

THE GROUNDS

REAL ESTATE DEVELOPMENT AG



HALF-YEAR REPORT | 2026



HALF-YEAR REPORT

for the financial period 1 January to 30 June 2026

This half-year report was published on 30 September 2026 and is also available in English. The German version takes precedent in the case of any doubt.

This condensed consolidated interim financial statements were prepared voluntarily and were neither subjected to an audit nor a review.

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

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INTERIM GROUP MANAGEMENT REPORT

1. Economic Report

1.1 Macroeconomic development

The economic outlook for Germany remains characterised by uncertainty. Although the fiscal measures introduced by the federal government to date have led to a recovery in the economic situation, only public consumption expenditure is supporting demand. In the first quarter of 2026, GDP rose by 0.4 percent, followed by a further increase of 0.3 percent in the second quarter. This unexpectedly robust recovery led to an upward revision of growth forecasts for the coming years. Exports grew by 2.4 percent in the first quarter and by 2.0 percent in the second quarter, with demand from EU countries and the US in particular increasing significantly.

In its press release dated 23 July 2026, the ECB likewise expects economic growth to remain subdued in the short term due to the energy shock and the associated uncertainties. The ECB's aim is to stabilise inflation at the medium-term target of 2 percent, using changes in key interest rates to achieve this where necessary.

In its economic report published on 3 September 2026, the RWI – Leibniz Institute for Economic Research forecasts growth in gross domestic product (GDP) of 1.3 percent for the German economy in 2026. These estimates are higher than the early-summer forecasts, which had projected growth of 0.8 percent for both 2026 and 2027. The positive development in the first half of the year is mainly attributable to strong export dynamics and increased government spending, while private demand remains weak.

1.2 Sector development

The German building construction sector is still not out of the crisis in 2026 either: although demand remains high, particularly in residential construction, high construction costs, rising interest rates and new geopolitical uncertainties are dampening demand, according to the consulting firm EY-Parthenon in its building construction and infrastructure forecast from July 2026. Following a 3.6 percent decline in construction activity in 2024, the market contracted by a further 1.9 percent in 2025. According to this study, the decline for 2026 is expected to be considerably smaller at 0.2 percent, but this does not yet represent a turnaround. A recovery with real growth of 0.8 percent is not expected until 2027, and building construction growth could reach 1.2 percent in 2028. A stabilisation rather than a substantial upturn is therefore more likely.

Momentum in the construction industry came mainly from civil engineering, which was strengthened by funds from the special fund for infrastructure and climate neutrality. For new residential construction, the Munich-based ifo Institute expects only around 185,000 completed housing units in 2026.

The transaction market recorded a marked recovery in 2026. Several converging factors were decisive for this development: a correction in real estate prices, lower cost of capital compared with previous years, a significant increase in rents, and not least a limited supply on the rental housing market.

This visible increase in investment activity is continuing: in the first three months of 2026, all signs pointed to a recovery of the German investment market.

The real estate services provider JLL describes the current situation in its investment market overview for the second quarter of 2026 as follows:

„In the first three months of 2026, all signs pointed to a recovery of the German investment market. Surprising to many, the continuation of the Iran war into the second quarter, and the resulting rise in inflation and interest rates, did not put an end to the fragile recovery. At around EUR 17.6 billion, the transaction volume at the half-way point of 2026 remained around 15 percent above the prior-year level. The overall conditions remain volatile, and planned or initiated transactions continue to fail to materialise in many processes; the gap between the asking price and the price that buyers are willing to invest has, at the very least, not narrowed as a result of the rise in interest rates. There is no shortage of liquidity in the German real estate investment market, and investor interest fundamentally remains in place.“

The Grounds, whose business performance is significantly dependent on the transaction market, shares this view. However, this assessment is subject to the proviso that no additional significant risks – for example arising from geopolitical developments – materialise.

1.3 General legal conditions

No significant changes to the legal environment occurred during the reporting period, although such changes are nonetheless expected in the coming months. In particular, it remains to be seen how the Berlin elections will affect the composition of the future Berlin Senate. One of the central themes of the Berlin election campaign is the tight housing situation in the capital, which some political actors want to address with strong political control and regulatory instruments.

2. Business Performance

2.1 Financial performance

During the first half of 2026, The Grounds generated revenue of EUR 13.1 million. The significant increase compared with the corresponding prior-year period (EUR 2.9 million) is mainly attributable to marked growth in sales in the area of land and portfolio development and individual privatisation, respectively. A further factor was the new services segment, which contributed EUR 4.6 million to revenue and did not yet exist in the 2025 comparative period. A detailed breakdown of revenue can be found in the segment report.

Since financial year 2026, directly attributable cost of materials has been allocated to the respective revenue. With this change in presentation, The Grounds Real Estate Development AG is aligning itself with industry standards and the requirements of the standard forms used in the housing industry. Directly attributable personnel expenses are likewise allocated to the corresponding revenue-related expenses. Reference is again made to the segment reporting in this respect.

EBIT for the first half of 2026 amounted to EUR 1.9 million, representing a significant improvement compared with the prior-year period (EUR –1.1 million).

The financial result for the first half of the year, at EUR –4.0 million, exceeded the level of the first six months of 2025 (EUR –3.4 million). The financial result includes interest expenses for bonds of EUR 3.1 million, which did not result in any cash outflows during the reporting period.

At EUR –1.6 million, of which EUR –1.5 million is attributable to the shareholders of the parent company, the consolidated result for the first half of 2026 was again negative, but improved significantly compared with the prior year (EUR –3.7 million). Earnings per share amounted to EUR –0.03 (H1 2025: EUR –0.07).

2.2 Financial and asset position

The Grounds' total assets increased slightly from the balance sheet date of the previous financial year (approx. EUR 168.2 million) to around EUR 168.7 million as at 30 June 2026.

On the assets side, changes occurred in non-current assets as a result of the reclassification of properties in Perleberg and Wittenberge to the balance sheet item „Non-current assets held for sale“. Purchase agreements are in place for both properties, and the transfer of benefits and burdens, together with the associated revenue recognition, is expected in the second half of 2026.

Within current assets, inventories changed only insignificantly to EUR 124.5 million (31 Dec. 2025: EUR 125.0 million). Trade receivables show a significantly higher figure of EUR 4.4 million as at the reporting date than at the prior-year balance sheet date (EUR 2.4 million). The increase results from purchase price receivables outstanding at the reporting date, which have since largely been settled. Cash and cash equivalents of EUR 0.7 million are almost unchanged compared with 31 December 2025 (EUR 0.6 million).

On the equity and liabilities side, equity improved from around EUR 62.6 million to EUR 63.4 million. Two opposing factors affect equity here. The negative consolidated result of EUR –1.5 million leads to a reduction in equity, which is offset by the EUR 2.4 million increase in the hybrid bond, corresponding to the interest expense for this bond in the first half of 2026. In this context, the equity ratio changed from 37.2 percent (31 Dec. 2025) to 37.6 percent.

Non-current liabilities decreased by around EUR 1.8 million, from EUR 47.7 million at the end of financial year 2025 to EUR 45.9 million. This was mainly due to a reduction in non-current financial liabilities of EUR 1.4 million, from EUR 26.6 million to EUR 25.2 million. In addition, the bonds item increased from EUR 15.4 million to EUR 16.0 million, mainly due to the scheduled further accrual of bullet bond interest. Other non-current liabilities were reduced by EUR 0.5 million and deferred tax liabilities by EUR 0.3 million.

Current liabilities rose slightly from EUR 58.0 million to EUR 59.4 million, mainly due to an increase in advance payments received from EUR 1.0 million to EUR 2.5 million. Current financial liabilities of EUR 50.9 million as at 30 June 2026 were unchanged compared with 31 December 2025 (EUR 50.9 million).

At the end of the reporting period, The Grounds had cash and cash equivalents of EUR 0.7 million available (31 Dec. 2025: EUR 0.6 million). Operating activities generated a positive cash flow of EUR 4.1 million during the reporting period, primarily as a result of proceeds from property sales and the services business. Cash flow from investing activities amounted to EUR 580 thousand, and cash flow from financing activities amounted to EUR –4.6 million for the reporting period. Here, repayments made exceeded new borrowings by EUR 3.8 million.

3. Executive Bodies and Employees

During the reporting period, the Management Board of The Grounds Real Estate Development AG comprised Jacopo Mingazzini (CEO) and Andrew Wallis (CFO).

The Chairman of the Supervisory Board is Dr Peter Maser. Other members of the Supervisory Board are Stelios Theodosiou, Managing Director at H.I.G. Realty Partners, London, and Daniel Wöhler, Director and Head of DACH at H.I.G. Realty Partners, London.

During the reporting period, The Grounds employed an average of 52 employees.

4. Risks of Future Development

The risk structure of The Grounds was described in detail in the 2025 Annual Report. No material changes occurred during the reporting period.

With regard to future development, a greater weighting of the risks associated with activities in the asset management segment is to be expected, as this business area has grown significantly in importance.

5. Forecast Report

For financial year 2026, The Grounds expects revenue in the range of EUR 20 to 24 million and a slightly positive Group EBIT in a range of EUR 1 to 2 million. This forecast does not include any gross profit contribution from the earn-out agreement (Besserungsschein) relating to the logistics properties in Hangelsberg sold at the end of 2020, as this matter is currently in dispute. The forecast also does not include any effects from further acquisitions. Revenue and earnings effects from the Börde Bogen and The Central project developments are likewise not taken into account, as, according to current planning, a partial realisation is not expected before financial year 2027.

CONSOLIDATED BALANCE SHEET

The Grounds Real Estate Development AG, Berlin, as at 30 June 2026

	30 June 2026 TEUR	31 Dec. 2025 TEUR
Assets		
Non-current assets		
Intangible assets	54	117
Property, plant and equipment	208	288
Right-of-use assets	606	774
Investment property	28,021	30,401
Equity investments	2	27
Other financial assets	160	160
Deferred tax assets	2,814	2,562
Total non-current assets	31,865	34,329
Current assets		
Inventories	124,453	125,000
Trade receivables	4,390	2,378
Receivables from affiliated companies	596	851
Other receivables	4,352	4,967
Cash	702	632
Non-current assets held for sale	2,340	0
Total current assets	136,833	133,828
Total assets	168,698	168,157

	30 June 2026 TEUR	31 Dec. 2025 TEUR
Equity		
Issued capital	49,455	49,455
Adjustment item from business acquisition	-12,453	-12,453
Capital reserves	2,200	2,200
Retained earnings	155	155
Net income	-2,758	-1,308
<i>Attributable to shareholders of the parent company</i>	36,599	38,049
Hybrid bond	26,863	24,421
<i>Attributable to non-controlling shareholders</i>	-44	82
Total equity	63,418	62,552
Liabilities		
Non-current liabilities		
Financial liabilities	25,186	26,571
Bonds	16,000	15,371
Lease liabilities	1,240	1,429
Other liabilities	635	1,183
Deferred tax liabilities	2,837	3,097
Total non-current liabilities	45,898	47,652
Current liabilities		
Provisions	2,258	1,275
Financial liabilities	50,860	50,856
Lease liabilities	138	122
Advance payments received	2,505	1,027
Current income tax liabilities	789	1,686
Trade payables	1,452	1,857
Liabilities to affiliated companies	163	0
Other liabilities	1,217	1,130
Total current liabilities	59,381	57,953
Total assets	168,698	168,157

CONSOLIDATED INCOME STATEMENT

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2026

	1 Jan. 2026 – 30 June 2026 TEUR	1 Jan. 2025 – 30 June 2025 TEUR
Revenue	13,049	2,924
Revenue from the sale of properties	7,123	1,713
Expenses from the sale of properties	-6,076	-1,827
Result from the disposal of properties	1,047	-114
Revenue from rental income	1,330	1,211
Rental expenses	-881	-373
Rental result	449	838
Service revenue	4,596	0
Expenses from services	-2,616	0
Service result	1,980	0
Change in value of investment property	-40	0
Other operating income	727	176
Staff costs	-851	-871
Depreciation of property, plant and equipment and amortisation of intangible assets	-273	-91
Other operating expenses	-1,149	-1,014
EBIT	1,890	-1,076
Interest income	54	40
Interest expenses	-4,013	-3,446
Financial result	-3,959	-3,406
Earnings before income taxes	-2,069	-4,482
Income taxes	493	833
Consolidated net earnings	-1,576	-3,650
<i>of which attributable to non-controlling shareholders</i>	<i>-126</i>	<i>-353</i>
<i>of which attributable to shareholders of the parent company</i>	<i>-1,450</i>	<i>-3,297</i>
Earnings per share (in EUR)	-0.03	-0.07

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2026

	Issued capital	Adj. item	Capital reserves	Retained earnings	Net income/loss	Parent shareholders	Hybrid bond	Non-controlling	Total
As at 1 Jan. 2026	49,455	-12,453	2,200	155	-1,308	38,049	24,421	82	62,552
Acquisition of minority interests	0	0		0	0	0		0	0
Addition to hybrid bond							2,442		2,442
Consolidated comprehensive income					-1,450	-1,450		-126	-1,576
As at 30 June 2026	49,455	-12,453	2,200	155	-2,758	36,599	26,863	-44	63,418

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2025 (prior-year comparison)

	Issued capital	Adj. item	Capital reserves	Retained earnings	Net income/loss	Parent shareholders	Hybrid bond	Non-controlling	Total
As at 1 Jan. 2025	49,455	-12,453	2,605	155	8,362	48,124	0	2,621	50,746
Acquisition of minority interests					-459	-459	0	-2,521	-2,980
Consolidated comprehensive income					-3,297	-3,297	0	-353	-3,650
As at 30 June 2025	49,455	-12,453	2,605	155	4,606	44,368	0	-253	44,116

All amounts in TEUR. Rounding differences to the totals shown are possible.

CONSOLIDATED CASH FLOW STATEMENT

The Grounds Real Estate Development AG, Berlin, 1 January to 30 June 2026

	1 Jan. 2026 – 30 June 2026 TEUR	1 Jan. 2025 – 30 June 2025 TEUR
Consolidated net earnings	-1,576	-3,650
+ Write-downs on fixed assets	68	26
+ Depreciation of right-of-use assets	205	65
+/- Increase/decrease in provisions	983	154
+ Other non-cash changes	4,131	-2,980
-/+ Change in value of investment property	40	0
-/+ Gains/losses on the disposal of fixed assets	0	0
-/+ Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-2,978	-23,087
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	-303	-5,004
+/- Interest expenses/interest income	3,959	3,406
+/- Income tax expense/income	-493	-833
-/+ Income taxes paid	73	-415
Cash flow from operating activities	4,110	-32,318
+ Proceeds from disposals of property, plant and equipment	0	52
+ Proceeds from disposal of investment property	0	290
+ Proceeds from disposal of financial assets	25	0
– Payments for investments in property, plant and equipment	0	-173
+/- Proceeds/payments from short-term financial management	537	0
– Payments for investment property	0	-43
+ Interest received	18	10
Cash flow from investing activities	580	136
+ Proceeds from issuing bonds and raising loans	5,391	19,291
– Payments from repaying bonds and loans	-9,176	-6,875
– Repayment of lease liabilities	-173	-76
– Interest paid	-661	-2,152
Cash flow from financing activities	-4,619	10,187
Cash changes in cash funds	70	-21,995
+ Changes in the scope of consolidation		0
+ Cash funds at the beginning of the period	632	27,574
Cash funds at the end of the period	702	5,579

NOTES TO THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

Notes to the consolidated half-yearly financial statements

1. Fundamental Information

The Grounds Real Estate Development AG (hereinafter: „The Grounds“) is headquartered in Berlin, Germany. It is registered in the commercial register of the Berlin Charlottenburg Local Court under registration number HRB 191556 B.

The Company's shares are listed under ISIN DE000A40KXL9 in the „Primärmarkt“ premium open market segment of the Düsseldorf Stock Exchange, as well as in the open market of the Frankfurt Stock Exchange, with trading in the shares on Xetra and, in addition, on the Tradegate Exchange.

The Company's operating activities consist of realising residential projects in German metropolitan regions and conurbations. The business comprises four core areas: the management of a proprietary property portfolio; tenant-related sales of existing apartments to investors or owner-occupiers; the development and implementation of new residential construction projects with the aim of selling them to institutional investors, investors or owner-occupiers; and, since mid-2025, asset management for property portfolios not owned by the Company. In this context, The Grounds functions primarily as an operationally active holding company for its property special purpose vehicles.

2. Reporting Principles

These condensed consolidated interim financial statements of The Grounds AG were prepared on a voluntary basis and have not been audited or reviewed.

The Grounds AG has prepared its consolidated interim financial statements for the first half of 2026 in accordance with IAS 34 „Interim Financial Reporting“, as adopted into European law on the basis of EU Regulation No. 1606/2002 of 19 July 2002 concerning the application of International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements should be read in conjunction with the likewise voluntary IFRS consolidated financial statements of The Grounds AG as at 31 December 2025.

The presentation of a consolidated statement of comprehensive income has been omitted, as there were no effects to be recognised in other comprehensive income that are not recognised in profit or loss.

For the first time, The Grounds has divided its business activities into reportable segments within the meaning of IFRS 8. The purpose of preparing segment reporting is to illustrate the shift in the weighting of revenue resulting from the asset management segment. Reporting is carried out for the four segments: portfolio holding business, privatisation business, real estate project development, and asset management. In addition, the income statement was redesigned in accordance with industry-standard practice, taking into account the German Ordinance on the Structure of the Annual Financial Statements of Housing Enterprises (JAbschlWUV). The prior-year figures were adjusted accordingly.

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

3. Accounting Policies

In its condensed consolidated interim financial statements for the first half of financial year 2026, The Grounds AG applied the same accounting policies as in the voluntary IFRS consolidated financial statements as at 31 December 2025.

4. Explanatory Notes

4.1 Consolidated group

As at 30 June 2026, The Grounds AG had included 21 subsidiaries in the consolidated interim financial statements.

With effect from 1 January 2026, BORBICO GmbH was merged into TGA Immobilien Erwerb 12 GmbH.

4.2 Financial Instruments

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

4.3 Segment Reporting

Since August 2025, companies within The Grounds Group have provided asset management services for formerly insolvent companies from the former Ziegert Group. This new business area gives rise to the need for segment reporting in accordance with IFRS 8.

The key figures are set out in the table below (figures in TEUR):

	Portfolio holding	Privatisation	Property development	Asset Management	Total
Rental income	843	487			1,330
Sales revenue		5,247	1,876		7,123
Service revenue				4,596	4,596
Total revenue	843	5,734	1,876	4,596	13,049
Change in value of properties	-40	0	0	0	-40
Other operating income	6	3	0	362	371
Changes in inventories	0	0	0	0	0
Total output	809	5,737	1,876	4,958	13,380
Property management expenses	-671	-210	0	0	-881
Sales expenses	0	-4,200	-1,876	0	-6,076
Asset management expenses	0	0	0	-2,616	-2,616
Project development expenses	0	0	0	0	0
Other operating expenses	-29	-16	-55	0	-99
Depreciation and amortisation	-3	0	0	-58	-61
Segment EBIT	106	1,312	-55	2,284	3,647

Reconciliation to Group EBIT

	in TEUR
Segment EBIT (total)	3,647
Other operating income	357
Depreciation and amortisation	-212
Staff costs	-851
Other operating expenses	-1,050
Group EBIT	1,890

All segments operate exclusively domestically. There was no material exchange of services between the segments.

Around 35% of the Group's total revenue is attributable to the asset management segment. The revenue in this segment was generated with affiliated companies which, however, are not subsidiaries of The Grounds and are therefore not included in the consolidated financial statements.

As EBIT is used as the central management metric across the Group, disclosures on assets and liabilities at segment level are omitted, as these are not used for management purposes. The same applies to disclosures on interest income and taxes, as these are not reported to management.

4.4 Related party transactions

Up to 30 June 2026, the following transactions with related parties and companies took place in the financial year:

As at 30 June 2026, receivables from related companies amounted to EUR 1,793 thousand. This resulted in interest income from related companies of EUR 29 thousand.

As at 30 June 2026, liabilities to related companies amounted to EUR 2,621 thousand. Interest expenses to related companies of EUR 2,462 thousand were incurred. The apparent discrepancy between the amount of the liability and the amount of interest is explained by the interest on the hybrid bond. This hybrid bond is not recognised as a liability but as an equity component.

No transactions with related parties and companies on non-arm's-length terms were carried out during the reporting period.

4.5 Average number of employees

During the reporting period, the companies included in the consolidated financial statements employed an average of 52 employees.

5. Events After the Reporting Period

No events of particular significance for the net assets, financial position and results of operations of The Grounds Group occurred after the end of the reporting period.

Berlin, 29 September 2026

The Management Board of The Grounds Real Estate Development AG

Jacopo Mingazzini

Andrew Wallis

FINANCIAL CALENDAR

2026

24 November Annual General Meeting 2026, Berlin

These dates are provisional. Please check all final confirmed dates and further IR activities on our website at:

www.thegroundsag.com/en/investor-relation/financial-calendar

Forward-looking statements

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