters investigated was not the subject of the engagement. All comments on legal issues contained in this report are to be understood as references for legal follow-up, but do not constitute legal assessments. In addition, such references are always limited to individual aspects and therefore do not replace a comprehensive examination of the overall facts, including the relevant areas of law, and in this respect also do not prejudge an overall assessment. Accordingly, we cannot assume any liability in this respect.

The documents submitted to KPMG are exclusively electronic copies whose authenticity could not be verified. We are unable to assess whether these versions correspond to the originals. We would like to point out that, insofar as public sources of information were used for research purposes, it was not possible to verify the accuracy of the information received. There is therefore a risk that the information from these sources was or is incorrect, incomplete or no longer up to date. Accordingly, we cannot accept any liability in this respect either.

KPMG has reviewed its own investigative activities to ensure that they are permissible under data protection law. KPMG complied with the relevant data protection requirements.

Where verbatim quotations, e.g. from the e-mail review, have been included in this report, KPMG has not corrected spelling or grammatical errors, but has reproduced the original texts.

Our examination and evaluation were based on the documents received and the information provided to us, without it being possible for us to verify the completeness and authenticity of the documents provided to us or the completeness and accuracy of the information provided. Consequently, we are unable to make a conclusive statement as to whether these documents and information are complete, correct and free of contradictions. We are also unable to conclusively assess whether all information and evidence relevant to the assessment has been made available to us. However, KPMG is aware that the Adler Group has not provided information deemed necessary by KPMG with reference to the "Attorney Client Privilege" and "Attorney Work Product Doctrine". In this respect, we cannot rule out the

possibility that we would have reached a different conclusion on the basis of more detailed information.

The nature, scope and level of detail of the special audit we conducted differs significantly from that of an audit of annual financial statements. This implies, among other things, that in some cases higher standards had to be applied to the investigation procedures and evidence. For example, due to the assignment on which the special investigation is based, transaction processes are traced back to the initiation of the transactions and the selection of the transaction partners.

The engagement, in the performance of which KPMG has rendered the aforementioned service for the Adler Group, is based on the General Engagement Terms for German Public Auditors and German Public Audit Firms dated January 1, 2017 (Annex 1). By taking note of and using the information contained in this letter, each recipient confirms that it has taken note of the provisions made therein (including the liability provision under No. 9 of the General Engagement Terms) and acknowledges their validity in its relationship with KPMG.

## **1.4 General conditions for the execution of the order**

The following circumstances must be reported for order execution:

- KPMG has prepared the following report based on the documents received and information provided up to and including 6:00 p.m. on March 25, 2022. The allegations in the Viceroy Report were evaluated on the basis of the documents received or outstanding to date, the information provided in the interviews and the investigative actions taken.
- In the course of the special investigation, Adler Group S.A. or associated Group companies failed to provide documents requested by KPMG in some cases or provided them only considerably after KPMG's request, which significantly delayed the special investigation as a whole.
- Some of the documents provided to us were not complete, so that KPMG had to request further documents, which in many cases were also only provided after a long delay or not at all. In some cases, we were not informed by the companies until well after the documents had been requested that the requested written correspondence or documents were not available, could no longer be found, or could only be found in the e-mails of the individual contact persons. In the course of the investigation activities for the various transactions, structured documentation could not be provided in many cases. In particular, no or only insufficient documentation could be provided in these cases on the initiation of transactions, decisions made, negotiations conducted and other aspects.

KPMG had already indicated in December 2021 that an e-mail review was required to verify the allegations regarding persons closely associated with Extern7, regarding the transactions in question and to complete the information basis for our investigation. However, the handover of the e-mail communications did not take place until February 2022 and in several partial deliveries. In addition, e-mail communication, the disclosure of which would violate the principle of the so-called "Attorney Client Privilege" or "Work Product Privilege" (hereinafter "Privilege Principles") according to the legal opinion of the relevant companies of Adler Group S.A., was not handed over to KPMG. Among other things, communications with internal and external lawyers as well as communications referring to legal advice were examined to determine whether they fall under the Privilege Principles

(see section 2.6). Accordingly, a complete e-mail review was not possible in KPMG's special investigation. KPMG has no information on the specific content of the withheld e-mail communications.

# 2 Investigative Actions

KPMG prepared and conducted the investigation in offices of KPMG from October 8, 2021 through the date of signing this report.

The following survey results are based on documents received and information provided up to and including 6:00 p.m. on March 25, 2022.

In accordance with its mandate, KPMG independently and at its own discretion determined the scope and nature of its investigative activities in this regard.

## 2.1 Analysis of press and Internet publications

In the course of the special investigation, press and internet publications published since January 1, 2017, in particular with references to Consus Real Estate AG, Adler Real Estate AG and Adler Group S.A.. which were related to the subjects of the investigation listed in section 1.2.

The statements of facts contained in press or Internet publications were included in the special investigations to the extent that KPMG, at its own discretion, deemed this necessary for the assessment of the allegations raised.

## 2.2 Evaluation of documents

In the special investigation, Adler Real Estate AG and Consus Real Estate AG provided us with documents relating to the allegations made in the Viceroy Report. The review of these documents concerned the following aspects in particular:

- Research into the history of the transactions in question, in particular on the basis of ad hoc announcements published by companies of the (current) Adler Group, annual financial statements, interim reports, Supervisory Board and Executive Board resolutions, contractual documents, documents relating to correspondence with the German Federal Financial Supervisory Authority (BaFin), Bonn and Frankfurt am Main, Commission de Surveillance du Secteur Financier (CSSF), Luxembourg, Luxembourg, statements from various legal advisors, internal e-mails, and supplementary documents and information relating to transaction initiation, purchase price determination, and transaction execution;
- Comprehension of the methodology, the data basis (e.g. project calculations of Consus Real Estate AG) and the assumptions for valuations of the residential real estate and project development portfolio;
- Research on calculation schemes used by Adler Real Estate AG and Adler Group S.A. for the calculation of the loan-to-value (LtV) ratio and bonds accounted for, including corresponding bond terms.

## **2.3 Interviews**

In the special investigation, interviews were conducted in particular with current and former members of the Executive Boards of Adler Real Estate AG, Consus Real Estate AG and Adler Group S.A.. members of the Board of Directors of Adler Group S.A. as well as with legal advisors of companies and auditors of the (current) Adler Group regarding the transactions in question.

With regard to the subjects of the property and project portfolio valuations, discussions were held with the Executive Board of Consus Real Estate AG and, at the same time, the Chief Development Officer of Adler Group S.A., as well as with the employees of the companies or departments responsible for the portfolio and residential management within the Adler Group. Furthermore, discussions were held with the external appraisers commissioned by the Adler Group. Furthermore, a discussion was also held with representatives of the City of Düsseldorf.

In connection with the investigations into the allegations regarding the allegedly questionable calculation of the "loan-to-value" ratio, discussions were held with the Head of Controlling at Adler Group S.A., who is responsible for this among other things.

## **2.4 Background research**

With regard to natural and legal persons allegedly related to companies of the (present-day) Adler Group, background investigations were conducted using publicly available sources. Background research was conducted on companies and persons who were involved in the transactions, were named in the Viceroy Report and were or are alleged to have been particularly close to Extern7. The results of this background research were incorporated into the assessment of the individual items of the special investigation.

## **2.5 Evaluation of financial accounting as well as payment flows based on bank data**

On the basis of electronically available information, KPMG has evaluated financial accounting data and documents as well as cash flows based on bank data of Adler Group S.A. Adler Real Estate AG and Consus Real Estate AG. These documents were examined on the basis of a factual search word list and included in the context of the further investigative actions performed. The financial accounting data was provided for the aforementioned companies for the investigation period from 2017 up to and including 2021. Data from the online banking system, which can be accessed electronically, was not available for all bank accounts maintained in the financial accounting system for the entire period under review, meaning that only some of this original bank data could be subjected to a corresponding analysis. Account transactions of Adler Real Estate AG that the Company cannot access electronically were not made available to us. This includes, among other things, the original account statements of an account at Bank2, through which, among other things, payments were made to Extern7 and, in connection with the Gerresheim transaction, to Spree Zweite Holding GmbH (compare section 4.1.1.2.3 and 4.1.2.1).

## **2.6 Email review**

### **2.6.1 Exchange with Adler Group via e-mail review**

KPMG informed the Adler Group on December 1, 2021 that KPMG considers a so-called "legal hold" to be necessary in order to immediately prevent a possible accidental, rotational or deliberate deletion of electronic data. The Adler Group informed KPMG on December 2, 2021 that this had been implemented by the company's own IT department. The background to the legal hold was information provided to the

Steering Committee in November 2021 that requested documents were not being provided to KPMG in a timely manner.

At the Adler Steering Committee Meeting on December 10, 2021, KPMG presented that an e-mail review for selected persons in the special investigation was considered necessary. On December 15, 2021, the procedure regarding an evaluation of electronic data was presented to the Board of Directors of Adler Group S.A..

The Adler Group informed KPMG in the virtual Jours Fixes that requested documents were only stored in the e-mail accounts of individual persons, so that an investigation of the e-mail accounts was recommended. In the case of subsequent document requests, the Adler Group referred to the only documents located in the e-mail accounts.

### **2.6.2 Extension of the investigation - e-mail review**

KPMG provided the Adler Group with a list of a total of 17 former and current board members and legal counsels of the Adler Group whose e-mail communications were to be investigated. In a letter dated January 12, 2022, Adler Group S.A., with the consent of Adler Real Estate AG and Consus Real Estate AG, informed KPMG that the email inboxes of these persons would be made available to KPMG for evaluation for a period of time designated by KPMG and consistent with the subject matter of the investigation.

### **2.6.3 Data backup**

The Adler Group then compiled the number of mailboxes of the named individuals. The individual persons maintain or, in some cases, maintained several e-mail accounts in use in different companies during the period under review. One named former member of the Board of Directors did not have an e-mail account within the Adler Group, so no data is available for this person.

The companies of the Adler Group and KPMG each conducted a review of the admissibility under data protection law prior to the e-mail review.

The data backups of the e-mail accounts were carried out by IT employees of the Adler Group in the presence of KPMG in joint Microsoft Teams sessions.

## **2.6.4 Adler Group Note on the Need for Review Regarding Attorney Client Privilege and Attorney Work Product Doctrine**

Subsequent to the letter dated January 12, 2021, the Adler Group, through the Adler Group's legal advisor, Legal Counsel1 , who was involved in this matter, informed KPMG that the Adler Group would only provide KPMG with the requested documents that were not subject to the "Attorney Client Privilege" under U.S. law and under Luxembourg law and the principle of the "Attorney Work Product Doctrine" (hereinafter "Privilege Principles"). In a memorandum from another Adler Group legal advisor, Legal Counsel2, dated January 23, 2022, it was stated that the Privilege Principles were intended to protect confidential communications between the Adler Group and its legal advisors from disclosure to counterparties in any legal proceedings in the U.S. and Luxembourg and would no longer be protected by disclosure to KPMG. KPMG did not provide a legal assessment of this issue in the special investigation. In the special investigation, not all e-mail documents were made available to KPMG for review, but only those which, in the opinion of the Adler Group's legal advisors, were not subject to the privilege principles (see section 2.6.9).

## **2.6.5 Examination of the Privilege Principles by Adler Group**

In connection with the safeguarding of the privilege principles, the legal counsel of the Adler Group has commissioned the technical service provider Technical Service Provider1. In total, the requested document volume from the mailboxes of the former and current board members and legal counsels of the Adler Group, which was processed by the technical service provider, comprises approximately 5,338,000 documents (e-mails, Microsoft Office documents, calendar entries, Acrobat, text and image files and other files; hereinafter "e-mail documents").

The e-mail documents were narrowed down to the relevant time periods by the technical service provider and duplicate e-mail documents - existing in several mailboxes - were filtered out. This reduced the volume to approximately 3,931,000 e-mail documents (e-mails, Microsoft Office documents, calendar entries, Acrobat, text and image files and other files). Approximately 1,310,000 documents of these approximately 3,931,000 e-mail documents are e-mails, calendar entries, Microsoft Office documents, Acrobat or text files. Approximately 2,621,000 documents of these approximately 3,931,000 e-mail documents are image and other file types not relevant to the review.

These e-mail documents were then pre-selected by the technical service provider on its IT systems on the basis of search words selected by the Adler Group's legal counsel involved in the matter in order to filter out the e-mail documents that may contain content relating to the aforementioned privilege principles.

After applying further search terms to identify possible information subject to the privilege principles defined by the Adler Group's assigned legal counsel, the technical service provider identified approximately 922,000 e-mail documents that were not initially transmitted to KPMG. In a further step, the Adler Group's legal advisor prioritized these e-mail documents and then legally assessed whether the content was subject to the privilege principle (compare section 2.6.8).

## **2.6.6 Handover of email documents that have not been examined for privilege principles to KPMG**

The technical service provider successively provided KPMG with the approx. 3,009,000 e-mail documents which, in the opinion of the Adler Group, do not contain any indications of relevance in accordance with the privilege principle. The first data delivery was made to KPMG on February 16, 2022, thus only approximately two months after KPMG indicated to the Board of Directors that an email review was considered necessary, for the electronic email review.

## **2.6.7 Prioritization of individual e-mail accounts**

Due to the high number of email documents to be assessed by the Adler Group's retained legal counsel and the end of the special investigation specified by the Adler Group by the end of April 2022, KPMG, at the request of the Adler Group's retained legal counsel, appointed three key individuals (one each from the Executive Board of Adler Real Estate AG and Consus Real Estate AG and the Legal Counsel of Adler Real Estate AG) on March 2, 2022 to prioritize the review by the Adler Group's retained legal counsel.

For the email documents of the three prioritized individuals, the privilege review was not completed by March 25, 2022, for approximately 421,000 email documents out of a total of 922,000 email documents not submitted. KPMG has repeatedly indicated in writing and verbally that all email documents are material to the special investigation and that a full picture is potentially relevant.

## **2.6.8 Email documents where privilege principles apply**

On March 25, 2022, KPMG was provided with a list of approximately 51,000 email documents out of the approximately 922,000 email documents reviewed for the privilege principles in a so-called "Privilege Log" by the Adler Group's assigned legal counsel, for which the privilege principles applied in the assessment of the Adler Group's assigned legal counsel. This privilege log lists the sender and recipient, the time of the communication and the subject of the e-mail and attachments. In addition, the privilege log contains a brief explanation of why the privilege principles apply in each case in the opinion of the Adler Group's legal counsel involved.

The Privilege Log contains, for example, e-mails that were not made available, for which the General Counsels of the Adler Group, but also externals<sup>7</sup> were the addressee and / or sender

In the absence of knowledge of the content of these e-mail documents, KPMG was unable to include them in this report. On the basis of the privilege log provided on March 25, 2022, KPMG has requested a renewed review under the privilege principles from the Adler Group's assigned legal counsel for e-mail documents that KPMG deemed relevant. With regard to the e-mail documents requested from the Privilege Log, the Adler Group's legal counsel involved has informed KPMG that, following a renewed review, he will be able to provide approximately half of the e-mail documents requested by KPMG via the technical service provider after all due to a less restrictive approach. E-mail documents

that have not yet been actively evaluated by Adler Group's legal counsel by March 25, 2022 due to prioritization have not been provided to KPMG or are not in the Privilege Log and may also contain additional information relevant to our special investigation.

## 2.6.9 Number of e-mail documents in the KPMG review

As explained above, of the total of approximately 3,931,000 email documents requested, through the pre-filtering of the Adler Group and its advisors for potential privilege principles, as well as prioritization based on time to three individuals, approximately 3,080,000 email documents were provided to KPMG for the review subsequently conducted by KPMG, with numerous transactional communications relating to contracts not provided. The following table summarizes the individual subsets:

	Total number Email documents all e-mail accounts	Number of e-mail documents prioritized e-mail accounts (included in total number)
<b>Total number E-mail documents</b>	<b>3.931.000</b>	<b>2.112.000</b>
thereof	1.310.000	644.000
Emails, Microsoft Office documents, calendar entries, Acrobat or text files		
Image or other non-relevant file types	2.621.000	1.468.000
thereof		
Review for potential privilege prin- ciples by Adler Group's legal counsel not completed	800.000	421.000
Emails, Microsoft Office documents, calendar entries, Acrobat or text files	762.000	401.000
thereof		
classified as privilege principles rele- vant by the Adler Group's legal advi- sors after individual examination	51.000	50.000
<b>E-mail documents available for the e- mail review by KPMG</b>	<b>3.080.000</b>	<b>1.641.000</b>

Table 6: Documents submitted to KPMG for e-mail review

Thus, a total of approximately 813,000 of approximately 1,310,000 emails, Microsoft Office documents, Acrobat or text files, including approximately 451,000 emails, Microsoft Office documents, Acrobat or text files of the three prioritized individuals were not turned over to KPMG.

Thus, KPMG was not provided with all of the available and requested email documents for both the total named individuals and the three prioritized individuals in particular.

This meant that a significant proportion of the e-mail documents (e-mails, Microsoft Office docu-  
ments

(e-mails, Microsoft Office documents, calendar entries, Acrobat or text files) was not available to

KPMG for the e-mail review. It was therefore not possible to examine key content relating to the subjects of the report on the basis of this source of knowledge.

### **2.6.10 Procedure Review at KPMG**

KPMG imported all the transferred documents into the forensic review tool ("Relativity"). The e-mail documents (e-mails, Microsoft Office documents, calendar entries, Acrobat or text files) were then examined using a subject-related search word list. The hits were classified in a two-stage procedure according to their relevance to the subjects of the search. In addition, the documents were evaluated with regard to individual time periods for individual transactions.

KPMG requested further information on individual documents from the Adler Group. KPMG was not provided with documents on all of these requests, so that the information from these documents could not be taken into account in the special investigation.

### **2.6.11 Clawback Agreement**

During the review process, KPMG was requested for the first time on February 24, 2022 by the Adler Group's technical service provider and appointed legal counsel to delete a number of 235 documents from all of KPMG's systems without further review activities, as it had subsequently been determined that these fell under the privilege principles and should therefore not be included in the review by KPMG. This procedure had previously been agreed as part of a clawback agreement with the Adler Group. On March 25, April 5 and April 12, 2022, KPMG received further lists of 502, 112 and 132 documents that were also affected by the clawback provision. KPMG immediately removed the relevant documents from the e-mail review so that they could no longer be accessed by KPMG and deleted these documents from all KPMG systems.

## **2.7 Transaction investigation actions**

In addition to financial reports published by companies of (today's) Adler Group S.A. and other legal entities involved in transactions, ad hoc announcements and other information from publicly available sources as well as other requested documents were evaluated in the special investigation. In addition, interviews were conducted. The investigative procedures performed related in particular to the following aspects (as far as applicable to specific transactions):

- Closed contracts:
  - Parties;
  - Significant contractual content, in particular distribution of economic opportunities and risks;
  - Purchase prices, collateral, payment terms and due dates, and timing of transfers of ownership;
  - Withdrawal or reversal clauses;
- Payment flows;

- Transaction background and initiation, especially contacts between persons involved on the side of the parties;
- Buyer Due Diligence;
- Fairness opinions, opinions of legal counsel and other third parties;
- Analyses of the identity and creditworthiness of buyers;
- Draft decisions and minutes of decisions of bodies dealing with transactions;
- Purchase price derivation and assessment;
- Balance sheet presentation of transactions in financial reporting over time.

## **2.8      Investigative actions on valuations of real estate portfolios**

The allegations relating to the valuation of the real estate portfolio were examined by us in accordance with the representations of Viceroy Research, subdivided according to the "residential real estate" and "project developments" portfolios.

With regard to the valuation of the residential real estate portfolio, the following investigative actions were performed:

- Critical review of the valuation reports prepared by the external valuer2 on a sample basis and review of the valuation on the basis of the valuation results overview provided;
- Assessment of the suitability of the DCF valuation method used by the external valuer2 to determine the market values of the properties;
- Cross-portfolio assessment of the appropriateness and market conformity of the rental growth and capitalization rate valuation parameters applied by Externer Bewerter2;
- Cross-portfolio assessment of location quality;
- Transparent presentation of the scope of inspections carried out as part of the valuation by the external valuer2;
- Visual inspection of 89 assessment units and documentation of condition and location assessment;
- Indicative value estimate as of the reporting date of June 30, 2021 for a sample of 1,108 valuation units (corresponds to approximately 78% of the fair value of the Adler residential real estate portfolio as determined by the external valuer2 )

With regard to the valuation of the project development portfolio, the following main activities were performed for a sample of 17 project developments (corresponding to approximately 66% of the fair values of the Adler project development portfolio determined by Externer Bewerter1, Frankfurt am Main (hereinafter "Externer Bewerter1")):

- Review of the valuation reports prepared by Externer Bewerter1 and verification of the implementation of the selected valuation methodology;

- Assessment of the suitability of the residual value method used by the external valuer<sup>1</sup> to determine the market values of the project developments;
- Review of project estimates and documentation provided by Consus;
- Inspection of selected project construction sites and documentation of the construction or development status;
- Indicative value estimate as of June 30, 2021.

## **2.9 Investigations into the loan-to-value ratio and bond conditions**

In order to investigate the allegations raised in relation to the calculation of the loan-to-value (Ltv) ratio, the investigative actions listed below were carried out:

- Review of annual and financial reports and presentations of results published on the websites of Adler Real Estate AG, Consus Real Estate AG, ADO Properties S.A. and Adler Group S.A.;
- Review of management and supervisory board documents of Adler Real Estate AG, ADO Properties S.A. and Adler Group S.A.;
- Review of requested documentation on Ltv calculation methods used by companies of (now) Adler Group S.A.;
- Reconstruction of Ltv calculations on the basis of requested Microsoft Excel tables with corresponding calculations of Adler Real Estate AG, Consus Real Estate AG, ADO Properties S.A. and Adler Group S.A. at selected quarterly, half-yearly and balance sheet dates in the period under review, as well as own Ltv calculations at selected dates;
- Comparison of the Ltv calculation methodology used by Adler Group for financial reporting purposes with methods used by competitors (Vonovia SE, Deutsche Wohnen SE, Accentro Real Estate AG) based on corresponding presentations in annual reports;
- Review of a requested description of the internal control process established by Adler Group S.A. on debt covenants and on Ltv ratios calculated for financial reporting purposes;
- Review of requested listings of bonds accounted for by Adler Group S.A. companies during the period under review, including Ltv threshold terms in corresponding bond prospectuses;
- Review of documents submitted by Adler Group S.A. to the Commission de Surveillance du Secteur Financier (CSSF) Luxembourg by letters dated November 22, 2021 and January 24, 2022 and referred to in these letters;
- Review of the bond prospectuses for the bonds with Ltv threshold conditions accounted for by companies of (today's) Adler Group S.A. in the period under review to compare the specifications for Ltv calculation in bond conditions with Ltv calculation schemes actually used by companies of (today's) Adler Group S.A.;
- Reconciliation of Ltv calculations performed by companies of (today's) Adler Group S.A. for selected balance sheet dates in the period under review, including reconciliation of the balance sheet input figures used for the Ltv calculations or aggregated on the basis of financial reports published in the period under review;

- Discussions with the head of controlling at Adler Group S.A. responsible for LtV calculation.

Due to findings made in the course of the investigation, LtV simulation calculations were carried out in addition to the investigation procedures described above. In this context, modified calculation schemes as well as (additionally) deviating balance sheet input values were used compared to the LtV calculation schemes derived from bond terms and conditions used by companies of (today's) Adler Group S.A..

# 3 Natural and legal persons

In this report, various natural and legal persons are named or listed in the Viceroy report on which this engagement is based as a result of the investigative actions taken. The main natural and legal persons are listed below to simplify the readability of the report.

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Viceroy, page 44	Accentro Real Estate AG	Was included in the transaction "Accentro Real Estate AG" to Brookline Real Estate S.à r.l.
Viceroy, page 1	Adler Group S.A.	Principal, previously traded as ADO Properties S.A.
Viceroy, page 3	Adler Real Estate AG	Adler Group S.A. holds 96.72% of the shares in Adler Real Estate AG. As of December 1, 2021, Adler Real Estate AG holds 63 % of the shares in Brack Capital Properties N.V. The Company has entered into two consulting agreements with Extern7.
Viceroy, page 18	ADO Group Ltd.	Adler Real Estate AG acquired this company in December 2019 (signing September 2019) and thus indirectly received approx. 33% of the shares in ADO Properties S.A.
Viceroy, page 17	ADO Properties S.A.	Today operates as Adler Group S.A.
Not included	Ajos RE 1 Ltd.	The sole shareholder is Partners Immobilien Capital Management Holding S.à r.l.; concluded the purchase agreement with Consus Real Estate AG in the transaction "Portfolio sale to Extern13".
Not included	Aggregate Financial Services Ltd.	Today Corestate Bank GmbH; acquired by Corestate Capital Holding S.A. in May 2021; Extern█ Previous indirect beneficial owner
Viceroy, page 9	Aggregate Holdings S.A.	Indirect beneficial owner is Extern█, involved in the acquisition of Consus Real Estate AG by Adler Group S.A.
Not included	Aggregate Holdings Invest S.A.	Held approx. 22.5 % of the shares in Adler Group S. A. since June 2020 and 26.59 % until February 2022; 20.5 % of the shares were transferred to Vonovia SE in February 2022
Not included	Eagle█	At least in December 2018 Associate Director at Consus Real Estate AG

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Viceroy, page 16	Eagle [REDACTED]	CO-CEO and Member of the Board of Directors Adler Group S.A., Member of the Supervisory Board of Consus Real Estate AG, Member of the Board of Directors Adler Real Estate AG, Member of the Board of Directors Brack Capital Properties N.V.
Not included	Bergander Invest GmbH	From 2014 until January 2021 sole shareholder of Uhlandstraße Investments GmbH, which has since been held by Uccelini Limited. Beneficial owner of Uccelini Limited is Extern [REDACTED]
Not included	Extern [REDACTED]	Sole shareholder of Bergander Invest GmbH and shareholder of Taurecon Real Estate Consulting GmbH
Viceroy, page 11	Brack Capital Properties N.V.	Brack Capital Properties N.V. is the parent company of Brack Capital Germany (Netherlands) XLVIII B.V. As of December 1, 2021, Adler Real Estate AG holds 63 % of the shares in Brack Capital Properties N.V.
Not included	Brack Capital Germany (Netherlands) XLVIII B.V.	Company sold the Gerresheim portfolio in September 2019 to Spree Dritte Holding GmbH, whose managing director and indirect owner is Extern [REDACTED]
Not included	Extern [REDACTED]	Former Chairman of the Management Board of Consus Commercial Property AG and former member of the Management Board of Consus Real Estate AG
Viceroy, page 44	Brookline Capital Limited Partnership	The shareholder of Brookline Real Estate S.à r.l., general partner is Brookline Capital GP Limited
Viceroy, page 44	Brookline Real Estate S.à r.l.,	Buyer of Accentro Real Estate AG from Adler Real Estate AG
Viceroy, page 39	Extern [REDACTED]	Managing Director and shareholder of Meridien Capital Management Limited, also indirect beneficial owner of Mezzanine IX Investors S.A. at least in December 2019. (36,73 %)
Not included	Extern [REDACTED]	From November 1, 2017 to February 19, 2018 CFO of Consus Real Estate AG, from November 1, 2017 to February 16, 2018 Supervisory Board of Consus RE GmbH.
Not included	Extern [REDACTED]	Managing Director of VIC Management Unipessoal, Lda. for at least the period from 2018 to 2021 Employee of Meridien Capital Management Limited

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Viceroy report of October 12, 2021, page 9	Caesar JV Real Estate Own- ership and Management Ltd.	Was newly founded by Münchener Baugesellschaft GmbH (25%) and Repetite Deutschland GmbH (75%)
Viceroy, page 3 ff.	External7	Director and beneficial owner of Caner Private Foundation, Managing Director and shareholder Green Bridge Capital Limited
Viceroy, page 9	External8 (born XX)	Wife of Extern7, sister of Extern29. Shareholder of Adler Group S.A., indirect beneficial owner of Mez- zanine IX Investors S.A. (29,94 %)
Not included	Extern■	Managing Director and shareholder of Spree Gen- eralbauunternehmen GmbH, shareholder CPS Holdings GmbH, former authorized signatory of Neue Design GmbH; brother of Extern■
Not included	Extern■ Limited	Managing directors of the company since its foun- dation in April 2018 are Extern■ and Extern■, sole shareholder is Extern■
Viceroy, page 20	CG Group AG	Census Commercial Property AG has acquired a 50% stake in CG Gruppe AG
Not included	Eagle■	Former Group Strategy Officer of Census Swiss Fi- nance AG
Not included	Census Commercial Property AG	Predecessor company of Census Real Estate AG
Viceroy, page 37	Census RE AG	Formerly CG Gruppe AG, 2020 change of name to Census RE AG and finally change of name or legal form to Census RE GmbH
Viceroy, page 3 ff	Census Real Estate AG	Principal, was taken over by ADO Properties S.A. and Adler Group S.A. respectively.
Not included	Census Swiss Finance AG	Formerly known as SSN Group AG, see there
Viceroy, page 49 ff.	Conwert Real Estate Invest SE	Adler Real Estate AG planned to merge with Con- wert in 2015; Conwert was acquired by Vonovia SE in December 2017 and converted into a GmbH (limited liability company)
Viceroy, page 43	Corestate Capital Holding S.A.	CEO since December 2020 is Extern■; HFS Helvetic Financial Services AG is a subsidiary; sole share- holder of Aggregate Financial Services GmbH (to- day Corestate Bank GmbH), former indirect eco- nomic stakeholders are Extern■ (9.9%) and Extern■ (19.73%)
Viceroy, page 39	Eagle■	From March 2016 to November 2020 Member of the Executive Board of Adler Real Estate AG
Not included	Extern■	Meridien Capital Management Limited employee at least September 2019.

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Not included	Eurohaus Frankfurt AG	Adler Real Estate AG acquired 89.99% of the shares in the property company from Spree Zweite Holding GmbH (Eurohaus transaction)
Not included	Fairwater Multi Strategy Investment ICAV	Holds shares in Adler Group S.A.
Not included	Eagle [REDACTED]	From April 3, 2019 to February 24, 2020 Management Board of CG Gruppe AG
Not included	Eagle [REDACTED]	Member of the Executive Board of Adler Real Estate AG
Not included	Extern7 [REDACTED]	Executive Assistant to the CEO of Meridien Capital Management Limited, Assistant to Extern7
Viceroy, page 47	Extern7 [REDACTED]	As indirect beneficial owner of Brookline Real Estate S.à r.l. involved in portfolio sale by Conus Real Estate AG, Contractual partner in the "Accentro Real Estate AG" transaction
Viceroy, page 11 ff.	Glasmacherviertel GmbH & Co KG	Limited partner is Spree Dritte Holding GmbH, indirect shareholder is Adler Group S.A.
Not included	Eagle [REDACTED]	Management Board of Conus Real Estate AG
Viceroy, page 49	Green Bridge Capital Limited	Extern7 is managing director and shareholder; registered office identical with registered office of Meridien Capital Management Limited
Viceroy, page 22	Eagle [REDACTED]	Founder and former member of the Management Board and Supervisory Board of CG Gruppe AG
Viceroy, page 47	Gröner Group GmbH	Managing director is Adler [REDACTED]; purchase of 17 development projects from Conus Real Estate AG
Not included	HeartSpace GmbH	Coworking space operator
Not included	HFS Helvetic Financial Services GmbH	Subsidiary of Corestate Capital Holdings S.A.
Viceroy report of October 12, 2021, page 8	Imfarr Beteiligungs GmbH	Held shares in Prüß GmbH until 2017; intention to purchase in the Gerresheim transaction
Not included	[REDACTED] investment fund	Assumption of payment for Adler [REDACTED], transaction Acquisition of Conus Real Estate AG by Adler Group S.A.
Not included	Extern7 [REDACTED]	At least August 2021 Employee of Meridien Capital Management Limited, since August 2021 Vice President - Corporate Development at Aggregate Holdings S.A., from May 2015 to June 2021 Associate at Bank5 (here also advising Adler Real Estate AG)

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Not included	Eagle [REDACTED]	Former member of the Management Board of Consus Real Estate AG
Viceroy, page 43	Eagle [REDACTED]	At least March 2019 Employee of Fairwater Multi Strategy Investment ICAV, since May 30, 2018 Supervisory Board of Adler Real Estate AG.
Not included	Kanzelhöhe GmbH	Extern8 is shareholder
Not included	Eagle [REDACTED]	From October 17, 2017 to July 11, 2018 CEO of Consus Real Estate AG, from December 24, 2015 to May 31, 2018 Supervisory Board of CG Gruppe AG, from September 1, 2015 to January 17, 2017 Managing Director of Aggregate Holdings S.A.
Not included	Extern [REDACTED]	Received consulting fee from consulting agreement Adler Real Estate AG/Extern7
Not included	Extern [REDACTED]	Managing Director as well as sole shareholder of Extern [REDACTED] Limited
Not included	Eagle [REDACTED]	Former member of the Executive Board of Adler Real Estate AG
Not included	Eagle [REDACTED]	From July 20, 2020 to October 26, 2021 Managing Director of Consus RE GmbH, from September 9, 2015 to July 20, 2020 Member of the Executive Board of CG Gruppe AG
Not included	Eagle [REDACTED]	Former employee of Meridien Capital Management Limited and CFO of Consus Real Estate AG and CFO of Aggregate Holdings S.A. since October 2020.
Not included	Extern [REDACTED]	Has an e-mail address of Aggregate Holdings as well as BNAC Investments
Not included	Extern [REDACTED]	At least from December 2019 to January 2021 Managing Partner of Aggregate Financial Services GmbH (employee at least since September 2018), at least in August 2021 Member of the Management Board of Corestate Capital Holding S.A.
Viceroy, page 39	Meridien Capital Management Limited	Provided (consulting) services between 2017 and 2020 for Adler Real Estate AG and Consus Real Estate AG.
Viceroy, page 9	Mezzanine IX Investors S.A.	Indirect economic stakeholders are External8 (29.94%), External29 (33.33%), and External4 (36.73%) (at least as of December 2019)
Not included	New Design Ltd	The sole shareholder is Extern8; Extern [REDACTED] and Extern [REDACTED] were authorized signatories

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Not included	Eagle [REDACTED]	Former member of the Management Board and Supervisory Board of Consus Real Estate AG; as of June 27, 2017, Adler [REDACTED] was the largest single shareholder with a 26.5% stake in Consus Commercial Property AG (former company name of Consus Real Estate AG)
Viceroy, page 22	Partners Real Estate Capital Management GP	Extern13 is beneficial owner; sole shareholder of Partners Immobilien Capital Management Limited Partnership
Viceroy, page 22	Partners Real Estate Capital Management Limited Partnership	Extern13 is the beneficial owner; sole shareholder of Partners Immobilien Capital Management Holding Limited S.à r.l.
Viceroy, page 48	Partners Immobilien Capital Management Holding S.à r.l.	Extern13 is the beneficial owner; sole shareholder of Ajos RE 1 GmbH and Ajos RE 2 GmbH, which acquired a real estate portfolio from Consus Real Estate AG.
Not included	Pebble Investment Ltd.	Acquired by Consus Real Estate AG in 2017; held 50% of shares in CG Group
Not included	Publity AG	Founder as well as Chairman of the Board was Adler20
Not included	External26	Founder and Managing Director of the Swiss Rausch Partners AG
Not included	Eagle [REDACTED]	At least from February to June 2020 Director Development of Consus Real Estate AG
Not included	Repetite Germany GmbH	Subsidiary of Repetite S.A.
Not included	Repetite S.A.	Subsidiary (100%) of Paros S.A., whose managing director and shareholder (100%) is Extern29.
Not included	Eagle [REDACTED]	Since April 2020 Co-CEO and Member of the Board of Directors Adler Group S.A.; since December 2017 Member of the Executive Board of Adler Real Estate AG
Viceroy, page 39	Externa [REDACTED]	Sold its shares in Brack Capital Properties N.V. acquired in 2017 to Adler Real Estate AG in 2018
Viceroy, page 40	S.A.M. Bassan	Meridien Capital Management Limited had a profit sharing agreement with S.A.M. Bassan, in which External8 is said to have been the majority shareholder.
Not included	Eagle [REDACTED]	Member of the Board of Directors of Adler Group S.A., Member of the Supervisory Board of Adler Real Estate AG

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Viceroy, page 9	External █	Brother of Extern8 and brother-in-law of Extern7, purchaser of the Gerresheim portfolio via one of his companies (Spree Dritte Holding GmbH). Indirectly involved in Partners Immobilien Capital Management Limited Partnership. Managing director and indirect owner of Spree Zweite Holding GmbH, in December 2019 also indirect UBO of Mezzanine IX Investors S.A. (33,33 %)
Viceroy, page 5	Eagle █	General Counsel of Adler Group S.A. and Adler Real Estate AG
Not included	Solenti Limited	Subsidiary of Aggregate Holdings S.A.
Viceroy report of October 12, 2021, page 9	Spree First Beteiligungs GmbH	Managing director and shareholder (100%) is External29, contracting party in the "Gerresheim" transaction
Not included	Spree Third Holding GmbH	The managing director and indirect owner is External29. The Company acquired the Gerresheim portfolio from Brack Capital Germany (Netherlands) XLVIII B.V.
Not included	Spree General Construction Company Ltd.	Managing directors are External █ and External █
Not included	Spree Zweite Holding GmbH	The managing director and indirect owner is External █. The Company received a loan from Adler Real Estate AG in the course of the sale of the Gerresheim portfolio.
Viceroy, page 49	SSN Group AG	Subsidiary of Consus Real Estate AG. Former shareholder of SSN Group AG was the Aggregate Group. Company acquired by Consus Real Estate AG, whose founder is Adler9.
Not included	Eagle █	Former member of the Management Board of Consus Real Estate AG
Viceroy, page 43	Eagle █	At least in February and March 2017 employee of Meridien Capital Management Limited, former Vice President Finance at Brack Capital Properties N. V., currently Regional Head Luxembourg at Adler Group S.A.
Viceroy, page 35	Taurecon Invest VII Ltd.	Acquired 100% of the shares in Spree Zweite Beteiligung Ost GmbH and Spree Röbellweg 2-10 Verwaltungs GmbH with Adler Real Estate AG
Not included	Taurecon Invest X	Buyer in the transaction Raffa
Viceroy, page 35	Taurecon Real Estate Consulting GmbH	Taurecon Real Estate Consulting GmbH is involved in several project companies together with Adler Group S.A..

Source Viceroy (not a complete list of mentions).	Natural or Legal entity	Explanation by KPMG
Not included	Externa [REDACTED]	Founder and COO of HeartSpace GmbH
Not included	Uccelini Limited	Shareholder of Adler Group S.A., Externa [REDACTED] is indirect beneficial owner
Viceroy report of October 12, 2021, page 9	Uhlandstraße Investments GmbH	Shareholder is Uccelini Limited and general partner of Uhlandstraße Investment III GmbH & Co. KG
Viceroy, page 44	Vestigo Capital Advisors LLP	Externa [REDACTED] is a shareholder (min. 75%) and thus indirectly controls Brookline Real Estate S.à r.l., advises Brookline Capital GP Limited
Not included	VIC Management Unipessoal Lda.	Externa [REDACTED] is managing director, sole shareholder is VIC Properties S.A.
Not included	VIC Properties S.A.	The beneficial owner of VIC Properties S.A. is Externa [REDACTED].
Viceroy, page 39	Externa [REDACTED]	Shareholder of Aggregate Holdings Invest S.A.
Not included	Externa [REDACTED]	At least October 2018 employee of Meridien Capital Management Limited, at least February 2020 shareholder (0.86%) of Adler Real Estate AG, limited partner of Wecken & Cie.
Viceroy report of October 12, 2021, page 3	Externa [REDACTED]	General Partner of Wecken & Cie, has directly held approx. 12% in Adler Real Estate AG at least in February 2020 directly held approx. 12% in Adler Real Estate AG
Viceroy, page 49	Westgrund AG	Subsidiary of Adler Real Estate AG
Not included	Eagle [REDACTED]	Since June 9, 2016 Authorized signatory of Adler Real Estate AG
Viceroy report of October 12, 2021, page 5	Eagle [REDACTED]	Since September 9, 2014 Supervisory Board member of Accentro Real Estate AG, since June 9, 2016 Authorized representative of Adler Real Estate AG

Table 7: Natural and legal persons in the report (selection)

# 4 Main findings of the study

## 4.1 Transactions with suspected related parties

### 4.1.1 Suspected related parties

#### 4.1.1.1 Specific allegations

Quote	Source
Adler engages in three broad types of transactions:	Viceroy I, Page 1
"Looting Transactions" are where:	
<ul style="list-style-type: none"><li>– An asset is bought from an Adler Group company by a related party at a deflated price; or</li><li>– An asset is sold to an Adler Group company by a related party at an inflated price.</li></ul> <p>Either way: value is transferred out at shareholders' expenses.</p>	
"Marking transactions are where an asset is purchased by an undisclosed related party at an inflated price, but the consideration is never settled in full. Adler's book is then artificially marked up by unrecovered receivables.	
<ul style="list-style-type: none"><li>– Despite little cash consideration being paid, the underlying asset (e.g. development plot) changes hands. When Adler loses control of this asset, related parties can (and do) borrow against these assets. When the transaction is inevitably reversed, Adler receives its asset back, but with a large mortgage.</li><li>– These "marking transactions" are also laced with looting, as related parties never seem to miss an opportunity to steal. When these deals are inevitably reversed, Adler will pay tens of millions in "JV fees" or a penalty to the related-party buyer. Money is thus transferred out on a deal that was never intended to be completed.</li></ul>	
"Coup D'état Transactions" are where:	
<ul style="list-style-type: none"><li>– Adler, often with leverage and in concert with undisclosed related parties, buys a controlling stake in an asset-rich company. The latter is a major breach of regulatory disclosure obligations.</li></ul>	
Once Adler control the board of the target entity, they flip the board and attempt to force a merger with the parent and proceed to loot the asset-rich target via "looting transactions" and "marking transactions".	

Quote	Source
The Adler Group exists as a conduit for its shadow directors and associates to systematically enrich themselves to the detriment of bondholders, shareholders, and minority holders of various listed investments.	Viceroy I, Page 1
"Good" assets have mostly left the company via "Looting Transactions" to undisclosed related parties. What is left is a mishmash of over-levered and mismarked assets, and unrecoverable receivables.	Viceroy I, Page 2
Adler's business is built on systemic dishonesty and fraud to enrich friends and associates.	Viceroy I, Page 4
Extern7 is the real controller of the Adler Group of companies.	Viceroy I, Page 8
Extern7 appears at the center of a circle of insiders who benefit from complex, uncommercial transactions at the expense of shareholders and bondholders of Adler. These schemes often operate in parallel and involve the inflation of asset values through related-party dealings and asset-stripping.	Viceroy I, Page 9

Table 8: Specific allegations regarding related party transactions

The allegations made in the Viceroy report in this context can be summarized as follows:

- Extern7 is a decision-maker of the Adler Group and conducts business directly as well as indirectly via other companies and persons without holding an official office with the Adler Group.
- Extern7 has carried out several transactions to the detriment of the Adler Group and its shareholders, enriching himself and persons close to him.

#### 4.1.1.2 External7

**The allegations that Extern7 acted as a decision-maker of the Adler Group and carried out several transactions to the detriment of the Adler Group and its shareholders, thereby enriching himself and persons close to him, can neither be verified nor refuted on the basis of the documents submitted. According to the documents available to us, direct payments were made to Extern7 by Adler Real Estate AG via consultancy agreements. The services rendered by Extern7 under the consulting agreements cannot be traced on the basis of performance records.**

**According to the documents available to us, Extern7 did not hold any shares in the Adler Group during the period under review. Extern8, the wife of Extern7, indirectly holds shares in the Adler Group. In addition, Extern29, the brother-in-law of Extern7, indirectly held shares in the Adler Group at least in December 2019. The allegation that Extern8 or his brother-in-law act on the instructions of Extern7 can neither be verified nor refuted on the basis of the documents provided. There are no indications of this in the documents provided to us, but this cannot be ruled out due to the close personal and financial relationships.**

**Adler Real Estate AG has conducted transactions with Extern7 related parties. In this context, the Extern7 related parties repeatedly appear in various transactions without the selection process of the**

**business partner and the execution being documented in a manner that is appropriately comprehensible for a third party. As a rule, there is a lack of documentation in these business relationships that is comprehensible to a knowledgeable third party.**

**In addition, companies in which related parties of Extern7 hold shares have advised companies of the Adler Group. For example, Meridien Capital Management Limited advised both Adler Real Estate AG and Consus Real Estate AG. Meridien Capital Management Limited had a profit sharing agreement with S.A.M. Bassan, whose main shareholder is said to have been Extern8.**

**The Executive Board of the Adler Group also held meetings with Extern7 at irregular intervals. Although the members of the Adler Group's Executive Board told us in interviews that Extern7 was not involved in day-to-day business, it is evident from e-mail communication that Extern7 scheduled strategy meetings with Adler Group bodies on several occasions and, among other things, exerted influence on personnel decisions, the preparation of strategic decisions, and individual issues arising from transactions.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

#### **4.1.1.2.1 Kinship connections**

According to written information provided by Adler Real Estate AG to KPMG, Extern7 is married to Extern8. According to this written information, Extern8 is the sister of Extern29. In addition, several e-mails were identified from which a marriage partnership between Extern7 and Extern8 can be inferred. In addition, Adler10 has confirmed to KPMG the family connection to Extern8 and Extern29.

In addition, according to findings from the e-mail review, Extern9 is the brother of Extern7. Together with Extern29, Extern9 is the managing director of Spree Generalbauunternehmen GmbH, Berlin. In addition, Extern9 was an authorized signatory of Neue Design GmbH, whose shareholder Extern8 is, from May 2018 to April 2021 and Extern29 from April to November 2021.

#### **4.1.1.2.2 Corporate law links to the Adler Group**

No direct links under company law between Extern7 and the Adler Group have been identified in the period under review since January 1, 2017.

According to an e-mail from Extern3, at the time a member of the Management Board of Consus Real Estate AG, dated November 28, 2017, to Adler16 , Extern7 is "*by definition a Permanent Insider.*" The definition to which Extern3 refers is not clear from the email. According to Implementing Regulation 2016/347 of the European Commission, permanent insiders are persons who

*"by the nature of their function or position, have access at any time to any inside information at the issuer, emission allowance market participant, auction platform, auctioneer or auction supervisor."*

In 2017, Consus Real Estate AG was not yet part of the current Adler Group.

#### 4.1.1.2.3 Consulting contracts of Adler Real Estate AG with Extern7

Adler Real Estate AG has concluded two consulting agreements with Extern7:

Contract	Fee in EUR
Advisory Agreement between Adler Real Estate AG and Extern7 dated March 23/25, 2018 (Project FRIEDA)	2.000.000,00
Advisory Agreement between Adler Real Estate AG and Extern7 dated September 23, 2019 (Project ADAM)	10.624.186,58

Table 9Consulting agreements between Adler Real Estate AG and Extern7

According to Adler Real Estate AG, no further consulting agreements were concluded with Extern7.

**Advisory Agreement between Adler Real Estate AG and Extern7 dated March 23 and March 25, 2018, respectively (hereinafter "Advisory Agreement with Extern7 from March 2018").**

The Advisory Agreement with Extern7 from March 2018 available to us was signed by Adler22 and Adler6 in London on March 23, 2018 for Adler Real Estate AG.

The signature of Extern7 as contracting party is not identifiable as "Extern7", but corresponds to the Advisory Agreement between Adler Real Estate and Extern7 dated September 23, 2019. March 25, 2018 in Monaco is indicated as the signature date.

In the contract it is stated in the preamble that Extern27 holds, directly or indirectly through a company controlled by it, a substantial interest in Brack Capital Properties N.V.. Adler Real Estate AG wishes to acquire shares in Brack Capital Properties N.V. and commissions Extern7 with consulting services for this transaction. As consulting fee it is agreed that Adler Real Estate AG will pay Extern7 EUR 2 million after the direct or indirect acquisition of at least 69% of the shares in the capital of Brack Capital Properties N.V.. On March 22, 2018, the public offer of Adler Real Estate AG to acquire a total of approximately 70% of the shares in Brack Capital Properties N.V. was successfully completed.

Adler Real Estate AG provided KPMG with an invoice from Extern7 dated March 23, 2018 with the invoice text "*Advisory services in accordance with agreement between the parties*". The invoice does not have a signature. There is no receipt stamp on the invoice. Upon inquiry by KPMG, Adler Real Estate AG could not state beyond doubt when and by which means the invoice from Extern7 was received by Adler Real Estate AG. The invoice amount is "*£ 2,000,000*". The currency was changed to Euro on the invoice by handwriting by crossing out the sign "*£*" (GBP) and adding a Euro sign behind the amount.

The handwritten note is noted on the invoice:

*"Lt MR 03/27/18*

*Please prepare immediately + U fonts eagle24 eagle32*

*Payment on separate instruction"*

An account at the bank8 is specified as the account for the payment recipient Extern7. Next to the details of the recipient account, "*Interest collection account*" is noted in handwriting.

When asked by KPMG, Adler Real Estate AG was unable to state who had written the handwritten notes on the invoice.

Estate AG could not be stated by Adler Real Estate AG upon inquiry by KPMG. Adler Real Estate AG does not know whether Extern7 was contacted again with regard to the change of currency and whether the change was communicated to Extern7. According to written information from Adler Real Estate AG at the request of KPMG, this is said to be an obvious error in the invoicing, as the fee in the Advisory Agreement with Extern7 from March 2018 is agreed in euros.

The invoice is dated March 23, 2018. The Advisory Agreement with Extern7 from March 2018 was signed by Extern7 on March 25, 2018. The difference in time is explained by Adler Real Estate AG as Adler22 and Adler6 signed the Advisory Agreement with Extern7 from March 2018 also on March 23, 2018 in London and Extern7 could then arrange the invoicing.

The invoice for an amount of EUR 2 million was paid by Adler Real Estate AG on March 27, 2018 to the account of Extern7 with account number XXXX XXXX 49 at Bank8.

The services rendered by Extern7 cannot be traced on the basis of performance records. Furthermore, KPMG was not provided with any other documentation that would allow the performance of Extern7 under the consulting agreement to be traced. According to information provided by Adler22 to KPMG, Extern7's performance results from the fact that the transaction was successfully executed. According to Adler22's recollection, he instructed the payment by e-mail, but is no longer certain about this. KPMG does not have a corresponding e-mail.

**Advisory Agreement between Adler Real Estate AG and Extern7 dated September 23, 2019 (hereinafter "Advisory Agreement with Extern7 dated September 2019").**

#### **Contractual content and resolutions of the bodies**

The Advisory Agreement with Extern7 from September 2019 was signed on behalf of Adler Real Estate AG by Adler22 and by Adler24 on September 23, 2019.

The signature of Extern7 as contracting party is not identifiable as "Extern7", but corresponds to the Advisory Agreement with Extern7 from March 2018. A signature date is not indicated, Berlin is indicated as place of signature.

The contract pages have been initialed and the contract is the same structure and length as the Advisory Agreement dated March 23 and March 25, 2018, respectively.

In the Advisory Agreement with Extern7 from September 2019 it is stated in the preamble that Adler Real Estate AG would like to acquire company shares of ADO Group Ltd, Tel Aviv, Israel. Extern7 is to assist in this transaction. A consulting fee of 1.5% of the acquisition transaction volume is agreed as a consulting fee. The advisory fee will become due when Adler Real Estate AG has directly or indirectly acquired at least 51% of the shares of ADO Group Ltd.

The minutes of the Executive Board meeting of Adler Real Estate AG on September 23, 2019 state that bridge financing in the amount of EUR 710 million is to be agreed for the purchase of shares in ADO Group Ltd. The Supervisory Board of Adler Real Estate AG also approved this on September 23, 2019. Neither Extern7, nor a consulting agreement with Extern7 are listed in the resolutions. The conclusion of the consultancy agreement with Extern7 was thus on the same day as the public announcement of the transaction.

**Negotiation Advisory Agreement with Extern7 from September 2019 and proof of performance.**

Adler Real Estate AG has written to KPMG regarding the negotiation of the Advisory Agreement with Extern7 from September 2019 and regarding the services of Extern7 as follows:

*"Initial discussions on the subject took place in August 2019. On August 28, 2019, Adler24 sent Adler22 the draft of the consultancy agreement. In the run-up to the transaction, Extern7 advised Adler in the course of various telephone calls on the strategic positioning, the structuring of the transaction, various commercial issues and on how to address ADOG's shareholders. All communication and coordination regarding the transaction took place by telephone between Extern7 and Adler22. The contract was signed on September 23, 2019."*

Adler Real Estate AG also informed BaFin of this in a letter dated June 30, 2021 and also stated in the letter:

*"Furthermore, apart from the above-mentioned course of events [...] and the consultancy agreement of Extern7 attached to this letter, Adler has no further documents with regard to the involvement of Extern7."*

Adler22 has informed KPMG that it has negotiated the percentage fee rate down from 2% to 1.5%. Adler22 described the fee of the Advisory Agreement with Extern7 from September 2019 to KPMG as customary for such a transaction. According to Adler22, the fee for Extern7 was part of the transaction costs released by the Supervisory Board without explicitly naming the Advisory Agreement with Extern7 from September 2019.

Adler33, member of the Supervisory Board of Adler Real Estate AG, informed KPMG in an interview that he was not aware that Extern7 had a consulting contract for the transaction. Adler33 also stated that he would have liked to have known this at the time of the decision, since in his view there had always been discussions about the person of Extern7. However, Adler33 was aware that Extern7 had contact with the shareholders of ADO Group Ltd. and that this was probably an important reason why Adler Real Estate AG was able to make the transaction.

There is no proof of performance by Extern7, as the subject matter of the performance according to the agreed Advisory Agreement with Extern7 from September 2019 was fulfilled according to Adler22. Adler Real Estate AG has concluded the Merger Agreement with ADO Group Ltd. on September 23, 2019. Adler22 informed KPMG that Extern7 assisted in contacting the shareholders of ADO Group Ltd. as they were not known to Adler22. The negotiations with the shareholders of ADO Group Ltd. were conducted by Adler22 and Adler6. Extern7 was not present during the negotiations.

## Fulfillment Confirmation

Adler Real Estate AG has provided KPMG with a so-called "fulfillment confirmation" regarding the payments made to Extern7 with the following text:

*"ADLER Real Estate AG and Mr. Extern7 ("Advisor") entered into a consulting agreement on September 23, 2019 with respect to the acquisition of an interest of up to 100 % in ADO Group Ltd. with its registered office in Tel Aviv, Israel ("ADO"). [...] In view of the successful acquisition of 100% of the shares in ADO at a transaction amount of EUR 708,305,520, the Consultant is thus entitled to payment of a consulting fee in the amount of EUR 10,624,582.80. Upon instruction of the Consultant, the Company has paid the following amounts, which are considered partial payments on the consulting fee, which is hereby confirmed and acknowledged by the Consultant".*

Adler24 has indicated to KPMG that the fulfillment confirmation was issued by Adler Real Estate AG in order for Extern7 to confirm that the financial obligations under the Advisory Agreement with Extern7 from September 2019 have been fulfilled on the part of Adler Real Estate AG.

Adler Real Estate AG has provided KPMG with written information that the fulfillment confirmation was handed over in a personal meeting between Adler22 and Extern7.

The fulfillment confirmation lists a total of ten partial payments.

#	Date	Payment recipient	Posting text	Signatory payment order	Amount (EUR)
1	18.10.2019	External20	Advisory Project ADAM (External20)	Eagle22; Eagle32	2.000.000,00
2	14.11.2019	External8	Consulting fee External8 Acquisition ADO	Eagle22; Eagle32	584.863,73
3	21.11.2019	External21 Limited, London, Great Britain.	Consultation in matters A-Group (Extern21 LTD.)	Eagle24; Eagle32	262.635,00
4	6.12.2019	[REDACTED]	[REDACTED]	Eagle22; Eagle24	1.388.414,68
5	16.12.2019	[REDACTED]	[REDACTED]	Eagle24; Eagle32	1.388.414,68
6	10.2.2020	External20	Advisory Project ADAM (External20)	Eagle22; Eagle31	1.000.000,00 <sup>3</sup>
7	1.6.2020	External8	Consulting fee External8 Acquisition ADO	Eagle24; Eagle13	809.838,49
8	24.6.2020	[REDACTED]	[REDACTED]	Eagle22; Eagle32	600.000,00
9	30.6.2020	[REDACTED]	[REDACTED]	Eagle22; Eagle24	1.750.020,00
10	17.12.2020	External7	External7 Consulting fee Acquisition ADO Group Ltd.	Eagle22 Eagle32	840.000,00
<b>Total</b>					<b>10.624.186,58</b>

Table 10: Overview of payments from the Advisory Agreement with Extern7 from September 2019 and their payment release

<sup>3</sup> The amount shown on the document received is "EUR 1,000,000.00". We assume that this is a typing error and have adjusted the value in the table accordingly.

<sup>4</sup> On the remittance document available to KPMG, the company is indicated as "Cobrera Yacht Consulting MC". The background investigation to identify the payee revealed that it is Cobrera Yacht Consulting Monaco, Monaco, Monaco.

The tenth payment is the final payment in accordance with the confirmation of performance:

*"The Consultant declares that its claim for payment of the consulting fee under the consulting agreement dated September 23, 2019 has been fully satisfied by the final payment dated December 17, 2020."*

An invoice dated December 1, 2020 is available for this tenth payment. No further invoices were provided to KPMG. KPMG was provided with corresponding transfer orders for the individual payments by Adler Real Estate AG. Adler22 has informed KPMG that it was notified of the details of the payments in advance in each case.

The following anomalies were identified with respect to the fulfillment confirmation:

- In the posting text, "Extern20" is entered for two partial payments, but Extern20 with two letter changes is stored as the recipient for the corresponding partial payments.
- Partial payments are listed on page 1 and page 3 of the fulfillment confirmation respectively, with differences identified between the respective dates.
- The amount of the final payment is stated as EUR 840,000, although EUR 840,396.22 was outstanding. It is not apparent why the difference of EUR 396.22 was not paid.
- In the posting text, "Extern21 LTD." is referred to in the case of a partial payment, but the recipient of the corresponding partial payment is "Extern21 GmbH" according to the document.
- In the list of partial payments, an amount of EUR 1 billion is indicated for partial payment 6 instead of EUR 1 million
- The document contains several other spelling and grammatical errors.
- The fulfillment confirmation is signed "Extern7" but does not have a date or location.

Partial payment 3 was made to "Extern21 LTD". The company Extern21 Limited, London, United Kingdom, was identified in the British commercial register. The managing directors of the company since its formation in April 2018 are Extern18 and Extern21. Extern21 is also the sole shareholder of Extern21 Limited. The email review identified several emails from Adler8 to Extern21 and Extern7 regarding meetings held and planned between these individuals. Extern1, a former shareholder of Adler Real Estate AG, is also involved in at least two of these e-mails. In addition, in an e-mail dated October 11, 2018, Adler8 writes to Extern7 that he would like to discuss with him "the general issue of future cooperation between taurecon and Adler."

On March 17, 2020, Adler32 sent a copy of an email with the subject line "please remit by rush" to, among others, Adler22:

*"Partial payment 11:*

*Date: today, Amount: EUR 750.000,00 (GBP xx) Exchange rate: xx*

*Recipient Extern8, bank account: [...]*

*Intended use: contract dated September 23, 2019, partial payment 11".*

Only ten partial payments are listed on the fulfillment confirmation. According to the documents provided to KPMG, this e-mail presumably refers to partial payment 7 to Extern8 , which was made in the amount of GBP 750,000 (EUR 809,838.49) instead of EUR 750,000.

The disbursements were not questioned further by the Executive Board of Adler Real Estate AG according to

Adler22 and Adler8 did not question the payments any further. According to Adler Real Estate AG, the reason why the consulting fee was paid out in the form of ten partial payments was irrelevant. The indication of, for example, [REDACTED] in the purpose of use was also unproblematic from the point of view of Adler Real Estate AG, even if this did not correspond to the agreed activities according to the Advisory Agreement with Extern7 from September 2019. Extern7 had asked for the procedure.

The Head of Division GDRC (Governance, Data Protection, Risk, Compliance) at Adler Group S.A., in consultation with the Legal Department and Adler8 KPMG, has stated that an obligation of Adler Real Estate AG under the Money Laundering Act "cannot be assumed for the years 2018/2019 based on the current status".

According to written information provided by Adler Real Estate AG to KPMG, no know-your-customer checks were performed on the natural persons and legal entities named for the payments.

KPMG did not examine whether the payment recipient "Extern8", which also received two partial payments according to the fulfillment confirmation, is a hidden profit distribution for tax purposes.

During the evaluation of the financial accounting of Adler Real Estate AG, KPMG identified a payment in the amount of EUR 5,312,291 to Extern7, which preceded the ten partial payments. The payment was made on September 27, 2019 to the account of Extern7 with the account number XXXX XXXX 49 at the bank8 The remittance slip states "*Advisory agreement Acquisition ADO Group*" as the purpose of payment. This payment instruction was signed by Adler22and Adler32. Adler Real Estate AG has informed us that "*the bank communication between Bank2, in Germany and Bank8, in Turkey, did not work*" and the money was therefore transferred back. The corresponding payment receipt of the re-transfer is dated October 8, 2019 with the posting text "*Due to internal compliance/External7*". As background to this, Adler Real Estate AG has informed us of the following:

*"The communication [was] faulty in that the correspondent bank of Bank2 did not carry out the transfer to Bank8. We have no knowledge of the author and the background of the booking text.*

*As is known, an earlier transfer to the same account of the Extern7 at the Bank8 via the Bank7 was carried out without any problems (transfer of EUR 2 million to the Frieda project). "*

Extern7 had informed Adler22 of the bank details in advance by telephone. Adler22 also informed Extern7 by telephone that the transfer could not be executed. Subsequently, the transfers were divided among several payees in accordance with the aforementioned fulfillment confirmation sent by Extern7.

The services provided by Extern7 cannot be traced on the basis of performance records. Furthermore, KPMG was not provided with any other documentation that would allow the performance of Extern7 to be traced. According to Adler22, the performance of Extern7 results from the fact that the transaction was carried out successfully. For this reason, the payments were made.

#### 4.1.1.2.4 Consulting contracts between Consus Real Estate AG and Extern7

The current Management Board of Consus Real Estate AG has informed KPMG that it is not aware of any consulting agreements between Consus Real Estate AG and Extern7.

#### 4.1.1.2.5 Corporate law links to the Adler Group

KPMG has no evidence of direct connections under company law between Extern7 and the Adler Group, but there are connections under company law between family members and the Adler Group.

##### **Mezzanine IX Investors S.A.**

Mezzanine IX Investors S.A. is a shareholder of Adler Group S.A. (2019: 5.2%; 2020: 3-6%) and was a shareholder of Adler Real Estate AG (company shares as of December 31, 2019: 14.4%). Indirect beneficial owners of Mezzanine IX Investors S.A. were at least in December 2019:

- Extern8, the wife of Extern7 (29.94%)
- Extern29, Extern8's brother and Extern7's brother-in-law (33.33%).
- External4 (36.73 %)

Extern7 is a director and shareholder of [REDACTED] whose registered office is identical to that of Meridien Capital Management Limited. The shareholder and managing director of Meridien Capital Management Limited is Extern4.

Extern7 also communicated or was informed about transactions listed in the Viceroy report with members of the management boards of both Adler Real Estate AG and Consus Real Estate AG via an e-mail address maintained at [REDACTED], e.g. e-mail communication between Extern7 and Adler10 regarding the departure of Adler10 or "Grexit - next steps". It could not be identified on the basis of the documents provided which function Extern7 had in this context. According to information from Adler Real Estate AG and Consus Real Estate AG, there are no contractual relationships with [REDACTED] and [REDACTED]

they have no knowledge of why Extern7 used an e-mail address maintained by [REDACTED]  
[REDACTED]

#### **Meridien Capital Management Limited**

The allegation that Extern7 directly controls Meridien Capital Management Limited can neither be verified nor refuted on the basis of the documents provided. From the documents provided to KPMG, it is at least clear that there is a close connection to the company.

Meridien Capital Management Limited advised both Adler Real Estate AG and Consus Real Estate AG. Meridien Capital Management Limited had a profit sharing agreement with S.A.M. Bassan, whose main shareholder was said to have been Extern8.

In addition, former employees of Meridien Capital Management Limited are or were in key positions at companies involved in the transactions listed in the Viceroy Report. Based on the documents provided, KPMG has no indication that these persons acted on instructions from outside7.

KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.

The Viceroy report identifies anomalies relating to Meridien Capital Management Limited, which are explained below.

Quote	Source
"Meridien is controlled and ultimately owned by Extern7 and is further described below in connection with Extern4."	Viceroy I, page 6
"Former Meridien employees often appear in key positions at Extern7 controlled companies."	Viceroy I, page 39
"Several Meridien employees serve in executive positions in Extern7-related entities."	Viceroy I, page 40

Table 11: Comments in the Viceroy report on Meridien Capital Management Limited

#### **Consulting Services Meridien Capital Management Limited**

Meridien Capital Management Limited provided and invoiced consulting services to both Adler Real Estate AG and Consus Real Estate AG during the period under review.

Two consultancy agreements were handed over to KPMG by Adler Real Estate AG. The first consultancy agreement dated July 1, 2015, signed on June 30, 2015 by Adler11 for Adler Real Estate AG and by Extern4 for Meridien Capital Management Limited, covers consultancy services in the areas of management board, capital market, organization, financing, sales, accounting and asset management. The contract is for an indefinite period. A monthly fee of EUR 22,000 was agreed for the basic services. In addition, performance-related fees are possible.

The second consultancy agreement was signed by Extern4 for Meridien Capital Management Limited signed on June 1, 2017 and without date by Adler17 and Adler8 for Adler Real Estate AG. The contract covers consulting services in the area of financing and other services. The contract is for an indefinite period and replaces the first consulting contract between Adler Real Estate AG and Meridien Capital Management Limited. A monthly fee of EUR 10,000 was agreed for the basic services. According to the contract, the invoice must be accompanied by proof of activities, and no time limit for the fee payment has been agreed. In addition, performance-related fees are possible.

The monthly fee payments under the contracts were made during the period under review. Activity reports were not made available to KPMG.

In addition, an amount of EUR 450,000 was invoiced by Meridien Capital Management Limited on March 19, 2018 and April 20, 2018, which were also settled according to the evaluation of the financial accounting of Adler Real Estate AG.

The April 19, 2018 invoice shows the subject matter of services as "*In accordance with the services rendered as described in report titled "Advisory Services Non-Core Portfolio."*"

According to Adler Real Estate AG, the invoice dated April 20, 2018 relates to an initial analysis and advice on the execution of a cash tender offer to the holders of a bond in an aggregate principal amount of up to EUR 200 million. A flat fee of EUR 450,000 had been agreed with Meridien Capital Management Limited for this advice. Activity reports were not provided to KPMG. According to information provided by Adler Group, the tender offer was approved by Adler Real Estate AG on April 19, 2018, with a term until April 27.

Furthermore, Meridien Capital Management Limited invoiced an amount of EUR 2,500,000 on February 27, 2020, which according to our evaluation of the financial accounting of Adler Real Estate AG was settled. Activity statements were not provided to KPMG. The invoice text for this reads:

*"In relation to the Debentures (as defined below) issued by ADO Group Limited in the total notional amount of circa. EUR 300 m which were repaid as per the announcement 10 February 2020 made by Adler Real Estate A.G. For Financial Intermediary services in relation to introduction, negotiation, assistance and coordination with its lenders (Bank5, Bank3 and Bank4) to secure the refinance/repayment facility for the Debentures."*

Meridien Capital Management Limited was also involved in the takeover of ADO Group Ltd. by Adler Real Estate AG, according to a response from Adler Real Estate Estate AG to BaFin dated June 30, 2021, Meridien Capital Management Limited was also involved in the acquisition of ADO Group Ltd. by Adler Real Estate AG. Extern6, an employee of Meridien Capital Management Limited, is included on the insider list for this transaction.

According to Adler Real Estate AG, these special payments are covered by the option to agree on special projects set out in the agreement. In the contract, reference is made to Annex 3 of the contract with regard to separate agreements. However, the sections "*service*" and "*performance-related fees*" are not completed in Annex 3 of the second consulting agreement available to KPMG.

In total, Meridien Capital Management Limited has received payments of at least EUR 4.1 million from Adler Real Estate AG since 2017.

Consus Real Estate AG and Meridien Capital Management Limited have entered into an undated consulting agreement signed by Adler25 for Consus Real Estate AG and Extern4 for Meridien Capital Management Limited. The agreement was entered into for an indefinite period with a start date for the provision of services from January 1, 2018. According to the consulting contract, Meridien Capital Management Limited provides support to the Finance Department in relation to portfolio and future financing, as well as in processing to related inquiries, and in refinancing or financing, in obtaining "*valuable assets and/or companies that correspond to the client*", and in disposing of assets. A monthly fee of EUR 20,000 was agreed for the basic services . According to the contract, the invoice must be accompanied by proof of activities, and no time limit for the payment of the fee has been agreed. Performance-related fees are also possible.

The monthly fee payments were made during the contract period. Activity reports were not provided to KPMG.

In addition, Meridien Capital Management Limited invoiced an amount of EUR 250,000 on August 9, 2018 and an amount of EUR 700,000 on August 28, 2018, which were settled by Consus Real Estate AG on August 29, 2018. Activity statements were not provided to KPMG. In addition, an invoice dated August 9, 2018 from Meridien Capital Management Limited to Consus Real Estate AG in the amount of EUR 901,552.50 was identified, but according to the documents available to us, this invoice was not settled. The invoice text of this invoice reads:

*"In accordance with the sale of the 6,091,571 GXP Shares for Summit RE Eight GmbH for the total sale price of EUR 36,062,100, with a commission rate of 2.5 %, total EUR 901,552.50 is payable to Meridien Capital Management Ltd. "*

The invoice text of the invoice dated August 9, 2018 is identical. Only a flat-rate commission is shown instead of the commission of 2.5%.

In total, Meridien Capital Management Limited has received payments of at least EUR 2.2 million from Consus Real Estate AG since 2017.

#### **Control of Meridien Capital Management Limited by Extern7**

Managing Director and sole shareholder of Meridien Capital Management Limited is Extern4, so that under company law there is no connection between Meridien Capital Management Limited and Extern7 published in the commercial register. According to the documents available to us, there is at least a close business relationship between Meridien Capital Management Limited and Extern7.

In addition to numerous emails and appointments in which a person from Meridien Capital Management Limited appears on behalf of Extern7 and performs administrative tasks for it, the choice of words also suggests that Extern7 is considered part of Meridien Capital Management Limited. In an email regarding an appointment request from Adler10,

Extern12, who according to a LinkedIn profile has been "EA to CEO" at Meridien Capital Management Limited since November 2014, wrote on June 18, 2019:

*"From our side, Extern7 can do a meeting in our Berlin office on 25/07 at 10am CEST"*

#### **Headquarters**

Meridien Capital Management Limited operated under the name Greenbridge Capital Management Limited until May 21, 2015 and is registered at the same address as [REDACTED], of which Extern7 has been Managing Director and Company Secretary since September 2004.

#### **Involvement of externals7 in consulting services**

Emails were identified in which Extern7 at least supported the consulting projects of Meridien Capital Management Limited. On March 28, 2020, Extern7 wrote in an email with the subject "*Re: Your inquiry regarding Schönefeld*" at least to Extern6, employee of Meridien Capital Management Limited:

*"pls calculate with average 800 euros/m2 bgf and also put it in as such. dresden pricing is already clear."*

On the same day, Extern6 forwarded the email to Adler8, Extern1, and Adler22 with the following words:

*"Eagle8*

*Can we please get the presentation updated using the assumptions outlined by Extern7?"*

According to the available email history, Adler8 has complied with the request.

On August 16, 2017, Extern6 wrote to two representatives of Publity AG, whose CEO, Adler20, had been the largest single shareholder of Consus Commercial Property AG at that time, with a 26.5% stake:

*"Could you please send me the IFRS Jun-17 accounts for Consus?"*

A representative of Publity AG then asks Extern3 to whom the information should be handed over, naming "*Extern7/Extern6*", [REDACTED] *Extern5*" and [REDACTED] as options.

#### **Support work processes**

In the email review, KPMG found that, at least in the period from March 2017 to July 2021, employees of Meridien Capital Management Limited were in close communication with Extern7 and coordinated appointments. In particular, Extern12 regularly organizes appointments for Extern7. It is also evident from several emails that the initiative for the appointments originated from Extern7 and that Extern7

issued instructions regarding the content, location and time as well as the presence of certain participants. A selection of the e-mails are presented below:

- On November 20, 2018, Extern12 invited to the appointment ""*Amateurs call*" (*EVERYONE HAS TO JOIN, NO EXCUSES!*)". The addition of the appointment name in parentheses indicates that attendees were assumed to be present. According to the invitation, participants included Extern7, Adler19, Adler25, Extern6, and Extern24.
- On January 4, 2019, External7 wrote to External12, Eagle25, and External24, among others:

*"Call/Extern12 I need the above people in a call at 10 o clock. Pls send around call details."*

- In March 2019, a "*management meeting*" was planned, to which Adler25, Extern31, Adler10 and Extern7, among others, were invited. In this case, Extern12 was also involved in finding a date. After Adler10 informed by email on February 25, 2019 that a meeting on the advised day was not possible for him, Extern7 responded:

*"If you can't attend these meetings we will still have them and let you know about the outcome. It is unacceptable for you to think that everybody has to accept your timetables. What is the reason that you can't attend on the 6th? What is more important than such a strategic meeting?!!! We need to come together very urgently as you are acting like an uncontrolled missile and in various and ongoing breaches of several orally and written agreements, which is not acceptable."*

- Extern12 clarified in an email to Adler19 dated April 2, 2019, that Extern7 required both Adler19 and the new COO of *Consus Real Estate AG*, after Adler19 had initially agreed with reservations:

*"Extern7 requested you to be in this meeting, in fact, you were the first name he mentioned. Also could you please send me the contact info for the new COO of Consus who is coming on board on May 1? Extern7 wants him/her to be in this meeting as well!"*

Based on the available communication, it is not clear who Extern12 meant by "new COO," and Adler19 was also unable to name him:

*"I don't know who the new coo is. Please check with Adler25 - it might be the new IR guy?"*

Furthermore, Adler19 explained with regard to the meeting addressed by Extern12:

*"I know, I am critical for this. However the bond is the most important topic and I expect to be at the lawyers in Frankfurt at that time. Please explain to Extern7."*

After renewed demand from Extern12 ("*Can you at least try dialing in for an hour or so?*") and Adler19's request to explain the facts to Extern7 ("*Please also explain to him so he is aware*"), the appointment was finally postponed on Extern7's instructions, of which Extern12 informed Adler19:

*"Extern7 said then we delay the meeting till after the bong is done."*

- In addition, Extern7 and Extern4 were invited to the "*INTERNAL CONSUS CALL - Internal Debriefing*" on May 3, 2019. It was not determined in which capacity the invitation was issued. The invitation was sent out by Extern6.

- On January 5, 2020, Extern12 informed Adler2 that Extern7 is requesting a meeting, with attendance mandatory:
 

*"Happy new year Adler2, Extern7 has called an all party kick off meeting on 10/01, 10am UK in London. attendance is mandatory"*
- Also on January 24, 2020, Extern12 wrote to the assistants to the Executive Board of Adler Real Estate AG that Extern7 would like to hold a meeting. The place and time are specified and attention is drawn to the fact that the respective participants must adjust their diaries accordingly, as attendance is compulsory:
 

*"I just got a phone call from Extern4, apparently based on Extern7 and his instructions, this meeting MUST take place on 03/02 in Berlin, 11am CET. Attendance is mandatory. Whoever cannot attend needs to change their schedule and make themselves available."*

In addition, Extern10, an employee of Meridien Capital Management Limited in at least September 2019, organized appointments for Extern7. An email history from January 2020 was identified in which Adler19 asks Extern10 to organize an appointment, among others, with Extern7:

*"Extern10, Extern7 asked for a conference call tomorrow Friday for me, Extern6, Adler25, Adler9, Adler14, Extern24 and Extern7 to discuss CG next steps."*

According to the emails available to us, at least in the years 2017 to 2020, members of the Executive Board of Adler Real Estate AG or Consus Real Estate AG were invited to Extern7's birthday party. At least in the years 2017 and 2020, the birthday party took place on [REDACTED] in a house of Extern31 ("at Extern31 villa") as well as on the yacht1 moored there at the time.

*"On behalf of Mr Extern7, we would like to invite you and your family to join his XXth birthday party celebration from XX/XX-XX/XX in [REDACTED] on his boat, the Yacht1."*

The invitations were issued by employees of Meridien Capital Management Limited, although, to our knowledge, Extern7 has no formal function at Meridien Capital Management Limited.

Further connections to Extern7 were identified, among other things, through a joint Christmas party in 2018. Meridien Capital Management Limited invited via Extern12 to a joint Christmas party with Extern7 in London (*"On behalf of Meridien Capital Management Ltd. and Mr Extern7, I would like to invite you ..."*). The location of the event, [REDACTED] is almost identical to the information in the imprint of Neue Design GmbH, Stralsund, [REDACTED] whose sole shareholder is Extern8. A company of Extern29, [REDACTED] is also located at this address. In 2019 and 2020, invitations to Christmas parties were again sent by Extern7 to members of the Executive Board of Adler Real Estate AG, Adler Group S. A., and Consus Real Estate AG, respectively, with the invitations being sent by Meridien Capital Management Limited in each case.

An email dated July 4, 2018 was also identified, according to which Extern12 asked the assistant to the Management Board of Consus Real Estate AG to have an email account created for an external person:

*"Good morning Eagle25, the assistant of External7 asks us to have an email account created for a Mr. External22 by our IT. Does the name mean anything to you and should we comply with this request?"*

Adler25 responded that it did not know the person and was checking this. According to the documents we have, a person named Extern22 used an email address from both Aggregate Group and [REDACTED] [REDACTED], [REDACTED]. In the above email - as well as in at least one other email dated April 30, 2019 - Extern12 is explicitly referred to as an assistant to Extern7. This impression is reinforced by further emails and appointment invitations, where Extern12 always uses an email address of Meridien Capital Management Limited.

#### **Profit transfer to S.A.M. Bassan.**

A profit transfer to S.A.M. Bassan in the amount of GBP 201,965 and GBP 1,044,621 was identified in the financial statements of Meridien Capital Management Limited for the fiscal years 2017 and 2018, respectively. For fiscal years 2019 and 2020, "Other Loans" in the amount of GBP 1,665,513 and GBP 2,228,138, respectively, were identified in the financial statements.

The e-mail review identified the minutes of the oral proceedings "*iS convert Immobilien Invest SE*" before the Takeover Commission in Vienna on June 2 and 3, 2016. Extern7 stated that "Bassan Société anonyme monégasque [...] is a company [owned] by my wife [...]. I have a profit-share agreement with Bassan." Extern4 stated that he himself held 10% of S.A.M. Bassan, Extern8 was the main shareholder. Adler29, former member of the Supervisory Board of Adler Real Estate AG, stated in the same hearing that Extern7 held a stake in S.A.M. Bassan and that his interests were represented via Extern8.

According to background research by KPMG, S.A.M. Bassan has since been deleted from the Monaco Commercial Register. The date of deletion from the commercial register could not be identified by KPMG.

#### **Former employees in key positions**

KPMG has determined that various former employees of Meridien Capital Management Limited held, are holding or have held key roles at Adler Real Estate AG, Consus Real Estate AG and Aggregate Holdings S.A.:

- Adler22 was an employee of Meridien Capital Management Limited at least in May 2017. As of at least January 2017, Adler22 had access to an email account at Adler Group (Adler22@adler-group.com). At Adler Real Estate AG, Adler22 was "Head of Corporate Finance & Strategy" and has been a member of the Executive Board since December 22, 2017.
- Adler19 was an employee of Meridien Capital Management Limited from at least October 2017 to April 2018. In the period April 2018 to July 2020, Adler19 was CFO of Consus Real Estate AG. Since October 2020, Adler19 has been CFO at Aggregate Holdings S.A., of which Extern31 is the sole shareholder. In addition, Adler19 was already employed by Aggregate Holdings S.A. from February 2018 to April 2018.
- Extern6 was an employee of Meridien for at least the period from 2018 to 2021. Capital Management Limited. In addition, Extern6 is an executive director of [REDACTED] [REDACTED], whose sole shareholder is [REDACTED] [REDACTED]. According to a company database, Extern6 is a "Managing Director" [REDACTED]

[REDACTED] owner of [REDACTED]. is Extern31. In addition, the email review also revealed that Extern6 was an employee of Aggregate Holdings S.A. at least in April 2018.

- Extern17 was an employee of Meridien Capital Management Limited as of at least August 2021. According to a LinkedIn profile, since August 2021, Extern17 has been Vice President - Corporate Development at Aggregate Holdings S.A., of which Extern31 is the sole shareholder. During the period from May 2015 to June 2021, Extern17 was an Associate at Bank5, according to a LinkedIn profile. The email review noted that in this capacity he was also involved in the acquisition of Adler Real Estate AG by ADO Properties S.A., beginning in December 2019 and ending in November 2020.
- Extern32 was an employee of Meridien Capital Management Limited at least in October 2018 and a shareholder (0.86%) of Adler Real Estate AG at least in February 2020. A further 1.94% in Adler Real Estate AG was held at that time by Wecken & Cie. of Basel, Switzerland, of which Extern32 is a limited partner and Extern33 is a partner with unlimited liability. In addition, Extern33 directly held approximately 12% in Adler Real Estate AG at least in February 2020.
- Adler34 has been an employee of Meridien Capital Management Limited for at least February and March 2017. Adler34, is former Vice President Finance at Brack Capital Properties N. V.

#### **Meridien Capital Management Limited as shareholder of Consus Real Estate AG**

According to an available email dated January 2, 2020 from Extern6 to Adler9 it can be reasonably assumed that Meridien Capital Management Limited is a shareholder of Consus Real Estate AG:

*"Consus management team simply takes days to answer our emails. No other company which we invest in does that."*

Although the email from Extern6 was sent from a Meridien Capital Management Limited email address, it cannot be conclusively ruled out that he is using "we" to refer to a company other than Meridien Capital Management Limited.

Based on the acquisition of a strategic investment in December 2019, a total of six shareholders of Consus Real Estate AG were identified. The beneficial owners of the shareholders could not be determined by KPMG. The shareholders held a shareholding in Consus Real Estate AG of 22.18 %.

As a result of the acquisition of further shares by exchange for shares in Adler Real Estate AG, nine shareholders of Consus Real Estate AG were identified on December 11, 2020. KPMG was unable to identify the beneficial owners of six shareholders. The shareholders held a 28.8 % share in Consus Real Estate AG.

Extern25 is a signatory to the statements of five British Virgin Island companies [REDACTED] Inc., [REDACTED] Inc., [REDACTED] Inc., [REDACTED] Inc., [REDACTED] whose beneficial owners could not be identified. In addition, Extern25 was signatory for Uccelini Limited, whose beneficial owner is Extern8.

#### 4.1.1.2.6 Links between Extern7 and the companies

##### Meeting between Extern7 and representatives of the Adler Group

Adler2, Adler22 and Adler8 told KPMG that they exchange information about the real estate market and projects with Extern7 on an irregular basis. This exchange can take place in person, over a joint meal or even by telephone. According to their statements, however, Extern7 does not intervene in day-to-day business.

Adler9, Adler17 and Adler10 also stated that they were aware of Extern7, but that there was no regular exchange.

The yacht of Extern7 was also used in part as a meeting place for the meetings with members of the Executive Board of Adler Real Estate AG. KPMG found various appointment arrangements between Adler8 and Extern7 in the emails, in some cases with additional persons. A meeting on September 7, 2017 was referred to as a "*strategy meeting*". An email with the subject line "*Strategy meeting with Extern7 on Yacht1*" indicated that Adler17 and Adler8 were on site from September 13-16, 2017. An email dated February 28, 2018, suggests that Adler22 and Adler8 Extern7 "*meet with each other on Thursday 15<sup>th</sup> [...], ideally on Yacht1.*"

E-mails were identified showing that members of the Executive Board of Adler Group S.A., Adler Real Estate AG and Consus Real Estate AG, respectively, had used Extern7's aircraft for private and business travel, as the following examples show:

- Carrying Adler8 and his wife after a Christmas party of the Meridien Capital Management Limited from London to Berlin in December 2017.
- Flight on April 25, 2018 of Adler26, former member of the Executive Board of SSN Group AG, from Baden Baden to Berlin and back, for a meeting between Extern7 and representatives of SSN Group AG. Adler25 requested the flight transfer from Extern12 and indicated that Extern7 approved it.
- Flight of Adler9 and Adler25 from Berlin to Cologne on December 14, 2019 and from Cologne to Berlin on December 15, 2019. The organization of the flight was done by Extern12.
- Flight by Extern7 and Adler19 to London on November 7, 2019. Adler19 has asked Extern12 to put him on the passenger list.
- Flight of at least Extern7 and Adler19 on December 2, 2019 from London. The background and destination of the flight are not clear from the email history.

##### Correspondence Extern7 and Management Board Consus Real Estate AG

Against the background of an internal reconciliation on the cash flow of Consus Real Estate AG dated February 26, 2018 between Adler19 and Adler25, Adler19 explained:

*"We will need to present this to Adler16 then Extern7 shortly, to agree a solution, and we need to make sure that the forecasts reflect what we would do versus what management want to do."*

On April 3, 2018, Extern7 wrote to Adler25 and Adler19, members of the Management Board of Consus Real Estate AG, regarding the planned publication of a press release by Consus Real Estate AG:

*"Guys, it was agreed to announce this pre market opening. Can we for once agree and execute on timetables?! After taking 4 months to put Adler19 in as cfo, this should not be such a big ask!!! I am fed up with how things run in this company."*

On July 5, 2018, Adler30, a member of the Supervisory Board of Consus Real Estate AG since XX. XX.20XX, wrote to Adler25 that an adjustment of the remuneration of the members of the Supervisory Board should be made and proposes:

*"We should clarify this with Extern7 and Extern31"*

For the appointment "*Meeting Adler10/Extern7*" on December 17, 2018, the presence of Adler25 was requested by Extern7. The assistant of Extern7 wrote:

*"Dear Adler25, Extern7 requires your presence to this meeting next Monday, along with Adler10 at CG office. "*

On February 6, 2019, Extern7 wrote to, among others, Adler25 under the subject line "*Disclosure Adler10 privately and through its private companies held real estate.*"

*"Adler25 Can you please ask for a listing of Adler10 as soon as possible according to the contracts as discussed? I am afraid that he is competing with CG in a big way."*

On May 4, 2019, External7 wrote to External6, Eagle25, Eagle19, and External4, among others:

*"To be clear: no one apart from this small group can know that Bank█ took a position on the bonds. Please keep it super super tight even inside your organizations. Thx".*

No further information on this was identified. Nor was it determined against what background Extern7 and employees of Meridien Capital Management

Limited were involved in this matter. KPMG has asked Consus Real Estate AG for a statement as to which bonds are involved, against what background the instruction to maintain special secrecy was given, and what role Extern7 had. KPMG was not provided with any information in this regard.

On August 11, 2019, External7 wrote to Adler19 and Adler25, among others, regarding financing issues at Consus Real Estate AG:

*"Guys go in determined and as killers and get it done on 2 weeks y don't start understanding the other side already before they said something".*

On December 20, 2019, Extern7 was informed by Extern24 that requested documents of CG Gruppe AG were available but would not be handed over on the instructions of the Executive Board of CG Gruppe AG. Extern7 then wrote to Adler25:

*"Adler25 I assume that you will intervene in these and other cases and implement the things we have discussed so that we create facts. if you need anything, get in touch."*

Further evidence of influence and direction by Extern7 can be found in various email responses dated December 30, 2019 and January 1 and January 6, 2020 from Extern7 to Adler19, among others:

*"Adler9/Adler19 Adler25 just learned from the deal team that consus numbers '19 need to be ready way earlier than anticipated in order for the second part of the deal to happen. where do we stand with this task?"*

*"Eagle19 sorry to say but this email answer is with what i expect! we need the delivery on time and I am surprised you guys are not on it already with full force! Eagle25, Eagle9?!"*

*"ideally we already have full control over everything through pur directors now so Adler9 goes directly to cg people to get things done."*

*"Adler25 and team can you pls respond to any email i am on cc in this matter within half an hour in future?!otherwise i dont see this working."*

On April 21, 2020, Adler10 wrote to Adler21 and Adler25 in an email with the subject line "Upcoming Consus RE/Gröner Group Project Acquisitions."

*"Dear eagle25, without principal orders of magnitude and conception in the rough we do not need to get together. [...] that these orders of magnitude determined by you are subject to the release of the Extern7 is clear."*

Adler25 confirmed this the same day by email to Adler10, Adler14, and Adler9, among others:

*"Hi Eagle10, that was exactly the plan, to discuss scale on Thu."*

Also identified was an email dated May 7, 2019, in which Adler19 inquires of Extern12 about a strategy meeting mentioned by Extern7.

*"Morning External12*

*Extern7 mentioned a strategy meeting on this Friday for Consus. There is nothing in my diary.*

*Do you know what he is referring to?"*

Extern7 urged Adler9 in an email dated January 2, 2020 to address the 2019 financial statements.

*"i thought that was fine!? Adler9 can you pls start communicating now????!!!! novody could reach you the last 10 days!"*

The email is addressed to Adler25, Extern6, Adler9 and Adler19.

Extern7 was invited to a meeting of the Extended Board of Consus Real Estate AG at least in one case, on January 17, 2019 (appointment name: "*Extended Board - Kick-off*"). The exact function of Extern7 within the Extended Board was not determined. KPMG was not provided with any information by Consus Real Estate AG on the background, the function, the members and the decision-making powers of the "Extended Board" were handed over.

In addition, according to an email from Extern24 dated February 2, 2019, Extern7 is named as a knowledge holder with the boards of Consus Real Estate AG and SSN Group AG:

*"If people here are now pretending that it's AFS [Aggregate Financial Services GmbH]'s fault that the financing isn't in place, we'll be happy to make a call with Extern7 and all the board members of Consus and SSN, and I'll explain the factual situation."*

An email dated May 5, 2019, was also identified, according to which Extern7 considers himself to be a representative of Consus Real Estate AG based on his choice of words and perspective. Under the subject "*Consus Bond*" he wrote to, among others, Extern31, Extern4, Adler10 and Adler25:

*"Last week Friday, the Consus corporate bond in the amount of 400 ME was successfully closed. [...] And of course we must continue to grow through acquisitions of properties in the top 9 cities at reasonable entry prices. We will discuss all of this in a short, medium and long-term plan shortly at a strategy meeting. I would like to express my sincere thanks to all those involved for their tireless efforts and belief in this company and its strategy."*

In an email dated April 17, 2020, Adler10 criticized an employee of CG Gruppe AG. Adler14, who received a copy of this e-mail in addition to Adler25 and Adler9, among others, forwarded this e-mail to Extern7 and adds that the employee

*"a super job currently in the restructuring of Consus RE".*

makes. Extern7 responds:

*"absolutely strengthen then please! and of course he doesn't have to report to eagle10 or have his approval."*

On the one hand, Extern7 takes a position here regarding an employee of CG Gruppe AG, and on the other hand, Extern7 defines reporting lines and approval processes.

A March 25, 2018 email from Extern26 to Extern7 with the subject line "*Extern7 NEEDS YOUR PUSH ON THESE ISSUES*" was identified, which Extern26 subsequently forwarded to Adler25. According to the email to Extern7, Extern26 needed.

*"Push from you on 3 topics:*

*1) FY 2017 Earnings Release date: Eagle19 is very very uncertain here yet. [...]*

*2) CG info on Landbank Purchase: I have some info on HAM/Werderteich. [...] Someone needs to provide some KPIs here. Who should supply/has best access here at CG. You direct email to eagle18? Do you want me to write?*

*3) AS share purchase: "We now have to show the market that at least 1 member of the Board of Management (namely the one at the front) also has aligned interest. This is a huge issue as you know."*

On January 19, 2018, Extern28, Management Director, Bank1, wrote to Adler27, Consus Real Estate AG, regarding trading in shares of Consus Real Estate AG:

*"today we keep seeing a market player putting pieces into the market via iceberg order at 8.40 euros".*

Extern7 responded the same day:

*"Do we know which bank the transferor is from?"*

*"What does the current shareholder list say? Who has sold? Does eagle20 still stand on it in shares, if so, with reduced number of shares?"*

According to an email from Extern24 to Adler25 dated October 24, 2018, Extern7 was also involved in the internet and brand presence of the Aggregate Group and Consus Real Estate AG:

*"We had talked last Tuesday with Extern7 about the fact that Aggregate is presenting itself differently with the Internet presence and the brand. This includes Aggregate, ADA and AFS as well as Consus. [...] We have the order from Extern7 to answer these things. "*

On January 4, 2019, Extern7 wrote an email with the subject "CC1 bond" to Adler19, Extern22, and Extern6:

*"How is the bond process for end of Jan running?"*

Later in this email, Extern7 responded to an email from Adler19:

*"Very good idea. Very happy you are on this so strongly. I am on the sales you mentioned. All going well. We will deliver on that side."*

On August 28, 2020, Extern10, on behalf of Extern7, inquired of an Executive Assistant about the whereabouts and current activities of Adler19 and Adler25:

*"Extern7 asked where Adler19 and Adler25 are currently and what they are doing? I was unable to reach eagle25 unfortunately, do you know what he is currently doing and where he is? I was able to reach Adler19, he is in [REDACTED] with his family until Thursday and is waiting to meet Extern7 to discuss further future steps."*

KPMG asked Consus Real Estate to explain in what capacity Extern7 required this information. No documents were provided to KPMG in this regard.

An email from Extern24 to Extern12 dated October 7, 2018 also indicates that Extern7 initiated a strategy meeting and influenced the group of participants:

*"as discussed with Extern7, can you please circle an invite/email with dates that are suitable for all below to join a strategy meeting on Consus and CG in Berlin or Frankfurt [...] pls confirm with Extern7 if Adler9 should join or anyone I missed".*

From Adler19's point of view, Extern7 was also a key figure with regard to Consus Real Estate AG. Adler19 responded in the context of a scheduling "*Fornightly Consus meeting*":

*"Ok, will Extern12 arrange? Extern7 is the key person who has to attend."*

KPMG has requested explanations as to why Extern7 is considered a "key person" by a member of the Board of Management of Consus Real Estate AG. No documents were provided to KPMG in this regard.

On March 18, 2019, External12 informed Eagle10, External31, External7, External24, and Eagle19, among others, about the "*Consus/CG Group SSN Strategy Meeting*" date:

*"Per Extern7 instructions, we have now changed the strategy meeting from 09/04 to 05/04 in Berlin for the same time period. Adler10 has also confirmed."*

*Below are the wordings from Adler10 from his original invitation, I hereby included it also.*

*"On behalf of Extern31, Extern7, Adler25 and Adler10 we invite you to the strategy meeting in Berlin. We have agreed that in the future we will meet in this line-up every 4-6 weeks in order to organize the communication on the level of the principals, Consus Realestate AG and its subsidiaries on a long-term and regular basis. AFS will also be involved in the discussions. ""*

KPMG has asked Consus Real Estate to explain against what background Extern7 was invited to this and the planned regular meetings and what was discussed during the meeting. No documents were provided to KPMG in this regard.

On April 4, 2019, the "*Preparation meeting for CG/Consus strategy meeting*" took place between, among others, Adler25, Adler9 and Extern7. Due to the temporal and thematic connection, it can be reasonably assumed that this preparatory meeting referred to the date "*Strategy meeting Consus/CG Group SSN*" on April 5, 2019, where a date shift occurred, which was communicated as follows:

*"Dear all, Per Extern7 instructions, we will now start the meeting at 11am CEST on 05/04, at CONsus OFFICE in Berlin"*

In addition, an email with the subject "*Urgent call for tonight requested!!! CC Extern7 numbers still not out, whilst gateway is coming to market on monday!*" dated October 5, 2018 sent from Extern7 to, among others, Adler25, Adler19, Extern6, Extern24, and Extern4 identified. No further information is included in the email, so the background of this message could not be determined.

## Request loan

An email dated December 11, 2019 was identified, according to which Adler8 asked Extern7 and Extern4 for EUR 1.8 million in financing for a project in another, planned transaction.

*"Hello Extern7, hello Extern4, as already discussed we would need your equity-support for this project. [...] In a first step we would need EUR 1,8 Mio [...] Could you please transfer this amount to the account of [REDACTED] [...]."*

A copy of the e-mail was sent to Extern1. Extern1 is a shareholder of several companies that have [REDACTED] as a company component. It was not determined whether the financing was implemented in this way. Likewise, it is not apparent why Extern7 was requested as a lender.

## Personnel decisions at Adler Real Estate AG, Consus Real Estate AG and CG Gruppe AG

In several cases, Extern7 was involved in personnel matters at Consus Real Estate AG and Adler Real Estate AG and in some cases actively influenced decisions:

On January 11, 2017, Adler6 wrote a draft email to himself, but addressed to Extern7. In this draft, he requested a salary increase for himself as well as for Adler17, Adler8, Adler32 and Adler22. Based on the email, it can be seen that Extern7 is actively influencing the compensation of the Executive Board members:

*"Hi Extern7, As promised I am putting down my thoughts in regards to executive pay for myself, Adler17, Adler8 and Max given he will soon be part of the Adler team directly. The background is that we had a chat this Summer and you had asked me to speak to Adler17 so that I could align my compensation with his "*

Whether Adler6 finally sent this e-mail to Extern7 and, if so, whether and to what extent Extern7 reacted to it, was not determined.

On January 12, 2017, Adler17 wrote to Adler22 regarding his employment agreement:

*"attached is a first draft of your employment contract. still open is the "position", salary and number of pieces of options. we should finalize this then on Monday/Tuesday when Adler6 and Extern7 are/were there."*

Adler22 was appointed to the Executive Board of Adler Real Estate AG in December 2017 and was Head of Corporate Finance & Strategy of Adler Real Estate AG at least in May 2017. It has not been determined whether the above email is attributable to the employment contract for the position as Head of Corporate Finance & Strategy.

Extern7 was also involved in the drafting of Extern3's employment contract for his position on the Management Board of Consus Real Estate AG in September 2017. On September 13, 2017, Extern3 wrote to Adler16:

*"Tuesday I am in the office. Extern7 promised me an appointment regarding my contract. I would like to have this ready before the AGM."*

On December 7, 2017, Extern7 wrote regarding a potential hire of an unspecified individual named Extern34:

*"Guys, who is Extern34? Can we see a CV?"*

On July 19, 2018, Adler25 forwarded to Extern7 the resume of Adler1, who was an Associate Director at Consus Real Estate AG in at least December 2018. No further information on this was identified.

On February 6, 2019, Extern7 informed Adler25, among others, about another personnel issue:

*"I'm meeting [Adler10] today because of the Extern19 issues. At 10.30 and there he really wanted to "casually" introduce his CFO candidate to me."*

It was not determined who the CFO candidate was. A few days later, Extern7 as well as Extern4 were involved in another personnel matter. On February 10, 2019, Extern22 wrote to Adler19 and Adler25 and copied to Extern4, Extern12 and Extern7, among others:

*"Extern12 will arrange a call tomorrow with Extern4, Extern7 and myself to see how we have progressed with the following. Who have you hired for the IR position and did Extern7 meet the candidate as agreed? I understand ther is an interim candidate who its it? "*

On June 17, 2019 Adler14 wrote to External7:

*"Dear Extern7, in anticipation of our appointment today at 14 h in your house, I send you, as requested, the CVs of Adler21 and me to".*

Extern7 then forwarded the email to Adler25. As of March 20, 2020, Consus Real Estate AG appointed Adler14 as Chief Development Officer.

On May 7, 2020, Adler4, former Group Strategy Officer of Consus Swiss Finance AG wrote to Adler9:

*"[...] I ask that we take all necessary steps as discussed with Extern7 to close [...] my personal target agreement with Consus Liaison GmbH (1.00 % bonus of the sales volume of the Wilhelm project). [...] to confirm in writing the payment of my 2019 bonus as well as to schedule it. "*

Adler9 then asks Extern7 whether this was discussed with him. The answer to this could not be identified.

In the temporal context, three e-mails with the subject "*Termination of our employment relationship*" were identified in which Adler4, Adler9 and Extern7 were exclusively involved. The content of the e-mails is subject to privilege principles and could not be viewed by KPMG.

In which function Extern7 was involved in these personnel decisions was not determined. KPMG has asked Consus Real Estate AG for explanations in this regard. No documents were provided to KPMG in this regard.

#### **Involvement in decisions of CG Gruppe AG**

An email history was identified showing that Extern7 was involved in the selection of CG Gruppe AG's annual auditor. On May 9, 2019, Adler10 was informed by Adler7, CG Gruppe AG, as follows:

*"We will definitely get a new auditor. Either KPMG or Berater1".*

In the following, Adler10 advocates "Consultant1", forwards the e-mail to Extern7 and asks for his preferences ("*Extern7 - what do you think?*"). Extern7 then replies:

*"I am also in favor of consultant1 even if we need to negotiate fees etc better.... and certain processes...".*

In which function Extern7 was involved in this decision was not determined.

In addition, indications were identified that Extern7 is a shareholder of CG Gruppe AG and is involved in significant decisions. Email dated July 18, 2019 was identified in which Adler10 asks Extern7 for an appointment regarding various topics. Among other things, Adler10 addresses his own future role at Consus Real Estate AG:

*"Hello Extern7, [...] for me a possible change is now becoming tangible - because at the latest in the III quarter 2020 my shares of the CG Group will be changed into shares of Consus together with payment of the agreed cash share. So we should start now to install me firmly on the Consus level (CEO) or prepare my departure".*

Extern7 agrees accordingly by e-mail of the same day and asks to organize an appointment via Extern12 and Adler10 assistant. In copy are Extern31, Extern12 and Adler25.

In addition, in an email dated September 8, 2019, Adler10 Extern7 explains the background of a newspaper article about modular construction methods. In this regard Adler10 writes

*"Sorry but you are invested in the company that doesn't talk but implements the most modern and best that will exist in the world in 2020. That will have something to do with a yacht and not an inflatable rubber boat."*

KPMG is not aware that Extern7 was a shareholder of CG Gruppe AG. Extern7 does not address the suggestion on the part of Adler10 in its reply e-mail. Adler10 has explained to KPMG that he has no recollection of having done any business with Extern7 in the last five years.

An email dated October 6, 2019 from Adler10 to Adler25 regarding the "Future of CG Group" was also identified, in which Adler10 records possible outcomes of negotiations with Extern7:

*"1) Extern7 gives priority to the goal of establishing the VW of the real estate industry with me under my leadership in Germany. (I consider this unlikely)*

*2) We replace the aggregates as the main shareholder in Conus with investors from my sphere of influence and I become CEO of Conus.*

*3) We agree on my exit as soon as the completion of all important projects becomes foreseeable. The VW of the real estate business will then take place in my new sphere of activity."*

In November 2019, Adler10 , as can be seen from the email review, named as a condition for a merger between CG Gruppe AG and Conus Real

Estate AG "*an agreement of the major shareholders (...) Extern31/Extern7*" with himself. In the further course, Extern7 coordinates such an appointment and also determines the group of participants, which includes, among others, Extern31 as well as board members of Conus Real Estate AG and CG Gruppe AG. Adler10 submits two alternative proposals for the proposed date, but initially offers to cancel all his appointments for the meeting with Extern7 on the relevant day and to attend the appointment with Extern7.

In January 2020, Adler10 sends an e-mail to Extern7 and Extern19 in which he discusses the conditions for his future exit from Conus Real Estate AG. Copied into this email is an email from December 2019 that Adler10 had sent to Adler25. In it, Adler10 repeatedly refers to agreements previously made with Extern7:

*"Extern7 has clearly and unambiguously reiterated that there is no discussion about the [REDACTED] location and that this location is granted to me"*

In addition, Adler10 announces a meeting with Extern7 to reach a conclusion on these issues:

*"I will try to meet with Extern7 in the first 10 days of January (...). Then it should be possible to find a solution among the principals. I am quite sure about that"*

In addition, Adler10 expects a proposed date from Extern7 and Extern19 "*in order to fix the foundations of a possible agreement.*"

The possibility of external7 influence on CG Gruppe AG can be verified after evaluation of the e-mails.

#### **Instructions for the payment of invoices**

On September 4, 2020, Extern30, [REDACTED] Berlin, sent Extern7 an invoice related to consulting services in the context of the grain test storage facility. On December 29, 2020, Extern7 forwarded the email history to Adler8 with the following request: "could you please do that". Adler8 then confirmed to Extern7 that he would look into it and has asked Extern30,

*"the invoice (39x150=EUR 5.850,00) to KVS Kornnversuchsspeicher GmbH<sup>5</sup> for my attention to the address Am Karlsbad 10 in 10785 Berlin".*

to address. Adler Real Estate AG confirms to KPMG that there was no written contractual basis between [REDACTED] and Adler Real Estate AG or RIV Kornspeicher GmbH, Berlin. Instead, according to Adler8 , Extern30 "provided us with advice on an hourly basis". In this respect, it cannot be conclusively determined whether Extern7's request to Adler8 to assume the payment was appropriate.

In addition, an email from Extern12 dated July 5, 2018 to Adler25 was identified, pursuant to which Extern7 instructed Consus Real Estate AG to cover the costs of an investor event:

*"Regarding Consus capital increase investors event on 12/07 and 18/07 in London and Istanbul, Extern7 said Consus should cover the event costs. Please see below for an invoice for the 12/07 event in [REDACTED] in London. Invoice for Istanbul should follow shortly".*

#### **Involvement in budgeting issues of Adler Real Estate AG**

In an email dated March 20, 2020, Adler28, an employee of Adler Real Estate AG, in connection with the 2020 budget at Adler22 the relevance of a "vision of [REDACTED]", where [REDACTED] could refer to [REDACTED]:

*"I can provide the numbers from Adler2 but 1million MKT budget? The vision of [REDACTED] is different or does that not matter?".*

KPMG does not have any further information or a response from Adler22 in this regard.

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<sup>5</sup> A company with this or a very similar name was not identified in the Commercial Register or in the Trade Register of Berlin. Upon request, Adler8 explained that the information refers to RIV Kornspeicher GmbH, Berlin.

#### 4.1.1.3 External8

The Viceroy report makes the following significant comments regarding External8 in relation to External7:

Quote	Source
External8 Wife of Extern7 and sister to Extern29, Extern8 often functions as a stand-in for Extern7 in various holding corporations.	Viceroy I, Page 39
Extern8 is an architect by trade without any experience in managing real estate or finance. She is listed as the owner of Bassan S.A.M., one of the main owners of Adler through its ownership in Mezzanine IX	Viceroy II, Page 5

Table 12: Comments in the Viceroy report on Extern8 in relation to Extern7

**The representation that Extern8 is the wife of Extern7 is correct according to the documents available to us.**

**Extern8 directly holds shares in Adler Group S.A. and, at least in the past, indirectly held shares in Adler Real Estate AG. The allegation that Extern8 acts on the instructions of Extern7 can neither be verified nor refuted on the basis of the documents provided. There are no indications of this in the documents provided to us, but this cannot be ruled out due to the close relationships.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

##### 4.1.1.3.1 Related party to External7

Extern8(born XXxx) is married to Extern7 according to written information from Adler Real Estate AG to KPMG and is the sister of Extern29. In addition, several e-mails were identified from which a marriage between Extern8and Extern7 can be inferred. In addition, Adler10 confirmed to KPMG the family connection with Extern8 and Extern29.

##### 4.1.1.3.2 Corporate law links to the Adler Group

###### **Adler Group S.A.**

Extern8 has held a 7.44% share in Adler Group S.A. via Uccelini Limited, Nicosia, Cyprus, and Kanzelhöhe GmbH, Berlin, since December 30, 2021.

Since January 2021, Uccelini Limited has been the sole shareholder of Uhlandstraße Investments GmbH, Berlin, general partner of Uhlandstraße Investment III GmbH & Co. KG, Berlin. The latter two companies also hold shares in Adler Group S.A.

In the period from January 2014 to January 2021, [REDACTED], Berlin, was the sole shareholder of [REDACTED]. The sole shareholder of [REDACTED] is Extern1. Extern1 is also a shareholder of [REDACTED] GmbH, Berlin. Together with Adler Group S.A., [REDACTED] GmbH holds interests in a number of project companies.

#### **Mezzanine IX Investors S.A.**

Extern8 was, at least as of December 2019, the indirect beneficial owner of Mezzanine IX Investors S.A. (29.94%), which held a 14.4% stake in Adler Real Estate AG at that time.

#### **New Design Ltd**

Extern8 has been the sole shareholder of Neue Design GmbH since June 2018. Neue Design GmbH and Extern7 have been involved in planning around the grain test storage facility. In addition, Extern9 was an authorized signatory of Neue Design GmbH from May 2018 to April 2021 and Extern29 from April to November 2021.

According to an email history from June 2021, Adler2 informs Adler3, managing director of Neue Design GmbH, that Neue Design GmbH must change its registered office, otherwise Adler Group S.A. will not be able to sign a contract or release payments:

*"As discussed several time swith Adler23 you need to change the place of register of your company. The notary of the group could help you for that. We will not be able to sign the contract and make payment before it is solve".*

Adler2 explains to KPMG that this was necessary for image reasons and that it would be good to have a company in the team that is based in Brandenburg and not in Berlin. Since Neue Design GmbH had several locations, Adler2 had requested this. Neue Design GmbH has moved its registered office from Berlin to Stralsund with effect from November 9, 2021. KPMG is not aware of the background to this.

#### 4.1.1.4 External29

The Viceroy report makes the following key comments about Extern29 in relation to Extern7:

Quote	Source
Two entities come up again and again in Adler's dealings: Aggregate Holdings SA and Mezzanine IX Investors SA. Mezzanine IX Investors SA is a Luxembourg entity controlled by Extern7 through his associates: the company is 66 % owned by Extern7 wife Extern8 and Extern29.	Viceroy I, Page 9
Brother of Extern8 and brother-in-law to Extern7, Extern29 serves the same function as his sister as a cat's paw for undisclosed related party transactions and inflating the value of Extern7 companies.	Viceroy I, page 39
The Commission's Report (section 54) specifically stated that Extern29 actions regarding his investments are always aligned with the wishes of Extern7 and that it was unclear where Extern29 obtained the funds for his acquisition of Bondi Beteiligungs GmbH.	Viceroy II, page 6
Spree is controlled by Extern29, Extern7 brother in law. Accordingly, Spree is another company controlled by and ultimately owned by Extern7.	Viceroy II, page 11

Table 13: Comments in the Viceroy report on Extern29 in relation to Extern7

**The representation that Extern29 is the brother-in-law of Extern7 is correct according to the documents available to us.**

**Extern29 has indirectly held shares in Adler Real Estate AG at least in the past. In addition, Extern29 has carried out individual transactions with Adler Real Estate AG. There is therefore a connection under company law and business with Adler Real Estate AG.**

**The allegation that Extern29 acts on the instructions of Extern7 can neither be verified nor refuted on the basis of the documents submitted. There are no indications of this in the documents provided to us, but this cannot be ruled out due to the close relationships.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

##### 4.1.1.4.1 Relationship to Extern7

According to written information from Adler Real Estate AG, Extern29 is the brother of Extern8 and brother-in-law of Extern7. In addition, Adler10 has confirmed to KPMG the family relationship to Extern8 and Extern29.

In addition, the report of the Austrian Takeover Commission, Vienna, Austria, dated November 22, 2016, confirms this relationship in pseudonymous form.

#### 4.1.1.4.2 Corporate links to Adler Group S.A.

##### **Mezzanine IX Investors S.A.**

At least in December 2019, Extern29 was indirectly the beneficial owner of Mezzanine IX Investors S.A. (33.33%), which held a 14.4% share in Adler Real Estate AG at that time.

##### **"Spree Companies"**

In addition, several transactions with group companies of Adler Group S.A. were identified in which Extern29 or its affiliated companies ("Spree companies") were involved as acquirers or sellers.

In the "Gerresheim" transaction, Spree Dritte Holding GmbH and Spree Erste Beteiligungs GmbH acted as contracting parties. In this transaction, Spree Dritte Holding GmbH acquired 75% of the shares in Glasmacherviertel GmbH & Co. KG from group companies of Brack Capital Properties N.V., a listed 70% subsidiary of Adler Real Estate AG. Estate AG. Spree Dritte Holding GmbH, whose sole managing director is Extern29, is a subsidiary (100%) of Spree Erste Beteiligungs GmbH. The managing director and shareholder (100%) of Spree Erste Beteiligungs GmbH is also Extern29. Extern29 is thus the ultimate acquirer in the Gerresheim transaction.

Via Spree Beteiligungs GmbH, Extern29 indirectly holds an interest in Spree Generalbauunternehmen GmbH, Berlin, whose current managing director and shareholder (49%) is Extern9. According to findings from the e-mail review, Extern9 is the brother of Extern7. In addition, Extern9 and Extern7 have common links under company law.<sup>6</sup> KPMG did not identify any direct or indirect connection under company law between Extern7 and SPREE Dritte Holding GmbH.

In 2019, Adler Real Estate AG resolved to acquire 89.99% of the shares in the property company Eurohaus Frankfurt AG from Spree Zweite Holding GmbH. Spree Zweite Holding GmbH, whose managing director is Extern29, is a subsidiary (100%) of Spree Erste Beteiligungs GmbH. Managing Director and shareholder (100%) of Spree Erste Beteiligungs GmbH is also Extern29. Extern29 is therefore the seller in this transaction.

The email review identified a written confirmation of an agreement reached between Adler Real Estate AG and Spree Zweite Holding GmbH regarding the "Eurohaus Share Purchase Agreement" dated July 25, 2019. The document is addressed to "Extern29". The confirmation was signed by Adler22 and a representative of Spree Zweite Holding GmbH, who could not be identified beyond doubt. According to the agreement, Adler Real Estate AG waived execution conditions of the Eurohaus share purchase agreement, while [REDACTED] undertook to subsequently obtain the approval of [REDACTED] [REDACTED] and to bear the associated costs. In addition, a financing commitment of [REDACTED] [REDACTED], was addressed to Extern29, so that an involvement in the financing of the

<sup>6</sup> Extern7 and Extern9 have each held 0.5% of the shares in [REDACTED] (formerly: [REDACTED] GmbH) since October 2004. The remaining 99% are held by [REDACTED]. Extern9 is a former authorized signatory of [REDACTED], Berlin, in which Extern8 is the sole shareholder. Extern29 is also a former authorized signatory.

transaction can be assumed. Furthermore, Extern29 was involved in a copy of an e-mail correspondence dated December 4, 2019, in which reminders and enforcement notices against Eurohaus Frankfurt AG were addressed. In this course, Adler22 agreed to a shareholder loan requested by Extern1.

The email review also indicates that an unspecified Spree company was to become a limited partner of the Brookline Capital Limited Partnership fund in late July 2019. Various Spree companies are backed by Extern29; the fund is controlled and managed by Extern13. The hints from the July 26, 2019 conversation are related to subsequent agreements on the payment of the purchase price of the 2017 "Accentro" transaction between Adler Real Estate AG and companies controlled by Extern13. The indications coincide with a structure chart available to KPMG from the email review attached to an email from Adler24 to representatives of the Adler Group with the subject "*WG: Accentro AG\_Letter to BaFin*" dated October 26, 2017. According to this, there are two or "possibly" three investors behind Brookline Capital Limited Partnership (without naming names).

Also in 2019, Adler Real Estate AG (94.9% each) together with Taurecon Invest VII GmbH (5.1% each) acquired a total of 100% of the shares in the two property companies Spree Zweite Beteiligung Ost GmbH and Spree Röbellweg 2-10 Verwaltungs GmbH. The previous shareholders and sellers of the property companies are Extern15 and Spree Holding GmbH. Spree Holding GmbH, whose managing director is Extern29, a subsidiary (100%) of Spree Erste Beteiligungs GmbH. The managing director and shareholder (100%) of Spree Erste Beteiligungs GmbH is also Extern29. Extern29 is part of the seller side in this transaction.

#### New Design Ltd

Extern29 was an authorized signatory of Neue Design GmbH, whose sole shareholder is Extern8, from April to November 2021. Previously, Extern9 was an authorized signatory of Neue Design GmbH from May 2018 to April 2021.

#### Transaction Caesar

In the "Caesar" transaction, Adler Real Estate AG sold "non-core" units to the joint venture company Caesar JV Immobilienbesitz und Verwaltungs GmbH, which was newly established by Adler Real Estate AG or its subsidiary Münchener Baugesellschaft GmbH (25%) and Repetite Deutschland GmbH (75%) in the course of this transaction. As of January 2, 2022, Repetite Deutschland GmbH is held by Repetite S.A. (100%). Repetite S.A. is a subsidiary (100 %) of Paros S.A., whose managing director and shareholder (100 %) is Extern29.

In the email review, an email dated December 2, 2020 was identified in which Adler22 is requested to release a payment in the amount of EUR 6 million to Spree Dritte Holding GmbH. In this regard, Adler Real Estate AG informed us that the payment was made so that Spree Dritte Holding GmbH could participate in a structuring of the refinancing following the sale of Caesar JV Immobilienbesitz und Verwaltungs GmbH, if necessary. However, this refinancing did not materialize, so that, according to Adler Real Estate AG, Spree Dritte Holding GmbH *"immediately repaid the funds received. The balance with SPREE was accordingly balanced as of December 31, 2020."*

## **Partners Real Estate Capital Management**

According to a "Structure Chart" attached to an email dated May 25, 2020 and sent in connection with KYC obligations by [REDACTED] to representatives of Consus Real Estate AG, including Adler9 and Adler18, both Extern13 ("Control&Mgmt") and Extern29 ("Capital") each have an interest in Partners Immobilien Capital Management Limited Partnership through one or more entities.

### **4.1.1.5 External13**

The Viceroy report makes the following key comments about External13 in relation to External7:

Quote	Source
On October 20, 2017, Adler announced the "sale" of 80% of its Accentro subsidiary to "a partnership advised by Vestigo Capital Advisors LLP" for EUR 181m. (...). Some of the purchase price remains outstanding.	Viceroy I, Page 44
The immediate acquirer of Accentro was Brookline Real Estate Sarl. Extern13 was a director of Brookline Capital LP, the owner of Brookline Real Estate as well as the managing director of advising entity Vestigo.	
(...) As of Q2 2021 Adler still holds EUR 60.4m in purchase price receivables (including interest) on its books relating to Accentro.	
Still unwilling or unable to pay Adler for Accentro, Extern13 then turned to Consus. On May 20, 2020, Consus announced the sale of 8 development projects to Partners Immobilien Capital Management for an undisclosed price. Viceroy question whether any price was paid at all as there is no disclosure about the acquisition in its filings for Q2 or Q3 2020.	Viceroy I, Page 47
Extern13 is listed as the beneficial owner of Partners Immobilien Capital Management Holding Sarl, a Luxembourg company incorporated the day before with Extern13 listed at its beneficial owner.	
(...) Extern13 has a history of non-payment for Adler properties and has ties to suspected fraud, money laundering and murder.	Viceroy I, Page 48
For all intents and purposes, it appears as though Consus gave away 8 development projects (6 of which were in the top 25 projects as claimed by Consus in its press release) for negligible upfront consideration.	
(...) With Adler still awaiting payment from the Accentro deal conducted almost 4 years ago, we doubt whether Consus will be seeing any consideration anytime soon.	

Table 14: Remarks in the Viceroy report on Extern13 in relation to External7

**Extern13 has carried out individual transactions with Adler Real Estate AG. For the transactions and the allegations regarding parts of the purchase price not yet paid, please refer to section 4.1.2.**

**The allegation that Extern13 is acting on the instructions of Extern7 can neither be verified nor refuted on the basis of the documents submitted. There are no indications of this in the documents provided to us.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

#### 4.1.1.5.1 Personal connections to External7

A press article published by WirtschaftsWoche<sup>7</sup> on November 5, 2021 states the following:

*"Extern13 says that he knows Extern7, as everyone in the real estate industry knows him, and that they once had professional contact. However, there is no business relationship. He and his companies do not work for or on the instructions of Extern7."*

A further personal connection to Extern7 cannot be verified by KPMG.

#### 4.1.1.5.2 Corporate law links to Adler Group S.A.

The link between Extern13 and Adler Group S.A. is formed by the Accentro transaction and the Raffa transaction.

#### Vestigo Capital Advisors LLP

Extern13 is a shareholder (at least 75%) of Vestigo Capital Advisors LLP and thus indirectly controls Brookline Real Estate S.à r.l. Extern13 was involved as an investor in the negotiations for the sale of Accentro Real Estate AG to Brookline Real Estate S.à r.l., (see section 4.1.2.4).

#### Partners Real Estate Capital Management LP

Extern13 is General Partner (at least 80%) of Partners Immobilien Capital Management LP, which holds 100% of the shares in Partners Immobilien Capital Management Holding S.à r.l.. Partners Immobilien Capital Management Holding S.à r.l. is the sole shareholder of Ajos RE 1 GmbH, which concluded the purchase agreement with Consus Real Estate AG in the Partners Immobilien transaction. For further information on this transaction, please refer to section 4.1.2.6.

In addition to Extern13, Extern29 and Extern31 are also associated with Partners Immobilien Capital Management LP. Extern31 is associated with a fund called Partners Immobilien Capital, according to a press article in Immobilien Zeitung on August 13, 2020. Extern29, as sole shareholder of [REDACTED] holds an interest in Partners Immobilien Capital Management LP, the amount of which is not known to KPMG. This can be seen from several "Structure Chart[s]", which differ slightly in content, that KPMG identified in the email review. However, it was also possible to identify a "Structure Chart" that exclusively shows Extern13 behind Partners Immobilien Capital Management LP.

#### Corestate Capital Holding S.A.

Extern13 indirectly held 9.9% of the shares in Corestate until November 26, 2021. Capital Holding S.A. There are several business connections between Adler Group S.A. and Corestate

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<sup>7</sup> <https://www.wiwo.de/my/unternehmen/dienstleister/immobilienwirtschaft-das-reich-des-cevdet-caner/27767210.html>; last accessed April 5, 2022.

Capital Holding S.A. According to a half-year 2021 results presentation of Adler Group S.A. dated August 31, 2021, it was planned to sell three real estate projects to Corestate Capital Holding S.A. at that time.

In June 2021, Consus Real Estate AG reacquired one of the real estate projects sold to Corestate Capital Holdings S.A. (see section 4.1.2.6).

Corestate Capital Holding S.A. also acquired Aggregate Financial Services GmbH (now trading as Corestate Bank GmbH) in May 2021. The previous shareholder of Aggregate Financial Services GmbH since March 2018 was Extern31, which held between 70% and 100% of the shares. Only four days after Extern31 sold its shares to Corestate Capital Holdings, Extern31 also sold its shares in Corestate Capital Holding S.A. on November 30, 2021.

#### 4.1.1.6 External31

In the Viceroy report, the following key comments are made about Extern31 in relation to Extern7:

Quote	Source
Despite the eventual collapse of Level One, Extern31 and Extern7 have remained close with Aggregate allegedly carrying out Extern7 instructions to the letter.	Viceroy I, Page 9
Extern31 Extern31 is the founder of SKIDATA: allegedly a major investor in the Level One scheme. Despite losses sustained, he appears to trust Extern7: former employees of his investment vehicle Aggregate Holdings say that the company follows Extern7 orders often acting in party with Adler and Mezzanine IX Investors.	Viceroy I, Page 39

Table 15: Comments in the Viceroy report on Extern31 in relation to Extern7

**The representation that there is a personal connection between Extern31 and Extern7 is accurate.**

**Extern31 held shares in Adler Group S.A. via Aggregate Holdings Invest S.A. and, according to information provided by Extern7, paid the latter for consulting services provided by Aggregate Holdings Invest S.A..**

**The allegation that Extern31 acts on the instructions of Extern7 can neither be verified nor refuted on the basis of the documents submitted. There are no indications of this in the documents provided to us, but this cannot be ruled out due to the close relationships.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

#### 4.1.1.6.1 Personal connections to External7

According to an October 2021 press interview by Extern7 in WirtschaftsWoche<sup>8</sup>, he has known "Extern31 for 24 years." In an October 22, 2021 Börsen-Zeitung press article, Extern7 claims to have been friends with Extern31 "for over 20 years" and to have helped Extern31 "enter the German real estate market." In addition, Extern7 was paid by Extern31 for consulting services to Aggregate; however, only when Extern7 had "made deals with Aggregate" and had "a contract in each case."

#### 4.1.1.6.2 Corporate law links to Adler Group S.A.

##### Aggregate Holdings Invest S.A.

Extern31 is the beneficial owner of Aggregate Holdings Invest S.A. as of October 13, 2020, by indirectly holding 100 % of the shares. Until February 2022, he held 26.59% of the shares in Adler Group SA. On February 22, 2022, it was announced via the portal "dgap.de" that 20.5 % of the shares in Adler Group S.A. had been transferred from Aggregate Holdings Invest S.A. to Vonovia SE. The following additional information was taken from a press article published by "Der Aktionär" on February 22, 2022:

*"[Vonovia] had secured a 20.5% stake in [Adler SA] by way of pledge realization. However, the previous owner, Aggregate Holdings, does not want to accept this.*

*As Vonovia announced on Tuesday, the shares had been pledged as collateral for a loan of €250 million that Vonovia had granted to Aggregate Holdings Invest, previously Adler's largest shareholder, in October last year by redeeming a bank loan. [...]*

*Aggregate appears to have been unable to understand Vonovia's action. As the company announced a few minutes ago, this contradicts a clear agreement between Aggregate and Vonovia that the loan, which was secured with Adler shares, was a strategic one. Aggregate is therefore conducting a legal review of the impact of this measure, it said."*

In addition, Fairwater Multi-Strategy ICAV, a real estate fund controlled by "Aggregate" according to a Bloomberg press article dated October 18, 2021, held an additional 5.5% in Adler Group S.A. until shortly after the Viceroy report was published in October 2021. Adler15 was an employee of Fairwater Multi Strategy Investment ICAV at least as of March 2019 and has also been a member of the Supervisory Board of Adler Real Estate AG since May 30, 2018. In addition, a "Structure Chart" from Fairwater Multi Strategy Investment ICAV was identified as an attachment to an email dated November 19, 2019. The chart shows that █ with 49% and █ with 51% are the beneficial owners of Fairwater Capital Holdco Limited, Malta, which in turn are shareholders of Fairwater Multi Strategy Investment ICAV, Ireland, via Fairwater Capital (Malta) Limited, Malta, and Mirabella Malta Limited (AIFM), Malta. Whether "XX" stands for Adler15 and "YY" for Extern14 has not been conclusively determined.

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<sup>8</sup> <https://www.wiwo.de/my/finanzen/immobilien/cevdet-caner-zur-adler-group-ein-fondsmanager-hat-genau-skizziert-wie-er-uns-fertig-machen-will/27710984.html?ticket=ST-1133069-n2HI52fs5jCVMsSe60Ye-ap5>; last accessed April 5, 2022.

According to a press report of the Financial Times<sup>9</sup> dated March 16, 2022, there is a business connection to Uccelini Limited via a Cypriot subsidiary of Aggregate Holdings S.A., Solenti Limited, through which Extern8 holds a shareholding of 7.44% in Adler Group S.A.. Solenti Limited is said to have lent its shares in Adler Group S.A. to Uccelini Limited, which Uccelini Limited used to obtain a bank loan. Limited received a bank loan. KPMG was unable to verify this transaction.

Extern7 stated in an interview with WirtschaftsWoche on October 16, 2021<sup>10</sup> to have "*accompanied a handful of transactions for Aggregate*" or to have "*advised Aggregate from transaction to transaction*" and to have made only "*deals*" with "*Aggregate*" in which he had "*a contract in each case*" and had been paid by Extern31.

Aggregate Holdings S. A. was a related party of Adler Group S.A. from July 2020 to February 2022. Adler Group S. A. has traded in several transactions via banks in bonds issued by Aggregate Holdings S.A. Adler Group S.A. holds a bond of Aggregate Holdings S. A. (security identification number DE000A28ZT71). On September 20, 2021, Adler Group S.A. significantly increased the shares in this bond. According to Adler Group S.A., no further bonds of Aggregate Holdings S.A. were acquired after September 20, 2021. Adler Group S.A. has given various reasons for the increase that took place. On September 20, 2021, in particular, the price for a purchase had been considered advantageous by the management. The assets of Aggregate Holdings S.A., which includes Adler Group S.A., were also "*well known*" to the management of Adler Group S.A. and the interest rate was "*very attractive*". Furthermore, there is no reason to doubt the repayment of the bond by Aggregate Holdings S.A..

#### **Partners Real Estate Capital Management**

Extern31 is associated with the fund "Partners Immobilien Capital" according to a press article in the Immobilien Zeitung of August 13, 2020. This information could not be verified by a second source. Extern7 has stated in an interview with WirtschaftsWoche that he himself, his family, Extern31 and Aggregate Holdings Invest S.A. have "*absolutely nothing at all*" to do with Partners Immobilien Capital Management<sup>11</sup>.

#### **Corestate Capital Holding S.A.**

Extern31 owned company shares in Corestate Capital Holding S.A. amounting to 19.73% until November 30, 2021. According to a presentation of the results of Adler Group S.A. in the first half of 2021, there are business connections between Corestate Capital Holding S.A. and Adler Group S.A.. Holding S.A. and Adler Group S.A. At that time, it was planned to sell three real estate projects to Corestate Capital Holding S.A. The sale was expected to take place in the second half of 2021:

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<sup>9</sup> <https://www.ft.com/content/f84a7e83-02ed-4f46-9b46-d68120a6140f>; last accessed April 5, 2022.

<sup>10</sup> <https://www.wiwo.de/my/finanzen/immobilien/cevdet-caner-zur-adler-group-ein-fondsmanager-hat-genau-skizziert-wie-er-uns-fertig-machen-will/27710984.html?ticket=ST-1113414-gelYe7Mq9tHJK5MeI59v-ap5>; last accessed April 5, 2022.

<sup>11</sup> <https://www.wiwo.de/my/finanzen/immobilien/cevdet-caner-zur-adler-group-ein-fondsmanager-hat-genau-skizziert-wie-er-uns-fertig-machen-will/27710984.html?ticket=ST-1133069-n2HI52fs5jCVMsSe60Ye-ap5>; last accessed April 5, 2022.

In June 2021, Consus Real Estate AG reacquired one of the real estate projects sold to Corestate Capital Holdings S.A. (see section 4.1.2.6).

Via Corestate Capital Holding S.A., there is also a connection to Extern13 , which also held shares in Corestate Capital Holding S.A. until November 26, 2021 (see section 3.1.1.5.2). Corestate Capital Holding S.A. also acquired Aggregate Financial Services GmbH (now trading as Corestate Bank GmbH) in May 2021, in which Extern31 held between 70% and 100% of the shares from March 2018 to November 2021.

#### 4.1.1.7 Eagle10

The Viceroy report makes the following significant comments about Adler10 in relation to Extern7:

Quote	Source
<p>In 2017 Consus acquired a 59 % stake in CG Gruppe AG for EUR 872m: EUR 12.5m in cash and the remainder in Consus shares. The sellers were <i>Extern7-associated</i> Aggregate Holdings and CG Gruppe founder Adler10.</p> <ul style="list-style-type: none"><li>– Aggregate Holdings had acquired their 50% stake in CG Gruppe just one year prior for EUR 49m, representing a ~17x profit.</li><li>– "Great business</li></ul> <p>In any case, Aggregate earned millions with Adler10 CG Group. It went like this: As a first step, in 2016 a future subsidiary of Aggregate bought half of the CG Group founded by Adler10. The subsidiary put the purchase price at less than 49 million euros. In the following year, Aggregate brought this subsidiary to Consus - for the breathtaking price of almost 800 million euros, a significant portion of which was paid in Consus shares. This gigantic increase in value is not understandable from the outside".</p>	Viceroy I, page 20
<p>Adler10 (an Aggregate associate) was a minority holder in CG Gruppe and Adler bought him out for cash, albeit at lower valuation than the formation deal of Consus. We suspect that other <i>Extern7</i> associates received cash at high valuations.</p>	Viceroy I, page 21
<p><b>Looting in the Adler Era</b></p> <p>Once it was clear that ADO was acquiring Consus, insiders began systematically looting Consus of remaining value prior to the consolidation with ADO. It appears Consus signed away ~ EUR 300m in investments representing EUR 4.3b and 33% of its Gross Development Value on intentionally opaque terms.</p> <p>For the sake of brevity, we have annexed to this report details on the following transactions which show how Consus was looted of premium assets under the safety of its poison pill:</p> <ul style="list-style-type: none"><li>– The sale of 17 developments to former Consus CEO, Adler10</li><li>– The sale of 8 developments to Partners Immobilien, controlled by Extern13, who had outstanding receivables from a purchase from Adler from 4 years earlier.</li></ul> <p>These 2 transactions comprised ~33 % of Consus' stated Gross Development Value (GDV). Terms were never clearly explained to investors however the possibility exists that they were settled in exchange for the above-mentioned debt reversal.</p> <p>Full consideration of these transactions has not been paid.</p>	Viceroy I, page 21

Quote	Source
We question:	
1. How did Adler10 obtain terms so favorable to himself in his dealings with the company?	
2. Which developments and investments were sold to Adler10 and Partners Immobilien?	
Eagle10 Former owner of CG Gruppe, later acquired by Consus, later acquired by Adler. According to press reports Adler10 has close ties to Adler, reinforced by the sale of CG Gruppe to Aggregate only for them to flip it later.	Viceroy I, Page 39
Consus's Transaction with Adler10 (after the deal with ADO was announced) On May 8, 2020, Consus announced the sale of 17 developments to CEO Adler10 for an undisclosed amount, as well as the acquisition of Adler10 remaining 25% stake in CG Gruppe (now Consus RE AG) for an undisclosed amount. Of course, Adler10 would not be paying this amount and Consus recognized a purchase price receivable of EUR 339.7m.  In the same reporting period, it was announced that Adler10 had resigned from the supervisory board and as CEO of Consus RE AG. As such he would no longer be a related party.  In Q2 2020 the Consus stated that if the price had not been paid by October 31, 2020, then the transaction could be reversed.  Note that the company "is determining the final purchase price based on this agreement". This is for a deal where the "purchase price" had been finalized. If the purchase price were cash, they would know the number to the penny. Instead, we can conclude the deal was negotiated in part or in whole as "non-cash consideration".  By Q3 2020 Consus had yet to receive any payment, instead reporting that the final purchase price was only reached in the middle of November. Consus reported only EUR 183k in sale proceeds for the 9-month period to Q3 2020; it appears that Adler10 had failed to pay anything at all. Adler10 for his part collected EUR 27.5m in cash and 24.75m Consus shares for the sale of his stake of Consus RE AG.  We suspect that this deal may be partially settled for one of the (fictional) pre-existing related party debts of Consus.	Viceroy I, Page 46 - 47
Consus no longer publishes financial statements and as such we do not know whether Adler10 has paid for the properties. Nonetheless we question how Consus could have sold 17 properties to its former CEO and recognized a receivable and a payment date before backflipping and saying it was "currently determining the final purchase price" 6 months after the sale.  The presentation with the 2021 Q2 detailed amounts still outstanding from the Grüner Group.	Viceroy I, Page 47

Table 16: Viceroy report comments on Adler10

**Adler10 has conducted transactions with Consus Real Estate AG. For information on the transactions and the allegations, please refer to section 4.1.2.**

**In the special investigation, no indications emerged from the information available to KPMG that Adler10 had acted on instructions from external parties7.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

#### 4.1.1.7.1 Personal connections to Extern7

In an interview with KPMG, Adler10 stated that he met Extern7 on average twice a year, but did not do any business with Extern7 during the period under review. Extern8 and Extern29 are also known to Adler10, partly due to private matters. Adler10 confirmed Extern8's and Extern29's kinship ties to Extern7.

In the e-mail review, KPMG identified individual e-mail communications between Extern7 and Adler10. Please refer to section 4.1.1.2.7. for more information.

#### 4.1.1.7.2 Corporate law links to Adler Group S.A.

The connection between Adler10 and Adler Group S.A. is formed by the acquisition of Consus Real Estate AG by Adler Group S.A. (see section 4.1.2 et seq. ).

#### **CG Gruppe AG and Consus Real Estate AG respectively**

Adler10 was a member of the Executive Board and also an indirect shareholder of CG Gruppe AG from September 2015 to March 30, 2020. For the acquisition of CG Gruppe AG, see section 4.1.2.5.

#### **Gröner Group GmbH**

Adler10 has been the managing director of Gröner Group GmbH since January 3, 2011 and held 90% of the shares through Gröner e. K. at least on October 2, 2021. , of which Adler10 has been the owner since February 22, 2016. For the sale of 17 development projects of Consus Real Estate AG to Gröner Group GmbH, see section 4.1.2.3.

#### **4.1.1.8 Others named in the Viceroy report.**

The Viceroy Report names further persons who have worked with the Adler Group and are alleged to have a related party relationship with Extern7. KPMG has included these persons in the special investigation to examine the allegation of whether Extern7 has exerted influence or diverted funds from the Adler Group via third parties.

#### 4.1.1.8.1 External4

In the Viceroy report, the following key comments are made about External4 in relation to External7:

Quote	Source
External4 A friend of Extern8, former part-owner of Mezzanine IX Investors and owner of Meridien Capital Management. Extern4 appears to be a former colleague of Extern7 from the Level One scheme and former Meridien employees often appear in key positions at Extern7 controlled companies.	Viceroy I, Page 39
Extern4 has been a loyal employee to Extern7 for 15 years and is involved as a Director in numerous companies set up by Extern7.	Viceroy II, Page 6
Finally, I have personally known Extern4 since he first became employed by Extern7, and Extern4 has never had the financial resources or experience to acquire and own companies with material interests in Adler and has always been eager to carry out Extern7 wishes in exchange for financial reward.	Viceroy II, Page 6

Table 17: Remarks in the Viceroy report on Extern4 in relation to Extern7

Extern4 held an interest in Mezzanine IX Investors S.A., which in turn held company shares in Adler AG in December 2019, in addition to Extern29 and Extern8 at least in December 2019. As a shareholder of Adler Real Estate AG, Mezzanine IX Investors S.A. was approached by Adler22 following a letter from Adler Real Estate AG to BaFin dated June 30, 2021, as to whether Mezzanine IX Investors S.A. would agree to a capital increase with and to finance the acquisition of ADO Group Ltd. The contact person for Adler22 in this regard was Extern4, who had signaled agreement in principle.

Extern4 is a managing director and shareholder of Meridien Capital Management Limited.

**The allegation that Extern4 acts on the instructions of Extern7 can neither be verified nor refuted on the basis of the documents submitted. There are no indications of this in the documents provided to KPMG, but this cannot be ruled out due to Extern7's close relationship with Meridien Capital Management Limited.**

**KPMG was not provided with a significant portion of the e-mail documents, so we cannot rule out the possibility that further or different findings could result.**

#### 4.1.1.8.2 External27

The Viceroy report makes the following key comments about Extern27 in relation to Extern7:

Quote	Source
Brack Capital Properties (TASE:BCNV) is a Netherlands-based real estate company listed on the Tel Aviv stock exchange which owns and develops residential and commercial properties in Germany. Today the company is majority-owned by Adler but exists as a shell of its former self having been stripped of its prime assets. Adler gained a controlling stake in the business by buying out Extern27.	Viceroy I, Page 42
Extern27 and Extern7 are friends that used to live together in the same luxury apartment building in London known as the Knightsbridge Apartments, 199 Knightsbridge, London SW7 1RH.	Viceroy II, Page 8

Table 18: Remarks in the Viceroy report on Extern27 in relation to Extern7

Extern27 acquired 44% of the shares in Brack Capital Properties N.V. in May 2017 and sold these shares to Adler Real Estate AG after less than one year. Based on the information available, KPMG was able to reconstruct the representations regarding the shares held in Brack Capital Properties N.V. by Extern27 from the Viceroy report.

Extern7 has entered into an "Advisory Agreement with Extern7 from March 2018" with Adler Real Estate AG for this acquisition (for more information, see section 4.1.1.2.3).

**From the documents provided to KPMG, there were no indications that Extern27 and Extern7 are friends or live in the same residential building in London.**

During an inspection of the building, the residents of the apartment building could not be identified, as a corresponding bell system with names is not visible to public visitors.

## 4.1.2 Transactions

### 4.1.2.1 Transaction Gerresheim

#### 4.1.2.1.1 Specific allegations

In connection with a transaction "Gerresheim", Viceroy Research formulated the following allegations:

Quote	Source
Gerresheim - "Marking Transaction"	Viceroy I, Page 3
<ul style="list-style-type: none"><li>- A 75% stake in a project owned by Brack (an Adler subsidiary) was sold to an entity ultimately controlled by Extern7 brother-in-law at an inflated price, of which only a third has been paid.</li><li>- This created fake paper profits on Brack's (and hence Adler's) balance sheet, which allowed Adler to borrow more money.</li><li>- The Gerresheim transaction has subsequently been reversed, and Adler has disclosed no major works have been completed due to ongoing disputes with permitting entities and the German national railway company.</li><li>- A mortgage was taken out against the underlying Gerresheim property by the new "owners" to the sum of EUR 145m. A loan from Adler was also granted to the holding SPV for the sum of EUR 75m to date. On reversal, there is insufficient cash to repay these loans. Where has this cash gone?</li></ul>	
Brack Capital Properties: Watch this hand... - Annexure 3	Viceroy I,
An Israel-listed developer taken over by Adler only to have its prime asset sold to Extern7 brother-in-law for next to nothing and acquire an undisclosed stake in Consus, to Aggregate's benefit.	Page 10
<ul style="list-style-type: none"><li>- The purpose of Gerresheim transaction was to create a fraudulent mark-up on Adler's books. They booked a huge mark-up and the stock responded accordingly.</li><li>- The majority of the proceeds of the sale were never received in cash and we doubt there was any intention to receive full consideration: only small sums were paid down.</li><li>- Adler bought a development lot for EUR 142m and they hold it on their books at, or above, EUR 375m, marking the book up by at least EUR 233m. Gerresheim is likely not worth even the original EUR 142m and yet there is EUR 145m mortgage against this asset guaranteed by Adler.</li></ul>	Viceroy I, Page 16
As in the events at Conwert, we believe Extern29 is operating on Extern7 behalf.	Viceroy I, Page 16

Table 19: Allegations concerning the "Gerresheim" transaction

The allegations made in the Viceroy report in this context can be summarized as follows:

- The sale price of the transaction was inflated, and the agreed price was never paid in full.
- The Gerresheim project was sold to Extern29, the brother-in-law of Extern7.
- Extern29 acted on behalf of Extern7

#### 4.1.2.1.2 Investigation findings

**The allegation that the sales price for the project company was excessive cannot be refuted on the basis of the documents submitted and the additional information provided.**

**The agreed purchase price was not due in full until the reversal of the sale; the installment due until the reversal date was paid. In total, Glasmacherviertel GmbH & Co. KG took on liabilities in the amount of EUR 147.5 million, which, according to the information available to us, served to refinance existing bank loans in connection with, among other things, the payment of the first purchase price installment to Brack Capital Properties N.V. in the amount of EUR 36 million.**

**As a result of the special investigation, it can be confirmed that the sale of the project company was made indirectly to Extern29. Whether Extern29 acted on behalf of Extern7 in this matter could neither be verified nor refuted in the result of the special investigation.**

- Glasmacherviertel GmbH & Co. KG, Düsseldorf, is a company that holds a major development site in Düsseldorf-Gerresheim.
- The shareholder of Glasmacherviertel GmbH & Co. KG was originally Brack Capital Properties N.V., Amsterdam, Netherlands, and its subsidiaries; the general partner of Glasmacherviertel GmbH & Co. KG is Glasmacherviertel Verwaltungs GmbH, also a subsidiary of Brack Capital Properties N.V. The majority of the shares in Brack Capital Properties were acquired in April 2018 by Adler Real Estate AG, which thereby also became the indirect owner of the site in Düsseldorf.
- The sale of 75% of the shares in Glasmacherviertel GmbH & Co. KG was made indirectly to Extern29 (via Spree Dritte Holding GmbH, Berlin), the brother-in-law of Extern7. Spree Dritte Holding GmbH, whose sole managing director is Extern29, is a subsidiary whose sole parent is Spree Erste Beteiligungs GmbH. The managing director and sole shareholder of Spree Erste Beteiligungs GmbH is also Extern29. Extern29 held an indirect interest in Adler Real Estate AG at the time of the transaction. Extern29 was the indirect beneficial owner of Mezzanine IX Investors S.A., which held a 14.4% equity interest in Adler Real Estate AG at the time.
- According to current knowledge, the sale to Extern29 took place within one weekend after the intention of another buyer, [REDACTED] had been communicated to the Board of Brack Capital Properties N.V. and the sale to this company was approved by the Board. Previously, [REDACTED] had expressed its non-binding intention to purchase in a letter of intent, based on the assumption of a value of the property in the amount of EUR 375 million. The sale to Spree Dritte Holding GmbH took place within an exclusivity period agreed with [REDACTED]  
[REDACTED]
- No sufficient and adequate evidence was provided that negotiations were held with Spree Dritte Holding GmbH regarding the purchase of the project in Gerresheim. The minutes of the Supervisory

Board of Adler Real Estate AG dated December 12, 2019 indicate that approval by the Supervisory Board member of Adler Real Estate AG Adler12 was only given on the condition that "*the ultimate owner of Gerresheim is not Spree*".

- The sale of the site in Düsseldorf-Gerresheim in 2019 to Spree Dritte Holding GmbH was based on a valuation of the project in the amount of EUR 375 million, which resulted in income of EUR 168.5 million at the level of Adler Real Estate AG.
- A successful sale at a valuation of at least EUR 350 million was a condition of the Supervisory Board of Adler Real Estate AG for the closing of the transaction to acquire ADO Group Ltd. and thus the indirect interest in ADO Properties S.A. On September 23, 2019, and thus one day after the signing of the transaction "Gerresheim", the acquisition of ADO Group Ltd was publicly announced by Adler Real Estate AG.
- The agreed purchase price was around 80% higher than the internally calculated value of EUR 208.15 million. We were unable to provide a comprehensible explanation for the higher purchase price. As of November 1, 2019, around two months after the sale, a market value of EUR 220 million was determined by the external service provider Externer Bewerter<sup>3</sup>, based on the particular assumption that the building rights would be obtained in the near future.
- A rough plausibility check carried out by KPMG with the help of comparable standard land values in the vicinity of the development area resulted in a land value for land ready for construction in the region of a maximum of EUR 180 million as of the reporting date of June 30, 2019, before deduction of the development costs expected as part of the preparation for construction.
- Of the agreed purchase price, only the first installment of EUR 36 million was paid by Glasmacherviertel GmbH & Co. KG until the purchase was reversed. A receivable from Spree Dritte Holding GmbH in the same amount was capitalized at Glasmacherviertel GmbH & Co. KG. The first purchase price installment was financed by a bank loan of EUR 132 million taken out by Glasmacherviertel GmbH & Co. KG. This bank loan was used to repay an existing bank loan of EUR 90 million and to pay the first purchase price installment of EUR 36 million. The purchaser had therefore not used any equity to settle the purchase price.
- The bank loans in the amount of EUR 132 million were in turn redeemed by the issuance of bonds on May 29, 2020 in the amount of EUR 147.5 million.
- In addition, the course of the sales process is not comprehensible and - measured against general, customary commercial principles - exhibits considerable ambiguities from the initiation to the completion of the transaction. Examples include the lack of documents on coordination and negotiations with the buyer, the lack of a structured creditworthiness analysis of the buyer, the intention to sell to another buyer, which was changed at short notice, and the lack of a clear resolution by the board of Brack Capital Properties N.V. regarding a sale to Spree Dritte Holding GmbH. In addition, KPMG was not provided with any correspondence with the buyer that would have enabled the buyer to conduct a proper due diligence.  
due diligence.
- On December 26, 2019, an extension of the purchase agreement was agreed between the contracting parties. As part of this extension, it was agreed to pay the purchase price in four installments. The maturity of individual purchase price installments was conditional on the occurrence of procedural steps under building law. Furthermore, an unconditional right of rescission for the seller at any time was agreed as part of the extension of the purchase agreement, which enables the seller

to access possible increases in value. It is not clear to KPMG from the available documents for what reason this untypical right of rescission was accepted by the buyer.

- On September 23, 2019, and thus one day after the signing, a payment of EUR 2 million was instructed by Adler22 to Spree Zweite Holding GmbH with the reference "Gerresheim Capex". A corresponding internal confirmation e-mail to Adler22 with the transfer order, in copy- Adler32, is available to KPMG. According to information provided by Adler22, Adler Real Estate AG had given Spree Zweite Holding GmbH bridge financing for capital expenditures (CapEx), as Extern29 was still negotiating with the bank4 according to Adler22. According to the analysis of the accounting data of Glasmacherviertel GmbH & Co. KG submitted to KPMG, there are no indications that the company had a liquidity requirement in this amount. No contribution by Spree Zweite Holding GmbH in the same amount can be identified in the accounting records. The money was transferred back in March 2020. The receipt of the repayment in the amount of EUR 2 million occurred, according to the documents in the financial accounting records, on March 13, 2020. In a conversation with KPMG, Adler22 stated that he had inquired about the repayment on his own initiative. However, in an e-mail from Adler32 to Adler22 dated January 29, 2020 with the subject "*Inquiry from Mr. Extern2 wg. payment of EUR 2.0 million to Spree*", reference is made to the inquiry from the then auditor Extern2 regarding the EUR 2 million payment and to the initiated repayment process ("*In the matter I have "asked" Extern16 (emphatically demanded) to repay the 2m within 2 days, he is clarifying today with appropriate persons.*"). It was not possible to determine whether the repayment was due to the demand of the auditor at the time or on the company's own initiative. An interest payment for the transaction described by Adler22 in the interview as a "vendor loan" is not evident from the accounting information. To Adler22's knowledge, there is no documentation or written contractual agreement regarding this transaction. Corresponding agreements had been made by Adler22 with Extern29 by telephone. Adler22 does not remember whether he had coordinated with colleagues on the Board of Management on the subject, who would presumably deny this.
- In Q3 2021, the sales agreement with Spree Dritte Holding GmbH was cancelled and, according to Extern11, reversed because no agreement had been reached with Deutsche Bahn AG with regard to an adjoining property. The agreement of Deutsche Bahn AG had been a prerequisite for the issuance of a development plan. In cooperation with the City of Düsseldorf, the development plan was divided into two parts in order to exclude the affected areas owned by Deutsche Bahn AG for the time being. The first part of the revised development plan is expected to become legally effective in the course of 2022. The rescission of the purchase agreement was preceded by a so-called "head of terms" agreement between the contracting parties in which both parties declare their intention to work together on a rescission and to waive the exercise of their rescission rights by June 30, 2021. The agreement was entered into on October 19, 2021. The fact that the contract was not concluded until after the expiry of the agreed non-exercise of the cancellation rights is, according to the information provided, a drafting error.
- Based on the information obtained in the special investigation, it is doubtful in the overall assessment of the transaction process whether the valuation of EUR 375 million underlying the transaction represents a fair value according to IFRS 13 in the same amount. Instead, in KPMG's view, there is no sufficient evidence that the fair value significantly exceeds the value of EUR 205.1 million recognized as of June 30, 2019. The income resulting from the transaction and the balance sheet reclassification to "Investments held for sale" in accordance with IFRS 5 thus also led to a significant, and in KPMG's view inappropriate, relief of the LtV as of September 30, 2019. (see section 4.2.3). Accordingly, the LtV threshold of 60% stipulated in the bond terms and conditions would

have been exceeded as of September 30, 2019 if the LtV calculation scheme derived by KPMG had been used and the balance sheet assets of Adler Real Estate AG had been (simultaneously) reduced by the assets attributable to the Gerresheim transaction.

#### 4.1.2.2 Formation of Adler Group S.A. from ADO Properties S.A. and Adler Real Estate AG

##### 4.1.2.2.1 Specific allegations

In connection with the acquisition of ADO Properties S.A. by Adler Real Estate AG, Viceroy Research formulated the following allegations:

Quote	Source
ADO Properties - Coup d'état Transaction	Viceroy I, Page 3
<ul style="list-style-type: none"><li>– Adler Real Estate entered into an aggressive business combination with ADO Properties. Adler effectively took control of ADO with a relatively small stake financed by a bridging loan. ADO was ripe for looting.</li><li>– ADO Properties (now controlled by "old Adler") acquired Adler Real Estate and renamed itself "Adler Group". Now in full control of a better capitalized entity: the kleptocrats continued looting.</li></ul>	
ADO Properties was an unrelated, much larger, and much better capitalized [...] real estate investment company.	Viceroy I, Page 17
<ul style="list-style-type: none"><li>– On September 23, 2019, Adler acquired a 33 % shareholding in ADO Properties via a private transaction. [...] Adler subsequently replaced much of ADO's board.</li><li>– Despite not having a majority shareholding of ADO, it was able to leverage a board reshuffle as several minority interests did not vote.</li><li>– In its previous Coup D'état attempt of Conwert, Adler failed to disclose that "related parties" had taken various minority positions in Conwert stock in anticipation of the transaction: Adler effectively already controlled Conwert. We believe it is not unreasonable to suspect this also occurred with the ADO "Coup D'état".</li></ul>	
Following the board reshuffle, ADO purchased Adler Real Estate at a substantial premium through a reverse merger transaction to severe shareholder backlash.	
<ul style="list-style-type: none"><li>– Amongst its incoming directors were Adler24, Adler's Head of Legal, and Extern40, Extern7's lawyer.</li></ul>	Viceroy I, Page 18
Five days after the Board reshuffle, ADO Properties announced the acquisition of Adler for stock at an implied 17.3 % premium.	

Table 20: Allegations regarding the acquisition of ADO Properties S.A. by Adler Real Estate AG

The allegations made in the Viceroy report in this context can be summarized as follows:

- The transaction was carried out in order to be able to enrich itself through transactions in the future with the help of the better capitalized ADO Properties S.A..
- The acquisition of Adler Real Estate AG by ADO Properties S.A. was made at an inflated price.

#### 4.1.2.2.2 Investigation findings

The allegation that board decisions regarding the purchase price in the acquisition of the shares of ADO Group Ltd. by Adler Real Estate AG and the exchange ratio in the acquisition of Adler Real Estate AG by ADO Properties S.A. could have been made with the inclusion of extraneous considerations can neither be verified nor refuted. The documents submitted to KPMG did not provide any indications in this regard.

The allegation that the acquisition of Adler Real Estate AG by ADO Properties S.A. was made at an inflated price can neither be verified nor refuted due to the lack of adequate and sufficient evidence.

- On September 23, 2019, Adler Real Estate AG announced that a merger with ADO Group Ltd and the acquisition of all shares in ADO Group Ltd had been agreed. According to a corresponding press release, the shareholders of ADO Group Ltd at that time included the Apollo Global Management fund (32%) and "Adlers5" (19.7%). Prior to this announcement, negotiations had taken place regarding so-called "Voting Agreements", which were concluded with significant shareholders in order to secure a 50% majority in the vote regarding the planned transaction (at an extraordinary general meeting of ADO Group Ltd).
- The transaction was initially financed by an acquisition loan from Bank█ in the amount of EUR 710 million. The refinancing was to be carried out through a combination of a rights issue, proceeds from the sale of properties and debt. The rights issue was guaranteed by some shareholders of Adler Real Estate AG and backed by a so-called backstop agreement. Accordingly, these shareholders were also to subscribe to all further subscription rights that were not exercised.
- On December 10, 2019, Adler Real Estate AG announced that on that day the acquisition of 100% of the shares of ADO Group Ltd. was successfully completed. The purchase price amounted to EUR 708 million. At that time, ADO Group Ltd. held 33.25% of the shares in ADO Properties S.A. which was later renamed Adler Group S.A.. The purchase price was supported by fairness opinions from Bank█ dated September 23, 2019 and from the Israeli consulting firm Variance Ascola dated October 2, 2019.
- On the same day, several members of the Board of Directors and senior management at ADO Properties S.A. resigned their mandates and members of the governing bodies proposed by the new shareholder were appointed by the remaining members of the Board of Directors by way of co-operation.
- In connection with the acquisition of ADO Group Ltd, Adler Real Estate AG entered into a consulting agreement with Extern7 on September 23, 2019 (the day of the announcement of the acquisition of ADO Group Ltd.). As a consulting fee, Extern7 has received 1.5% of the acquisition transaction volume. Based on the purchase price of EUR 708 million, this corresponds to a fee of EUR 10.62 million. According to information from Adler22, Extern7 provided contacts, but there is no proof of performance for this consulting agreement. No correspondence or e-mails that could provide evidence of the provision of services were submitted to KPMG.
- Adler█ was appointed as a new board member of ADO Properties S.A. on December 10, 2019 and negotiated the acquisition of Adler Real Estate AG during the following weekend (December 13-15, 2019). For this purpose, shareholders with a total shareholding of approximately 52% were contacted by e-mail on December 11, 2019 and asked about their interest in a transaction. No evidence could be provided as to how the relevant shareholders and their email addresses were identified.

Adler [REDACTED] has told KPMG that in the run-up to that weekend and prior to his official appointment as a board member of ADO Properties S.A., he had contacted a legal firm as well as the investment banks Bank [REDACTED] and Bank [REDACTED] and engaged them to provide advisory services on the acquisition. The legal advisor involved confirmed this in an interview conducted during the special investigation. The shareholders with a shareholding of around 52% are made up as follows:

Name/Company	Signature	Number of shares Adler AG	Proportion of shares (in %)
Fortitudo Real Estate Opportunities Segregated Portfolio of Fortitudi Capital SPC	[REDACTED]	9.136.905	12,9
Fairwater Multi-Strategy Investment ICAV	[REDACTED]	8.944.025	12,6
External33	[REDACTED]	8.528.955	12,0
Uhlandstrasse Investments GmbH	[REDACTED]	2.405.166	3,4
Uhlandstrasse Invstments III GmbH & Co KG	[REDACTED]	1.870.896	2,6
Chelmer GmbH	[REDACTED]	1.599.000	2,3
Wake up & Cie	[REDACTED]	1.379.551	1,9
Uccolini Ltd.	[REDACTED]	919.900	1,3
Alpine Real Estate Invest GmbH	[REDACTED]	614.530	0,9
External32	[REDACTED]	613.299	0,9
Long Mountain Services Inc.	[REDACTED]	602.397	0,9
Eagle6	[REDACTED]	451.125	0,6
<b>Total</b>		<b>37.092.749</b>	<b>52,2</b>
Other shareholders		33.970.873	47,8
<b>Total number of shares</b>		<b>71.063.622</b>	<b>100,0</b>

Table 21 Overview of irrevocable undertakings Agreements with shareholders of Adler Real Estate AG

KPMG was not able to identify the beneficial owners in all cases in the special investigation from publicly available sources.

- On December 15, 2019, and thus only four days after the initial contact according to information, contractual agreements were concluded with outside shareholders of Adler Real Estate AG, who had undertaken to accept a takeover bid to be published by ADO Properties S.A.. The procedure for submitting a takeover bid was carried out by ADO Properties S.A. at the beginning of 2020 and completed in April 2020. As a result, ADO Properties S.A. took control of Adler Real Estate AG and consolidated it for the first time in the Q2 2020 quarterly report.
- Pursuant to the Business Combination Agreement and the voluntary public takeover offer of ADO Properties S.A. dated February 7, 2020, ADO Properties S.A. offers 0.4164 Offer Shares in exchange for one Adler Real Estate AG Share. The three-month average price is EUR 11.10 per Adler Real Estate AG share and EUR 37.11 per ADO Properties S.A. share. Accordingly, at an exchange ratio of 0.4164 ADO Properties S.A. shares in exchange for one Adler Real Estate AG share each, the offer

consideration amounts to EUR 15.45 per Adler Real Estate AG share. This corresponds to a premium of 39.2% to the three-month average price of Adler Real Estate AG of EUR 11.10 per Adler Real Estate AG share.

- ADO Properties S.A. has calculated the offered consideration of 0.4164 offer shares of ADO Properties S.A. in exchange for one share of Adler Real Estate AG each based on the net asset value of ADO Properties S.A. and Adler Real Estate AG per share. In each case, the EPRA NAV as of September 30, 2019 was used to calculate the exchange ratio. As part of the reconciliation, we were able to essentially reconcile a large part of the property values on the basis of appraisals. We were not provided with appraisals for around 10% of the property values deposited in the NAV of Adler Real Estate AG. In this respect, we are unable to ascertain whether the entire value on which the NAV is based is comprehensible. The EPRA NAV of Adler Real Estate AG taken into account in the calculation of the exchange ratio also includes goodwill in the amount of EUR 169.4 million.
- A full due diligence, in particular with regard to the valuations of the real estate and the goodwill included in the exchange ratio, was not carried out and therefore a due diligence report could not be submitted to KPMG.
- In the special investigation, a fairness opinion prepared by Bank █ on behalf of ADO Properties S.A., dated December 15, 2019, was presented. This fairness opinion confirms in particular the appropriateness of the consideration used as a basis for the acquisition of Adler Real Estate AG from the perspective of ADO Properties S.A. It should be noted that Bank █ states in the fairness opinion that the fairness opinion has not been prepared in accordance with the principles for the preparation of a fairness opinion (IDW S8) applicable to auditors. In addition, Bank █ has provided the bridge loan used for the acquisition to Adler Real Estate AG.
- In addition, a fairness opinion of the Bank █ and a fairness opinion of the Bank █ were submitted in the special investigation. These confirm the adequacy of the consideration for the shareholders of Adler Real Estate AG, however, both opinions were prepared after the resolution on the transaction.
- The present fairness opinions are so-called "Opinion Letters", but without a so-called "Valuation Memorandum", in which the assumptions made and analyses of appropriateness are presented in detail. However, it is not a fairness opinion in accordance with the pronouncement IDW S 8 (Principles for the Preparation of Fairness Opinions) issued by the Institut der Wirtschaftsprüfer (IDW). This is explicitly stated in the Bank's fairness opinion █. The Bank's fairness opinion █ simply states: "... applying the standard market methods used by investment banks...".
- In the special investigation, KPMG requested the valuation memoranda underlying the respective fairness opinions. These were not provided to KPMG. With regard to the fairness opinion of Bank █, KPMG has received an email correspondence with the result that Bank █, in coordination with its legal department, does not wish to issue any further documents regarding the fairness opinion dated December 15, 2019.

#### 4.1.2.3 Acquisition of Consus Real Estate AG by Adler Group S.A.

##### 4.1.2.3.1 Specific allegations

In connection with the acquisition of Consus Real Estate AG by Adler Group S.A., Viceroy Research formulated the following allegations:

Quote	Source
Consus is the largest of many looting transactions conducted by the kleptocratic clique. Not only did the forced acquisition of Consus from Extern7 associates constitute looting of ADO properties, but Consus itself had been thoroughly pillaged prior to its acquisition by Adler. However, the looting continued between the announcement of the acquisition and the acquisition closing date.	Viceroy I, Page 20
<b>Consus - "Looting Transaction"</b> <ul style="list-style-type: none"><li>- Consus is Adler's largest looting transaction, and largely responsible for Adler's negative debt ratings. Prior to acquisition, Consus was a thinly capitalized developer owned by undisclosed related parties and with considerable debt: demanding interest in excess of 20%.</li><li>- Consus was formed when a shell company acquired a 59% stake in CG Gruppe from related party and major shareholder, Aggregate Holdings, for EUR 800m. Aggregate acquired this same asset for EUR 49m less than a year prior.</li><li>- Prior to Adler purchasing its full stake in Consus, the company was looted for everything of value (which was already not much) by insiders and associates. It was then foisted onto Adler shareholders.</li></ul>	Viceroy I, Page 3
The ADO Properties consolidation is a major "Coup D'état Transaction" which took place in 2019, and led to the combination of Adler Real Estate, ADO Properties and Consus to form Adler Group. (...) <ul style="list-style-type: none"><li>- ADO shareholders had been taken over by a poorly capitalized Adler and foisted a terribly capitalized Consus.</li><li>- Change of control triggered a contract term that would force ADO to buy Consus - no one wanted Consus. ADO had ensured with this poison-pill that nobody other than Adler could merge with them.</li></ul>	Viceroy I, Page 17
Once Adler got control of the well-capitalized ADO it immediately set about looting it. The main looting was through the purchase of a controlling stake in Consus by ADO from Aggregate Holdings a related party and Adler's major shareholder (...). Adler deals overwhelmingly with Aggregate and does so on terms that are incredibly favorable for the latter. The Adler purchase of Aggregate's Consus stake at substantial premium is only one such deal.	Viceroy I, pages 19 and 41
Once it was clear that ADO was acquiring Consus, insiders began systematically looting Consus of remaining value prior to the consolidation with ADO. It appears Consus signed away ~ EUR 300m in investments representing EUR 4.3b and 33% of its Gross Development Value on intentionally opaque terms.  For the sake of brevity, we have annexed to this report details on the following transactions which show how Consus was looted of premium assets under the safety of its poison pill:	Viceroy I, Page 22

Quote	Source
<ul style="list-style-type: none"> <li>– The sale of 17 developments to former Consus CEO, Adler10</li> <li>– The sale of 8 developments to Partners Immobilien, controlled by Extern13, who had outstanding receivables from a purchase from Adler from 4 years earlier.</li> </ul>	
<p>Consus's Transaction with Adler10 (after the deal with ADO was announced)</p> <p>On May 8, 2020, Consus announced the sale of 17 developments to CEO Adler10 for an undisclosed amount, as well as the acquisition of Adler10 remaining 25% stake in CG Gruppe (now Consus RE AG) for an undisclosed amount. Of course, Adler10 would not be paying this amount and Consus recognized a purchase price receivable of EUR 339.7m.</p> <p>In the same reporting period, it was announced that Adler10 had resigned from the supervisory board and as CEO of Consus RE AG. As such he would no longer be a related party.</p>	Viceroy I, Page 46
<p>In Q2 2020 the Consus stated that if the price had not been paid by October 31, 2020, then the transaction could be reversed.</p> <p>(...)</p> <p>This is for a deal where the "purchase price" had been finalized. If the purchase price were cash, they would know the number to the penny. Instead, we can conclude the deal was negotiated in part or in whole as "non-cash consideration".</p> <p>By Q3 2020 Consus had yet to receive any payment, instead reporting that the final purchase price was only reached in the middle of November. Consus reported only EUR 183k in sale proceeds for the 9-month period to Q3 2020; it appears that Adler10 had failed to pay anything at all. Adler10 for his part collected EUR 27.5m in cash and 24.75m Consus shares for the sale of his stake of Consus RE AG.</p> <p>We suspect that this deal may be partially settled for one of the (fictional) pre-existing related party debts of Consus.</p> <p>Consus no longer publishes financial statements and as such we do not know whether Adler10 has paid for the properties. Nonetheless we question how Consus could have sold 17 properties to its former CEO and recognized a receivable and a payment date before backflipping and saying it was "currently determining the final purchase price" 6 months after the sale.</p> <p>The presentation with the 2021 Q2 detailed amounts still outstanding from the Gröner Group.</p>	Viceroy I, Page 46 f.

Table 22: Allegations regarding the acquisition of ADO Properties S.A. by Adler Real Estate AG

The allegations made in the Viceroy report in this context can be summarized as follows:

- Consus Real Estate AG was "plundered" by Extern7 and persons close to him before the takeover by ADO Properties S.A. and Adler Group SA, respectively, by selling high-quality real estate portfolios.
- Purchase prices for real estate projects sold were not paid in full.

#### 4.1.2.3.2 Investigation findings

**The allegation that third parties could have profited from the corporate and real estate transactions in question in connection with the acquisition of Consus Real Estate AG by (today's) Adler Group S.A.**

in their overall view to the detriment of companies of (today's) Adler Group S.A. or its shareholders cannot be refuted on the basis of the documents submitted and the supplementary information provided in this regard.

In the special investigation, KPMG was not provided with appropriate and sufficient evidence regarding the determination of the purchase price of Consus Real Estate AG. In addition, it was not possible to identify the beneficial owner of an investment fund that presumably benefited from the exchange of Consus Real Estate AG for Adler Group S.A. shares.

The allegation that the total purchase price for the real estate projects sold was not paid in full is correct according to the documents submitted and the supplementary information provided in this regard.

- Control over Consus Real Estate AG was obtained by ADO Properties S.A. in several steps. Between December 13 and 15, 2019, Adler2 negotiated the purchase of 22.18% of the shares in Consus Real Estate AG, according to its own information. On December 15, 2019, a total of eight shareholders of Consus Real Estate AG signed a share purchase agreement to sell their Consus Real Estate AG shares to ADO Properties S.A. at a price ranging from EUR 8.18 to EUR 10.60 per share:

Name/ Company	Signature	Date	Number of shares	Proportion of shares in %	Price per share in EUR (contractually fi- xed)	Purchase price according to contract in EUR
[REDACTED]	[REDACTED]	15.12.2019	7.452.831	5,46	10,60	79.000.009
[REDACTED]	[REDACTED]	15.12.2019	125.000	0,09	9,46	1.182.500
[REDACTED]	[REDACTED]	15.12.2019	4.855.946	3,56	8,27	40.158.673
[REDACTED]	[REDACTED]	15.12.2019	767.400	0,56	9,80	7.520.520
[REDACTED]	[REDACTED]	15.12.2019	16.491.775	12,07	9,80	161.619.395
[REDACTED]	[REDACTED]	15.12.2019	594.473	0,44	8,18	4.862.789
<b>Total</b>			<b>30.287.425</b>	<b>22,18%</b>	<b>9,72</b>	<b>294.343.886</b>
<b>Data from the SPA</b>			<b>136.581.507</b>			

Table 23: ADO Properties S.A.: Purchase of 22.18% of the shares in Consus Real Estate AG

- Evidence of the company's own determination of the average purchase price of EUR 9.72 per share was not provided. The fairness opinion of Bank5, dated December 15, 2019, was provided as the basis for the resolution in the special investigation.
- The stock market price of Consus Real Estate AG shares was EUR 6.15 per share on both December 13 and 15, 2019. Accordingly, a premium of 58.0% on the stock market price was paid on average. The NAV of Consus Real Estate AG as of December 31, 2019 was EUR 139 million (excluding goodwill) and EUR 1,176 million (including goodwill). The implied total value based on the average purchase price of EUR 9.72 per share thus corresponds to a premium of 12.9% on the NAV including goodwill.

- At the same time, a call option was agreed between ADO Properties S.A. and Aggregate Holding S.A., according to which ADO Properties S.A. is entitled to take over the majority shareholding in Consus Real Estate AG held by Aggregate Holding S.A.'s majority shareholding of 50.92% in Consus Real Estate AG at that time in return for the granting of treasury shares of 0.2390 treasury shares per Consus Real Estate AG share. At the same time, Aggregate Holding S.A. obtained the right to tender this majority shareholding to ADO Properties S.A. if a change of control occurs at ADO Properties S.A. (put option). Aggregate Holding S.A. had the right to choose between EUR 8.35 in cash per share or 0.2390 new shares of ADO Properties S.A. per share in Consus Real Estate AG.
- Evidence of how the terms of the agreement with Aggregate Holding S.A. were determined was not provided to KPMG. A legal due diligence with regard to the legal risks as well as a technical due diligence with regard to the real estate projects of Consus Real Estate AG were carried out only after the agreement was signed but before the call option was exercised.
- The call option was exercised in July 2020, making ADO Properties S.A. the majority shareholder of Consus Real Estate AG as of that date.
- In December 2020, ADO Properties S.A. acquired further shares of 28.99% in Consus Real Estate AG as part of a share swap. The acquisition of the shares in Consus Real Estate AG in December 2020 was mainly made by the following companies/investment funds:

Name/Company	Signature	Date	Number of Shares	Share of Shares (in %)	Exchange ratio
[REDACTED]	[REDACTED]	15.12.2020	5.127.755	3,18	0,272
[REDACTED]	[REDACTED]	15.12.2020	15.000.000	9,30	0,272
[REDACTED]	[REDACTED]	15.12.2020	2.200.000	1,36	0,272
[REDACTED]	[REDACTED]	15.12.2020	94.500	0,06	0,272
[REDACTED]	[REDACTED]	15.12.2020	22.833.334	14,15	0,272
[REDACTED]	[REDACTED]	15.12.2020	300.000	0,19	0,272
[REDACTED]	[REDACTED]	15.12.2020	700.000	0,43	0,272
[REDACTED]	[REDACTED]	15.12.2020	128.000	0,08	0,272
[REDACTED]	[REDACTED]	n/a	118.910	0,07	0,272
[REDACTED]	[REDACTED]	n/a	278.036	0,17	0,272
<b>Total</b>			<b>46.780.535</b>	<b>28,99</b>	
Information from the SPA: Shares outstanding Consus				161.331.507	

Table 24 Adler Group S.A. (formerly ADO Properties S.A.): Purchase of a further 28.99% of the shares in Consus Real Estate AG

- For each share in Consus Real Estate AG, 0.272 shares in Adler Group S.A. were granted. The exchange ratio from the Aggregate Holdings S.A. option was adjusted for capital increases. The sales of portfolios that have taken place in the meantime were not taken into account.

- The statements made by Viceroy Research in connection with the departure of Adler10 from the executive bodies of CG Group and with share disposals could be understood on the basis of the documents submitted to us. However, there were no indications that this departure and the share disposals made by Adler10 occurred so that Adler10 would no longer have to be considered a related party within the meaning of IAS 24.
- According to the contracts, the consideration paid to Adler10 for the 25% stake in CG Gruppe AG comprised a cash payment of EUR 27.5 million and the issue of 24.75 million Consus Real Estate AG shares. The nominal value of the shares issued corresponded to a premium of over 70% on the stock market price at the time.
- In return, Adler10 has acquired 17 development projects from Consus RE AG (previous CG Gruppe AG). This transaction was agreed by both parties in May 2020. A total purchase price of approximately EUR 350 million has been agreed. The purchase price was derived on the basis of available real estate appraisals as of December 31, 2019, as well as the equity capitalization of the property companies, and was to be paid in cash on the one hand and through the assumption of liabilities on the other. However, a residual purchase price receivable of EUR 45.5 million as of December 31, 2021, which is still disputed between the parties, is outstanding and thus, contrary to Viceroy Research, not the entire amount.
- A partial amount of EUR 126 million of the payments owed by Adler10 was paid to Adler Group S.A. by the British Virgin Islands-domiciled investment fund [REDACTED] in discharge of debt. Agreements between the parties that [REDACTED] has to make the corresponding payments to Adler Group S.A. were not presented to us in the special investigation.
- According to information provided by Adler10 in the course of an interview, [REDACTED] was subsequently introduced as a contractual partner by the other contracting party in the course of amendments to the contract. During the interviews conducted by KPMG, it could not be determined who on the part of the other contracting party had initiated the inclusion of [REDACTED] in the course of the amendment of the contract. According to its own information, Adler10 sold shares in Consus Real Estate AG to [REDACTED] as consideration. Adler10 stated that it had not received any further direct or indirect payments from [REDACTED] resulting in a share purchase price of approximately EUR 5.52 for each new share issued at a nominal value of EUR 10.00. The calculation is based on the number of shares subsequently sold to [REDACTED]. The basis of this calculation is the number of shares subsequently exchanged by the fund.
- A few weeks later, this investment fund exchanged 22,833,334 shares of Consus Real Estate AG for shares of Adler Group S.A.. The exchange ratio corresponded to 0.272 shares of Adler Group S.A. for one share of Consus Real Estate AG (see Table24). Ultimately, the [REDACTED] investment fund received 6,210,667 shares in Adler Group S.A. from the exchange, based on the closing price of EUR 27.36 on December 14, 2020. As a result, the fund recorded a gain of approximately EUR 45 million.
- Who participated in this profit and to what extent could not be determined in the special investigation.
- According to information provided by Adler22 and Adler10, the beneficial owners of the investment fund were and are not known to either Adler22 or Adler10, for whom the investment fund ultimately acted as debtor. Contracts concluded between [REDACTED] and the contracting parties were not available to KPMG. As part of the amendment to the contract concluded on November 17, 2020, both contracting parties agreed that the former debtor of the purchase price would not

be liable for the creditworthiness of [REDACTED] or the legal continuance of the receivable. No documents were submitted to KPMG in the special investigation showing that Consus Real Estate AG or Adler Group S.A. had satisfied themselves of the creditworthiness of [REDACTED]

- The payment received by Adler Group S.A. from [REDACTED] was forwarded to Consus Real Estate AG by offsetting the payment amount against intercompany loans. A contractual agreement between Adler Group S.A. and Consus Real Estate AG in this regard was not submitted to KPMG.
- Several documents identified in the course of the e-mail review show that Extern7 was involved in the Adler10 transaction. Accordingly, Meridien Capital Management Limited was also involved in the transaction. By way of example, some of the dates and e-mails are presented below:
  - On November 28, 2019, Eagle19 wrote to External12 as well as copied to Eagle25:

*"Please can the consus team (Adler25, me, Adler9, Adler14) have a call with Extern7 tomorrow at 5.30pm cet to discuss next stpes on the groner deal"*
  - On November 29, 2019, Extern7 was invited together with Adler9, Adler19, Adler25 and others to the appointment "call regarding CG deal". The organizer of the appointment was Extern12. KPMG does not have any further information on this appointment.
  - On January 10, 2020, eagle25, eagle9, eagle19, and external7, among others, received from eagle7.

*"a draft contract for a preliminary agreement as a discussion paper and a tabulation and assignment of projects"*
  - A record of a conversation was identified which refers to a meeting that took place between Extern7, Extern19, Adler10 and Adler25 on January 15, 2020 in Zurich. Accordingly, during the meeting, Adler10's resignation from the Management Board and the transfer of his remaining shares in CG Gruppe AG were discussed. The minutes further contain information on the purchase price determination and business valuation of CG Gruppe AG as well as sections on the transfer of projects and takeover of personnel of CG Gruppe AG.
  - On January 20, 2020, Adler19 sent a milestone plan with the subject "GREXIT - next steps" to, among others, Extern7, Extern4, and Extern6. Extern6 replied one day later to, among others, Adler25, Adler19, Extern4 and Extern7:

*"Eagle25, Eagle9, Can we please get a daily update regarding the below? Where do we stand today on the below tasks and timetables? please answer so the team can be duly and equally informed"*
  - On March 11, 2020, Extern6 invited Extern7, Extern4, Adler25, Adler9, and Adler19, among others, to a meeting to discuss "Adler10," "Refinancing," "Communication," and "Asset action list."
  - On April 13, 2020, a representative of [REDACTED] wrote to Adler10 regarding a shareholder resolution dated March 25, 2020, including:

*"in the meantime, all shareholders except Aggregate Deutschland S. A. have given a positive vote with regard to the transfer of the shares, the conclusion of the loan agreement as well as the option agreement (see attachment)"*

Adler10 forwarded this email to Extern7 with a request to influence:

*"Extern7, can you please influence here accordingly? "*

Extern7 confirms this as follows:

*"ok I look at and gives tomorrow decision"*

- The "*call re meeting Adler10*", which was scheduled for April 20, 2020 and to which Extern7, Adler25 and Adler9 were invited, among others, was also organized by Extern12.
- Extern7 also provided explicit instructions to Adler10 as part of the transaction. An email dated January 21, 2020 from Extern7 to Adler10 and copied to, among others, Adler25 has been identified:

*"eagle10. all bank contacts must be made available as discussed. immediately."*

The background is that Extern24 had requested an overview with information on various loans.

- In addition, Extern7 has requested to release a press release regarding the Adler10 transaction. Extern7 wrote on May 10, 2020 that it would like a "final look".
- On June 16 and June 18, 2020, Adler10 sent two emails with the subject "*EUR 10 million/payment default*" and "*Overdue payment*", respectively, to Extern4 and copied to, among others, Extern7, Adler9 and Adler25:

*"Hi Extern4, still waiting for the EUR 7mn you promised me yesterday - any news ? My creditors are pestering me as they are waiting for the funds ...."*

*"Hi Extern4, I just checked my account and the promised transfer has not been executed. Irrespective of the numerous steps of the payment process, I would have expected the funds to be credited/notified today. My understanding from our call last night was, that I would have access to the funds today."*

Why Adler10 sends these e-mails to Extern4 or due to which function Extern4 was involved was not determined.

- In addition, an email with similar allegations from Adler10 dated December 20, 2018 was identified. Adler10 wrote to Extern7 as well as copied to Adler25:

*"Dear Extern7, I note that the payment promised for Tuesday by you personally - overdue since 5.12.2018 until today have not been received on our accounts. This payment has been promised to me several times verbally in writing and at the end by corresponding warranty declaration of the aggregates. Thus, you are in default with this company."*

In this case, too, it is not clear from the e-mail against what background Adler10 sent this e-mail to Extern7. Further information on the "*aggregate warranty statement*" referred to by Adler10 was not identified.

- Furthermore, the background of the involvement of Extern4, according to e-mail address as representative of Meridien Capital Management Limited, is not apparent.
- The description of the financing situation of Consus Real Estate AG before its takeover by ADO Properties S.A. was correctly reproduced by Viceroy. This results from e-mails identified in the course of the e-mail review, in which the liquidity and capital situation were discussed as exemplified in the following:

- On October 13, 2017, Extern5 wrote to Extern3 and copied to Adler16 regarding a financing offer:
 

*"In view of the critical liquidity situation, we are currently considering closing neither Langenfeld nor Stuttgart. Keep this to yourself for the moment."*
- According to an email from Adler19 to Adler25 and Adler9, as of February 28, 2020, invoices totaling EUR 3.816 million were outstanding.
- According to an email from Adler19 to Adler25 and Adler9, invoices in the amount of EUR 2.8 million were outstanding as of April 24, 2020. Adler19 lists six creditors with the corresponding invoice amount and adds comments such as "we should not pay all now" and "we need to pay now").
- According to an available document, CG Bauprojekte GmbH had outstanding receivables from Consus RE AG, a subsidiary of Consus Real Estate AG, in relation to the Ernst-Reuter-Platz construction project in the amount of EUR 13.295 million as of June 17, 2020.
- On October 26, 2021, Adler22 approved a

*"internal transfer from Adler AG to Adler Group S.A. in the amount of EUR 1,800,000.00 [...] We need the money for the salary payments of Consus Swiss Finance AG".*

However, Adler22 had already released EUR 1.5 million on August 28, 2020 and EUR 10 million on August 12, 2020 for disbursement to Consus Swiss Finance.

#### 4.1.2.4 Transaction "Accentro Real Estate AG "

##### 4.1.2.4.1 Specific allegations

In connection with the transaction "Accentro Real Estate AG" the following allegations were formulated by Viceroy Research:

Quote	Source
As of Q2 2021 Adler still holds EUR 60.4m in purchase price receivables (including interest) on its books relating to Accentro. The postponement mentioned in its 2019 annual report was again overridden from December 31, 2020 to September 30, 2021. Viceroy believe the balance of this consideration will be a write-off, and the "collateral" is non-recoverable.	Viceroy I, page 45

Table 25: Allegations in connection with the "Accentro Real Estate AG" transaction

The allegations made in the Viceroy report in this context can be summarized as follows:

- The purchase price in the "Accentro Real Estate AG" transaction was not paid in full.
- It appears questionable whether the receivable recognized in the balance sheet - even taking into account the collateral provided - is fully recoverable.

#### 4.1.2.4.2 Investigation findings

**The allegation that the purchase price was not paid in full is correct according to the documents submitted and the supplementary information provided in this regard.**

**The allegation that the receivable recognized in the balance sheet is not fully recoverable - even taking into account the collateral provided - cannot be refuted on the basis of the documents submitted and the additional information provided.**

- Extern13 was involved as an investor in the negotiations for the sale of Accentro Real Estate AG, Berlin, to Brookline Real Estate S.à r.l., Luxembourg, Luxembourg. According to its own statement, Extern13 was already known to Adler22 as a market participant in the run-up to the transaction.
- KPMG received inconsistent information in the special investigation regarding the question of which person on the part of Adler Real Estate AG had established contact with Extern13 in connection with the transaction in question and did not find any references to this in the documents evaluated; it was therefore not possible to provide a conclusive answer to this question.
- According to KPMG's findings, the structure of the sales transaction presented in the Viceroy report is accurate. Due dates for partial purchase price payments were postponed by Adler Real Estate AG on several occasions. Representatives of Adler Real Estate AG justified the postponements granted by stating that in the event of a repatriation of shares in Accentro Real Estate AG, Adler Real Estate AG would have been under an obligation to submit a binding takeover bid, as Adler Real Estate AG would have acquired control of Accentro Real Estate AG in the event of a repatriation (section 35 et seq. of the German Securities Acquisition and Takeover Act, WpÜG).
- In addition, according to Adler17, the transaction was primarily carried out to stabilize or improve external ratings, which means that the possible reversal of the transaction in the event of purchase price payments not being made in accordance with the contract would have been contrary to the strategic interests pursued with the transaction. In this respect, however, the question arises as to why the purchase price payments were ultimately secured essentially by shares in Accentro Real Estate AG and not at least additionally by other arrangements.
- At the end of July 2019, in order to collect a partial purchase price payment of EUR 95 million, an agreement was reached, among other things, that the retention of title to the Accentro Real Estate AG shares existing until this date would be lifted and that the remaining partial purchase price amount would have to be paid by December 31, 2019. While the agreed partial purchase price payment in the amount of EUR 95 million has been paid as agreed, the remaining partial amount of Brookline Real Estate S.à r.l. has not been paid. According to information from Adler22, the most recently granted deadline for payment of the remaining partial amount of EUR 60.4 million by September 30, 2021, as well as a subsequent deadline extended to January 15, 2022, were also not met. As a result, a further deferral of this partial amount until May 31, 2022 was agreed on March 23, 2022.
- There are considerable doubts about the economic sense of the contractual adjustments made in 2019, particularly with regard to the actual collateralization of the outstanding receivable. Although the remaining partial purchase price amount has not yet been paid and shares in Accentro Real Estate AG are the basis for the collateralization of the corresponding receivable as agreed, shares were also pledged by the purchaser for financing purposes according to a document submitted to

KPMG. According to a legal opinion obtained by the Company and submitted to KPMG in this regard, receivables secured by the pledge may have to be satisfied with priority over the receivable of Adler Real Estate AG.

- The purchase price receivable still outstanding after the partial payments made amounts to EUR 60.4 million (including interest), as shown in the Viceroy report.
- In KPMG's opinion, the accounting valuation of the remaining receivable of EUR 60.4 million (including interest) at nominal value is questionable. In view of the non-payment despite contractual maturity in the past and the resulting overdue status, as well as the considerable uncertainties surrounding the cash flows expected from the liquidation of the collateral, KPMG is of the opinion that a lower valuation is appropriate, taking into account the requirements of IFRS 9.
- Extern7, together with, among others, Adler17, Adler22 and Adler6, was invited to the meeting "*Strategy Accentro AG*" on March 1, 2017. In which function Extern7 participated in this meeting was not determined. Upon inquiry by KPMG, Adler Real Estate AG denied a direct connection to the Accentro Real Estate AG transaction and explained that Extern7 merely introduced an investor representative who was interested in Adler Real Estate AG and Accentro Real Estate AG.

#### 4.1.2.5 Transaction Consus Real Estate AG including financing

##### 4.1.2.5.1 Specific allegations

In connection with the acquisition of Consus Real Estate AG by Adler Group S.A., Viceroy Research formulated the following allegations:

Quote	Source
Consus was largely comprised of the combined entities of CG Gruppe and SSN Group. Consus had no material assets prior to these acquisitions.	Viceroy I, p. 20
In 2017 Consus acquired a 59 % stake in CG Gruppe AG for EUR 872m: EUR 12.5m in cash and the remainder in Consus shares. The sellers were Extern7-associated Aggregate Holdings and CG Gruppe founder Adler10. Aggregate Holdings had acquired their 50% stake in CG Gruppe just one year prior for EUR 49m, representing a ~17x profit	
This created a false balance sheet and false equity from which all other Consus looting derives. Assets that were acquired for EUR 49m became Consus. This can be seen in the transition of Consus's balance sheet between 2016 and 2017. This is not even well hidden. CG Gruppe was acquired for EUR 872m (as disclosed below) and a goodwill balance was recorded on the balance sheet of ~EUR 700m.	Viceroy I, p. 20
Consus issued considerable bearer bonds and shares. We question what serious financial institution would accept bearer bonds of an unlisted property developer. There were also considerable convertible debts before after listing. Those debts have since become debts of Adler Group and investors and bondholders should ask serious questions about who holds these bonds and their relation, if any, to Adler Group. [Consus annual report 2018: "On November 8, 2017, the company issued 150,000 notes payable to the bearer and ranking pari passu among themselves. The aggregate principal amount of up to EUR 150,000,000.00 bears interest at a rate of 4.75% per annum."]	Viceroy I, p. 21

Table 26: Allegations Transaction Consus Real Estate AG including financing

The allegations made in the Viceroy report in this context can be summarized as follows:

- The increase in value of 50% of the shares in CG Gruppe AG from approx. EUR 49 million to approx. EUR 872 million within one year is not comprehensible.
- Bonds were issued by Consus Real Estate AG that would not have been accepted on the market by reputable financial institutions. It is unclear who holds the bonds.

##### 4.1.2.5.2 Investigation findings

**The allegation that the increase in value of the shares of CG Gruppe AG is not comprehensible cannot be refuted on the basis of the documents submitted and the supplementary information provided. The value of CG Gruppe AG was set significantly lower by Berater1 in the course of two valuation projects in the period close to the acquisition by Consus Real Estate AG.**

**Evidence of subscriptions made to the subject bonds was provided in the special investigation.**

- In 2017, Consus Real Estate AG acquired the shares in Pebble Investment GmbH, Berlin, and thus indirectly 50% of the shares in CG Gruppe AG for EUR 793 million via a mixed contribution in kind, including an assumed bond. After the acquisition of further shares, the initial consolidation of CG Gruppe AG by Consus Real Estate AG took place with a consideration transferred of approximately EUR 873 million as shown in the audited consolidated financial statements 2017.
- In the special investigation, KPMG was provided with a report as well as an additional draft valuation of Pebble Investment GmbH that is independent of this report. Both valuations were prepared by Berater1. The final report referred to a valuation performed by Aggregate Holdings S.A. and CG Gruppe AG, with Consultant1 also acting as reviewer. In the draft independent of this, Berater1 was engaged as a consultant; a finalized version was not submitted to us.
- In the finalized report prepared by Advisor1 , Pebble Investment GmbH was valued at EUR 475 million for 100%. For the 50% stake in CG Gruppe AG, which was initially acquired indirectly, this resulted in a value of EUR 523 million, taking into account the debt of Pebble Investment GmbH.
- In the draft, CG Gruppe AG was valued at EUR 1,083 million for 100%. Taking into account the debt of Pebble Investment GmbH, this corresponds to a value for the acquired 100% shares of Pebble Investment GmbH, including the indirectly acquired 50% share in CG Gruppe AG, in the amount of EUR 493 million.
- Consus Real Estate AG thus acquired the 50% stake in CG Gruppe AG for a consideration that implied a premium of more than 60% over the finalized valuation of Berater1. No explanation or documentation for this premium was provided to KPMG in the special investigation.
- Documents provided to KPMG in the special investigation show that Aggregate Group companies subscribed to bonds totaling EUR 150 million in November 2018. The bond was part of the consideration for the acquisition of shares in Pebble Investment GmbH.
- The email review identified evidence indicating an active role by Extern7 in the transaction. Extern3 sent an email dated August 23, 2017 to, among others, Extern7 requesting comments on a corporate news release that was to be published in a timely manner:

*"here is what we hope is the final version of the corporate news release that we want to release as soon as possible this morning so that we have immediately supplemented our Aad Hoc release and made it understandable. Comment?"*

Extern7 replied to this email:

*"From my point of view, the Pebble would have to be completely out by name, otherwise ok."*

- On August 23, 2017, Consus Real Estate AG announced on its website that it plans to acquire 50% of the shares of CG Gruppe AG. The word "Pebble" is not included in this announcement. KPMG has requested the contractual basis. This document was not handed over to KPMG.
- KPMG would like to point out here that Extern7 was also involved in the announcement of the acquisition of SSN Group AG. He was asked by Adler1 for comments on the draft version of the announcement on December 10, 2018. Extern7 commented on the draft as follows:

*"Too much detail for which parts how much was paid etc.... I would just say closed ... 1.1 bin value... parts cash (don't mention loan from Bank █ !!) and part equity through shares..."*

#### 4.1.2.6 Raffa transaction - portfolio sale to Extern13

##### 4.1.2.6.1 Specific allegations

In connection with the sale of development projects by Consus Real Estate AG to Partners Immobilien Capital Management, Viceroy Research formulated the following allegations:

Quote	Source
(...) Consus was looted of premium assets under the safety of its poison pill: (...) The sale of 8 developments to Partners Immobilien, controlled by Extern13, who had outstanding receivables from a purchase from Adler from 4 years earlier.	Viceroy I, pg. 22
Still unwilling or unable to pay Adler for Accentro, Extern13 then turned to Consus. On May 20, 2020, Consus announced the sale of 8 development projects to Partners Immobilien Capital Management for an undisclosed price. Viceroy question whether any price was paid at all as there is no disclosure about the acquisition in its filings for Q2 or Q3 2020.	Viceroy I, page 47
Extern13 is listed as the beneficial owner of Partners Immobilien Capital Management Holding Sarl, a Luxembourg company incorporated the day before with Extern13 listed at its beneficial owner.	Viceroy I, Page 47
For all intents and purposes, it appears as though Consus gave away 8 development projects (6 of which were in the top 25 projects as claimed by Consus in its press release) for negligible upfront consideration.	Viceroy I, Page 48
Partners Immobilien gets a small mention in Adler Group's Q2 2021 presentation wherein it is disclosed that they have yet to pay EUR 189m of the undisclosed sum.	Viceroy I, Page 48

Table 27: Allegations portfolio sale to Extern13

The allegations made in the Viceroy report in this context can be summarized as follows:

- Consus Real Estate AG has sold a real estate portfolio on unfavorable payment terms.
- The purchase price was not paid in full.

##### 4.1.2.6.2 Investigation findings

**The allegation that the real estate portfolio was sold on unfavorable payment terms cannot be refuted on the basis of the documents submitted and the supplementary information provided in this regard, as in particular the transfer of ownership of the project companies sold took place irrespective of the purchase prices not yet paid in full and without collateral for the purchase price payments.**

**The allegation that the purchase price has not yet been paid in full is correct as of June 30, 2021, based on the documents submitted and the supplementary information provided in this regard.**

- According to a press release of Consus Real Estate AG dated May 20, 2020, the "real estate fund Partners Immobilien Capital Management" is indicated as the buyer of seven real estate projects of

Consus Real Estate AG with a gross development value of EUR 2 billion. The buyer could not be identified on the basis of this information as a result of a background investigation by KPMG. KPMG has identified the following companies with the name "Partners Immobilien":

- Partners Immobilien Capital Management GP Limited, Guernsey, incorporated on May 5, 2020;
- Partners Immobilien Capital Management Limited, St. Peter Port, Guernsey, incorporated on May 6, 2020;
- Partners Immobilien Capital Management Holding S.à r.l., Luxembourg, Luxembourg, established on May 7, 2020.

KPMG has identified Extern13 (80% of the shares in each case) as the beneficial owner of these three companies.

- The Management Board of Consus Real Estate AG decided in a Management Board meeting on May 20, 2020 to sell parts of the development portfolio with a gross development value of approximately EUR 1.9 billion to Ajos RE 1 GmbH and Ajos RE 2 GmbH. The Supervisory Board approved this sale in a Supervisory Board meeting on the same day.
- In fact, not eight projects were sold, as originally agreed between the parties and initially published by Consus Real Estate AG, but seven. The direct buyers are the German-based companies Ajos RE 1 GmbH and Taurecon Invest X GmbH. Ajos RE 1 GmbH is indirectly 100% owned by Partners Immobilien Capital Management Limited Partnership. Taurecon Invest X GmbH acquired minority interests in individual projects, but not in all of them.
- According to a "Structure Chart" attached to an email dated May 25, 2020 and sent in connection with KYC duties by Vestigo Capital<sup>12</sup> to representatives of Consus Real Estate AG, including Adler9 and Adler18, both Extern13 ("Control&Mgmt") and Extern29 ("Capital") each have an interest in Partners Immobilien Capital Management Limited Partnership through one or more entities. In the Special Investigation, KPMG was provided with a "Structure Chart" dated January 1, 2021. This shows Extern13 as the only indirectly involved person in Partners Immobilien Capital Management Limited Partnership in both roles ("Control&Mgmt" and "Capital"). According to information provided by Consus Real Estate AG, no discussions were held with Extern29 regarding the transaction at any time.
- Extern13 is the same contractual partner that also purchased the stake in Accentro Real Estate AG (see section 4.1.2.4), and Extern29 is the indirect purchaser of the Gerresheim Portfolio (see Section 4.1.2.1).
- A large portion of the purchase price receivable has not yet been paid. The original purchase price amounted to an amount of EUR 220 million, of which an amount of EUR 122.8 million has been paid by payment or assumption of liabilities. The financing of the paid purchase price parts was carried out by loans from [REDACTED]  
[REDACTED]; equity shares of the buyers could not be identified from the payment documents.

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<sup>12</sup> It is not clear from the e-mail exactly which company with the company name "Vestigo Capital" is involved.

- The transfer of ownership of the project companies sold took place notwithstanding the fact that the purchase prices had not yet been paid in full, and no collateral was agreed for the purchase price payments.
- In June 2021, one of the project companies sold was reacquired by Consus Real Estate AG, according to Adler22, in order to facilitate the marketing of an overall site. In this connection, Adler Group S.A. paid according to Adler9 as member of the Management Board of Consus Real Estate AG without his knowledge, paid an amount of approximately EUR 43 million to [REDACTED], a subsidiary of Corestate Capital Holding S.A., Luxembourg, in order to release the repurchased properties from encumbrances. This amount increased the outstanding claim of Consus Real Estate AG against Ajos 1 RE GmbH. KPMG considers this transaction to be noteworthy, as the payment would have been made without the involvement of Consus Real Estate AG and against the background that the receivable already existing at that time was overdue as well as unsecured. A structured creditworthiness analysis of the buyer was not provided to KPMG. A contractual agreement between Adler Group S.A. and Ajos 1 RE GmbH regarding the repayment of the loan of [REDACTED] was not presented to KPMG.
- In the course of the special investigation, KPMG was provided with an undated loan agreement signed by Adler9, Adler2 and Adler22 between Adler Group S.A. and Consus Real Estate AG for a loan from Adler Group S.A. in the amount of EUR 43 million in connection with the payment to [REDACTED]
- In addition, existing shareholder loans were acquired as part of the repurchase of the property company. In the course of the e-mail review carried out, KPMG determined that the corresponding contract as evidence of the repurchase as of the reporting date of June 30, 2021 was subsequently prepared at the end of August 2021. This contract, which is available as an electronic copy, is not dated. Appropriate and sufficient evidence of the recoverability of the outstanding receivable was not provided in the special investigation, and the receivable is also unsecured.
- The project companies sold were deconsolidated in the consolidated financial statements of Adler Group S.A. as of December 31, 2020. In the opinion of KPMG, there are considerable doubts that a balance sheet disposal was appropriate as of December 31, 2020, as a condition precedent agreed between the contracting parties for full payment of the purchase price had not been met as of the balance sheet date. A submitted confirmation of completion waiving this condition was not dated. Based on the filing with the commercial register, KPMG believes it is reasonable to assume that this was not concluded until February 2021.
- The condition precedent of payment of the purchase prices was not explicitly waived at any time. However, in the opinion of KPMG, the undated confirmation of completion submitted for notarization on February 5, 2021 can be regarded as an implied waiver in this respect.
- The above-mentioned repurchase of a project company is to be assessed independently of this for accounting purposes. With a notarized agreement dated March 31, 2022, the transaction partners agreed to also transfer the remaining projects back to Consus Real Estate AG and to reverse them as part of the original transaction. Until the conclusion of the special investigation, the reversal has not yet been completed.
- A December 8, 2020 email from Extern13 to Adler22, Adler2, and Extern4 was identified in which Extern13 requests a meeting to finalize the transaction.

- According to a May 26, 2020 email from Extern4 with the subject line "*Financing/CoC on Raffa portfolio*," Extern29 was involved in the transaction in the
    - "team doing the DD to finalise the revised business plans for each project and with whom we will then finalise refinance plans"
- integrated. In addition, Extern7 has received a copy of parts of the e-mail history.

## 4.2 Valuation of real estate portfolios

### 4.2.1 Valuation of the residential real estate portfolio

#### 4.2.1.1 Specific allegations

In connection with the valuation of the residential real estate portfolio, the following allegations were formulated by

Viceroy Research formulated the following allegations:

Quote	Source
Adler's residential portfolio is valued on a DCF model backed by delusional assumptions. Adler's derived cap rates are ~100bps less than comps, despite an inferior portfolio.	Viceroy I, Page 2
<ul style="list-style-type: none"><li>– Viceroy's base-case valuation derives a EUR 2.36b impairment of Adler's yielding residential portfolio.</li></ul>	
Adler's residential investment property portfolio is valued extremely aggressively. This systematic overvaluation appears to derive from Adler's rent growth and residual value assumptions in its Discounted Cash Flow (DCF) valuation model. Valuations are fatally sensitive to mild adjustments in their calculation assumptions.	Viceroy I, Page 23
<ul style="list-style-type: none"><li>– Adler's residential portfolio commands some of the lowest rent per m<sup>2</sup> and much lower than baseline average rent against peers in all major cities. This is consistent with Adler's strategy of acquiring properties in B and C class districts.</li><li>– Adler's rent growth assumptions are 3-5x that of its competitors, including those with similar portfolios.</li><li>– Adler's capitalization rate is comparable to the high-end properties in high-end districts in Berlin, across its entire portfolio. This is incompatible with B and C class properties.</li><li>– Adler's DCF indicates the company is marking its portfolio to External Valuer2 region averages - thus suggesting it can "catch-up" to that average - without fundamentally acknowledging its portfolio is inferior.</li><li>– Adler's DCF - key locations detailed below - derives cap rates for their properties in the 2.36% - 3.80% percent range. Competitors are typically ~100bps higher.</li></ul>	
Along with other German residential real estate investment companies, Adler value their investment portfolio on a DCF basis rather than trying to estimate market value. This may be appropriate for competitors, who invest in real estate assets with the intention to rent them out and create a spread-based portfolio (thus, DCF). Given Adler's propensity to offload assets to related parties in an environment where every asset appears to be for sale, a DCF valuation method is inherently inappropriate.	Viceroy I, Page 24
A critical discovery is that as Adler's third-party valuer, Externer Bewerter2 does not visit any of Adler's properties. This was confirmed by Adler's investor relations. Adler's investor relations spokesperson noted that Externer Bewerter2 conducts a "desk-top valuation" of the investment portfolio, noting that "they can't check 70,000 units".	Viceroy I, Page 24

Quote	Source
Adler appears to justify absurd growth expectations purely on a like-for-like basis against Externer Bewerter2's average market rate. It indirectly implies that because it charges below-average rents compared to peers, it can catch up by increasing rent.	Viceroy I, Page 26

Table 28: Allegations regarding the valuation of the residential real estate portfolio

The allegations made in the Viceroy report in this context can be summarized as follows:

- The discounted cash flow (DCF) method chosen by Externer Bewerter2 is not suitable for deriving the fair value.
- The valuation parameters of rental growth and capitalization interest rate chosen by Externer Bewerter2 are not appropriate and in line with the market.
- The market values derived by External Valuers2 using DCF methods are not appropriate.
- No inspection of the real estate portfolio was carried out by the external valuer2 as part of the valuation.

#### 4.2.1.2 Investigation results

**The allegation that the DCF method selected by Externer Bewerter2 is not suitable for deriving the fair value can be refuted on the basis of the documents submitted and the research carried out by KPMG in this regard.**

- On the part of Viceroy Research, there is the allegation that the value determination by means of DCF methods is inherently unsuitable for determining the market value of Adler's real estate portfolio, as Adler's strategic orientation differs from that of its competitors.
- According to the annual report, the Adler Group holds the properties subject to the valuation for the purpose of generating income (so-called "investment properties"). Accordingly, the focus is on achieving earnings growth and improving EBITDA margins through the active management of the core portfolio, which is to be achieved in particular by increasing rents and targeted investments in the modernization, refurbishment and repositioning of the properties. According to the Annual Report, the Adler Group's strategy also includes disposals of non-core properties with the aim of streamlining the rental portfolio by increasingly focusing on medium-sized and large cities. Accordingly, disposals mainly serve to optimize the core portfolio.
- The portfolio strategies of the Adler Group are essentially congruent with those of the peer group companies (TAG Immobilien AG (hereinafter "TAG"), LEG Immobilien AG (hereinafter "LEG"), Grand City Properties S.A. (hereinafter "Grand City" or "GCP"), Vonovia SE (hereinafter "Vonovia"), Deutsche Wohnen SE (hereinafter "DeuWo")).
- The companies in the peer group either use the DCF method themselves or they commission external valuers who in turn use the DCF method.
- The DCF method is a recognized method in accordance with IDW S 10, HypZert GmbH, Royal Institution of Chartered Surveyors (RICS) and the International Valuation Standards (IVS). The fair value of investment property takes into account, among other things, rental income from current leases

and reasonable and supportable assumptions that reflect what knowledgeable and willing business partners would assume for rental income from future leases under current market conditions (cf. IAS 40.40).

If the parameters used in the DCF method, such as rents, operating costs and discount or capitalization rates, are derived from the market, the method can be described as being close to the market and appropriate for determining fair value.

- According to prevailing opinion, the DCF method is a recognized method for deriving fair values and, if applied correctly, leads to market-related results. The method selected by the appraiser must be independent of both the respective portfolio strategy of the owner and transactions realized by Adler in the past. The companies comparable with the Adler Group all use the DCF method to value their real estate portfolios. KPMG considers the derivation of the fair value of the Adler Group's real estate portfolio by the external valuer<sup>2</sup> using the DCF method to be appropriate.

**The allegation that the valuation parameters of rental growth and capitalization rate selected by Externer Bewerter<sup>2</sup> are not appropriate and in line with market practice can be refuted on the basis of the documents submitted and the supplementary information provided in this regard, as well as the research conducted by KPMG.**

- **The allegation that the Adler portfolio has the lowest rent level compared with comparable residential real estate companies can be refuted on the basis of the documents submitted and the supplementary information provided in this regard.**
  - In the Viceroy report, some accusations are made that are unclear or incomprehensible. In addition, in some places data is compared that is based on different terminology (e.g. comparison of actual and market rents). KPMG has corrected these methodological shortcomings on the part of Viceroy as far as possible in the run-up to its analyses.
  - The average actual rents of the Adler portfolio for the cities analyzed by Viceroy Research, the average actual rents of the Adler portfolio in the cities of Berlin, Leipzig, Dortmund and Düsseldorf are above the average of the actual rents of comparable companies. Only the average actual rent of the Adler portfolio in Duisburg is below the respective average.
- **The allegation that the Adler portfolio is predominantly located in B and C locations cannot be refuted with regard to both the macro location and the micro location on the basis of the documents submitted and the research conducted by KPMG.**
  - In the Viceroy report, accusations are sometimes made that are unclear or incomprehensibly formulated. In addition, in some places data are compared that are based on unclear terminology (e.g. location criteria, location reference (micro/macro location)). With regard to these ambiguities, KPMG has made assumptions as to which terms Viceroy Research might have meant.
  - According to Viceroy Research, the Adler portfolio is predominantly located in "B and C class districts."
  - KPMG assumes in the following that this is the location of the valuation properties. It is not clear from the Viceroy report which benchmark was used to make the assessment of "B and C class districts". Furthermore, it is not clear whether the accusation is aimed at the macro location (cities) or the micro location (location within cities).

- With regard to the macro location, KPMG assumes in the following that the accusation relates to the classification of A to D cities customary in the sector. A-cities are the most important German centers with national and in some cases international significance. B-cities are major cities with national and regional significance, and C-cities are important German cities with regional and, to a limited extent, national significance with an important impact on the surrounding region. D-cities are small, regionally focused locations with a central function for their immediate surroundings. KPMG assumes that Viceroy Research understands "B- and C-class districts" to mean the aforementioned city categories B and worse.
- The clustering of inner-city locations (microlocation) depends in principle on the respective experts, but is usually carried out on the basis of the categories "simple", "medium", "good" and "very good". KPMG assumes that Viceroy Research understands "B and C class districts" to mean the micro-locations "medium" and worse.
- The (according to the External Valuator2) 2,169 valuation units (also referred to as "Valuation Unit" or "VU") located in the Adler portfolio are located in 166 cities within Germany. The units comprise a leasable area of 4,451,561 m<sup>2</sup>. For 42 cities or 1,554 units or 3,664,990 m<sup>2</sup> of leasable space, an assessment of the location (A to D) is made by bulwiengesa AG, Berlin. This consequently comprises around 82% of the leasable area of the overall portfolio. Only around 32% of the Adler portfolio in Germany is located in A cities. A further 20% or so are located in B-cities and around 5% in C-cities. Further locations are assigned to the D-city category or to no category.
- The A-city Berlin is the largest location within the portfolio with around 31%. With regard to the assessment of the micro-location, based on a location categorization within Berlin by Colliers, around 47% of the valuation units are in a simple location (e.g. Gesundbrunnen, Buch), around 36% in a medium location (e.g. Kreuzberg, Pankow), around 13% in a good location (e.g. Wilmersdorf, Friedrichshain) and 4% in a very good location (e.g. Mitte, Charlottenburg).
- According to the residential location assessment of the Senate Department for Urban Development and Housing of the City of Berlin, around 13% of the Berlin Adler portfolio is in good locations, around 30% in medium locations and around 57% in easy locations.
- **The allegation that rental growth rates 3 to 5 times higher are assumed for the Adler portfolio can be refuted on the basis of the documents submitted and the research conducted by KPMG.**
  - Viceroy Research claims that the valuation of the Adler portfolio was based on rental growth that was 3 to 5 times higher than that of comparable residential real estate companies. How Viceroy Research derived this allegation of 3 to 5 times higher rental growth is not comprehensible to KPMG. Thus, it remains unclear whether Viceroy Research refers to the realized actual rent increases or to the future market rent increases. Moreover, it is not clear from the Viceroy report to which period this rental growth relates.
  - Against this backdrop, KPMG first compared the actual rent increases realized (assumed to be Q3 2020 to Q2 2021) for the Adler portfolio with those of the peer group. In a further step, the future rent increases planned by the External Valuers2 for the Adler portfolio were compared with those of the peer group.

*Actual rental growth Adler Group vs peer group*

  - In the Viceroy report, with the exception of the Vonovia peer, the future rental growth assumed for the valuation of the

Adler portfolio, the future rental growth assumed for the valuation is compared with the actual rental growth of the peer group. However, for Vonovia, the future growth assumed in the valuation of 1.7% p.a. was reported rather than the actual growth (3.4% p.a.). The rental growth of 1.4% p.a. reported for Grand City relates to growth within units already leased. In addition, Grand City also reports rental growth of 0.6% p.a. due to new leases (formerly vacant units). Overall, rental growth at Grand City therefore amounts to 2.0% p.a.

- It is not comprehensible which source Viceroy Research uses for the rental growth figure for the Adler portfolio, as this figure is not published in the annual report. According to the Q2 2021 annual report, like-for-like net rental income growth is around 4.3% compared to Q2 2020. With this growth, Adler is above the actual rental growth of the peer group, which is published in a range between 1.20% and 3.50%.
- Despite this above-average rent increase compared with the peer group, the actual rent at Adler portfolio level is still below the market rent assumed by the external valuer2, which in principle suggests further potential for rent increases.

#### *Future rental growth Adler Group vs peer group*

- The DCF method used by Externer Bewerter2 initially assumes the actual rent, which is updated over the detailed planning period. According to Externer Bewerter2, the calculation model distinguishes between two cases (cities without and cities with rent control). For cities without rent control, the market rents used (target rent) are based on an External Valuer2 database, asking rents (Value AG), the local rent index and actual rents. For cities with a rent cap (e.g. Berlin), the target rent was determined by Externer Bewerter2 on the basis of the rent index and actual rents.
  - Future rental growth is also based on assumptions regarding fluctuation and the market rent (target rent). The higher the difference between the (lower) actual rent and the (higher) target rent, and the higher the fluctuation assumption, the stronger the future rent growth.
  - In their valuation of the Adler portfolio, External Valuers2 estimate the market rent itself to increase by 0.3% to 3.0% p.a. for years 1 to 5 and by 0.25% to 2.0% p.a. for years 6 to 10. Calculated roughly by KPMG, the assumed growth in market rents using the DCF method (external valuer2) across the entire portfolio is an average of 2.0% p.a. (years 1 to 5) and 1.4% p.a. (years 6 to 10) and is thus in the order of magnitude of the growth rates reported by the peer group.
  - According to the external valuer2, the average annual growth rate (CAGR) for rents in the valuation in the first year of the plan is around 2.6%. For the detailed period of ten years, the CAGR determined by the external valuer2 is also around 2.6%. This approach is lower than the rental growth of around 3.0% p.a. forecast by Adler and reported as guidance in the Annual Report. Overall, the valuation approach is consequently more conservative. Due to the lack of availability of publicly available information, a comparison with the peer group in this respect is not possible.
- The allegation that capitalization rates used for the valuation of the Adler portfolio were generally too low can be refuted on the basis of the documents submitted and the research conducted by KPMG.**
- A comparison of the capitalization interest rates for selected locations with the peer group does not provide a uniform picture. While the capitalization rates for the Berlin and Leipzig locations are slightly below the peer group, the values for Duisburg and Dortmund are slightly above. The

analysis of the discount rate required for a holistic view shows that, with the exception of Leipzig, the values were chosen within or slightly above the range of the peer group.

**The accusation that the market values derived by Externer Bewerter2 using the DCF method are not appropriate can be refuted for a sample of around 78% of the Adler portfolio on the basis of the indicative valuation performed by KPMG.**

- The indicative value assessment carried out by KPMG for a sample of around 78% of the Adler portfolio (in terms of external valuer2 fair value) leads to a deviation of around -4.4% in relation to the fair value of Externer Bewerter2. This deviation is within the usual range, which can be justified by the expert's judgment.

Location	Number VU	Rental space (m <sup>2</sup> )	Market value (indicative) KPMG		Market value External valuer2		Delta (KPMG/. External evaluator2)	
			TEUR	EUR/m <sup>2</sup>	TEUR	EUR/m <sup>2</sup>	TEUR	%
Berlin	424	1.338.048	4.287.229	3.204	4.608.960	3.445	-321.731	-7,0
Leipzig	127	254.690	526.328	2.067	498.300	1.956	28.028	5,6
Wilhelmshaven	211	406.473	457.645	1.126	422.657	1.040	34.988	8,3
Duisburg	91	284.114	321.652	1.132	347.540	1.223	-25.888	-7,4
Wolfsburg	4	87.624	167.100	1.907	173.360	1.978	-6.260	-3,6
Göttingen	16	85.238	152.194	1.786	158.180	1.856	-5.986	-3,8
Dortmund	90	102.251	164.340	1.607	156.890	1.534	7.450	4,7
Hanover	26	61.433	135.410	2.204	133.550	2.174	1.860	1,4
Kiel	27	66.768	120.020	1.798	131.070	1.963	-11.050	-8,4
Düsseldorf	28	36.899	120.971	3.278	127.710	3.461	-6.739	-5,3
Halle (Saale)	35	105.917	106.810	1.008	100.850	952	5.960	5,9
Food	29	66.850	94.543	1.414	99.680	1.491	-5.137	-5,2
Sample KPMG	1.108	2.896.305	6.654.242	2.297	6.958.747	2.403	-304.505	-4,4
Total Stock eagle	2.169	4.451.561	-	-	8.871.263,1	1.993	-	-

Table 29: (Valuation) Sample KPMG - Valuation Results External Valuers2 vs. KPMG as of June 30, 2021

- For the Berlin site, the indicative market value determined by KPMG is around 7.0% below the fair value determined by Externer Bewerter2.
- The fair value of the Adler Group reported for the Berlin location is around 4.0% above the highest fair value from the peer group (GCP). If no new buildings are taken into account in the Adler portfolio, the fair value determined by Externer Bewerter2 lies within the peer group range (slightly below the value of GCP, above the values of Vonovia and DeuWo).
- Furthermore, KPMG evaluated the transactions provided by the Adler Group in the period from July 2020 to June 2021. The twelve transactions evaluated are both asset and share deals with private individuals, municipalities and corporations. In total, the sales proceeds achieved amounted to around EUR 401.4 million and were thus around 1.1% above the book values of EUR 397.1 million.

The sale to Peach Properties accounted for the largest share with sales proceeds of around EUR 316.1 million (around 1.2% above book value). Other significant transactions were two sales to Omega AG, each with sales proceeds of around EUR 50.5 million and EUR 25.3 million, which individually were sold around 10.3% above and 15.1% below book value. However, according to Adler Group, both transactions were negotiated together and sold slightly above book value.

- In addition, a partial portfolio consisting of a total of twelve property companies was sold to LEG as of December 2021 (signing December 1, 2021, closing December 31, 2021). The book value of the respective real estate portfolio amounted to approximately EUR 1,288.1 million as of September 30, 2021. At the beginning of the negotiations, the offer price of LEG was approximately EUR 1,484.7 million, which is approximately 15.3% higher than the booked values of Adler. A purchase price of around EUR 1,290.1 million was notarized, which was around 0.2% above the carrying amount.

**The allegation that no inspection of the real estate portfolio was carried out by the external valuer<sup>2</sup> as part of the valuation can be refuted on the basis of the documents submitted and the additional information provided in this regard.**

- As of June 30, 2021, 768 properties or 35% of the valuation units or 24% of the fair value had been appraised by external appraisers<sup>2</sup> but had not been inspected. All other properties were inspected as of the valuation date or in previous years.
- As a matter of principle, the properties in the Adler portfolio are subject to the individual valuation principle and the requirement to inspect the properties as part of the valuation. Consequently, the failure to carry out inspections represents a risk. The approach chosen by Externer Bewerter<sup>2</sup> (use of average location and property characteristics) for the valuation of properties that have not been inspected is not statistically reliable. Against this background, the results of property valuations without inspections are less reliable and can only be regarded as an approximation or estimate.
- During the 89 inspections carried out by KPMG, however, no significant deviations from the assumptions made by Externer Bewerter<sup>2</sup> were identified. One exception was a property in Berlin, which was incorrectly valued by the external valuer<sup>2</sup> due to an incorrect master date provided by the Adler Group. No indications can be derived from this that this could have led to an overly optimistic assessment of the location and property.

## 4.2.2 Valuation of the project development portfolio

### 4.2.2.1 Specific allegations

In connection with the evaluation of the project portfolio, Viceroy Research formulated the following allegations:

Quote	Source
<p>Adler's development pipeline is booked on residual value method, which assumes project completion despite Adler's inability to finance and complete these projects.</p> <ul style="list-style-type: none"> <li>– Viceroy's base-case valuation derives a EUR 1.77b impairment of Adler's Development Pipeline.</li> </ul>	Viceroy I, Page 2
<p>Adler uses a residual value method to value its development pipeline, including its "Inventory". Some of this pipeline lacks even development approval, and there is considerable risk in completing these developments.</p>	Viceroy I, Page 28
<p>The residual value method is used to calculate the value of an incomplete project. This method calculates the discounted residual value of the development after completion, minus the initial cost of the property, costs to develop the project, and costs to sell the project.</p> <ul style="list-style-type: none"> <li>– The completed development is valued via a discounted cash flow method as described in Section 3 above, and subject to the same flaws.</li> <li>– The costs to finish the project are also discounted to the present presumably with a low discount rate in Adler's case.</li> <li>– The net of these values is the residual value placed on the balance sheet.</li> </ul> <p>(...)</p> <p>Like the DCF: the residual value method is based on various subjective, sensitive, and long-dated estimates. All the difficulties in Adler's DCF models are repeated here because the residual value of the completed project is calculated in a DCF.</p> <p>Unlike the DCF: the residual value assumes that projects can be completed at estimated cost to completion.</p> <p>Adler has thin cash flows, is levered to the hilt, and cannot complete these projects.</p>	Viceroy I, Pages 28/29
<p>In a default-event scenario, which Viceroy believe is likely, we believe Adler's development and inventory pipeline will take a hit of at least a EUR 1b hit.</p>	Viceroy I, Page 32
<p>Adler have neither the capital nor the cash required to complete development projects. Worse, there is a demonstrated inability to finish some of these projects, even those that are sold forward. Viceroy assert that a market value approach would be more reasonable in assessing the fair value of Adler's stalled developments.</p>	Viceroy I, Page 32

Table 30: Allegations for the evaluation of the project portfolio

The allegations made in the Viceroy report in this context can be summarized as follows:

- The residual value method selected by External Valuers1 is not suitable for deriving the fair value.

- The value of the completed project development was determined using the residual value method by an external appraiser<sup>1</sup> using the DCF method.
- The project development costs incurred are discounted using the residual value method by the external valuer<sup>1</sup> using a low discount rate.
- The fair values derived by the external valuer<sup>1</sup> using the residual value method are not appropriate.
- Adler does not have the financial resources to implement the project developments.

#### 4.2.2.2 Investigation results

**The allegation that the residual value method selected by External Valuers<sup>1</sup> is not suitable for deriving the fair value can be refuted.**

- Viceroy Research alleges that the valuation using residual value methods is not suitable for determining the fair value of the Adler project development portfolio, as these are subject to a high degree of uncertainty.
- According to the annual report, investment properties under construction by Adler Group (project developments) are measured using the residual value method to derive the fair value of a project that has not yet been developed. According to Adler Group, this method is based on the assumption that the fair value of a project in progress can be derived from the market value (of the completed project) and is subsequently reduced by the costs of realization and the developer's profit.
- The valuation reports provided by Externer Bewerter<sup>1</sup> are used by the Adler Group to determine valuations for accounting purposes in accordance with the engagement letter. Furthermore, it was agreed that the properties are to be valued in accordance with RICS standards as well as TEGOVA European Valuation Standards (EVS) and in accordance with IVSC International Valuation Standards (IVS).
- According to IVS and RICS, the comparative value method and the residual value method can be used for the valuation of project developments. The choice of method depends on the available information, such as past and comparable transactions or the progress of the project. If a project development is sufficiently homogeneous, is frequently traded in a market and therefore sufficient information is available, the market approach can be used. However, if the project is more complex or construction work has already started, the residual value method should be used.
- The residual value method also complies with IDW S 10 and the recommendations of HypZert.
- The residual value method is therefore a recognized method for deriving fair values for project developments and, if applied correctly, leads to market-related results. The derivation of the fair value of the Adler Group's project development portfolio by the external valuer<sup>1</sup> using the residual value method is appropriate.
- However, it should be noted at this point that the methodology is very sensitive and minor changes in assumptions, input data and value parameters can have a major impact on the valuation result.

**The accusation on the part of Viceroy Research that the value for the completed project development would be determined by means of the DCF method and would thus be subject to the same**

**susceptibility to error as the portfolio properties can be refuted on the basis of the documents submitted and the supplementary information provided in this regard.**

- The gross capital value (value of the completed project development) was determined on the basis of the simplified static capitalized earnings value method. The DCF method was not applied in this context.

**The accusation on the part of Viceroy Research that the project development costs incurred were discounted at an assumed low discount rate can be refuted on the basis of the documents submitted and the additional information provided in this regard.**

- The costs of project development are not discounted under the residual value method applied by External Valuer1 as stated by External Valuer1. A (low) discount rate is therefore not applied.

**The allegation that the fair values derived by Externer Bewerter1 using the residual value method are not appropriate cannot be refuted on the basis of the documents submitted, the additional information provided in this regard and the indicative valuation carried out by KPMG.**

- Viceroy Research alleges that the market value of the Adler portfolio for the project developments determined by the external valuer1 using the residual value method in the base case scenario (according to Viceroy Research) is too high by EUR 1.77 billion (hereinafter "Impairment").
- The approach of Externer Bewerter1 in implementing the residual value method cannot be understood on the basis of the documents provided. Against this background, KPMG has carried out its own indicative market value calculations for a sample on the basis of the residual value method and compared its valuation results with the market values of Externer Bewerter1 as of the reporting date June 30, 2021.
- For the valuation sample, which represents around 66% of Adler's portfolio value for project developments, the market value determined by KPMG (EUR 1,934.0 million) is around EUR 411.8 million or around 17.6% below the market value determined by Externer Bewerter1 (EUR 2,345.8 million).

City	Project	Market value (indicative) KPMG		Market value External valuer1		Delta (KPMG ./ External eva- luator1)	
		TEUR	EUR/m <sup>2</sup> Grdst.	TEUR	EUR/m <sup>2</sup> Grdst.	TEUR	%
Hamburg	Holsten quarters	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-16,4
Stuttgart	VAI Campus Stuttgart Vaihingen	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-3,3
Berlin	The Wilhelm	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-14,1
Düsseldorf	Grand Central	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-18,8
Düsseldorf	Benrath Gardens	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-6,5
Offenbach	NewFrankfurt Towers VauVau	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-21,2
Berlin	Steglitzer traffic circle - base & parking garage	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-19,1
Berlin	Steglitzer traffic circle - Tower	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-24,8
Cologne	Cologeo I	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-36,3
Frankfurt	Westend Ensemble - Upper West	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-19,5
Düsseldorf	Upper North Tower Vau Vau	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-29,0
Cologne	Cologne Apart VauVau	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-20,0
Frankfurt	Westend Ensemble Grand Ou- est	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-26,4
Stuttgart	Schwabentower Fellbach	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-22,9
Leipzig	Four Living VauVau	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-19,8
Dresden	MaryAnn Apartments VauVau	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-12,4
Düsseldorf	Upper North Office	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	-11,8
<b>Sample KPMG</b>		<b>1.934.000</b>	<b>3.195</b>	<b>2.345.800</b>	<b>3.876</b>	<b>-411.800</b>	<b>-17,6</b>
Remaining pro- ject develop- ments				1.224.600	5.698		
<b>Total</b>				<b>3.570.400</b>	<b>4.353</b>		
<b>Stock eagle</b>							

Table 31: Sample KPMG - Valuation results External Valuers1 as of June 30, 2021

The main reasons for the deviations in value are to be found in the following parameters:

- Revenues: In order to determine rental and sales revenues, KPMG has checked the plausibility of the estimates for the main types of use taken into account by the external valuer1 on the basis of customary market ranges researched by KPMG. If the rental rates and sales revenues do not appear

plausible with regard to the planned quality of the space and the location, KPMG reduced the rates at its own discretion. If the project was marketed as a forward deal, KPMG used what it considered to be the most probable purchase price, taking into account the purchase price adjustment clauses.

- Construction period: In the context of the indicative valuation carried out by KPMG, KPMG relied on information provided by Adler Group (e.g. quarterly report Q3 2021 and discussions with the management of Consus) as well as KPMG's impressions from the site visits (selected projects). For the majority of projects, a construction stop was in place as of June 30, 2021. In principle, this results in an extension of the construction period compared with the original Consus planning.
- Actual construction costs: For the determination of the already realized construction costs, KPMG relied on information provided by the Adler Group (summary files as of June 30, 2021, actual construction cost overviews as of June 30, 2021 as well as quarterly report on Q3 2021, overviews of concluded contracts) as well as impressions of KPMG from the site visits (selected projects). The actual construction costs differ significantly between the documents provided to KPMG and cannot be reconciled. Despite repeated requests, Adler did not clarify the differences. In the context of the indicative valuation carried out by KPMG, KPMG used the most conservative approach of the actual costs provided to KPMG. If the actual construction costs do not appear to be recoverable in view of the progress of construction, KPMG has taken this into account by reducing the actual construction costs as estimated by KPMG.
- Developer's profit: KPMG has calculated the developer's profit in relation to the expected revenues (gross capital value) depending on the degree of concretization of the project developments (decision on development plan, legally valid development plan, building permit available) as well as the pre-utilization rate and the degree of completion. As a result, higher developer profit rates were applied to almost all project developments compared with the external appraisers'1 valuations.
- Marketing costs: While the external appraiser1 applied marketing costs at a flat rate of 1%, KPMG applied differentiated approaches depending on the selected distribution channel and the pre-sales ratio in a range of 1% to 5% of the expected revenues (gross net present value).

The indicative value estimate made by KPMG is subject in particular to the following uncertainties and limitations:

- Due to the unauditible documentation of actual costs as of June 30, 2021, a final assessment of outstanding project costs is not possible.
- For project developments whose implementation is carried out by the general contractor from the Adler Group, no detailed planning of the construction and ancillary construction costs is available. A detailed plausibility check of the construction and ancillary construction costs was therefore not possible for KPMG.
- On the basis of the evidence presented in the special investigation, it is not possible to conclusively assess the financial performance of the Adler Group and possible influences of the liquidity situation on, among other things, the realization periods of the project developments under consideration.

**The allegation that Adler does not have the financial resources to implement the project developments cannot be refuted on the basis of the documents available to us in the special investigation.**

## 4.3      Loan-to-value (LtV), Bond conditions

### 4.3.1    Allegations (summary)

The allegations made by Viceroy Research in the context of "loan-to-value" and related bond terms and conditions have already been set out in section 1.2.4 and will therefore not be repeated here in order to avoid repetition.

These allegations can be summarized as follows:

- The former ADO Properties S.A., now operating under the name Adler Group S.A., has modified the LtV calculation methodology with the intention of avoiding the violation of related bond conditions.
- If "Adler" had prepared its accounts correctly, the bond conditions would have been breached - with the immediate consequence of insolvency.

### 4.3.2    LtV calculation methodology

**The allegation that the LtV calculation methodology used by Adler Group S.A has been changed to avoid violations of related bond terms and conditions can be refuted on the basis of the documents submitted and the supplementary information provided in this regard. The LtV calculation schemes derived from the bond conditions were not published, the LtV ratios were published in the results presentations and not in the financial reports.**

Adler Group S.A. and Adler Real Estate AG each use LtV calculation methods developed for financial reporting purposes on the one hand and LtV calculation methods derived from bond terms on the other. The allegations made in the publication by Viceroy Research refer to the LtV calculation method used by Adler Group S.A. for financial reporting purposes and presented in financial reports, which differs from the LtV calculation methodology derived from bond terms. The LtV calculation methods derived from bond terms and conditions have not been changed over time either by Adler Group S. A. or by Adler Real Estate AG.

The accusation raised by Viceroy Research

*"Adler's bond covenants dictate that an event of default occurs if its LTV surpasses 60%. LTV is not an IFRS measure meaning it can be manipulated and Adler has mastered this manipulation to mislead credit rating agencies, bond investors, and the wider market as to the health of its balance sheet."*

was illustrated with comparisons of LtV calculation methods developed for financial reporting purposes and, to that extent, had no direct relation to the LtV thresholds in bond terms and conditions and the calculations to be made in this respect.

In its Annual Report 2020 (Q4 Report 2020), Adler Group S.A. had itself made transparent the adjustment made to the "internal" calculation methodology determined independently for financial reporting purposes (see page 102 of the English-language version of the report<sup>13</sup>):

*"The LtV ratio was adjusted to align with the methodology of ADLER Real Estate AG and in this regard the comparative figures for the previous period were also adjusted. The net financial liabilities are adjusted for selected financial assets such as purchase price receivables, granted loans and bonds held. The fair value of the properties is adjusted for property, plant and equipment used for energy management services and for investments in real estate companies."*

As a result of the review of financial reports of Adler Real Estate AG published on the internet, the special investigation verified that the adjustments made by Adler Group S.A. to the internal LtV calculation methodology were indeed adjustments made with regard to the "internal" calculation method previously already used by Adler Real Estate AG for financial reporting purposes.

In the special investigation, comparative considerations of the LtV calculation method used by Adler Group S.A. for financial reporting purposes with methods published by other companies in the real estate sector (Vonovia SE, Deutsche Wohnen SE, Accentro Real Estate AG) in annual reports led to the conclusion that the "internal" methods of the competitors differ from those of Adler Group S.A. (and thus also from those of Adler Real Estate AG) with regard to various items; in this respect, no uniform "market standard" is evident. (and thus also those of Adler Real Estate AG) with regard to the consideration of various items; a uniform "market standard" is not evident in this respect. With regard to the publication of LtV ratios and LtV calculation schemes, the following should be noted:

- The "Selected financial assets" included in the LtV calculations for the purposes of financial reporting to reduce debt are only listed in summary form in the Q4 2020 and Q2 2021 reports of Adler Group S.A., while the individual items selected for aggregation in the "Selected financial assets" item are not listed in detail.
- The LtV ratios calculated in accordance with the LtV calculation scheme derived by Adler Group S.A. from bond terms and conditions were, in contrast to the LtV values calculated in accordance with the internal methodology, not published in the financial reports but with results presentations published on the Company's internet pages.<sup>14</sup>
- In contrast to the internal LtV calculation methodology, the LtV calculation schemes derived by Adler Group S.A. from bond terms and conditions were not published in abstract form or filled with reporting date-related values.

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<sup>13</sup> [https://ir.adler-group.com/download/companies/adoproperties/Annual%20Reports/ag\\_AR2020\\_en\\_s\\_01.pdf](https://ir.adler-group.com/download/companies/adoproperties/Annual%20Reports/ag_AR2020_en_s_01.pdf)

<sup>14</sup> [https://ir.adler-group.com/download/companies/adoproperties/Presentations/20200331\\_ADLERGroupFY20presentation\\_03.pdf](https://ir.adler-group.com/download/companies/adoproperties/Presentations/20200331_ADLERGroupFY20presentation_03.pdf), page 20 and [https://ir.adler-group.com/download/companies/adoproperties/Presentations/Adler\\_Q2\\_2021\\_presentation.pdf](https://ir.adler-group.com/download/companies/adoproperties/Presentations/Adler_Q2_2021_presentation.pdf), page 31

### **4.3.3 Compliance LtV-related bond conditions**

**In the opinion of KPMG, the LtV calculation schemes derived by Adler Group S.A. and Adler Real Estate AG from the bond terms and conditions do not fully comply with the textual requirements of the respective bond terms and conditions.**

**In the special investigation, LtV calculations were carried out at the quarter ends of 2019 and 2020 with adjusted calculation schemes due to our differing understanding of the bond terms and conditions using the balance sheet data published in the respective financial reports. Using the items to be included in accordance with the published IFRS financial statements and the bond terms and conditions, but without taking into account the accounting adjustments deemed necessary by KPMG, this did not result in any LtV thresholds specified in the bond terms and conditions being exceeded.**

**At the level of Adler Real Estate AG, taking into account the accounting correction of the fair value from the Gerresheim transaction as of the reporting date of September 30, 2019, the LtV threshold of 60% was exceeded.**

**At the level of Adler Group S.A., KPMG based the LtV simulations performed for various balance sheet dates on the findings obtained in the special investigation regarding the balance sheet valuation of the project development portfolio, the correction of the fair value from the Gerresheim transaction, the recoverability of certain purchase price receivables as well as the modification of the LtV calculation scheme justified by KPMG above. The LtV simulations performed in this way resulted in the LtV threshold of 60% specified in the bond terms and conditions being exceeded for the bonds of Adler Real Estate AG, but not Adler Group S.A..**

In the special investigation, based on requested overviews of the bonds accounted for by Adler Group S.A., Adler Real Estate AG and Consus Real Estate AG in the period under review, all bond sales prospectuses (offering memoranda) were analyzed with regard to the LtV covenant provisions contained therein.

Furthermore, in this context, Adler Group S.A. reviewed letters dated November 22, 2021 and January 24, 2022 addressed to the Commission de Surveillance du Secteur Financier (CSSF) Luxembourg, each of which contained answers to questions posed by the CSSF, including on LtV covenants and corresponding reporting date-related calculations.

The bonds with LtV covenants listed in the table below were issued by Adler Group S.A. and Adler Real Estate AG during the period under review, according to the documents provided by Adler Group S.A. in the special investigation:

Issuer	ISIN	Nominal amount (EUR)	Launch	Maturities
Adler Group S.A.	XS1652965085	400.000.000	27.7.2017	26.7.2024
Adler Group S.A.	XS2010029663	400.000.000	5.8.2020	5.8.2025
Adler Group S.A.	XS2248826294	400.000.000	13.11.2020	13.11.2026
Adler Group S.A.	XS2283224231	700.000.000	14.1.2021	14.1.2026
Adler Group S.A.	XS2283225477	800.000.000	14.1.2021	14.1.2029
Adler Group S.A.	XS2336188029	500.000.000	27.4.2021	27.4.2027
Adler Real Estate AG	XS1713464441	500.000.000	27.4.2018	27.4.2023
Adler Real Estate AG	XS1713464524	300.000.000	27.4.2018	27.4.2026
Adler Real Estate AG	XS1731858392	500.000.000	6.12.2017	6.12.2021
Adler Real Estate AG	XS1731858715	300.000.000	6.12.2017	6.2.2024
Adler Real Estate AG	XS1843441491	400.000.000	17.4.2019	17.4.2022
Adler Group S.A.	XS1652965085	400.000.000	27.7.2017	26.7.2024

Table 32 Bonds Adler Group S.A. and Adler Real Estate AG with LtV covenants

In addition to LtV covenants, the terms and conditions of these bonds also contain provisions relating to a modified LtV ratio, the so-called "Secured LtV". As the "Secured LtV" ratio was not discussed in the Viceroy Research publication, the calculation schemes and results for this ratio were not examined in detail in the special investigation.

In all bond terms and conditions for bonds recognized by (today's) Adler Group S.A. and Adler Real Estate AG in the period under review that contain LtV thresholds, the LtV threshold ("LtV unsecured") to be complied with (without taking collateral into account) was set at (a maximum of) 60% in each case.

Adler Group S.A. used the following LtV calculation scheme derived from bond conditions ("external"):

LtV calculation scheme Adler Group S.A. - derived from bond conditions	
	Loans and borrowings
(+)	Other long-term liabilities
(-)	Cash and cash equivalents
(+)	Purchase prive VauVau
=	Consolidated net financial indebtedness
LtV =	Consolidated net financial indebtedness/Total assets

Table 33: LtV calculation scheme Adler Group S.A. - derived from bond terms and conditions

The purchase price taken into account in the above LtV calculation scheme to increase debt relates to a project development portfolio of the subsidiary Consus Real Estate AG referred to as "VauVau".

From the LtV calculation scheme provided to KPMG and derived by Adler Group S.A. from the bond terms and conditions, it was initially evident that apparently only selected "Other long-term liabilities" are included in the LtV calculation in accordance with the calculation scheme; however, criteria for the selection and reasons for the non-inclusion of other individual items were not evident from the documents provided to KPMG. Corresponding queries in this regard were answered to the effect that both non-current and current other financial liabilities are aggregated under the item "Other long-term liabilities" in accordance with IFRS, insofar as these relate to "pure financial liabilities" (quote).

All items reported under "Other financial liabilities" in the consolidated financial statements of Adler Group S.A. must be included in the LtV calculations on the reporting dates because the formula used to calculate the LtV on the reporting dates is based on the "Consolidated net financial liabilities" and the definition of "Consolidated net financial liabilities" under the terms and conditions of the bonds expressly and without limitation includes the "Other financial liabilities".

Under the terms and conditions of the bonds issued by Adler Group S.A. and ADO Properties S.A., which was renamed Adler Group S.A. on October 9, 2020, there are restrictions on entering into financial liabilities. Accordingly, there are, in particular, covenants according to which no financial liabilities may be entered into after the issue date and it must be ensured that subsidiaries do not enter into any financial liabilities after the issue date if, immediately after the entry into effect of such further financial liabilities, the LtV would exceed the threshold of 60%. For the issue ISIN XS1652965085, the bond terms and conditions provide, in deviation from the other bond terms and conditions, for the exception that financial liabilities for the refinancing of existing financial liabilities with a total nominal amount that is equal to or lower than the total nominal amount of the refinanced financial liabilities are exempt from the aforementioned restrictions.

It is our understanding that Adler Group S.A. has not fully included "Other financial liabilities" (as reported in the consolidated financial statements) in the calculation of the gearing ratio. According to the head of the Controlling department of Adler Group S.A., accrued interest, purchase price liabilities, deposits and various security retentions have not been included in the calculation.

According to the terms and conditions of the bond, the LtV is to be calculated as follows:

*((Consolidated net financial liabilities as of the last reporting date) + (New financial liabilities since the last reporting date))  
divided by  
(Total assets as of the last reporting date) + (Purchase prices for real estate assets since the last reporting date) + (Inflows from financial liabilities since the last reporting date))*

The calculation is designed to be able to determine the LtV at any point in time. The inclusion of "new financial liabilities," purchase prices for real estate assets, and inflows from financial liabilities ensures that the "consolidated net financial liabilities" and the balance sheet total are corrected to reflect the actual situation that has changed in an interim period since the reporting date. If, on the other hand, the LtV is determined for the day of the reporting date, the aforementioned correction values for the interim period have no effect due to the lack of change. If these correction values for the changes that

occurred in the period between the relevant reporting date and the date on which the LtV is determined are excluded, the following calculation scheme results for the LtV as of a reporting date:

*Consolidated net financial debt  
divided by  
balance sheet total*

In this calculation scheme, reference shall be made to the reported "Consolidated net financial liabilities" as of the immediately preceding reporting date for which consolidated financial statements of the issuers have been published. In this context, "Consolidated Net Financial Liabilities" are, in accordance with the terms and conditions of the Bonds, the net financial liabilities of (today's) Adler Group S.A. and its subsidiaries on a consolidated basis, determined in accordance with IFRS as the sum of loans, borrowings and other financial liabilities, less cash and cash equivalents (in each case as reported in the consolidated financial statements of Adler Group S.A.). The definition of "consolidated net financial liabilities" is independent and does not refer to the definition of financial liabilities. In the absence of an explicit restriction, KPMG is of the opinion that all liabilities included in the IFRS financial statements under "Other financial liabilities" are to be included in the calculation of "Consolidated net financial liabilities" - there is no connecting factor in the wording of the bond terms and conditions that would lead a typical understanding recipient to assume a different interpretation.

Adler Real Estate AG. used the following ("external") LtV calculation scheme derived from bond conditions:

LtV calculation scheme Adler Real Estate AG	
	Cash and cash equivalents
(+)	Demand sale Accentro
(+)	Corporate bonds long-term
(+)	Convertible bonds long-term
(+)	Other loans and borrowings incl. leases non-current
(+)	Financial debt to affiliated companies non-current
(+)	Corporate bonds short-term
(+)	Convertible bonds short-term
(+)	Other loans and borrowings incl. leases current
(+)	Minority interests (FK) current
(+)	Interest payable incurred
(+)	Financial liabilities to affiliated companies current
(-)	Real estate held for sale
(+)	Liabilities held for sale
=	Consolidated financial liabilities
	Assets
LtV =	<b>Consolidated financial liabilities/assets</b>

Table 34: LtV calculation scheme Adler Real Estate AG - derived from bond terms and conditions

The amounts reported under the item real estate held for sale cannot be taken into account in the LtV calculations to reduce debt because the terms and conditions only mention cash and cash equivalents as deductible items. Under IFRS, this does not include real estate held for sale.

In accordance with the terms and conditions of bonds it issues, Adler Real Estate AG has undertaken not to incur any financial liabilities after the issue date and to ensure that its subsidiaries do not incur any financial liabilities after the issue date if, immediately after the effective date of incurring such further financial liabilities, the sum of the Consolidated Financial Liabilities and the Net Nominal Financial Liabilities would exceed 60% of the sum of the total assets, the purchase price of the real estate property and the proceeds of the financial liabilities incurred. It is KPMG's understanding that ADLER Real Estate has taken into account the value of the real estate held for sale shown on the assets side in the financial statements in order to reduce debt by deducting this item on the liabilities side. The calculation rule for the LtV in the bond terms and conditions is designed to enable the LtV to be determined at any point in time. In this context, the inclusion of the net nominal financial liabilities entered into, the purchase prices for real estate holdings, and the proceeds from financial liabilities entered into ensures that the "Consolidated financial liabilities" and total assets are corrected, if necessary, to reflect the actual current situation that has changed in an interim period since the last reporting date. If, on the other hand, the LtV is determined for a reporting date, the aforementioned correction values for the interim period have no effect due to the lack of change. Therefore, if the correction values for the period between the relevant last reporting date and the (new) reporting date are initially excluded, the following calculation scheme results:

$$\frac{\text{Consolidated financial liabilities}}{\text{divided by Total assets}}$$

According to this calculation scheme, the "Consolidated financial liabilities" of the Group as of the "new" reporting date on which the published financial statements of the Issuer were published are to be used. In this context, the "Consolidated financial liabilities" are the financial liabilities of the Issuer and its subsidiaries on a consolidated basis, determined in accordance with IFRS. It is not evident from the definition of "consolidated financial liabilities" in accordance with the terms and conditions of the Bonds that properties held for sale can be taken into account to reduce debt. The individual items listed in the definition of "consolidated financial liabilities" in the terms and conditions of the bond also do not allow the debt-reducing inclusion of properties held for sale to be subsumed. The cash and cash equivalents to be deducted to reduce debt in accordance with the bond terms and conditions do not include the properties held for sale. Cash and cash equivalents are the items reported in the published financial statements as cash and cash equivalents. It is true that there is a conceptual difference between the designation of the item reported in consolidated financial statements and the designation in the bond terms. However, it is not apparent on what grounds the cash and cash equivalents from the bond terms and conditions should contain other items in addition to the reported item cash and cash equivalents.

In the opinion of KPMG, both the non-inclusion of certain liabilities included in the IFRS item "Other financial liabilities" in the LtV calculation scheme of Adler Group S.A. and the debt-reducing inclusion of real estate held for sale in the LtV calculations of Adler Real Estate AG do not comply with the textual requirements in the bond terms and conditions.

# 5 Concluding remarks

We prepare this report to the best of our knowledge and belief, based on the documents submitted to us, our own investigative procedures and the information provided, and with reference to professional standards.

Frankfurt am Main , den April 21, 2022

KPMG AGWirtschaftsprüfungsgesellschaft

Alexander Geschonneck

Franz Haider

Chartered Accountant,  
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# AnnexGeneral terms and conditions of the order