

Listen, Learn, Lead

Update on Special Investigation by KPMG Forensic

Prof. Dr. A. Stefan Kirsten, Chairman of the Board of Directors



Update Special Investigation: Summary

Process

Details

Transparency

Implications

Governance

Strategy Update

Special Investigation into the allegations accelerated

Special Investigation is demanding for the entire organisation

Outcome: No fraud, but weak governance

Results of Special Investigation will get reflected in Financial Statements 2021 – audited financial statements expected by 30 April

Under review for the Annual General Meeting in 29 June 2022

Presentation of the company's future perspective around Q3 2022

Update Special Investigation: Process

Process

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Strategy Update

- Internal procedural efforts to support the finalization of the Special Investigation by KPMG were accelerated
- The report can be downloaded through the investor relations section of our website
- Potential implications of the results on the Financial Statements for 2021 will be assessed and published by 30 April 2022
- Publication of the Annual Report 2021 by the end of April in line with requirements of Deutsche Börse

Update Special Investigation: Special Burden

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Strategy Update

- The Special Investigation was a highly demanding process for the entire organization
- Almost everyone at HQ was highly engaged in investigation efforts since October 2021; in addition, almost 40 external consultants and 30 lawyers were involved
- >EUR 4 m spent on special consultancy fees for KPMG
 Forensic alone; including fees for related consultancies and lawyers, fee volume rises to approx. EUR 6 m
- 678 Gigabyte of data were processed; more than 3.9 m emails were analyzed
- Around 3.1 m emails and docs were delivered to KPMG Forensic; 800,000 emails were held back due to "Attorney Client Privilege" regime

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Update Special Investigation: Transparency

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Strategy Update

- Adler Group maintained maximum transparency throughout the entire process, providing comprehensive results of the Special Investigation by KPMG Forensic today
- Outcome: NO fraud, but WEAK governance
- Along the allegations, KPMG Forensic found:
 - Related Party Transactions: neither prove nor disprove of inappropriate influence
 - Portfolio Valuation: "rock solid" resi portfolio; assessing development portfolio in FY 2021 statements
 - LTV Assessment: methodology in principle confirmed by forensic accountants
- We LISTENed and are LEARNing by improving our governance

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Update Special Investigation: Implications

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Strategy Update

- Results of Special Investigation will get reflected in the Financial Statements 2021
- The findings DO NOT hamper Adler Group's ability to service debt NOR will it lead to covenants breaches
- Results of Special Investigation may affect auditor's opinion for the Financial Statements 2021
- However, audited financial statements are expected to be published by 30 April 2022
- We will continue to provide further information on the required next steps at the Annual Press and Analyst Conference scheduled thereafter

Update Special Investigation: Governance

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Strategy Update

- On basis of the Special Report results, Adler Group will review and evaluate all related internal structures and processes
- Aim is a clear improvement of governance and an increased capability to run the Group in a simpler way
- The shareholders will be presented with the necessary changes by the AGM on 29 June 2022
- All possible actions will align with the Board's key objective to reinstate trust in the organization
- Regain positive reputation among shareholders, in the capital market and in the real estate sector among all stakeholders
- Full and ongoing cooperation with all outstanding requests from regulators, i.e. BaFin or CSSF

Update Special Investigation: Strategy Update

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Strategy Update

- Trusting relations to all stakeholders and a strong reputation in our markets are cornerstones of our corporate strategy
- A comprehensive strategy review process will be conducted throughout the summer this year
- Results to be expected around or with Q3 figures

Update Special Investigation



Update Special Investigation: Wrap-up

Process

Special investigations into the allegations accelerated

✓

Transparency

Outcome: No fraud, but weak governance

✓

Results of Special Investigation will get reflected in Financial Statements 2021 – audited financial statements expected by 30 April

Under review for Annual General Meeting in 29 June 2022

Strategy Update

Presentation of the company's future perspective around Q3 2022

10 22 April 2022

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