

THE GROUNDS

REAL ESTATE DEVELOPMENT AG



HALF-YEAR REPORT | 2024



THE GROUNDS

REAL ESTATE DEVELOPMENT AG

HALF-YEAR REPORT

for the financial period
1 January to 30 June 2024

This half-year report was published on 26 September 2024 and is also available in English.
The German version takes precedent in the case of any doubt.

Both versions of the half-year report are available online on our website:

www.thegroundsag.com/de/investor-relations/finanzberichte-und-praesentationen/halbjahresberichte

www.thegroundsag.com/en/investor-relation/financial-reports-and-presentations/half-year-reports

For reasons of better legibility, we mostly use the masculine form of personal nouns in this report. This always refers to female and male persons at the same time and expressly includes other gender identities.



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KEY FIGURES

Group key figures		H1 2024	H1 2023
Revenue	TEUR	8,710	16,218
... of which sales	TEUR	7,838	15,306
... of which rental income	TEUR	868	908
Earnings before interest and taxes (EBIT)	TEUR	-4,287	354
Consolidated net earnings	TEUR	-8,079	-1,065
Earnings per share	EUR	-0.30	-0.05
Total assets	TEUR	139,486	147,816*
Equity	TEUR	16,833	24,833*
Equity ratio	%	12.1%	16.8%*
Financial liabilities & bonds	TEUR	104,453	99,947*
Loan to value (LTV)	%	81%	75%*
Cash flow from operating activities	TEUR	-2,725	-8,392
Cash flow from investing activities	TEUR	-72	599
Cash flow from financing activities	TEUR	1,062	6,117
Employees		13	14

* Value as of December 31, 2023

Portfolio key figures		30 June 2024	31 Dec. 2023
Portfolio properties (Fixed assets)			
Living/usable space	m ²	26,511	26,511
Units		421	421
Rental income p.a.	TEUR	1,626	1,729
Portfolio development (Current assets)			
Living/usable space	m ²	1,560	2,304
Units		11	20
Rental income p.a.	TEUR	129	156
Land development			
Planned living/usable space	m ²	171,408	175,045
Planned living/usable space in joint venture projects	m ²	0	10,322

Overview of The Grounds shares (Xetra prices)		H1 2024	H1 2023
Market capitalisation (as at 30 June)	TEUR	9,170	20,654
Share capital (as at 30 June)	TEUR	17,806	17,806
Closing price	EUR	0.52	1.16
Share price low	EUR	0.52	1.12
Share price high	EUR	0.85	1.88
ISIN		DE000A2GSVV5	
Segment		Primary market, Düsseldorf Stock Exchange	



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Dear Ladies and Gentlemen,

In April 2024, together with the annual financial statements 2023, we reported to you on a difficult financial year that was characterised by challenging conditions, which also had a significant impact on the business development of The Grounds. In the report on the first half of the year 2024, which we are presenting to you here, we are not yet able to report any significant improvement in our operating business performance. Instead, we adjusted our forecast for the year as a whole in August 2024 and are now forecasting a negative EBIT rather than a break-even result. This is due in particular to value adjustments from project developments, which we recognised in our half-year balance sheet as a precautionary measure.

Although there are still no signs of a stable economic upturn in Germany, at least some of the factors that have had a massive impact on the German property industry since 2022 are now showing a positive trend. The inflation rate has normalised significantly in recent months, and in June 2024 the European Central Bank decided to reduce its key interest rates for the first time since 2019, which was followed by a further cut shortly before this report went to press. Transaction activity on the property markets has picked up noticeably following the massive slump 2023 in the first half of the year 2024. Depending on the location and market segment, the decline in property prices has now slowed noticeably or has already turned into a sideways movement. And rents in the tight housing markets of Germany's major metropolises and conurbations have continued to rise, once again most sharply in Berlin.



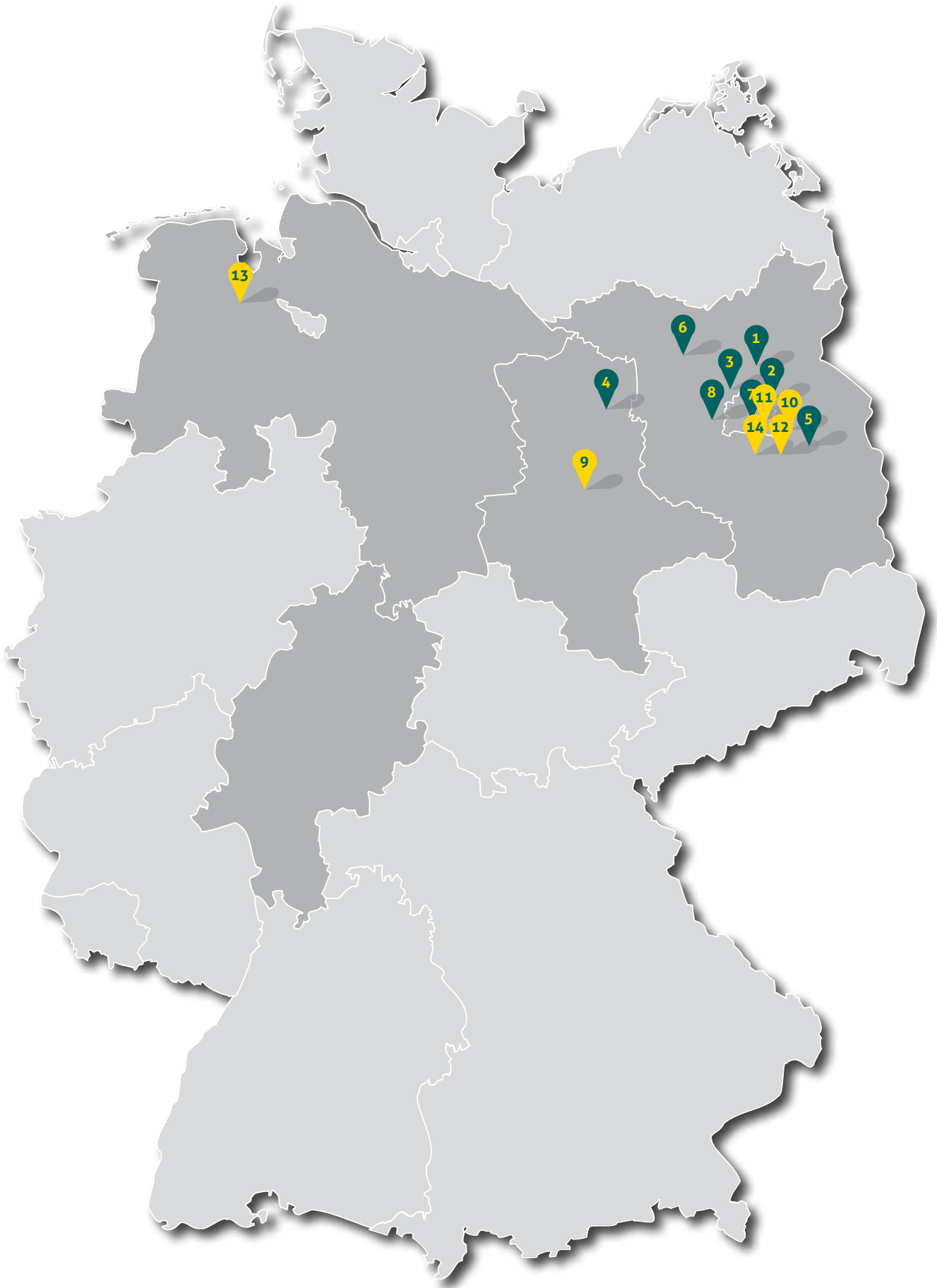
Although all these positive trends have not yet led to a return to the sales performance of 2022, they justify the assumption that the interest of potential flat and home buyers will increase again in future and also lead to more sales contracts being concluded. It is pleasing that we were able to sell all of the flats in our Margaretenstraße project in Berlin-Lichtenberg in the first half of the year, despite the adverse environment, and were also able to conclude further purchase agreements in Dallgow-Döberitz. We need to build on this in the coming months.

The capital measures approved at our Annual General Meeting a few days ago, on 19 September 2024, marked a key milestone in the implementation of the announced partnership with H.I.G. Capital and thus a decisive interim step for the implementation of our current projects and for further growth.

Berlin, September 2024

Executive Board

Jacopo Mingazzini




PORTFOLIO AND PROPERTIES

SPECIALIST FOR GERMAN RESIDENTIAL PROPERTY

The Grounds Group carries out housing projects in German metropolitan regions. In addition, The Grounds Group holds a steadily growing residential property portfolio as fixed assets. The Grounds Real Estate Development AG is listed in the Düsseldorf Stock Exchange's OTC segment Primary market (ISIN: DE000A2GSVV5) and is based in Berlin.

REGIONAL OVERVIEW

 1	Schorfheide Fixed assets	 9	Magdeburg Land development
 2	Bernau Fixed assets		<ul style="list-style-type: none">• Property Garden• LennéQuartier• Central Offices• Börde Bogen (Joint venture)
 3	Kremmen Fixed assets	 10	Erkner Land development
 4	Stendal/Prignitz Fixed assets	 11	Berlin Land development
 5	Rauen Fixed assets	 12	Königs Wusterhausen Land development
 6	Fehrbellin Fixed assets	 13	Bad Zwischenahn Land development
 7	Berlin Fixed assets	 14	Blankenfelde-Mahlow Land development (Joint venture)
 8	Dallgow-Döberitz Portfolio development		

PORTFOLIO OVERVIEW

Portfolio properties

Our rental portfolio properties



Schorfheide near Eberswalde



- 38 residential units
- Usable space: 2,066 m²



Bernau



- 59 residential units
- Usable space: 4,118 m²



Kremmen



- 24 residential units
- Usable space: 1,430 m²



Stendal/Prignitz



- Multiple locations
- 227 residential and commercial units
- Usable space: 14,751 m²



Rauen near Fürstenwalde

- 27 residential units
- Usable space: 1,554 m²



Fehrbellin

- 24 residential units
- Usable space: 1,503 m²



Berlin-Lichtenberg

- 22 residential units
- Usable space: 1,089 m²



Portfolio development

Condominiums and terraced houses for investors and owner occupiers



Dallgow-Döberitz

- 11 residential units*
- Usable space: 1,560 m²*
- In the sales process



* Space and unit data relates to units with transfer of ownership outstanding as at 30 June 2024.

Land development

Our land development projects



Property Garden in Magdeburg

9

- 64 units
- Usable space: 3,637 m²
- Under construction
- Sold



LennéQuartier in Magdeburg

9

- 181 units
- Usable space: 5,100 m²
- Completed
- Sold



Central Offices in Magdeburg

9

- Office space
- Gross floor space: 17,140 m²
- Building permit obtained
- In the sales process



Terra Homes in Erkner

10

- 34 homes
- Usable space: 4,279 m²
- Under construction
- In the sales process

Land development (continued from page 15)

Our land development projects



Maggie in Berlin-Lichtenberg

11

- 27 units
- Usable space: 1,859 m²
- Under construction
- Sold



Betty in Königs Wusterhausen

12

- 90 residential units
- Usable space: 6,640 m²
- In planning
- Sales launch: still pending



Elements* in Bad Zwischenahn

13

- 255 units
- Gross floor space: 41,534 m²
- In planning
- Sales launch: still pending

* Notarised; transfer of economic ownership still outstanding (see 8.34 in the Annual Report's notes to the consolidated financial statements as of 31 December 2023)

Joint ventures

Joint development of land



Börde Bogen in Magdeburg

9

- 655 units
- Gross floor space: 67,857 m²
- In planning
- In the sales process



Highfly in Blankenfelde-Mahlow

14

- 186 terraced houses
- Gross floor space: 32,099 m²
- In planning
- Sales launch: still pending

THE GROUNDS ON THE CAPITAL MARKET

Development of The Grounds Share from 1 January to 30 June 2024 (Xetra prices)



The German stock market presented a very heterogeneous picture overall in the first half of the year 2024, reflecting not least the comparatively weak economy in Germany on the one hand and the much more dynamic economic development in the USA on the other. The DAX benchmark index performed remarkably well. It reached numerous new all-time highs between January and June and ended the first half of the year with growth of around 9%.

In contrast, the mid-cap index MDAX was down by around 7% at mid-year. In this context, market observers pointed out that the proportion of sales generated outside Germany is significantly higher on average for DAX companies than for those listed on the MDAX. Although the SDAX – the index for smaller stocks – also closed the first half of the year with a positive result, at around 3.5% it was significantly lower than the rise in the DAX.

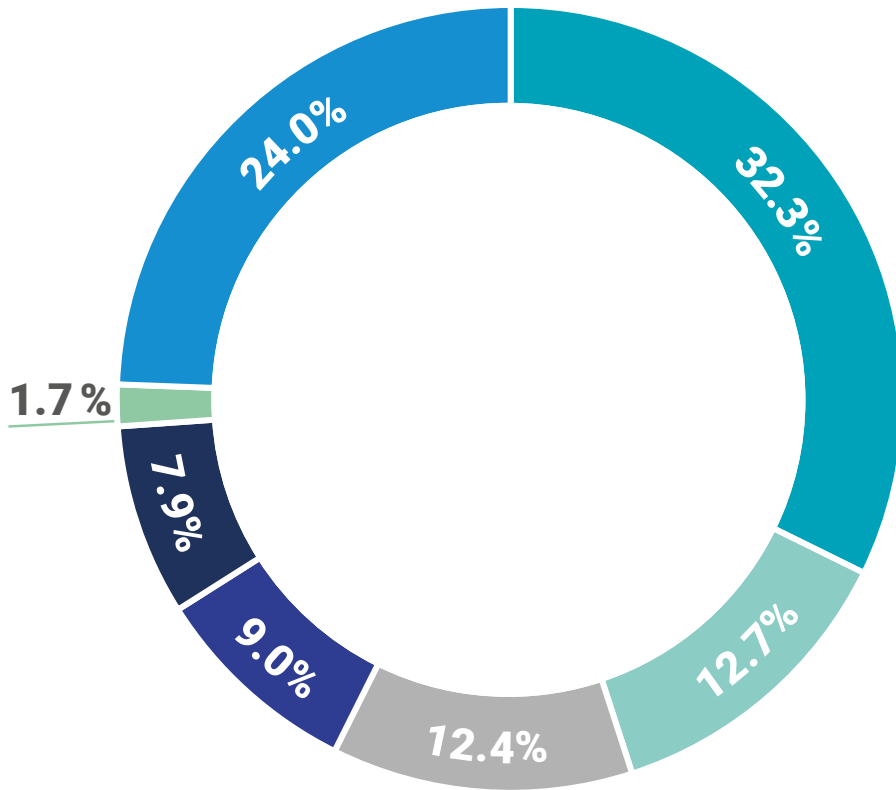
In view of the persistently challenging market environment, property shares performed comparatively robustly in the first half of the year 2024, but had to give up interim gains as the year progressed. The Solactive DIMAX property share index fell by a good 2.5% overall in the first half of the year. The Grounds Shares significantly underperformed this sector index in the reporting period, with the share price falling by around 37.6%.

The Grounds share at a glance

ISIN / WKN	DE000A2GSVV5 / A2GSVV	
Market segment	Primary Market, Düsseldorf Stock Exchange	
Markets	Xetra Tradegate OTC in Berlin, Frankfurt, Munich, Stuttgart	
Type of shares	No-par-value registered shares	
Number of shares as at 30 June	17,805,517	
	H1 2024	H1 2023
Share price as at 30 June*	EUR 0.52	EUR 1.16
Percentage change compared to the start of the year	-37.6%	-38.3%
Market capitalisation as at 30 June	EUR 9,169,841	EUR 20,654,400
High for the first half of the year*	EUR 0.85	EUR 1.88
Low for the first half of the year*	EUR 0.52	EUR 1.12

* Prices on Xetra trading system of Deutsche Börse AG

Shareholder structure (as at 30 June 2024)



- Millennium Verwaltungs GmbH
 - ZuHause Real Estate Group GmbH
 - Tarentum GmbH
 - Deutsche Balaton Aktiengesellschaft
 - RESI Beteiligungs GmbH
 - Management
 - Free float (approx.)
- Total: 17,805,517 shares

INTERIM GROUP MANAGEMENT REPORT

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1 Economic Report

1.1 Macroeconomic development

Economic development in Germany was noticeably lacking in momentum in the first half of the year 2024. While gross domestic product (GDP) adjusted for price, seasonal and calendar effects increased by 0.2% in the first three months compared to the final quarter of the year 2023, GDP fell by 0.1% in the second quarter. This was due in particular to the significant decline in investments towards the middle of the year. Investments in buildings fell by 2.0% between April and June 2024. Investments in equipment such as machinery, appliances and vehicles even fell by 4.1% in the same period. The labour market remained stable, albeit with declining momentum. Germany's economic output in the second quarter of 2024 was generated by around 46.1 million people employed in Germany, which was 167,000 or 0.4% more than in the same quarter of the previous year. However, the Federal Statistical Office pointed out that the spring upturn in the labour market this year was more subdued than the average of the two previous years. The inflation rate fell significantly. At the end of the reporting period, in June 2024, the consumer price index (CPI) rose by 2.2% compared to the same month of the previous year, bringing it significantly closer to the European Central Bank's (ECB) inflation target of 2.0%.

1.2 Sector development

Following the massive slump in transaction volumes on the German property investment market over the course of last year, there were signs of a certain stabilisation and recovery on the market in the reporting period, particularly in the second quarter. According to the international investment management and consulting firm JLL, the transaction volume in Germany from January to June 2024 totalled around 15.7 billion euros and was therefore 10% higher than the result for the first half of 2023. Around 24% of the capital invested went into residential properties, closely followed by logistics and industrial properties at 22% and office properties at 19%. Nevertheless, JLL points out that many players are still struggling with the market environment. Restructuring is on the agenda, and investors and representatives of financing banks are looking for solutions to the current challenges. At least it can be seen as a positive sign that a flood of distress sales – which would have led

to a further fall in prices and values – has failed to materialise. In Germany, too, the market is slowly returning to growth. In the meantime, the Living asset class is also showing greater dynamism across the transaction market. The fact that the ECB started to cut interest rates again in June 2024 – for the first time since 2019 – was met with relief on the financial and property markets, but without euphoria. The focus remains on inflation, and core inflation in particular is still well above the ECB's 2% target. The industry is keeping a particularly close eye on the still high construction costs, even though the sharp rise in costs has eased considerably, as well as on wage increases.

As part of an analysis of the Big-8-cities, JLL noted an overall positive trend in rents for the first half of the year 2024. Their increase of 5% compared to the previous year's level is above the average of the last five years; however, the increase is lower than in the previous six months (+8.2%). The rental housing market with the highest rent increases was once again Berlin, where the rent level rose by 11.4% compared to the previous year. JLL put the average total rent in Berlin per month at 19,50 Euro per square metre. In view of the continued population growth in Berlin – by 0.7% in 2023 alone – the pressure on the housing market is increasing further, as supply has recently grown less strongly. The number of completed flats at 2023 was 7.8% lower than in the previous year at a total of 15,965 units. At 15,902, the number of building permits issued fell short of the previous year's figure by 6.3%, meaning that the number of completions is expected to continue to fall in the coming years.

2024 JLL recorded a further decline in asking prices for condominiums in all Big-8-cities in the first half of the year, although this was significantly less pronounced than in the previous year (–7.3%) and the first half of the previous year (–7.4%). On average, asking prices for new and existing flats in the reporting period were around 3.6% lower than in 2023. From January to June 2024, purchase prices for new-build flats fell only slightly by around 1.3% on average in the Big-8-cities, after the average value a year ago was still slightly positive at +2.0%. It is apparent that prices for newly built condominiums have remained relatively stable overall over the last two years and have largely moved sideways.

1.3 General legal conditions

A significant change in the legal framework conditions occurred in the reporting period as a result of the Growth Opportunities Act passed by the Bundestag at the end of March 2024 with the approval of the Bundesrat, which includes the introduction of a declining balance depreciation for newly constructed residential buildings and is intended to incentivise investment in residential construction. The declining balance depreciation of 5% for a total of six years applies to new residential buildings from efficiency standard 55 and is intended to supplement the increase in straight-line depreciation from 2% to 3%.

2 Business Performance

2.1 Financial performance

In the first half of 2024, The Grounds generated revenues totalling EUR 8.7 million. The significant decline in sales compared to the same period of the previous year (EUR 16.2 million) is primarily due to a lower volume of sales in the area of property and portfolio development, in particular individual privatisation. Nevertheless, sales revenues, which totalled EUR 7.8 million, accounted for by far the largest share of revenues. The majority of this (EUR 6.4 million) resulted from sales from the Property Garden project in Magdeburg and Maggie in Berlin-Lichtenberg, which were accounted for using the percentage of completion method. Sales also include rental income and other income totalling EUR 871 thousand.

Other operating income totalled around EUR 566 thousand (previous year: EUR 181 thousand). This primarily reflects the deconsolidation of the subsidiary TGA 8 with the at-equity investment Terminal 3, which led to other operating income of EUR 436 thousand.

The cost of materials totalled EUR 11.9 million in the first half of 2024 (previous year: EUR 14.4 million) and includes, among other things, a value adjustment of EUR 4.22 million for a project in Blankenfelde-Mahlow. Staff costs fell to EUR 759 thousand (previous year: EUR 1.0 million), mainly due to the departure of the second member of the Executive Board in the previous financial year. At EUR 1.2 million, other operating expenses were slightly higher than in the first half of the year 2023 (EUR 1.1 million).

Including the result from associated companies in the amount of EUR –4.3 thousand, EBIT for the first half of 2024 totalled EUR –4.3 million, a significant decrease compared to the same period of the previous year (EUR 0,4 million).

The financial result for the first half of the year totalled EUR –3.3 million after EUR –2.0 million in the first six months of the previous year. It is largely characterised by an increase in financing costs of EUR 1.6 million in connection with bridge financing.

The Group's half-year result was clearly negative at EUR –8.1 million. Of this amount, EUR –5,4 million was attributable to the shareholders of the parent company. Earnings per share totalled –0.30 EUR after –0.05 EUR in the previous year.

2.2 Financial and asset position

The Grounds' total assets have decreased by around EUR 8.3 million to around EUR 139.5 million since the balance sheet date of the previous financial year (around EUR 147.8 million).

On the assets side of the balance sheet, there were reductions in non-current assets, particularly in shares in companies accounted for using the equity method, which fell by EUR 2.3 million. Deferred income tax assets also fell by around EUR 931 thousand due to the realisation of the Property Garden project in Magdeburg and the release of hidden reserves.

Under current assets, inventories decreased by around EUR 1.5 million. In addition, trade receivables were EUR 1.2 million lower on the reporting date and cash and cash equivalents were EUR 1.7 million lower than at 31 December 2023.

On the liabilities side, equity decreased significantly from around EUR 24.8 million to EUR 16.8 million. This was due to the negative consolidated result for the first half of 2024. As a result, the equity ratio also fell to 12.11% (31 Dec. 2023: 16.8%).

Non-current liabilities increased significantly from EUR 16.5 million to EUR 48.0 million. This is due in particular to the bonds item with a volume of EUR 30.7 million. This did not yet exist at 31 December 2023 and reflects the reclassification of the financing provided by H.I.G. and the change of the convertible bond to a bond in 2024 under non-current liabilities, which had to be carried out due to the extension of the term until 2029 in the meantime. Non-current financial liabilities also increased by EUR 1.9 million, while deferred income tax liabilities fell by around EUR 963 thousand.

The aforementioned reclassifications of bonds contributed in particular to the decrease in current liabilities totalling EUR 31.8 million. In addition, other current liabilities decreased by around EUR 2.5 million.

At the end of the reporting period, The Grounds had cash and cash equivalents totalling EUR 1.3 million (31 Dec. 2023: EUR 3.0 million). A negative cash flow of EUR 2.7 million arose from operating activities in the reporting period, in particular due to the negative consolidated result. Investing activities resulted in a negative cash flow of EUR –72 thousand, while cash flow from financing activities totalled EUR 1.1 million.

3 Executive Bodies and Employees

The sole member of the Management Board of The Grounds Real Estate Development AG is Jacopo Mingazzini.

The Chairman of the Supervisory Board is Dr Peter Maser. Other members of the Supervisory Board are Thomas Bergander as Deputy Chairman of the Supervisory Board and Eric Mozanowski.

In the reporting period, The Grounds employed an average of 12 employees.

4 Risks of Future Development

The risk structure of The Grounds was presented in detail in the 2023 Annual Report. The continuing difficult situation in the property sector with low transaction volumes and a challenging interest rate environment has significantly increased the financing and liquidity risks of The Grounds and requires an additional inflow of funds to secure the liquidity and continuation of the company. In order to comprehensively recapitalise the Group, the Management Board of the company has proposed the measures described in detail in the note 5 “Events after the reporting date”, in particular a capital increase of up to EUR 53.4 million with a prior capital reduction at a ratio of 2:1, which was approved by the Annual

General Meeting on 19 September 2024. The resolution represents a significant interim step towards the announced partnership with a fund managed by H.I.G. Capital. If the planned measures are not implemented as planned, there is a risk that the company's liquidity and thus its ability to continue as a going concern will be jeopardised.

5 Forecast Report

The previously targeted sales in the Börde Bogen and Central Offices projects could not be realised despite promising sales talks. Due to the current business development in 2024 and a continued tense market situation as well as weak demand from institutional investors, The Grounds also decided to write down the project development in Blankenfelde-Mahlow and to write down a receivable from a shareholder loan from a joint venture project in Remscheid for reasons of prudence in connection with the half-year financial statements as at 30 June 2024. This has resulted in an adjustment to the original earnings forecast for the current financial year, for which the company now expects a negative EBIT of between EUR -7 million and EUR -9 million based on sales of between EUR 10 million and EUR 12 million.





CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

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34 _____ Consolidated Income Statement

35 _____ Consolidated Statement of Changes in Equity

36 _____ Consolidated Cash Flow Statement

38 _____ Notes

CONSOLIDATED BALANCE SHEET

The Grounds Real Estate Development AG, Berlin, as at 30 June 2024

	30 June 2024	31 Dec. 2023
	TEUR	TEUR
Assets		
Non-current assets		
Intangible assets	14	15
Goodwill	1,942	1,942
Property, plant and equipment	163	180
Right-of-use assets	184	240
Investment property	34,894	34,821
Equity investments	2	2
Interests in companies accounted for using the equity method	10	2,279
Other financial assets	145	145
Deferred tax assets	2,887	3,818
Total non-current assets	40,239	43,442
Current assets		
Inventories	89,945	91,480
Contract assets	163	169
Trade receivables	1,345	2,568
Other receivables	6,501	7,129
Cash	1,292	3,028
Total current assets	99,246	104,374
Total assets	139,486	147,816

	30 June 2024	31 Dec. 2023
	TEUR	TEUR
Equity		
Issued capital	17,806	17,806
Adjustment item from business acquisition	-12,453	-12,453
Capital reserves	3,091	3,011
Retained earnings	155	155
Net income	5,090	10,488
Attributable to shareholders of the parent company	13,689	19,007
Attributable to non-controlling shareholders	3,144	5,826
Total equity	16,833	24,833
Liabilities		
Non-current liabilities		
Financial liabilities	12,724	10,823
Bonds	30,677	0
Lease liabilities	42	121
Other liabilities	102	134
Deferred tax liabilities	4,480	5,443
Total non-current liabilities	48,026	16,520
Current liabilities		
Provisions	4,567	5,012
Financial liabilities	60,559	61,856
Bonds	492	27,269
Lease liabilities	165	148
Advance payments received	1,538	1,474
Current income tax liabilities	2,438	2,765
Trade payables	4,465	4,993
Other liabilities	402	2,946
Total current liabilities	74,627	106,463
Total assets	139,486	147,816

CONSOLIDATED INCOME STATEMENT

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2024

	1 Jan. 2024 – 30 June 2024	1 Jan. 2023 – 30 June 2023
	TEUR	TEUR
Revenue	8,710	16,218
Other operating income	566	181
Change in inventories	469	586
Cost of materials	-11,943	-14,398
Staff costs	-759	-1,016
Depreciation of property, plant and equipment and amortisation of intangible assets	-89	-92
Other operating expenses	-1,236	-1,121
EBIT before income from associates	-4,282	359
Income from associates	-4	-5
EBIT	-4,287	354
Income from equity investments	0	0
Interest income	50	27
Interest expenses	-3,368	-1,986
Financial result	-3,318	-1,959
Earnings before income taxes	-7,604	-1,605
Income taxes	-475	540
Consolidated net earnings	-8,079	-1,065
of which attributable to non-controlling shareholders	-2,682	-225
of which attributable to shareholders of the parent company	-5,397	-840
Earnings per share (in EUR)	-0.30	-0.05

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2024

	Issued capital	Adjustment item from business acquisition	Capital reserves	Retained earnings	Net income/ loss	Attributable to non-controlling shareholders	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
As at 1 Jan. 2024	17,806	-12,453	3,011	155	10,488	5,826	24,833
Share-based remuneration			79				79
Consolidated comprehensive income					-5,397	-2,682	-8,079
As at 30 June 2024	17,806	-12,453	3,091	155	5,090	3,144	16,833

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2023

	Issued capital	Adjustment item from business acquisition	Capital reserves	Retained earnings	Net income/ loss	Attributable to non-controlling shareholders	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
As at 1 Jan. 2023	17,806	-12,453	3,111	155	17,563	6,387	32,569
Share-based remuneration			137				137
Consolidated comprehensive income					-840	-225	-1,065
Disposal of non-controlling interests					3	-3	0
As at 30 June 2023	17,806	-12,453	3,248	155	16,725	6,159	31,640

CONSOLIDATED CASH FLOW STATEMENT

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2024

	1 Jan. 2024 – 30 June 2024	1 Jan. 2023 – 30 June 2023
	TEUR	TEUR
Consolidated net earnings	-8,079	-1,065
+ Write-downs on fixed assets	19	20
+ Depreciation of right-of-use assets	70	72
-/+ Net income from associates accounted for using the equity method/ investment income	4	4
+/- Increase/decrease in provisions	-445	-51
+ Other non-cash changes	2,345	137
-/+ Gains/losses on the disposal of fixed asset	0	-22
-/+ Increase/decrease in inventories, trade receivables, contract assets and other assets not related to investing or financing activities	3,392	-8,217
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	-3,039	4,373
+/- Interest expenses/income	3,318	-2,012
+/- Income tax expense/income	475	-540
-/+ Income taxes paid	-785	-1,091
= Cash flow from operating activities	-2,725	-8,392

Continued on page 37

Continued from page 36

	1 Jan. 2024 – 30 June 2024	1 Jan. 2023 – 30 June 2023
	TEUR	TEUR
+ Proceeds from disposals of intangible fixed assets	0	0
+ Proceeds from disposals of property, plant and equipment	0	66
+ Proceeds from disposals of financial assets	0	150
+ Proceeds from the disposal of investment property	0	660
– Payments for investments in intangible fixed assets	0	–1
– Payments for investments in property, plant and equipment	0	–28
– Payments for investments in financial assets	0	–123
– Payments for investment property	–73	–137
+ Interest received	1	12
+ Dividends received	0	0
= Cash flow from investing activities	–72	599
+ Proceeds from issuing bonds and (financial) borrowing	4,765	13,932
– Payments from repaying bonds and (financial) loans	–1,012	–9,728
– Repayment of lease liabilities	–76	–73
– Interest paid	–2,615	1,986
= Cash flow from financing activities	1,062	6,117
Cash changes in cash funds	–1,736	–1,675
+ Cash funds at the beginning of the period	3,028	2,273
= Cash funds at the end of the period	1,292	598

NOTES TO THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

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1 Fundamental Information

The Grounds Real Estate Development AG (hereinafter: "The Grounds AG") is based in Berlin, Germany. It is registered in the commercial register of the district court of Berlin Charlottenburg under the registration number HRB 191556 B.

The company's shares are traded under ISIN DE000A2GSVV5 on the open market (segment: Primary Market) of the Düsseldorf Stock Exchange.

The company's operating activities consist of the realisation of residential projects in German metropolitan regions and conurbations; its business activities comprise three core areas. This includes the development of its own property portfolio, the tenant-oriented sale of existing flats to investors or owner-occupiers and the development and realisation of new construction projects in the residential sector with the aim of selling them to institutional investors, investors or owner-occupiers. The Grounds AG acts primarily as an operating holding company for its property companies.

2 Reporting Principles

These condensed interim consolidated financial statements of The Grounds AG have been prepared voluntarily and have not been audited or reviewed by an auditor.

The Grounds has prepared its consolidated interim financial statements for the first half of the year 2024 in accordance with IAS 34 "Interim Financial Reporting", which was adopted into European law on the basis of EU Regulation No. 1606/2002 of 19 July 2002 concerning the application of international financial reporting standards (IFRS). The condensed interim consolidated financial statements should be read in conjunction with the IFRS consolidated financial statements of The Grounds AG at 31 December 2023, which were also prepared voluntarily.

A consolidated statement of comprehensive income was not presented as there were no effects recognised directly in equity in other comprehensive income.

The Grounds AG has not yet divided its business activities into reportable segments within the meaning of IFRS 8, also in view of the size of the company, which is why no segment reporting has been prepared.

Unless otherwise stated, the amounts in the notes to the interim consolidated financial statements are shown in thousands of euros (EUR thousand). Both individual and total values represent the value with the smallest rounding difference. When adding up the individual values shown, small differences to the reported totals may therefore occur.

3 Accounting Policies

In its condensed interim consolidated financial statements for the first half of the financial year 2024, The Grounds AG has applied the same accounting policies as in the voluntary IFRS consolidated financial statements at 31 December 2023.

4 Explanatory Notes

4.1 Consolidated group

The Grounds AG has included 24 subsidiaries in the interim consolidated financial statements as at 30 June 2024.

In the first half of the financial year 2024, the shares in TGA Immobilien Erwerb 8 GmbH (100%) were sold and deconsolidated.

4.2 Financial instruments

The fair values of the financial instruments reported in these interim consolidated financial statements are largely the same as their carrying amounts.

4.3 Related party transactions

The following related party transactions occurred in the financial year to 30 June 2024:

As at 30 June 2024, there are receivables from related parties and persons and from associated companies totalling EUR 653 thousand. This results in interest income from related parties and persons and from associated companies totalling EUR 20 thousand.

As at 30 June 2024, there are liabilities to related parties totalling EUR 6.909 thousand. This resulted in interest expenses to related parties totalling EUR 56 thousand.

There were no transactions with related parties at non-standard market conditions in the reporting period.

4.4 Average number of employees

In the reporting period, the companies included in the consolidated financial statements employed an average of 12 employees.

5 Events After the Reporting Period

In an announcement on 9 August 2024, The Grounds AG announced that it was taking the next steps in connection with the strategic partnership with a fund managed by H.I.G Capital announced in an ad hoc announcement on 13 October 2023. The announced capital increase has now been approved at the Annual General Meeting on 19 September 2024. Up to 53,416,548 new no-par value registered shares ("**New Shares**") will be issued. The

shareholders are granted statutory subscription rights. The capital increase is preceded by a simplified capital reduction, which was resolved at the same Annual General Meeting. The capital reduction is carried out for the purpose of offsetting losses by combining shares at a ratio of 2:1, i.e. the share capital is initially reduced from EUR 17,805,517.00 to EUR 8,902,758.00 before the capital increase, divided into 8,902,758 no-par value registered shares with a pro rata amount of the share capital of EUR 1.00 each. Prior to this, an old share provided to the company free of charge by a shareholder is cancelled for the purpose of smoothing the total number of shares.

As part of the planned capital increase, a company belonging to a fund managed by H.I.G. Capital ("Investor") has undertaken to subscribe for 40,000,000 New Shares under a subscription agreement. The subscription obligation is subject to various conditions precedent, including the approval of the merger by the Federal Cartel Office for the investor and the absence of material adverse circumstances. A condition precedent is also that the terms of the 2021/2027 bond issued by the company (WKN: A3H3FH | ISIN: DE000A3H3FH2) are changed to a zero-coupon bond without interest.

In addition, the investor has increased its bond issued in October 2023 by a further EUR 4,5 million and extended the term until 31 December 2029.

Berlin, 26 September 2024

Executive Board of The Grounds Real Estate Development AG

Jacopo Mingazzini



FINANCIAL CALENDAR

2025

30 April

Publication of Annual Report 2024

These dates are provisional. Please check all final confirmed dates and further IR activities on our website at www.thegroundsag.com/en/investor-relation/financial-calendar.

Forward-looking statements

This report may contain forward-looking statements. These relate to assumptions, estimates and expected developments for individual events. The forward-looking statements made are based on current expectations and certain assumptions. Accordingly, they entail a series of risks and uncertainties and may change over time. Many factors, many of which are beyond the company's control, could cause actual results and events to deviate from expected results and events – both positively and negatively.

CREDITS

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