

Translated by Chat cpt:

"My annual financial statements were artificially influenced negatively."

From a retrospective analysis, I now believe that from an early stage, the mayor and his circle attempted to negatively influence the annual financial statements of WMS and, consequently, my track record.

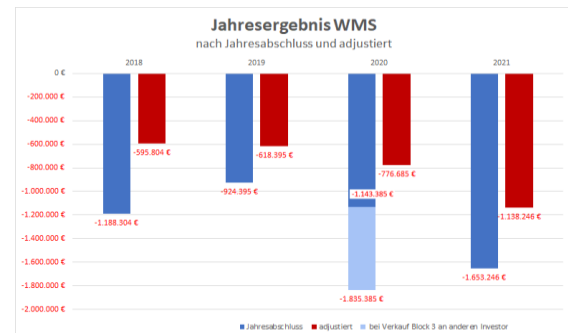
In the two years, 2018 and 2019, which were the two years before the re-election, my track record was pushed down by decisions from the administration and politics by almost €900,000 (€898,500). Instead of an overall loss of €2.1 million for the two years 2018/2019, the loss for WMS without this influence from politics and administration would have been only €1.2 million for these two years. This means that the loss for WMS for the mentioned years was 73% higher than it would have been without the influence of politics and administration.

And it could have been even worse because there was an effort to enforce the sale of Block 3 of the Adam Barracks to an interested party who not only had not paid for the first three blocks they had bought but also offered a purchase price that I deemed entirely inappropriate. In response, I hurriedly contacted other potential investors and managed to secure two credible offers at reasonable prices. The highest bidder not only agreed to pay nearly €700,000 more but also promised to offer 50% of the apartments at controlled prices and accepted a substantial six-figure penalty in case they failed to do so. However, even when I had these two market-appropriate offers, a council member from the mayor's circle in the Finance Committee wanted to ensure that I continued negotiating with the first interested party. If I hadn't been able to prevent the sale to them, the financial statements for 2020 would have been almost €700,000 worse.

The artificial deterioration of my financial statements continued even after my departure.

In total, after my departure, there were timely (in 2020 and 2021) depreciation, write-downs, and provisions amounting to over €1.1 million. I question the purpose of this orgy of provisions and write-downs. Was it intended to saddle me with these and retroactively diminish my accomplishments? Moreover, was it aimed at setting a low bar for my successor by making result-effective depreciation and provisions at a time when she could not yet be held responsible?

Adjusted financial statements würden wie folgt aussehen:



In detail, the influence on the annual financial statements was as follows:

During my tenure:

- Under my leadership, the Treasurer of WMS suddenly invoiced service fees for personnel administration and IT support in a mid-five-digit amount.
- I always suspected that this was solely intended to worsen my annual financial statements and thus advance my non-reappointment. From the 2021 annual report, it now emerges that these service fees for WMS were immediately waived after my departure – already in 2020. This strengthens my assumption that these service fees were introduced solely to damage my performance record.

- In the economic feasibility forecast for the Adam Barracks, which formed the basis for the acquisition decision, had been coordinated with the administration and was known to the council, it was calculated that the municipal KBS (Municipal Care Company Soest) would assume the costs of water supply and disposal (according to the KAG). A mid-six-figure amount had been budgeted for this, which would have had an impact in 2018.

However, shortly after I took office, it was said that the KBS would not bear these costs because the Adam Barracks had already been developed once, and the KBS would not double-count development costs. This was strange, and even NRW-Urban, which had prepared the economic feasibility forecast, had never heard of such a justification and could not understand why the economic feasibility forecast should be changed accordingly. After all, the intended use had also changed from a planning law perspective: the land use plan had been amended, and a new zoning plan had been established. According to the new planning law requirements, the area was considered undeveloped, and building permits could only be issued after a new development. And, of course, the KBS also had the right to charge sewer connection fees again to the new buyers. From my point of view, the justification was bizarre.

- In 2019, land in the Adam Barracks was to be sold to the municipal Wohnbau Soest GmbH for social housing. The mayor forced WMS to sell these plots for approximately €256,000 below the production cost. I had demonstrated through various methods that Wohnbau Soest could have borne the production costs. Additionally, I had shown that the forced sale of the plots below the production cost barely had an impact and only resulted in a €1,280 loss per year in the annual financial statements. This was mainly because land does not incur depreciation, and the interest rates for social housing were only 0.5% at the time. However, for WMS, the

forced sale below production costs meant that the full €256,000 became a loss in the 2019 income statement. This was not only detrimental to WMS but also to the "corporate group" of the city, as the city had to offset WMS losses. Therefore, I am convinced today that the sale below production costs was forced only to damage my performance record ahead of the re-election date.

After my departure:

- In 2020, a provision of €228,700 was established for the scenario where Blocks 4, 5, and 7 of the Adam Barracks would need to be repurchased. Surprisingly, this is not mentioned in the 2020 annual report and is only revealed through a passage in the 2021 annual report:
 - "The provision for a buyback risk of Blocks 4 and 5 was dissolved to improve the result in the amount of €228.7k."
 - The amount of the provision suggests that it relates to the calculated real estate transfer tax and notary and court costs that would have been incurred in the event of a repurchase.

Now, the WMS should not have come up with the idea of repurchasing the blocks on their own. From this, I conclude that the buyer of the blocks threatened to return them immediately after my departure. This is also indicated by the wording that the provision for the buyback risk could be dissolved in 2021, indicating that it was not voluntary in 2020. However, according to the purchase contract, the buyer does not have the right of return. A return would only be possible if I had deceived the buyer with intent, i.e., systematically and purposefully cheated the buyer, which I certainly did not do.

- In 2021, a provision was established for the road completion of the Adam Barracks:

"The provision for the road completion and open spaces was increased by €429.8k due to rising costs."

While it is true that construction costs increased significantly in 2021 – to the best of my recollection, by 16%. However, I would have negotiated with the auditor to forego an impairment:

- When profits were first distributed for the Adam Barracks in 2019, I negotiated a risk provision of 15% with the then auditor.
- In 2021, construction costs increased for two reasons: high demand for construction services due to the booming construction industry and disrupted supply chains due to Covid-19, especially in China.

Now, construction costs for the Adam Barracks will not be incurred until at least 2023. In 2021, nobody could predict how construction costs would develop until completion. The construction industry has since collapsed, which could lead to price reductions. Moreover, China has since reversed its Covid policy, so supply chains may normalize in the near future.

- For the Strabag area, in 2020, everything that had been capitalized up to that point (€137,600) was written off. And this was done with a rather vague "justification":

"The planning of the area is extremely complex, as, for example, contaminants, noise protection, environmentally friendly energy supply, and parking concepts for the new multi-family residential area require exceptional solutions. For example, underground garages may not be built. In addition, economically balanced land development is almost impossible due to the high remediation costs. In the annual financial statements, the asset

(proportional project development costs incurred by WMS by December 31, 2020) of €137.6k was written off to zero."

- If I read these lines correctly, there was no concrete economic analysis available in 2020 that objectively justified a special write-down; only general project development difficulties such as soil remediation and noise protection are mentioned, but not quantified.
- Building underground garages is much more expensive than above-ground parking spaces. The fact that only above-ground parking spaces can be built does not harm profitability.
- In 2020, the state of planning – and according to Soester Anzeiger, it still is – was that noise protection would be provided by a parking garage on the Stadtwerke area, so there would be no costs for WMS in this regard. And even if a noise barrier along the railway line still needs to be built, these costs should have been defined as infrastructure costs with the AAV (Soest Urban Development Company) and would then largely remain with them.
- That soil remediation would be costly was not a 2020 discovery but had been known for a long time, so it does not justify the impairment in 2020.
- In 2020, I was very optimistic that I would still be able to achieve cost-neutral development. Before the statewide urban planning competition, there was a design for a single-family housing development. For this design, there was an economic analysis by NRW-Urban, which – to the best of my recollection – forecasted a

total loss of €3.6 million, of which WMS would have had to bear €600,000 (the rest would be covered by AAV). The assumption for sales prices, to the best of my recollection, was significantly below €200/sq.m (I believe around €180). However, many factors improved in 2020:

- The winning design of the statewide urban planning competition envisaged significantly higher density, which would have led to higher land prices.
- In 2020, land prices increased even more rapidly than before.
- I had already negotiated on the basis of €350/sq.m with an operator of senior housing who wanted to purchase one-third of the area and with another project developer who would have purchased everything or the remainder, based on €240/sq.m.

So, there is much to suggest that if an economic analysis had been conducted in 2020, it could have been much better and even positive.

- In the 2021 annual financial statements, there is also a provision formed for the Waterfuhr commercial and industrial area due to rising construction costs of €272,700.
 - The final completion here will probably not take place until 2025. Therefore, it is even more difficult to assess how construction costs will develop until then. A provision in the 2021 annual financial statements is premature.
 - Large areas of Waterfuhr have not yet been sold. Alongside rising construction costs, land prices could also increase, offsetting at least some of the higher construction costs.

In addition, a large area has been returned. This company paid the lowest price as the initial buyer. With a sale at current land prices, this area alone would result in an improvement in results of €210,000.

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