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Introduction

1.1 Scope and background

1.1.1 Engagement of Kroll

On 29 July 2020, Mr Roy Baidnath Panday ('Mr Panday'), Attorney General of Suriname, engaged Kroll, a division of Duff & Phelps ('Kroll' or 'Duff & Phelps') to undertake an investigation into five advisory engagements ('the Clairfield Engagements') previously undertaken by Clairfield Benelux NV for the Central Bank of Suriname ('CBvS').

Clairfield was engaged to undertake the Clairfield Engagements by the former Governor of the CBvS, who is currently under investigation regarding allegations of corruption and other irregularities.

As part of its investigation, Kroll has been requested to answer the following specific questions regarding the Clairfield Engagements:

Question 1 Was Clairfield qualified – i.e. is it a bona fide and competent enterprise – to undertake the assignments for which it was engaged?

Question 2 Was the financial compensation stipulated by Clairfield for the Clairfield Engagements proportionate?

Question 3 Are the arrangements regarding the invoicing and payments scheme customary for these types of engagements?

1.1.2 About Clairfield and Clairfield International

Clairfield Benelux NV (hereafter referred to as 'Clairfield') was incorporated in Belgium in May 2015¹. We note that during 2020, the legal entity's name changed to Clairfield Belgium NV. Mr Hans Buysse ('Mr Buysse') and Mr Damien Coppieters ('Mr Coppieters') have been the managing directors of Clairfield since its inception.

¹ Source: Clairfield annual report 2015 (Annexure 8).

Clairfield presents itself as an independent corporate finance advisor with top-tier industry knowledge, global access to the midmarket segment and senior partners².

Clairfield is part of Clairfield International, a brand under which independent, partner-owned country firms throughout the world collaborate to provide advisory services to clients. The holding company of the Clairfield International group organization is Clairfield International SA, in Geneva, Switzerland.³

1.1.3 The Clairfield Engagements

The Clairfield Engagements were as follows:

Project Name	Description	Date Engagement Letter
Prodigy 1	Valuation of certain assets of the Government of Suriname	May 10, 2019
Prodigy 2	Creation and operation of the Suriname Participating and Investment Company	May 25, 2019
Prodigy 3	Reforms and optimizations at the Central Bank of Suriname	July 25, 2019
Lagarde 1	Valuation and fairness opinion of certain royalty streams from the Rosebel gold mine	September 9, 2019
Prodigy 5	Valuation and sale & lease back structuring for certain embassies of Suriname	September 10, 2019

1.1.4 Timeline of this engagement

Kroll's work on this engagement was conducted between July 2020 and January 2021.

On 24 April 2020, Mr Panday provided Kroll with the initial set of information with which we conducted our analysis.

² Source: Slide deck 'Project Prodigy - Valuation Consideration for Surinamese Assets', proposal by Clairfield, pages 2, 4, 6, 26-40 (Annexure 4a).

³ Source: <http://www.clairfield.com/en/legal> (Item 17).

On 14 September 2020, we submitted a set of 66 questions to Clairfield. The purpose of these questions was to obtain additional information and documents in relation to our investigation of the Clairfield Engagements. We received Clairfield's responses to these questions on 19 October 2020.

On 17 November 2020, we submitted further 13 questions to Clairfield. We received Clairfield's responses to these questions on 26 November 2020.

On 10 December 2020, additional aspects on the Clairfield Engagements were clarified in a phone call between Mr Buysse and Mr Jack de Raad, Managing Director of Kroll.

Based on the then collected set of documents and other information on the Clairfield Engagements, we have formed a conclusion on our investigation, and prepared this draft report ('Report'). On 8 January 2021, the Report was shared with Clairfield in order to provide Clairfield with an opportunity to comment on the findings of the Report and to clarify any significant errors of fact. On 25 January 2021, Clairfield provided both its feedback on the Report and additional information and documents relating to the Clairfield Engagements. We understand from this feedback that Clairfield does not agree with certain conclusions in the Report.

We have annotated this report with references to Clairfield's responses where relevant. Clairfield's full response and additional documentation as provided on 25 January 2021 is attached to this report as Annexure 26.

1.2 Information received and collected

A full list of the information that we have both received and obtained from various sources is attached to this report.

The key information that we have received and collected can be categorised as follows:

Description	Source	Denoted in Annexure A and this report ⁴ as:	Received / Collected on:
<i>Clairfield Benelux en CBvS overeenkomsten.pdf</i> – a large digital file comprising engagement letters and deliverables for various Clairfield Engagements	Mr Panday	Annexure 2	24 Apr 2020

⁴ Where relevant.

Description	Source	Denoted in Annexure A and this report ¹ as:	Received / Collected on:
<i>Orion en CBvS overeenkomsten.pdf</i> – a large digital file comprising engagement letters and deliverables for various Clairfield Engagements	Mr Panday	Annexure 3	24 Apr 2020
Hard-copy file containing Clairfield Engagements details and workpapers between CBvS and Orion	Mr Panday	Item 4	3 Sep 2020
Clairfield's responses to Kroll's questions dated 14 Sep 2020	Clairfield	Annexure 5, or Answers #A, #B, #C, #CII and #D	19 Oct 2020
Clairfield's responses to Kroll's questions 17 Nov 2020	Clairfield	Annexure 6, or Answers #DII, #E and #F	26 Nov 2020
Information received verbally during a call between Mr Hans Buysse and Mr Jack de Raad	Clairfield (Mr Hans Buysse)	Item 7	10 Dec 2020
Publicly-available financial statements, annual reports, and announcements for Clairfield Benelux NV, Syncap Belgium BV, IAMGOLD Corporation and EURO Ressources SA	Public sources	Annexures 8-11	
Listing prospectuses regarding the issuance of government bonds by the Government of Suriname, and Fitch Ratings announcement for Suriname	Public sources	Annexures 12-14	
Websites of various entities relevant to the Clairfield Engagements	Public sources	Items 17-21	
Financial market, economic and other data from public databases, particularly Bloomberg, Capital IQ and IHS Markit	Public sources	Item 25	
Clairfield's response to Kroll's draft report of 8 Jan 2021, and attachments thereto	Clairfield	Annexure 26	26 Jan 2021

¹'Annexures' denote information that has been annexed to this report.
²'Items' denote information sources that have not been annexed to this report.

Executive Summary

2.1 The Clairfield Engagements

The table below summarises each of the five Clairfield Engagements.

Description	Date of EL ⁵	Timing	Work performed and deliverables	Hours to date	Agreed-upon Fees ⁶
Prodigy 1					
Valuation of certain assets of the Government of Suriname	10 May 2019	May – Nov 2019	Fifteen industry analysis reports	Clairfield (to Feb 2020): 2,184 hours	EUR 2.5m
The assets to be valued were not clearly defined in the engagement letter.				Orion: 1,000 hours (approx.)	
Prodigy 2					
Establishment, operation asset management and fundraising of the SPIC	25 May 2019	Jun – Nov 2019	Service Pack 1 complete	Clairfield (to Feb 2020): 1,081 hours	EUR 850k, plus success fees and additional hours
Prodigy 3					
Short-term and long-terms reforms and optimizations at CBvS	25 Jul 2019	From Aug 2019	Preparatory activities only	Clairfield (to Feb 2020): 936 hours.	EUR 80k per month
				Excludes external experts' time.	

⁵ Engagement letter.

⁶ Agreed-upon fees refers to any fees stipulated in the project engagement letter, not amounts actually paid to Clairfield.

Description	Date of EL ⁵	Timing	Work performed and deliverables	Hours to date	Agreed-upon Fees ⁶
Lagarde 1					
Valuation and fairness opinion of certain royalty streams from the Rosebel gold mine, in the context of the potential sale of these royalty streams from the GoS to the CBvS.	9 Sep 2019	Analysis: Sep-Oct 2019 Report: Jan-Mar 2020	Information-gathering, financial modelling, fairness opinion, valuation, and evaluation of alternatives. Findings delivered subsequently to the completion of the sale of the royalty streams.	Clairfield (to Feb 2020): 1,330 hours recorded, but actual hours significantly higher according to Clairfield.	EUR 620k
Prodigy 5					
Valuation and sale-and-leaseback structuring for approx. 20 Surinamese embassies.	10 Sep 2019	From Sep 2019; postponed Feb 2020	Desktop analyses only. Work postponed in Feb 2020 in order to prioritise Lagarde 1.	Clairfield (to Feb 2020): 150 hours	EUR 58k per embassy; EUR 60k per month; Success fees and additional hours

2.2 Was Clairfield qualified to undertake the assignments for which it was engaged?

Based on information that we have received and obtained, Clairfield is a corporate finance advisory firm with personnel that are qualified to provide general corporate finance advisory services.

The engagement letters of the Clairfield Engagements collectively specify a broad range of financial advisory services to be undertaken by Clairfield; however, based on the fee arrangements for the Clairfield Engagements, it appears that valuation services and fairness opinions were planned to form the majority of the services provided by Clairfield under the Clairfield Engagements.

Clairfield's general service offerings broadly cover the services agreed upon for the Clairfield Engagements, including valuation services and fairness opinions. Clairfield's previous experience in providing general valuation services and other corporate finance advisory services is also supported by the (limited) information we have received regarding Clairfield's previous projects.

In terms of the specific requirements of the Clairfield Engagements, we note the following:

- Prodigy 3 required Clairfield to support the implementation of reforms and optimizations at CBvS. In our view, providing such services to a central bank would require specific knowledge and expertise of the public banking sector, which is not evidenced in the information provided to us by Clairfield.
- Lagarde 1 required valuation services specifically in the context of the gold mining industry. No prior experience of the gold mining industry is evidenced in the information provided to us by Clairfield.
- None of Clairfield's previous engagements appear to have a similar scope to the Clairfield Engagements.

It appears that Clairfield's experience of working for clients in Suriname prior to the Clairfield Engagements was limited to a bond issuance and restructuring project for Staatsolie and a project for Huawei. At around the same time as the Clairfield Engagements, Clairfield also provided services to the Surinamese Hakrinbank.

In terms of Clairfield's capacity to undertake the Clairfield Engagements, we note that the Clairfield Engagements collectively demanded relatively large fees (implying significant work required), were planned to run concurrently, and were scheduled to take place over a reasonably short time frame.

Based on a review of Clairfield's reported annual revenues, it appears that Clairfield had not previously undertaken a set of projects of a comparable scale to the Clairfield Engagements, prior to accepting the Clairfield Engagements.

We understand that for the Clairfield Engagements, Clairfield scaled-up its geographical capabilities, relevant sector expertise and its team size by both leveraging its global network through Clairfield International, and by involving Orion as a local subcontractor in Suriname. In our experience, such methods are standard practice in the financial advisory industry. We note, however, that Clairfield International itself does not have presence in Suriname or the Caribbean, and that in our experience, executing projects as large and diverse as the Clairfield Engagements with a core team as small as Clairfield's can result in the core team spending significant time coordinating the project and less time quality-checking it.

2.3 Are the arrangements regarding the invoicing and payments scheme customary for these types of engagements?

Based on our professional experience, upfront payments are not uncommon in the financial advisory services industry. They serve as a risk mitigation tool for potential cases, where clients may be unwilling or unable to pay for the services provided. Furthermore, they deal with short-term cash flow needs on the side of the advisory services firm, in particular in cases where clients request an immediate project start, and where projects occupy a major share of employees and other resources of the service firm (in essence, financing of working capital).

Key drivers of the level of upfront payments are client- / country-specific risks, the type and size of engagements, the urgency and timeline of engagements and the size of the financial advisory services firm⁷. We believe this understanding is broadly aligned with how Clairfield views the determinants of upfront fees, based on their answers to our questions. Certain engagements such as fairness opinions tend to be linked to higher upfront fees. Furthermore, an upfront payment for hours based remunerations is typically only required to bridge the time from project start until the first progress invoice. As it is not uncommon in the financial advisory services industry to issue monthly or at least quarterly invoices, Clairfield could have generally considered to limit the required upfront payments by issuing regular progress invoices to the CBvS, as this would have tackled the working capital financing needs.

Given the above, and based on our professional experience, we consider upfront payments in the range of 50% of total project fees as high and non-customary for Prodigy 1, Prodigy 2 and Prodigy 3, where fees were generally based on hours times rates, even if CBvS as a client was considered very risky by Clairfield. With respect to Lagarde 1, we believe that an upfront portion of 50% is not uncommon for fairness opinions, in particular when consideration is given to the fact that a fairness opinion may lead to a non-fair conclusion. The rather moderate upfront payment of about 17% for Prodigy 5 appears more reasonable to us, but the time of payment in October 2019 may be questioned, given the delay of the project due to the urgent nature of Lagarde 1. Finally, we note that we have indications that no upfront payment was applied by Clairfield during its 2019 engagement for the Hakrinbank in Suriname.

⁷ More risks imply a higher upfront fee, larger engagements imply a lower upfront fee, urgent engagements with a shorter timeline imply a higher upfront fee, and a larger service provider implies a lower upfront fee.

Furthermore, Clairfield states that its fees are only determined by the hours spent on the Clairfield Engagements, irrespective of the term 'non refundable' stated in the respective ELs. This implies that only services properly delivered ultimately have to be paid by CBvS, and puts increased relevance to the question on the proportionate nature of the agreed fees for the Clairfield Engagements, as discussed in Sections 2.3 and 5.

2.4 Was the financial compensation stipulated by Clairfield for the Clairfield Engagements proportionate?

We have assessed the proportionality of the fees agreed between the CBvS and Clairfield for the Clairfield Projects in two ways.

- 1) An assessment of the stated fees against the project scope as laid out in the engagement letters of each of the Clairfield Projects; and
- 2) An assessment of the fees against the actual services provided by Clairfield, as determined from the project deliverables that we have received.

2.4.1 Prodigy 1

In terms of the agreed-upon scope and fees, we believe that the total agreed-upon fees of EUR 2.5 million is within a reasonable range of fees for a project of comparable scope, because a detailed valuation of 34 complex assets across different industries is likely to require a significant amount of time and professional expertise. However, this assessment is highly dependent on the exact services and level of detail planned and actually carried out by Clairfield, in particular with respect to the 'Strategic elements' of Prodigy 1.

We understand that Orion played a significant role in Prodigy 1, and that the agreed fee was split 50:50 with Clairfield. Clairfield has stated that no engagement letter was signed with Orion for the subcontracted work, and that the fee split was agreed upon based on the two parties' prior work together⁸.

In terms of the actual work delivered, based on our knowledge and review of Clairfield's deliverables for Prodigy 1, Clairfield has delivered only a small part of total engagement scope. The 15 industry

⁸ Source: Call Clairfield 10 December 2020 (Item 7).

reports delivered by Clairfield appear to be of high quality, but on their own would comprise only a starting point for the in-scope business enterprise valuations.

Clairfield states that it has also completed the valuation of three assets for Prodigy 1. We have neither received nor reviewed any deliverables in relation to these valuations. We also note that Clairfield had analysed one of these three assets – Hakrinbank - during a previous, separate engagement with the bank itself, while the other two assets - Afobaka and sweet water reserves - appear not to have been included in the 34 assets that formed the original scope of Prodigy 1.

Based on our knowledge of Clairfield's and Orion's amount of work on Prodigy 1, which is primarily based on their recorded and estimated hours of 2,184 hours and 1,000 hours respectively, this amount of time appears to be out of proportion with the deliverables that have been evidenced for Prodigy 1.

2.4.2 Prodigy 2

In terms of the agreed-upon scope and fees, we believe that the agreed fixed fees of EUR 850,000 and the 0.75% success fee for successful fundraising are within a reasonable range of fees for a project of comparable size and scope, specialized, strategic and high-profile nature of the services agreed upon for the project. However, this assessment is highly dependent on the exact services and level of detail planned and actually carried out by Clairfield.

In terms of the actual work delivered, we understand that no work was performed for Service Pack 2 because it relied on the successful completion of Prodigy 1. Our knowledge of the exact nature of Clairfield's and/or subcontractor work on Service Pack 1 is limited, but based on our knowledge and review of the two Service Pack 1 deliverables, we would generally expect a more extensive and detailed set of documents in order justify a fee of EUR 400,000. In particular, while the 73-page SPIC report dated November 2019 appears to have been executed using relevant expertise, only 30 pages (i.e. fewer than half) are specific to SPIC as opposed to general information. Furthermore, the deliverables we have received cover only part of Service Pack 1, while key implementation services under Service Pack 1 appear to have not been delivered.

Similarly, the 1,081 hours spent by Clairfield on Prodigy 2 correspond to fees of approximately EUR 280,000, or approx. 70% of the total fees originally agreed for Service Pack 1, and approx. 66% of the upfront payment of EUR 425,000 received by Clairfield for Prodigy 2. In our view, 1,081 hours appears to be excessive for the two reports delivered by Clairfield for Prodigy 2.

2.4.3 Prodigy 3

In terms of the agreed-upon scope and fees, we believe that the agreed fees of EUR 80,000 per month are within a reasonable range of fees for a project of comparable scope and involvement of highly-qualified specialists; however, this assessment is highly dependent on the exact services and level of detail planned and actually carried out by Clairfield.

In terms of the actual work delivered, based on our understanding of the project timeline and review of the Prodigy 3 slide decks available to us, we have no indication that any of the objectives regarding optimizations as outlined in the engagement letter have been executed by Clairfield. A key part of Clairfield's work on Prodigy 3 appears to have been the identification and involvement of qualified key experts on central banking matters and the planning of workshops and training sessions by these experts; however, Prodigy 3 apparently experienced a delay of several months. We have insufficient information to determine in precise terms the amount of work conducted by Clairfield on Prodigy 3, but based on the information available to us, the workload and fees implied by the 936 hours spent by Clairfield appear to be out of proportion with Clairfield's progress on Prodigy 3.

2.4.4 Lagarde 1

Based on our professional experience, the fees for fairness opinion projects generally need to be considered as a whole, and are usually linked to aspects other than time spent, such as transaction size and the risk to the involved parties for providing a value opinion into the public domain. The total fee of EUR 620k for Lagarde 1 may be within a reasonable range for the transfer of gold mining royalty rates and the amortization of debt between the CBvS and the GoS. However, some deviations from general business practices raise doubts on the characterization of the Lagarde 1 project as a fairness opinion. In particular, (i) the Lagarde 1 EL does not include a detailed transaction description, (ii) the CBvS and the GoS executed the transaction without the knowledge of Clairfield, and (iii) Clairfield issues a negative transaction opinion approximately 5 months after the transaction took place. Abstracting from the fairness opinion and more strategic parts of Lagarde 1, we consider the agreed fees for the valuation of the royalty rights of EUR 390k (part 1 and part 3) clearly above a reasonable range of fees for a project of comparable size and relevance. In particular, the valuation object is clearly defined and of limited complexity, limiting the overall work effort for the Lagarde 1 valuation.

While a total fee of EUR 620k may be within a reasonable range for the Lagarde 1 fairness opinion project, we believe that the quality and level of sophistication of the valuation analyses conducted by Clairfield does not measure up either to a fairness opinion, nor to the fees of EUR 620k. Generally,

the delivered Lagarde 1 work products that we have reviewed are characterized by high-level assumptions and indicative analyses. In particular, the draft value scenario analysis from November 1, 2019 consists of 8 slides presenting high-level assumptions and valuation sensitivities. The valuation model is a professionally prepared financial model of moderate complexity. Finally, based on our professional experience, both quality and level of detail presented in the Lagarde 1 final report from March 2020 do not measure up to a valuation for fairness opinion purposes. Clairfield's answers to our questions have generally supported this assessment of only indicative analyses of key valuation parameters. The deliverable on part 4 of Lagarde 1 appears to be covered by a single slide in the final report, which we believe provides limited insights and raises additional questions. While we have no full knowledge on the exact work efforts conducted by Clairfield and its subcontractors on Lagarde 1, the workload implied by the 1,330 hours spent by Clairfield appear out of proportion against the deliverables and other work products we are aware of for this project.

Despite the transaction execution on November 1, 2019, Clairfield states that it has subsequently completed its work on Lagarde 1 upon request by the CBvS. We understand, however, that limited work was conducted on Lagarde 1 between November 2019 and January 2020. Against the overall timeline of events, it appears to us that the final report was in particular prepared with the intention to complete the project in response to the letter from January 30, 2020 by the CBvS that terminated the project⁹. We note that a fairness opinion delivered almost 5 months after the transaction date is highly unusual and may create limited benefit to CBvS.

We understand from Clairfield that Orion had a significant role in Lagarde 1. Clairfield states that no EL was signed for the subcontracted work. While Clairfield states that Orion carried out the bulk of the work for Lagarde 1, we note that we have limited insights into how the work was split between the two parties¹⁰. However, our impression is that key deliverables, in particular valuation model and final report from March 2020, were prepared by Clairfield.

2.4.5 Prodigy 5

In terms of the agreed-upon scope and fees, we believe that the total fee of EUR 1.16 million for the valuation of 20 Surinamese embassies is not proportionate to Clairfield's planned work for this part of the project, given that this fee excluded any fees for third-party real estate valuers and surveyors ally. Regarding Clairfield's work for sale and leaseback transactions, and for maintenance and reporting, we believe that the agreed monthly retainer fee of EUR 60,000 (roughly equivalent to the

⁹ We note that Clairfield states that it has no knowledge of this letter. Source: Cover Letter 'Repliek CB op ontwerprapport Kroll Duff & Phelps ("D&P") dd 08/01/2021 23:11', page 8 (Annexure 26a).

¹⁰ Source: Call Clairfield 10 December 2020 (item 7).

full-time engagement of 1.5 employees), the 2.5% success fee for closed transactions, and the hourly rates of EUR 200 – EUR 300 for ongoing maintenance and reporting work are all within a reasonable range for a project of comparable size and scope. However, this assessment is highly dependent on the exact services and level of detail planned and actually carried out by Clairfield.

In terms of actual work delivered, we understand that Prodigy 5 was postponed due to the urgency and therefore prioritisation of Lagarde 1. We note that despite this, the Prodigy 5 EL is dated after the Lagarde 1 EL, and the upfront payments for both projects were made on October 3, 2019. Clairfield spent 150 hours on preparatory work for Prodigy 5, which would imply a significant level of information gathering and/or initial analyses. As we have no information on what type of preparatory work was conducted by Clairfield during September 2019, we cannot comment on the reasonableness of the time spent.