Securities Prospectus

for the public offering
in the Federal Republic of Germany

of

53,416,548 newly issued ordinary registered shares with no par value
(“New Shares”)

of

The Grounds Real Estate Development AG

Berlin, Germany

from the capital increase against cash contributions resolved by the Annual General Meeting on 19 September 2024,

each such share representing a proportionate amount of EUR 1.00 of the share capital and carrying full dividend rights as from 1 January 2024.

International Securities Identification Number (ISIN): DE000A40KXL9
German Securities Identification Number (WKN): A40KXL
Stock Exchange Symbol: AMMN

22. November 2024

This EU Growth Prospectus has been prepared in accordance with Art. 15 of Regulation (EU) 2017/1129 ("**Prospectus Regulation**") and Annexes 22, 23, 24, 26 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as applicable at the time of approval, and has been approved by the German Federal Financial Supervisory Authority ("**BaFin**") as competent authority. BaFin approves this Prospectus only with respect to the standards of completeness, comprehensibility and consistency as set forth in the Prospectus Regulation. Such approval should not be deemed to be an approval of the Issuer which is the subject of this EU Growth Prospectus.

The validity of the approved EU Growth Prospectus will expire at the end of the Subscription Period, i.e. at the end of 12 December 2024 and no obligation to supplement this Prospectus in the event of significant new circumstances, material mistakes or material inaccuracies will apply when this Prospectus is no longer valid.

INHALTSVERZEICHNIS

I. INCORPORATION OF CERTAIN INFORMATION/DISCLOSURES BY REFERENCE

The following information of the Issuer, which has been previously or simultaneously published electronically by the Issuer and filed (but not legally deposited) with the German Federal Financial Supervisory Authority ("**BaFin**") in a searchable electronic format, is provided as historical financial information within the meaning of item 5.1 of Annex 24 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 ("**Delegated Regulation (EU) 2019/980**") pursuant to Art. 19 para 1 lit. d) of Regulation (EU) 2017/1129 ("**Prospectus Regulation**"), instead of a separate financial section, incorporated by reference into and forming part of this Prospectus.

All page numbers given below refer to the pages of the respective pdf document. They may differ from the pagination of the respective page.

The additional information contained in the following documents, which goes beyond the information incorporated by reference in this Prospectus, is not relevant for the investor or is contained elsewhere in the Prospectus.

1. Audited consolidated financial statements of the Issuer for the financial year from 1 January to 31 December 2023 (IFRS) including the auditor's report

The following information is incorporated by reference into this prospectus from the document "The-Grounds-Real-Estate-Development-AG-Annual-Report-2023_key-1.pdf", which can be accessed via the following hyperlink:

https://www.thegroundsag.com/wp-content/uploads/2024/04/The-Grounds-Real-Estate-Development-AG-Annual-Report-2023_key-1.pdf

Consolidated Balance sheet	Pages 62 f. of the document
Consolidated Statement of Comprehensive Income	Page 64 of the document
Consolidated Cash Flow Statement	Pages 68 f. of the document
Consolidated Statement of Changes in Equity	Page 66 of the document
Annex	Pages 70 - 126 of the document
Auditor's Report	Pages 128 - 132 of the document

2. Audited consolidated financial statements of the Issuer for the financial year from 1 January to 31 December 2022 (IFRS) including the auditor's report

The following information is incorporated by reference into this prospectus from the document "The-Grounds-Real-Estate-Development-AG-Annual-Report-2022.pdf", which can be accessed via the following hyperlink:

https://www.thegroundsag.com/wp-content/uploads/2024/04/The-Grounds-Real-Estate-Development-AG-Annual-Report-2022.pdf

Consolidated Balance sheet	Pages 78 f. of the document
Consolidated Statement of Comprehensive Income	Page 80 of the document
Consolidated Cash Flow Statement	Pages 84 f. of the document
Consolidated Statement of Changes in Equity	Page 82 of the document
Annex	Pages 86 - 142 of the document
Auditor's Report	Pages 144 - 148 of the document

3. Audited financial statements of the Issuer for the financial year from 1 January to 31 December 2023 (HGB) including the auditor's report

The following information is incorporated by reference into this prospectus from the document “The-Grounds-Real-Estate-Development-AG-Jahresabschluss-2023_key.pdf”, which can be accessed via the following hyperlink:

https://www.thegroundsag.com/wp-content/uploads/2024/04/The-Grounds-Real-Estate-Development-AG-Jahresabschluss-2023_key.pdf

Balance sheet	Pages 2 f. of the document
Statement of Comprehensive Income	Pages 4 f. of the document
Annex	Pages 6 - 15 of the document
Auditor's Report	Pages 18 - 21 of the document

4. Unaudited consolidated financial statements of the Issuer for the half year from 1 January to 30 June 2024 (IFRS)

The following information is incorporated by reference into this prospectus from the document “Half-year-financial-report-2024_The-Grounds_key-1.pdf”, which can be accessed via the following hyperlink:

https://www.thegroundsag.com/wp-content/uploads/2024/09/Half-year-financial-report-2024_The-Grounds_key-1.pdf

Consolidated Balance sheet	Pages 32 f. of the document
Consolidated Statement of Comprehensive Income	Page 34 of the document
Consolidated Cash Flow Statement	Pages 36 f. of the document
Consolidated Statement of Changes in Equity	Page 35 of the document
Explanatory notes	Pages 38 to 42 of the document

II. SUMMARY OF THE PROSPECTUS

Section 1 Introduction and Warnings

Description of the Securities:

The Offer relates to 53,416,548 newly issued ordinary registered shares with no par value (“**New Shares**”) of The Grounds Real Estate Development AG, Berlin ("**Company**", "**Issuer**" and together with its subsidiaries and its sub-subsidiaries "**The Grounds Group**") with a notional pro-rata amount of the share capital of EUR 1.00 each from the capital increase against cash contributions with subscription rights for shareholders resolved by the Issuer’s Annual General Meeting on 19 September 2024. (ISIN: DE000A40KXL9 / WKN: A40KXL). The New Shares are entitled to dividends from 1 January 2024.

The Issuer’s current share capital amounts to EUR 17,805,517.00, divided into 17,805,517 no-par value registered ordinary shares with a notional interest in the share capital of EUR 1.00 (“**Old Shares**”, ISIN: DE000A2GSVV5 / WKN: A2GSVV). On 19 September 2024, the Annual General Meeting of the Issuer initially resolved to reduce the Company's share capital from to EUR 8,902,758.00, divided into 8,902,758 no-par value ordinary registered shares with a notional interest in the share capital of EUR 1.00 each (“**Converted Shares**”, ISIN: DE000A40KXL9 / WKN: A40KXL) (“**Capital Reduction**”). The Capital Reduction will be carried out in a first step by canceling a share that will be provided to the Company free of charge by a shareholder and in a second step by subsequently consolidating shares at a ratio of 2:1. Both steps and the corresponding amendments to the Articles of Association will become effective upon entry in the Company's commercial register, which is still pending. The Issuer’s Annual General Meeting on 19 September 2024 subsequently resolved to increase the Company's reduced share capital of EUR 8,902,758.00 by up to EUR 53,416,548.00 against cash contributions by issuing up to 53,416,548 new registered no-par value ordinary shares with a notional interest in the share capital of EUR 1.00 each ("**Capital Increase**"). These 53,416,548 New Shares are the subject of the offer, which is made to grant shareholders their statutory subscription rights.

Identity and Contact Details of the Issuer (LEI):
The Grounds Real Estate Development AG, Charlottenstraße 79-80, 10117 Berlin, Germany, telephone number: +49 30 2021 6866, fax number: +49 30 2021 6849, website: https://www.thegroundsag.com/de/[1].
Legal entity identifier (“**LEI**”): 391200VUYVDCPMZG1134

Identity and Contact Details of the competent authority approving the Prospectus:
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, telephone: (+49) 228 41080, website: www.bafin.de.

Date of the approval of the Prospectus:
25 November 2024

Warnings:
This summary should be read as an introduction to the Prospectus. The investor should rely on the prospectus as a whole when deciding to invest in the securities. The investor could lose all or part of the capital invested. In the event that claims are brought before a court on the basis of the information contained in the prospectus, the investor acting as plaintiff could, under national law, have to bear the costs of translating the prospectus prior to the commencement of proceedings. Only those persons who have provided and transmitted the summary, including any translations, are liable under civil law in the event that the summary, when read together with the other parts of the prospectus, is misleading, inaccurate or inconsistent or, when read together with the other parts of the prospectus,

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[1] The information on the website is not part of the Prospectus unless it is incorporated into the Prospectus by reference.

does not provide investors with key information in order to aid them in making an investment decision in the securities concerned.

Section 2 Key information on the Issuer

Who is the Issuer of the securities?

The Issuer of the securities is The Grounds Real Estate Development AG having its registered seat in Berlin, Germany. The Issuer is a stock corporation under German law and has been registered with the commercial register of the District Court Charlottenburg, Germany, under HRB 191556B. The only member of the Issuer's management board is Mr. Jacopo Mingazzini.

The Issuer is specialized in residential projects in German metropolitan regions and urban areas with positive population growth and good economic prospects with a focus on the surrounding area of Berlin. It acts as a management holding company for various subsidiaries and sub-subsidiaries, most of them property companies, each of which owns real estate portfolios (together with the Issuer "**The Grounds Group**"). The Issuer also holds minority interests in joint venture real estate projects. Central functions such as legal, accounting, taxes, controlling, human resources, sales, financing, risk management, transaction management and commercial and technical asset management are located at the Issuer. The operating activities of The Grounds Group comprise three core areas: (i) development of existing residential properties with the aim of retail sale, divided into condominium units ("Privatization"), (ii) development and implementation of new construction projects in the residential sector with the aim of forward sale to institutional investors, capital investors or owner-occupiers and (iii) own real estate portfolio for the purpose of letting.

As of the date of this prospectus, 32.3% of the existing shares in the Company are owned by Millenium Verwaltungs GmbH, 12.7 % are owned by ZuHause Real Estate Group GmbH (which belongs to the Supervisory Board member Eric Mozanowski) and 12.4 % are owned by Tarentum GmbH. Further major holdings are held by Deutsche Balaton Aktiengesellschaft (9 %) and RESI Beteiligungs GmbH (7.9 %). In addition, the member of the Management Board Jacopo Mingazzini indirectly holds 1.7 % (via Emmalu GmbH) and the former member of the Management Board Arndt Krienen indirectly holds 3.8 % (via Xammit Vermögensverwaltung GmbH). The remaining 20.2 % of the shares are in free float.

Buschmann & Bretzel GmbH, Berlin, audited the consolidated financial statements of the Issuer for the financial years from 1 January to 31 December 2023 and from 1 January to 31 December 2022 (IFRS) and the financial statements of the Issuer for the financial year from 1 January to 31 December 2023 (HGB). The annual financial statements received an unqualified audit opinion and were audited in accordance with Sec. 317 of the German Commercial Code (*Handelsgesetzbuch* – "HGB") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

What is the key financial information about the Issuer?

The following key financial information is derived from the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2023, prepared in accordance with IFRS, and the unaudited condensed consolidated interim financial information of the Company for the half year from 1 January to 30 June 2024, prepared in accordance with IFRS.

Selected items of the consolidated income statement in TEUR, IFRS	1 January - 30 June 2024 (unaudited)	1 January - 30 June 2023 (unaudited)
Revenue	8,710	16,218
Earnings before income taxes	-7,604	-1,605
Net Earnings	-8,079	-1,065
Earnings before interest and taxes (EBIT)[2]	-4,287	354

[2] Alternative performance measures as defined in the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures (APM) dated October 5, 2015.

Selected items of the consolidated balance sheet in TEUR, IFRS	30 June 2024 (unaudited)	
Total Assets	139,486	
Total Equity	16,833	
Selected material items of the consolidated cash flow statement in TEUR, IFRS	**1 January - 30 June 2024 (unaudited)**	**1 January - 30 June 2023 (unaudited)**
Cash flows from operating activities	-2,725	-8,392
Cash flows from investing activities	-72	599
Cash flows from financing activities	1,062	6,117

Selected items of the consolidated income statement in TEUR, IFRS	1 January – 31 December 2023 (audited)	1 January – 31 December 2022 (audited)
Revenue	23,896	36,751
Earnings before income taxes	-9,098	1,584
Net Earnings	-7,586	1,186
Earnings before interest and taxes (EBIT)	-4,794	3,359
Selected items of the consolidated balance sheet in TEUR, IFRS	**31 December 2023 (audited)**	**31 December 2022 (audited)**
Total Assets	147,816	138,279
Total Equity	24,833	32,569
Selected material items of the consolidated cash flow statement in TEUR, IFRS	**1 January – 31 December 2023 (audited)**	**1 January – 31 December 2022 (audited)**
Cash flows from operating activities	-14,907	-12,453
Cash flows from investing activities	405	-4,421
Cash flows from financing activities	15,257	16,732

What are the Key Risks inherent in the Issuer?

a) Without the implementation of the capital increase, which is the subject of this prospectus, and its subscription at least to the amount of EUR 40,000,000.00 and, if possible, beyond that, as well as further measures, it is highly likely that the Issuer will be in acute danger of insolvency by the end of 2024.

b) Due to the high pre-financing requirements inherent in the Issuer's business model, the Issuer is heavily affected by any external economic or political development that makes access to debt capital more difficult and/or increases the market interest rate.

c) The Grounds Group will have to struggle with the difficult market environment in the real estate sector for some time to come, with declining and narrow margins.

d) Tempus Holdings 112 S.à.r.l., with its registered office in Senningerberg, Luxembourg, registered in the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) under B281104 (“**Anchor Investor**”), belonging to a fund managed by H.I.G. Capital Group (“**H.I.G.**”) is expected to hold at least 75% of the shares of the Company after the Capital Increase. The Issuer is likely to become dependent on H.I.G as a result of the implementation of the Capital Increase, which is the subject of this Prospectus, whereby H.I.G.’s interests may conflict with the interests of the Issuer or the other shareholders.

e) As a holding company, the Issuer is dependent on the business development and the income and distributions of its subsidiaries.

f) The Issuer is dependent on The Grounds Group acquiring further properties, real estate portfolios or interests in property companies for development purposes that meet its purchase criteria at reasonable conditions. Such acquisition targets might not be available on the market at attractive terms.

g) The Issuer could misjudge the (future) value of the acquired properties and could be forced to recognize impairment losses on them.

h) The Grounds Group might not be able to develop and sell the acquired projects on profitable terms.

i) The profitability of the Issuer's business model depends on the regulatory framework for residential real estate and possible changes to it.

j) Properties owned or sold by The Grounds Group may be contaminated by pollutants in building materials or soil or war contamination.

k) Building permissions could be delayed or not granted at all. As a result, there could be delays in the completion and handover of residential properties and losses in rental and sales income.

Section 3 Key information on the securities

What are the main features of the securities?

The Offer relates to 53,416,548 new no-par value ordinary registered shares of the Company each such New Share representing a proportionate amount of EUR 1.00 of the share capital and carrying full dividend rights as from 1 January 2024. International Securities Identification Number (ISIN) of the New Shares: DE000A40KXL9

The New Shares have no term. Each New Share grants its holder one vote at the Issuer's Annual General Meeting. Within the Issuer's capital structure, the New Shares count as equity, meaning that in the event of insolvency, claims from the New Shares will only be settled after all other claims from other debtors have been settled in full.

The 53,416,548 New Shares are freely tradable and are not subject to a lock-up period. However, it is planned that certain major existing shareholders will agree to a lock-up period with H.I.G. Discussions are still ongoing in this regard. Otherwise, there are no restrictions on the free tradability of the Issuer's shares.

The Issuer does not plan to distribute any dividends in the foreseeable future.

Dividends may only be paid from retained earnings as shown in the Company's annual financial statements. During the period covered by the historical financial information, the Issuer did not distribute any dividends. Possible future dividend payment will take into account the interests of the shareholders and the general situation of the Company.

Where will the securities be traded?

The Issuer's shares are tradable on the Open Market (*Freiverkehr*), segment Primary Market (*Primärmarkt*), of the Duesseldorf Stock Exchange and on the Open Market (*Freiverkehr*), segment Quotation Board, of the Frankfurt Stock Exchange, and this will also be the case for the New Shares. An admission of the shares of the Company to trading on the regulated market is not planned.

Is a guarantee provided for the securities?

No guarantee is provided for the New Shares.

What are the key risks that are specific to the securities?

a) Insolvency of the Company may result in the total loss of the invested capital, since in the event of insolvency the claims of the lenders are settled first.
b) Shareholders are exposed to the risk of a future dilution of their shareholding in the Company.
c) The Offer Price is not indicative of future market prices.
d) There is a risk that the Capital Increase to create the New Shares will fail or that only very few shares will be subscribed, and the Capital Increase will nevertheless be implemented.

Section 4 Key information on the offer of securities to the public

Under which conditions and timetable can I invest in this security?

The public offering of the New Shares is a subscription offer to the Issuer’s existing shareholders.

The subscription period for the public offer begins on 29 November 2024 (0:00 a.m.) and ends on 12 December 2024 (midnight) ("**Subscription period**"). The subscription and settlement agent is Quirin Privatbank AG with registered office in Kurfürstendamm 119, 10711 Berlin, Germany. Existing shareholders may submit purchase offers via their custodian bank during the subscription period.

The subscription ratio is 1:6 (i.e. one converted share grants the right to subscribe to six New Shares). The Subscription Price corresponds to the issue amount, i.e. it is EUR 1.00 per New Share. The Subscription Price must be received by no later than the end of the Subscription Period. The New Shares will be credited to the securities

accounts of a German Bank held for the subscribers account at Clearstream Banking AG. Delivery cannot be expected before 30 December 2024.
In the event of a full placement of the New Shares with persons who have not been shareholders of the Issuer to date, the participation in the share capital/voting rights of the existing shareholders will be reduced by approximately 85.71 % to approximately 14.29 % of the increased share capital. The pro-forma net book value per existing Converted Share as of 30 June 2024, calculated based on the figures from the Issuer's unaudited consolidated financial statements for the half year from 1 January to 30 June 2024 less the capital reduction amount, amounts to approximately EUR 0.89 per Converted Share. The pro-forma net book value per Converted Share as of 30 June 2024 is calculated by deducting total liabilities (EUR 118,085,372.68) and provisions (EUR 4,567,081.53) as well as the capital reduction amount (EUR 8,902,759.00) from total assets (EUR 139,485,719.26) and dividing the resulting amount by the number of Converted Shares (8,902,758). In the event of a full placement of the New Shares outside the circle of existing shareholders and on the basis of the estimated issue costs of approximately EUR 500,000.00, the Company would receive net issue proceeds of EUR 52,916,548.00. If this had already occurred on 30 June 2024, and if a number of shares corresponding to the sum of the Converted Shares and the New Shares had existed at the same time, the net book value would have amounted to approximately EUR 0.98 per share and the notional net book value would have amounted to EUR 60,847,054.05 in total. This would mean an immediate increase in the net book value of approximately EUR 0.09 per Converted Share (approximately 9.61 %) for existing shareholders and a theoretical loss of EUR 0.02 per New Share (2.36 %) for subscribers to the Capital Increase who were not previously shareholders of the Company and who acquire New Shares at the offer price of EUR 1.00. No costs and taxes will be charged by the Issuer to subscribers or purchasers.

Why is this EU growth prospectus being produced?

This Prospectus has been prepared for the purpose of the public offering of the New Shares from the Capital Increase which is part of the measures announced to secure the future financing structure of the Issuer and to ensure the fulfilment of its remaining liabilities after the restructuring. The proceeds from the sale of the New Shares less the issue costs to be borne by the Company (net issue proceeds) will accrue to the Company in connection with the offering. The total proceeds of the offering will depend on how many shareholders exercise their subscription rights and how many shares can otherwise be placed. The Anchor Investor has committed to subscribing for 40,000,000 New Shares under a pre-subscription agreement, subject to several conditions precedent. The total proceeds will be calculated by multiplying the number of New Shares actually placed by the offer price determined by the Company (subscription price). In the event of a full placement of the New Shares and on the basis of the estimated issue costs, the Company would receive net issue proceeds of approximately EUR 52,916,548.00. In the event of a full placement of the Capital Increase, the Issuer will use approx. 65% of the net issue proceeds to acquire new real estate development projects (e.g. The Grounds Group is in due diligence and exclusive purchase agreement negotiations for the acquisition of a partitioned residential portfolio in Berlin with an investment volume of about EUR 26 million, which, if purchased, will be financed from the net issue proceeds) and approx. 15% to cover construction and planning costs. Probably approx. 5% will be used to cover general operating and administrative costs, another portion of probably approx. 15% may be used to cover financing costs and to redeem financing agreements. The exact allocation has not yet been determined and no prioritization has been made, provided that, for the avoidance of doubt, no net issue proceeds shall be used to fund the payment of any dividend, charge, fee or other distribution in respect of the shares in the Issuer or in any member of The Grounds Group.

Underwriting obligation

The Company and Quirin, entered into an agreement on 23/25 September 2024 for the technical processing of the cash Capital Increase. In this agreement, Quirin has undertaken, without issuing a placement guarantee, to subscribe for the total number of up to 53,416,548 New Shares for which the subscription right has been exercised in accordance with the agreement and subject to the fulfilment of certain conditions. Quirin will be responsible for the technical settlement of the public offering, including the inclusion of the shares for trading on the Open Market (Freiverkehr), segment Primary Market (Primärmarkt), of the Duesseldorf Stock Exchange and the Open Market (Freiverkehr), segment Quotation Board, of the Frankfurt Stock Exchange.

Conflicts of interest

Quirin has entered into an agreement with the Issuer regarding the support of the issuance. The bank will receive a commission on the successful execution of the transaction depending on the volume of the issue placed with investors other than the Anchor Investor. In this respect, Quirin has an economic interest in the successful execution of the Offering. This may result in conflicts of interest insofar as the Bank's interest in maximizing its remuneration may conflict with statutory or contractual obligations to comprehensively disclose risks of the Offering and/or the securities subject to the Prospectus in order to protect the Issuer and/or potential investors.

The following members of the governing bodies indirectly hold shares in the Issuer:

Name	Number of Shares	in % (rounded)
ZuHause Real Estate Group GmbH (Eric Mozanowski)	1,132,527	12.7 %
Emmalu GmbH (Jacopo Mingazzini):	151,790	1.7 %
SUM:	**1,284,317**	**14.4 %**

Due to this, it cannot be ruled out that conflicts of interest may arise, as the private interests of the aforementioned persons may conflict with legal or contractual obligations as members of the governing body to comprehensively disclose risks of the offer subject to the prospectus and/or the securities subject to the prospectus for the protection of the Issuer and/or potential investors. The members of the governing bodies as (indirect) shareholders and the other shareholders of the Issuer have an interest in the successful implementation of the Issue, as the planned use of the proceeds of the Issue potentially increases the value of their participation as shareholders of the Issuer.

Who is the offeror and / or the person asking for admission to trading?

The offeror is the Issuer. The New Shares will not be admitted to trading on a regulated market.

III. ZUSAMMENFASSUNG DES PROSPEKTS

Abschnitt 1 Einleitung und Warnhinweise

Beschreibung der Wertpapiere:

Das Angebot bezieht sich auf 53.416.548 neu ausgegebene, auf den Namen lautende Stammaktien ohne Nennbetrag ("**Neue Aktien**") der The Grounds Real Estate Development AG, Berlin ("**Gesellschaft**", "**Emittentin**" und zusammen mit ihren Tochter- und Enkelgesellschaften "**The Grounds Group**") mit einem rechnerisch anteiligen Betrag am Grundkapital von je EUR 1,00 aus der von der Hauptversammlung der Emittentin am 19. September 2024 beschlossenen Kapitalerhöhung gegen Bareinlagen mit Bezugsrecht der Aktionäre. (ISIN: DE000A40KXL9 / WKN: A40KXL). Die Neuen Aktien sind ab dem 1. Januar 2024 dividendenberechtigt.

Das derzeitige Grundkapital der Emittentin beträgt EUR 17.805.517,00 und ist eingeteilt in 17.805.517 auf den Namen lautende Stammaktien ohne Nennbetrag mit einem rechnerischen Anteil am Grundkapital von EUR 1,00 („**Alte Aktien**“, ISIN: DE000A2GSVV5 / WKN: A2GSVV). Die ordentliche Hauptversammlung der Emittentin hat am 19. September 2024 beschlossen, das Grundkapital der Gesellschaft auf EUR 8.902.758,00, eingeteilt in 8.902.758 auf den Namen lautende Stammaktien ohne Nennbetrag mit einem rechnerischen Anteil am Grundkapital von je EUR 1,00 herabzusetzen ("**Konvertierte Aktien**", ISIN: DE000A40KXL9 / WKN: A40KXL) ("**Kapitalherabsetzung**"). Die Kapitalherabsetzung erfolgt in einem ersten Schritt durch Einziehung einer Aktie, die der Gesellschaft von einem Aktionär unentgeltlich zur Verfügung gestellt wird, und in einem zweiten Schritt durch anschließende Zusammenlegung von Aktien im Verhältnis 2 : 1. Beide Schritte und die entsprechenden Satzungsänderungen werden mit der Eintragung in das Handelsregister der Gesellschaft wirksam, die noch aussteht. Die Hauptversammlung der Emittentin hat am 19. September 2024 anschließend beschlossen, das herabgesetzte Grundkapital der Gesellschaft von EUR 8.902.758,00 um bis zu EUR 53.416.548,00 gegen Bareinlagen durch Ausgabe von bis zu 53.416.548 neuen, auf den Namen lautenden Stammaktien ohne Nennbetrag mit einem rechnerischen Anteil am Grundkapital von je EUR 1,00 zu erhöhen ("**Kapitalerhöhung**"). Diese 53.416.548 neuen Aktien sind Gegenstand des Angebots, mit dem den Aktionären ihr gesetzliches Bezugsrecht eingeräumt wird.

Identitäts- und Kontaktangaben der Emittentin (LEI):
The Grounds Real Estate Development AG, Charlottenstraße 79-80, 10117 Berlin, Deutschland, Rufnummer: +49 30 2021 6866, Faxnummer: +49 30 2021 6849, Website: https://www.thegroundsag.com/de/[3].
Kennung der juristischen Person ("**LEI**"): 391200VUYVDCPMZG1134

Name und Kontaktangaben der zuständigen Behörde, die den Prospekt genehmigt hat:
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, Telefon: (+49) 228 41080, Website: www.bafin.de.

Datum der Billigung des Verkaufsprospekts:
25. November 2024

Warnungen:
Diese Zusammenfassung sollte als Einführung in den Prospekt gelesen werden. Der Anleger sollte sich bei seiner Entscheidung, in die Wertpapiere zu investieren, auf den gesamten Prospekt verlassen. Der Anleger könnte sein gesamtes investiertes Kapital oder einen Teil desselben verlieren. Für den Fall, dass vor einem Gericht Ansprüche auf der Grundlage der im Prospekt enthaltenen Informationen geltend gemacht werden, könnte der Anleger, der als Kläger auftritt, nach nationalem Recht die Kosten für die Übersetzung des Prospekts vor Prozessbeginn tragen müssen. Nur die Personen, die die Zusammenfassung einschließlich etwaiger Übersetzungen erstellt und

[3] Die Angaben auf der Internetseite sind nicht Teil des Prospekts, sofern diese nicht mittels Verweises in den Prospekt aufgenommen wurden.

übermittelt haben, sind zivilrechtlich haftbar, wenn die Zusammenfassung in Verbindung mit den anderen Teilen des Prospekts irreführend, unrichtig oder widersprüchlich ist oder wenn sie in Verbindung mit den anderen Teilen des Prospekts den Anlegern keine Schlüsselinformationen liefert, die sie bei ihrer Anlageentscheidung in die betreffenden Wertpapiere unterstützen.

Abschnitt 2 Basisinformationen über die Emittentin

Wer ist die Emittentin der Wertpapiere?
Die Emittentin der Wertpapiere ist die The Grounds Real Estate Development AG mit Sitz in Berlin, Deutschland. Die Emittentin ist eine Aktiengesellschaft nach deutschem Recht und ist im Handelsregister des Amtsgerichts Charlottenburg, Deutschland, unter HRB 191556B eingetragen. Das einzige Mitglied des Vorstands der Emittentin ist Herr Jacopo Mingazzini.

Die Emittentin ist auf Wohnungsbauprojekte in deutschen Metropolregionen und Ballungsräumen mit positivem Bevölkerungswachstum und guten wirtschaftlichen Perspektiven mit Schwerpunkt im Berliner Umland spezialisiert. Sie fungiert als Management-Holding für verschiedene Tochter- und Enkelgesellschaften, bei denen es sich überwiegend um Objektgesellschaften handelt, die jeweils Immobilienportfolios besitzen (zusammen mit der Emittentin "**The Grounds Group**"). Die Emittentin hält auch Minderheitsbeteiligungen an Joint-Venture-Immobilienprojekten. Zentrale Funktionen wie Recht, Rechnungswesen, Steuern, Controlling, Personal, Vertrieb, Finanzierung, Risikomanagement, Transaktionsmanagement sowie kaufmännisches und technisches Asset Management sind bei der Emittentin angesiedelt. Das operative Geschäft von The Grounds Group besteht aus drei Kernbereichen:
(i) Entwicklung bestehender Wohnimmobilien mit dem Ziel des Einzelverkaufs, aufgeteilt in Eigentumswohnungen ("Privatisierung"), (ii) Entwicklung und Durchführung von Neubauprojekten im Wohnbereich mit dem Ziel des Weiterverkaufs an institutionelle Investoren, Kapitalanleger oder Eigennutzer und (iii) eigener Immobilienbestand zum Zweck der Vermietung.

Zum Datum dieses Prospekts befinden sich 32,3 % der bestehenden Aktien der Gesellschaft im Eigentum der Millennium Verwaltungs GmbH, 12,7 % im Eigentum der ZuHause Real Estate Group GmbH (die dem Aufsichtsratsmitglied Eric Mozanowski gehört) und 12,4 % im Eigentum der Tarentum GmbH. Weitere größere Beteiligungen halten die Deutsche Balaton Aktiengesellschaft (9 %) und die RESI Beteiligungs GmbH (7,9 %). Außerdem ist das Vorstandsmitglied Jacopo Mingazzini mittelbar (über die Emmalu GmbH) zu 1,7 % und das ehemalige Vorstandsmitglied Arndt Krienen mittelbar (über die Xammit Vermögensverwaltung GmbH) zu 3,8 % beteiligt. Die restlichen 20,2 % der Aktien sind im Streubesitz.

Die Buschmann & Bretzel GmbH, Berlin, hat die Konzernabschlüsse der Emittentin für die Geschäftsjahre vom 1. Januar bis 31. Dezember 2023 und vom 1. Januar bis 31. Dezember 2022 (IFRS) sowie den Jahresabschluss der Emittentin für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2023 (HGB) geprüft. Die Jahresabschlüsse wurden mit einem uneingeschränkten Bestätigungsvermerk versehen und in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung geprüft.

Wie lauten die wichtigsten Finanzinformationen über den Emittenten?
Die folgenden wesentlichen Finanzinformationen stammen aus dem geprüften konsolidierten Jahresabschluss der Emittentin für das am 31. Dezember 2023 endende Geschäftsjahr, der im Einklang mit den IFRS erstellt wurde, und den ungeprüften verkürzten konsolidierten Zwischenfinanzinformationen der Gesellschaft für das Halbjahr vom 1. Januar bis 30. Juni 2024, die im Einklang mit den IFRS erstellt wurden.

Ausgewählte Positionen der Konzern-Gewinn- und Verlustrechnung in TEUR, IFRS	1. Januar - 30. Juni 2024 (ungeprüft)	1. Januar - 30. Juni 2023 (ungeprüft)
Umsatzerlöse	8.710	16.218
Ergebnis vor Ertragsteuern	-7.604	-1.605
Reingewinn	-8.079	-1.065

Ergebnis vor Zinsen und Steuern (EBIT)[4]	-4.287	354
Ausgewählte Posten der Konzern-Bilanz in TEUR, IFRS	**30. Juni 2024 (ungeprüft)**	
Gesamtes Vermögen		139.486
Eigenkapital insgesamt		16.833
Ausgewählte wesentliche Positionen der Konzern-Kapitalflussrechnung in TEUR, IFRS	**1. Januar - 30. Juni 2024 (ungeprüft)**	**1. Januar - 30. Juni 2023 (ungeprüft)**
Cashflow aus betrieblicher Tätigkeit	-2.725	-8.392
Cashflow aus Investitionstätigkeit	-72	599
Cashflow aus der Finanzierungstätigkeit	1.062	6.117

Ausgewählte Positionen der Konzern-Gewinn- und Verlustrechnung in TEUR, IFRS	1. Januar - 31. Dezember 2023 (geprüft)	1. Januar - 31. Dezember 2022 (geprüft)
Umsatzerlöse	23.896	36.751
Ergebnis vor Ertragsteuern	-9.098	1.584
Reingewinn	-7.586	1.186
Ergebnis vor Zinsen und Steuern (EBIT)	-4.794	3.359
Ausgewählte Posten der Konzern-Bilanz in TEUR, IFRS	**31. Dezember 2023 (geprüft)**	**31. Dezember 2022 (geprüft)**
Gesamtes Vermögen	147.816	138.279
Eigenkapital insgesamt	24.833	32.569
Ausgewählte wesentliche Positionen der Konzern-Kapitalflussrechnung in TEUR, IFRS	**1. Januar - 31. Dezember 2023 (geprüft)**	**1. Januar - 31. Dezember 2022 (geprüft)**
Cashflow aus betrieblicher Tätigkeit	-14.907	-12.453
Cashflow aus Investitionstätigkeit	405	-4.421
Cashflow aus der Finanzierungstätigkeit	15.257	16.732

Was sind die Hauptrisiken des Emittenten?

a) Ohne die Durchführung der Kapitalerhöhung, die Gegenstand dieses Prospekts ist, und deren Zeichnung zumindest in Höhe von EUR 40.000.000,00 und, wenn möglich, darüber hinaus, sowie weitere Maßnahmen, ist die Emittentin mit hoher Wahrscheinlichkeit bis Ende 2024 akut insolvenzgefährdet.

b) Aufgrund des hohen Vorfinanzierungsbedarfs, der dem Geschäftsmodell der Emittentin innewohnt, ist die Emittentin von jeder externen wirtschaftlichen oder politischen Entwicklung, die den Zugang zu Fremdkapital erschwert und/oder das Marktzinsniveau erhöht, stark betroffen.

c) Die The Grounds Group wird noch einige Zeit mit dem schwierigen Marktumfeld im Immobiliensektor zu kämpfen haben, mit rückläufigen und engen Margen.

d) Tempus Holdings 112 S.à.r.l., mit Sitz in Senningerberg, Luxemburg, im luxemburgischen Handels- und Gesellschaftsregister (Registre de Commerce et des Sociétés) unter B281104 („**Ankerinvestor**"), die zu einem von der H.I.G. Capital Group („**H.I.G.**") verwalteten Fonds gehört, wird nach der Kapitalerhöhung voraussichtlich eine Mehrheitsbeteiligung an der Emittentin von mindestens 75 % erreichen. Die Emittentin wird durch die Durchführung der Kapitalerhöhung, die Gegenstand dieses Prospekts ist, voraussichtlich von der H.I.G. abhängig werden, wobei die Interessen der H.I.G. mit den Interessen der Emittentin oder der anderen Aktionäre kollidieren können.

e) Als Holdinggesellschaft ist die Emittentin von der Geschäftsentwicklung sowie von den Erträgen und Ausschüttungen ihrer Tochtergesellschaften abhängig.

f) Die Emittentin ist darauf angewiesen, dass die The Grounds Group weitere Immobilien, Immobilienportfolios oder Beteiligungen an Immobiliengesellschaften zu Entwicklungszwecken erwirbt, die ihren Kaufkriterien entsprechen, und zwar zu angemessenen Konditionen. Derartige Akquisitionsobjekte könnten am Markt nicht zu attraktiven Konditionen verfügbar sein.

g) Die Emittentin könnte den (zukünftigen) Wert der erworbenen Immobilien falsch einschätzen und könnte nachträglich Wertabschreibungen vornehmen müssen.

[4] Alternative Leistungskennzahlen gemäß der Definition in den Leitlinien Alternative Leistungskennzahlen (APM) der Europäische Wertpapier und Marktaufsichtsbehörde ESMA vom 5. Oktober 2015.

h) Die The Grounds Group ist möglicherweise nicht in der Lage, die akquirierten Projekte zu rentablen Bedingungen zu entwickeln und zu verkaufen.
i) Die Rentabilität des Geschäftsmodells der Emittentin hängt von den regulatorischen Rahmenbedingungen für Wohnimmobilien und möglichen Änderungen dieser Rahmenbedingungen ab.
j) Immobilien, die sich im Eigentum von der The Grounds Group befinden oder von ihr verkauft werden, können durch Schadstoffe in Baumaterialien oder durch Boden- oder Kriegsverunreinigungen kontaminiert sein.
k) Baugenehmigungen könnten verzögert oder gar nicht erteilt werden. Infolgedessen könnte es zu Verzögerungen bei der Fertigstellung und Übergabe von Wohnimmobilien und zu Einbußen bei den Miet- und Verkaufseinnahmen kommen.

Abschnitt 3 Basisinformationen über die Wertpapiere

Was sind die wichtigsten Merkmale der Wertpapiere?
Das Angebot bezieht sich auf 53.416.548 neue, auf den Namen lautende Stammaktien ohne Nennbetrag der Gesellschaft mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und voller Gewinnberechtigung ab dem 1. Januar 2024. International Securities Identification Number (ISIN) der Neuen Aktien: DE000A40KXL9

Die neuen Aktien haben keine Laufzeit. Jede Neue Aktie gewährt ihrem Inhaber eine Stimme in der Hauptversammlung der Emittentin. Innerhalb der Kapitalstruktur der Emittentin gelten die Neuen Aktien als Eigenkapital, so dass im Falle einer Insolvenz die Forderungen aus den Neuen Aktien erst nach vollständiger Befriedigung aller anderen Forderungen anderer Schuldner erfüllt werden.

Die 53.416.548 Neuen Aktien sind frei handelbar und unterliegen keiner Lock-up-Periode. Es ist jedoch geplant, dass sich bestimmte große bestehende Aktionäre gegenüber H.I.G. zu einer Lock-up-Periode verpflichten. Die diesbezüglichen Gespräche laufen noch. Ansonsten gibt es keine Beschränkungen für die freie Handelbarkeit der Aktien der Emittentin.

Die Emittentin plant in absehbarer Zeit keine Ausschüttung von Dividenden.

Dividenden dürfen nur aus den Gewinnrücklagen gezahlt werden, wie sie im Jahresabschluss des Unternehmens ausgewiesen sind. Während des Zeitraums, auf den sich die historischen Finanzinformationen beziehen, hat die Emittentin keine Dividenden ausgeschüttet. Mögliche künftige Dividendenzahlungen werden den Interessen der Aktionäre und der allgemeinen Lage des Unternehmens Rechnung tragen.

Wo werden die Wertpapiere gehandelt werden?
Die Aktien der Emittentin sind im Open Market (*Freiverkehr*), Segment *Primärmarkt*, der Börse Düsseldorf und im Open Market (*Freiverkehr*), Segment Quotation Board, der Frankfurter Wertpapierbörse handelbar, und dies wird auch für die Neuen Aktien gelten. Eine Zulassung der Aktien der Gesellschaft zum Handel im regulierten Markt ist nicht vorgesehen.

Ist eine Garantie für die Wertpapiere vorgesehen?
Für die Neuen Aktien wird keine Garantie gewährt.

Welches sind die Hauptrisiken, die mit den Wertpapieren verbunden sind?
a) Die Insolvenz der Gesellschaft kann zum Totalverlust des investierten Kapitals führen, da im Falle der Insolvenz zuerst die Forderungen der Kreditgeber beglichen werden.
b) Die Aktionäre sind dem Risiko einer künftigen Verwässerung ihres Anteils an der Gesellschaft ausgesetzt.
c) Der Angebotspreis ist kein Indikator für zukünftige Marktpreise.
d) Es besteht das Risiko, dass die Kapitalerhöhung zur Schaffung der Neuen Aktien scheitert oder dass nur sehr wenige Aktien gezeichnet werden und die Kapitalerhöhung dennoch durchgeführt wird.

Abschnitt 4 Basisinformationen über das öffentliche Angebot von Wertpapieren

Unter welchen Bedingungen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Das öffentliche Angebot der Neuen Aktien ist ein Bezugsangebot an die bestehenden Aktionäre der Emittentin.

Die Zeichnungsfrist für das öffentliche Angebot beginnt am 29. November 2024 (0:00 Uhr) und endet am 12. Dezember 2024 (24:00 Uhr) ("**Zeichnungsfrist**"). Bezugs- und Abwicklungsstelle ist die Quirin Privatbank AG mit Sitz am Kurfürstendamm 119, 10711 Berlin, Deutschland. Altaktionäre können während der Bezugsfrist Kaufangebote über ihre Depotbank abgeben.

Das Bezugsverhältnis beträgt 1:6 (d.h. eine umgewandelte Aktie berechtigt zum Bezug von sechs Neuen Aktien). Der Bezugspreis entspricht dem Ausgabebetrag, d.h. er beträgt EUR 1,00 je Neuer Aktie. Der Bezugspreis muss spätestens bis zum Ende der Bezugsfrist eingegangen sein. Die Neuen Aktien werden den Depots einer deutschen Bank gutgeschrieben, die für das Konto des Zeichners bei der Clearstream Banking AG geführt werden. Mit einer Lieferung ist nicht vor dem 30. Dezember 2024 zu rechnen.

Im Falle einer Vollplatzierung der Neuen Aktien bei Personen, die bisher nicht Aktionäre der Emittentin waren, wird sich die Beteiligung der Altaktionäre am Grundkapital/Stimmrecht um ca. 85,71 % auf ca. 14,29 % des erhöhten Grundkapitals reduzieren. Der Pro-forma Nettobuchwert je Konvertierter Aktie zum 30. Juni 2024, berechnet auf Basis der Zahlen des ungeprüften Konzernabschlusses der Emittentin für das Halbjahr vom 1. Januar bis 30. Juni 2024 abzüglich des Kapitalherabsetzungsbetrags, beträgt ca. EUR 0,89 je Konvertierter Aktie. Der Pro-forma Nettobuchwert je Konvertierter Aktie zum 30. Juni 2024 errechnet sich durch Abzug der gesamten Verbindlichkeiten (EUR 118.085.372,68) und Rückstellungen (EUR 4.567.081,53) sowie des Kapitalherabsetzungsbetrags (EUR 8.902.759,00) von der Bilanzsumme (EUR 139.485.719,26) und Division des resultierenden Betrages durch die Anzahl der Konvertierten Aktien (8.902.758). Im Falle einer Vollplatzierung der Neuen Aktien außerhalb des Kreises der Altaktionäre würde der Gesellschaft auf Basis der geschätzten Emissionskosten von ca. EUR 500.000,00 ein Nettoemissionserlös von EUR 52.916.548,00 zufließen. Wäre dies bereits am 30. Juni 2024 geschehen und hätte gleichzeitig eine Aktienzahl entsprechend der Summe aus den Konvertierten Aktien und den Neuen Aktien bestanden, hätte der Nettobuchwert je Aktie ca. EUR 0,98 betragen und der fiktive Nettobuchwert hätte insgesamt EUR 60.847.054,05 betragen. Dies würde für die Altaktionäre eine unmittelbare Erhöhung des Nettobuchwerts von ca. EUR 0,09 je Konvertierter Aktie (ca. 9,61 %) und für die Zeichner der Kapitalerhöhung, die bisher nicht Aktionäre der Gesellschaft waren und die Neuen Aktien zum Angebotspreis von EUR 1,00 erwerben, einen theoretischen Verlust von EUR 0,02 je Neuer Aktie (2,36 %) bedeuten. Kosten und Steuern werden von der Emittentin weder den Zeichnern noch den Erwerbern in Rechnung gestellt.

Warum wird dieser EU-Wachstumsprospekt erstellt?

Dieser Prospekt wurde zum Zwecke des öffentlichen Angebots der Neuen Aktien aus der Kapitalerhöhung erstellt, die ein Teil der angekündigten Maßnahmen zur Sicherung der zukünftigen Finanzierungsstruktur der Emittentin und zur Sicherstellung der Erfüllung ihrer verbleibenden Verbindlichkeiten nach der Restrukturierung ist. Der Erlös aus dem Verkauf der Neuen Aktien abzüglich der von der Gesellschaft zu tragenden Emissionskosten (Nettoemissionserlös) wird der Gesellschaft im Zusammenhang mit dem Angebot zufließen. Der Gesamterlös des Angebots wird davon abhängen, wie viele Aktionäre ihre Bezugsrechte ausüben und wie viele Aktien anderweitig platziert werden können. Der Ankerinvestor hat sich im Rahmen einer Vorabzeichnungsvereinbarung zur Zeichnung von 40.000.000 Neuen Aktien verpflichtet, wobei mehrere aufschiebende Bedingungen erfüllt sein müssen. Der Gesamterlös errechnet sich aus der Multiplikation der Anzahl der tatsächlich platzierten Neuen Aktien mit dem von der Gesellschaft festgelegten Angebotspreis (Bezugspreis). Im Falle einer vollständigen Platzierung der Neuen Aktien und auf der Grundlage der geschätzten Emissionskosten würde die Gesellschaft einen Nettoemissionserlös von ca. EUR 52.916.548,00 erzielen. Im Falle einer Vollplatzierung der Kapitalerhöhung wird die Emittentin ca. 65 %

des Nettoemissionserlöses für den Erwerb neuer Immobilienentwicklungsprojekte (z.B. befindet sich die The Grounds Group in Due Diligence-Phase und exklusiven Kaufvertragsverhandlungen für den Erwerb eines aufgeteilten Wohnportfolios in Berlin mit einem Investitionsvolumen von ca. EUR 26 Mio., das im Falle des Ankaufs aus dem Nettoemissionserlös finanziert werden soll) und ca. 15 % für Bau- und Planungskosten verwenden. Voraussichtlich ca. 5 % werden zur Deckung der allgemeinen Betriebs- und Verwaltungskosten verwendet, ein weiterer Teil von voraussichtlich ca. 15 % kann zur Deckung von Finanzierungskosten und zur Ablösung von Finanzierungsverträgen verwendet werden. Die genaue Aufteilung steht noch nicht fest, und es wurde keine Priorisierung vorgenommen, wobei zur Vermeidung von Zweifeln der Nettoemissionserlös nicht für die Zahlung von Dividenden, Gebühren, Entgelten oder sonstigen Ausschüttungen in Bezug auf die Aktien der Emittentin oder eines Mitglieds der The Grounds Group verwendet wird.

Übernahmeverpflichtung

Die Gesellschaft und die Quirin, haben am 23./25. September 2024 einen Vertrag über die technische Abwicklung der Barkapitalerhöhung geschlossen. In diesem Vertrag hat sich Quirin ohne Übernahme einer Platzierungsgarantie verpflichtet, die Gesamtzahl von bis zu 53.416.548 Neuen Aktien, für die das Bezugsrecht ausgeübt wurde, vertragsgemäß und vorbehaltlich der Erfüllung bestimmter Bedingungen zu zeichnen. Quirin ist verantwortlich für die technische Abwicklung des öffentlichen Angebots, einschließlich der Einbeziehung der Aktien in den Handel im Open Market (Freiverkehr), Segment Primärmarkt, der Börse Düsseldorf und im Open Market (Freiverkehr), Segment Quotation Board, der Frankfurter Wertpapierbörse.

Interessenkonflikte

Quirin hat mit dem Emittenten eine Vereinbarung über die Unterstützung der Emission getroffen. Die Bank erhält bei erfolgreicher Durchführung der Transaktion eine Provision, die sich nach dem Volumen der bei anderen Investoren als dem Ankerinvestor platzierten Emission richtet. Insofern hat Quirin ein wirtschaftliches Interesse an der erfolgreichen Durchführung der Emission. Dies kann insofern zu Interessenkonflikten führen, als das Interesse der Bank an einer Maximierung ihrer Vergütung mit den gesetzlichen oder vertraglichen Verpflichtungen zur umfassenden Offenlegung der Risiken des Angebots und/oder der prospektgegenständlichen Wertpapiere zum Schutz der Emittentin und/oder potenzieller Anleger kollidieren kann.

Die folgenden Mitglieder der Leitungsorgane halten mittelbar Aktien des Emittenten:

Name	Anzahl der Aktien	in % (gerundet)
ZuHause Real Estate Group GmbH (Eric Mozanowski)	1.132.527	12,7 %
Emmalu GmbH (Jacopo Mingazzini):	151.790	1,7 %
SUMME:	**1.284.317**	**14,4 %**

Es kann daher nicht ausgeschlossen werden, dass es zu Interessenkonflikten kommt, da die privaten Interessen der genannten Person mit den gesetzlichen oder vertraglichen Verpflichtungen als Organmitglieder kollidieren können, über Risiken des prospektgegenständlichen Angebots und/oder der prospektgegenständlichen Wertpapiere zum Schutz der Emittentin und/oder potentieller Anleger umfassend aufzuklären. Die Mitglieder der Organe als (mittelbare) Aktionäre und die übrigen Aktionäre der Emittentin haben ein Interesse an der erfolgreichen Durchführung der Emission, da die geplante Verwendung des Emissionserlöses den Wert ihrer Beteiligung als Aktionäre der Emittentin potenziell erhöht.

Wer ist der Anbieter bzw. die Person, die die Zulassung zum Handel beantragt?

Der Anbieter ist der Emittent. Die Neuen Aktien werden nicht zum Handel an einem geregelten Markt zugelassen.

IV. GENERAL INFORMATION

1. Purpose of this EU Growth Prospectus

For the purpose of a public offering in the Federal Republic of Germany during a period starting on 29 November 2024 (0:00 hrs) and ending 12 December 2024 (24:00 hrs) ("**Subscription Period**"), this EU Growth Prospectus relates to 53,416,548 new no-par value ordinary registered shares (*auf den Namen lautende Stückstammaktien*) ("**New Shares**") of the The Grounds Real Estate Development AG, Berlin ("**Company**", "**Issuer**" and, together with its subsidiaries and sub-subsidiaries, "**The Grounds Group**") from a capital increase against contributions in cash and with indirect subscription rights (*mittelbares Bezugsrecht*) for our shareholders at a subscription price of EUR 1.00 per new share ("**Subscription Price**"), resolved upon by the Annual General Meeting on 19 September 2024, each such New Share representing a proportionate amount of EUR 1.00 of the share capital and carrying full dividend rights as from 1 January 2024.

2. Persons responsible for the content of this Prospectus

The Grounds Real Estate Development AG, with its registered office in Berlin, is responsible for the information contained in this Prospectus within the meaning of Sec. 8 of the German Securities Prospectus Act (*WpPG*) and Art. 11 Sec. 1 of the Prospectus Regulation.

The Grounds Real Estate Development AG declares that, to the best of its knowledge, the information contained in this Prospectus is accurate and that the Prospectus does not contain any omissions that could distort its message.

3. References to Third-Party Sources

Information provided by third parties in this Prospectus regarding the market environment, market developments, growth rates, market trends and the competitive situation has not been verified by the Issuer. The Company has reproduced such third-party information correctly and, to the Issuer's knowledge and as far as it is aware from the information published by third parties, such information is not rendered incorrect or misleading by omission.

In preparing this prospectus, reference has been made to the sources mentioned in the text or footnotes. These sources are not part of the prospectus.

Furthermore, the information on the market environment, market developments, growth rates, market trends and the competitive situation in the areas in which The Grounds Real Estate Development AG operates is based on assessments by the Company. Information derived from this, which has therefore not been taken from independent sources, may therefore differ from estimates made by competitors of The Grounds Real Estate Development AG or from future surveys conducted by independent sources.

4. Declarations on the approval of this Prospectus by Competent Authority

The prospectus has been approved by German Federal Financial Supervisory Authority ("**BaFin**") as the competent authority in accordance with the Prospectus Regulation.

BaFin only approves this Prospectus with regard to the standards of completeness, comprehensibility and consistency pursuant to the Prospectus Regulation. Such approval should not be deemed to be an endorsement of the quality of the securities that are the subject of this Prospectus or as an endorsement of the Issuer which is the subject of this Prospectus.

Investors should make their own assessment of the suitability of these securities for investment.

The Prospectus has been drawn up as an EU Growth Prospectus pursuant to Article 15 of the Prospectus Regulation.

5. Interests of natural and legal persons involved in the Offering

The Issuer has an interest in the Offering and the successful implementation of the Capital Increase because it will receive the net proceeds from the sale of the New Shares and needs them to secure its financing structure. The net proceeds correspond to the gross proceeds after the deduction of expenses relating to the Offering to be borne by the Issuer. Assuming a placement of all New Shares at the Subscription Price, the Issuer estimates expenses relating to the Offering to be about EUR 500,000.00 and net proceeds received by the Issuer of approximately EUR 52.916.548,00 in the event of a full placement.

Tempus Holdings 112 S.à r.l., incorporated and existing under the laws of the Grand Duchy of Luxembourg, with registered office at 8, rue Lou Hemmer, L 1748 Senningerberg, Luxembourg, registered in the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) under B281104 ("**Anchor Investor**"), belonging to a fund managed by H.I.G. Capital Group ("**H.I.G.**"), one of the world's leading investment entities in the alternative investment sector and domiciled in London, is interested in acquiring a controlling interest in the Issuer, among other things by subscribing for New Shares. The Anchor Investor and H.I.G therefore have an interest in the Offering and the successful implementation of the Capital Increase, preferably in a manner that allows the Anchor Investor to subscribe for as many New Shares as possible to achieve the desired controlling shareholding in the Issuer. The Issuer also has an interest in ensuring that this is successful so that the strategic partnership with H.I.G., which the Issuer is also seeking, can be fully realized.

Other than the interest described above, there are no material interest, in particular no material conflicts of interest with respect to the Offering

6. Reasons for the Offering, Use of Proceeds and Expenses of the Offering

In view of its difficult financial situation, on 13 October 2023 the Issuer announced several capital measures and a potential partnership with H.I.G. One of the measures announced to secure the future financing structure of the Issuer and to ensure the fulfillment of its remaining liabilities after the restructuring is the Capital Increase, which is the subject of this Prospectus.

The Capital Increase will be preceded by a simplified capital reduction, which was resolved at the same Annual General Meeting. The capital reduction will be carried out by withdrawing a share that was provided to the Company free of charge by a shareholder and combining the remaining shares at a ratio of 2:1, i.e. the share capital of originally EUR 17,805,517.00 (before the capital reduction) will be reduced to EUR 8,902,758.00 ("**Capital Reduction**"). Such Capital Reduction will become effective upon entry in the Company's commercial register, which is still pending.

Among other things, this was intended to ensure that the price of the Company's shares after the Capital Reduction (“**Converted Shares**”) rises to around EUR 1.00 to allow necessary capital measures to be implemented, which was previously not possible due to the prohibition of the sub-par issue, i.e. the prohibition to issue shares for less than EUR 1.00 per share. Background for the Capital Reduction is also that the Issuer has decided to book an impairment loss on a project development and on loans to affiliated companies and equity investments in its half-year financial statements as of 30 June 2024, for reasons of prudence.

The Achor Investor has undertaken to subscribe for 40,000,000 New Shares under a pre-subscription agreement. To make this possible, various existing shareholders will waive their subscription rights or assign them to the Anchor Investor. The subscription obligation is subject to various conditions precedent (see section V. 2. a) iii) below). The Anchor Investor is interested in subscribing and taking over New Shares and potentially exercising an additional Call Option for existing shares in full or in part to potentially achieve a controlling shareholding in the Issuer of at least 75% of all issued and outstanding shares.

The Issuer will invest the net proceeds from the issue of the New Shares entirely in the operating business of The Grounds Group, namely

- primarily in the acquisition of new real estate development projects (in the event of a full placement of the capital increase, probably approx. 65%).
- and to cover construction costs and planning costs (in the event of a full placement of the capital increase, probably approx. 15%)
- to a much lesser extent, the proceeds will also be used to cover general operating and administrative costs (in the event of a full placement of the Capital Increase, probably approx. 5%).
- The Issuer is also considering using a portion of the proceeds to cover financing costs and to redeem financing agreements (in the event of a full placement of the Capital Increase, probably approx. 15%).

The exact allocation has not yet been determined and no prioritization has been made, provided that, for the avoidance of doubt, no net issue proceeds received from the issuance of the New Shares shall be used, directly or indirectly, to fund the payment of any dividend, charge, fee or other distribution in respect of the shares in the Issuer or in any member of The Grounds Group (including any distribution of share premium reserve or redemption of any share capital).

The Grounds Group is in due diligence and exclusive purchase agreement negotiations for the acquisition of a partitioned residential portfolio in Berlin, which, if purchased, will be financed from the proceeds of the Capital Increase. The investment volume for the acquisition is expected to amount to EUR 26 million.

7. Working Capital Statement

The Issuer considers that, from today's perspective, it is not in a position to fulfil all payment obligations due in at least the next twelve months. If none of the measures described under section V. 2. a) of the prospectus (Material Financing Agreements), will take effect, the Issuer will no longer have any working capital by the end of December 2024 at the latest. In total, the Issuer presumably lacks an amount of around EUR 60,253,000.00 for the settlement of the payment obligations due in the next 12 months. The missing amount of working capital arises from different reasons as described in section VI. 1. of the Prospectus.

In order to compensate for the above-mentioned shortfall in working capital, the Issuer makes the offer of the Offer Shares and has concluded the pre-subscription agreement with the Anchor Investor on 8/9 August 2024 for subscribing for shares with an issue amount of EUR 40 million. This agreement is however subject to several conditions precedent. See section V. 2. a) of the prospectus (Material Financing Agreements) for more details and which conditions precedent are not yet met.

The Issuer is confident that these measures will be effective. If, contrary to the Issuer's assessment, the measures described above cannot be realized within a time frame that ensures the timely fulfilment of the existing payment obligations and if no other measures (e.g. extension or refinancing of expiring short-term financing, which accounts for around 60% of the shortfall, agreement of deferrals or (emergency) sale of real estate) were to take effect, this would lead to the Issuer becoming insolvent and an Investor would lose its full investment.

8. Notes on Financial and Currency Information

Unless otherwise stated, the financial information contained in this Prospectus has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) or the German Commercial Code (“**HGB**”) and is derived from the unaudited consolidated financial statements of the Issuer for the half year from 1 January to 30 June 2024 in accordance with IFRS, the audited consolidated annual financial statements of the Issuer in accordance with IFRS for the financial years from 1 January 2023 to 31 December 2023 and 1 January 2022 to 31 December 2022 and the audited annual financial statements of the Issuer in accordance with HGB for the financial years from 1 January 2023 to 31 December 2023.

Where additional financial data has been taken from the Issuer's internal accounting system or derived from the aforementioned financial statements, this is noted separately in each case.

The amounts in “EUR” contained in this prospectus refer to the legal currency of the Federal Republic of Germany. Where figures are stated in a different currency, this is expressly noted next to the relevant figure by the designation of the corresponding currency or the relevant currency symbol in accordance with the ISO code (ISO 4217).

Certain figures and financial data as well as market data in this prospectus have been rounded in accordance with commercial principles, so that the total amounts stated herein do not always correspond to the amounts in the underlying sources. Some figures are given in thousands of euros (EUR thousand) or millions of euros (EUR million). Rounding differences may arise as a result of the disclosure in EUR thousand and EUR million, including in comparison with the annual and interim financial statements incorporated in this prospectus by reference.

9. Forward-looking Statements

The Prospectus contains certain forward-looking statements. Forward-looking statements are those statements that do not relate to historical facts and events or current facts and events as of the date of the Prospectus. This applies in particular to statements in the Prospectus regarding future financial performance, plans and expectations regarding the Issuer's business and management, growth and profitability, economic and regulatory conditions and other factors to which the Issuer is subject.

Statements using words such as “believe”, “assume”, “expect”, “assume”, “plan”, “intend”, “could”, “may”, “want”, “will”, “anticipate”, “aim” or similar expressions indicate such forward-looking statements. The forward-looking statements are based on current estimates and assumptions made by the Issuer to the best of its knowledge.

However, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual future results, financial condition, performance or achievements of the Issuer or the relevant industry to be materially different or more negative than those expressed or implied by such statements. These factors include, among others: Investment behavior, economic, legal and tax conditions, competition from other investment companies, capital requirements of the Issuer, financing costs, uncertainties arising from the Issuer's business operations and other factors mentioned in this Prospectus.

It should be noted that the Issuer assumes no obligation to update forward-looking statements or to adapt them to future events or developments, unless it is legally obliged to do so.

10. Period of validity of this Prospectus

The validity of the approved Prospectus will expire at the end of the Subscription Period, i.e. at the end of 12 December 2024. During the validity period of the Prospectus, the Company is obliged to prepare and publish a supplement to the Prospectus if important new circumstances arise or material inaccuracies with regard to the information contained in the Prospectus become known, which could influence the valuation of the Company's securities, and which arise or are discovered between the approval of this Prospectus and the end of the Subscription Period. The obligation to prepare a supplement to the prospectus no longer exists if the prospectus has become invalid.

V. STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT

1. Information on the Issuer

a) Incorporation, Governing Law, Registered Office, Fiscal Year, Duration, Object

The Issuer is a stock corporation under German law having its registered office in Berlin. The Issuer's legal and commercial name is The Grounds Real Estate Development AG. Its financial year is the calendar year. The legal entity identifier (LEI) of the Company is 391200VUYVDCPMZG1134.

The Issuer's current share capital amounts to EUR 17,805,517.00, divided into 17,805,517 no-par value regis-tered ordinary shares with a notional interest in the share capital of EUR 1.00. Following a capital reduction recently which is still to be entered in the commercial register through the consolidation of shares at a ratio of 2:1 (after the prior redemption of one share), the share capital of the Issuer will amount to EUR 8,902,758.00.

The Issuer was incorporated under the name "Artamia AG" on 13 April 2007 and registered under HRB 171362 in the Commercial Register of the Local Court of Munich on 18 December 2007. After relocating its registered office, it is entered in the Commercial Register of the Local Court of Berlin (Charlottenburg) under HRB 191556 and its current name since 22 November 2017.

The Company is established for an unlimited period. The Company operates under the laws of the Federal Republic of Germany. The business address is The Grounds Real Estate Development AG, Charlottenstraße 79-80, 10117, Berlin, Germany, telephone: +49(0) 30 2021 6866, fax: +49(0) 30 2021 6849, internet site: https://www.thegroundsag.com/de/[5].

Pursuant to Sec. 2 of the Articles of Association, the object of the Company is to engage in real estate business and related transactions of any kind, in particular the acquisition, holding and administration, development, management and sale of real estate or interests therein, in particular developed or undeveloped properties and rights equivalent to real property as well as buildings in all legal and utilisation forms, primarily in Germany. The Company may also engage in the development and marketing of technical, commercial and other know-how and the provision of services of all kinds in connection with real estate transactions. The Company may acquire, hold and sell participations in German or foreign partnerships and corporations which conduct the aforementioned business. It may also fulfil the object of the Company only in part or pursue it exclusively through the companies in which it holds participations, i.e. limit itself to the function of a holding Company managing such participations. The Company may also engage in other business which may directly or indirectly serve and/or be connected with the object of the Company or which serves to administer the assets of the Company in accordance with the articles of association. The Company shall act exclusively in its own name and for its own account.

b) Employees

As of the date of the Prospectus, The Grounds Group employs a total of approximately 12 employees in addition to the one member of the Management Board.

[5] The information on the website is not part of the Prospectus unless it is incorporated into the Prospectus by reference.

2. Financing the Activities of The Grounds Group

The Grounds requires a considerable amount of liquidity to pre-finance the purchase price and the development costs of potential development objects, which must be secured in the form of equity, debt or mezzanine financing. Accordingly, liquidity management is a particular focus of group management. In order to ensure sufficient liquidity at all times, The Grounds works with a large number of banks and actively seeks ways to use the capital market for financing or to raise funds through equity financing. Joint venture partnerships are also not ruled out. The financing of a project may include all or only some of these components. The share of the individual components varies from project to project and also depends on the respective project phase.

As of 30 June 2024, the consolidated financial liabilities and bonds of The Grounds Group amounted to EUR 104.45 million according to the half-year financial statements, with non-current liabilities EUR 43.4 million and current liabilities EUR 61.05 million.

As of June 30, 2024, liabilities to banks and from subordinated loans in the nominal amount of EUR 68.74 million are secured by land charges. The liabilities are also secured by pledges on bank accounts, the assignment of claims for damages and the assignment of sales and rental receivables. There are also contractual obligations to comply with financial covenants for financial liabilities in the amount of EUR 51.02 million.

a) Material Financing Agreements

i) EUR 16.8 million Public Bond 2021/2027

In February 2021, the Company issued a public convertible bond with an original term of three years ("Convertible Bond 2021/2024") with a total nominal value of EUR 12 million. The convertible bond originally bore interest at 6% p.a. In October 2021, the 2021/2024 convertible bond was increased by a further EUR 4.8 million to a total of EUR 16.8 million. In December 2023, the bondholders of the previous 2021/2024 convertible bond approved the conversion of the bond into a fixed-interest bond without conversion rights, while at the same time extending the term by a further three years at an increased interest rate of 8% p.a. The corresponding conversion of the 2021/2024 convertible bond into the "Public Bond 2021/2027" was completed in February 2024. In a vote without a meeting from 16 October to 18 October 2024, the creditors of the Public Bond 2021/2027 agreed to convert such bond into a zero-coupon bond without interest from 18 August 2024 to 17 February 2027. In the event of a postponement of the maturity date to 18 February 2029 the interest rate will revert to 6% p.a. from 18 February 2027 (inclusive) to 17 February 2029. To the knowledge of the Issuer, no one has yet challenged the corresponding resolution of the bondholders. The Issuer therefore assumes that this amendment can become effective at the beginning of December by amending the certificate at Clearstream. The conversion is subject to the condition precedent that the Anchor Investor and/or another company of the H.I.G Capital Group subscribes for at least 40,000,000 new shares from the capital increase resolved by the Company's Annual General Meeting on 19 September 2024 under agenda item 7 and that the implementation of the capital increase is entered in the Company's commercial register by 31 January 2025.

ii) EUR 17.0 million Senior Secured Bond 2023/2029 at Interest of 20% p.a.

To drive the financing of investments in ongoing projects while securing a good positioning for the future, in October 2023 the Issuer reached an agreement with the Anchor Investor on bridge financing of EUR 10.0 million in the form of a **senior secured bond** at an interest rate of 20 % per annum and originally only with a term until 2 February 2024 (the "**Senior Secured Bond 2023/2029**"). As a result of the above-mentioned extension of the Convertible Bond 2021/2024, the maturity date of Senior Secured Bond 2023/2024 was likewise extended until 31 December 2024. Shares in certain companies of The Grounds Group, receivables of the Issuer and loan repayment claims of the Issuer's main shareholders against the Issuer, all of which have been pledged or assigned to CBRE Loan Services Limited as security trustee, serve as collateral for the Senior Secured Bond 2023/2029. In February 2024 the parties agreed to increase the volume of the bond by EUR 2.5 million. In August 2024 the Anchor Investor agreed to increase the volume of the Senior Secured Bond 2023/2029 by a further EUR 4.5 million. Together with the prior increase in February 2024, the volume of the Senior Secured Bond 2023/2029 now amounts to EUR 17 million. At the same time, the term of the Senior Secured Bond 2023/2029 was extended to 31 December 2029

iii) Pre-Subscription agreement for the subscription of at least 40,000,000 New Shares from the capital increase which is the subject of this Prospectus

The Anchor Investor has undertaken to subscribe for 40,000,000 New Shares of the Capital Increase that is the subject of this prospectus under a pre-subscription agreement dated 9 August 2024. The subscription obligation is subject to various conditions precedent, including the condition precedent that the 2021/2027 bond is converted into a zero-coupon bond (waiver of accrued interest and interest for the remaining term of the bond except for any default interest) by way of a further amendment to the terms and conditions of the bond.

The subscription obligation is subject to various conditions, in particular the condition that:

- a shareholders' agreement was concluded between the Anchor Investor and some existing shareholders of the Issuer with the essential content in accordance with the preliminary subscription agreement;
- an agreement was reached between the Anchor Investor, the Issuer, Mr. Armin Otto Heinrich Hoffmann and HAT 3 Projektentwicklungsgesellschaft mbH regarding the Issuer's joint liability for liabilities of HAT 3 Projektentwicklungsgesellschaft mbH, which has left The Grounds Group;
- the obligation and option agreements concluded between the Anchor Investor and certain shareholders of the Company relating to the Company's shares are neither terminated nor contested;
- the Issuer has obtained legally binding written declarations from each lender or other creditor of the Group waiving the rights under change of control clauses with respect to the expected majority takeover by the Anchor Investor;
- with some exceptions, all loans or credits granted to the Issuer and/or any of its affiliates that originally expired or were due for repayment in 2024 have been extended;

- two members of the Issuer's Supervisory Board have resigned, and two persons nominated by the Anchor Investor have been appointed to the Supervisory Board by the competent court with a term of office until (at least) the next Annual General Meeting;
- the merger of the Issuer and H.I.G. was approved by the German Federal Cartel Office (which has already happened);
- there are no material adverse circumstances for H.I.G. under the terms of the pre-subscription agreement;
- the 2021/2027 bond was converted into a zero-coupon bond without interest.

With exception of the conversion of the Public Bond 2021/2027 into a zero-coupon bond (see above under section V. 2. a) i)) and the extension of the expiring loans or credits granted to the issuer, all conditions have been met. No material adverse event has taken place, such occurrence will be assessed upon the subscription by the Anchor Investor. The issuer expects the extension of the expiring loans to be agreed by the end of the subscription period.

iv) Provision of collateral to secure the liabilities of subsidiaries

In addition to its own financing agreements, the Issuer has assumed guarantees, hard letters of comfort and debt assumptions for liabilities arising from financing agreements of affiliated companies and former associated companies totaling EUR 34,333,860.43:

	Amount of collateral granted by the Issuer 30 June 2024	**Outstanding main claims against the (formerly) affiliated company 30 June 2024**
Guarantees for project financing of subsidiaries	14,970,000.00[6]	41,049,691.66
Hard letters of comfort to lenders of two subsidiaries	9,600,000.00	9,924,482.14
Assumption of debt from financing liabilities of subsidiaries	2,300,000.00	1,094,472.61
Assumption of debt from service liabilities of subsidiaries	1,700,000.00	561,981.06
Assumption of debt from a loan to a former sub-subsidiary (see section V. 2. a) v))	5,000,000.00[7]	5,000,000.00
Development guarantees from framework agreements that the Issuer has concluded in favor of subsidiaries	563,860,43	N/A
Guarantee as part of a neighbourhood agreement of the subsidiary TG Margaretenstraße GmbH & Co. KG	200,000.00	N/A
SUM	**764,29**	**57,380,627.47**

In addition, the Issuer's shares in seven subsidiaries were pledged to the lenders as part of financing arrangements.

[6] Taking into account the economic situation of the respective subsidiaries, the Issuer does not expect to be held liable and has therefor not recognized any provisions.
[7] Due to an internal liability distribution agreement with the principal debtor, only a provision of EUR 3,500,000.00 was created.

v) **Joint and several liability for a EUR 5 million loan Mr. Armin Otto Heinrich Hofmann granted to the former sub-subsidiary HAT 3 Projektentwicklungsgesellschaft mbH, Rüsselsheim at an interest rate of 12%**

Under an "Agreement on a Loan" dated 30 June 2022, Mr. Armin Otto Heinrich Hofmann, the indirect main shareholder (via Millennium Verwaltungs GmbH, (see section XI. 1. Major shareholders) and at that time deputy chairman of the Supervisory Board of the Issuer granted HAT 3 Projektentwicklungsgesellschaft mbH, Rüsselsheim (formerly Zeppelin One GmbH, Berlin), a company of which the Issuer was an indirect 50%-shareholder at that time[8], a loan of EUR 5,000,000.00 at an interest rate of 12% per annum. The Issuer has joined the loan agreement as an additional debtor alongside HAT 3 Projektentwicklungsgesellschaft mbH regarding the repayment and interest claims arising from the loan agreement and is jointly and severally liable with the latter. The agreement does not contain any provisions on the allocation of liability between the obligated parties. Mr. Hofmann's claims under the loan against both HAT 3 Projektentwicklungsgesellschaft mbH and the Issuer were included in the (original) subordination agreement described in below.

As a result of a "Share Purchase and Assignment Agreement regarding the shares of TGA Immobilien Erwerb 8 GmbH", since 31 January 2024 HAT 3 Projektentwicklungs GmbH is no longer a part of the Issuer's group, but externally the Issuer is still jointly and severally liable to Mr. Hofmann for the entire loan amount. However, in connection with the sale of TGA Immobilien Erwerb 8 GmbH, the Issuer's joint liability was limited to EUR 3,500,000 in the internal relationship between HAT 3 Projektentwicklungs GmbH and the Issuer. The Issuer agreed to and indemnify HAT 3 Projektentwicklungs GmbH from the repayment of the loan in this respect and recognized a provision in this amount in 2023.

The Anchor Investor's obligation to subscribe for at least 40,000,000 New Shares is subject to the condition precedent that an agreement between the Anchor Investor, the Issuer, Mr. Hofmann and HAT 3 Projektentwicklungsgesellschaft mbH on the future treatment of the claims of Mr. Hofmann and/or HAT 3 and/or any other parties against the Issuer resulting from the accession to debt is reached.

In this context, the following possible settlement agreement is currently discussed: Mr. Hofmann sells and transfers the loan repayment claim against HAT 3 Projektentwicklungsgesellschaft mbH to the Issuer at a purchase price which will be due installments. The first installment would be due and payable as soon as the capital increase resolved by the Issuer's Annual General Meeting on 19 September 2024 under agenda item 7, which is the subject of this prospectus, has been carried out in an amount of at least EUR 40,000,000.00. In addition, put and call options are discussed between the Anchor Investor and Millennium Verwaltungs GmbH with regard to the shares that the latter holds in the Issuer.

Upon execution of the purchase of the loan repayment claim, the joint and several liability of the Issuer for the repayment of the loan would cease. However, the Issuer would still consider itself bound by the obligation to partially release HAT 3 Projektentwicklungsgesellschaft mbH from the obligation to repay the loan in the amount of EUR 3.5 million.

[8] via TGA Immobilien Erwerb 8 GmbH, at that time a 100% subsidiary of Capstone Opportunities AG which was sold on 31 January 2024.

vi) Subordination Agreement

In connection with the Senior Secured Bond 2023/2029, certain direct and indirect shareholders of the Issuer (as subordinated creditors), the Anchor Investor as well as CBRE Loan Services Limited (as senior creditors) and the Issuer and certain of its subsidiaries (as debtors) entered into an agreement, by which all current and future claims of the subordinated creditors against the Issuer and the other debtors are subordinated to the claims of the senior creditors against the debtors under or in connection with the Senior Secured Bond 2023/2029. In connection with the extensions and increases of the Senior Secured Bond 2023/2029 in February 2024 and August 2024, the subordination agreement was adjusted to reflect the changes to the terms and conditions of the Senior Secured Bond 2023/2029.

vii) Loan in the amount of up to EUR 4.5 million

As of 30 June 2024 one further loan from IBB (Internationales Bankhaus Bodensee AG) in the amount of up to EUR 4.5 million at an interest rate of 6.56% p.a., which had been used to purchase PSD Margaretenstraße GmbH & Co. KG (project company of the “Maggie” project in Berlin-Lichtenberg), was still being utilized by the Issuer. The amount of the loan outstanding as of 30 June 2024 was EUR 2,648,526.35. However, this loan was fully repaid on 25 July 2024. The funds for this came from purchase price payments from buyers of new-build apartments of the project.

b) Significant Changes in the Debt and Financing Structure since 30 June 2024

The main changes in the debt and financing structure of The Grounds Real Estate Development AG since 30 June 2024 are listed below:

i) Increase of the Senior Secured Bond 2023/2029 by EUR 4.5 million

In August 2024 the Anchor Investor agreed to increase the volume of the Senior Secured Bond 2023/2029 by a further EUR 4.5 million. Together with the prior increase in February 2024, the volume of the Senior Secured Bond 2023/2029 now amounts to EUR 17 million. At the same time, the term of the bond was extended to 31 December 2029.

ii) Conversion of the Public Bond 2021/2027 into a zero-coupon bond.

As one of the measures to restructure the Company's financing, the bondholders of the Issuer’s 2021/2024 convertible bond had already agreed in December 2023 to extend the term of the bond by three years with modified conditions, including an increase in the interest rate to 8% p.a. for the extended term and a deletion of the conversion right (see above under section V. 2. a) i)). The new name of the bond, which was restructured correspondingly in February 2024, is therefore “Bond 2021/2027”.

In a vote without a meeting from 16 October to 18 October 2024, the creditors of the Public Bond 2021/2027 agreed to convert such bond into a zero-coupon bond without interest from 18 August 2024 to 17 February 2027. In the event of a postponement of the maturity date to 18 February 2029 the interest rate will revert to 6% p.a. from 18 February 2027 (inclusive) to 17 February 2029. The conversion is subject to the condition precedent that the Anchor Investor and/or another company of the H.I.G Capital Group subscribes for at least 40,000,000 New Shares from the capital increase resolved by the Company's Annual General Meeting on 19 September 2024 under agenda item 7 and that the implementation of the capital increase is entered in the Company's commercial register by 31 January 2025. Accordingly, the implementation of this second bond restructuring is still pending.

iii) Advanced negotiations on a settlement agreement regarding claims arising from the Issuer's joint liability for the repayment of a loan in the amount of EUR 5 million granted to HAT 3 Projektentwicklungsgesellschaft mbH

The following possible settlement agreement is currently discussed. The Issuer acquires the loan repayment claim against HAT 3 Projektentwicklungsgesellschaft mbH in the amount of EUR 5 million, for which it had assumed joint liability. As soon as the acquisition of the loan repayment claim has been completed after payment of the first purchase price installment, the Issuer's joint liability for the repayment of the loan will cease to apply. However, the Issuer would still see itself as bound by the obligation to partially release HAT 3 Projektentwicklungsgesellschaft mbH from the obligation to repay the loan in the amount of EUR 3.5 million. Further details are provided in section V. 2. a) v) above.

iv) Extension of the term of all financing utilized by the Issuer and/or its affiliated companies that would have expired or become due for repayment in 2024

The issuer is in the process of agreeing an extension of the respective term with the creditors of all credit facilities or other loans or credits utilized by the company and/or its affiliated companies that would have expired or been due for repayment in 2024, unless it can alternatively agree with H.I.G. to waive this condition for the subscription obligation.

v) Subordination Agreement

The subordination agreement entered into in connection with the Senior Secured Bond 2023/2029 was amended in August 2024 to reflect the changes in the amount and maturity of the Senior Secured Bond 2023/2029.

vi) Repayment of the Loan in the amount of EUR 2,648,526.35 from IBB

This loan was fully repaid on 25 July 2024.

Beyond this, there have been no significant changes in the debt and financing structure of The Grounds Real Estate Development AG since 30 June 2024.

3. Business Overview

a) Strategy and Objectives

The Issuer has set itself the goal of maintaining and further expanding its position in the real estate development market for residential properties. In doing so, it focuses on German metropolitan regions and urban areas with positive population growth and good economic prospects with a focus on the surrounding area of Berlin. The Company sees a significant demand for residential real estate and corresponding development projects due to the current market situation, in particular the demographic change, the current housing shortage and due to the change of the Lifestyle, of the population increase, the growing number of single households etc.

Opportunities from financing

In October 2023 the Issuer reached an agreement with the Anchor Investor on a bridge financing of EUR 10.0 million in the form of a senior secured bond. The Issuer intends – although this was not agreed in a legally binding manner – to expand its cooperation with H.I.G., primarily by the Anchor Investor and maybe other H.I.G. Group companies subscribing to a significant part to the capital increase covered by this prospectus. This would potentially put the Company in a better financing position. The change in the balance sheet structure will improve key performance indicators such as the LTV (= "Loan to Value", a financial ratio used in real estate financing to describe the relationship between the amount of the loan and the value of the property serving as collateral) and is expected to open up further financing opportunities. Financial performance will also improve in case interest expenses will decrease, which in turn increases profits.

All in all, an increase in equity should improve The Grounds' profile on the capital market and therefore its competitiveness in its business segment.

Company-related opportunities

The realization of revenue from the sale of the Bördebogen neighborhood development, the Blankenfelde-Mahlow development and the Central Offices project in Magdeburg as well as the semi-detached houses in Erkner is important for the future development of the Company. In addition, the Company plans to realize initial income from the sale of condominiums from the properties held as fixed assets in the Berlin area in the medium term. In addition, a possible contribution to earnings from the debtor warrant for the logistics property in Hangelsberg, which was sold at the end of 2020 (as described below under VII. 1. a)), is still possible.

b) Principal Activities

i) Overview

The Grounds Group is specialized on residential projects in German metropolitan regions and urban areas with positive population growth and good economic prospects with a focus on the surrounding area of Berlin. The Issuer acts as a management holding company for various subsidiaries (some of them presiding a sub-group) and property companies, each of which owns real estate portfolios. The Issuer also holds minority interests in joint venture real estate projects. Central functions such as legal, accounting, taxes, controlling, human resources, sales, financing, risk management, transaction management and commercial and technical asset management are located at the Issuer.

The operating activities of The Grounds Group comprise three core areas:

- development of existing residential properties
  with the aim of retail sale, divided into condominium units ("Privatization")
- development and implementation of new construction projects in the residential sector
  with the aim of forward sale to institutional investors, capital investors or owner-occupiers and
- own real estate portfolio for the purpose of letting.

However, the Company's own real estate portfolio and letting play a subordinate role in its business activities. As at 31 December 2023, only around TEUR 34,821 (previous year: TEUR 35,769) of investment property was allocated to non-current assets. This represents around 23.56 % of total assets of TEUR 147,816. Similarly, of the total revenue of TEUR 23,896 in the 2023 financial year, only TEUR 1,792 (previous year: TEUR 1,588) came from the rents of the investment properties.

The actual project development initially includes, in particular, the preparation of the concrete development concept, which is regularly drawn up as part of the examination of the purchase with a view to the basic feasibility. The range of services offered by The Grounds Group includes, in particular, the analysis of the existing situation and the development of the concept, including a comprehensive assessment of opportunities and risks. For this purpose, inventory, market, location, utilization, competition, risk and cost analyses are carried out in order to examine how and with which measures the property can be realized with the given framework conditions (time, costs, ideas of the investors and the users). In doing so, The Grounds Group draws on what it considers to be well-founded project development competencies within the group. The Grounds Group regularly carries out feasibility studies and profitability analyses by its own staff, if necessary, with the help of external experts. The Grounds Group also clarifies the financing in the acquisition and building construction phase, if necessary, with the involvement of consultants. Timely and detailed controlling with regard to quantitative aspects of the project, i.e. adherence to cost expectations, and the assumption of "building owner tasks" (i.e. monitoring of the project in qualitative terms, e.g. with regard to compliance with DIN specifications) in conjunction with project management of all project participants (usually by external project controllers) are used to ensure that countermeasures can be taken in good time in the event of deviations from the plan in order to ensure the successful realization of projects.

ii) Recent and Current Projects

aa) Development projects for retail sale

Project name	Location	Type	Usable space in square meters	Status
Lenné Quartier	Magdeburg	Residential	5,100	Fully completed in 2023 100% sold by Q1 2021
Property Garden	Magdeburg	Residential	3,637	Fully completed in 2024 100% sold by Q2 2022

Project name	Location	Type	Usable space in square meters	Status
Maggie	Berlin- Lichtenberg	Residential	1,859	**Under construction** 100% sold by Q2 2024
Betty	Königs Wuster-hausen	Residential	6,640	In planning sale not yet started

bb) Development projects for forward sale and retail sale

Project name	Location	Type	Usable space in square meters	Status
Börde Bogen (Joint Venture)	Magdeburg	Primarily residential	67,857 (gross floor area)	In planning in the sales process
Highfly (Joint Venture)	Blankenfelde-Mahlow	Primarily residential	32.099 (gross floor area)	In planning sale not yet started
Terra Homes	Erkner-Hohenbinde	Residential	4,279	**Under construction**, in the sales process

cc) Development projects for forward sale

Project name	Location	Type	Usable space in square meters	Status
Central Offices	Magdeburg	Commercial	17,140 (gross floor area)	**Under construction**, Completion scheduled for 2027 in the sales process

dd) Own Real Estate Portfolio for Letting (Fixed Assets)

Location	Type	Units	Usable space in square meters	Rental income p.a in TEUR (31 December 2023)
Stendal/Prignitz etc.	Residential	227	14,751	775
Bernau	Residential	59	4,118	397
Schorfheide (Eberswalde)	Residential	38	2,066	144
Kremmen	Residential	24	1,430	119
Rauen (Fürstenwalde)	Residential	27	1,554	107
Berlin-Lichtenberg Margaretenstr. Front Building	Residential	22	1,089	105
Fehrbellin	Residential	24	1,503	82
Total		**421**	**26,511**	**1,729**

The operational handling of the rental business has been outsourced to several real estate management companies.

ee) Real estate portfolio for retail sale

Location	Project	Units (30 Sep. 2024)	Usable space in square meters	Rental income p.a in TEUR (30 September 2024)	Status
Dallgow-Döberitz	Residential	11	1,560	115	61 % sold by Q3 2024
Total		**11**	**1,560**	**115**	

c) Principal Markets

With its business model, The Grounds Group operates on the residential real estate investment market and the rental market in urban and suburban areas in Germany with a focus on the greater Berlin area.

Such market in Germany is characterized by its heterogeneity. In the cities and metropolitan regions, apartments are sometimes very expensive - in contrast to the more affordable peripheral areas. The lack of affordable housing tends to drive up rents in urban centers. This increases the yield for landlords, even if the increase is modest compared to current inflation.[9]

While the letting market in urban areas is therefore generally showing sustained positive momentum, the opposite was so far true for the project development and transaction market, in which The Grounds Group operates to a far greater extent. [10]

Despite the high demand from tenants and private buyers for apartments for their own use, project developers and their financiers held back on new construction activities in 2022 and 2023 due to the rise in construction and financing costs.[11].Construction prices rose at double-digit rates in some cases because the supply of labor was scarce, supply chains did not always function smoothly and, above all, interest rates more than tripled in a short period of time in line with the measures taken by the European Central Bank (ECB) to combat inflation. In addition, uncertainty on the real estate market has been further exacerbated by European regulations and national laws such as the amendment of the German Building Energy Act (*Gebäudeenergiegesetz*) by the so-called Heating Act (*Heizungsgesetz*).[12][13] These new regulations to combat climate change are significantly increasing costs for property developers and owners. As a result, many construction projects were interrupted, postponed or put on hold.

The rise in construction costs was also causing problems for residential property managers. According to the Issuers observations, their maintenance costs have risen sharply, and these higher costs will not always be offset by rising rents due to rental-price-brake (*Mietpreisbremse*) and low tenant turnover. This will make residential property management less profitable.

The transaction market - for real estate in general and for the residential sector in particular - experienced an almost unprecedented decline of more than 50 % in 2023. [14] The drastic and rapid change in interest rates also had a direct impact on financing costs for potential property buyers. Demand for residential real estate as an investment fell, leading to a decline in real estate prices for the first time

[9] https://www.jll.de/en/trends-and-insights/research/housing-market-overview
[10] https://www.jll.de/en/trends-and-insights/research/housing-market-overview
[11] https://www.rolandberger.com/en/Insights/Publications/Roland-Berger-Construction-Trend-Radar-2023.html
[12] https://www.bundesregierung.de/breg-en/news/new-building-energy-act-2185010
[13] https://www.rolandberger.com/en/Insights/Publications/Roland-Berger-Construction-Trend-Radar-2023.html
[14] https://www.jll.de/de/presse/Auf-dem-Investmentmarkt-fuer-Immobilien-ist-der-Tiefpunkt-erreicht

after years of positive performance, which in turn, in conjunction with the general increase in economic uncertainty, resulted in a loss of confidence in real estate as a safe investment and further depressed investor demand. The uncertainty only began to fade towards the end of 2023, when the European Central Bank indicated that there would probably be no further interest rate hikes in 2024. Sellers were initially reluctant to adjust their asking prices to the new interest rate environment, while potential buyers were confronted with significantly rising financing costs. All parties involved were forced to reassess their positions and held back on transactions in the meantime. In the first half of 2024, residential real estate (transactions of 50 apartments or more) traded for just under EUR 3 billion in Germany. This makes it the weakest half-year in terms of sales since 2011. On average, just under EUR 152,000 was generated per apartment in the twelve months prior to June 30, 2024. This is almost a quarter less than a year earlier. [15]

However, in the Issuers opinion a turnaround and stabilization of the market are in sight. Portfolio owners have already made considerable value adjustments to their investment properties, market prices for real estate investors have fallen sharply and interest rates have stabilized. The Issuer hopes that this means that the market has bottomed out and is already seeing first signs that the price trend for residential real estate will stabilize in the short to medium term.

According to the German Real Estate Index (GREIX), a joint project of the expert committees for property values, the Econtribute Cluster of Excellence at the Universities of Bonn and Cologne and the Kiel Institute for the World Economy (IfW), such stabilization was particularly evident in the first half of 2024 in the seven largest German cities of Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart. Prices for condominiums in the "top 7" cities rose across the board in the second quarter of 2024 compared to the first quarter of 2024 or remained stable following previous increases. The price jumps were highest in Hamburg, with a rise of 4.3 %, and Frankfurt am Main, with an increase of 3.7 %. Apartments and houses also became significantly more expensive in Düsseldorf (plus 2.2 percent). Stuttgart saw a slight increase of 0.6 % - contrary to the trend, property values in Cologne fell slightly by 0.6 %, although prices here had already risen in the first quarter of 2024. No data is available for Berlin and Munich in the current GREIX update.

The number of completed transactions has also increased again in recent months. Nevertheless, in the opinion of the Issuer, it is not yet certain that this represents a trend reversal. The increased transaction volume was triggered not least by the public sector as the largest group of buyers. The largest purchase was the acquisition of a Vonovia sub-portfolio by the Berlin housing company Howoge. It was also by far the largest transaction this year. It is uncertain whether the public sector will remain present as a buyer of residential portfolios.

The issues of energy efficiency and sustainability are playing an increasingly important role in the valuation process. In order to achieve the EU's climate targets, to which Germany has also committed itself, many landlords and investors will be forced to implement energy efficiency measures in the coming years and thus make considerable investments. Buildings with low energy efficiency are therefore already suffering valuation discounts. However, there are numerous potential buyers for properties where a manage-to-green strategy can be implemented.

Project development purchases accounted for around 29 % of the transaction volume in the first half of 2024. This exceeded the average of the last five years (23 %).[16] Despite the challenges in residential

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[15] https://pdf.euro.savills.co.uk/germany-research/2024/market-in-minutes-wohnimmobilienmarkt-q2-2024.pdf

[16] https://pdf.euro.savills.co.uk/germany-research/2024/market-in-minutes-wohnimmobilienmarkt-q2-2024.pdf

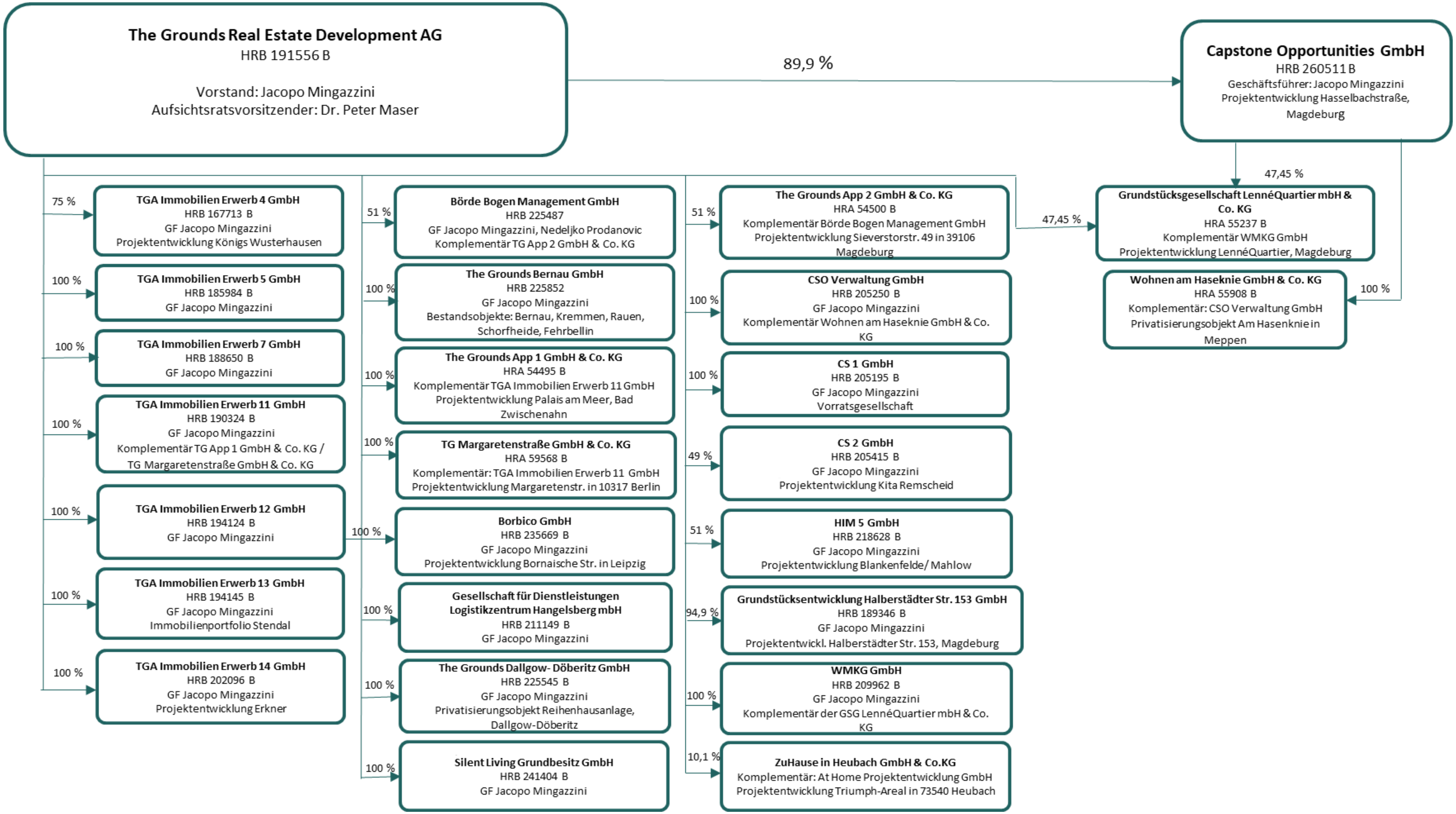
construction and various insolvencies, the focus on new construction among institutional investors is clearly continuing. This is likely to be primarily due to investors' ESG requirements and the strategy of focusing on the less regulated market segment with significantly more widespread index-linked or graduated rental agreements.

At a high-level meeting with the business community (housing summit) at the end of August 2023, the federal government unveiled a comprehensive package of measures to promote residential construction in Germany. This included an initial 6 % degressive depreciation on new buildings, the expansion of subsidy programs for climate-friendly construction and home ownership for families, measures to cut red tape and accelerate approval processes, and the subsidies to convert vacant commercial properties into residential properties. These measures should help revitalize residential construction and improve housing supply. In March 2024, the last hurdle was cleared for the Growth Opportunities Act, and a compromise proposal for the degressive depreciation for new residential construction was adopted. Previously envisaged depreciation of 6% is now only allowed at a rate of 5 %.

The Company continued to sell condominiums in the Maggie property development, with all but the last five units sold by the end of 2023. The sale of new-build apartments continued in 2024. All 27 units had been sold by April 2024.

4. Organizational Structure of The Grounds Group

The group structure of The Grounds Group is shown graphically below:



5. Investments

a) Investments made

In the 2024 financial year, i.e. since 1 January 2024, The Grounds Group has not made any new acquisitions to date. The focus of investments was on the realization of existing construction projects.

b) Current or already firmly decided investments

As the success of the placement of the Capital Increase, which is the subject of this prospectus, or an alternative financing option is still uncertain, there are currently no significant ongoing or already firmly decided investments by The Grounds Group.

However, The Grounds Group is in due diligence and exclusive purchase agreement negotiations for the acquisition of a partitioned residential portfolio in Berlin, which, if both the capital increase and the acquisition negotiations are successful, would be financed from the proceeds of the capital increase that is the subject of this prospectus. The investment volume for the acquisition would probably amount to EUR 26 million.

In addition, since 1 January 2024 and until the date of this Prospectus, there are no other ongoing or since 1 January 2024 until the date of this Prospectus made significant investments and no significant investments that have been firmly decided.

6. Trend Information

In the Issuer's view, the most important current trends, particularly since the end of the last financial year, i.e. after 31 December 2023 are the following:

a) Lack of affordable housing in suburban areas

There is still growing demand for attractive, affordable housing - also and particularly in the surrounding area of metropolitan regions.

In the rental market, the Issuer therefore believes there is further scope for an adjustment in 2024, as unbroken high demand will be offset only by a small supply of new builds, which is unlikely to change over the next few years due to the long lead times.

The Grounds sees opportunities for its own business in this environment, whether from rent increases in its own portfolio, disposals in the privatisation business or a revival of project developments.

b) Turnaround and Stabilization on the residential real estate investment market

In the opinion of the Issuer, the residential real estate investment market has bottomed out and the price trend for residential real estate will stabilize in the short to medium term. Buyers and sellers will adapt to the changed price and interest rate levels and a liquid market will develop again.

The Issuer expects at least a modest recovery in general economic activity in 2024, even if this is likely to be below 1 %. At the same time, inflation will continue to weaken, fueling expectations that the European Central Bank will call a halt to the cycle of key interest rates hikes, thereby leaving rates generally at 2023 levels. It is thought possible there may be a slight reduction in interest rates. The macroeconomic environment is therefore looking up. This will also improve the outlook for the real estate sector, as construction prices are anticipated to rise less steeply, and financing conditions will become stable or at least more predictable.

Of course, this is all subject to the proviso that no further significant national or international decisions or events, such as an expansion of the war in Ukraine, another global pandemic or unexpectedly severe or rapid climate change put additional pressure on the market.

c) Sustainability and adaptation to climate change

Owing to political requirements and societal needs, demands for sustainability in business have significantly increased. The EU has explicitly set itself the goal of redirecting capital flows towards sustainable economic activities and has obligated large companies to provide greater transparency in terms of environmental protection (E = Environment), social engagement (S = Social), and corporate governance based on principles of ethical business practices (G = Governance).

These principles apply to all companies, but especially to those in the real estate sector, as housing (the sum of all property-related activities) is responsible for around a third of all climate-harming CO_2 emissions. Legislation requires a drastic reduction in CO_2 emissions and decarbonization by 2045.

Residential buildings also need to be adapted to increasing global warming and the growing risk of extreme weather events.

For new construction, this means significant cost increases; for portfolio owners, in turn, potentially significant (valuation) risks at the property level and, more significantly, at the company level. Without targeted investment measures, real estate - including residential real estate - will be considered stranded assets in the future. At the same time, the industry is facing historically high construction costs and a shortage of skilled workers, which the Issuer believes will make the implementation of sustainable refurbishment strategies economically and timewise challenging.

In the Issuer's view, however, this not only puts pressure on its business model, but also offers opportunities to develop existing properties through targeted energy, structural and socially oriented investment measures in the sense of an upgrade and resell them at a profit.

7. Profit Forecast

For reasons of prudence the Issuer has decided to book an impairment loss on a project development and on loans to affiliated companies and equity investments in its half-year financial statements as of 30 June 2024. This will also lead to a different annual result for 2024 compared to the forecast published in January. The Company therefore expects a negative EBIT of between EUR - 7 million and EUR - 9 million for 2024, as published in an ad hoc announcement on 9 August 2024.

The forecast contained in the Issuer's annual financial statements as of 31 December 2023 and the forecast adjusted in January 2024 are no longer valid as of the date of the prospectus.

a) Definition of the forecast key figures

EBIT is the consolidated earnings before interest and taxes in accordance with IFRS.

b) Explanatory information on the profit forecast

The accounting policies used to determine the forecast are the same as those used in the consolidated financial statements. The accounting and valuation principles applied are described in the notes to the annual financial statements as of 31 December 2023. The profit forecast is comparable with the historical financial information and consistent with the accounting policies of the Issuer.

The Issuer's profit forecast was prepared in August 2024. As the forecast relates to a period that has not yet been completed, it is based on assumptions about uncertain future events and activities, which is associated with fundamental uncertainties. As a result, it is possible that the actual key figures for 2024 may deviate significantly from this forecast.

The key figures according to The Grounds Group's forecast for 2024 are therefore not facts and should not be interpreted as such by potential investors. Rather, they reflect the expectations of the Management Board of the Issuer with regard to the development in the planning period. Potential investors should not rely unreservedly on the forecast.

The Grounds Group's corporate planning is an integrated plan derived from internal accounting/controlling. Both "top-down" and "bottom-up" approaches were combined, i.e. the Company management initially specified the plans, which were then checked for feasibility at the lower operational levels and amended if necessary. The amended plans were then reported back to the top and summarized there. Other operating expenses were planned using the "top-down" method based on management estimates.

The forecast for the 2024 financial year is underpinned by a detailed plan of the success determinants. The individual items in the forecast were analyzed to determine whether adjustments or corrections needed to be made with regard to sustainability.

The development of revenue for 2024 to date is in line with the management's plans, which are already sufficiently substantiated from already notarised sales but not yet realised revenue according to IFRS.

c) Factors and assumptions

The forecast of The Grounds Group for 2024 is based on the following assumptions with regard to
- Factors outside the control of The Grounds Group,
- Factors that can be influenced by The Grounds Group to a limited extent and
- Factors that The Grounds Group can influence.

Although the Issuer considers its assumptions to be reasonable at the date of this Prospectus, they may prove to be incorrect at a later date. Should one or more assumptions subsequently prove to be incorrect, the actual key figures could deviate from this forecast.

aa) Factors outside the control of The Grounds Group

The Grounds Group's forecast for 2024 is subject to factors that cannot be influenced by The Grounds Group. These factors, including The Grounds Group's assumptions regarding the development of these factors, are listed below:

Factor: Unexpected events such as "force majeure"

The Grounds Group assumes that no unexpected events will occur that would significantly hinder the business activities of The Grounds Group, such as force majeure (fire, floods, hurricanes, storms, earthquakes or terrorist attacks), strikes, extraordinary macroeconomic events or war.

Factor: Legislative or other regulatory measures

The Issuer assumes that there will be no or only planned or insignificant changes in the legal and regulatory environment of The Grounds Group.

Factor: Overall economic development

When preparing the forecast, The Grounds Group assumed that, despite high construction costs, supply bottlenecks and other current disruptions to (global) trade caused by and resulting from the war in Ukraine, for example, and despite the central banks' interest rate hikes to combat persistent inflation, there will be no or only insignificant effects on the business of The Grounds Group that have not already been taken into account in the forecast.

Factor: Stability of supply chains

In preparing the forecast, The Grounds Group has assumed that there will be no negative developments in relation to the supply chains, i.e. that the availability of the construction materials required for its development projects will be guaranteed at prices that are currently known to be high but will at least remain stable in the future.

Factor: Planned high demand

In preparing the forecast, The Grounds Group has assumed that there will be no negative developments that negatively impact the assumed high demand from tenants and private buyers for apartments for own use and/or the willingness of property buyers to invest beyond the extent calculated in the forecast, and that the sales planned for the current and following year can be realized in line with the project planning and acquisition that has already taken place. In a negative scenario, however, the property development business may not stabilize again - contrary to expectations - and/or the sales market may develop significantly differently than currently expected, for example due to an increasing trend towards permanent working from home, which may then also be in rural regions, resulting in a decline in demand for apartments in urban areas.

Factor: Performance problems

When preparing the forecast, The Grounds Group assumed that there would be no or only insignificant non-fulfillment of receivables from property buyers or non-delivery by suppliers.

bb) Factors that can be influenced by The Grounds Group to a limited extent:

The Grounds Group's forecast for 2024 is subject to factors that can only be influenced by The Grounds Group to a limited extent. These factors, including The Grounds Group's assumptions about the development of these factors, are listed below:

Factor: Continued existence of the Company and non-occurrence of grounds for insolvency

For the planning calculation, it is assumed that the solvency of The Grounds Group is ensured throughout the entire planning period, that The Grounds Group is not overindebted and that no other asset restrictions jeopardize the continued existence of The Grounds Group, and that The Grounds Group is able to always carry out its business activities without restriction.

Factor: Cost of materials and purchased services

When preparing the forecast, The Grounds Group assumed that it would be able to agree conditions with its suppliers that would ensure that the cost of materials and the cost of purchased services would only increase in proportion to sales compared to the previous year's figures.

Factor: Other operating expenses

When preparing the forecast, The Grounds Group assumed that other operating expenses would only increase in proportion to sales compared to the previous year's figures. The planning of the main expense items is based on the project and sales planning on which the planning is based. However, it is possible that developed properties cannot be sold or can only be sold later than planned and that sales revenue in the forecast period will therefore not be as high as expected.

Factor: Planned sales prices

When preparing the planning, The Grounds Group assumed that it would be able to sell the condominium units planned for the forecast period at a profit at the planned sales prices. Depending on the development of the market and competitive situation, however, these prices may not be realizable, may not be profitable or may not even cover costs.

cc) Factors that can be influenced by The Grounds Group:

The Grounds Group's forecast for 2024 is subject to factors that can be influenced by The Grounds Group. These factors, including The Grounds Group's assumptions regarding the development of these factors, are listed below:

Factor: Wages and salaries

When preparing the forecast, The Grounds Group assumed that personnel costs would develop in line with personnel planning. However, actual personnel costs may deviate significantly from this planning due to the availability or shortage of suitable personnel and/or the development of the standard market remuneration structure.

VI. RISK FACTORS

Investors should carefully read and consider the following risk factors in conjunction with the other information contained in this Prospectus when deciding whether to purchase the shares of The Grounds Real Estate Development AG.

Only those risk factors are described below that are specific to the Issuer and/or the securities and are of material importance regarding an informed investment decision. The Issuer's assessment of materiality is based on the ratio of the probability of occurrence assumed by the Issuer to the scope of the possible negative economic effects assumed by the Issuer. To provide potential investors with a better overview of the individual risk factors, these are divided into categories (the individual categories are identified by the classification levels "1.", "2.", "3.", etc.). According to the Issuer's assessment - except for categories "2.", “3” and "4.", which consist of only one risk factor - the two most significant risk factors (based on the probability of their occurrence and the expected magnitude of their negative impact) are mentioned first in each of the following categories. The other risk factors in each category are not necessarily listed in order of materiality. The order of the categories is not indicative of the materiality of the categories.

1. Risks related to the earnings and liquidity position and the financing structure

a) Without the implementation of the capital increase, which is the subject of this prospectus, and its subscription at least to the amount of EUR 40,000,000.00 and, if possible, beyond that, as well as further measures, it is highly likely that the Issuer will be in acute danger of insolvency by the end of 2024.

Since October 2023, the Issuers' operative and financial situation has developed significantly differently than targeted. The Issuer generated losses in 2023 and the first half of 2024. Even after initial restructuring measures such as the raising of bridge financing of EUR 10.0 million in the form of a senior secured bond in October 2023 and the consent of the creditors of the convertible bond issued in 2021 to an extension of the term while waiving the conversion right in December 2023, the available liquidity is not sufficient to ensure the continued existence of the Issuer.

In December 2023, the Issuer had to announce that possible claims from the adjustment of the purchase price (“debtor warrant”) for the logistics property in Hangelsberg, which was sold at the end of 2020, have been postponed to 2024. In principle, these claims are dependent on the entry into force of a development plan that fulfils certain conditions. On 14 December 2023, the Grünheide municipal council approved the statutes for development plan 57 (GreenWorkPark Grünheide), but a payment obligation from the debtor warrant is linked to the development plan coming into force. As of the date of this request, the approval of the Brandenburg Ministry of the Environment is still pending. Due to the complexity of the agreed debtor warrant, it is also still unclear to what extent claims will arise from the debtor warrant. The postponement has reduced the sales and profit expectations for the receivable not realized in 2023 by around EUR 4.5 million in sales and around EUR 3.73 million in earnings (EBIT).

At the end of 2023, the Issuer was in advanced negotiations regarding the sale of a majority stake of the project Börde Bogen. This potential sale was expected to have a significant positive impact on revenue and earnings in 2023. However, following delays in the sales negotiations, no sale was realized in the 2023 financial year.

At the end of December 2023, the Company terminated the contract concluded on 18 March 2022 for the sale of the Terra Homes project in Erkner with a sales volume of EUR 18.5 million. The contract was terminated by mutual agreement at the request of the buyer and involved the Company receiving a compensation payment of EUR 5.55 million. As a result, the Company had to revalue the project, which led to a valuation reduced by EUR 3.3 million.

As a result of all these circumstances, the Company fell well short of its sales and earnings targets for the 2023 financial year, generating annual sales of around EUR 24 million (originally planned: between EUR 40 and 45 million) and EBIT of EUR -4.8 million (planned: EUR 4 to 5 million). In addition to the circumstances described above, the main reasons for this were the revaluation of fixed assets with a 3% devaluation of the real estate portfolio as well as expenses of EUR 3.5 million from the assumption of debt for an equity-accounted investment (Terminal 3). Group equity fell by EUR 7.6 million to EUR 24.8 million in the 2023 financial year due to the negative consolidated profit, resulting in an equity ratio of 16.8%.

The following significant developments have occurred since the 30 June 2024:

Although the Property Garden project in Magdeburg and the Maggie project in Berlin-Lichtenberg, which have already been sold in full, were ready for occupancy and the two projects made a significant contribution of EUR 6.4 million to the total revenue of EUR 8.7 million in the first half of 2024, neither the planned sale of a majority stake of the project Börde Bogen nor a further sale of the Terra Homes project have been realized to date. The planned sale in the Central Offices project has also yet to be realized.

Due to the current business development in 2024 and a continued tense market situation as well as weak demand from institutional investors, the Issuer has also decided to write down the project development (‘Highfly’) in Blankenfelde-Mahlow by EUR 4.2 million and to write down a receivable from a shareholder loan granted as part of a smaller joint venture project in Remscheid by EUR 350 thousand 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. EBIT of EUR -4.3 million and the Group's half-

year result of EUR -8.1 million were clearly negative. EUR -5.4 million of the half-year result was attributable to the shareholders of the parent company.
Current financial liabilities of EUR 51.2 million are reported in the balance sheet as at 30 June 2024. The Company also has financing agreements with debt service coverage ratios and financial covenants. Failure to comply with these covenants may result in the need to repay everything early.

To implement and continue its business model the Issuer had and still has very high pre-financing requirements to acquire properties to be developed, obtain building permits and carry out construction work. The continuing 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. To raise the necessary funds, the capital increase of up to EUR 53,416,548.00 announced in October 2023, which is the subject of this Prospectus, is to be carried out. The capital increase will be preceded by a capital reduction to EUR 8,902,758.00, which was resolved at the same Annual General Meeting. The capital reduction is for the purpose of offsetting losses. The background to the capital reduction is also that the Company has decided to write down various properties and loan repayment receivables from affiliated companies and companies in which an equity interest is held for reasons of prudence in its half-year financial statements as at 30 June 2024. This will lead to an annual result for 2024 that differs from the original forecast. The Company expects a negative EBIT of between EUR -7 million and EUR -9 million.

The Anchor Investor has undertaken to subscribe for 40,000,000 new shares from the capital increase under a pre-subscription agreement. The subscription obligation is subject to various conditions precedent.

At the same time, in August 2024, the Anchor Investor provided the Company with a further EUR 4,500,000.00 at short notice as part of an increase in the senior secured bond issued in October 2023 ("**Senior Secured Bond 2023/2029**"). Together with an earlier increase, the volume of this Senior Secured Bond 2023/2029 thus amounts to EUR 17,000,000.00. At the same time, an extension of the term of the H.I.G. bond until 31 December 2029 was agreed. This ensures the Company's liquidity in the short term in August 2024.

However, this only was a temporary stabilization. Without the implementation of further measures, it is highly likely that the Company will be in acute danger of insolvency by the end of 2024. The Issuer would probably no longer have sufficient liquidity to meet its current obligations by the end of the year. If unexpected costs arise or a planned agreement on the extension or refinancing of existing financial liabilities fails, this point in time may occur earlier. This could lead a loss of the investors' entire invested capital.

The Issuer's plan to use the new funds to generate positive returns in the future could fail or be significantly delayed, with the result that it will continue to generate substantial losses in the future. If the Issuer does not succeed in achieving a turnaround - which could be the case if, contrary to expectations, the market recovery does not occur in the course of 2025 or if the Issuer does not succeed in building up a project pipeline in time to benefit from a market recovery - the Issuer's continued existence would be jeopardized despite the capital increase in the medium term, i.e. over a period of three or more years and the Issuer would continue to be dependent on external financial support. In the worst-case scenario, this could lead to the insolvency of the Issuer and also to investors losing all of their invested capital.

b) Due to the high pre-financing requirements inherent in the Issuer's business model, the Issuer is heavily affected by any external economic or political development that makes access to debt capital more difficult and/or increases the market interest rate.

The occurrence or worsening of crises on the international financial markets could make access to new debt capital and/or equity considerably more difficult. Financing or refinancing via banks has also become more difficult as a result of increasing banking regulations in response to the sovereign debt and financial crisis, in particular due to Basel II and Basel III requirements, which led to more restrictive lending practices at many banks. For example, banks have to deposit a higher amount of equity capital than before in order to grant loans. As a result, banks may in some cases refrain from granting loans to the The Grounds Group, or demand significantly higher interest rates and/or more extensive collateral.

In the past, low interest rates favoured credit-financed real estate purchases and developments. A rise in interest rates, as has occurred in recent years, increases The Grounds Group's financing costs and at the same time has a negative impact on buyer demand for the residential units offered by the Group. It is possible that the financial planning for projects that are already underway will become obsolete because the financing contracts can no longer be concluded at the planned interest rates or because the interest rates in current financing contracts change due to agreed variability clauses.

Should The Grounds Group not succeed in financing its current and/or new projects on reasonable terms, this would result in the Group having to restrict its business activities instead of further expanding them. In the worst case, even current projects could not be completed profitably. As a result, there could be delays or loss of sales or rental income. Due financing might not be refinanced. If the Grounds Group fell behind with its repayments, lenders could take recourse to their collateral and force an auction or emergency sale of the real estate serving as collateral, which would as a rule yield significantly lower proceeds than a regular sale. This could lead to the insolvency of the affected property subsidiary. The Issuer would have to write down its investment in the subsidiary. Depending on the size and significance of the subsidiary concerned and depending on the extent of the impairment, this and the absence of profit distributions from the subsidiary could have a significant negative impact on the Issuer's financial position and earnings situation and thus also reduce the enterprise value of the Issuer and the value of its shares. In the worst case, it may result in the Issuer's insolvency, which would entail a total loss of the capital invested in the Issuer's shares for the shareholders.

2. Market-related risk factors

As a project developer of residential real estate, the Issuer will probably continue to be confronted with a difficult market environment with declining and narrow margins for some time to come.

The persistently difficult situation in the real estate sector is likely to pose challenges for residential real estate project developers such as the Issuer for some time to come. A forecast model by Ernst & Young Real Estate GmbH shows that a moderate improvement can be expected from the end of 2024 at the earliest.[17]

Due to the rise in construction costs, the sudden increase in interest rates and rising energy prices, the cost situation for project developers focusing on residential properties has deteriorated drastically since the beginning of 2022. At the same time, demand from potential buyers of residential units - despite high demand for housing from owner-occupiers - has fallen sharply due to the increase in purchase price financing costs and property sales prices have fallen accordingly.

Many project developments that can no longer be sold have been stopped or postponed, and current or new projects can only be realized with an economically viable result in exceptional cases (e.g. favourable land acquisition a long time ago); normally, as the forecast model shows, they would have negative margins.

According to Ernst & Young, project developers can hope for a partial market recovery from 2025 at the earliest as a result of an increase in sales prices, which, according to the model, will be caused, among other things, by the rental momentum due to the excess demand caused by the current lack of new residential construction in Germany. The German Real Estate Index (GREIX) already cited in section V. of this prospectus also sees the first signs of an imminent price increase as early as 2024. The expected stabilization of interest rates and the adjustment of market participants to the high but stable interest rate level could contribute to the realization of this forecast.

Nevertheless, it is not yet certain whether this forecast will actually materialise and could represent a trend reversal. Even Ernst & Young does not expect property prices to return to the highs of 2022, as interest rates are unlikely to fall to the levels of 2021 and 2022. Furthermore, there is the risk that continued high inflation could further weaken the purchasing power of many potential buyers. There is also no sign of construction costs falling. And the uncertainty in the market with regard to actual or potential increases in regulatory requirements for energy efficiency and the carbon footprint is also unlikely to change.

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[17] https://www.konii.de/wp-content/uploads/2024/06/EY-RE_Prognosemodelltwicklungsmarkt.pdf

In the overall view project developers are facing one of the biggest challenges of the decade until the market recovers. The market is likely to consolidate during this phase. Many of the Issuer's competitors are already affected by insolvencies.

It is uncertain whether the Issuer will be able to survive this consolidation phase and, in the event of a market recovery, be ready with a pipeline of projects with building permission and an operational, qualified workforce to benefit immediately. In order to counteract this, the Issuer must develop strategies for dealing with lower long-term profitability, particularly by adapting its liquidity and risk management to the expected lower margins. If the Issuer doesn´t succeed in implementing such strategies, this may, in the worst case, result in the Issuer's insolvency, which would lead to a total loss of the capital invested in the Issuer's shares for the shareholders.

3. Risks related to the shareholder structure

The Issuer is likely to become dependent on the H.I.G. as a result of the implementation of the capital increase, which is the subject of this Prospectus, whereby its interests may conflict with the interests of the Issuer, or the other shareholders and general meeting resolutions may be passed or blocked against the interests of the other shareholders.

The Anchor Investor has undertaken to subscribe for 40,000,000 New Shares from the capital increase under a pre-subscription agreement. To make this possible, various existing shareholder will waive their subscription rights or assign them to the Anchor Investor. The subscription obligation is subject to various conditions precedent. The Anchor Investor is interested in subscribing and taking over New Shares and potentially exercising an additional Call Option for existing shares in full or in part to potentially achieve a controlling shareholding in the Issuer of at least 75 % of all issued and outstanding shares.

Such a large concentration of shares in the Issuer in one hand would result in only a few shares being available for stock exchange trading. The liquidity of the share could decrease.

As such a controlling major shareholder, the Anchor Investor would be in a position to exert a significant influence on all matters requiring the approval of the Annual General Meeting and to adopt resolutions of the Issuer's Annual General Meeting with its votes alone, even if these require a qualified majority of the votes cast. This would apply, for example, to the creation of authorized or conditional capital, the increase of the share capital, also excluding the statutory subscription rights of shareholders, changes to the purpose of the Company as well as mergers, demergers and changes of legal form. The Company has not taken any measures to prevent abuse of this constellation beyond the provisions of the German Stock Corporation Act (AktG).

In addition, it cannot be ruled out that the Anchor Investor may sell some or all of its shares to a third party, with the result that a shareholder unknown at the date of the prospectus could exercise the influence on the Company described above, depending on the amount of the share in the Issuer's share capital acquired. Even an acquisition of 25.1% of the Issuer's shares could give the acquiring third party the possibility of blocking important decisions at a general meeting and thus restricting the Issuer's business operations.

It cannot be ruled out that the interests of the major shareholder may conflict with the interests of the other shareholders of the Issuer. This concentration of shareholdings could delay, postpone or prevent a change of control of the Issuer, as well as a merger, takeover or other form of business combination that could be advantageous to investors. Insofar as the interests of the major shareholder diverge from the interests of the Company or the interests of the other shareholders of the Company, this could have a negative impact on the strategic direction of the Issuer for the Company or the other shareholders, which will lead to uncertainty among the other shareholders. This would be reflected in the share price and thus mean losses for investors.

To the extent that the interests of the major shareholder diverge from the interests of the Company or the interests of the other shareholders of the Issuer, this could have a material adverse effect on the Issuer's business and financial condition and result in a decline in the price of the Issuer's shares.

4. Risks related to the Issuer's holding function

As a holding company, the Issuer is dependent on the business development and the income and distributions of its subsidiaries.

The Issuer acts as the management holding company for various subsidiaries (some of them presiding a sub-group) and property companies, each of which owns real estate portfolios. It is responsible for central functions such as legal, accounting, taxes, controlling, human resources, sales, financing, risk management, transaction management and commercial and technical asset management. The Issuer also holds minority interests in joint venture real estate projects.

The Issuer has no income from its own operating activities. The Issuer's main assets consist of its subsidiaries and investments. Consequently, the Issuer is dependent on constant distributions from its subsidiaries and investments in order to cover its running costs. The economic success of the Issuer depends entirely on the asset and earnings situation and the economic success of the subsidiaries and investments. All risks and negative developments affecting the subsidiaries and investments have an unrestricted impact on the Issuer.

The subsidiary's distributions may be subject to fluctuations. This may be due, for example, to delays in the implementation or completion of projects or to payment delays or defaults by apartment buyers. As the Issuer has no other significant assets or no other significant income in addition to the subsidiaries and investments, this could result in the Issuer being temporarily unable to meet its own liabilities.

If the business of the subsidiaries and investments does not develop as expected and/or if the subsidiaries and investments require additional financial resources and are unable to raise these from third parties on reasonable terms, individual or even all subsidiaries and investments could get into financial difficulties and not make any distributions to the Issuer over a longer period of time, but rather continue to or again be dependent on financial support from the Issuer and - if the Issuer is unable or unwilling to provide such support - in the worst case even become insolvent.

This could result in the Issuer not being able to generate any positive income and/or not being able to meet its liabilities and/or write-downs on the value of the subsidiaries and investments becoming necessary. The economic success of the Issuer could be delayed or even fail to materialize at all, which in turn would have a negative impact on the price of the Issuer's shares and make profit distributions to the Issuer's shareholders possible only in the distant future or not at all. In the worst case, the Issuer could also become insolvent, which would result in the shareholders suffering a total loss of the capital invested in the Issuer's shares.

5. Risks related to the operating business of The Grounds Group

a) The Issuer is dependent on The Grounds Group acquiring further properties, real estate portfolios or interests in property companies for development purposes that meet its purchase criteria at reasonable conditions. Such acquisition targets might not be available on the market at attractive terms.

The economic success of The Grounds Group largely hinges on the selection and acquisition of suitable construction and development sites, real estate portfolios, investments in real estate companies and condominium packages for the purpose of residential development that meet its purchase criteria and are available on reasonable terms and with calculable risks. The aim in each case is to complete project development, which may consist of construction, renovation or refurbishment measures and/or measures to improve energy efficiency, quickly in order to enable prompt profitable re-sale or letting.

There is a risk that not enough potential acquisition properties will come onto the market at reasonable prices. For example, potential sellers in 2023 and even in early 2024 were unwilling to adjust their asking prices to the fact that potential buyers were faced with significantly higher financing costs and held back on transactions.

In addition, too many potential buyers could compete for the available properties and this competition could drive up prices. At least as long as the residential real estate market was still on the upswing, The Grounds Group was exposed to intense competition from a large number of national and international private and institutional investors, some of whom had significantly higher budgets to finance their purchases and were prepared to pay strategically motivated prices above market value.

If The Grounds Group is unable to acquire new, suitable development properties on commercially viable terms, it will not be able to operate the part of its business that has been its main focus to date. It only generates low rental income from the properties in its own portfolio. If, in such a case, it does not succeed in the short term in profitably expanding its permanent real estate portfolio and shifting the focus of its activities, this could lead to the insolvency of the Issuer, which would result in a total loss of the capital invested in the Issuer's shares for the shareholders.

b) The Issuer could misjudge the (future) value of the acquired properties and could be forced to recognize impairment losses on them.

Every acquisition of real estate - whether for development or rental purposes - entails the risk that The Grounds Group misjudges the structural, legal, economic and other characteristics of the properties or portfolios to be acquired or is misled about such characteristics, or that characteristics unknown at the time of acquisition subsequently become known. In particular, there is a risk that non-compliance with the requirements of construction law and historic preservation legislation may be overlooked.

In addition, the Issuer may incorrectly forecast the project or administrative costs, e.g. in the case of project developments the construction and/or development costs including the capital costs or, in the case of properties for rental purposes, their renovation or refurbishment costs. This can happen because it makes mistakes in the forecast or - much more likely - because the parameters on which the forecast is based change unexpectedly. The latter has been the case in the recent past, for example with regard to the increase in raw material and energy costs due to the war in Ukraine or the rise in interest rates for capital procurement.

The Issuer may also be mistaken with regard to the future achievable rents or sales prices and thus with regard to the yield prospects of the acquisition property.

Due to the incorrect valuation, the Issuer may accept a purchase price that is too high, may take excessive risks not covered by the property value (e.g. with regard to possible pollutant contamination), which could materialize, and/or be faced with unplanned costs for the removal of hidden defects or other unplanned renovation, maintenance and modernization costs and/or delays or loss of sales or rental income or even penalties due to a delay in the completion and handover of housing due to unplanned work.

All of this may result in the acquired properties and their development not yielding the expected profit, which in turn has a negative impact on the liquidity and earnings situation of the affected property subsidiary and could – in the worst case - lead to the insolvency of such subsidiary. The Issuer would have to write down its investment in the subsidiary. Depending on the size and significance of the subsidiary concerned and depending on the extent of the impairment, this and the absence of profit distributions from the subsidiary could have a significant negative impact on the Issuer's financial position and earnings situation and thus also reduces the enterprise value of the Issuer and the value of its shares. In the worst case, it may result in the Issuer's insolvency, which would entail a total loss of the capital invested in the Issuer's shares for the shareholders.

c) The Grounds Group might not be able to develop and sell the acquired projects on profitable terms.

The Grounds Group faces numerous challenges that can adversely affect the projects and the resulting profits. In particular, external circumstances such as general economic developments, sector-specific factors and the situation on the markets as well as geopolitical events have a significant influence on pricing. From fluctuating labor and material costs and other upfront costs associated with real estate development to unexpected snags and change orders or new requirements of ESG compliance, budgets can be exceeded. In addition, The Grounds Group may underestimate the potential for opposition and resentment of the neighborhood in the context of real estate projects, e.g. due to concerns about traffic congestion, noise, changes to a neighborhood's character, conflicts of interest, and conflicts of values (such as ecological preservation vs. economic growth). Furthermore, marketing efforts for promoting and selling the property to potential buyers could be less effective than expected. The market can be unpredictable, and there’s always the possibility that a developer might not be able to realize a property sale price as high as hoped.

All of this may result in the acquired properties and their development not yielding the expected profit, which in turn would have a negative impact on the liquidity and earnings situation of the affected property subsidiary and could – in the worst case - lead to the insolvency of such subsidiary. The Issuer would have to write down its investment in the respective subsidiary. Depending on the size and significance of the respective subsidiary concerned and depending on the extent of the impairment, this and the absence of profit distributions from the respective subsidiary could have a significant negative impact on the Issuer's financial position and earnings situation and could thus also reduce the enterprise value of the Issuer and the value of its shares. In the worst case, it may result in the Issuer's insolvency, which would entail a total loss of the capital invested in the Issuer's shares for the shareholders.

d) Properties owned or sold by The Grounds Group may be contaminated.

It cannot be ruled out that land currently or in the future owned or recently sold by the The Grounds Group is or was contaminated by pollutants in building materials or soil or war contamination (e.g. bombs). Such soil contamination may, for example, result in The Grounds Group being required by the competent authorities to eliminate the associated hazards, which typically entails considerable costs. These obligations and claims are independent of any causation of the respective soil contamination by the Issuer, and it could be that the Issuer is only entitled to limited or no recourse claims against third parties or that such claims are not or not fully enforceable, even if the third parties have caused the contamination. The removal of any encumbrances in this sense and the further measures associated with this may lead to rent losses, significantly delay modernization measures, make them impossible or economically unviable and be associated with significant additional costs that would have a negative impact on the liquidity and earnings situation of the real estate subsidiary concerned and could also have a negative impact on the Issuer's financial and earnings situation and thus also on the Issuer's enterprise value and the value of its shares due to a possible reduction in the value of the Issuer's investment in the subsidiary and the reduction or even the absence of profit distributions by the subsidiary.

e) Building permits could be delayed or not granted at all.

The Issuer acquires and holds real estate on which construction work must be carried out. Official building permits are required for this. It is uncertain whether, when and under what conditions or ancillary provisions the competent authorities will grant such permits. In addition, disputes with residents and neighbors may prevent, significantly delay or otherwise have a significant negative impact on the granting of permits. Any of these circumstances could result in projects not being completed at the assumed costs or within the assumed time frame or, in the worst case, not being implemented at all. As a result, there could be delays or loss of sales or rental income or even penalties due to a delay in the completion and handover of housing. If the project fails completely, this could lead to the insolvency of the affected property subsidiary if it cannot successfully sell or otherwise use the property. The Issuer would have to write down its investment in the subsidiary. Depending on the size and significance of the subsidiary concerned and depending on the extent of the impairment, this and the absence of profit distributions from the subsidiary could have a significant negative impact on the Issuer's financial position and earnings situation and thus also reduces the enterprise value of the Issuer and the value of its shares. In the worst case, it may result in the Issuer's insolvency, which would entail a total loss of the capital invested in the Issuer's shares for the shareholders.

f) The profitability of the Issuer's business model depends on the regulatory framework for residential real estate and possible changes to it.

The Issuer's business activities are largely dependent on the applicable legal framework for residential real estate. In the future, there may be changes and tightening of these framework conditions, for example by strengthening tenant protection, e.g. by shortening notice periods or limiting rent increase options (Berlin already has the so-called rent freeze (*Mietpreisbremse*)) or by regulations to combat climate change by improving the energy efficiency of residential properties and/or to reducing the CO_2 emissions they cause. There is also a risk that the discussion about regulating the housing market at federal level will continue and lead to a tightening of regulations.

For example, the German Building Energy Act (*Gebäudeenergiegesetz*, “GEG”) has been amended with effect from 1 January 2024. The central part of the new regulation is Section 71 GEG, which stipulates that after certain transitional periods have expired, heating systems may only be replaced with new systems that are powered by at least 65% renewable energy. Previous discussions and speculation about the possible content of the amendment had already led to considerable uncertainty in the real estate market. And although there is ultimately no obligation to replace functioning heating systems, it can be assumed that many heating systems in The Grounds Group's properties will have to be replaced in the coming years. Sooner or later, the Issuer will be bound by the new legal requirements and will have to accept the cost of heating systems based on renewable energies, which will probably be higher than the cost of conventional heating systems.

Likewise, further changes in legislation, such as fire protection, environmental protection and pollutant legislation, and the resulting renovation obligations may have a material adverse effect on the profitability of investments and the results of operations of the Issuer. Furthermore, the changes in the legal framework may trigger a considerable need for action, which may lead to significant additional costs that cannot be passed on to the tenant for either legal or actual reasons and may have a negative impact on the Issuer's financial position and results of operations and thus also on the Issuer's enterprise value and the value of its shares.

g) The Issuer is dependent on the expertise and network of its board members and key executives.

The successful implementation of the Issuer's business strategy and corporate objectives, and thus the success of the Issuer, depend in particular on the knowledge, skills, contacts and experience of the current members of the Issuer's Management Board, senior management and Supervisory Board. There is no guarantee that the Issuer will always be able to retain these current key personnel or, if necessary, recruit replacements.

Should board members or key executives leave the Company, there is a risk that valuable knowledge, skills, sales contacts and experience will be lost for the Company and/or made available to competitors. Difficulties in replacing them may also have a detrimental effect on the competitiveness of the Company and may accordingly be associated with adverse consequences for the economic success of the Issuer.

Both the loss of key personnel and difficulties in the search for their replacement, if required, could have a negative impact on the Issuer's business activities and thus on its net assets, financial position and results of operations. The Issuer's plan to use the new funds from the Capital Increase to generate positive returns in the future could fail or be significantly delayed, with the result that it will continue to generate substantial losses in the future. In the worst-case scenario, this could lead to the insolvency of the Issuer and also to investors losing all of their invested capital.

6. Risks related to the nature of the securities

a) Insolvency of the Company may result in the total loss of the invested capital.

An investment in shares entails equity risk. In the event of the insolvency and/or dissolution of the Issuer, a total loss of the capital invested may occur. In particular, the proceeds from the liquidation of the Company's assets are initially used primarily to settle the claims of the lenders and only after they have been settled in full would any (unlikely) remaining surplus be distributed to the shareholders. Special reference is made here to this risk, which is actually a general one, because insolvency as a conceivable consequence of the most significant risks in relation to the Issuer (only losses generated to date, the economic development of individual property subsidiaries could be negative, operating activities in an aggressive competitive environment) is closer in this case than in other cases.

b) Shareholders are exposed to the risk of a future dilution of their shareholding in the Company.

The Company may implement further capital measures in the future to strengthen its equity and to finance its business activities and growth. This is because it may require more capital for its further business development than can be realized with the issue proceeds from the offer subject to the Prospectus. The Company cannot guarantee that it will be able to do so in the future on reasonable terms, especially as circumstances beyond the Issuer's control play a role, such as the general state of the capital markets and the willingness of existing shareholders to subscribe to new shares from capital measures.

7. Risks related to the offering subject to the Prospectus

a) The Offer Price is not indicative of future market prices, in particular because there is no trading in the organized market.

The price at which investors purchase the shares which are the subject of this Prospectus may not correspond to the price at which the shares of the Company are traded on the stock exchange at a later date. There can be no assurance that active trading of the shares will continue after the offering. In particular, there will continue to be no state-organized market for the Company's shares. Consequently, there is an increased risk compared to that of shares admitted to an organized market that active trading of the Company's shares in the Open Market will not continue in the long term after the Offering. The subscription price offers no guarantee of the prices that will subsequently be formed on the market.

b) There is a risk that the capital increase to create the New Shares will fail or that only very few shares will be subscribed, and the capital increase will nevertheless be implemented.

The shares offered will only come into existence after registration of the implementation of the capital increase resolved by the Annual General Meeting. It is possible that the registration of the implementation of the capital increase for the creation of New Shares will not take place to the extent that subscription orders and payments received from investors have been received. The capital increase may fail altogether or may only be implemented to a significantly lesser extent than assumed by the Company or an investor. The conditions for the Anchor Investor's subscription obligation may not be met and the Anchor Investor may not subscribe. This would mean that the Company would not have the funds at its disposal that it needs for the intended use of the proceeds of the issue. This could result in the Company not being able to pursue its business model or not being able to pursue it to the extent planned. This could lead to losses and, in the worst case, to the insolvency of the Issuer and thus to a loss of the investors' entire invested capital.

VII. TERMS AND CONDITIONS OF THE SECURITIES

1. Information on the New Shares offered

1.1 Form, Securitization and Delivery of the New Shares

The New Shares shall be ordinary registered shares with no par value (*auf den Namen lautende Stückstammaktien*) created in accordance with the provisions of German stock corporation law.

The form of the share certificates is determined by the Management Board with the approval of the Supervisory Board. In accordance with the Articles of Association, the shareholders' right to have their individual shares securitized is excluded.

The New Shares will be made available to the shareholders in book-entry form as co-ownership interests in a global share certificate.

After registration of the implementation of the capital increase in the commercial register of the Company, the New Shares will be securitized in one or more global certificates deposited in collective safe custody with Clearstream Banking AG, with registered office in Frankfurt am Main, business address: Mergenthalerallee 61, 65760 Eschborn.

The New Shares will be credited to the securities accounts of a German Bank held for the subscribers account at Clearstream Banking AG. Delivery cannot be expected before the 30 December 2024.

1.2 Transferability and Exchange Trading

As the existing shares of the Issuer the New Shares are freely transferable in accordance with the legal requirements for registered shares, except for the restrictions described under section VII. 2. (Selling Restrictions) and section VII. 3. (Lock-Up Commitments).

As the existing shares of the Issuer the New Shares will be tradable on the Open Market (*Freiverkehr*), segment Primary Market (*Primärmarkt*), of the Duesseldorf Stock Exchange and on the Open Market (*Freiverkehr*), segment Quotation Board, of the Frankfurt Stock Exchange. An admission of the shares of the Company to trading on the regulated market is not planned.

The Executive Board may freely utilize New Shares not subscribed for as part of the Subscription Offer and allow third parties to subscribe. The Company has undertaken to allocate to the Anchor Investor, at its request, all New Shares that are not subscribed on the basis of the statutory subscription right. Therefore, no private placement of unsubscribed shares is expected to take place.

No further allocation arrangements have yet been made.

1.3 Dividend Rights, Share in Liquidation Proceeds, Voting Rights

The New Shares carry full dividend rights as from January 1, 2024. As the Annual General Meeting 2024 has already taken place, the New Shares carry the same profit entitlement as the existing shares of the Company.

Unless otherwise resolved by the Annual General Meeting, shareholders' shares in the Company's distributable profit are determined by their share in the capital stock. The resolution on the distribution of dividends for a fiscal year on the shares of the Company is the responsibility of the Annual General Meeting to be held in the following fiscal year, which decides on the proposal of the Management Board and Supervisory Board. The dividend is generally due on the third business day following the resolution on the appropriation of profits by the Annual General Meeting, unless a later due date is specified in the resolution by the Annual General Meeting or in the Articles of Association. The claim to payment of the dividend is subject to a limitation period of three years, whereby the limitation period only begins at the end of the year in which the resolution on the appropriation of profits was passed. Dividends for which the statute of limitations has expired remain with the Company.

The distribution of a dividend for a fiscal year can only be made on the basis of the net profit reported in the Company's annual financial statements prepared in accordance with German commercial law. In determining the distributable profit available for distribution, the result for the fiscal year (net income or net loss) must be adjusted for profit/loss carry forwards from the previous year and for withdrawals from or transfers to reserves. Certain reserves must be established by law. If the Management Board and Supervisory Board approve the annual financial statements, they may transfer an amount of up to 50% of the net income for the year to other revenue reserves within the meaning of Section 266 (3) A No. III. 4 of the German Commercial Code (HGB); they are also authorized to transfer up to a further 50% of the remaining net income for the year to other revenue reserves, provided that the other revenue reserves do not exceed half of the capital stock and that they would not exceed half of the capital stock after the transfer. In calculating the portion of the net income to be transferred to other revenue reserves, amounts to be transferred to the legal reserve and any loss carried forward shall be deducted in advance from the net income. There are no dividend restrictions or special procedures for non-resident security holders.

The New Shares participate in any liquidation proceeds in proportion to their arithmetical share of the capital stock. Within the capital structure of the Issuer, the New Shares count as equity capital; thus, in the event of insolvency, claims arising from the New Shares will only be settled after all other claims of other debtors have been settled in full. In addition, there is a right to subscribe to newly issued shares in the event of capital increases (Section 186 AktG).

Each New Share grants one vote at the Annual General Meeting.

1.4 ISIN, WKN, stock exchange symbol

International Securities Identification Number (ISIN): DE000A40KXL9
Securities identification number (WKN): A40KXL
Stock exchange symbol: AMMN

1.5 Paying Agent

The paying agent is Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany.

2. Selling Restrictions

Publication, dispatch, distribution or reproduction of the Subscription Offer or a summary or other description of the conditions contained in the Subscription Offer may be subject to restrictions abroad. With the exception of publication in the German Federal Gazette (Bundesanzeiger) and forwarding of the Subscription Offer with the approval of the Company, the Subscription Offer may not be published, sent, distributed or forwarded by third parties, either directly or indirectly, in or to foreign countries, to the extent that this is prohibited under the applicable foreign provisions or is dependent on compliance with official procedures or the granting of approval. This also applies to a summary or other description of the terms and conditions contained in this rights offering. The Company does not warrant that the publication, dispatch, distribution or dissemination of the Subscription Offer outside the Federal Republic of Germany complies with the respective applicable legal provisions. The acceptance of this Offer outside the Federal Republic of Germany may be subject to restrictions. Persons wishing to accept the Offer outside the Federal Republic of Germany are requested to inform themselves about any restrictions existing outside the Federal Republic of Germany.

The New Shares have not been and will not be registered under the Securities Act or with the securities regulatory authorities of any state of the United States of America. The New Shares may not be offered, exercised, sold or delivered, directly or indirectly, in the United States of America except pursuant to an exemption from the registration requirements of the Securities Act and the securities laws of each state of the United States of America. The same applies to an offer, sale or delivery to U.S. persons within the meaning of the U.S. Securities Act.

3. Lock-up Commitments

The 53,416,548 new shares are freely tradable and are not subject to a lock-up period. However, it is planned that certain major existing shareholders will agree to a lock-up period with H.I.G. Discussions are still ongoing in this regard. Otherwise, there are no restrictions on the free tradability of the issuer's shares..

4. Tax legislation warning

Attention is drawn to the fact that the tax legislation of the investor's Member State and of the Issuer's State of incorporation (Germany) may affect the income from the securities.

VIII. DETAILS OF THE OFFERING

1. Public Offer

The public offer is a subscription offer to the existing shareholders of The Grounds Real Estate Development AG for 53,416,548 newly issued no-par value ordinary registered shares of the Company from the capital increase against cash contributions resolved by the Annual General Meeting on 19 September 2024 (“**Subscription Offer**”)

The Subscription Offer will be conducted exclusively in accordance with German law. It will be published in the Federal Gazette in accordance with the relevant provisions of stock corporation law in conjunction with the Articles of Association of the Company. In addition, a securities prospectus dated 22 November 2024 has been published and can be viewed at on the Company's website at https://www.thegroundsag.com/de/ in the Investor Relations section.

The wording of the Subscription Offer to be published is expected to be essentially as the following English convenience translation of the German-language prospective Subscription Offer. The legally binding German-language Subscription Offer is expected to be published in the German Federal Gazette (*Bundesanzeiger*) on 27 November 2024:

1.1 Subject of the Offer

This offer relates to 53,416,548 new no-par value ordinary registered shares (*auf den Namen lautende Stückstammaktien*) ("**New Shares**", ISIN: DE000A40KXL9 / WKN: A40KXL) of the The Grounds Real Estate Development AG, Berlin ("**Company**" or "**Issuer**") from a capital increase against contributions in cash and with indirect subscription rights (*mittelbares Bezugsrecht*) for our shareholders at a subscription price of EUR 1.00 per new share ("**Subscription Price**"), resolved upon by the Annual General Meeting on 19 September 2024 ("**Capital Increase**"), each such New Share representing a proportionate amount of EUR 1.00 of the share capital and carrying full dividend rights as from 1 January 2024.

The Capital Increase is preceded by a simplified capital reduction ("**Capital Reduction**"), which was resolved at the same Annual General Meeting. The Capital Reduction is carried out by redeeming a share that was provided to the Company free of charge by a shareholder and combining the remaining shares at a ratio of 2:1, thus reducing the share capital of the Company from EUR 17,805,517.00, divided into 17,805.517 registered no-par value ordinary shares with a notional interest in the share capital of EUR 1.00 each ("**Old Shares**", ISIN: DE000A2GSVV5 / WKN: A2GSVV) to EUR 8,902,758.00, divided into 8,902,758 registered no-par value ordinary shares with a notional interest in the share capital of EUR 1.00 each ("**Converted Shares**", ISIN: DE000A40KXL9 / WKN: A40KXL). Such Capital Reduction will become effective upon entry in the Company's commercial register. The entry is still pending. It is expected to take place during the subscription period. The Company's share capital currently amounts to EUR 17,805,517.00, divided into 17,805,517 registered ordinary shares with no par value.

The technical implementation of the Capital Reduction regarding the securitization of the Converted Shares and their inclusion in the collective safe custody will take place in parallel with the technical implementation of the Capital Increase and the securitization and inclusion in the collective safe custody of the New Shares, which are the subject of this Offer.

The shareholders are granted their statutory subscription right to the New Shares as an indirect subscription right in such a way that Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany ("**Quirin**" or "**Subscription and Settlement Agent**") is admitted to subscribe for and take over the New Shares with the obligation to offer the New Shares to the shareholders of the Company or the holders of subscription rights, as the case may be, under the terms and conditions of this Subscription Offer and to transfer the New Shares to the subscribers in accordance with the exercise of their subscription rights. The subscription ratio is 1:6 (i.e. one Converted Share grants the right to subscribe to six New Shares). However, since the capital reduction has not yet been implemented, a subscription ratio of 2:6 will be implemented in technical terms with regard to the Old Shares (i.e. two Old Shares entitle the holder to subscribe for six New Shares).

1.2 Expected Timetable

The following anticipated timeline is provided for bidding and inclusion including the securities-related implementation of the capital reduction and capital increase:

25 November 2024	Date of approval of the Prospectus by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht).
26 November 2024	Publication of the Prospectus at https://www.thegroundsag.com/de/in the Investor Relations section
27 November 2024	From 27 November 2024, the subscription rights to the New Shares will be separated from the shareholdings and the Old Shares will be listed "ex subscription right"
27 November 2024	Publication of the rights offering
29 November 2024	The subscription rights ((ISIN DE000A40KXK1) will be booked into the shareholders' securities accounts on 29 November 2024 for the number of Old Shares in ISIN DE000A2GSVV5 as of 28 November 2024 in the evening, i.e. one subscription right will be booked for each Old Share and two subscription rights entitle the holder to subscribe for six New Shares at a

	subscription price of EUR 1.00 per share. This corresponds to subscription rights for 6 New Shares per Converted Share.
29 November 2024	Start of subscription period (00:00 hrs)
12 December 2024	End of the subscription period (24:00 hrs)
13 December 2024	Publication of a press release on the number of New Shares subscribed and allotted in the rights offering
19 December 2024	Expected registration of the implementation of the capital increase in the commercial register, after the capital reduction has already been entered in the commercial register and implemented by the custodian banks converting the custody account holdings to the Converted Shares. Each two Old Shares (ISIN: DE000A2GSVV5) will be replaced by one Converted Share (ISIN DE000A40KXL9) with a pro rata amount of the reduced share capital of EUR 1.00.
27 December 2024	Delivery of the New Shares under ISIN DE000A40KXL9
30 December 2024	Inclusion of the New Shares in trading on the Open Market (*Freiverkehr*), segment Primary Market (*Primärmarkt*), of the Duesseldorf Stock Exchange and on the Open Market (*Freiverkehr*), segment Quotation Board, of the Frankfurt Stock Exchange

1.3 Securities Prospectus

In accordance with the provision of Article 3 (1) of the Prospectus Regulation, a securities prospectus has been prepared for the implementation of the Subscription Offer. The securities Prospectus is available on the Company's website at https://www.thegroundsag.com/de/ in the Investor Relations section. In particular with regard to the risk information, this securities Prospectus should be read carefully before any exercise of the subscription right.

1.4 Subscription Price

The New Shares will be issued at an issue price of EUR 1.00 per share. The total issue amount of the New Shares is therefore up to EUR 53,416,548.00. The Subscription Price corresponds to the issue amount, i.e. it is EUR 1.00.

1.5 Subscription Period

The shareholders are requested to exercise their Subscription Rights to the New Shares, to avoid exclusion from exercising their Subscription Rights in the period from

29 November 2024 (0:00 a.m.) to 12 December 2024 (midnight) ("**Subscription Period**").

via their custodian bank at the Subscription and Settlement Agent, Quirin, during normal business hours.

Please note that you may have to contact your custodian bank well before the end of the subscription period due to the processing times there.

Subscription rights that are not exercised on time expire without compensation after the subscription period has expired.

1.6 No exchange trading of Subscription Rights

The Subscription Rights are freely transferable. Neither the Company nor Quirin will organize trading in the Subscription Rights. A price fixing on a stock exchange for the Subscription Rights will also not be applied for.

1.7 Modalities for exercising Subscription Rights

The Subscription Rights (ISIN DE000A40KXK1) to the New Shares will be automatically booked to the securities accounts of the participating banks by Clearstream Banking AG on 29 November 2024. The Subscription Rights shall be deemed to be proof of the right to subscribe for the New Shares.

The determination of the Subscription Rights to which the shareholders are entitled is based on their respective holdings of Old Shares (ISIN DE000A2GSVV5) at the end of 28 November 2024 ("Record Date"). As of 27 November 2024, the Subscription Rights are separated from the shareholdings to the extent of the subscription right existing in accordance with the Subscription Offer. Also, as of 27 November 2024, the Old Shares of the Company are listed "ex subscription right".

In accordance with the subscription ratio, 6 New Shares may be subscribed for one Converted Share. As the subscription rights are set up for technical reasons on the basis of the securities account holdings prior to the technical implementation of the capital reduction, one subscription right will be booked for each Old Share and two subscription rights entitle the holder to subscribe for six New Shares. This corresponds to a subscription right for six new shares per Converted Share.

In order to exercise their Subscription Rights, we ask our shareholders to issue corresponding instructions to their custodian bank using the subscription declaration made available via the custodian banks.

The Subscription Rights, which are to be exercised, are to be transferred by the custodian banks to the settlement agent's securities account held with Clearstream Banking AG no later than the end of the subscription period on 12 December 2024 (24:00 hours). Subscription declarations can only be considered if the subscription price has also been credited to the account of the Subscription and Settlement Agent by this time.

The custodian banks are requested to submit the shareholders' subscriptions collectively to Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany, by no later than the end of the Subscription Period and to pay the subscription price per New Share also received by no later than the end of the Subscription Period to the Subscription and Settlement Agent.

The receipt of the subscription declaration and the subscription price by the Subscription and Settlement Agent is decisive for compliance with the subscription period.

Subscription offers are freely revocable and may be increased or reduced until the end of the Subscription Period; in the event of a reduction, any amounts already paid in excess of the amount of the reduced subscription will be refunded immediately; the same applies in the event of a revocation of the offer. Multiple subscriptions are permitted; there is no minimum or maximum subscription amount. There is no division into tranches. There are no conditions for the closing of the offer. The earliest date on which the offer may be closed is the end of the subscription period on 12 December 2024 (24:00 hours).

The Company reserves the right, at its sole discretion, to extend the subscription period and/or revoke the offer at any time. If the option to amend the terms and conditions of the offer is exercised, the amendment will be published via electronic media, on the Company's website at https://www.thegroundsag.com/de/ in the Investor Relations section and, if required by the Prospectus Regulation, as a supplement to this Prospectus. Investors who have submitted Subscription Offers will not be informed individually. Despite such amendment, the Subscription Offers already submitted shall remain valid. Pursuant to Article 23(2) of the Prospectus Regulation, investors who have already made a declaration of intent to subscribe prior to the publication of a supplement to the prospectus have the right to withdraw such declaration within two working days after the publication of the supplement, provided that the new circumstance or the inaccuracy on account of which the supplement was published occurred prior to the final closing of the public offer and prior to delivery of the securities.

Subscribers are expected to be informed of the result of the subscription via their custodian bank on 13 December 2024. It will not be possible to commence trading prior to such notification.

After registration of the implementation of both the capital reduction and the capital increase in the commercial register, the New Shares will be evidenced in a global certificate which is expected to be deposited with Clearstream Banking AG, Frankfurt am Main, on 27 December 2024 ("**Issue Date**").

The New Shares are expected to be delivered on 30 December 2024.

1.8 Commissions

For the subscription of New Shares, the depositary banks generally charge the shareholders exercising their Subscription Rights the customary bank commission. Shareholders are advised to ask their depositary bank in advance about the details. Costs charged to shareholders by custodian banks will not be reimbursed by the Company or Quirin. No costs or taxes are charged to subscribers by the Company.

1.9 No Oversubscriptions, Reimbursement of Overpayments

There is no oversubscription right to new shares in excess of the subscription right.

If there is an oversubscription or overpayment, investors will be reimbursed by the Company for their paid oversubscriptions and other overpayments for which they do not receive any shares within five banking days in Frankfurt am Main after the end of the allocation. There are no other possibilities of reclaiming.

1.10 Allocation, Backstop and Utilization of New Shares not subscribed for by holders of statutory subscription rights

The shares subscribed for in the Subscription Offer will be allotted in full in accordance with the subscription right to which the respective subscriber is entitled.

The Anchor Investor has undertaken to subscribe for 40,000,000 New Shares under a pre-subscription agreement. To make this possible, various existing shareholders will waive their subscription rights or assign them to the Anchor Investor. The subscription obligation is subject to various conditions precedent.

The Management Board may freely utilize New Shares not subscribed for by holders of statutory subscription rights and allow third parties to subscribe. The Company has undertaken to allocate to the Anchor Investor, at its request, all New Shares that are not subscribed for on the basis of the statutory subscription rights.

No further allocation arrangements have yet been made.

1.11 Important Notes

Quirin has reserved the right to withdraw from or terminate the agreement on subscription and underwriting of the capital increase (the "**Subscription and Underwriting Agreement**") even after it has been signed if extraordinary, unavoidable events of an economic or political nature or government measures result in a fundamental change in the conditions on the capital market, which jeopardizes the implementation of the capital increase with subscription rights and no longer appears reasonable for Quirin. Furthermore, the Subscription and Underwriting Agreement is subject to the condition that, in Qirin's reasonable and justified opinion, the conditions prevailing on the capital market at the time of issue permit the capital increase with subscription rights to be presented and the subscription price to be realized.

Quirin is also entitled to rescind or terminate the Subscription and Underwriting Agreement if other circumstances exist which, in the reasonable and justified opinion of Quirin, make the implementation of the capital increase with subscription rights as described above appear unsuccessful.

In the event of termination of the Subscription and Underwriting Agreement of the capital increase prior to registration of the implementation of the capital increase in the commercial register or in the event of non-registration of the implementation of the capital increase in the commercial register, and thus in each case prior to the creation of the New Shares, the Subscription Offer shall lapse.

In these cases, Quirin is entitled to reverse the Subscription Offer. In the event of such a reversal, the subscription orders of shareholders will be reversed and the amounts already paid in payment of the subscription price will be refunded. These claims for repayment or settlement are generally unsecured. In this case, shareholders run the risk that they will not be able to realize their claims for repayment or settlement. Investors who have acquired Subscription Rights against payment could suffer a loss if the implementation of the capital increase is not entered in the Commercial Register.

If short sales have already taken place prior to the entry of the New Shares in the securities accounts of the respective purchasers, the seller alone bears the risk of not being able to fulfil the obligations entered into through a short sale by timely delivery of shares.

2. Underwriting

a) Subject

The Company and Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin entered into an agreement on 23/25 September 2024 for the technical processing of the cash Capital Increase. In this agreement, Quirin has undertaken, without issuing a placement guarantee, to subscribe for the total number of up to 53,416,548 New Shares for which the subscription right has been exercised in accordance with the agreement and subject to the fulfilment of certain conditions. Quirin will be responsible for the technical settlement of the public offering, including the inclusion of the shares for trading on the Open Market (Freiverkehr), segment Primary Market (Primärmarkt), of the Duesseldorf Stock Exchange and the Open Market (Freiverkehr), segment Quotation Board, of the Frankfurt Stock Exchange.

b) Resignation

The contract with Quirin has an indefinite term and terminates automatically upon full completion of the transaction and fulfilment of all mutual obligations under the contract. The contract may be terminated by either party at any time with immediate effect without cause. In this case, all obligations under this agreement shall cease, with the exception of claims for remuneration already incurred and the claim for reimbursement of costs and expenses already incurred at the time of termination of the mandate agreement. In the event that the Agreement is terminated by the Company without good cause, Quirin's claim to remuneration shall remain unaffected insofar as a transaction of the type described in the Terms of Reference of the Agreement is carried out within six months of the termination of the Agreement. The right to terminate for cause remains unaffected for both parties.

c) Indemnification

In the agreement with Quirin, the Company has undertaken to indemnify Quirin and its affiliated companies within the meaning of Section 15 of the AktG - including their employees, executive bodies or representatives - ("Quirin Group") under certain conditions against all justified claims to which a member of the Quirin Group is exposed in connection with the implementation of the transaction. The indemnification claim extends to the necessary judicial and extrajudicial costs of legal defence. A claim for indemnification does not exist insofar as the claim was caused by a member of the Quirin Group intentionally or through gross negligence.

3. Dilution

The New Shares will initially be issued to existing shareholders under the Subscription Rights. Only if and to the extent that existing shareholders do not make full use of their Subscription Rights in the context of the present offer will their percentage shareholding in the Issuer's share capital and thus also the weight of their voting rights decrease.

In the event of a full placement of the New Shares with persons who have not been shareholders of the Issuer to date, the participation in the share capital/voting rights of the existing shareholders will be reduced by approximately 85.71% to approximately 14.29% of the increased share capital.

The pro-forma net book value per existing Converted Share as of 30 June 2024, calculated based on the figures from the Issuer's unaudited consolidated financial statements for the half year from 1 January to 30 June 2024 less the capital reduction amount, amounts to approximately EUR 0.89 per Converted Share. The pro-forma net book value per Converted Share as of 30 June 2024 is calculated by deducting total liabilities (EUR 118,085,372.68) and provisions (EUR 4,567,081.53) as well as the capital reduction amount (EUR 8,902,759.00) from total assets (EUR 139,485,719.26) and dividing the resulting amount by the number of Converted Shares (8,902,758).

In the event of a full placement of the New Shares outside the circle of existing shareholders and on the basis of the estimated issue costs of approximately EUR 500,000.00, the Company would receive net issue proceeds of EUR 52,916,548.00. If this had already occurred on 30 June 2024, and if a number of shares corresponding to the sum of the Converted Shares and the New Shares had existed at the same time, the net book value would have amounted to approximately EUR 0.98 per share and the notional net book value would have amounted to EUR 60,847,054.05 in total. This would mean an immediate increase in the net book value of approximately EUR 0.09 per Converted Share (approximately 9.61%) for existing shareholders and a theoretical loss of EUR 0.02 per New Share (2.36%) for subscribers to the capital increase who were not previously shareholders of the Company and who acquire New Shares at the offer price of EUR 1.00.

IX. GOVERNING BODIES

The corporate bodies of the Company are the Management Board, the Supervisory Board and the Annual General Meeting. The powers of these bodies are governed by the German Stock Corporation Act, the Articles of Association and the Rules of Procedure for the Management Board.

1. Management Board

a) Composition, decision-making and representation

According to the Company's Articles of Association, the Management Board of The Grounds Real Estate Development AG consists of one or more persons and may even consist of one person if the Company's share capital exceeds EUR 3 million. The number of members of the Management Board is determined by the Supervisory Board. Currently, the Company's Management Board consists of one person, Mr. Jacopo Mingazzini.

The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. A repeated appointment or extension of the term of office, in each case for a maximum of five years, is permitted. The Supervisory Board may revoke the appointment of a member of the Management Board before the end of the term of office for good cause, for example in the event of gross breach of duty or if the Annual General Meeting withdraws its confidence in the Management Board member.

If there is more than one member of the Management Board, in accordance with its Rules of Procedure, the Management Board generally makes its decisions at meetings. Resolutions require the presence of the Spokesperson/Chairman and, as a rule, all other members; in exceptional cases and in urgent matters, the subsequent consent of an absent member of the Management Board must be obtained as soon as possible. Where possible, the Management Board should pass its resolutions by mutual agreement. If, in exceptional cases, there is no consensus on a matter to be decided, unless unanimity is required by law, the Spokesperson/Chairman of the Management Board shall determine whether the resolution should be suspended or whether a resolution of the Management Board is to be passed by a simple majority of the votes of the Management Board members participating in the resolution. In the event of a tie, the Spokesman/Chairman of the Management Board shall have the casting vote.

The Rules of Procedure of the Management Board also contain a catalogue of transactions and measures of the Company and its subsidiaries that the Management Board may only carry out or participate in on behalf of the Company with the approval of the Supervisory Board.

If only one member of the Management Board has been appointed, he or she shall represent the Company alone. If the Management Board is composed of several members, the Company shall be represented by two Management Board members jointly or by one Management Board member jointly with a holder of a general commercial power of representation. If several members of the Management Board have been appointed, the Supervisory Board may determine that individual, several or all members of the Management Board are authorized to represent the Company individually and/or are authorized to enter into legal transactions on behalf of the Company and as representatives of third parties (multiple representation), Sec. 181 Alt. 2 German Civil Code.

b) Current only member of the Management Board

Jacopo Mingazzini (born 1 December 1966), resident in Berlin:

Mr. Mingazzini studied business administration at the Ludwig-Maximilians-University in Munich and at the University of Bologna. Parallel to his career start at a medium-sized housing construction and privatization company, he completed a part-time degree in real estate economics at the European Business School in Oestrich-Winkel, graduating in 1994 as a real estate economist. In 1999, he founded Accentro GmbH and was its Managing Director from then until 2020. From 2012 to March 2020, he was member of the Management Board of Accentro Real Estate AG. Jacopo Mingazzini was appointed to the Company's Management Board effective 1 August 2020. He is appointed until 31 December 2024.

The following overview shows the functions that Mr. Mingazzini exercises or has exercised as a member of an administrative, management or supervisory body or as a personally liable partner of a partnership in companies outside The Grounds Group in the last 5 years:

Company	Function	From - until
ACCENTRO Real Estate AG	Member of the Management Board	2012 - 2020
Emmalu GmbH	Managing Director	Since 2018

The employment contract of Mr. Mingazzini with The Grounds Real Estate Development AG was concluded on 20 July 2020 and runs until 31 December 2024. In the event of an extension of the term of office as a member of the Management Board of the Company, the contract shall be extended until the end of the extension of the term of office.

The fixed compensation of the Mr. Mingazzini is EUR 240,000.00 gross p.a. payable in twelve equal monthly amounts at the end of each calendar month. The fixed annual can be adjusted by agreement with the Supervisory Board with effect from 1 January of each calendar year. Mr. Mingazzini also receives variable remuneration (bonus) which the Board of Directors determines for the past financial year. The bonus is calculated on the basis of the earnings after taxes in the IFRS consolidated financial statements of The Grounds Group and is capped at EUR 480,000.00 per financial year.

In addition, Mr. Mingazzini received 700,000 stock options as long-term compensation and receives a monthly lump sum of EUR 1,500.00 for the use of his private car for business purposes.

The Company maintains directors' and officers' liability insurance (D&O insurance) for Mr. Mingazzini at standard market conditions in the event that a claim is made against Mr. Mingazzini for financial loss by a third party or the Company on the basis of statutory liability provisions under private law due to a breach of duty committed in the performance of his duties.

The current service contract of Mr. Mingazzini does not provide for any special benefits upon termination. Apart from that, there is no service agreement between the Management Board and the Company or its subsidiaries that provides for any benefits upon termination of the service relationship.

There are no reserves or provisions at the Issuer or its subsidiaries for pension or annuity payments or similar benefits in favor of Mr. Mingazzini. There are currently no corresponding commitments either.

c) Loans, shareholdings, promissory notes and other legal relationships

No loans were granted to the Management Board in the past financial year. On the contrary, Mr. Mingazzini has granted a loan to a subsidiary of the Issuer (see section XI. 4. Related Party Transactions).

As of the date of the Prospectus, the sole member of the Management Board indirectly holds 1.7% of the share capital of the Issuer via Emmalu GmbH. Emmalu GmbH has assigned its subscription rights from the Capital Increase to the Anchor Investor and has also and agreed a call option with the Anchor Investor in respect of the shares it holds in the Issuer.

In the last five years, no sanctions have been imposed on the sole member of the Management Board for violating domestic or foreign provisions of criminal or capital market law; in particular, no guilty verdicts have been issued in relation to fraudulent criminal acts.

No public accusations have been made against the sole member of the Board of Management and/or sanctions imposed by the statutory authorities or regulatory bodies (including certain professional associations), nor have they ever been deemed unfit by a court for membership of the administrative, management or supervisory body of an Issuer or for activity in the management or conduct of the business of an Issuer.

There are no family relationships between the sole member of the Management Board or between the members of the Supervisory Board and the Management Board.

The Management Board can be contacted at the Company's business address.

2. Supervisory Board

a) Composition, decision-making and committees

The Supervisory Board consists of three members who are elected by the Annual General Meeting. In accordance with the Company's Articles of Association, the election is for the period until the end of the Annual General Meeting that resolves on the ratification of the acts of the Supervisory Board for the fourth fiscal year after the beginning of the term of office, not including the fiscal year in which the term of office begins. Re-election is possible. At the same time as electing the ordinary members of the Supervisory Board, the Annual General Meeting may elect substitute members for a specific member or members of the Supervisory Board, who shall join the Supervisory Board in a sequence to be determined at the time of election if the member of the Supervisory Board for whom they are appointed as substitute member retires prematurely without a successor having been appointed.
Pursuant to Sec. 100 of the German Stock Corporation Act (AktG), a person may not be a member of the Supervisory Board if (i) he or she is already a member of the supervisory boards of ten commercial companies required by law to have supervisory boards, (ii) he or she is a legal representative of a company dependent on the Company, (iii) he or she is a legal representative of another corporation whose supervisory board includes a member of the Company's Management Board, or (iv) he or she has been a member of the Management Board of the same listed company in the last two years, unless he or she is elected at the proposal of shareholders holding more than 25% of the voting rights in the Company.

According to the Articles of Association, each member of the Supervisory Board and each substitute member may resign from office by giving four weeks' notice to the chairman of the Management Board in text form, even without good cause.

Immediately after its election at the Annual General Meeting, the Supervisory Board shall elect a Chairman and Deputy Chairman from among its members for the term of office of the respective elected Supervisory Board member. The Chairman of the Supervisory Board and, if he is prevented from attending, his deputy, are the permanent representatives of the Supervisory Board vis-à-vis third parties, in particular the courts, authorities and the Management Board.

The Chairman of the Supervisory Board is responsible for convening the meetings of the Supervisory Board. The Supervisory Board shall constitute a quorum if all members have been duly invited and at least three members participate in the adoption of the resolution. Absent members may participate in the adoption of resolutions at a meeting in person by submitting a written vote by a member present.

Resolutions of the Supervisory Board are generally adopted in meetings. Outside meetings, resolutions may be passed by order of the Chairman in writing, by fax, by e-mail, orally or by telephone.

The Supervisory Board of the Issuer has not formed any committees.

b) Current members

The names and main activities of the current members of the Supervisory Board of The Grounds Real Estate Development AG are:

Name	**Main activities outside the Supervisory Board**
Dr. Peter Maser	Lawyer
Thomas Bergander	Business economist
Eric Mozanowski	Merchant

Dr. Peter Maser, born 17 January 1960, resident in Stuttgart, German citizen:

Dr. Maser studied law at the Universities of Tübingen and Geneva. Parallel to his doctorate in banking and stock exchange law, he then worked as a research assistant at the University of Tübingen. He has been a partner at Deloitte Legal since 2003. Prior to this, he worked in a renowned multidisciplinary law firm and before that in two industrial companies in the areas of investment management and controlling. Dr. Maser's practice focuses on providing legal advice to industrial and financial companies in the areas of banking and capital markets law (including regulatory law) on the one hand and corporate law (including compliance and M&A) on the other. He has worked on a large number of corporate finance projects (IPOs, bond issues, syndicated loans). He has regularly dealt with compliance issues and topics relating to directors' and officers' liability and remuneration. In the M&A area, he has extensive experience in all phases of a transaction. Dr. Maser is a member of the supervisory board and head of the audit committee of a major regional bank and deputy chairman of the supervisory board of a listed real estate company. He is also a lecturer in banking and capital market law at Geislingen/Nürtingen University and at the co-operative management academy in Montabaur. Dr. Maser has been member of the Supervisory Board since July 2023.

The following overview shows the functions that Mr. Maser exercises or has exercised as a member of an administrative, management or supervisory body or as a personally liable partner of a partnership in companies outside The Grounds Group in the last 5 years:

Company	Function	From - until
BF.direkt AG	Chairman of the Supervisory Board	Since 2000
Volksbank Stuttgart eG	Deputy chairman of the Supervisory Board	2003 until 2023
HUCON AG	Chairman of the Supervisory Board	Since 2017
MP Verwaltungs GmbH	Managing Director	Since 2014
Adler Group SA	Chairman of the Board of Directors	2019 until 2022
EURAM Bank AG, Wien	Deputy chairman of the Supervisory Board	Since 2015
Sporthouse.de AG	Chairman of the Supervisory Board	Since 2017

Thomas Bergander, born 10 January 1961, resident in Oberstdorf, German citizen:

Thomas Bergander, a graduate in business administration and financial economics, has many years of experience as a consultant to real estate companies and as a project developer. He has extensive and outstanding market knowledge. Through his company Taurecon Real Estate Consulting GmbH, he planned the Quartier Heidestraße project on behalf of the investors and coordinated the entire project development process. This included, among other things, the development plan for the area and, in close cooperation with the responsible departments and officials of the municipal and state authorities, the organisation of several architectural competitions, including implementation and awarding of prizes. As managing owner, Thomas Bergander was responsible for the realisation of the diverse quarter. Around 1,000 apartments and approx. 150,000 sqm of office space were created.

The following overview shows the functions that Mr. Bergander exercises or has exercised as a member of an administrative, management or supervisory body or as a personally liable partner of a partnership in companies outside The Grounds Group in the last 5 years:

Company	Function	From - until
Taurecon Real Estate Consulting GmbH	Managing Director	Since 2013
Squadra Immobilien GmbH & Co. KGaA	Managing Director	2014 until 2024
Quartier Heidestraße GmbH	Managing Director	2013 until 2023

Eric Mozanowski, born 9 June 1966, resident in Stuttgart, German citizen:

Mr. Mozanowski, a businessman in the real estate and housing industry, has been self-employed since 1988 and has built up and advised various real estate companies over the past almost 30 years.

He focused on project development and refurbishment of existing and listed properties and their subsequent marketing, with a sales volume of over 10,000 completed residential units. From 2008 to 2011, Mr. Mozanowski was a member of the Management Board of Estavis AG Berlin. From June 2014 to 2016, Mr. Mozanowski was a member of the Supervisory Board of The Grounds Real Estate Development AG (former Netwatch AG). From 2017 to 2018 Mr. Mozanowski was a member of the Management Board of The Grounds Real Estate Development AG. From 2019 to 2024 Mr. Mozanowski was chairman of the Supervisory Board of the former Capstone Opportunities AG (now Capstone Opportunities GmbH). Since August 2020 Mr. Mozanowski has again been a member of the Supervisory Board of The Grounds Real Estate Development AG.

The following overview shows the functions that Mr. Mozanowski exercises or has exercised as a member of an administrative, management or supervisory body or as a personally liable partner of a partnership in companies outside The Grounds Group in the last 5 years:

Company	Function	From - until
ZuHause Real Estate Group GmbH	Founder, CEO	since 2012

c) Remuneration

The members of the Supervisory Board receive remuneration of EUR 15,000.00 for each full financial year for their respective activities as member of the Supervisory Board. The chairman of the Supervisory Board receives double and the deputy chairman of the Supervisory Board 1,5 of the remuneration amount. A Supervisory Board member who is elected to the Supervisory Board or who resigns from the Supervisory Board in the course of a financial year shall receive the expense allowance on a pro rata basis for the time in which he or she is a member of the Supervisory Board.

In fiscal year 2023, the members of the Supervisory Board therefore received the following compensation:

Supervisory Board members in office in fiscal year 2023	Remuneration
Timo Tschammler (in charge until 4 July 2023)	EUR 15,123.29
Dr. Peter Maser (in charge from 4 July 2023)	EUR 14,876.71
Armin Hofmann (in charge until 30 November 2023)	EUR 20,589.04
Thomas Bergander (in charge from 1 December 2023 on)	EUR 1,910.96
Eric Mozanowski	EUR 15,000.00
SUM:	EUR 67,500.00

d) Loans, shareholdings, promissory notes and other legal relationships

No loans were granted to members of the Supervisory Board in the past fiscal year.

In the last five years, no sanctions were imposed on the members of the Supervisory Board for violations of domestic or foreign provisions of criminal and capital market law; in particular, no guilty verdicts were issued in relation to fraudulent criminal acts. The members of the Supervisory Board have not been the subject of any public accusations and/or sanctions by statutory authorities or regulatory bodies (including certain professional associations), nor have they ever been deemed unfit by a court to serve on the administrative, management or supervisory body of an Issuer or to serve in the management or conduct the business of an Issuer during the past five years.

As of the date of the Prospectus, Eric Mozanowski indirectly holds 12.7% of the share capital of the Issuer via ZuHause Real Estate Group GmbH, which has assigned its subscription rights from the Capital Increase to the Anchor Investor and has also already agreed to sell its existing stake to the Anchor Investor.

Unless otherwise stated above, the members of the Supervisory Board do not directly or indirectly hold shares in the Issuer as of the date of this Prospectus.

There are no family relationships between the members of the Supervisory Board or between members of the Supervisory Board and the Management Board.

The members of the Supervisory Board can be reached at the Company's business address.

3. Annual General Meeting

a) Introduction

The Annual General Meeting is the meeting of shareholders. The Annual General Meeting shall be held, at the discretion of the convoking body, at the registered office of the Company or at the registered office of a German stock exchange. Each share entitles the holder to one vote at the Annual General Meeting. There are no restrictions on voting rights. Voting rights shall not arise until the legal minimum deposit to the share has been paid in full. Voting rights may be exercised by proxy. Text form (§ 126b German Civil Code) is required and sufficient for the authorization. The invitation to the Annual General Meeting may stipulate otherwise. For the period until 20 June 2027, the Management Board shall be entitled to convene Annual General Meetings also as so-called virtual Annual General Meetings without the physical participation of the shareholders or their proxies.

b) Resolution

Unless otherwise required by law, resolutions are adopted at the Annual General Meeting by a simple majority of the valid votes cast and, where the law requires a capital majority in addition to a voting majority, by a simple majority of the capital stock represented at the meeting.

Neither stock corporation law nor the Articles of Association stipulate a minimum quorum for the Annual General Meeting.

For the adoption of resolutions on

(a) the amendment of the Articles of Association, other than an amendment to the objects of the Company,

(b) an ordinary capital increase in which the shareholders' subscription rights is not excluded, or

(c) the issuance of convertible bonds and profit participation bonds and the granting of profit participation rights for which the shareholders' subscription rights are not excluded

a simple majority of the votes cast is sufficient.

Under stock corporation law, resolutions of fundamental importance require, in addition to a majority of the votes cast, a majority of at least three quarters of the capital stock represented when the resolution is adopted. Such resolutions of fundamental importance include in particular:

- Capital increases excluding subscription rights,
- capital reductions,
- the creation of authorized or conditional capital,
- split-up or spin-off, and the transfer of the entire assets of the Company,
- the conclusion of inter-company agreements (e.g. control and profit transfer agreements),
- the change of the legal form of the Company, and
- the dissolution of the Company.

X. FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS (KPIs)

1. Historical Financial Information

The financial information of the Issuer as set out in detail in section I. (INCORPORATION OF CERTAIN INFORMATION/DISCLOSURES BY REFERENCE) is incorporated by reference into, and forms part of, this Prospectus.

The consolidated financial statements of the Issuer for the financial years from 1 January to 31 December 2023 and from 1 January to 31 December 2022 (IFRS) and the financial statements of the Issuer for the financial year from 1 January to 31 December 2023 (HGB) were each audited by Buschmann & Bretzel GmbH Wirtschaftsprüfungsgesellschaft, Berlin, and received an unqualified audit opinion. The annual financial statements were audited in accordance with Sec. 317 of the German Commercial Code (*HGB*) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

The following key financial information is derived from the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2023, prepared in accordance with IFRS and the unaudited condensed consolidated interim financial information of the Company for the half year from 1 January to 30 June 2024, prepared in accordance with IFRS.

In the following table, the issuer also presents financial information that is not mandatory information under HGB, IFRS or other internationally recognized accounting principles (“**Alternative Performance Measures**”), namely earnings before interest and taxes (“**EBIT**”). These are alternative performance measures as defined in the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA) and published on 5 October 2015.

The Company is presenting these alternative performance measures because it uses them to measure the operating performance of The Grounds Group and as a basis for its strategic planning and because the Company expects that such alternative performance measures will be used by investors and analysts to assess the performance of The Grounds Group.

These alternative performance measures should not be considered as an alternative to, or substitute for, profit or other data included in the Company's financial statements, such as balance sheets, income statements and cash flow statements prepared in accordance with internationally accepted accounting principles, or as a measure of profitability or liquidity. The alternative performance measures are not necessarily indicative of whether the cash flows will be sufficient to meet The Grounds Group's cash requirements and may not be indicative of the Company's future results. In addition, the alternative performance measures should not be considered a substitute for an analysis of The Grounds Group's operating results prepared in accordance with internationally accepted accounting principles and may not be comparable to similarly titled information of other companies. The alternative performance measures have been prepared in accordance with the accounting principles applied to date and the company's reporting, accounting and valuation methods.

Selected items of the consolidated income statement in TEUR, IFRS	1 January - 30 June 2024 (unaudited)	1 January - 30 June 2023 (unaudited)
Revenue	8,710	16,218
Earnings before income taxes	-7,604	-1,605
Net Earnings	-8,079	-1,065
Earnings before interest and taxes (EBIT)	-4,287	354
Selected items of the consolidated balance sheet in TEUR, IFRS	**30 June 2024 (unaudited)**	**30 June 2023 (unaudited)**
Total Assets	139,486	144,911
Total Equity	16,833	31,640
Selected material items of the consolidated cash flow statement in TEUR, IFRS	**1 January - 30 June 2024 (unaudited)**	**1 January - 30 June 2023 (unaudited)**
Cash flows from operating activities	-2,725	-8,392
Cash flows from investing activities	-72	599
Cash flows from financing activities	1,062	6,117

Selected items of the consolidated income statement in TEUR, IFRS	1 January – 31 December 2023 (audited)	1 January – 31 December 2022 (audited)
Sales Revenue	23,896	36,751
Earnings before income taxes	-4,757	3,349
Net Earnings	-7,586	1,186
Earnings before interest and taxes (EBIT)	-4,794	3,359
Selected items of the consolidated balance sheet in TEUR, IFRS	**31 December 2022 (audited)**	**31 December 2022 (audited)**
Total Assets	147,816	138,279
Total Equity	24,833	32,569
Selected material items of the consolidated cash flow statement in TEUR, IFRS	**1 January – 31 December 2023 (audited)**	**1 January – 31 December 2022 (audited)**
Cash flows from operating activities	-14,907	-12,453
Cash flows from investing activities	405	-4,421
Cash flows from financing activities	15,257	16,732

2. Significant changes in the Issuer’s financial position

The following significant changes have occurred in the financial position of the The Grounds Group since 30 June 2024:

a) Increase of the secured bond issued to the Anchor Investor by EUR 4.5 million

In October 2023, the Anchor Investor agreed to provide the Issuer with interim financing in the amount of EUR 10 million in the form of a secured bond (see above under section VI. 1. a)). Shares in certain companies of The Grounds Group, receivables of the Issuer and loan repayment claims of shareholders of the Issuer against the Issuer, each of which has been assigned to a Security Trustee, serve as collateral. In February 2024 the parties agreed to increase the volume of the bond by EUR 2,5 million. In August 2024 the Anchor Investor agreed to increase the volume of the bond by a further EUR 4.5 million. Together with the prior increase, the volume of this secured bond now amounts to EUR 17 million. At the same time, the term of the bond was extended to 31 December 2029.

b) Conversion of the Public Bond 2021/2027 into a zero-coupon bond.

As one of the measures to restructure the Company's financing, the bondholders of the Issuer's 2021/2024 convertible bond had already agreed in December 2023 to extend the term of the bond by three years with modified conditions, including an increase in the interest rate to 8% p.a. for the extended term and a deletion of the conversion right (see above under section V. 2. a) i)). The new name of the bond, which was restructured correspondingly in February 2024, is therefore “Bond 2021/2027”.

In a vote without a meeting from 16 October to 18 October 2024, the creditors of the Public Bond 2021/2027 agreed to convert such bond into a zero-coupon bond without interest from 18 August 2024 to 17 February 2027. In the event of a postponement of the maturity date to 18 February 2029 the interest rate will revert to 6% p.a. from 18 February 2027 (inclusive) to 17 February 2029. The conversion is subject to the condition precedent that the Anchor Investor and/or another company of the H.I.G Capital Group subscribes for at least 40,000,000 New Shares from the capital increase resolved by the Company's Annual General Meeting on 19 September 2024 under agenda item 7 and that the implementation of the capital increase is entered in the Company's commercial register by 31 January 2025. Accordingly, the implementation of this second bond restructuring is still pending.

c) Settlement agreement regarding claims arising from the Issuer's joint liability for the repayment of a loan in the amount of EUR 5 million granted to HAT 3 Projektentwicklungsgesellschaft mbH

The following possible settlement agreement is currently discussed: The Issuer acquires the loan repayment claim against HAT 3 Projektentwicklungsgesellschaft mbH in the amount of EUR 5 million, for which it had assumed joint liability. As soon as the acquisition of the loan repayment claim has been completed, the Issuer's joint liability for the repayment of the loan will cease to apply. However, the Issuer will continue to see itself as bound by the obligation to partially release HAT 3 Projektentwicklungsgesellschaft mbH from the obligation to repay the loan in the amount of EUR 3.5 million. Further details are provided in section V. 2. a) v) above.

d) Extension of the term of all financing utilized by the Issuer and/or its affiliated companies that would have expired or become due for repayment in 2024

The issuer is in the process of agreeing an extension of the respective term with the creditors of all credit facilities or other loans or credits utilized by the company and/or its affiliated companies that would have expired or been due for repayment in 2024, unless it can alternatively agree with H.I.G. to waive this condition for the subscription obligation.

3. Dividend policy

The Issuer did not pay any dividends for the financial years 2022 and 2023 and does not plan to distribute any dividends in the foreseeable future, as the cash should be primarily used to fund the business activities. The Management Board together with the Supervisory Board might decide to distribute a dividend on an annual basis in the medium or long term. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, inter alia, the results of operations, financial condition, market developments, contractual restrictions and capital requirements at the relevant time. The Issuer’s future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

XI. SHAREHOLDERS, SHARE CAPITAL, LEGAL PROCEEDINGS AND MATERIAL AGREEMENTS

1. Major shareholders

To the Company's knowledge, the following shareholders hold shares in the Company's capital stock as of the date of this Prospectus:

Name	Number of Shares before capital decrease	Number of Shares after capital decrease	in % (rounded)
Millennium Verwaltungs GmbH (Armin Hofmann)	5,748,574	2,874,287	32.3%
ZuHause Real Estate Group GmbH (Eric Mozanowski)	2,265,054	1,132,527	12.7%
Tarentum GmbH	2,203,000	1,101,500	12.4%
Deutsche Balaton Aktiengesellschaft	1,604,338	802,169	9.0%
RESI Beteiligungs GmbH (Hans Wittmann)	1,407,536	703,768	7.9%
Xammit Vermögensverwaltung GmbH (Arndt Krienen)	670,000	335,000	3,8%
Emmalu GmbH (Jacopo Mingazzini):	303,581	151,790	1.7%
Freefloat:	3,603,434	1,801,717	20.2%
SUM:	**17,805,517**	**8,902,758**	**100.00%**

The shareholders of The Grounds Real Estate Development AG have one vote from each share, as do all other shareholders. There are no different voting rights for individual shares in The Grounds Real Estate Development AG.

To the Company's knowledge, there are no controlling relationships as of the date of this Prospectus.

There are no provisions in the Issuer's Articles of Association or the Certificate of Incorporation that could delay, defer or prevent a change in control of the Issuer. There are no measures in place to prevent abuse of control.

2. Legal and Arbitration Proceedings

There are no government interventions, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which have been commenced, pending or completed in at least the last twelve months and which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or The Grounds Group.

3. No further conflicts of interests

Apart from the potential conflicts of interest mentioned in section IX. 1. b) and IX. 2. d) above and in the section XI. 4. below, the Issuer is not aware of any potential conflicts of interest between the obligations of the members of Administrative, Management and Supervisory bodies and Senior Management towards the Issuer and their private interests and/or other obligations. There are no conflicts of interest in relation to other persons.

4. Related Party Transactions

At the date of the last financial statement, i.e. June 30, 2024, the Issuer was party to the following related party transactions:

4.1 Receivables from associated companies and from shareholders

As at 30 June 2024, there were receivables from associated companies in the amount of EUR 630,855.18. These are mainly repayment and interest receivables from the granting of long-term loans with interest rate of 8% respectively. In addition, there are receivables from other exchanges of services and receivables from a financing agreement with a shareholder in the amount of EUR 22,097.74. These are offset by liabilities from other exchanges of services with shareholders in the amount of EUR 7,617.07.

4.2 Liabilities to shareholders

As at 30 June 2024, there were liabilities to shareholders in the amount of EUR 5,375,000.00; of which EUR 5,000,000.00 with a remaining term of more than one year.

a) Joint and several liability for a EUR 5 million loan Mr. Armin Otto Heinrich Hofmann granted to the former sub-subsidiary HAT 3 Projektentwicklungsgesellschaft mbH, Rüsselsheim at an interest rate of 12%

Under an "Agreement on a Loan" dated 30 June 2022, Mr. Armin Otto Heinrich Hofmann, the indirect main shareholder (via Millennium Verwaltungs GmbH, (see section XI. 1. Major shareholders) and at that time deputy chairman Supervisory Board of the Issuer granted HAT 3 Projektentwicklungsgesellschaft mbH, Rüsselsheim (formerly Zeppelin One GmbH, Berlin), a company of which the Issuer was an indirect 50%-shareholder at that time[18], a loan of EUR 5,000,000.00 with a maximum term until 16 January 2026 at an interest rate of 12% per annum. The Issuer has joined the loan agreement as an additional debtor alongside HAT 3 Projektentwicklungsgesellschaft mbH with regard to the repayment and interest claims arising from the loan agreement and is jointly and severally liable with the latter. The agreement does not contain any agreements on the distribution of liability in the internal relationship.

[18] Via TGA Immobilien Erwerb 8 GmbH, at that time a 100 % subsidiary of Capstone Opportunities AG which was sold on 31 January 2024.

As a result of a “Share Purchase and Assignment Agreement regarding the shares of TGA Immobilien Erwerb 8 GmbH”, since 31 January 2024 HAT 3 Projektentwicklungs GmbH is no longer a part of the Issuer’s group, but externally the Issuer is still jointly and severally liable to Mr. Hofmann for the entire loan amount. However, in connection with the sale of TGA Immobilien Erwerb 8 GmbH, the Issuer's joint liability was limited to EUR 3,500,000 in the internal relationship between HAT 3 Projektentwicklungs GmbH and the Issuer. The Issuer recognized a provision in this amount in 2023.

The Anchor Investor's obligation to subscribe for at least 40,000,000 New Shares is subject to the condition precedent that an agreement between the Anchor Investor, the Issuer, Mr. Hofmann and HAT 3 Projektentwicklungsgesellschaft mbH on the future treatment of the claims of Mr. Hofmann and/or HAT 3 and/or any other parties against the Issuer resulting from the accession to debt is reached.

In this context, a possible settlement agreement is currently being discussed, on the basis of which the Issuer would acquire the loan repayment claim against HAT 3 Projektentwicklungsgesellschaft mbH, which it has assumed jointly and severally, and pay it in installments. Upon execution of the purchase of the loan repayment claim, the joint and several liability of the Issuer for the repayment of the loan would cease. However, the Issuer would still consider itself bound by the obligation to partially release HAT 3 Projektentwicklungsgesellschaft mbH from the obligation to repay the loan in the amount of EUR 3.5 million. Further details are provided above in section V. 2. a) v).

b) EUR 250,000.00 loan Mr. Jacopo Mingazzini granted to TG Margaretenstraße GmbH & Co. KG at an interest rate of 6%

Under a loan agreement dated 24 May 2023 Mr. Jacopo Mingazzini, who is the only member of the Issuer’s Management Board and indirectly holds 1,7% of the Company’s share capital as sole shareholder of Emmalu GmbH (see section XI. 1. Major Shareholders) granted TG Margaretenstraße GmbH & Co. KG, a 100% subsidiary of the Issuer, a loan of EUR 250,000.00 at an interest rate of 6% per annum with an original term until 30 August 2026 that was extended to 31 Mach 2025 by addendum. The loan can be repaid early at any time. The term was orally extended. A loan portion of EUR 72,633.33 was outstanding as of 30 June 2024.

c) Loans in totaling EUR 159,055.17 from Shareholders granted to The Grounds Dallgow-Döberitz GmbH, TGA Immobilien Erwerb 14 GmbH and Capstone Opportunities GmbH

Since 20 July 2023, Capstone Opportunities GmbH, 89,9% owned subsidiary of the Issuer, has been taking out loans totaling EUR 34,055.17 at an interest rate of 7% p.a. from RESI Beteiligungs GmbH (EUR 12,812.58), Xammit Vermögensverwaltung GmbH (EUR 4,846.61) and ZuHause Real Estate Group GmbH (EUR 16,395.98).

On 3 June 2024, RESI Beteiligungs GmbH granted The Grounds Dallgow-Döberitz GmbH, wholly owned subsidiary of the Issuer, a loan of EUR 25,000 at an interest rate of 12% p.a..

On 27 July 2024, RESI Beteiligungs GmbH granted TGA Immobilien Erwerb 14 GmbH, wholly owned subsidiary of the Issuer, a loan of EUR 100,000.00 at an interest rate of 16% p.a.

d) Obligation to pay a partial purchase price of EUR 1,080,000.00 assigned to RESI Beteiligungs GmbH to the latter

With notarised purchase agreement dated 8 June 2022, the Issuer acquired 51% of the shares in HIM 5 GmbH (the project company for the “Highfly” project in Blankenfelde Mahlow) from a third party. The Issuer had the option of settling a portion of the purchase price in the amount of EUR 1,080,000.00 by granting 327,273 Old Shares of the Issuer. The original plan was to create these shares by means of a capital increase through a contribution in kind of the partial purchase price claim. But the parties to the purchase agreement then agreed with RESI Beteiligungs GmbH that the latter would deliver the shares from its holding and in return acquire the partial purchase price claim against the Issuer in the amount of EUR 1,080,000.00.

4.3 Transactions with co-shareholders from joint venture projects and minority interests

In addition, the financial liabilities in the consolidated financial statements as of 30 June 2024, include shareholder loans in the amount of EUR 1,808,351.62 from co-shareholders from joint venture projects.

In addition, the Issuer received an advance profit distribution from the 10.1% interest in ZuHause in Heubach GmbH & Co. KG. As of 30 June 2024, this amounts to EUR 379,020.89 and will be offset against the outstanding profit distribution.

Since the date of the last financial statement, i.e. 30 June 2024, the Issuer has not entered any transactions with related parties except for of the matters listed in the above section XI. 4.2 c).

5. Share capital

a) Share capital and shares

The shares of the Company were created in accordance with the provisions of the German Stock Corporation Act.

As of the date of the Prospectus, the Company's share capital amounts to EUR 17,805,517.00, divided into 17,805,517.00.00 no-par value ordinary registered shares, each with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up.

On 19 September 2024, the Annual General Meeting of the Issuer initially resolved to reduce the Company's share capital to EUR 8,902,758.00, divided into 8,902,758 no-par value ordinary registered shares with a notional interest in the share capital of EUR 1.00 each. The Capital Reduction was carried out in a first step by withdrawing a share that was provided to the Company free of charge by a shareholder and in a second step by subsequently consolidating shares at a ratio of 2 : 1. The reason for the capital reduction is to cover losses. The capital reduction is also intended to increase the price per share of the company, thereby enabling the implementation of necessary capital measures at or above the lowest issue price of EUR 1.00 per share, which is currently not possible due to the prohibition of below-par issues, i.e. the prohibition of issuing shares for less than EUR 1.00 per share. Both steps and the corresponding amendments to the Articles of Association will become effective upon entry in the Company's commercial register, which is targeted for early December 2024. The Issuer's Annual General Meeting on 19 September 2024 subsequently resolved to increase the Company's reduced share capital of EUR 8,902,758.00 by up to EUR 53,416,548.00 against cash contributions by issuing up to 53,416,548 new registered no-par value ordinary shares with a notional interest in the share capital of EUR 1.00 each. The increase in share capital by EUR 53,416,548.00 has not yet been entered in the commercial register.

The shares of The Grounds Real Estate AG are tradable on the Open Market (*Freiverkehr*), segment Primary Market (*Primärmarkt*), of the Duesseldorf Stock Exchange and on the Open Market (*Freiverkehr*), segment Quotation Board, of the Frankfurt Stock Exchange. They are not admitted to trading on the regulated market.

All shares of the Company are certificated in one or more global certificates, which are held in custody at Clearstream Banking AG, Frankfurt.

As of the date of this Prospectus, the Company does not hold any treasury shares, nor does a third party hold any Company shares on behalf of, or for the account of, the Company. No authorization to purchase and use treasury shares has been resolved by the Annual General Meeting.

b) Authorized capital

On 19 September 2024, the Annual General Meeting of the Company resolved while at the same time cancelling the Authorised Capital 2021 in accordance with Sec. 5 of the Articles of Association to authorize the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions by up to a total of EUR 24,451,379.00 by issuing up to 24,451,379 new no-par value registered shares in return for cash contributions and/or contributions in kind until 18 September 2029, whereby the statutory subscription right may be excluded in certain cases (Authorized Capital 2024). The Authorized Capital 2024 shall only be entered in the commercial register after the capital increase resolved by the Company's Annual General Meeting on 19 September 2024 under agenda item 7, which is the subject of this prospectus.

The provision in Sec. 5 of the Articles of Association authorizes the Management Board, with the consent of the Supervisory Board, to determine the details of the implementation of the capital increase from the Authorized Capital 2024 and the terms and conditions of the share issue. If shareholders' subscription rights are not excluded, Sec. 5 of the Articles of Association provides that the Management Board is authorized to determine that the new shares are to be taken up by a bank or a company operating in accordance with Sec. 53 para 1 sentence 1 or Sec. 53b para 1 sentence 1 or para 7 of the German Banking Act (*Kreditwesengesetz* - *KWG*) in accordance with Sec. 186 para 5 AktG with the obligation to offer them to shareholders for subscription.

c) Conditional capital

In accordance with the Articles of Association of the Company, the share capital is conditionally increased by up to EUR 7,152,758.00 by issuing up to 7,152,758 new no-par value registered shares (**Conditional Capital 2018**). The conditional capital increase shall only be carried out to the extent that (i) the holders of convertible bonds and/or bonds with warrants and/or profit participation rights with conversion or subscription rights issued by the Company or its subordinated Group companies on the basis of the authorization resolution adopted at the Annual General Meeting of 2 August 2018 exercise their conversion or subscription rights and the Company decides to service the conversion or subscription rights from this Conditional Capital 2018, or (ii) the holders of convertible bonds and/or bonds with warrants and/or profit participation convertible bonds and/or bonds with warrants and/or profit participation rights with conversion or subscription rights, which the Company or its subordinated issued by the Company or its subordinate group companies on the basis of the authorisation resolution adopted at the Annual General Meeting of 2 August 2018, fulfil their obligation to convert and the Company decides to service the exchange or subscription rights from this Conditional Capital 2018. The shares shall be issued in accordance with the requirements of the authorization resolution of the Annual General Meeting of 2 August 2018, i.e. in particular at least 80% of the average stock exchange price of the Company's share on the last ten stock exchange trading days prior to the resolution of the Management Board on the issuance of the Bonds.

In December 2023, the bondholders of the convertible bond 2021/2024 resolved to convert the convertible bond into a bond without conversion rights. The conversion of the convertible bond into a bond without conversion rights was executed in February 2024. As a result, the Conditional Capital 2018 is obsolete.

In accordance with the Articles of Association of the Company, the share capital is conditionally increased by up to EUR 1,750,000.00 by issuing up to 1,750,000 new no-par value registered shares (**Conditional Capital 2020**). The conditional capital increase will only be carried out to the extent that subscription rights have been or will be issued under the Stock Option Program 2020 in accordance with the resolution of the Annual General Meeting of 28 August 2020 and the holders of the subscription rights exercise their subscription rights and no other forms of settlement (e.g. settlement in cash or servicing with treasury shares) are used. The new shares shall carry dividend rights for each year for which the Annual General Meeting has not yet resolved on the appropriation of profits at the time the shares are issued. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the conditional capital increase and its implementation. Where the Management Board is affected, the Supervisory Board alone is authorized.

d) Stock options

On 28 August 2020, the Annual General Meeting of The Grounds Real Estate Development AG resolved the following authorization under agenda item 7:

Authorization to issue subscription rights to shares in the Company ("Stock Option Program 2020")

The Management Board is authorized, with the approval of the Supervisory Board, to issue up to a total of 1,750,000 options (subscription rights within the meaning of Sec. 192 para 2 No. 3 AktG) ("**Stock Options 2020**") to current and future members of the Management Board and to current and future employees of The Grounds Real Estate Development AG ("**Entitled Persons Of The Subscription Rights**") on one or more occasions until 27 August 2025, which entitle the Entitled Persons Of The Subscription Rights to acquire new no-par value registered shares in The Grounds Real Estate Development AG in accordance with the option terms and conditions. Insofar as Stock Options 2020 are to be issued to members of the Management Board of the Company, only the Supervisory Board is authorized to issue them.

The Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the structure of the Stock Option Program 2020. Where the Management Board is affected, the Supervisory Board alone is authorized.

Resolution on the implementation of a Stock Option Program and the issue of stock options:

On 8 October 2020, the Management Board resolved to make use of the authorization granted by the Company's Annual General Meeting on 28 August 2020 to implement a Stock Option Program 2020 for current and future employees of the Company and determined the further details in the option terms and conditions. The Management Board resolved that of the 350,000 Stock Options 2020 for current and future employees of the Company, 235,000 shall be issued to current and 115,000 shall be issued to future employees. On 8 October 2020, the Supervisory Board approved this resolution.

On 8 October 2020, the Supervisory Board resolved to make use of the authorization granted by the Company's Annual General Meeting on 28 August 2020 to implement a Stock Option Program for current and future members of the Management Board and determined the further details in the terms and conditions. The Supervisory Board resolved that of the 1,400,000 Stock Options 2020 for current and future members of the Management Board of the Company, 700,000 shall be issued to Jacopo

Mingazzini and 700,000 shall be issued to Arndt Krienen.

On 8 October 2020 ("**Issue Date**"), 700,000 Stock Options 2020 each were issued to the member of the Management Board Jacopo Mingazinni and the former member of the Management Board Arndt Krienen. The 700,000 stock options of the former member of the Management Board Arndt Krienen have expired in accordance with the option terms and conditions.

By 31 December 2021, 200,000 Stock Options 2020 have been issued to employees of the Company. The date on which the Company has sent the offer for the Stock Options 2020 in each case is the issue date ("**Issue Date**").

As the date of the Prospectus, 150,000 share options have not yet been issued.

The key points for the subscription rights to shares in The Grounds Real Estate Development AG under the Stock Option Program 2020 set forth in the Annual General Meeting and the option terms and conditions determined by the Management Board and the Supervisory Board are as follows:

- With the exception of inheritance, the Stock Options 2020 cannot be transferred.
- Each exercised Stock Option 2020 entitles to the subscription of one new no-par value registered share against payment of the exercise price, which is EUR 2.00 per share ("**Exercise Price**").
  Stock Options 2020 may be serviced from the Conditional Capital 2020, authorized capital or treasury shares. Alternatively, a cash settlement may be granted at the discretion of the Company. In this case the difference between the exercise price and the average value of one share in the Company determined in the closing auction XETRA trading (or a comparable successor system on the Frankfurt Stock Exchange) on the ten days prior to the exercise of the respective Stock Option 2020 is to be paid.
- Exercise of the Stock Options 2020 is subject to the condition that the price of the shares of the Company has increased by at least 20% since the Issue Date compared with the Exercise Price, calculated on the basis of the average value of the prices for one share determined in the closing auction in XETRA trading (or a comparable successor system on the Frankfurt Stock Exchange) on the ten trading days prior to the first day after expiry of the waiting period ("**Success Condition**").
- In order to avoid insider violations, Stock Options 2020 may only be exercised during certain exercise periods (e.g. not in the period of 30 calendar days prior to the publication of the annual financial statements) ("**Exercise Period**").
- Stock Options 2020 may be exercised for the first time after the expiry of a waiting period of four years from the respective issue date ("**Waiting Period**"). The Waiting Period ends at the end of the day whose date corresponds with the Issue Date.
- The Stock Options 2020 can only be exercised within six years after their first opportunity to be exercised (i.e. the first day following the end of the Waiting Period within an Exercise Period).

Whether the Success Condition is fulfilled at that time is not considered. The Stock Options 2020 expire at 5:00 p.m. Central European Time on the day whose date corresponds with the date of the first opportunity to exercise.

- If the Company is merged into another company or the Company ceases to exist as a result of another conversion process, the Stock Options 2020 expire. For each expired Stock Option 2020, compensation is payable in the amount of the average value of the share price during the last five trading days prior to the announcement of the merger / conversion less the Exercise Price.
- In the event of a reclassification of the share capital or comparable measures affecting the option rights due to the loss of or changes to the shares subject to the option rights, the Stock Option 2020 shall be replaced by the right to acquire at the Exercise Price in each case the number of shares, business interests or other participation rights in the Company or its legal successor replacing the shares of the Company, the value of which corresponds to the market value of the share of the Company at the time of such a measure. If the market value of the share results from a statutory valuation procedure, this value shall be decisive. Otherwise, the market value shall be determined from the average value of the shares determined in the closing auction in XETRA trading or a comparable successor system or successor price during the last ten stock exchange trading days prior to the measure taking effect. The exercise price may not be lower than the lowest issue price pursuant to Sec. 9 para 1 AktG.
- In the event of a capital increase from Company funds, the subscription ratio shall increase in the same proportion. Fractions of shares resulting therefrom shall not be considered when exercising the Stock Option 2020.
- In the event of a capital reduction by consolidation or redemption of shares, the subscription ratio shall be adjusted by multiplying it by the factor obtained by dividing the number of shares after the capital reduction by the number of shares before the capital reduction. Fractions of shares resulting therefrom shall not be considered when exercising the Stock Option 2020.
- In the case of other procedures with a comparable effect, the Exercise Price may be adjusted by the annual auditor in accordance with Sec. 317 BGB.

6. Material Agreements

The material agreements, other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the The Grounds Group is a party, for the last year immediately preceding publication of the registration document, are set out in detail in section V. 2. a) of the Prospectus.

XII. DOCUMENTS AVAILABLE FOR INSPECTION

For the period of validity of this Prospectus, the following documents are available on the website of the Issuer at: https://www.thegroundsag.com/de/investor-relations/

(i) Current Articles of Association of the Company.

(ii) Audited consolidated financial statements of the Issuer for the financial year from 1 January to 31 December 2023 (IFRS)

(iii) Audited consolidated financial statements of the Issuer for the financial year from 1 January to 31 December 2022 (IFRS)

(iv) Audited financial statements of the Issuer for the financial year from 1 January to 31 December 2023 (HGB)

(v) Unaudited consolidated financial statements of the Issuer for the half year from 1 January to 30 June 2024 (IFRS)

The extent to which the foregoing financial information is incorporated by reference into this Prospectus is set out in section I (INCORPORATION OF CERTAIN INFORMATION/DISCLOSURES BY REFERENCE).

XIII. CONSENT TO THE USE OF THE PROSPECTUS BY FINANCIAL INTERMEDIARIES

For the subscription period (expected) from 29 November 2024 (0:00 a.m.) to 12 December 2024 (midnight), the Issuer gives its consent within the meaning of Art. 5 para 1 subpara 2 of the Prospectus Regulation to the use of this Prospectus including any supplements thereto by all credit institutions including direct banks as financial intermediaries ("**Financial Intermediaries**" and each a "**Financial Intermediary**") for the purposes of the public offering of the securities issued under this Prospectus within the applicable selling restrictions in Germany and accepts responsibility for the content of the Prospectus also with respect to the subsequent resale or final placement of securities by such Financial Intermediaries that receive consent to use the Prospectus. The consent is not subject to any further conditions. This consent expressly does not release the Financial Intermediaries from compliance with the selling restrictions and all other applicable regulations. Should any possible new information be available with regard to Financial Intermediaries, which was not known at the time of approval, this will be announced immediately on the website https://www.thegroundsag.com/de/investor-relations/.

However, the Issuer may limit or revoke such consent at any time, and such revocation shall require the approval of a supplement to the Prospectus.

In the event of an offer being made by a Financial Intermediary, the Financial Intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Any Financial Intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and conditions attached thereto.