



Guideline for money laundering protection

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1. Objective and scope

The Adler Group is legally required (in particular by the Money Laundering Act) to prevent money laundering, terrorist financing and other criminal acts. This also corresponds to the Adler Group's corporate philosophy. This guideline serves to lay down rules for the entire group to prevent the above-mentioned criminal offenses and to prevent the company or individual employees from participating in money laundering offenses (criminal laws). It helps the employees to recognize the legal obligations of the company as well as their personal obligations in this area and to act accordingly and thus to protect themselves from being misused for criminal acts.

You can find a copy of the legal regulations at https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Aufsichtsrecht/Gesetz/GwG_en.html.

Every employee of the Adler Group who violates this guideline must expect consequences under labor law and criminal law.

This guideline applies to all employees of the Adler Group and its subsidiaries, including the Senior Management and the executive boards of the subsidiaries. It also applies to Adler Group companies based abroad. Possible stricter local regulations remain unaffected.

If the law in another country does not actually or legally permit compliance with the due diligence obligations listed in this guideline, no business relationships or transactions may take place.

In addition to the following behavioural guidelines, there may be other guidelines that must be observed in connection with the establishment and continuation of business relationships and the execution of transactions. These apply on a supplementary basis.

The members of the senior management and all other executives have a special role model function. They are required to work towards compliance with this guideline in their area of responsibility and to take appropriate organizational precautions.

2. Principles

2.1 Definition of money laundering

Money laundering is prohibited and punishable. Money laundering means the smuggling of money and other assets of "illegal" origin into the legal financial and economic cycle as well as any related assistance. According to German law (Section 261 of the Criminal Code), anyone who inter alia knowingly or recklessly conceals the origin of an object that stems from an illegal act, conceals the object, procures it for him/herself or others, keeps it or uses it, or halts its confiscation or freezing, or tries to do so, is guilty of an offense.

This applies in particular to assets related to:

- particularly serious criminal offenses and organized crime
- corruption offenses (bribery and bribability)
- drug offenses
- property offenses (theft, embezzlement, fraud, breach of trust, etc.)
- commercial tax and customs offenses.

The penal provisions in other EU countries are in essence comparable.

Money laundering occurs in three - strongly overlapping - phases:

1. Placement: smuggling of illegally acquired goods into the legal economic system.
2. Layering: concealing the origin of the assets, e.g. through many and complex financial transactions.
3. Integration: returning the laundered assets to the legal economy. There is no longer any connection to the original crime.

2.2 Consequences of money laundering

The following risks arise if money laundering compliance is violated:

- Personal liability of the senior management or the executive board
- Imprisonment for the responsible employees
- Dismissal of the responsible employees
- Imposition of fines or skimming of profits
- Costs incurred in the appraisal of the violation of money laundering compliance
- Damage to the reputation of the company and possibly also the responsible employee
- Possible loss of business relationships

2.3 Money laundering prevention

To prevent money laundering offenses and to prevent the financing of terrorism, the EU has issued a guideline that lays down special organizational, due diligence and reporting obligations for certain persons and companies. Companies that sell commercial goods – including real estate – (so-called goods dealers), real estate brokers and capital management companies are also covered by these special regulations. These regulations therefore also apply to numerous companies of the Adler Group. The German legislature has implemented the aforementioned EU directive by adapting the Money Laundering Act into German law.

The risk of violating these special regulations can be reduced by excluding cash transactions of EUR 10,000.00 or more. This internal guideline stipulates the prohibition that is already in force throughout the group (see Section 3 - Cash transaction limit under anti-money laundering law).

In addition, German money laundering law requires individuals and companies to act actively in the event of suspected money laundering. Only through consistent action can the allegation of a fined violation of the Money Laundering Act be avoided in these critical cases. In the case of gross violations, allegations of criminal aiding and abetting in money laundering can even be made.

Therefore, the following applies:

- If, based on facts, an employee has the suspicion (or facts directly lead him/her to believe) that an asset is to be received by an Adler Group company or a subsidiary of the Adler Group on whose behalf he/she is acting originates from a criminal act, he/she must take action (see

Section 5 - Obligations to report suspicious activity).

- The German Money Laundering Act also requires the formal identification of a contractual partner in the event of suspected money laundering (see Section 4 - Due diligence under anti-money laundering law); this affects all German companies that are classified as goods dealers, real estate brokers or capital management companies.

2.4 Responsibilities

Based on the principles set out in this guideline, each Adler employee independently checks

- whether an intended payment or acceptance of cash is permitted and
- whether there are indications of business partners in their own area of responsibility that could justify a suspicion of money laundering. In all cases of doubt, the supervisor and the compliance department must be notified.
- Within their area of responsibility, all direct supervisors monitor compliance with this policy.

If there are any questions or uncertainties about correct behaviour in accordance with this guideline, the supervisor and the compliance department must be involved.

3. Cash transaction limit under anti-money laundering law

The following money laundering rules must be observed in all cash transactions:

3.1 Prohibition of cash transactions of EUR 10,000.00 or more

Cash transaction limits remain unaffected. If a tenant/business partner wishes to make a cash payment of EUR 10,000.00 or more to a company of the Adler Group, the acceptance of the money must be refused and the business partner is referred to cashless payment methods (e.g. a deposit into a bank account of the relevant company).

The cash reserve in the cash tills must therefore not exceed EUR 10,000.00.

3.2 Prohibition of circumvention

Circumventing the limit on cash transactions is not permitted. In particular, the division of a single transaction with a value of more than EUR 10,000.00 into two or more individual transactions, which are then each below the cash transaction limit and are paid in cash, is not permitted.

3.3 Surveillance and monitoring

All supervisors of employees with a payment reference are responsible for monitoring the ban on cash transactions of the amount of EUR 10,000.00 or more and ensuring compliance with suitable checks and controls.

Any violations discovered must be reported to the compliance department immediately.

The Treasury & Loan Management team in the finance department checks compliance with the cash transaction limit at regular intervals using the cash entries or other suitable means. Cash balances in the tills of more than EUR 10,000.00 are to be avoided. The results of the checks are to be documented accordingly.

If funds have to be paid back to a business partner, they must be transferred back to the exact source or bank account from which they were received. If this is not possible, the respective supervisor and the compliance department must be informed in advance.

4. Due diligence under anti-money laundering law

This section applies to all companies of the Adler Group provided that they sell products to business partners (goods dealers) or fall under the term real estate broker (also rental broker) or capital management company. The Adler Group's business purpose is essentially the acquisition, planning, construction and management of real estate. As the scope of the term "goods dealer" in the real estate sector has not yet taken on a clear outline, this Section 4 of the directive covers all German companies of the Adler Group whose business (also) includes the sale of real estate.

The obliged parties under the Money Laundering Act must have an effective risk management system that is appropriate in terms of the type and scope of business activity. This includes a risk analysis and internal security measures. These internal security measures also include ensuring compliance with anti-money laundering due diligence:

(i) The contractual partner must be identified and an identity check must be carried out. Identification includes recording the data, checking it against the original documents (a copy or a scan is not sufficient for this), the documentation and the retention of the documentation.

(ii) Any person who may appear on behalf of the contractual partner (e.g. authorized representative, managing director) must be identified and an identity check must be carried out.

(iii) It must be clarified whether the contractual partner is acting on behalf of a beneficial owner. If this is the case, the beneficial owner must also be identified and subjected to an identity check.

Beneficial owners within the meaning of the GwG (Money Laundering Act) are natural persons who ultimately own or control the contractual partner, or natural persons at whose instigation a transaction is ultimately carried out or a business relationship is ultimately established (§ 3 par. 1 of the GwG).

Pursuant to § 3 par. 2 of the GwG, beneficial owners include natural persons who directly or indirectly

- hold more than 25% of the capital shares,
- control more than 25% of the voting rights or
- exercise control in a similar way

Indirect control means that more than 25% of the shares are held by one or more associations that are controlled by the same natural person. Such control exists when a natural person can directly or indirectly exercise a controlling influence over the association.

Controlling influence of a natural person exists analogously to § 290 par. 2-4 of the HGB (German Commercial Code) if

- he/she has the right at another company to appoint or dismiss the majority of the members of the administrative, management or supervisory body that determines the financial and business policy, and is at the same time a shareholder,
- he/she has the right to determine the financial and business policy on the basis of a domination agreement concluded with another company or on the basis of a provision in the articles of association of the other company, or
- from an economic perspective, he/she bears the majority of the risks and opportunities of a company that serves to achieve a narrowly limited and precisely defined goal of the parent company (special purpose vehicle)

If, after a comprehensive review, no beneficial owner can be identified or there are doubts that the identified person is actually beneficial owner, according to § 3 par. 2 sentence 5 of the GwG the beneficial owner is deemed to be:

- the legal representative and/or
- the managing partner and/or
- the partner of the contract partner.

(iv) It must be determined whether the contractual partner or beneficial owner is a politically exposed person (PEP), a family member of a PEP or a person known to be closely related to a PEP. According to § 1 par. 12 of the GwG, a politically exposed person is understood to be any person who holds or has held high-ranking, important public office at the international, European or national level or who holds or has held public office below the national level but with a comparable political significance.

To carry out the measures listed under (i) to (iv), the "Identity verification form" (Attachment 1) must be used. Copies must be made to document identification.

Even with existing clients, a new check must be carried out for each new matter.

If the client refuses to have his/her ID copied, this does not in itself lead to an obligation to terminate

the business relationship, but the refusal must be documented.

5. Obligation to report suspicions

The companies of the Adler Group, which are subject to the German Money Laundering Act, are required to report any suspected money laundering or terrorist financing to the responsible authority (external reporting obligation).

Foreign subsidiaries of the Adler Group may also be required to report suspicious cases according to the applicable local law.

Regardless of the statutory obligation to report suspicious transactions, suspected money laundering must always be reported internally to the compliance department (internal reporting obligation).

5.1 Recognizing a suspected case

A reportable suspicion (suspected case) exists if there are facts that indicate

- (i) that an asset (potentially) flowing into the company originates from a criminal act which could be a predicate offense for money laundering, or
- (ii) that there is a connection with terrorist financing.

Predicate offenses of money laundering are typically those of organized crime, but in particular:

- particularly serious offenses (crimes)
- corruption (bribery and bribability)
- drug offenses
- property offenses (theft, embezzlement, fraud, etc.)
- commercial tax evasion and customs offenses.

For a reportable suspicion there must be concrete evidence. This can be, for example, the following (not an exhaustive list):

- The business partner tries to avoid cashless payments for transactions of EUR 10,000.00 or more.
- The type of business does not suit the business partner or his/her assumed economic circumstances.
- The business partner demands anonymity or tries to conceal his/her true identity.
- According to other internal guidelines, it is stipulated that the business partner presents an ID card or passport; the business partner refuses to do this without a comprehensible explanation.
- There are serious doubts about the authenticity of documents submitted by the business partner.

- If such information is collected: the information on the identity of the contractual partner, the corporate structure (or the beneficial owner) or the payment modalities are corrected several times.
- The payment obligations are fulfilled by third parties for no plausible reason. A plausible reason is, for example, payment by a spouse, a parent or one's own children (in the case of companies as business partners: payment by a parent/subsidiary).
- Overpayments by the business partner to an account of the company, followed by a request to transfer the excess amount to another account of the business partner or a third party.
- Other information (e.g. statements from the business partner or third parties) that the business partner obtained the means of payment from illegal or untaxed sources.

If you are unsure about the existence of a suspected money laundering, the compliance department is available to advise you.

5.2 Actions to take in cases of suspicion

5.2.1 Information, documentation and retention requirements

If there is a reportable suspicion – also in cases in which business is not successfully conducted – the supervisor and the compliance department must be informed immediately. This information must be provided before the business transaction is concluded with the contractual partner and regardless of the amount of the transaction. The "Form for Internal Information on Suspected Money Laundering" (Attachment 2) must be used to record and forward the suspected case. After receiving the form, the compliance department will take all necessary steps and, if necessary, submit a suspicious transaction report to the responsible authority.

It must be possible to prove that the Adler Group companies have carefully met their internal and external suspicious transaction reporting obligations. All information collected in the context of potential suspicious cases and all corresponding reports to the compliance department must therefore be clearly documented, kept for a period of five years and destroyed after this period has expired. The period begins at the end of the calendar year in which the potential suspected case was identified. Further retention periods according to other legal provisions remain unaffected.

5.2.2 Confidentiality obligation

In the event of a reportable suspicion, the contractual partner and third parties outside the Adler Group must not be informed about the existing suspicion, about the forwarding to the compliance department, about the submission of a suspicious transaction report or any investigative proceedings initiated as a result.

5.2.3 Transaction halt

The transaction with the business partner must not be carried out until the suspected case has been resolved. It must first be approved by the compliance department and, depending on the circumstances, also by the chief compliance officer. In suspicious cases that must be reported externally, the transaction may only be carried out

- (i) if the Adler Group company has been given the consent by the Central Office for Financial Transaction Investigations or the public prosecutor's office to carry out the transaction, or
- (ii) if the third working day has passed after the suspicious transaction report was dispatched (Saturday does not count as a working day) without the execution of the transaction being prohibited by the Central Office for Financial Transaction Investigations or the public prosecutor's office and the compliance department having cleared the transaction.

If, in individual cases, there is a transaction that cannot be postponed, the compliance department must be informed about this and the reason. The compliance department will then examine the possibility of an immediate execution of the transaction and, if necessary, permit the immediate execution of the transaction. A suspicious transaction report must also be submitted in this case.

Please note: Under German law, a suspicious transaction report releases the person concerned of the liability. As soon as a suspicion of money laundering has been reported internally to the compliance department, the person in question can no longer be prosecuted personally for involvement in a business partner's money laundering transaction (§ 261 par. 9 No. 1 of the StGB (German Criminal Code)).

Please note: The approval of the authorities in the event of a suspicious transaction report does not mean that the business partner is now "approved" for the future. Rather, the duty to report also applies to any future transaction with this business partner, if there is any suspicion in connection with the transaction in question.

6. Training

Employees who may come into contact with possible money laundering issues are to be selected carefully with consideration to their reliability. In addition, they must be trained in money laundering prevention on a regular basis, but at least every 2 years. The initial training should take place within 3 months of the start of the employment relationship. Each company in the Adler Group determines which employees are to be trained. The determination is made in writing. The implementation of the training and the respective group of participants must be documented in writing. The compliance department provides appropriate training material, which includes at least the following:

- Recognizing signs of money laundering
- What the obligations to act are if such signs occur
- Which roles the respective employees have in the fight against money laundering and how these should be carried out
- Obligations to retain documents
- What the disciplinary consequences are of non-compliance

7. Questions

In case of questions concerning this guideline or money laundering prevention measures, please contact the compliance department under compliance@adler-group.com or address the employees of the compliance department directly.

8. Attachments

- Attachment 1 to the Guidelines for Money Laundering Prevention: "Identity verification form"
- Attachment 2 to the Guidelines for Money Laundering Prevention: "Form for Internal Information on Suspected Money Laundering"
- Attachment 3 to the Guidelines for Money Laundering Prevention: "Catalog of Risks and Responsibilities"