

THE GROUNDS

REAL ESTATE DEVELOPMENT AG

HALF-YEAR REPORT

2021





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INDICATORS

Group indicators

		01/01 – 30/06/2021	01/01 – 30/06/2020*
Sales revenues	€000	4,923	555
... of which rental income	€000	695	548
Earnings before interest and taxation (EBIT)	€000	1,610	1,421
Consolidated result	€000	94	1,021
Earnings per share	EUR	0.01	0.06
Total footings (*31/12/2020)	€000	92,559	87,428
Equity (*31/12/2020)	€000	23,206	20,354
Equity ratio (*31/12/2020)	%	25.1	23.3
Financial liabilities and bonds (*31/12/2020)	€000	48,131	49,298
Cash flow from current business activities	€000	5,271	-1,890
Cash flow from financing activities	€000	-4,993	-404
Cash flow from financing activities	€000	284	2,589
Staff	Ø	12	7

Portfolio indicators

Existing		08/2021*	12/2020
Living/usable area	m ²	26,030	16,914
Units		410	262
Rental income per annum	€000	1,670	948

Privatisation		08/2021*	12/2020
Living/usable area	m ²	8,313	4,704
Units		87	72
Rental income per annum	€000	701	374

Project development		08/2021*	12/2020
Planned living/usable area	m ²	101,851	70,554

* including notarised purchases not yet transferred economically.
Disposals from sales taken into account up to July.

The Grounds on the capital market (share) – in the first half of 2021

(XETRA-prices)

		2021	2020
Market capitalisation (always per 30/06)	€000	45,938	21,299
Nominal capital	€000	17,805	15,105
Closing price	EUR	2.58	1.41
Lowest price	EUR	2.28	1.04
Highest price	EUR	2.98	1.93
ISIN		DE000A2GSVV5	
Segment		Primary market Düsseldorf	



LETTER TO SHAREHOLDERS



Arndt Krienen
Executive Board

Mr. Arndt Krienen (Attorney) has been a member of the Company's Executive Board since March 2020.

Before his current position, Mr. Krienen was CEO of Westgrund AG (Berlin) as well as of S-DAX listed Adler Real Estate AG. He was largely responsible for growing the portfolio to more than 50,000 existing apartments as well as managing a staff of more than 500 people. Arndt has an extensive knowledge of real estate industry.

Arndt Krienen is Chairman of the Supervisory Board of DIOK Real Estate AG (Köln) and Grillador AG (Remscheid).

Dear Shareholders, dear Friends of The Grounds,

Following the repositioning and relaunch of The Grounds in 2020, we have significantly expanded the operating business in the first half of 2021. Group sales revenues increased more than sevenfold to EUR 4.9 million (previous year: EUR 0.6 million) and mainly include sales revenues of EUR 3.7 million from the individual privatisation and from the implementation of project developments. Rental income also increased by a further 26.7 % to EUR 695 thousand (previous year: EUR 548 thousand) through the further expansion of the property portfolio and notwithstanding the sale of the logistics property in Hangelsberg in 2020. Earnings before interest and taxation (EBIT) also improved by 13.3 % compared to the previous year to EUR 1.6 million (previous year: EUR 1.4 million).

In 2021, we have continued the growth path that we embarked

upon in 2020. Already in the first half of the year, the real estate assets held as investment properties were expanded by a further 39.9 % and inventory assets expanded by 51.1 %. Other properties in the amount of EUR 8.7 million for fixed assets have already been notarised, but had not yet been transferred economically on reporting date.

In the current financial year 2021, we have until now invested EUR 25 million for purchases of a total of 176 residential units in the Berlin area. The Berlin surroundings are currently experiencing a boom. Whilst housing construction in Berlin has not progressed for years, the surrounding area is enjoying growing demand, stimulated by the housing shortage in Berlin as well as by economic impulses in Berlin's affluent suburbs. Examples of this are the settling of Tesla in Grünheide and the opening of

the new airport in Schönefeld, both of which are attracting the establishment of further business and are creating corresponding demand for housing in the region. All the acquired properties are characterised by good transport connections with Berlin as well as a welldeveloped local infrastructure and, in view of relatively low average rents, still have enormous potential for appreciation in terms of new lettings. The property portfolio of long-term assets, which has expanded to 410 units, has resulted in significant growth in annual net rental income to EUR 1.6 million.

At the same time, in project developments, 138 student flats in Leipzig were successfully handed over to an institutional investor in the first half of 2021. Additionally, construction has begun on the 181 residential units already fully sold to private investors in Magdeburg. Completion is expected in the fourth quarter of 2022 and will then contribute to future revenue

and earnings development.

Another important milestone for us in 2021 was the three-year convertible bond successfully issued in February, which we placed with a volume of EUR 12 million and a coupon of 6.00 % p.a. and was significantly oversubscribed. We observed such high demand that major shareholders in the Company withdrew from a significant portion of their original subscription notices of approximately EUR 5 million, with the aim of broadening the Company's investor base. For us, this represents a successful issuing debut and a first important milestone for further establishing ourselves on the capital market.

In addition to the placement of the convertible bond, two renowned analyst firms have initiated coverage of the shares of The Grounds Real Estate Development AG. Both Quirin Privatbank, with a target price of EUR 3.50, and the analyst firm SMC (target price: EUR 3.60) see considerable upside



Jacopo Mingazzini
Executive Board

Jacopo Mingazzini (Dipl. Kfm. and Real Estate Economist ebs) has been member of the Company's Executive Board since August 2020. Until March 2020 he was Managing Director of Accentro GmbH, which he founded in 1999 – additional since 2011 member of the Management Board of Accentro Real Estate AG.

Jacopo Mingazzini is lecturer at IREBS and, amongst others, he is member of the Management Board of „Liberale Immobilienrunde“ as well of „Association to Promote Home ownership“ in Berlin.

potential in the share and will contribute to raising its profile on the capital market through ongoing support.

Additionally, we are pleased that we were able to win Timo Tschammler, another proven real estate professional, for our Supervisory Board. As a C-level real estate manager he has more than 20 years' experience in the real estate industry and he previously took over the management of the German national subsidiary of DTZ Group (now Cushman & Wakefield), and moreover, between 2017 and 2020 he was the designated CEO of JLL Germany, a firm with more than 1,000 employees.

In addition to that, our major shareholder Armin Hofmann increased his stake in The Grounds to 32.3 % and he is now our largest single shareholder. He also has decades of experience in the real estate market as well as in various other sectors, such as medical technology, software and the internet. All members of the Management Board and Supervisory Board now bring together decades of experience in the real estate industry and on the capital market, as well as a closely ramified network of sectors.

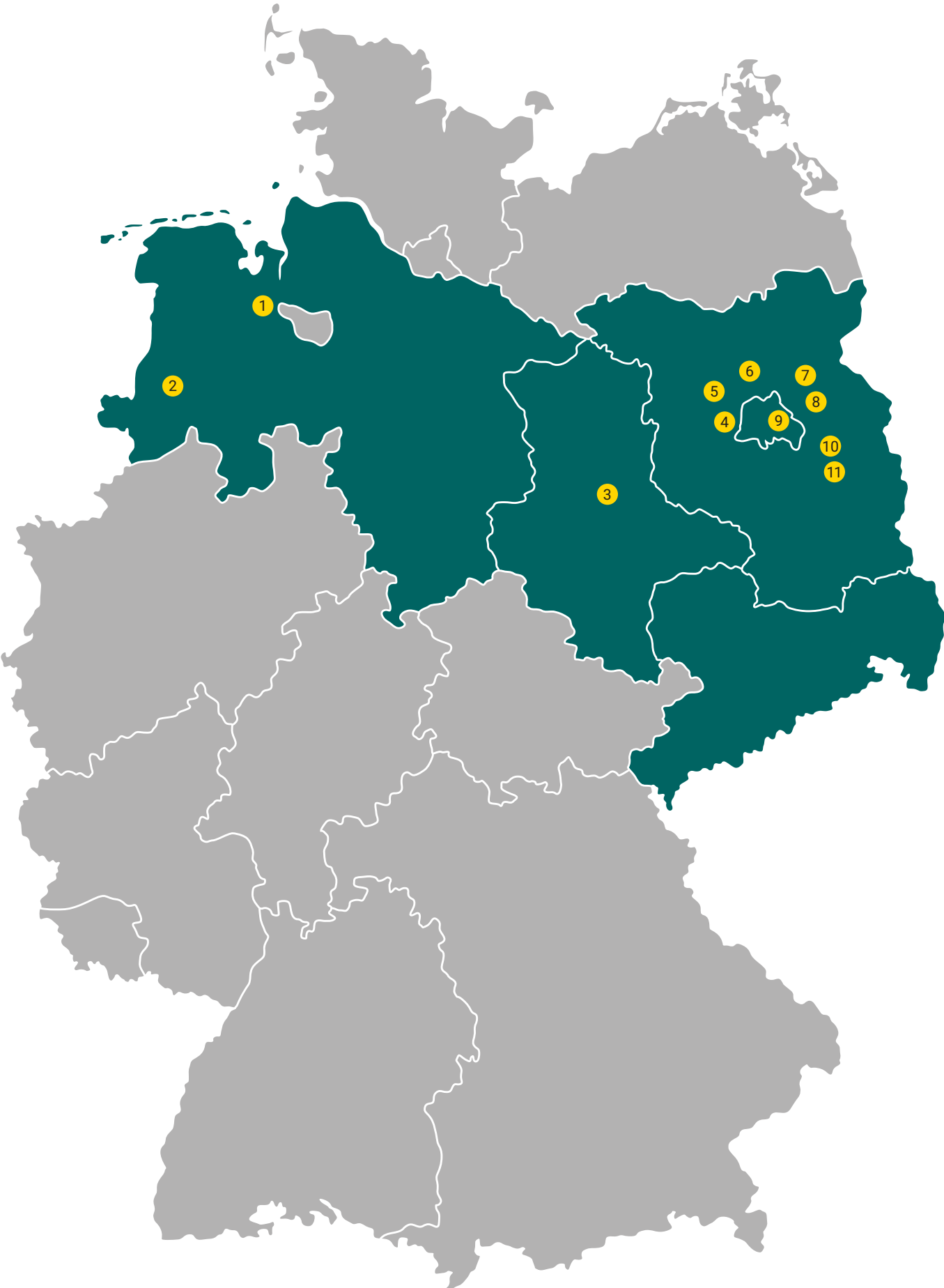
For 2021 as a whole, we are planning a significantly diversified contribution to earnings from sales and from rising rental income. Consolidated sales revenues and earnings in 2020 were significantly influenced by the sale of our logis-

tics property in Hangelsberg. If the 2020 turnover is adjusted for this effect, our plans for 2021 envisage a significant increase in Group revenues. We expect consolidated sales revenues of EUR 23 million. Adjusted for Hangelsberg, this means growth in our core business of 40 %, compared to 2020.

We also expect to achieve a consolidated EBIT of EUR 6.1 million at the previous year's level. By September, all planned individual privatisation projects for 2021 have started selling. In view of the ongoing low-interest rate policy and increased expectations of inflation, there is strong demand for owner-occupied flats. This is also reflected in our notarisation and reservation figures, so that we expect a further jump in sales turnover in the second half of 2021, which will thereby contribute significantly to the forecast given for the current financial year.

Berlin, September 2021

The Management Board
Arndt Krienen Jacopo Mingazzini



PORTFOLIO/PROPERTIES

Specialist for German residential property

The Grounds Group implements residential projects in German metropolitan regions. The Grounds Group also holds a steadily growing portfolio of fixed assets in the residential sector. The Grounds Real Estate Development AG is listed in the upper segment of the primary open market of the Düsseldorf Stock Exchange (ISIN: DE000A2GSVV5). It has its head office in Berlin.

Regional overview

- | | |
|--|--|
| 1 Bad Zwischenahn
Recreation area | 6 Kremmen
Housing units |
| 2 Meppen
Owner occupied | 7 Schorfheide
Housing units |
| 3 Magdeburg
Mikroapartments (39112 Magdeburg)
Urban district (39106 Magdeburg)
Office areas (39104 Magdeburg)
Lenné Quartier (39112 Magdeburg) | 8 Bernau
Housing units |
| 4 Dallgow-Döberitz
Terraced houses | 9 Berlin
Owner occupied |
| 5 Stendal/Prignitz
Residential and commercial units
(various locations) | 10 Erkner
Semi-detached house |
| | 11 Rauen
Housing units |

Existing properties/Privatisation

Development

Sold

Notarized, economic transfer after 30/06/2021

PORTFOLIO OVERVIEW

Existing properties

Our existing properties for rent



Residential and commercial units in Stendal/Prignitz

Various locations in Stendal/Prignitz

Rental

262 Residential and commercial units

Usable area: 16,914 m²



Housing units in Bernau

16321 Bernau

Rental

59 housing units

Usable area: 4,070 m²



Housing units in Schorfheide near Eberswalde

16244 Schorfheide

Rental

38 Housing units

Usable area: 2,066 m²



Housing units in Rauen near Fürstenwalde

15518 Rauen

Rental

27 Housing units

Usable area: 1,550 m²

Existing properties

Our existing properties for rent



Residential units in Kremmen

16766 Kremmen

Rental

24 residential units

Usable area: 1,430 m²



Privatisation

Our locations in privatisation, Sale of owner-occupied units and terraced houses



Owner occupied

49716 Meppen

44 Housing units

Usable area: 3,109 m²

On sale



Owner occupied

13127 Berlin Pankow

24 Housing units

Usable area: 1,858 m²

On sale



Terraced houses

14624 Dallgow-Döberitz

28 Housing units

Usable area: 3,939 m²

On sale

Project development

Here you will find an overview of our properties in project development, with information on the respective status and start of sales



Apartments + Hotel + Holiday Homes

26160 Bad Zwischenahn

255 Units

Usable area: 32,078 m²

In planning

Sales launch still open



Residential and commercial properties

39106 Magdeburg

655 Units

Usable area: 42,845 m²

In planning

Sales launch still open



Residential and commercial properties

39112 Magdeburg

64 Units

Usable area: 3,637 m²

Approved

Sales start: July 2021



Owner occupied

39112 Magdeburg

181 Units

Usable area: 5,100 m²

Under construction

Sold already

Project development

Here you will find an overview of our properties in project development, with information on the respective status and start of sales



Office property

39104 Magdeburg

Office areas

Usable area: 14,480 m²

In planning

Sales launch still open



Semi-detached houses

15537 Erkner

34 Houses

Usable area: 3,712 m²

In planning

Sales starting in Q4 2021

1. Report on the Economy

1.1 Overall Economic Development

With the second nationwide lockdown at the beginning of 2021, the third Corona pandemic wave has led to a renewed slump (-2.0 %) in German gross domestic product (GDP) (in each case compared to the previous quarter). In the second quarter of 2021, the German economy recovered by 1.6 %, which was characterised by increasing easing of the containment measures and the accompanying rise in consumer spending. Investments also picked up again. In almost all sectors of the economy, gross value creation increased strongly year-on-year in the second quarter of 2021, especially in manufacturing (+21.9 %), followed by trade, transport and hotels and restaurants (+11.0 %). The construction industry recorded comparatively low growth of only 0.5 %. Overall, gross value creation in the first half of 2021 exceeded the previous year's level by 10.0 %.

For 2021, the ifo Institute for Economic Research expects German GDP to grow by 3.3 %. In the German labour market, the decline in employment came to a halt in the second quarter of 2021. As in the previous year, the number of people in employment was around 44.7 million.

1.2. Development on the German real estate market

Although the German real estate investment market recovered in the months of April to June after a sharp slump in the first quarter of 2021, a transaction volume of EUR 34.1 thousand million remains for the entire first half of 2021, a minus of 20 % compared to 2020. According to Jones Lang LaSalle Inc. (JLL), there was a particular lack of large-volume portfolio transactions in the first half of 2021. These only added up to EUR 11.4 thousand million, which is almost only half the figure for the previous year. On the other hand, individual transactions increased by 25 % to EUR 22.7 thousand million. At EUR 11.9 thousand million, residential property accounted for around 35 % (previous year: 31 %) of the total transaction volume. Half of the ten largest transactions represented portfolios of flats or retirement and nursing homes. The second-strongest asset class, though at a distance, was office property with a share of 29 % (EUR 10 thousand million; previous year: 30 %). This was followed by logistics and mixed-use properties, each with a further 10 %.

The focus of investors on security and value preservation was reflected in a pick-up in transaction volumes in the Big 7 cities. In the first half of 2021, around EUR 17.4 thousand million was invested there, which accounted for more than half of the total investment

volume. The front-runner was Berlin with a volume of EUR 5.9 thousand million and a strong increase of 19 % compared to the previous year. Munich (EUR 3.7 thousand million; with the strongest growth of 48 % compared to 2020) and Frankfurt am Main (EUR 3.2 thousand million; though a decrease of 19 % compared to 2020) ranked second and third.

Purchase prices for residential properties increased strongly in the first half of 2021 and reached new peak values. From June 2021 onwards, prices for single-family dwellings rose by 16.6 % year-on-year (calculations by Euro-pace) and for flats by 11.7 % (calculations by Empirica). In the case of owner-occupied homes, at +4 %, price increases per quarter were higher in the countryside districts than in the cities (+3.4 %). In Munich, the purchase price per square metre rose to EUR 10,429, followed by Frankfurt (EUR 7,898/m²) and Stuttgart (EUR 7,711/m²).

According to the Verband deutscher Pfandbriefbanken (vdp [Association of German Mortgage Bond Banks]), purchase prices of apartment blocks rose by 10.5 % in the second quarter alone and by 10.9 % of owner-occupied properties. Prices for owner-occupied flats (+12.9 %) rose more strongly than those for owner-occupied homes (+10.4 %). In the top seven cities, residential property prices grew by an average of 7.5 % in the second quarter of 2021.

However, rental prices have developed much more weakly. In the second quarter of 2021, even slight rent reductions were recorded in the cities of Frankfurt (-0.3 %), Munich (-0.2 %) and Stuttgart (-0.1 %), compared to the previous quarter. Rents for new buildings are currently on average EUR 17.78/m² in Munich, EUR 15.85/m² in Frankfurt, EUR 14.62/m² in Stuttgart and EUR 14.14/m² in Berlin.

Market experts do not see any signals for an end to the price increases as yet. Because the high demand for residential properties is hitting a wiped-clean supply market. The continuing price increases, the highs on the capital markets and the emerging inflation lead to a low willingness to sell.

2. Business Performance

In the first half of 2021, the Grounds Group continued to expand its operating business significantly. Compared to the same period of the previous year, consolidated sales revenues increased from EUR 555 thousand to EUR 4,923 thousand and were significantly influenced by sales revenues from the individual privatisation. Moreover, The Grounds has continued its expansion of the property portfolio in the Berlin area through further acquisitions for the portfolio and through privatisation. For example, the real estate portfolio in the inventory assets rose by 51.1 % to EUR 48.7 million and the portfolio of existing properties by another 39.9 % to EUR 19.6 million. Altogether, in the first half of the year, 124 units were acquired for the portfolio and 28 units for privatisation. A further 24 units were purchased in the Berlin suburbs in the third quarter 2021. The investment volume for these purchases amounts to EUR 25 million. EBIT, adjusted for non-cash expenses from the granting of stock options, amounts to EUR 1.8 million and, accordingly, exceeded the previous year's level by almost 20 %.

For the portfolio, 27 residential units were purchased in Rauen near Fürstenwalde, 38 in Schorfheide near Eberswalde, 59 in Bernau and 24 in Kremmen. The acquired portfolio units contribute EUR 715 thousand in annual net rental income to the consolidated sales revenues.

Another 28 residential units acquired were terraced houses in Dallgow-Döberitz (privatisation), where selling started at the beginning of September. Additionally, selling of the 65 flats in Halberstädter Straße in Magdeburg have also started in the third quarter of 2021. Moreover, the 68 units currently on sale in Meppen and Berlin-Pankow should be sold by the end of 2021.

In project developments, which should be realised within the next three years with a volume of more than EUR 400 million, two projects have already been sold completely. These are the 138 micro-apartments already completed in Leipzig and the Lenné Quarter under construction in Magdeburg (181 units).

Additionally, The Grounds successfully placed a convertible bond (DE000A3H3FH2) with a volume of EUR 12 million in the first half of 2021, thereby establishing itself once again on the capital market. The convertible bond is listed on the Quotation Board of the Frankfurt Stock Exchange, will mature in mid-February 2024 and carries a coupon of 6.0 % p.a. Conversion is possible at a price of EUR 3.20 per share. The Grounds has already used the net issue proceeds generated for the properties purchased in 2021.

2.1. Earnings position

The key revenue and earnings figures for The Grounds Group developed as follows in first half of 2021:

	First half 2021	First half 2020
	EUR millions	EUR millions
Sales revenues	4.9	0.6
EBIT	1.6	1.4
Consolidated result	0.1	1.0

In the first half of 2021, consolidated sales revenues amounted to EUR 4.9 million and increased significantly, compared to the same period of the previous year. Decisive for the expanded revenues is the significantly increased turnover from the sale of owner-occupied units in the amount of EUR 2.6 million, as well as from a period-related realisation of turnover from a project development in Leipzig in the amount of EUR 1.0 million. Additionally, rental income increased by 26.7 % to EUR 0.7 million because of the expansion of the portfolio of existing properties.

Earnings before interest and taxation (EBIT) amount to EUR 1.6 million (previous year: EUR 1.4 million) and include valuation effects of non-cash expenses from stock options in the amount of EUR 137 thousand. Whilst EBIT in the previous year was mainly influenced by the result from the fair-value adjustment of investment properties, the largest contribution to earnings in the first half of 2021 stems from the sale of properties.

Staffing expenses of EUR 782 thousand were above the level of the previous year of EUR 267 thousand. Essentially, the increase is the result of the further expansion of the workforce as well as valuation effects from stock options in the amount of EUR 137 thousand. Other operating expenditure of EUR 887 thousand (previous year: EUR 726 thousand) increased slightly and mainly include external services and work, legal and consultancy costs, and capital market costs.

The financial result of EUR -967 thousand (previous year: EUR -89 thousand) is mainly characterised by an increase in interest expenses to EUR -1,026 thousand (previous year: EUR -120 thousand), that are the result of an increase in financial liabilities and the EUR 12 million convertible bond issued in February 2021. The Grounds was able to achieve a consolidated profit before taxation of EUR 343 thousand (previous year: EUR 1,332 thousand). After taxation, a consolidated result of EUR 94 thousand (previous year: EUR 1,021 thousand) was achieved. Accordingly, earnings per share decreased to EUR 0.01 (previous year EUR 0.06).

2.2. Equity and financial position

In the first half of 2021, the real estate portfolio in inventories and real estate held as financial investments were expanded significantly. On the assets side of the consolidated balance sheet, non-current assets increased to EUR 27.1 million

(previous year: EUR 21.6 million). Current assets, on the other hand, remained at the level of the balance sheet date of 31 December 2020 at EUR 65.5 million (previous year: EUR 65.8 million). Within the long-term assets, the strongest growth occurred in investment properties (EUR +5.6 million to EUR 19.6 million), which is mainly the result of the acquisition of 65 units for the residential property portfolio. Within current assets, investment properties rose by a further 51.1 % to EUR 48.7 million (previous year: EUR 32.2 million) as a result of the purchase of another privatisation project in the Berlin surroundings and further investments in project developments. On the other hand, within current assets, other receivables and assets decreased to EUR 8.4 million (previous year: EUR 20.4 million) because of the disbursement of payment claims from a notary's escrow account. Additionally, contract assets fell to EUR 6.7 million (previous year: EUR 12.4 million) following the successful closing of the sales of 138 student flats in Leipzig.

Altogether, total footings increased by EUR 5.1 million to EUR 92.6 million from the balance sheet date of 31 December 2020.

The equity of the Grounds Group increased by EUR 2.9 million to EUR 23.2 million, mainly due to the equity component of the convertible bond issued in February. On 30 June 2021, the equity ratio was 25.1 % (previous year 23.3 %).

Current and non-current liabilities increased only slightly to EUR 69.5 million (previous year: EUR 67.0 million) compared to the balance sheet date of 31 December 2020. Financial liabilities and bonds have not changed significantly in total and amount to EUR 48.1 million (previous year EUR 49.3 million), notwithstanding the issuance of a convertible bond.

At EUR 1.2 million (previous year: EUR 1.6 million), cash and cash equivalents are below the previous year's level. The main reason for the change in cash and cash equivalents is the positive cash flow from operating activities of EUR 5.3 million (previous year EUR -1.9 million), which is mainly caused by the decrease in provisions and by the increase in trade payables and other liabilities that cannot be allocated to investing or financing activities. Cash flow from investing activities was EUR -5.0 million (previous year EUR -0.4 million) and mainly includes changes in investment properties. The cash flow from financing activities of EUR 0.3 million (previous year EUR 2.6 million) did not contribute to any significant changes in cash and cash equivalents in view of a balanced relationship between the raising of new bonds and financial loans and the redemptions and interest payments.

3. Organs and Staff

During the first half of 2021 and also after the balance sheet date of 30 June 2021, the following incumbency changes occurred on the Supervisory Board of The Grounds:

Supervisory Board member Hansjörg Plaggemars resigned his mandate at the end of the Annual General Meeting on 27 August 2021. In his place, Mr Timo Tschammler, graduate in real estate business administration and managing director of MOUNT Real Estate Capital Partners GmbH in Hamburg and managing partner of Twain-Towers GmbH in Frankfurt am Main, resident in Berlin, was proposed to the shareholders for election to the Supervisory Board. Additionally, the election of Mr Armin H. Hofmann, lawyer and entrepreneur (Millennium Group of Companies), resident in Frankfurt am Main, was also on the agenda. Mr Hofmann, designated as a member of the Supervisory Board by court order on 16 December 2020, succeeded Prof. Dr Schwatlo, who resigned from office at the end of the financial year 2020.

Both gentlemen were elected to the Supervisory Board by the shareholders at the Annual General Meeting of 27 August 2021. Following the Annual General Meeting, the Supervisory Board reconstituted itself as follows: Mr Tschammler was elected Chairman of the Supervisory Board and

Mr Hofmann was confirmed as his deputy.

There were no incumbency changes on the Management Board. The Grounds continued to be managed by its directors Arndt Krienen and Jacopo Mingazzini.

During the year under review, The Grounds Group employed an average of 12 staff (previous year: 7).

4. Risks of Future Development

The risk structure of The Grounds Group has not changed significantly compared to the presentation in the consolidated financial statements of 31 December 2020, or on pages 40 to 52 of the Management Report 2020.

5. Prognosis

The Management Board adheres to the forecast for the financial year 2021 as contained in the annual financial statements of 2020. Adjusted for the special effect of the sold logistics property in Hangelsberg at the end of 2020, the Management Board expects a significant increase in consolidated revenue from the previous year. Consolidated sales revenues of EUR 23.0 million and a consolidated EBIT of EUR 6.1 million are forecast. Significantly increasing revenues are expected from the financial year 2022 onwards, when the first project developments will reach revenue maturity.

Sales of owner-occupied units will make a significant contribution to achieving the forecast. Following the successful sales launches of the individual privatisation projects in the first nine months of 2021 and the high demand for owner-occupied units, we expect a greater sales dynamic in the second half of the financial year. Additionally, the expansion of the portfolio of existing properties in markets with appreciation potential will further contribute to realisation of the forecast. Properties in the Berlin hinterland could be acquired in the amount of EUR 8.7 million, which have not yet been included on the balance sheet.

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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Consolidated Balance Sheet
Group Profit-and-Loss Account
Consolidated Changes in Equity
Consolidated Cash Flow



CONSOLIDATED BALANCE SHEET

of The Grounds Real Estate Development AG, Berlin, per 30 June 2021

in EUR	30.06.2021	31.12.2020
Assets		
Long-term assets		
Intangible assets	16,799.89	14,778.65
Goodwill	1,941,105.96	1,938,753.85
Tangible assets	154,298.06	138,763.16
Usage Rights	448,632.27	481,441.89
Properties held as financial investment	19,589,957.68	14,000,000.00
Participations	152,103.93	152,103.93
Treasury shares recognised in accordance with the equity method	2,222,075.03	2,672,676.02
Other financial assets	233,119.14	228,160.22
Deferred tax on earnings	2,339,150.64	2,010,671.04
Total long-term assets	27,097,242.60	21,637,348.76
Short-term assets		
Goods in stock	48,704,329.20	32,237,207.18
Contractual assets	6,679,336.46	12,399,092.07
Receivables from goods and services	427,219.03	136,001.80
Other receivables and assets	8,465,499.64	20,395,701.65
Cash and cash items	1,184,889.05	623,108.40
Total short-term assets	65,461,273.38	65,791,111.10
Balance sheet total	92,558,515.98	87,428,459.86

in EUR	30.06.2021	31.12.2020
Equity		
Subscribed capital	17,805,517.00	17,805,517.00
Adjustment item for corporate acquisition	-12,452,550.00	-12,452,550.00
Capital reserves	4,662,173.25	1,996,162.29
Retained profit	155,465.51	155,465.51
Unappropriated surplus	11,073,097.47	10,979,529.43
Attributable to shareholders of the parent company	21,243,703.23	18,484,124.23
Attributable to non-controlling shareholders	1,962,682.54	1,870,163.19
Total equity	23,206,385.77	20,354,287.42
Debts		
Long-term debts		
Financial liabilities	20,896,740.65	18,409,862.15
Loans	9,109,214.24	0.00
Liabilities from leasing	361,462.57	382,173.32
Other commitments	25,486.77	106,523.38
Deferred tax liabilities	3,693,668.49	2,602,186.19
Total long-term debts	34,086,572.72	21,500,745.04
Short-term debts		
Provisions	650,011.11	2,441,266.15
Financial liabilities	17,862,966.10	30,888,567.55
Loans	262,356.15	0.00
Liabilities from leasing	112,563.31	120,618.83
Received down payments	6,231,802.04	131,357.95
Current tax on earnings	4,924,428.51	5,512,787.73
Payables for goods and services	521,512.11	1,187,755.78
Other commitments	4,699,918.16	5,291,073.41
Total short-term debts	35,265,557.49	45,573,427.40
Balance sheet total	92,558,515.98	87,428,459.86

GROUP PROFIT-AND-LOSS ACCOUNT

of The Grounds Real Estate Development AG, Berlin, 1 January 2021 to 30 June 2021

in EUR	01/01/21 - 30/06/21	01/01/20 - 30/06/20
Sales revenues	4,923,491.32	555,263.63
Value change of the real estate held as financial investment	639,957.57	1,500,000.00
Other Operating Income	581,307.83	471,326.99
Stock changes	304,221.62	15,687.26
Cost of materials	-3,129,668.61	-115,452.23
Staffing costs	-781,931.42	-267,410.76
Depreciation of intangible and tangible assets	-76,868.88	-12,819.11
Other Operating Expenditure	-887,341.35	-725,736.98
EBIT before result from associates undertakings	1,573,168.08	1,420,858.80
Earnings from associated companies	37,285.07	0.00
EBIT	1,610,453.15	1,420,858.80
Interest income	58,445.69	30,908.46
Interest expenditure	-1,025,852.11	-120,134.25
Financial result	-967,406.42	-89,225.79
Results before taxation	643,046.73	1,331,633.01
Tax on profits	-548,781.77	-310,210.61
Consolidated result	94,264.96	1,021,422.40
of which attributable to non-controlling shareholders	696.92	65,310.73
of which attributable to shareholders of the parent company	93,568.04	956,111.67
Earnings per share	0.01	0.06

CONSOLIDATED CHANGES IN EQUITY

of The Grounds Real Estate Development AG, Berlin, 1 January 2021 to 30 June 2021

in EUR	Subscribed capital	Adjustment item for corporate acquisition	Capital reserves	Retained profit	Net surplus / shortfall	Attributable to non-controlling shareholders	Total
Status 01/01/2021	17,805,517.00	-12,452,550.00	1,996,162.29	155,465.51	10,979,529.43	1,870,163.19	20,354,287.42
Capturing of the equity component of the convertible bonds			2,529,250.76				2,529,250.76
Share-based remuneration			136,760.20				136,760.20
Acquisition of shares of non-managing shareholders						91,822.43	91,822.43
Consolidated total earnings					93,568.04	696.92	94,264.96
Status 30/06/2020	17,805,517.00	-12,452,550.00	4,662,173.25	155,465.51	11,073,097.47	1,962,682.54	23,206,385.77

in EUR	Subscribed capital	Adjustment item for corporate acquisition	Capital reserves	Retained profit	Net surplus / shortfall	Attributable to non-controlling shareholders	Total
Status 01/01/2020	15,105,517.00	-12,452,550.00	777,753.85	155,465.51	7,378,377.84	1,029,397.42	11,993,961.62
Consolidated total earnings					956,111.67	65,310.73	1,021,422.40
Status 30/06/2020	15,105,517.00	-12,452,550.00	777,753.85	155,465.51	8,334,489.51	1,094,708.15	13,015,384.02

CONSOLIDATED CASH FLOW

of The Grounds Real Estate Development AG, Berlin, 1 January 2021 to 30 June 2021

in EUR		01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020
	Consolidated result	94,264.96	1,021,422.40
+	Depreciation of fixed assets	20,184.86	12,819.11
+	Depreciation of rights of use	56,684.02	0.00
-/+	Earnings from associated companies/participations accounted for in accordance with the equity method	-37,285.07	0.00
+/-	Increase / reductions in provisions	-1,791,255.04	41,420.78
+	Other non-cash changes	714,116.59	0.00
-/+	Value change of the real estate held as financial investment	-639,957.57	-1,500,000.00
-/+	Profit / loss resulting from divestment of fixed assets	0.00	-458,884.80
-/+	Increase / decrease in stocks, receivables from goods sold , contractual assets and services rendered as well as other assets that do not come under investment or financing activities	950,064.06	-2,116,179.45
+/-	Increase / reductions in payables in respect of goods bought and services used as well as other liabilities that do not come under investment or financing activities	4,762,008.56	751,518.21
+/-	Interest expenditure/interest income	967,406.42	89,225.79
+/-	Income tax expenditure/revenues	548,781.77	310,210.61
- / +	Payments of tax on earnings	-374,138.29	-41,815.00
=	Cash flow from current business activities	5,270,875.26	-1,890,262.35
-	Payments for investments in intangible assets	-3,391.50	0.00
-	Payments for investments in tangible assets	-34,349.50	-871,552.50
-	Payments for investments in financial assets	-4,958.92	0.00
-	Payments for properties held as financial investment	-4,950,000.11	0.00
-	Receipts from divestments of financial assets	0.00	467,411.80
=	Cash flow from financing activities	-4,992,700.03	-404,140.70
+	Incoming payments from issuing bonds and drawing down (financing) loans	24,142,418.02	5,908,736.10
-	Outflows because of loan redemptions and (financial) overdrafts	-22,780,319.82	-3,199,130.77
-	Repayment of lease liabilities	-52,640.67	0.00
-	Paid interest	-1,025,852.11	-120,134.25
=	Cash flow from financing activities	283,605.42	2,589,471.08
	Changes in cash and cash equivalents	561,780.65	295,068.03
+	Cash and cash equivalents at the beginning of the period	623,108.40	1,330,371.69
=	Cash and cash equivalents at the end of the period	1,184,889.05	1,625,439.72

EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL

Contents

1. Fundamental Information
2. Reporting Principles
3. Accounting Principles
4. Notes to the Financial Statements
5. Events after Balance Sheet Date



1. Fundamental Information

The Grounds Real Estate Development AG (hereinafter: "Grounds AG") is domiciled in Berlin, Germany. It is registered at Berlin-Charlottenburg District Court under number CRB 191556 B.

The shares of the Company are listed under ISIN DE000A2GSVV5 in the primary segment of the OTC market of the Düsseldorf Stock Exchange.

The Company's operating business consists of the implementation of residential projects in

German metropolitan areas and agglomerations and comprises three core areas. This includes the development of its own real estate portfolio, the tenant-oriented sale of existing residential units to private investors or owner-occupiers, and the development and implementation of new housing projects with the aim of selling them to institutional investors, private investors and owner-occupiers. Grounds AG functions primarily as the operating holding company for its real estate companies.

2. Reporting Principles

The abridged interim consolidated financial statements at hand of Grounds AG have been prepared voluntarily and have not been externally or internally audited.

Grounds AG has prepared its consolidated interim financial statements for the first half of 2021 in accordance with IAS 34 "Interim Financial Reporting", which was adopted into European law on the basis of EU Regulation No. 1606/2002 of 19 July 2002 concerning the application of International Financial Reporting Standards (IFRS). The abridged interim consolidated financial statements should be read in conjunction with the likewise voluntary IFRS consolidated financial statements of The Grounds AG of 31 December 2020.

A consolidated statement of total earnings of the Group has not been presented, because there were no effects recognised directly in other total earnings.

Grounds AG has not yet divided its business activities into reportable segments within the meaning of IFRS 8, also with regard to the size of the Company, which is why segment reporting has not been prepared.

Unless stated otherwise, the amounts in the ex-

planations to the interim consolidated accounts are stated in thousands of euros (€000). Both individual and total values represent the value with the smallest rounding difference. Therefore, small differences to the reported totals may occur when individual values shown are added together.

3. Accounting Principles

The Grounds AG has applied the same accounting principles in its interim consolidated financial statements for the first half of the financial year 2021 as in the voluntary IFRS-consolidated financial statements of 31 December 2020.

4. Notes to the Financial Statements

4.1. Consolidation scope

The Grounds AG has included 26 subsidiaries in the interim consolidated financial statements of 30 June 2021.

Through the acquisition of a further 50 % of the shares in WMKG GmbH and 42.35 % of the limited partner's shares in Grundstücksgesellschaft LennéQuartier mbH & Co. KG, the two companies have become subsidiaries.

Additionally, The Grounds Dallgow-Döberitz GmbH, The Grounds Bernau GmbH and The Grounds Wohnen GmbH were founded.

No company was deconsolidated.

4.2. Financial instruments

The fair values of the financial instruments included in these interim consolidated financial statements essentially correspond to their book values.

4.3. Transactions with related undertakings and persons

The following business transactions with related parties have taken place in the financial year up to 30 June 2021:

On 30 June 2021, there are receivables from related undertakings in the amount of EUR 2,043 thousand. It results in interest income from related companies in the amount of EUR 15 thousand.

On 30 June 2021, there are liabilities towards related undertakings in the amount of EUR 3,658 thousand. It results in interest expenditure vis-à-vis related companies in the amount of EUR 108 thousand.

No transactions with related companies and persons have been conducted at non-market

conditions during the period under review.

4.4. Average number of staff

During the period under review, the undertakings included in the consolidated financial statements have employed 12 staff members on average.

5. Events after Balance Sheet Date

No events of particular significance for the net assets, financial position and results of operations of the The Grounds Group have occurred after the end of the reporting period. Particularly, the Management Board of the Company does not expect the ongoing Coronavirus pandemic and the resulting global economic consequences to have a significant negative impact on the business activities and economic situation of the Grounds Group

Berlin, 29 September 2021

The Management Board
Arndt Krienen Jacopo Mingazzini

FINANCIAL CALENDAR / CONTACT / IMPRINT

Financial calendar

21 October 2021

European MidCap Conference, Paris

May 2022

Publication of annual report 2021

Imprint

Publisher

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Photos: The Grounds Real Estate Development AG, [istockphoto.com](https://www.istockphoto.com)

Statements and prognostications

This annual report may contain statements and prognostications about the future. These are based on assumptions, estimates and expected developments of individual events. The forward-looking statements are based on current expectations and have been made on the basis of certain assumptions. Therefore, they encompass a number of risks and uncertainties and may change over time. Many factors, many of which are beyond the Company's control, could cause actual results and events - both positive and negative - to differ from the expected results and events.

