

The Grounds Real Estate Development AG

Berlin, Germany

CORPORATE CONVERTIBLE NOTE 2021/2024

Frequently asked questions (FAQs)

on the planned note restructuring

(Status: 29 November 2023)

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FAQs

1. Why did the Issuer invite creditors to a voting without a meeting?

Due to the increasingly difficult business conditions in the real estate industry in conjunction with the current difficult interest rate environment and the tense geopolitical situation with its effects on economic areas of the real estate sector, the liquidity required for the timely payment of outstanding interest and the timely repayment of the Corporate Convertible Note 2021/2024 ("**Note**") at maturity is at risk.

To ensure the liquidity of the Issuer and the repayment of interest, the proposed resolutions to restructure the Note, as published together with the invitation to voting without a meeting in the Federal Gazette (*Bundesanzeiger*) on 28 November 2023, represent urgent measures. In particular, the liquidity structure of the Issuer will be improved and the freedom of action with regard to the repayment of the Note will be increased.

The Issuer sought contact with all known noteholders of the Note before inviting to a voting without a meeting in order to obtain as broad a picture as possible of the interests of these investors. In this respect, the proposed modifications to the terms and conditions of the of the Corporate Convertible Note 2021/2024 ("**Terms and Conditions**") cover both the interests of the Issuer and the interests of the creditors.

2. What is the legal background to the request to vote and why was the form of a voting without a meeting chosen?

Pursuant to Section 15 para.1 in conjunction with Section 15 para. 2 sentence 1 of the Terms and Conditions, the noteholders may approve amendments to the Terms and Conditions - including individual or all measures pursuant to Section 5 para. 5 of the German Bond Act (*Schuldverschreibungsgesetz - "SchVG"*) - by majority resolution in accordance with the German Bond Act.

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

Compared to a creditors' meeting in person, voting without a meeting is the more favourable option in terms of organization and costs.

Noteholders will not incur any costs for any long journeys or overnight stays that may be necessary. By holding a voting without a meeting, i.e. without the need to travel, the Issuer hopes that many noteholders will participate in the vote.

3. What does the specific restructuring concept look like?

As part of an overall concept for the Issuer's future financing structure announced in October 2023, the Issuer issued a collateralised note for EUR 10 million to H.I.G. Capital.

The proposed restructuring of the Corporate Convertible Note 2021/2024 is a further, very significant component of the overall concept and an important prerequisite for the strategic partnership with H.I.G. Capital. In 2024, a possible capital increase may then result in a significant inflow of funds to finance further growth. In this regard, the management board and supervisory board of the Issuer are considering proposing a capital increase with a volume of at least around EUR 40 million and up to EUR 75 million to the Issuer's general meeting.

4. What should the noteholders vote on?

The noteholders should vote on an amendment to the Terms and Conditions by way of a voting without a meeting.

The following amendments to the existing Terms and Conditions are to be resolved:

- Extension of the term of the Note by three years with an option for the Issuer to extend the term by a further two years;
- Increase in the interest rate to 8% p.a. for the extended term; if the Issuer exercises the extension option, the interest rate increases to 10% p.a.;
- Cancellation of the conversion right;
- Right to early redemption only possible within the extended term until 18 February 2027 at 100% of the nominal amount;
- Exception in the change of control definition for the entry of H.I.G. Capital, so that this does not trigger a special right of cancellation;
- Inclusion of an obligation to limit distributions;

- Inclusion of an obligation to comply with a debt limit.

The full text of the proposed resolution was published in the Federal Gazette on 28 November 2023.

5. Why should noteholders agree to the adjustments?

As already described in Point 1, the extension of the term of the Note on the modified terms shall serve to ensure the liquidity of The Grounds Real Estate Development AG and the repayment of interest. In addition, H.I.G. Capital considers the proposed adjustments to the Terms and Conditions to be an important prerequisite for its investments in the Company as part of the various capital measures (see Point 3), which shall ensure the financing of the Company's ongoing projects for the coming years and, in particular, the repayment of the Note.

The Issuer therefore proposes to the noteholders to grant the Company extended scope for action through the present restructuring concept by extending the term of the Note under the aforementioned modified conditions in order to secure the necessary liquidity and thus the value of the Note in this difficult market situation.

6. Will my partial notes (Note) remain tradable after the described restructuring?

The tradability of the partial note of the Note is still given. The Note will continue to be traded on the Frankfurt Stock Exchange's over-the-counter segment Quotation Board even after the amendment to the Terms and Conditions.

7. Under what conditions is a voting without a meeting quorate and what majorities are required?

In the case of voting without a meeting, a quorum is present in accordance with Section 18 para. 1 SchVG in conjunction with Section 15 para. 3 sentence 1 SchVG if at least half of the partial notes outstanding at the time the resolution is adopted take part in the voting without a meeting (quorum).

Each noteholder participates in the vote in proportion to the nominal value of the outstanding notes of the Note held by him. Each note with a nominal value of EUR 1,000 grants one vote.

The majority requirement expresses the proportion in which the votes cast on the subject matter of the resolution must be cast in favour so that this comes about effectively.

Resolutions on agenda item 1 alone require a qualified majority of 75% of the voting rights participating in the voting in order to be valid. A resolution passed by the noteholders with the required majority is equally binding for all noteholders of the Note.

8. How can I participate in the creditors' voting without a meeting?

Noteholders who wish to participate in the voting must cast their votes in text form (Section 126b of the German Civil Code ("BGB")) to the voting manager in the period **from Thursday, 14 December 2023, 0:00 a.m. to Monday, 18 December 2023, 24:00 p.m. ("Voting Period")**. Votes are deemed to have been cast upon receipt by the voting manager.

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

Notary Christoph Wagner with registered office in Berlin

- Voting manager (*Abstimmungsleiter*)-

Reference: "The Ground Real Estate Development AG Corporate Convertible Note 2021/2024"

c/o

HEUKING KÜHN LÜER WOJTEK

Partnership with limited professional liability

of lawyers and tax consultants

Kurfürstendamm 32

10719 Berlin

Germany

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

or by e-mail to thegrounds@heuking.de

(please send only once).

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

- Special proof from the custodian bank or the clearing system regarding the noteholder's ownership of the notes ("**Special Proof**") with a blocking notice
- A power of attorney if the noteholder is represented by a third party at the voting without a meeting.

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

The result of the voting is determined using the addition method. In the addition procedure, only the votes in favour and the votes against are counted. All votes duly cast during the Voting Period and accompanied by the required evidence are considered.

9. What is Special Proof or a blocking notice and what are its consequences?

The so-called Special Proof required for participation in the noteholders' voting is a certificate from the custodian bank of the relevant noteholder. This certificate contains the full name and address of the noteholder and states the total nominal amount of the notes credited to the noteholder's securities account at this custodian bank on the date the certificate is issued.

The blocking notice of the custodian institution required for participation in the noteholders' voting is a note stating that the notes held by the relevant noteholder will be blocked at the custodian institution from (and including) the day on which the Special Proof is sent until the end of the day of the noteholders' voting on Monday, 18 December 2023, 24:00 p.m. This means that the notes will not be traded until this time.

As a rule, the Special Proof issued by the custodian institution always includes the required blocking notice.

A sample form that can be used as a form for the Special Proof with blocking notice, which can be used by the custodian institution, can be found on the Website of the Issuer at

<https://www.thegroundsag.com/en/investor-relation/convertible-bond/>

Noteholders should contact their custodian bank regarding the issue of the Special Proof. It is recommended that you contact your custodian bank as soon as possible and request the corresponding Special Proof to be issued.

Noteholders who do not submit the Special Proof to the Voting Manager by no later than the end of the day of the noteholders' vote on Monday, 18 December 2023, 24:00 p.m. are not entitled to participate or vote. In these cases, authorised representatives may also not participate in the voting without a meeting or exercise their voting rights.

10. Can I be represented in the noteholders' voting without a meeting?

Each noteholder may be represented by an authorised representative of his choice when casting his vote (Section 14 SchVG in conjunction with Section 18 para. 1 SchVG).

The power of attorney and any instructions from the authorising party to the representative must be in text form within the meaning of Section 126b BGB. A form that can be used to grant power of attorney can be found on the website of The Grounds Real Estate Development AG in the section "Investor Relations - Convertible Bond" (<https://www.thegroundsag.com/en/investor-relation/convertible-bond/>). We recommend using this form to grant power of attorney.

Proof of authorisation must be provided to the voting manager by submitting the power of attorney in text form by the end of the Voting Period at the latest. In the case of voting by proxy, timely proof of the noteholder status of the authorising party is also required in the form of Special Proof.

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

A form that can be used to authorise and issue instructions to the proxies appointed by the Issuer is available on the website of The Grounds Real Estate Development AG in the section "Investor Relations - Convertible Bond" (<https://www.thegroundsag.com/en/investor-relation/convertible-bond/>).

Power of attorney and voting instruction form for the proxies appointed by the Issuer must be sent to the following address:

Mr Christian May and Mr Joachim Lorenzen

- Proxies -

Reference: "The Ground Real Estate Development AG Corporate Convertible Note 2021/2024"

c/o UBJ. GmbH

Haus der Wirtschaft

Kapstadtring 10

22297 Hamburg

Germany

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

or by e-mail to gv@ubj.de

11. Does the amendment of the Terms and Conditions also apply to noteholders who vote against them?

In accordance with Section 5 para. 2 of the German Bond Act, majority resolutions of the noteholder of the same note are equally binding for all noteholders. Accordingly, resolutions

passed by majority vote apply equally to all noteholders, even if they voted against the resolution.

12. Where can I find the relevant documents?

From the date of publication of the invitation in the Federal Gazette (28 November 2023) until the end of the Voting Period, the following documents will be available on the website of the Issuer (<https://www.thegroundsag.com/en/investor-relation/convertible-bond/>):

- the invitation to vote,
- the current terms and conditions of the Corporate Convertible Note 2021/2024,
- the amended terms and conditions of the Corporate Note 2021/2027 (new) with a comparative version of the amendments,
- voting form for the voting without a meeting,
- power of attorney form for granting power of attorney to third parties
- power of attorney and instruction form for granting power of attorney and instructions to the proxies appointed by the Issuer and
- form for special proof.

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

The Grounds Real Estate Development AG
Charlottenstrasse 79/80
10117 Berlin,
Germany
or by fax to the fax number +49 (30) 20 21 68 - 49
or by e-mail to: bond@tgd.ag

13. Where and when is information provided about the results of the voting without a meeting?

The Issuer will publish the results of the noteholders' voting without a meeting after the end of the Voting Period in an ad hoc announcement and on its website

<https://www.thegroundsag.com/en/investor-relation/convertible-bond/>

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