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## **The Grounds Real Estate Development AG**

**Berlin, Germany**

### **CORPORATE BOND 2021/2027**

Questions and answers (FAQs)  
on the planned vote without a meeting  
(as at September 30, 2024)

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# FAQs

## 1. What should the bondholders vote on?

The creditors of the bond issued by The Grounds Real Estate Development AG ("**Issuer**") with ISIN: DE000A3H3FH2 / WKN: A3H3FH ("**Bond 2021**") are to adopt a resolution by way of a vote without a meeting on an amendment to the terms and conditions of the bond and elect a joint representative.

The following amendments to the existing bond conditions are to be resolved in accordance with the counter-motion supported by the company:

- Change to a zero-coupon bond without interest from August 18, 2024 to February 17, 2027.
- Change of the interest rate in the event of a postponement of the final maturity date to February 18, 2029 to 6 %, payable subsequently on the postponed final maturity date, (corresponding amendment of § 2 and § 3 of the bond conditions)

Please tick 'countermotion' under agenda item 1 to support this improved proposal. In addition, the bondholders Peter Ackermann and Axxion S.A., the latter acting on behalf of the special fund Ganador - Spirit Invest, propose to the bondholders that Buchalik Brömmekamp Rechtsanwaltsgesellschaft mbH from Düsseldorf be elected or appointed as joint representative of all bondholders. The issuer has already given its prior consent to the proposed appointment of the joint representative.

The full text of the proposed resolutions was published in the Federal Gazette on September 30, 2024. The wording of Federale Assurance's countermotion regarding the proposed resolution under item 1 of the agenda can be found at <https://www.thegroundsag.com/wp-content/uploads/2024/10/Countermotion-1.pdf>.

## 2. Why should the bondholders agree to the amendments to the bond terms and conditions?

Against the backdrop of a difficult financial situation as a result of the general crisis on the real estate markets, the company had already announced several capital measures on October 13, 2023 with the aim of securing financing for the coming years and a planned partnership with H.I.G. Capital Group ("**H.I.G.**"). As one of the measures, the bondholders of the 2021 bond approved the conversion of the original convertible bond into a bond without conversion rights in December 2023, while at the same time extending the term by a further three years at an increased interest rate of 8% per annum. The corresponding conversion was completed in February 2024.

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Since October 2023, however, the company's operating situation has developed significantly differently than targeted. Due to various circumstances described in the request for a vote, the company fell well short of its sales and earnings targets for the 2023 financial year. In the first half of 2024, project sales included in the planning could not be realized. In addition, the issuer decided to make various value adjustments in the half-year financial statements as at June 30, 2024 for reasons of prudence. This has resulted in an adjustment to the original earnings forecast for the current financial year, for which the issuer now expects negative EBIT of between EUR -7 million and EUR -9 million.

The ongoing difficult situation in the real estate sector with a challenging interest rate environment and an uncertain economic and geopolitical situation requires an additional inflow of funds to ensure liquidity and the continuation of the company. The capital increase of up to EUR 53,416,548.00 announced in October 2023 has therefore now been approved at the Annual General Meeting on September 19, 2024. The capital increase is to be preceded by a capital reduction to EUR 8,902,758.00, which was resolved at the same Annual General Meeting. Tempus Holdings 112 S.à r.l., a company belonging to a fund managed by H.I.G., has undertaken to subscribe for 40,000,000 new shares from the capital increase. The subscription obligation is subject to various conditions precedent. A key condition is that changes the 2021 bond to a zero-coupon bond without interest. This condition is to be implemented with the creditor vote without a meeting.

### **3. What is the legal background to the invitation to vote and why was the form of a vote without a meeting chosen?**

Pursuant to Section 15 (1) in conjunction with Section 15 (2) sentence 1 of the bond terms and conditions, the creditors may approve amendments to the bond terms and conditions - including individual or all measures pursuant to Section 5 (5) of the German Bond Act - by majority resolution in accordance with the German Act on Bonds from Comprehensive Issues (Schuldverschreibungsgesetz - "SchVG").

All votes pursuant to the German Bond Act will be conducted exclusively by way of voting without a meeting, unless the Issuer decides otherwise in individual cases.

Voting without a meeting is the more favorable option in terms of organization and costs compared to a creditors' meeting in person.

Bondholders will not incur any costs for a possible long journey or overnight stay. By holding a vote without a meeting, i.e. without the need to travel, the issuer hopes that many bondholders will take part in the vote.

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#### **4. Will my notes remain tradable after the described restructuring?**

The notes continue to be tradable. The bond will continue to be traded in the Quotation Board segment of the Open Market of the Frankfurt Stock Exchange even after the amendment of the bond conditions.

#### **5. Under what conditions is a quorum required for voting without a meeting, and what majorities are required?**

In the case of voting without a meeting, a quorum is present in accordance with Section 18 (1) of the German Bond Act (Schuldverschreibungsgesetz - "SchVG") in conjunction with Section 15 (3) sentence 1 SchVG if at least half of the partial debentures outstanding at the time the resolution is adopted take part in the vote without a meeting (quorum).

Each bondholder participates in the vote in proportion to the nominal value of the outstanding bonds of the bond held by him. Each bond with a nominal value of EUR 1,000 grants one vote.

The majority requirement expresses the ratio in which the votes cast on the subject matter of the resolution must be "yes" in order for it to become effective.

Resolutions on agenda item 1 require a qualified majority of 75% of the voting rights participating in the vote in order to be effective. The resolution on agenda item 2 requires a simple majority to be effective. A resolution passed by the bondholders with the required majority is equally binding for all bondholders.

#### **6. How can I participate in the creditors' vote without a meeting?**

Bondholders who wish to participate in the vote must submit their vote in text form (Section 126b of the German Civil Code ("BGB")) to the Voting Manager ("Voting") in the period **from Wednesday, October 16, 2024 at 0:00 hours to Friday, October 18, 2024 at 24:00 hours** ("Voting Period"). Votes are deemed to have been cast upon receipt by the voting manager.

Votes can be submitted by post, fax or e-mail to the following address:

Notary Christoph Wagner with his office in Berlin

- Voting manager -

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c/o

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HEUKING KÜHN LÜER WOJTEK

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from lawyers and tax consultants

Kurfürstendamm 32

10719 Berlin

Germany

or by fax to the fax number +49 (0) 30 88 00 97-99

or by e-mail to [thegrounds@heuking.de](mailto:thegrounds@heuking.de)

(please send only once)

The following documents must be attached to the voting document, unless these documents have already been submitted:

- Form for special proof with blocking notice
- A power of attorney if the bondholder is represented by a third party at the vote without a meeting.

In order to facilitate and accelerate the counting of votes, bondholders are requested to use the voting form available for download on the website of The Grounds Real Estate Development in the section "Investor Relations - Bond" (<https://www.thegroundsag.com/de/investor-relations/anleihe/>) from the date of publication of the invitation to vote.

The result of the vote is determined using the addition method. In the addition procedure, only the yes votes and the no votes are counted. All votes duly cast during the voting period and accompanied by the required evidence are taken into account.

## **7 What is special evidence or a blocking notice and what are the consequences?**

The so-called special evidence required for participation in the bondholder vote is a certificate from the custodian bank of the relevant bondholder. This certificate contains the full name and address of the bond creditor and states the total nominal amount of the bonds credited to the bond creditor's securities account at this custodian bank on the date the certificate is issued.

The blocking notice of the Custodian Institution required for participation in the Bondholder Vote is a notice stating that the Notes held by the relevant Bondholder will be blocked at the Custodian Institution from (and including) the date of dispatch of the special evidence until the end of the day of the Bondholder Vote on Friday, October 18, 2024 at 24:00 hours. This means that the Bonds will not be traded until this time.

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As a rule, the special certificate issued by the custodian bank always includes the required blocking notice.

A sample form for the special proof with blocking notice, which can be used by the custodian bank, can be downloaded from the Issuer's website at

<https://www.thegroundsag.com/de/investor-relations/anleihe/>

can be downloaded. Bondholders should contact their custodian institution regarding the issuance of the Special Evidence with Blocking Notice. It is recommended to contact the custodian bank as soon as possible and to order the corresponding issuance.

Bondholders who do not submit the special evidence and the blocking notice by no later than submitted to the Voting Manager by the end of the day of the creditor vote on Friday, October 18, 2024 at 24:00 hours are not entitled to participate or vote. In these cases, proxies may also not participate in the vote without a meeting or exercise their voting rights.

#### **8. Can I be represented in the bondholders' vote without a meeting?**

Each bondholder may be represented by a proxy of his choice when casting his vote (Section 14 SchVG in conjunction with Section 18 (1) SchVG).

The power of attorney and any instructions from the principal to the representative must be in text form within the meaning of Section 126b BGB. A form that can be used to grant a proxy can be found on the website of The Grounds Real Estate Development AG in the section "Investor Relations - Corporate Bond" (<https://www.thegroundsag.com/de/investor-relations/anleihe/>). We recommend using the form for voting.

Proof of authorization must be provided to the voting manager by submitting the proxy declaration in text form by the end of the voting period at the latest. In the case of voting by proxy, timely proof of the bondholder status of the authorizing party is also required in the form of special proof.

The issuer offers the bondholders the option of being represented by the proxies appointed by the issuer in the vote without a meeting. The power of attorney and any instructions from the authorizing party to the proxies appointed by the issuer must be in text form within the meaning of Section 126b BGB.

A form that can be used to grant a power of attorney and to issue instructions to the proxies appointed by the issuer is available on the website of The Grounds Real Estate Development

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AG in the section "Investor Relations - Corporate Bond"  
(<https://www.thegroundsag.com/de/investor-relations/anleihe/>).

The authorization and instruction form for the proxies appointed by the company must be sent to the following address:

Mr. André Heimerdinger and Mr. Joachim Lorenzen

- Proxy -

Keyword: "The Ground Real Estate Development AG Bond 2021/2027"

c/o UBJ. GmbH

House of Economy

Cape Town Ring 10

22297 Hamburg

Germany

or by fax to the fax number +49 (0) 6378 5423

or by e-mail to [gv@ubj.de](mailto:gv@ubj.de)

### **9. Does the adjustment of the bond conditions also apply to bondholders who vote against them?**

In accordance with Section 5 (2) of the German Bond Act, majority resolutions of the creditors of the same bond are equally binding for all creditors. Accordingly, resolutions passed by majority vote apply equally to all bondholders, even if they voted against the resolution.

### **10. Where can I find the relevant documents?**

From the date of publication of the invitation in the Federal Gazette (September 30, 2024) until the end of the voting, the following documents will be available on the issuer's website (<https://www.thegroundsag.com/de/investor-relations/anleihe/>)

- this invitation to vote,
- the current terms and conditions of the 2021 bond,
- the terms and conditions of the 2021 bond, as amended by the proposed resolution , with amendment markings compared to the previous version,
- the form for voting in the context of voting without a meeting,
- the power of attorney form for granting powers of attorney to third parties

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- the proxy authorization form for granting power of attorney and voting instructions to the proxies and
- a form for the special evidence

At the request of a bondholder, copies of the aforementioned documents will be sent to him. immediately and free of charge. The request should be addressed to:

The Grounds Real Estate Development AG

Charlottenstrasse 79/80

10117 Berlin

or by fax to the fax number +49 (30) 20 21 68 - 49

or by e-mail to: [bond@tgd.ag](mailto:bond@tgd.ag)

#### **11 Where and when will the results of the vote without a meeting be communicated?**

The issuer will publish the results of the creditor vote without a meeting after the end of the invitation to vote in an ad hoc announcement and on its website.

<https://www.thegroundsag.com/de/investor-relations/anleihe/>

inform the shareholders. Furthermore, the voting results will be published in the Federal Gazette.

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