

THE GROUNDS

REAL ESTATE DEVELOPMENT AG



ANNUAL REPORT | 2025



THE GROUNDS

REAL ESTATE DEVELOPMENT AG

ANNUAL REPORT

for the financial year
1 January to 31 December
2025

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

Both versions of the annual report are available online on our website:

www.thegroundsag.com/de/investor-relations/finanzberichte-und-praesentationen/geschaeftsberichte

www.thegroundsag.com/en/investor-relation/financial-reports-and-presentations/annual-reports

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



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KEY FIGURES

Group key figures		31 Dec. 2025	31 Dec. 2024
Sales revenues	KEUR	9,963	12,894
... of which sales	KEUR	4,766	11,120
... of which rental income	KEUR	2,378	1,767
... of which service revenues and other	KEUR	2,819	1,598
Earnings before interest and taxes (EBIT)	KEUR	-2,971	-9,173
Consolidated profits	KEUR	-9,688	-13,556
Earnings per share	EUR	-0.20	-0.59
Total assets	KEUR	168,157	168,326
Equity	KEUR	62,552	50,746
Equity ratio	%	37.2%	30.1%
Financial liabilities & bonds	KEUR	92,798	99,692
Loan to value (LTV)	%	55%	51%
Cash flow from operating activities	KEUR	-31,356	-10,043
Cash flow from investing activities	KEUR	-783	-534
Cash flow from financing activities	KEUR	5,197	35,123
Employees*		33	13

*Average number of employees during the reporting period. As at 31 December 2025, the number of employees stands at 53.

Portfolio key figures		31 Dec. 2025	31 Dec. 2024
Portfolio properties (Fixed assets)			
Living/usable space	m²	22,764	26,143
Units		352	414
Rental income p.a.	KEUR	1,598	1,644
Portfolio development (Current assets)			
Living/usable space	m²	11,614	1,560
Units		140	11
Rental income p.a.	KEUR	1,095	129
Property development			
Planned living/usable space	m²	128,711	129,872

Overview of The Grounds shares (Xetra prices)		2025	2024
Market capitalisation (as at 31 Dec.)	KEUR	40,306	58,357
Share capital (as at 31 Dec.)	KEUR	49,455	49,455
Closing price	EUR	0.82	1.18
Share price low	EUR	0.75	0.94
Share price high	EUR	1.82	1.69
ISIN / WKN	DE000A40KXL9 / A40KXL		
Segment	Primary market, Düsseldorf Stock Exchange		



LETTER TO THE SHAREHOLDERS

**Dear Shareholders,
Dear Ladies and Gentlemen,**

The German economy showed clear signs of recovery at the beginning of 2026. The outbreak of the Iran war and the ensuing oil and gas price shock, however, put a damper on this development. The data already available for the second quarter of 2026 present a mixed picture. Sentiment indicators point to a further economic slowdown, while production, sales and order data, on the other hand, paint a more positive picture. Nevertheless, the ongoing war in Ukraine and Iran, as well as the current foreign and economic policy of the United States, in particular its tariff policy, remain sources of uncertainty.

These conditions and the associated uncertainties are also affecting developments on the property markets. Although prices for residential properties rose again in many locations in 2025 and in the first quarter of 2026, transaction activity on the German property investment market last year remained below the previous year's level. Private buyers of houses and residential units continue to act with restraint, which is clearly reflected in The Grounds' business performance in the 2025 financial year. The Grounds recorded a further



JACOPO MINGAZZINI

CEO

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 residential property" in Berlin.



ANDREW WALLIS

CFO

Andrew Wallis (MBA, CFA) has been Chief Financial Officer (CFO) of The Grounds Real Estate Development AG since March 2025.

Previously, he worked for Merrill Lynch, JP Morgan and HSBC, among others, and served as Deputy CEO of Aroundtown S. A. in Berlin from 2014 to 2020.

Since 2020, he has worked as a consultant on M&A projects and operational restructuring mandates, taking on interim management and board functions on several occasions.

decline in revenue to EUR 10.0 million in 2025, but thereby slightly exceeded the expectations of EUR 9 million to EUR 11 million expressed at the beginning of 2025. The EBIT forecast was, however, missed by a significant margin due to fair value adjustments made to development projects.

The takeover of asset management for companies in the Ziegert portfolio acquired by the H.I.G. Capital Group is expected to generate stable service revenues. In this way we were able to take an important strategic step towards broadening The Grounds' earnings base. We reported on the successful conclusion of the corresponding agreements on 21 August 2025 and, in this connection, significantly strengthened our personnel resources.

For the 2026 financial year, The Grounds expects consolidated revenue in the order of EUR 20 million to EUR 24 million and a positive consolidated EBIT of between EUR 1.0 million and EUR 2.0 million. In the privatisation business, we expect net revenue of around EUR 14 million in 2026, and we assume that we will generate net revenue of approximately EUR 7 million in the asset management business.

Taking an overall view of a possible economic recovery and an associated increase in purchasing sentiment among private property buyers, several planned project starts and the broadening of our earnings base, we look with confidence to the 2027 financial year. We are encouraged in this, above all, by the positive response to the sales launch of the “Arch7” (Börde Bogen) project in Magdeburg and by the advancing planning for the residential project “The Central”, likewise located in Magdeburg, for which we still expect a sales launch in 2027.

We would like to thank you for the trust you have placed in us and for your ongoing support during these challenging times. The Management Board would also like to thank all the Company’s staff for their high level of personal commitment and their continued dedication to The Grounds.

Berlin, September 2026

The Management Board

Jacopo Mingazzini

Chief Executive Officer

Andrew Wallis

Chief Financial Officer



REPORT OF THE SUPERVISORY BOARD

Dear Ladies and Gentlemen,

After two years of mild recession, Germany recorded modest economic growth again in 2025. This development is supported primarily by public investment and private consumption. The property market has not, however, been able to benefit from this to any significant extent as yet. In 2025, numerous property companies again ran into financial difficulties and had to file for insolvency. After transaction volumes on the German commercial property investment market had collapsed in 2022 and 2023, a slight recovery trend and an increase in investment activity emerged for the first time in 2024. This recovery did not continue in 2025, despite several reductions in key interest rates by the European Central Bank.

A decisive milestone for the Company's future development was the assumption, completed in August 2025, of asset management for companies of the insolvent Ziegert Group. The Grounds took over the management of around 1,100 residential and commercial units with a gross asset value (GAV) of around EUR 660 million. To perform this task, part of the former Ziegert workforce was integrated into The Grounds Asset Management, which also accounts for the significant increase in headcount. This new business segment already made a positive EBIT contribution of around EUR 1 million in the stub financial year 2025 and thereby offset uncertainties arising from the project business. With the approval of the conversion, as at 18 December 2025, of the bond issued by H.I.G. Capital in 2023/2024 in the amount of EUR 17 million into a hybrid bond, the investment company is intensifying its commitment as a strategic investor in The Grounds. The term of the bond was changed to perpetual and repayment will be made only at the initiative of The Grounds. The bond can therefore be recognised as equity in the IFRS consolidated financial statements, thereby stabilising the balance sheet and giving The Grounds greater flexibility in implementing existing projects. This step is an important milestone in the development of The Grounds and evidence of H.I.G. Capital's great confidence in the business activities.

A substantial part of the joint deliberations between the Supervisory Board and the Management Board related to the associated matters. The continuous dialogue on the Group's financial and liquidity position was also a major focus of the joint discussions

with the Management Board in 2025. The establishment of a new corporate structure in connection with the takeover of asset management for companies in the Ziegert portfolio acquired by the H.I.G. Capital Group, the conversion of the H.I.G. bond into a hybrid bond and the relocation of the Company's headquarters were also discussed. And, as in previous years, the Supervisory Board regularly addressed the current status of planned and ongoing projects. And as in previous years, the Supervisory Board regularly addressed the current status of planned and ongoing projects. The focus remained on the target-actual comparison regarding budgets, scheduling and marketing progress as well as developments in the German property market and their potential impacts on The Grounds.

In the year under review, the Supervisory Board of The Grounds Real Estate Development AG performed the duties incumbent upon it under the law, the articles of association and the rules of procedure with due care. It advised the Management Board on the management of the Company and the Group and continuously monitored its activities. In doing so, the Supervisory Board was at all times satisfied with the legality, appropriateness and propriety of the Management Board's work.

The Management Board informed the Supervisory Board comprehensively and in a timely manner both at regular meetings and by verbal reports outside of meetings. During the 2025 financial year, the Management Board kept the Supervisory Board continuously informed of the business performance of all Group companies, the strategic orientation and corporate planning, including financial and liquidity planning. The Supervisory Board was also regularly informed of the risk profile and risk development of the individual projects.

The Management Board and Supervisory Board regularly exchanged information and ideas on important topics and upcoming decisions. The Supervisory Board was involved at an early stage and directly in all decisions of fundamental importance to the Company and the Group. The Supervisory Board granted its approval for individual business transactions where required by law, the articles of association or the rules of procedure.

Composition of the Management Board and the Supervisory Board

There were changes to the Management Board of The Grounds in the reporting year. With effect from 1 March 2025, the Supervisory Board appointed Andrew Wallis as Chief Financial Officer.

At the beginning of 2025, the Supervisory Board consisted of Chairman Dr Peter Maser, Thomas Bergander as his deputy and Eric Mozanowski as a member. On 22 January 2025, the Company announced that Thomas Bergander and Eric Mozanowski had stepped down from the Supervisory Board following the successful completion of the capital measures in the fourth quarter of 2024 and that 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, had been appointed to the Supervisory Board of The Grounds in their place. At the meeting on 24 January 2025, Dr Peter Maser was re-elected Chairman and Daniel Wöhler was elected as his deputy.

Work of the Supervisory Board in the reporting year

In the reporting year, the Supervisory Board held three ordinary Supervisory Board meetings on 24 January, 28 April and 19 September, with all current members of the Supervisory Board present at all times. The meetings were held partly as video conferences and partly as face-to-face meetings together with the Management Board. Furthermore, representatives of the auditor RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft attended the Supervisory Board meeting on the financial statements for the 2024 financial year on 28 April 2025 as guests.

The Supervisory Board also passed seven resolutions by circular resolution, which mainly related to the extension of the appointment of Jacopo Mingazzini as member of the Management Board and the appointment of Andrew Wallis as Chief Financial Officer, the assertion of claims against a former member of the Management Board, and the conversion of the H.I.G. bond into a hybrid bond. In addition to the aforementioned reports and topics, the Supervisory Board's meetings also dealt with liquidity planning, the outlook for the 2026 financial year and the preparation and debriefing of the 2025 Annual General Meeting.

Annual and consolidated financial statements as at 31 December 2025

At the Annual General Meeting on 23 June 2025, the shareholders elected RSM Ebner Stolz Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft GmbH & Co. KG, Hamburg, as the auditor and Group auditor for the 2025 financial year (hereinafter RSM Ebner Stolz). The auditor audited the annual financial statements prepared by the Management Board in accordance with the German Commercial Code (HGB), as well as

the consolidated financial statements prepared in accordance with IFRS, together with the Group management report, and issued an unqualified audit opinion for each.

The aforementioned financial statement documents, including the auditor's reports, were discussed in detail at the Supervisory Board meeting on 29 September 2026 in the presence of representatives of the auditor RSM Ebner Stolz. The necessary documents had been submitted to all members of the Supervisory Board in good time before this meeting. The auditor reported on the scope, progress and key findings of the audit and was available to the Supervisory Board to answer questions and provide additional information. He focussed specifically on previously defined key audit areas. The auditor further reported that there were no significant weaknesses in the internal control and risk management systems with respect to the financial reporting process. The Management Board had duly fulfilled all its related responsibilities in an appropriate manner.

Following its own review of all financial statement documents for the 2025 financial year, the Supervisory Board had no objections to raise and approved the result of the audit by the auditor. On 29 September 2026, the Supervisory Board approved the annual financial statements and the consolidated financial statements of The Grounds for the 2025 financial year prepared by the Management Board. The 2025 annual financial statements are thus adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

The Supervisory Board has reviewed and approved the dependency report on relationships with affiliated companies prepared by the Management Board in accordance with Section 312 AktG. Following the final result of its review, the Supervisory Board raised no objections to the declaration by the Management Board at the end of the report that the Company received appropriate consideration in transactions with affiliated companies and was not disadvantaged by any measure taken or omitted (Section 312 (3) AktG).

The auditor, RSM Ebner Stolz Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft GmbH & Co. KG, Hamburg, did not raise any objections in its audit of this report; the audit result is consistent with the findings of the Supervisory Board. The auditor issued an unqualified opinion thereon: 'Based on our duly performed audit and assessment, we confirm that 1. the factual information in the report is correct, 2. in the legal transactions listed in the report the consideration provided by the companies was not unreasonably high, 3. the measures

set out in the report do not give rise to any circumstances that would warrant an assessment significantly different from that of the Management Board.”

Another item on the agenda at the meeting on 29 September 2026 was this report by the Supervisory Board.

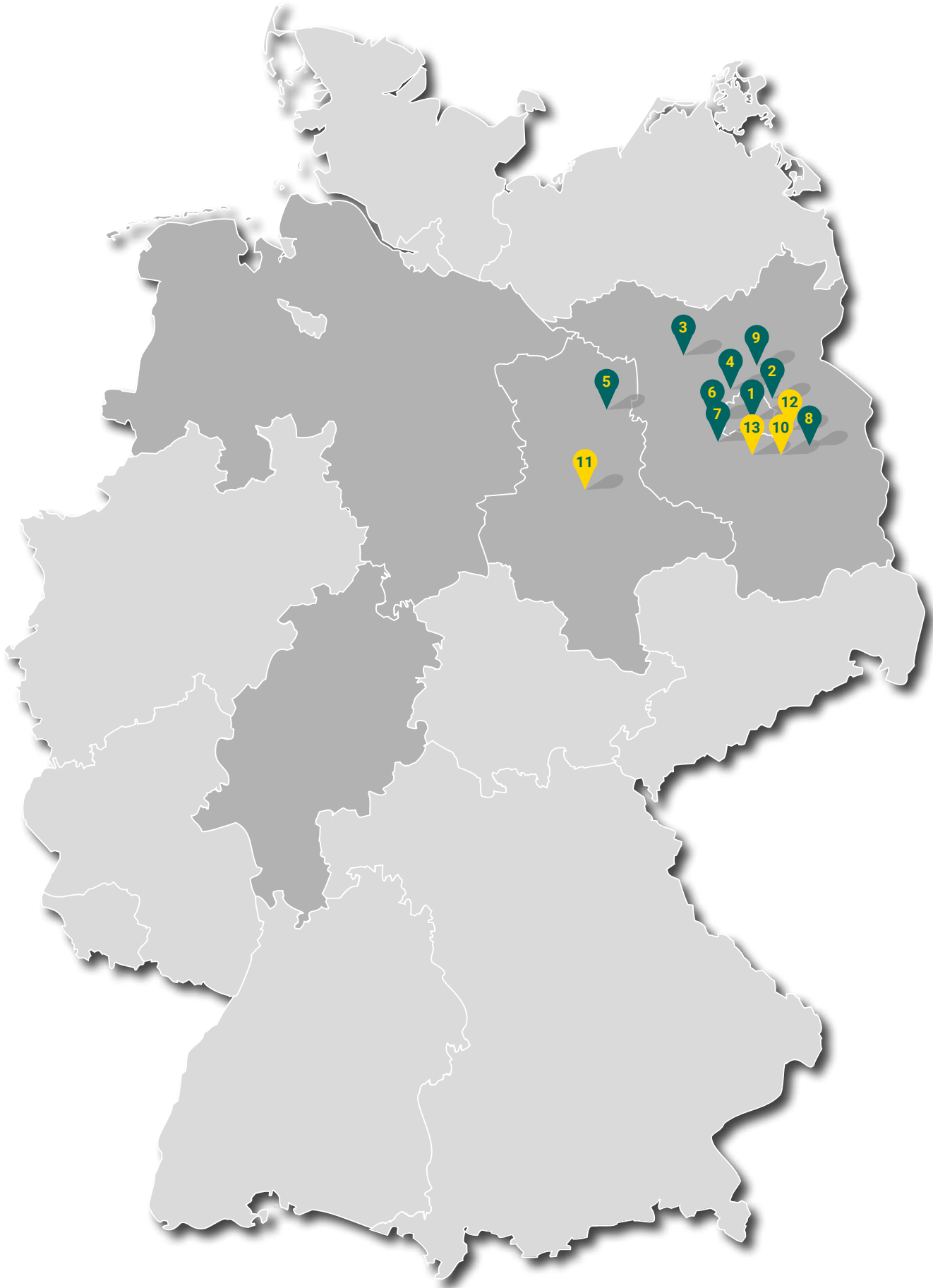
The Supervisory Board would like to thank the Management Board and all employees of The Grounds Group for their commitment and significant level of personal dedication during the 2025 financial year.

Berlin, 29 September 2026

Dr Peter Maser

Chairman of the Supervisory Board





PORTFOLIO AND PROPERTIES

Specialist for German residential property

The Grounds Group carries out housing projects in German metropolitan regions. In addition, The Grounds holds a growing residential property portfolio as fixed assets.

The Grounds Real Estate Development AG is listed in the 'Primary Market' segment of the Düsseldorf Stock Exchange's over-the-counter market, as well as in the open market of the Frankfurt Stock Exchange with trading of its shares on Xetra and on the TradeGate Exchange.

REGIONAL OVERVIEW

- | | | | |
|---|---|--|--|
|  | Berlin
Investment property |  | Königs Wusterhausen
Property development |
|  | Bernau
Investment property |  | Magdeburg
Property development |
|  | Fehrbellin
Investment property | <ul style="list-style-type: none">• Arch 7 (Baufeld 7)• Börde Bogen (Baufeld 1-6)• The Central | |
|  | Kremmen
Investment property |  | Erkner
Property development |
|  | Stendal/Prignitz
Investment property |  | Blankenfelde-Mahlow
Property development
(Joint Venture) |
|  | Dallgow-Döberitz
Portfolio development | | |
|  | Potsdam-Fahrland
Portfolio development | | |
|  | Werder (Havel)
Portfolio development | | |
|  | Rauen
Portfolio development | | |
|  | Schorfheide
Portfolio development | | |

PORTFOLIO OVERVIEW

Our rental portfolio properties



Berlin-Lichtenberg

- 22 residential units
- Usable space: 1,089 m²

1



Bernau

- 59 residential units
- Usable space: 4,355 m²

2



Fehrbellin

- 24 residential units
- Usable space: 1,503 m²

3



Kremmen

- 24 residential units
- Usable space: 1,430 m²

4



Stendal/Prignitz

- Multiple locations
- 223 residential and commercial units
- Usable space: 14,387 m²

5

Portfolio development

Condominiums and terraced houses for investors and owner occupiers



Dallgow-Döberitz

- 7 residential units*
- Usable space: 993 m²*
- In the sales process



Potsdam-Fahrland

- 51 residential units
- Usable space: 4,951 m²*
- In the sales process



Rauen near Fürstenwalde

- 23 residential units
- Usable space: 1,309 m²*
- In the sales process



Schorfheide near Eberswalde

- 35 residential units
- Usable space: 2,046 m²*
- In the sales process



Werder (Havel)

- 24 residential units
- Usable space: 2,315 m²
- In the sales process



* Areas and units refer to the units not yet economically transferred/transitioned as at 31 December 2025.

Property development

Our property development projects



Arch 7 – Börde Bogen (Baufeld 7) in Magdeburg

10

- 82 residential units/ 5 office space
- Gross floor space: 4,838 m²
- Building permit obtained
- In the sales process



Betty in Königs Wusterhausen

11

- 90 residential units
- Usable space: 6,640 m²
- In planning
- Sales launch: still pending



Börde Bogen (Baufeld 1-6) in Magdeburg

11

- >500 units
- Gross floor space: 61,858 m²
- In planning
- Sales launch: still pending



Terra Homes in Erkner

12

- 34 homes
- Usable space: 4,279 m²
- Under construction
- In the sales process



The Central in Magdeburg

11

- offices/residential
- Gross floor space: 17,140 m²
- Building permit obtained
- In the sales process

Joint ventures

Joint development of property



Highfly in Blankenfelde-Mahlow

13

- >240 residential units
- Gross floor space: 33,956 m²
- In planning
- Sales launch: still pending



THE GROUNDS ON THE CAPITAL MARKET

Development of The Grounds Share from 1 January to 31 December 2025 (Xetra prices)



In 2025, the German stock markets presented a favourable picture across all company sizes. The shares of large companies performed somewhat better than those of medium-sized companies. On average, small companies recorded the strongest price gains over the year and technology companies the weakest. As in the previous year, the main indices DAX, MDAX, SDAX and TecDAX were at times subject to considerable fluctuations over the course of 2025.

The DAX leading index, comprising the forty largest companies in Germany, had reached a new record level of around 19,900 points at the end of the previous year. It continued its upward movement in the first quarter of the reporting year. Over the further course of the year it reached several new historic highs and closed the year at 24,490 points. This corresponds to an increase of 23% compared with the previous year. The market's continuing high volatility was reflected in a range of 6,281 points between the high and the low.

The MDAX, which includes the 50 companies that rank below the DAX stocks in terms of market capitalisation and stock market turnover, had still recorded a loss of just over 5% in 2024. At the beginning of 2025 it started with a marked upward movement, followed by a sharp decline in March to its starting level and a full recovery in April. It then stabilised over the remainder of the year and, after a strong year-end, reached 31,181 points, an increase of almost 20% compared with the previous year. The small-cap index SDAX, which comprises the 70 next smallest stocks after the MDAX stocks, recorded a gain of more than 25% for 2025, the largest among the main DAX indices. The TecDAX, which covers the 30 largest technology companies, performed significantly more weakly than the other major DAX indices, with a gain of 6%.

Unlike the market as a whole, property shares had to absorb significant losses in 2025. The DIMAX sector index (Deutscher Immobilienaktienindex), which is calculated by Bankhaus Ellwanger & Geiger, is an important guide in this context. It comprises the main listed property companies in Germany that generate at least 75% of their revenue or income from property. The DIMAX started 2025 at 91.59 points, reached an annual high of 92.16 points, but then fell to an annual low of 74.87 points and closed at 78.00 points. This corresponds to a decline of 14.8%. Over the course of 2025 the index fell sharply, recovered in the second quarter to its level at the start of the year, but recorded losses again in the second half of the year in a downward trend that accelerated once more towards year-end.

The Grounds Share at a Glance

ISIN / WKN	DE000A40KXL9 / A40KXL	
Market segment	Primary market, Düsseldorf Stock Exchange	
Markets	Xetra Tradegate OTC in Berlin, Frankfurt, Munich, Stuttgart	
Type of shares	Registered share with no par value	
Number of shares as at 31 Dec.	49,454,740	
	2025	2024
Share price at the end of the financial year*	EUR 0.82	EUR 1.18
Percentage change in year	-36%	-28.9%**
Market capitalisation as at 31 December	EUR 40,305,613	EUR 58,356,593
Annual high*	EUR 1.82	EUR 1.69
Annual low*	EUR 0.75	EUR 0.94

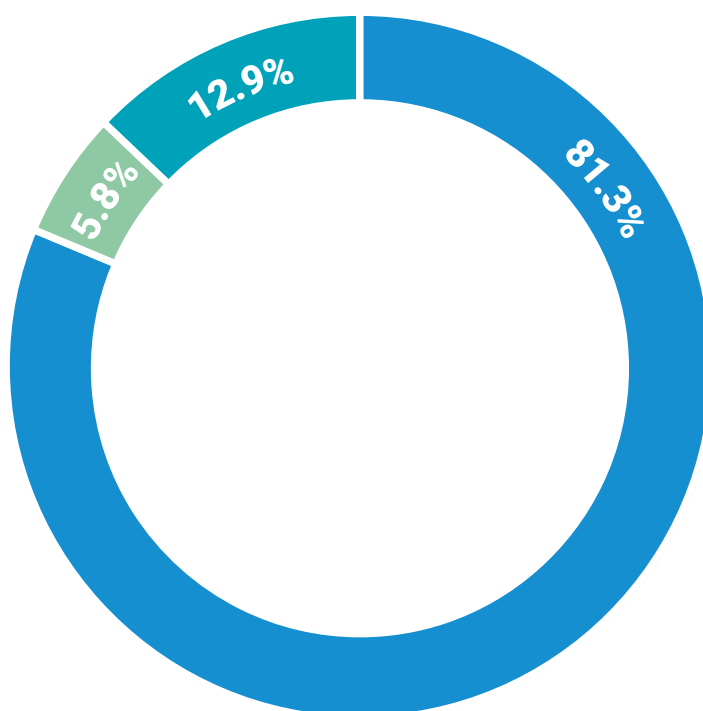
* Prices on Xetra trading system of Deutsche Börse AG

** For reasons of comparability, the share prices include the full-year presentation of the capital reduction carried out

Geopolitical dislocations, high financing pressure and rising construction interest rates shaped the price performance, with a brief recovery phase driven by a stabilisation of property prices.

However, the performance of the DIMAX is strongly influenced by a number of companies with high market capitalisation, so that smaller property companies with a low market capitalisation, including The Grounds, can, in some cases, exhibit significantly divergent share-price performances. The Grounds share price stood at EUR 1.26 at the beginning of 2025. In the first two weeks of the year, it rose to as much as EUR 1.82, but by the end of February had first fallen to around EUR 1.30 and ultimately to EUR 1.14. Through to the end of September, it moved between EUR 1.10 and EUR 1.32 and declined further to EUR 0.82 by year-end.

Shareholder structure (as at December 2025)

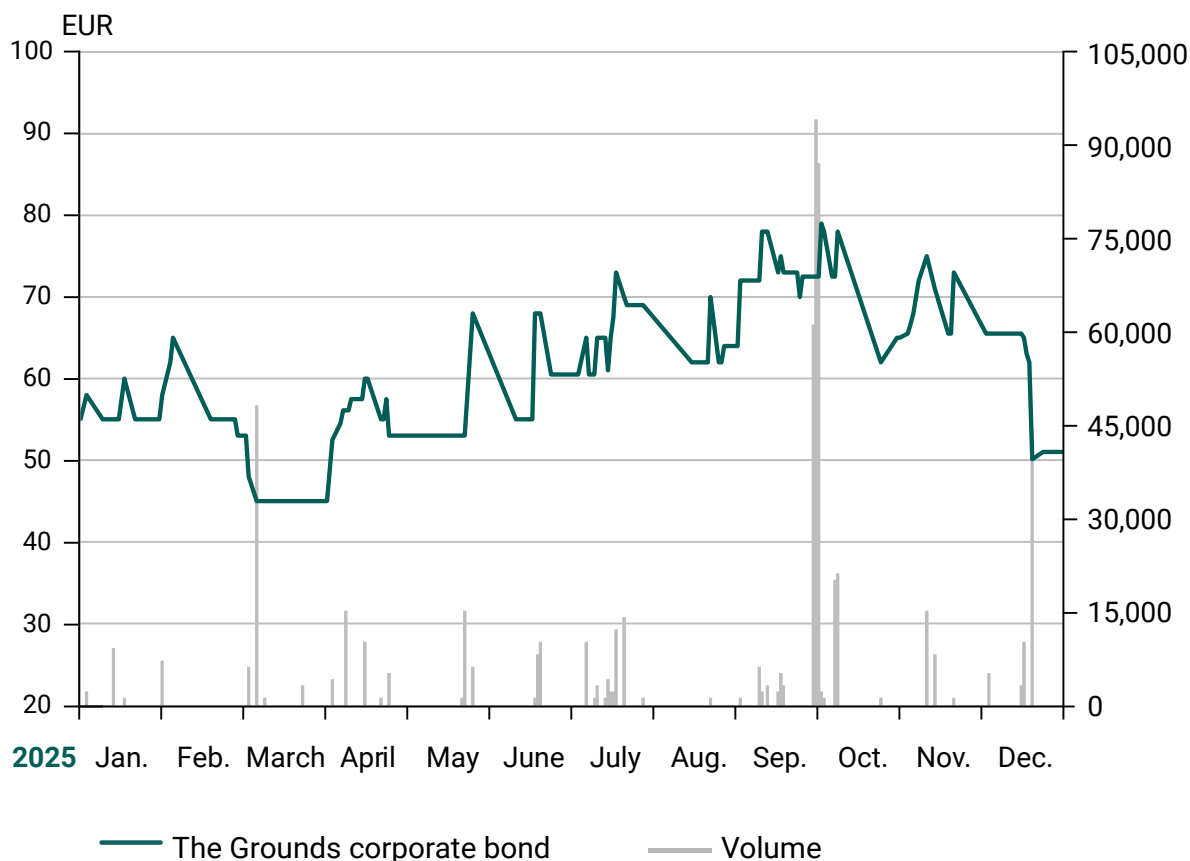


- Tempus Holdings 112 S.à r.l.
(a fund managed by H.I.G. Capital Group)
- Millennium Verwaltungs GmbH
- Free float

total: 49,454,740 shares

The Grounds corporate bond until 18 February 2027 (ISIN DE000A3H3FH2)

Development of The Grounds corporate bond from 1 January to 31 December 2025
(Frankfurt prices)



The zero-coupon bond maturing on 18 February 2027 was quoted at 58% of its nominal value at the end of the previous year. At the end of 2025, its price was around 51% and thus around 12% lower. It reached its annual low of 45% in March; the annual high was 78% in September. The first half of 2025 was characterised by a challenging market environment. Private purchasers of property showed restraint. In August 2025, The Grounds announced that it would take over the asset management of around 1,100 units of the insolvent Ziegert Group. This represented a significant expansion of the earnings base through a stable service business. At the end of September, a significant reduction in the consolidated loss for the first half of 2025 compared with the previous year was reported. Towards the end of 2025, there was a further strategic realignment. In December, another bond held by the major shareholder H.I.G. Capital, with a volume of EUR 17 million, was converted into a hybrid bond. The volatility of the zero-coupon bond in 2025 reflects the Company's transformation process: from a crisis mode marked by losses towards a broader earnings structure through the new asset management business.

GROUP MANAGEMENT REPORT 2025

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1 Basic Information on the Group

1.1 Overview

The Grounds Real Estate Development AG (hereinafter referred to as 'The Grounds') is listed in the 'Primary Market' segment of the Düsseldorf Stock Exchange's regulated over-the-counter market (OTC), as well as in the open market of the Frankfurt Stock Exchange with trading of its shares on Xetra and, additionally, on the Tradegate Exchange.

The Grounds Group develops and realises residential property projects in German metropolitan regions and urban areas. Its business activities comprise four core areas:

- 1. Portfolio management business:** management of an own property portfolio that is to be held on a long-term basis for the purpose of generating rental income
- 2. Privatisation business:** sale of part ownership
- 3. Property project development:** development and construction of new residential properties with the aim of selling them as a whole to institutional investors, capital investors or owner-occupiers
- 4. Asset management:** comprehensive administration and management of residential properties and construction management on development projects, as well as the support of the owner companies (SPVs) on behalf of third parties; this area was newly established in 2025

1.2 Group structure and management system

The Grounds Real Estate Development AG operates as a management holding company from which central functions such as accounting, controlling, legal affairs and taxes, sales, financing, risk management and transaction management are managed. The staff required for this purpose is also provided in part by The Grounds Asset Management GmbH, which further provides commercial and technical asset management for third parties.

Otherwise, the Group is structurally divided into property companies, each of which holds property portfolios and is consolidated in the consolidated financial statements. A complete overview of the individual Group companies and investees is contained in the notes to the consolidated financial statements.

The key financial performance indicators used for corporate management are revenue and consolidated earnings before interest and taxes (EBIT), which includes both the result from the sale of properties and the result from the management of the portfolio as well as the result from asset management services.

Owing to the expansion of business activities in third-party asset management, reporting by segment is being presented for the first time. We refer to the information in the notes to the consolidated financial statements.

Non-financial performance indicators are also taken into account in the management system. In the management of the property portfolio, these include, among other things, the development of rental income and the vacancy rate. In the individual sales business, reservations and the number of viewings, for example, serve as early indicators of business performance; in project development, the pre-sale ratios serve this purpose.

1.3 Business model

The Grounds realises residential projects in German metropolitan regions and in cities with positive demographic development and attractive economic conditions. The core business of The Grounds essentially comprises the four different business fields referred to above. The aim of The Grounds is to generate sustainably stable income from the letting of its own property portfolio and thereby contribute to an increase in its value. The Grounds also aims to achieve attractive sales results from the privatisation business and project development. Furthermore, The Grounds Asset Management generates income from the administration, management and development of property portfolios on behalf of third parties.

The Grounds' business model thus combines – apart from special market situations – the generally high return opportunities of property and project development with the stable income from the management of both own and third-party property portfolios.

The following tables present the existing portfolio, the development projects and the inventory properties designated for individual sale as at the balance sheet date.

Investment property (portfolio management business)

Location	Project	Units	Usable space	Rental income p.a. (31 December 2025)
			m ²	KEUR
Stendal and surrounding area	Residential	223	14,387	785
Bernau	Residential	59	4,355	410
Kremmen	Residential	24	1,430	136
Fehrbellin	Residential	24	1,503	102
Margaretenstraße (Berlin)	Residential	22	1,089	165
Total		352	22,764	1,598

Property development

Project name	Location	Project	Usable space/ gross floor space	Type	Status
			m ²		
The Central	Magdeburg	Primarily residential	17,140 ¹	Development/ forward sale	Replanning as a residential property
Börde Bogen	Magdeburg	Primarily residential	67,857 ¹	Development	In planning, in the sales process since May 2026
Terra Homes	Erkner	Residential	4,279	Development/ forward sale	Under construc- tion, in the sales pro-cess
Highfly	Blankenfelde- Mahlow	Primarily residential	33,956	Development	In planning, being replanned
Betty	Königs Wuster- hausen	Residential	6,640	Development/ forward sale	In planning, outline planning permis- sion applied for in 2026

¹ Gross floor space

Portfolio development (privatisation business)

Location	Project	Units (31 Dec. 2025)	Usable space	Rental income p.a. (31 Dec. 2025)	Sale completion status*	Type
			m ²	KEUR		
Dallgow-Döberitz	Residential	7	993	86	86%	Retail sale
Schorfheide ² (Eberswalde)	Residential	35	2,046	107	8%	Retail sale
Rauen ² (Fürstenwalde)	Residential	23	1,309	50	26%	Retail sale
Werder/ Fahrland ³	Residential	75	7,266	852	29%	Retail sale
Total		140	11,614	1,095		

² The properties in Schorfheide and Rauen were reclassified from the portfolio management business in 2025

³ The properties in Werder/Fahrland were acquired in 2025

* Notarised as at Q2-2026

1.4 Executive bodies and employees

Jacopo Mingazzini acted as the sole member of the Management Board of The Grounds until the end of February 2025. With effect from 1 March 2025, the Supervisory Board of The Grounds Real Estate Development AG appointed Andrew Wallis as Chief Financial Officer (CFO). Since then, he has managed the Company together with Jacopo Mingazzini.

On 16 January 2025, Stelios Theodosiou, Managing Director at H.I.G. Realty Partners, London, and Daniel Wöhler (now Deputy Chairman), Director and Head of DACH at H.I.G. Realty Partners, London, were newly appointed to the Supervisory Board of The Grounds Real Estate Development AG. At the same time, Eric Mozanowski and Thomas Bergander resigned from the Supervisory Board.

The number of employees at The Grounds increased in the reporting year as a result of the build-up of asset management in the second half of 2025. On average, The Grounds Group had 33 employees during the 2025 financial year (previous year: 13). At the end of the 2025 financial year, the number of employees was 53.

2 Economic Report

2.1 Macroeconomic development

After two years of recession, the German economy recorded slight economic growth again in 2025. Price- and calendar-adjusted gross domestic product rose by 0.3% compared with the previous year. According to the German Federal Statistical Office, growth was driven, in particular, by private and government consumption expenditure in 2025. However, the export economy contracted again. The reasons for this were higher US tariffs, the appreciation of the euro and increasing competition from China.

Gross value added declined marginally by 0.1% in 2025 (price-adjusted). The declines recorded in manufacturing were particularly pronounced, above all in major sectors such as the automotive industry and mechanical engineering. Both industries face increasing competition in global sales markets. In the chemicals industry and in other energy-intensive sectors, economic activity was again slightly below the already low level of previous years.

The construction industry was again under considerable pressure in 2025. Price-adjusted gross value added declined by a further 3.6%, while the number of insolvencies rose at the same time. Building construction and the finishing trades in particular suffered from construction costs that remained high. By contrast, civil engineering was comparatively stable: investment in new construction and in the refurbishment of roads, rail links and energy networks meant that the previous-year level was slightly exceeded.

Developments in the services sector were mixed. While price-adjusted gross value added declined among business service providers (−0.8%) and other service providers (−0.3%), trade, transport and hospitality recorded an increase of 1.2%. Retail trade in particular contributed to this result. Private consumption expenditure rose by 1.4% in 2025 (price-adjusted) compared with the previous year. Government consumption expenditure rose somewhat more strongly still. Growth here was 1.5% year on year.

Gross fixed capital formation declined by 0.5% compared with the previous year. Construction investment also fell for the fifth consecutive year (−0.9%). Construction costs that remained high are likely to have contributed to numerous residential construction projects not being implemented. By contrast, investment in non-residential buildings and

infrastructure projects, for example in roads, bridges, factory plant or office properties, increased.

Despite the upward economic trend, the unemployment rate in Germany continued to rise over the course of the year and stood at 6.2% at the end of 2025, 0.2 percentage points higher than a year earlier. The number of employees subject to social security contributions also declined in 2025. Whereas 34.97 million people were in employment subject to social security contributions in December 2024, the figure fell over the course of the year to 34.93 million – a decline of just over 37,000 people.

Consumer prices in Germany rose by an average of 2.2 per cent in 2025 compared to the previous year. The inflation rate in the reporting year was thus at the same level as in 2024, but was significantly lower than in the years before that (2023: +5.9%, 2022: +6.9%, 2021: +3.1%). Services increased particularly strongly, with an average annual price rise of 3.5%, albeit with declining momentum (2024: +3.8%; 2023: +4.4%). At an increase of 1.0% compared with the previous year, the rise in prices for goods was significantly lower than for services. A price decline of 2.4% was observed for energy products.

2.2 Sector development

After transaction volumes on the German commercial property investment market had collapsed in 2022 and 2023, a slight recovery trend and an increase in investment activity emerged for the first time in 2024. This recovery did not continue in 2025, despite several reductions in key interest rates by the European Central Bank. According to market analyses by the internationally active advisory firm BNP Paribas Real Estate, the investment volume in the reporting year totalled around EUR 25.1 billion and was thus 3.3% lower than in the previous year. 26% – and thus the largest share – of the annual transaction volume on the commercial property investment market was attributable to the retail segment, followed by office properties with 24.9%, logistics properties with 24.7% and other properties with 17.3%.

Looking at the residential property segment separately, BNP Paribas reports a transaction volume of EUR 8.91 billion for 2025. This corresponds to a decline of 4.1%, which is thus slightly higher than for the German property investment market as a whole. With an investment volume of EUR 2.64 billion, the fourth quarter proved to be the strongest quarter in terms of turnover. This and the increased transaction frequency point to a slight revival of the market. The recently renewed increase in demand for nationwide portfolio holdings

is also contributing to the market recovery and illustrates that investors increasingly see attractive investment opportunities outside the A cities as well. The investment share of Big 7 locations was around 38% in 2025 and thus well below the five-year average of 53.3%.

A further indication of the increasingly broadly based market recovery is the widely diversified demand from various buyer groups: five investor groups each achieve market shares in the double-digit percentage range or a transaction volume of more than EUR 1.0 billion. With a transaction volume of EUR 1.7 billion, investment and asset managers constitute the strongest buyer group and achieve an above-average market share of 19%.

For the first time since 2021, the number of residential building permits granted rose again. According to the German Federal Statistical Office, around 215,900 new dwellings were approved across Germany in 2025. Compared with 2024, this was 23,200 dwellings or 10.8% more. By contrast, the number of completed dwellings fell by 18.0% year on year to 206,600 dwellings. This is the lowest figure since 2012.

Despite the pick-up in construction momentum, BNP Paribas Real Estate assumes that the number of completions will recover only slowly and that the imbalance between housing demand and supply in Germany will therefore persist. The inadequate new-build supply thus further widens the existing supply gap. At the same time, the population growth expected in the latest spatial planning forecast is likely to exacerbate the discrepancy between supply and demand further, particularly in the A cities. Excess demand on the rental markets is therefore expected to persist in both the short and the medium term. Against this backdrop, high rental-price momentum is expected to continue, particularly in the new-build segment.

According to figures from BNP Paribas Real Estate, the median asking rent in Germany rose by 5% in 2025 for both existing flats and new-build flats. In the seven largest German metropolitan cities of Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart, the year-on-year increase is 4.0% for existing flats (2024: 6.0%) and 5.6% for new-build flats (2024: 4.8%). At the same time, vacancy rates in the A cities, at an average of 0.43%, are well below the fluctuation reserve of 3.0% required for the smooth functioning of a housing market.

With regard to purchase prices for residential property, BNP Paribas Real Estate registered clear signs of stabilisation in the seven A cities in 2025. Following price declines in 2023 and 2024, increases are now to be observed for the first time again. The asking price for new-build condominiums rose by 0.7% in 2025; for existing properties the increase, at 2.4%, was significantly higher. The picture is mixed: while asking prices for new builds rose noticeably in Hamburg (+5.0%) and Berlin (+4.2%), Frankfurt am Main recorded a marked decline (−3.9%).

2.3 Legal framework

In the 2025 reporting year, several legal and regulatory developments affected the business conditions of The Grounds Group. For the property industry as a whole, and thus also for the Group, tax conditions, building and planning-law regulations and debates on tenancy and housing law were of particular relevance.

In the tax field, the environment in 2025 continued to be shaped by measures to promote new residential construction and by related changes to depreciation options, which can affect the tax planning of new-build projects. Management assesses and takes these regulations into account on an ongoing basis in investment and tax planning.

In building and planning law, measures to accelerate housing construction shaped the legal framework. Concrete effects on individual development projects arise primarily from municipal permitting decisions, zoning plans and site-related conditions. The Group monitors and assesses site-related changes systematically in project controlling. Interventions in tenancy and housing law remained the subject of political and expert debate in 2025. No new nationwide regulation of significance for the business model entered into force by the balance sheet date. Local tenancy-law measures can, however, affect the marketing and rent-setting of individual properties. The Group takes this into account in its market-related planning.

The requirements for sustainability reporting and disclosure (e.g. EU Taxonomy, CSRD) were further specified in 2025. Although The Grounds is not directly affected owing to the size of the Company, preparations are being made to meet these requirements in subsequent years. A central building block of this strategy is the consistent alignment of

new-build projects such as 'Terra Homes' in Erkner with the EH55 and EH40 standards. In the property portfolio, measures to reduce CO₂ are also continuously reviewed to comply at an early stage with the long-term EU requirements for a climate-neutral building stock by 2050 and with the efficiency-class requirements for 2030 and 2033.

Legal and regulatory risks arising from legislative initiatives – such as the amendment to the German Building Code (Baugesetzbuch) initiated in the previous year – from building and permitting procedures, developments in tenancy law and capital-market obligations are identified, assessed and continuously monitored in Group-wide risk management. In the 2025 financial year, the regulatory spectrum expanded significantly through the assumption of asset management for around 1,100 residential and commercial units of the Ziegert Group, adding requirements in the area of third-party management and the provision of services (sales, construction management, accounting). These are predominantly residential-sector properties, including a smaller number of unfinished residential project developments. Here, the sales and construction-support functions in particular are subject to separate regulatory requirements.

As an issuer in the Primary Market of the Düsseldorf Stock Exchange and through the active management of its capital instruments (such as the conversion of the H.I.G. bond into a hybrid bond in December 2025), the Company also is subject to comprehensive capital-market transparency and disclosure obligations.

3 Business Performance

For The Grounds, the 2025 financial year was marked by a far-reaching strategic realignment from a pure project developer to a full-service property services provider. While the previous year had still been characterised by consolidation and the completion of large new-build projects, 2025 laid the foundation for a more broadly diversified earnings base.

In the operating project business, the scheduled economic transfer of substantial parts of the single-family house portfolio in Werder (Havel) and Potsdam-Fahrland acquired in

December 2024 took place in the first half of 2025 (closing at the beginning of 2025). After the new-build projects 'Maggie' in Berlin and 'Property Garden' in Magdeburg had been completed at the end of 2024, the focus of construction activity in the reporting year was on the 'Terra Homes' project in Erkner. In the privatisation business, the sale of units continued to proceed hesitantly in the first half of the year owing to the general restraint of private buyers, but showed a stabilisation over the further course of the year.

A decisive milestone for the Company's future development was the assumption, completed in August 2025, of asset management for companies of the insolvent Ziegert Group. The Grounds took over the management of around 1,100 residential and commercial units with a gross asset value (GAV) of around EUR 660 million. To perform this task, part of the former Ziegert workforce was integrated into The Grounds Asset Management GmbH, which also accounts for the marked increase in headcount. The Group thereby significantly expanded its range of services to include technical and commercial asset management services. This new business area already made a positive EBIT contribution of around EUR 1 million in the stub financial year 2025 and thereby offset uncertainties from the project business, such as the disputed recovery note from the Hangelsberg project, from which, contrary to the previous-year forecast, no earnings contribution could be realised in 2025.

The strategic partnership with the H.I.G. Capital Group begun in the previous year was taken to a new level in December 2025. To strengthen the balance-sheet structure on a lasting basis, The Grounds agreed with the investor to convert a bond issued in 2023/2024 in a volume of EUR 17 million into a hybrid bond. Owing to its perpetual term and subordination, this instrument is now recognised as equity in the IFRS consolidated financial statements. Any repayment of the bond lies solely at the discretion of The Grounds. Together with the scheduled use of the proceeds from the previous-year capital increase for property acquisitions and the repayment of liabilities, the financial stability of the Group was substantially increased.

At the end of the reporting year, as a result of the operating transformation and the build-up of the new service structures, the Group employed a total of around 53 people.

3.1 Earnings

The most important revenue and earnings figures for The Grounds Group in the 2025 financial year were as follows:

	2025	2024
	EUR million	EUR million
Rental income	2.4	1.8
Privatisation proceeds	4.8	1.5
Revenue from project development	0.0	8.1
Asset management revenue	2.8	0.0
Recharging of project development costs	0.0	1.5
Total revenue	10.0	12.9
EBIT	-3.0	-9.2
Consolidated profit or loss	-9.7	-13.6

In 2025, The Grounds generated revenue of EUR 10.0 million. Compared with the previous year (EUR 12.9 million), the Group again recorded a decline, albeit significantly more moderate than in the 2023/2024 year-on-year comparison. In line with The Grounds Group's business model, revenue is generated from three sources: rental income from the portfolio management business, privatisation proceeds and third-party asset management. No revenue was realised from property project development in 2025.

Rental income was increased from the previous year (EUR 1.8 million) to EUR 2.4 million. The increase results essentially from the letting of properties from the portfolio in Werder (Havel) and Potsdam-Fahrland newly acquired in 2025, which are being let until the planned disposal.

In the privatisation business, sales proceeds remained subdued in the first half of 2025 owing to the restraint of private buyers, but stabilised over the further course of the year. Material revenue contributions came from sell-downs from the Werder (Havel) and Potsdam-Fahrland portfolio and from the portfolio developments in Dallgow-Döberitz. Overall, privatisation contributed around EUR 4.8 million (previous year: EUR 1.5 million) to Group revenue.

In asset management, revenue of a good EUR 2.8 million was generated from the management of properties of the insolvent Ziegert Group. This new business area comprises the management of around 1,100 residential and commercial units with a gross asset value (GAV) of around EUR 660 million and provides services in the areas of sales, construction management, accounting and financing.

Other operating income amounted to around EUR 0.6 million (previous year: EUR 0.7 million). This item reflects, among other things, income from the reversal of provisions and impairment losses as well as the recharging of costs disbursed to third parties.

The decline in revenue only partially impacted profit or loss, as cost of materials also fell significantly in parallel, to EUR 7.4 million (previous year: EUR 17.5 million). Revenue from the sale of inventory properties (privatisation and project development) of EUR 4.5 million (previous year: EUR 9.5 million) was offset by acquisition/production costs of these properties (recognised in cost of materials) of EUR 3.9 million (previous year: EUR 9.9 million). Impairment losses on project developments of only EUR 1.2 million were also recognised in the reporting year (previous year: EUR 4.2 million), which are likewise recognised in cost of materials.

At EUR 3.4 million, staff costs were around EUR 1.8 million higher than in the previous year (EUR 1.6 million), mainly as a result of the build-up of the services business. This increase results from a significant expansion of personnel resources in connection with the assumption of asset management for the Ziegert portfolio, as a result of which the number of employees rose from an average of 13 in the previous year to an average of 33 employees in 2025.

Fair value adjustments of investment property, which had still weighed slightly on the previous year's result at around EUR 0.3 million, made a positive contribution of EUR 0.8 million in the 2025 financial year. This is attributable to increasing stabilisation of the property markets and prices beginning to bottom out, which, in contrast to the previous year, again led to write-ups on investment property. Other operating expenses, at EUR 4.1 million, were higher than in the previous year (EUR 2.2 million), in particular due to increased costs for legal and advisory services and impairment losses on receivables.

Depreciation and amortisation of intangible assets and property, plant and equipment totalled around EUR 0.4 million (previous year: EUR 2.1 million). The marked decline compared with the previous year is explained by the fact that the 2024 result was heavily burdened by a one-off special item – the full unscheduled impairment of goodwill in the amount of EUR 1.9 million.

This resulted in EBIT of EUR –3.0 million for 2025. In the previous year, EBIT totalled EUR –9.2 million.

Net finance costs remained negative at EUR –7.6 million in 2025 (previous year: EUR –3.3 million). The deterioration results, above all, from the fact that a one-off gain from a bond modification had had a positive effect of EUR 3.0 million on the previous year's result, which did not recur in 2025. Interest expense increased from EUR 6.6 million in the previous year to EUR 7.7 million. This was due, in particular, to the increase in the H.I.G. bond in 2024 from EUR 10 million to EUR 17 million and to the raising of loans to finance the acquisition of the Werder (Havel) and Potsdam-Fahrland portfolio in 2025.

The tax income of EUR 0.9 million is largely attributable to the change in deferred taxes.

Overall, The Grounds ended the 2025 financial year with a consolidated profit or loss of EUR –9.7 million.

3.2 Financial and asset position

Compared with the previous year, The Grounds Group's total assets declined only slightly, by EUR 0.2 million to EUR 168.1 million (previous year: EUR 168.3 million).

On the assets side, non-current assets declined to EUR 34.3 million (previous year: EUR 38.9 million). The main reason for this was the reclassification of the properties in Schorfheide and Rauen from investment property to inventories, as, following partition, marketing for individual sale was commenced for these projects.

Current assets increased by EUR 4.4 million to EUR 133.8 million (previous year: EUR 129.4 million), primarily as a result of the marked rise in inventories. Inventories increased substantially by EUR 32.4 million and amounted to EUR 125.0 million at the end of the reporting year (previous year: EUR 92.6 million). They comprise work in progress, properties under construction and properties ready for sale. The marked increase results predominantly

from the acquisition of the portfolio of detached and terraced houses in Werder (Havel) and Potsdam-Fahrland, further production costs for the project developments and the reclassifications from non-current assets referred to above.

Trade receivables of EUR 2.4 million (previous year: EUR 1.2 million) result essentially from receivables from the disposal of inventory properties in the privatisation business (EUR 1.4 million) and from receivables from asset management (EUR 0.6 million). These receivables had been settled as at the reporting date.

At the end of 2025, the Company reports receivables from affiliated companies of EUR 0.9 million. These are receivables from WKM Wohnmanagement GmbH, which is not included in the consolidated financial statements, and receivables from asset management vis-à-vis companies that are owned by the principal shareholder but are not consolidated at the level of The Grounds. The receivables had been settled as at the reporting date.

As at the balance sheet date of 31 December 2025, The Grounds had cash of EUR 0.6 million. The large difference of EUR 26.9 million compared with the position at the end of the previous year (EUR 27.6 million) is attributable to the scheduled use of the issue proceeds from the capital increase of December 2024. These funds were used in particular for the property acquisitions in Werder (Havel) and Potsdam-Fahrland, the acquisition of further shares in The Grounds App2 GmbH and the repayment of liabilities.

According to our financial planning (forecast horizon currently to mid-2027), this significantly lower cash position is sufficient to meet future financial obligations, as stable and adequate cash inflows are expected, in particular from asset management and the privatisation business, and the principal shareholder has already provided further longer-term loans of EUR 3.3 million in 2026.

On the equity and liabilities side, equity increased by EUR 11.8 million. This increase is the result of two offsetting events. Equity increased by EUR 24.4 million as a result of the conversion of an H.I.G. bond into an equity instrument. Working in the opposite direction were the negative net profit or loss for the year of EUR 9.7 million and the acquisition of a further 38.9% of the shares in The Grounds App 2 GmbH at EUR 3.0 million. As a result, the equity ratio increased overall to 37.2%, after standing at 30.1% at the end of 2024.

On the equity and liabilities side, there was thus a significant strengthening of the equity base with a simultaneous decline in non-current liabilities. The bond conversion referred to above was the main reason for this. Non-current bonds declined to EUR 15.4 million (previous year: EUR 34.2 million). Non-current financial liabilities increased by around EUR 12.8 million to EUR 26.6 million. The additional funds raised serve primarily to finance the property portfolio in Werder (Havel) and Potsdam-Fahrland acquired in 2025.

Provisions increased immaterially from EUR 1.2 million in the previous year to EUR 1.3 million.

Trade payables, which mainly comprise outstanding invoices for construction and ancillary construction costs as well as invoices for advisory services, declined by EUR 1.6 million to EUR 1.9 million (previous year: EUR 3.5 million).

Advance payments received remained virtually unchanged year on year at EUR 1.0 million. This item continues to consist predominantly of tenants' prepayments of operating costs.

Operating activities resulted in a negative cash flow of EUR –31.4 million in 2025. The main factor in this was expenditure of EUR 21.4 million for the acquisition of inventory properties, EUR 6.8 million for further investment in inventory properties and existing project developments and payments of EUR 2.2 million for borrowing interest capitalised on project developments. Expenditure on staff and other operating expenses in particular also contributed to the negative cash flow.

Cash flow from investing activities was also negative at EUR –0.8 million, owing to investments in property, plant and equipment and investment property of EUR 0.6 million. Further factors were a short-term loan of EUR 0.5 million to an affiliated non-consolidated company. These were offset by cash inflows of EUR 0.3 million from the sale of a property formerly held as investment property.

The positive cash flow from financing activities of EUR 8.2 million is attributable above all to the raising of bank loans of EUR 18.8 million, in particular to finance the acquisition of the property portfolio in Werder (Havel) and Potsdam-Fahrland. The loans raised were offset, in particular, by principal repayments of EUR 8.6 million and interest payments of EUR 1.8 million as well as cash outflows from the acquisition of minority interests of EUR 3.0 million.

3.3 Financial and non-financial performance indicators

The Grounds uses several **financial performance indicators** to manage the Group. The key performance indicators are revenue and EBIT. The aim of the corporate strategy is the management of the residential portfolio, the swift development of the existing project developments, the continuous sell-down of properties in the privatisation business and the generation of a sustainable cash flow from asset management.

In the individual operating segments, specific financial and non-financial performance indicators are applied. In the segment for long-term held portfolio properties, key indicators, such as occupancy and vacancy rates, as well as new lease rents, are used as important benchmarks for property performance.

For the project development segment, the developer return is used as an important financial performance indicator. Investments in new projects depend mostly on the possibility of acquiring suitable land. The decision to invest is based on the possible structural utilisation of the property, the asset class to be built and the purchase price for the property. Depending on the expected project risk and the asset class, The Grounds aims to achieve a development margin of at least 15% in the property development segment. Furthermore, in the privatisation business, key performance indicators include the factors determining the sales result, such as the number of existing reservations for residential units and the turnover rate. The actual sales figures are also recorded by number and sales volume.

In the newly established asset management segment, the service fees that can be achieved, alongside the volume under management, serve as a performance indicator. The service fees are based on the respective volume of sales, financings arranged, construction volume of the project developments or the number of units under management.

Due to the current size of the Group, **non-financial performance indicators** have not been used directly for corporate management purposes to date but are important building blocks for the success of The Grounds Group on the property and capital markets.

Sustainability

As a result of political requirements and social necessities, the demands for sustainability in business have increased significantly. The EU has explicitly set itself the goal of directing capital flows towards sustainable economic activity and, through the EU Taxonomy, will

be requiring large companies to increase transparency regarding environmental protection (E = Environment), social responsibility (S = Social), and corporate governance aligned with the principles of honourable business conduct (G = Governance).

These principles apply to all companies, but especially to companies in the property sector. This is because residential housing (as the sum of all property-related activities) is responsible for a good third of climate-damaging CO₂ emissions.

The Grounds is committed to the content of the guidelines, even if the Company has not yet used ESG criteria specifically for corporate management.

Environment

The Grounds continues to align new builds consistently with the highest standards for energy efficiency and sustainability, in particular the Efficiency House 55 (EH55) and Efficiency House 40 (EH40) standards. A central example of this strategy is the Terra Homes project in Erkner, which was completed in 2025 as an Efficiency House 55EE and is in the sales process. An innovative energy concept was implemented for this project, which, through the use of electrically powered brine-to-water heat pumps and hybrid collectors (PVT collectors) for the simultaneous generation of solar electricity and heating energy, enables CO₂-neutral heating.

Where sensible and economically viable, new buildings are certified in accordance with demanding standards. An example of this is the Börde Bogen project on Magdeburger Sievertorstrasse, which is intended to meet the criteria of the KfW 40 QNG-Plus standard.

Through the assumption in August 2025 of asset management and construction management for the units of the Ziegert Group, The Grounds has significantly expanded its competence in sustainable property development. This enables the Company to apply its expertise in energy efficiency and state-of-the-art building technology to the management and refurbishment of external portfolios as well. In its own property portfolio, measures to reduce CO₂ are also continuously reviewed, such as energy-efficient façade insulation or the replacement of fossil fuels with renewable energies, to comply at an early stage with the long-term requirements of the EU Taxonomy for a climate-neutral building stock.

In existing buildings, various measures contribute to CO₂ reduction. These include the insulation of façades, the installation of low-CO₂ heating systems and the transition from carbon-based to renewable energies. In the context of a sales strategy focussed on residential units, The Grounds is currently reviewing investments in its portfolio properties aimed at improving energy efficiency.

Social

Dealing responsibly and fairly with employees, customers and business partners is a fundamental principle of The Grounds' corporate policy.

Measures regarding social responsibility are therefore essentially focussed on customers and employees and are intended to ensure fair dealings with one another, encompassing needs beyond the purely material. When developing urban neighbourhood projects, for example, The Grounds ensures that all stakeholder groups are involved in the planning at an early stage so that the needs of future users are incorporated into the design of living spaces and living environments. After all, quality of life, health and social well-being depend on it to no small extent. In this context, The Grounds ensures that safe green spaces and public spaces are accessible to all and that children have playgrounds and adults have places for community activities.

As at the balance sheet date, The Grounds employs 53 people in total. The Company's success is therefore much more dependent on the commitment and motivation of each individual employee than might be the case with a larger company. As such, The Grounds is very interested in long-term employee loyalty to the Company, a positive corporate culture, a pleasant working atmosphere, long-term job security, appropriate employee development and a fair remuneration structure. The Grounds takes to heart that these factors are therefore essential for maintaining and increasing employee satisfaction and, likewise, the Company's success.

Governance

Responsible and long-term-oriented corporate governance ensures the continuity of The Grounds and sustainable value creation. At the same time, The Grounds' reputation as a reliable partner is an important building block for the Company's success.

The cooperation between the Management Board and the Supervisory Board complies with the legal requirements applicable to a stock corporation and is governed by the Articles of Association. All members of the two committees have in-depth knowledge and contacts in

both the property sector and the capital market. The Management Board is responsible for the independent management of the Company, while the Supervisory Board monitors the management of the Company as a supervisory body. The Supervisory Board has decided not to form committees due to the small number of members.

Regarding internal processes, The Grounds has a functioning internal control system that includes the usual control mechanisms, such as the dual control principle, control loops and defined signatory authorisations.

All strategic and management-related functions are performed by employees of the Company, most of whom have many years of experience in their respective professional fields. These functions primarily include transaction management, asset management, financing and accounting.

All other administrative functions, but essentially property management, are outsourced to external service providers. This allows capacity planning to adapt flexibly to changes in the portfolio.

3.4 Forecast–actual comparison

For the 2025 financial year, The Grounds Real Estate Development AG had originally expected Group revenue of between EUR 9 million and EUR 11 million and a break-even consolidated EBIT. Over the course of 2025, despite operational shifts, this forecast was only partly achieved. Revenue generated in 2025 amounted to EUR 10.0 million. The forecast corridor was thus met exactly. This development was driven, in particular, by the services business in asset management newly added in the second half of the year. The forecast originally also included expected income from a recovery note for the logistics properties in Hangelsberg that had not previously been recognised (approx. EUR 2.5 million). As a result of a dispute on the merits with the purchaser, this is now in question and could not be realised in 2025, but was at least partly offset by revenue in the new asset management business field.

Consolidated EBIT (operating result) stood at EUR –3.0 million in the 2025 financial year. The original forecast of a break-even consolidated EBIT close to zero was thus clearly missed, although the result represents a significant improvement on the previous-year figure of EUR –9.2 million. The deviation from the forecast break-even result results essentially from an impairment loss of EUR 1.3 million on a property project development, specific

valuation allowances on receivables of EUR 0.8 million and the earnings contributions from the recovery note that were not realised.

While the revenue forecast was achieved through the successful diversification of the business model towards stable service income, the operating transformation process, together with appropriate risk provisioning and the associated expense, meant that consolidated EBIT of EUR –3.0 million fell short of the forecast break-even line. Consolidated profit or loss after tax is additionally burdened by negative net finance costs of EUR –7.6 million, which resulted in a net loss for the year of EUR –9.7 million. The negative net finance costs include non-cash interest expense of EUR 5.3 million relating to the interest on the hybrid bond and the accretion of the zero-coupon bond.

4 Opportunity and Risk Report

4.1 Risk management

The Grounds maintains an appropriate risk management and internal monitoring system throughout the Group to avoid deficiencies in its own organisation, identify and assess risks at an early stage and thus ensure the continued existence of the Company. The risk management system not only identifies and assesses risks, but also develops measures to avoid, minimise or limit them. It is highly important to recognise risks at an early stage that have the potential to jeopardise the planned development or even the existence of the Company. In The Grounds' view, the material risks include liquidity risk, construction cost risks, letting risk and risks from the sale of properties. Any need for action, such as operational measures or the creation of provisions, is then derived from this.

As part of risk management, capital management is tasked with sustainably safeguarding the Company's liquidity and equity base, while generating an appropriate return on the capital employed.

Financial risk management, in turn, aims to control and limit the financial risks arising from business activities. The key objective here is to avoid disruptions to liquidity (liquidity risk) and to minimise default risk – that is, the potential losses that could arise if a contractual counterparty fails to meet its contractual obligations.

All risks and the measures taken to limit them are regularly reviewed during the year on the basis of possible deviations from corporate and Group planning as well as financial and liquidity planning. To this end, there is a regular exchange between the Management Board and the respective managers responsible. The Supervisory Board is regularly informed about the risk situation in the Group. Target–actual comparisons and business analyses primarily relate to financial metrics from the income statement, such as revenue, earnings before interest and taxes (EBIT) and earnings before tax (EBT) as well as balance sheet figures – in particular, developments in equity and liabilities. Monthly key figures obtained from controlling the property portfolio or from liquidity management are also used for risk assessment.

4.2 Description of individual risks

4.2.1 Macroeconomic and market-related risks

The cautiously optimistic macroeconomic sentiment of 2025 received a marked setback with the outbreak of the Iran war in February 2026. In its press conference of 23 July 2026, the European Central Bank (ECB) assumes downside risks to economic growth. A deterioration in sentiment on the global financial markets, coupled with rising energy prices and significant uncertainties on the labour market, is leading to marked restraint among private purchasers of residential property.

According to the ECB, banks' guidelines for property loans tightened further in 2026 and credit institutions are less willing to take on risks themselves. Demand for property loans declined in the face of weakening consumer confidence and higher interest rates.

Despite this environment, the bottoming-out of property prices forecast in the previous year continued to firm.

The letting market also proved largely resilient to the phase of economic weakness in 2025, supported by the persistently high demand for housing in the metropolitan regions.

With regard to valuation risks, an easing emerged in the 2025 financial year. While write-downs had still weighed on the result in the previous year, positive changes in fair value of investment property of around EUR 0.8 million were recognised in the consolidated financial statements as at 31 December 2025. This underlines the recoverability of the portfolio in a stabilising market environment. Nevertheless, the Company remains alert

to unforeseeable macroeconomic developments, although the risks of further significant write-downs have continued to lose weight compared with the previous year.

In the 2025 financial year, weak demand for construction services and the further decline in new-build permits in Germany led to a slight easing of price pressure and improved availability of trades capacity. Nevertheless, construction prices remained at a generally high level due to high staff costs and regulatory requirements, which continues to entail the risk of budget overruns on project developments and maintenance measures.

The rising energy costs resulting from the Iran war since February 2026 are increasing price pressure in new construction still further, as raw materials such as cement, steel and concrete undergo an energy-intensive production process.

According to the Zentralverband des Deutschen Baugewerbes, weak demand for construction services in residential construction continued in 2026.

After the 'Terra Homes' project in Erkner was completed in spring 2026 and entered the sales process, the main focus in 2026 is on the Börde Bogen project, where construction is expected to start in spring 2027. While the tendering situation has stabilised as a result of lower market pressure compared with previous years, projects in the Berlin hinterland continue to require particularly intensive cost control and construction management owing to the specific local market conditions. Through the construction management assumed in August 2025 for the Ziegert portfolio, The Grounds was also able to secure additional competences and economies of scale in this area.

4.2.1.1 Competition

In the course of its business activities, The Grounds is exposed to intense competition, regularly facing various competitors regarding property development, portfolio management and portfolio expansion as well as the privatisation of residential properties in Germany.

In the acquisition of residential properties and the sale of developed land and property portfolios, The Grounds Group's direct competitors are, in particular, medium-sized property companies. The Grounds endeavours to distinguish itself from these through unique selling points, such as access to a sales network via cooperation partners, as well as individual utilisation concepts.

Furthermore, The Grounds competes for tenants, property sellers and investors, which may result in the Company being unable to hold its own against the competition or sufficiently differentiate itself from its competitors.

However, the risk is limited, as the management of The Grounds has years of experience in the property industry and, therefore, an extensive and proven network that allows it to secure off-market transactions and not compete publicly with other competitors.

The Company currently focusses on acquiring residential portfolios and properties in an investment volume range that is too small for larger competitors, yet represents the upper limit for smaller investors.

In the Company's opinion, there is no competitor among listed companies in the property sector that has a comparable business model comprising portfolio management, property development and portfolio development with a comparable strategy and local focus. Among the non-listed companies on the property market, there are individual competitors that are only positioned regionally, meaning that the Company primarily faces regional competitors.

4.2.1.2 Regulatory risks

The business activities of The Grounds Group are heavily dependent on the applicable legal framework for residential property. This includes, in particular, statutory regulations on tenancy laws (rent index, tenant protection, etc.), the energy efficiency of properties (zero emission standard, etc.), environmental protection regulations (heating law, CO₂ levy, etc.) or tax regulations (property transfer tax, etc.). Such regulations have frequently changed in the past and will, in all likelihood, continue to change in the future.

Changes in the legal framework can have a significant negative impact on the profitability of investments and the financial performance of The Grounds. Furthermore, changes in the legal framework can trigger a considerable need for action, resulting in high additional costs that can only be passed on to tenants to a limited extent or not at all for legal or other reasons. These legal conditions include, in particular, regulatory intervention in rent levels, state intervention in ownership rights to property portfolios, the designation of social-preservation and conservation areas, interventions under heritage-protection law or environmental-law requirements or prohibitions, and changes to existing zoning plans or their repeal.

In these cases, however, it is to be expected that all competitors would be similarly affected, meaning that The Grounds would at least not suffer a competitive disadvantage in the market.

Sustainability aspects are playing an increasingly important role in the housing industry. With its taxonomy, the European Union has formulated the clear goal of channelling investments more strongly into less climate-damaging activities. This is made clear, among other things, by the requirement that all new buildings must be climate-neutral by 2030 at the latest, while existing buildings must be converted into zero-emission buildings by 2050. The EU also stipulates that residential buildings with particularly poor energy efficiency should achieve at least energy efficiency class E by 2030 and energy efficiency class D by 2033. Investors are therefore likely to increasingly look for taxonomy-compliant properties. It is therefore to be expected that unsustainable properties will lose value in absolute terms, but certainly in relative terms.

Some of the existing residential units at The Grounds have already undergone energy-efficient refurbishment. The Company is also examining investments in further insulation measures or the installation of state-of-the-art low-CO₂ heating systems and the integration of renewable energies to improve the energy efficiency of the buildings, thus complying with EU requirements in good time. The project developments are mainly planned or developed on the basis of the EH55 standard or already in accordance with the EH40 standard.

4.2.2 Company-specific and operating risks

4.2.2.1 Purchase and sale of properties

The economic success of The Grounds is largely dependent on the selection and acquisition of suitable properties or property portfolios or investments in property companies. This entails the risk that The Grounds may incorrectly assess the structural, legal, economic and other circumstances relating to the properties or portfolios to be purchased or otherwise fail to value them correctly. Furthermore, the assumptions made regarding the income potential of the properties or portfolios may subsequently prove to be partially or entirely inaccurate. This could, for example, result in properties acquired for the portfolio management segment failing to generate the expected cash flow and therefore being unable to be operated profitably.

The Grounds counters this risk with a detailed examination of the acquisition properties prior to purchase, including the involvement of external appraisers or building experts. Furthermore, the potential for increasing the value of the properties is comprehensively examined. The existing property portfolio is regularly revalued by recognised appraisers.

4.2.2.2 Remediation of contaminated sites, soil pollution and compliance with building and heritage protection regulations

It cannot be ruled out that land owned or formerly owned by The Grounds is or was contaminated with contaminated sites, other harmful soil contamination or war damage. Such soil contamination may result in The Grounds being required by the competent authorities to remove the associated hazards, which typically involves considerable costs. Even if the Company has already sold the relevant land and properties to third parties, there is a risk that the purchasers may assert claims for damages or other warranty claims. These obligations and claims are to be borne regardless of whether The Grounds is responsible for the corresponding soil contamination. It is possible that The Grounds may have no claims for recourse against third parties, even if those parties were responsible for the contamination. The remediation of any such contamination, along with related measures, could lead to rental losses, significantly delay construction activities, render them unfeasible or economically unviable and result in substantial additional costs.

Furthermore, a number of factors – including the age of the building structure, hazardous substances in construction materials, soil conditions or non-compliance with building and heritage protection regulations – may result in costly renovation, maintenance and modernisation work on properties held by The Grounds. If appropriate structural measures are not carried out, this could have a negative impact on the sales and rental income from the properties concerned. There could also be restrictions on the use of the properties and plots of land affected and thus loss of rent.

The Grounds also counters these risks by carefully analysing all these aspects when it comes to acquiring building land or a property that has already been constructed.

4.2.2.3 Staff

The members of the Management Board and Supervisory Board of the Company and other executives of The Grounds have in-depth knowledge and contacts in both the property sector and the capital market. If Management Board members or other employees in key positions were no longer available, these contacts and expertise would be missing and it is uncertain whether the Company would be able to compensate for this in the short term by hiring new staff. The personnel changes of the past year show that The Grounds is able to compensate for this and to implement personnel changes at management level without any loss of quality. The Company seeks to retain qualified specialists in the long term through appropriate incentives such as attractive remuneration and working-time models, aimed at securing commitment to the Group.

4.2.2.4 Financing and interest rate risks

To support the planned expansion of its business activities in line with its business model, The Grounds requires substantial financing, which will need to be obtained either in the form of equity or debt. Business development is therefore dependent on obtaining additional financing at appropriate conditions in good time and, if necessary, refinancing existing financing when it matures. If this does not succeed, The Grounds will not be able to build up and expand its business to the extent it is aiming for.

To this end, The Grounds examines all options for raising funds, from strengthening the equity base to raising marketable debt, bank financing or other forms, such as mezzanine financing.

The rise in interest rates in recent years has also increased the risk that banks will become more restrictive in their lending. A further crisis on the financial markets would make it considerably more difficult for The Grounds to obtain debt financing and lead to liquidity problems. If this results in problems servicing current loans, lenders could, as a last resort, arrange for the forced realisation of property collateral. Such distress sales would lead to considerable financial disadvantages for The Grounds. To minimise this risk, The Grounds works with a large number of banks and actively looks for ways to raise funds through equity financing. Joint venture partnerships have not been ruled out either.

There are also financing agreements that include debt service coverage ratios and leverage ratios (financial covenants). Failure to comply with these credit terms could result in a premature repayment obligation if the curing options are not utilised. In the 2025 reporting year, all financial covenants were complied with.

The consolidated balance sheet as at 31 December 2025 includes current financial liabilities of EUR 50.9 million. If repayment of these liabilities is not secured by sales agreements that have already been concluded, there continues to be a refinancing risk that could lead to liquidity problems. The Grounds endeavours to extend financing ahead of time if necessary. As at the publication date, financing of EUR 11 million is overdue. Negotiations are currently being held between the principal shareholder of The Grounds and the lender regarding a take-over of the loan, which, to our knowledge, are close to conclusion. The loan terms should then be amended such that no short-term cash outflows arise for the Company. We assess the risk that these negotiations will fail and that cash outflows will then arise for the Company from possible loan repayments as low.

The bond placed in February 2021 (ISIN: DE000A3H3FH2) remains an important milestone in establishing the Company on the capital market. It was converted in 2024 into a fixed-interest zero-coupon bond with a term until 18 December 2027 and remained unchanged in its structure in the 2025 financial year.

A decisive step to strengthen the balance-sheet structure was taken in December 2025 through the deepened partnership with H.I.G. Capital. A bond held by this investor in a volume of EUR 17 million plus accrued and future interest was converted into a hybrid bond. Owing to its perpetual term, its subordination and the discontinuation of collateral, this instrument is now recognised in the IFRS consolidated financial statements in accordance with IAS 32 as equity of around EUR 24.4 million (including accrued interest). This measure has substantially increased the Company's equity base and financial stability.

There continues to be an interest rate risk for contracts with variable interest rates and for future refinancing of expiring loans. Potentially rising financing costs on new agreements may have a negative impact on the profitability of projects and on cash flows.

4.2.2.5 Liquidity and financing risks

The Grounds requires sufficient liquidity for its ongoing business operations. Liquidity management is a particular focus of Group management to identify negative developments in individual business segments at an early stage and respond to them as necessary. To ensure that this can also be done at short notice, the Management Board receives a monthly report on current liquidity. This report includes a liquidity forecast that covers all current business transactions at Group level and mirrors the planning data.

4.2.2.6 Taxes

Tax law is subject to constant change. The Company has no influence on whether the currently applicable tax regulations, decrees and ordinances will continue to apply in unchanged form. Future amendments to the law or deviating interpretations of the law by tax authorities and courts cannot be ruled out.

There is therefore a risk that tax-relevant matters may be identified to the detriment of affiliated entities. In the context of current and future tax audits, tax regulations and circumstances could be assessed differently by the tax authorities than by The Grounds. If the tax authorities adopt a different interpretation, this may result in additional tax liabilities and thus negatively impact the assets, financial position and financial performance of the entities.

The Grounds counters this risk through the use of its own tax department, close cooperation with the appointed tax adviser and the consideration of all tax aspects in all transactions.

4.2.2.7 Lack of creditworthiness, insolvency or termination by contractual partners

Portfolio properties must be constantly modernised and maintained to meet legal requirements and remain attractive to tenants. In its project developments in particular, however, the Company is exposed to the risk that the contractual partners involved in such new construction or modernisation measures do not meet their legal and contractual obligations or do not meet them in full. The possible failure of contractors can also lead to increased costs or unforeseen delays in new construction and modernisation measures.

There is also a risk that major contractual partners may (prematurely) terminate contracts for good cause. In this case, new contractual partners may have to be found, which can also lead to delays and higher costs. There is also a risk that any claims for damages may not be enforceable.

To counter this risk, The Grounds selects external partners for its projects, whom it has already worked with in the past on a basis of trust. Furthermore, the solvency and operational development of contractual partners are regularly reviewed as part of risk management. Although the Company cannot entirely rule out the default of individual partners – even those with excellent creditworthiness – it considers this risk to be low.

4.2.2.8 Risks in revenue realisation

A material part of The Grounds' revenue is generally generated from the privatisation of existing properties and the sale of new-build properties, even though, unlike in previous years, no revenue was generated from this business area in 2025. For this, it is necessary to have attractive offerings at affordable prices.

In project development, the aim is, by applying high energy standards, to achieve eligibility for subsidies and, where possible, to make special tax depreciation available to purchasers, so that property acquisition from The Grounds is attractive.

In the privatisation business, there is a risk that potential purchasers will not obtain financing for the property and that The Grounds will be unable to sell. The Grounds seeks to counter this through attractive pricing. Should sales processes be delayed significantly owing to a strained market situation or abundant supply, the Group also lets properties held for sale to generate a cash inflow from this.

The Grounds derives part of its revenue from letting the residential properties in its portfolio properties. Accordingly, economic success depends in part on maintaining this rental income at the existing level or even increasing it. This requires ownership of attractive properties in strong locations and the ability to attract creditworthy tenants willing to enter into lease agreements under conditions favourable to The Grounds.

The Grounds mitigates the risk of vacancy and rental default by contractually securing vacancy reductions or lease extensions already at the time of property acquisition, and by entering into lease agreements with new tenants only if they demonstrate sufficient creditworthiness. Targeted monitoring and proactive measures are used to keep the risk of rent default at a low level.

4.2.3 Other risks

In addition to the risks described above, unforeseeable events beyond the Company's control may have a negative impact on business performance. These include natural disasters, epidemics, wars and terrorist attacks.

4.2.4 Overall assessment of risks

In the 2025 reporting year, the gradual easing of macroeconomic risks with regard to the interest rate level and price stability continued. Nevertheless, the environment remained challenging owing to the restraint of private buyers in the first half of the year. In this phase, The Grounds demonstrated its resilience through an operating and financial transformation. A material milestone was the assumption of asset management for the Ziegert Group, which diversified the earnings base through stable service income. The conversion of the H.I.G. bond into a hybrid bond (equity) also strengthened the balance-sheet structure on a lasting basis.

The military conflict that broke out in February 2026 between the USA and Israel, on the one hand, and Iran, on the other, and the associated geopolitical and economic tensions and dislocations have contributed to considerable economic uncertainty. Rising energy prices and related inflation concerns, coupled with rising interest rates and equity requirements as well as tensions on the labour market, are resulting in a risk mix that is difficult to manage.

4.3 Opportunity report

Opportunities in connection with macroeconomic and sector-specific developments

The current ifo economic forecast from July 2026 assumes that the economy will grow moderately by around 0.8% in 2026. This forecast is based on the assumption of an early end to the war in the conflict of the USA and Israel with Iran and of the opening of the Strait of Hormuz and the normalisation of oil supplies. This would ease the pressure on energy prices, reduce price increases and lead to a stable interest rate level. In this environment, consumer confidence would rise, which would also have a positive effect on the residential property markets and on willingness to buy. Overall, current forecasts for real economic growth in Germany in 2026 mostly lie in a range between 1.2% and 1.4%.

The strong demand for rental flats and residential property, which significantly exceeds supply and is likely to continue to do so for the foreseeable future, is likely to remain a consistently positive influencing factor on the residential property markets in Germany's major cities and their surrounding regions.

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

Opportunities from financing

The financing agreement concluded in 2023 with Tempus Holdings 112 S.à r.l. (a fund managed by the H.I.G. Capital Group) and the resulting capital increase in December 2024 formed the foundation for the realignment of the Company. In the 2025 financial year, this financial base was strengthened on a lasting basis by a further decisive step: in December 2025, The Grounds and the investor agreed to convert a bond in a volume of EUR 17 million plus accrued and future interest into a hybrid bond.

Advantages and opportunities for the Company result from this measure. As the hybrid bond is recognised as equity in the IFRS consolidated financial statements in accordance with IAS 32 owing to its perpetual term, its subordination and the discontinuation of collateral, it increases the equity base as at 31 December 2025 by around EUR 24.4 million (including accrued interest). This further improvement in the balance-sheet structure has a positive effect on key ratios such as LTV and creates additional financing headroom for future growth. The Company is also financially stabilised by the subordinated structure of this instrument, which significantly improves The Grounds' capital-market capability and competitiveness in the current market environment.

Company-related opportunities

In the 2025 financial year, The Grounds' opportunity profile changed materially as a result of the strategic realignment to a full-service property services provider. A central company-specific opportunity lies in the assumption, completed in August 2025, of asset management for around 1,100 residential units of the Ziegert Group. This new services business offers the chance of a lastingly more stable earnings base through continuous fee income in the areas of sales, construction management, accounting and financing, with potential for subsequent years.

Additional opportunities arise from the advanced realisation of the project developments, in particular the projects in Magdeburg and Erkner. Positive earnings effects from Erkner

are already expected in 2026; the “The Central” project in Magdeburg is expected to contribute to results from 2027. Through the expertise gained in construction management and the administration of large portfolios, The Grounds is also positioning itself for future mandates as an external service provider on behalf of institutional investors.

All portfolio properties in the Berlin metropolitan area have a certificate of partition, making it possible to implement a deed of division in accordance with the German Condominium Act (Wohnungseigentumsgesetz). Accordingly, the strategic option of realisation in the form of residential unit sales would exist and thus an alternative marketing situation that offers the prospect of economic realisation in the future. The Grounds is still planning to market corresponding properties in 2026.

5 Forecast Report

5.1 Macroeconomic and sector-specific development

The economic outlook for Germany remains marked by uncertainty. The fiscal measures initiated to date by the Federal Government have led to a recovery in the economic situation, but only public consumption expenditure is supporting demand. Current forecasts for real economic growth in Germany in 2026 mostly lie in a range between 0.4% and 0.8%. Rising energy and food prices are driving inflation and reducing households’ purchasing power. The result: many citizens are holding on to their money.

In its press release of 23 July 2026, the ECB likewise assumes that economic growth will remain subdued in the near term owing to the energy shock and the associated uncertainties. The ECB’s objective is to stabilise inflation at the 2% target over the medium term and, to that end, also to apply a change in key interest rates.

5.2 Sector situation

German construction industry

German building construction will not emerge from the crisis in 2026 either: although demand remains high, particularly in residential construction, high construction costs, higher interest rates and new geopolitical uncertainties are holding back demand, according to the advisory firm EY-Parthenon in its building construction and infrastructure forecast of July 2026. After a decline in construction activity of 3.6% in 2024, the market contracted by a further 1.9% in 2025. According to this study, the decline in 2026 is likely to be significantly smaller, at 0.2%, but a turnaround has not yet been reached. A recovery with real growth of 0.8% is not expected until 2027; building-construction growth could reach 1.2% in 2028. Stabilisation rather than a substantial upturn is therefore to be expected.

Impetus for the construction industry came, above all, from civil engineering, which was strengthened by funds from the special fund for infrastructure and climate neutrality. For new residential construction, the Munich ifo Institute expects only around 185,000 completed dwellings in 2026.

Transactions market

The transaction market recorded a marked recovery in 2025. Several converging factors were decisive for these developments: a correction in property prices, lower cost of capital compared with previous years, a marked rise in rents and, not least, limited availability on the rental housing market.

The property services firm 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, the signs pointed to a recovery of the German investment market. To the surprise of many, the continuation of the Iran war into the second quarter and the associated rise in inflation and interest rates did not bring the tender shoots of recovery to an end. At around EUR 17.6 billion, the transaction volume at the 2026 half-year mark remained a constant some 15% above the previous-year level. Conditions remain volatile, and contemplated or initiated

transactions still fail to complete in many processes; the gap between asking price and the price that demanders are prepared to invest has, as a result of the rise in interest rates, at least not become smaller. There is no lack of liquidity on the German property investment market; investor interest remains present in principle.'

The Grounds, whose business development is heavily dependent on the transaction market, shares this view. However, this assessment is subject to the proviso that no additional significant risks (e.g. geopolitical developments) materialise.

5.3 Company

The Grounds expects revenue for the 2026 financial year to be in the range of EUR 20 to 24 million and anticipates a slightly positive consolidated EBIT in a range between EUR 1 million and EUR 2 million. This forecast does not include any gross earnings contribution from the recovery note relating to the logistics properties in Hangelsberg sold at the end of 2020, as the matter is currently in dispute. The forecast also does not include any effects from further acquisitions. Revenues and earnings effects from the "Börde Bogen" and "The Central" development projects likewise remain excluded, as, under current planning, partial realisation is not expected until the 2027 financial year.

6 Remuneration Report

The new employment contract concluded with Jacopo Mingazzini in the 2025 financial year had a term until December 2026 and was extended by a further year until 31 December 2027 pursuant to the Supervisory Board resolution of 29 June 2026.

There is no provision for ordinary termination during the term of the contract. In the event of a change of control, however, the contract provides for a special right of termination.

The remuneration of the Management Board consists of a fixed, performance-independent annual base remuneration and a variable bonus.

The base remuneration has been EUR 270 thousand p.a. since 1 January 2025. The variable remuneration component is linked to earnings before taxes, interest and depreciation/amortisation in the Company's IFRS consolidated financial statements.

The Management Board is provided with a company car, and The Grounds has taken out directors' and officers' liability insurance (D&O insurance).

No pension commitments or other pension benefits were granted. No agreements have been made with the Management Board regarding benefits in the event of early termination, except for the Company's right to release the Management Board from duties during the notice period and in case of dismissal with continued salary payments, and the Management Board's right to demand immediate payment of remuneration for the remaining contract term in such cases, whereby this may not exceed the value of twice the total annual remuneration. Furthermore, the employment contract provides for a post-contractual non-competition clause.

The employment contract concluded with Andrew Wallis in the 2025 financial year with economic effect from 1 March 2025 had a term until December 2026 and was extended by a further year until 31 December 2027 pursuant to the Supervisory Board resolution of 29 June 2026.

There is no provision for ordinary termination during the term of the contract. In the event of a change of control, however, the contract provides for a special right of termination.

The remuneration of the Management Board consists of a fixed, performance-independent annual base remuneration and a variable bonus.

The base remuneration has been EUR 240 thousand p.a. since 1 March 2025. The variable remuneration component is linked to earnings before taxes, interest and depreciation/amortisation in the Company's IFRS consolidated financial statements. By Supervisory Board resolution of 29 June 2026, the base remuneration was increased to EUR 270 thousand p.a.

The Management Board is provided with a company car, and The Grounds has taken out directors' and officers' liability insurance (D&O insurance).

No pension commitments or other pension benefits were granted. No agreements have been made with the Management Board regarding benefits in the event of early termination, except for the Company's right to release the Management Board from duties during the notice period and in case of dismissal with continued salary payments, and the Management Board's right to demand immediate payment of remuneration for the remaining contract term in such cases, whereby this may not exceed the value of twice the total annual remuneration. Furthermore, the employment contract provides for a post-contractual non-competition clause.

Berlin, 29 September 2026

The Management Board

Jacopo Mingazzini

Andrew Wallis





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CONSOLIDATED BALANCE SHEET

The Grounds Real Estate Development AG, Berlin, as at 31 December 2025

	Note	31 Dec. 2025	31 Dec. 2024
		KEUR	KEUR
Assets			
Non-current assets			
Intangible assets	8.1	117	13
Property, plant and equipment	8.1	288	176
Right-of-use assets	8.2	774	120
Investment property	8.6	30,401	35,075
Equity investments	8.4	27	2
Other financial assets	8.7	160	160
Deferred tax assets	8.23	2,562	3,371
Total non-current assets		34,329	38,917
Current assets			
Inventories	8.8	125,000	92,562
Trade receivables	8.9	2,378	1,198
Receivables from associated companies	8.10	851	0
Other receivables	8.11	4,967	7,785
Cash	8.12	632	27,574
Non-current assets held for sale	8.13	0	290
Total current assets		133,828	129,409
Total assets		168,157	168,326

	Note	31 Dec. 2025	31 Dec. 2024
		KEUR	KEUR
Equity			
Issued capital	8.14	49,455	49,455
Adjustment item from business acquisition	8.14	-12,453	-12,453
Capital reserves	8.14	2,200	2,605
Retained earnings	8.14	155	155
Net income	8.14	-1,308	8,362
Attributable to shareholders of the parent company		38,049	48,125
Hybrid bond	8.14	24,421	0
Attributable to non-controlling shareholders		82	2,621
Total equity		62,552	50,746
Liabilities			
Non-current liabilities			
Financial liabilities	8.15	26,571	13,793
Bonds	8.16	15,371	34,170
Lease liabilities	8.17	1,429	786
Other liabilities	8.21	1,183	1,661
Deferred tax liabilities	8.23	3,097	4,610
Total non-current liabilities		47,652	55,020
Current liabilities			
Provisions	8.18	1,275	1,169
Financial liabilities	8.15	50,856	51,729
Lease liabilities	8.17	122	119
Advance payments received	8.20	1,027	1,015
Current income tax liabilities	8.22	1,686	2,202
Trade payables	8.19	1,857	3,501
Other liabilities	8.21	1,130	2,825
Total current liabilities		57,953	62,560
Total assets		168,157	168,326

CONSOLIDATED INCOME STATEMENT

The Grounds Real Estate Development AG, Berlin, 1 January to 31 December 2025

	Note	1 Jan. 2025 – 31 Dec. 2025	1 Jan. 2024 – 31 Dec. 2024
		KEUR	KEUR
Sales revenue	8.24	9,963	12,894
Changes in value of investment property	8.6	811	–258
Other operating income	8.25	552	698
Change in inventories	8.26	1,097	963
Cost of materials	8.27	–7,416	–17,558
Staff costs	8.28	–3,429	–1,612
Depreciation of property, plant and equipment and amortisation of intangible assets	8.1	–420	–2,110
Other operating expenses	8.29	–4,127	–2,177
EBIT before income from associates		–2,971	–9,159
Income from associates	8.5	0	–14
EBIT		–2,971	–9,173
Interest income	8.30	86	3,031
Interest expenses	8.30	–7,664	–6,646
Other financial result	8.30	0	269
Financial result		–7,578	–3,346
Earnings before income taxes		–10,549	–12,519
Income taxes	8.31	861	–1,037
Consolidated net earnings		–9,688	–13,556
of which attributable to non-controlling shareholders		–18	–2,851
of which attributable to shareholders of the parent company		–9,670	–10,705
Earnings per share (in EUR)	8.32	–0.20	–0.59



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Grounds Real Estate Development AG, Berlin, 1 January to 31 December 2025

	Issued capital	Adjustment item from business acquisition	Capital reserves	Retained earnings	Net income/loss	Equity attributable to shareholders of the parent company	Hybrid bond	Attributable to non-controlling shareholders	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As at 1 Jan. 2025	49,455	-12,453	2,605	155	8,362	48,124	0	2,621	50,745
Acquisition of minority interests	0	0	-405	0	0	-405	0	-2,521	-2,926
Access hybrid bond	0	0	0	0	0	0	24,421	0	24,421
Consolidated comprehensive income	0	0	0	0	-9,670	-9,670	0	-18	-9,688
As at 31 Dec. 2025	49,455	-12,453	2,200	155	-1,308	38,049	24,421	82	62,552

The Grounds Real Estate Development AG, Berlin, 1 January to 31 December 2024

	Issued capital	Adjustment item from business acquisition	Capital reserves	Retained earnings	Net income/loss	Equity attributable to shareholders of the parent company	Hybrid bond	Attributable to non-controlling shareholders	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As at 1 Jan. 2024	17,806	-12,453	3,011	155	10,165	18,684	0	2,314	20,998
Capital decrease	-8,903	0	0	0	8,903	0	0	0	0
Capital increase	40,552	0	0	0	0	40,552	0	0	40,552
Costs of raising equity capital	0	0	-536	0	0	-536	0	0	-536
Change of legal form of a subsidiary	0	0	0	0	0	0	0	3,157	3,157
Share-based payments	0	0	130	0	0	130	0	0	130
Consolidated comprehensive income	0	0	0	0	-10,705	-10,705	0	-2,851	-13,556
As at 31 Dec. 2024	49,455	-12,453	2,605	155	8,362	48,124	0	2,621	50,745

CONSOLIDATED STATEMENT OF CASH FLOWS

The Grounds Real Estate Development AG, Berlin, 1 January to 31 December 2025

	1 Jan. 2025 – 31 Dec. 2025	1 Jan. 2024 – 31 Dec. 2024
	KEUR	KEUR
Consolidated net earnings	–9,688	–13,556
+ Write-downs on fixed assets	145	36
+ Depreciation of right-of-use assets	276	132
+ Impairment of goodwill	0	1,942
–/+ Net income from associates accounted for using the equity method/ investment income	0	14
+/- Increase/decrease in provisions	107	–343
+ Other non-cash changes	2,229	–306
–/+ Changes in value of investment property	–811	258
–/+ Gains/losses on the disposal of fixed asset	0	4
–/+ Increase/decrease in inventories, trade receivables, contract assets and other assets not related to investing or financing activities	–28,041	–289
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	–1,861	–1,862
+/- Interest expenses/income	7,578	3,615
+/- Income tax expense/income	–861	1,037
–/+ Income taxes paid	–429	–723
= Cash flow from operating activities	–31,356	–10,043

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Continued from page 76

	1 Jan. 2025 – 31 Dec. 2025	1 Jan. 2024 – 31 Dec. 2024
	KEUR	KEUR
+ Proceeds from disposals of intangible fixed assets	0	0
+ Proceeds from the disposal of intangible assets	52	0
+ Proceeds from disposals of property, plant and equipment	290	0
+ Proceeds from disposals of financial assets	–115	0
+ Proceeds from the disposal of investment property	–299	–34
– Payments for investments in intangible assets	–25	–15
– Payments for investments in property, plant and equipment	–485	0
– Payments for investments in financial assets	–215	–492
– Payments for investment property	14	7
+ Interest received	–2,980	0
= Cash flow from investing activities	–783	–534
+ Proceeds from additions to equity	0	40,000
– Costs of raising equity capital	0	–768
+ Proceeds from issuing bonds and (financial) borrowing	18,807	19,926
– Payments from repaying bonds and (financial) loans	–8,572	–17,950
– Repayment of lease liabilities	–232	–148
– Payment arising from the acquisition of minority interests	–2,980	0
– Interest paid	–1,826	–5,937
= Cash flow from financing activities	5,197	35,123
Cash changes in cash funds	–26,942	24,546
+ Cash funds at the beginning of the period	27,574	3,028
= Cash funds at the end of the period	632	27,574

Additional explanations in the notes to the consolidated financial statements, section 8.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2025 FINANCIAL YEAR

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1 Fundamental Information

The Grounds Real Estate Development AG (hereinafter referred to as The Grounds) has its registered office in Berlin, Germany. It is registered in the commercial register of the district court of Berlin Charlottenburg under the registration number HRB 191556 B.

The Company's shares are listed under ISIN DE000A40KXL9 in the 'Primary Market' segment of the Düsseldorf Stock Exchange's over-the-counter market (Freiverkehr or OTC), as well as in the Frankfurt Stock Exchange's OTC with trading on Xetra and, additionally, on the Tradegate Exchange.

The Company's operating activities consist of the realisation of residential projects in German metropolitan regions and conurbations. Its business activities comprise four core areas. These include the management of the Company's own property portfolio, the tenant-oriented sale of existing flats to capital investors or owner-occupiers, the development and realisation of new residential construction projects with the aim of selling them to institutional investors, capital investors or owner-occupiers and, since mid-2025, asset management for property portfolios that are not owned by the Company. The Grounds acts primarily as an operational holding company for its property companies.

2 Reporting Principles

In accordance with the provisions of section 293 of the German Commercial Code (HGB), The Grounds is not obliged to prepare consolidated financial statements for the 2025 financial year. These consolidated financial statements, as well as the Group management report, were therefore prepared voluntarily.

The Grounds applied the provisions of section 315e (3) of the HGB analogously to its consolidated financial statements for the 2025 financial year. Accordingly, the consolidated financial statements have been prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of

international accounting standards in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as adopted by the European Union (EU) as mandatory for capital market-oriented companies, and in compliance with the supplementary provisions of German commercial law pursuant to section 315e (1) of the German Commercial Code (HGB).

The requirements of the IFRS, as adopted by the EU, have been fully complied with and provide a true and fair view of the net assets, financial position and financial performance of the consolidated Group of The Grounds (hereinafter: 'The Grounds Group'). Individual line items in the consolidated statement of comprehensive income and the balance sheet have been aggregated to improve the clarity of presentation. These items are broken down and explained in the notes.

The consolidated statement of comprehensive income is structured according to the nature of expense method. It includes only a statement of profit or loss, as there are no components to be recognised directly in equity and, therefore, no other comprehensive income to be presented.

The Grounds has, for the first time, broken down its business activities into reportable segments within the meaning of IFRS 8. The purpose of preparing segment reporting is to illustrate the reweighting of the revenue side as a result of the asset management business. Reporting is presented for the four segments portfolio management business, privatisation business, property project development and asset management.

The accounting policies applied in the consolidated financial statements are, in all material respects, except for the changes explained below, consistent with those underlying the consolidated financial statements as at 31 December 2024.

The following new or amended accounting standards and interpretations were required to be applied for the first time in the IFRS consolidated financial statements for the 2025 financial year following their adoption by the EU:

Standard/interpretation	First-time mandatory application in the EU
Amendments to IAS 21 'Lack of Exchangeability'	1 January 2025

The resulting changes to IFRS accounting standards did not have any impact on the consolidated financial statements of The Grounds.

The following accounting standards newly issued or amended by the IASB and (to the extent presented) not yet adopted by the EU are only mandatory in future financial statements, subject to adoption by the EU (possibly after adjustments have been made), and have not been applied early by The Grounds:

Standard/interpretation	First-time mandatory application according to IASB	First-time mandatory application in the EU
Amendments to IFRS 7 and IFRS 9 'Classification and Measurement of Financial Instruments'	1 January 2026	1 January 2026
Amendments to IFRS 7 and IFRS 9 'Contracts Referencing Nature-dependent Electricity'	1 January 2026	1 January 2026
Annual improvements to various standards, Volume 11 (IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7)	1 January 2026	1 January 2026
IFRS 18 'Presentation and Disclosures in Financial Statements'	1 January 2027	1 January 2027
Amendments to IAS 21 'Translation to a Hyperinflationary Presentation Currency'	1 January 2027	Not yet adopted into EU law
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027	Not yet adopted into EU law
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016	No EU recognition

The application of IFRS 18 is expected to result in significant changes for the Company's future consolidated financial statements. A thorough analysis of the expected changes is not yet available at the time of preparing these consolidated financial statements. However, the Company does not expect the future application of the other new accounting standards to have any significant impact on the consolidated financial statements.

Unless otherwise stated, the amounts in the tables and notes to the consolidated financial statements are shown in thousands of euros (KEUR). 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.

These consolidated financial statements of The Grounds were prepared voluntarily and approved for publication by the Management Board on 29 September 2026.

The consolidated financial statements have been prepared on a going concern basis. As at the balance sheet date, freely available funds amounted to only EUR 632 thousand. Based on the liquidity planning, however, we assume that this is sufficient to cover financing requirements in the forecast period. Accordingly, the going concern principle is applied.

3 Reporting Currency and Foreign Currency Translation

The Grounds prepares its consolidated financial statements in euros. Presentation is generally in KEUR, as a result of which rounding differences from the mathematically exact values may arise.

There are no transactions in foreign currency and all companies in the scope of consolidation also report in euros.

4 Consolidation Methods

4.1 Financial year and reporting dates of the consolidated financial statements

The Group's financial year is the calendar year. The reporting date of all individual financial statements of the Group subsidiaries included in the consolidated financial statements corresponds to the consolidated reporting date.

4.2 Inclusion of subsidiaries

Subsidiaries are companies whose financial and business policies the Group can control directly or indirectly. A list of the subsidiaries included in the consolidated financial statements of The Grounds for the reporting period can be found in section 4.4.1.

Subsidiaries are included in the consolidated financial statements by way of full consolidation from the date on which control is transferred to the Group. They are deconsolidated at the point at which control ends.

Acquired subsidiaries are recognised using the purchase method. The purchase price of the acquisition corresponds to the fair value of the assets transferred, the equity instruments issued and the liabilities incurred or assumed at the transaction date (date of exchange). In a business combination, identifiable assets, liabilities and contingent liabilities are measured at their fair values at the acquisition date as part of initial consolidation, irrespective of the extent of non-controlling interests. Any excess of the purchase price over the Group's share of the net assets measured at fair value is recognised as goodwill. If the purchase price is lower than the (proportionate) net assets of the acquired subsidiary measured at fair value, the difference is recognised immediately in profit or loss in the statement of comprehensive income. Acquisitions of shares in subsidiaries after control is obtained are recognised as equity transactions. The difference between the purchase price of the shares and the derecognised non-controlling interest is offset directly in equity against retained earnings.

Equity interests held by other shareholders in a subsidiary are generally presented within consolidated equity as non-controlling interests. The non-controlling interest is the portion of the profit or loss and net assets of a subsidiary that is attributable to equity interests not held directly by the parent company or another subsidiary.

Where the consolidated subsidiaries are organised in the legal form of partnerships whose partners have an ordinary – possibly even long-term – right of termination, the interests of non-controlling partners are classified as liabilities. The portion of the net assets of such partnerships attributable to non-controlling interests/partners is reported in the balance sheet under 'other liabilities'. The share of profit or loss attributable to these non-controlling interests is recognised in profit or loss in the consolidated statement of comprehensive income under 'other finance income'. As at 31 December 2025, there are no investments in partnerships included in the consolidated financial statements in which non-controlling partners also hold interests.

The sale of property-holding companies through share deals is accounted for in the same way as a direct sale of property (asset deal) in the context of deconsolidation, as such transactions form an integral part of the core business of The Grounds Group. This approach reflects the economic substance of the transactions and ensures the most accurate possible presentation of the Group's net assets, financial position and financial performance. Accordingly, the share sale price, plus liabilities transferred and minus receivables transferred from the property company, is recognised as revenue, while the carrying amount of the disposed properties is recognised under cost of materials. For any remaining residual interests, the net amount of the Group's proportionate carrying amounts of the assets and

liabilities disposed of through the sale is deemed to represent the acquisition cost. If properties are acquired through the acquisition of a property company, this is recognised accordingly as the acquisition of a property in the initial consolidation. The acquisition costs result from the purchase price of the shares in the property company plus the liabilities assumed less other assets of the property company. In the 2025 financial year, property-holding companies were neither sold nor acquired.

Intragroup transactions, balances and unrealised gains from transactions between Group companies are eliminated. The same applies to unrealised losses, unless the transaction indicates an impairment of the transferred asset. The accounting and valuation methods of subsidiaries are adjusted where necessary to ensure uniform Group accounting in accordance with IFRS.

4.3 Accounting for associates

An associate is a company over which the Group has significant influence. Significant influence is the opportunity to participate in the financial and business policy decisions of the company in which the capital shares are held. The decision-making processes are neither controlled nor jointly managed. Significant influence is generally deemed to exist if The Grounds holds 20% or more of the voting rights, either directly or indirectly via subsidiaries.

Shares in associated companies that are significant for the net assets, financial position and financial performance of the Group are included in the consolidated financial statements using the equity method. Under the equity method, investments in associates are recognised in the consolidated balance sheet at acquisition cost, adjusted for changes in the Group's share of the associate's profit or loss and other comprehensive income of the associated company after the acquisition date. Losses of an associate that exceed the Group's share in the company are not recognised. They are only recognised if the Group has entered into a legal or constructive obligation to assume losses or makes payments instead of the associate.

Shares in an associated company are recognised using the equity method from the date on which the conditions for association are met. Any excess of the cost of acquiring the interest over the acquired interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. Goodwill is part of the carrying amount of the shares and is not tested separately for impairment. Any amount

by which the acquired share of the fair values of the identifiable assets, liabilities, and contingent liabilities of the associate exceeds the acquisition cost of the investment is recognised in profit or loss in the period of acquisition when determining the share of the profit or loss of the associate.

4.4 Consolidated group

4.4.1 Companies included

The consolidated financial statements of The Grounds as at 31 December 2025 include the parent company and all subsidiaries listed below.

List of subsidiaries

Company	Registered office	Equity interest
TGA Immobilien Erwerb 11 GmbH	Berlin	100.0%
TGA Immobilien Erwerb 4 GmbH	Berlin	75.0%
TGA Immobilien Erwerb 5 GmbH	Berlin	100.0%
TG Homes GmbH	Berlin	100.0%
Silent Living Grundbesitz GmbH	Berlin	100.0%
TGA Immobilien Erwerb 12 GmbH	Berlin	100.0%
TGA Immobilien Erwerb 13 GmbH	Berlin	100.0%
TGA Immobilien Erwerb 14 GmbH	Berlin	100.0%
Grundstücksentwicklung Halberstädter Straße 153 GmbH	Berlin	94.9%
The Grounds App 1 GmbH & Co. KG	Berlin	100.0%
BORBICO GmbH ¹⁾	Zossen	100.0%
The Grounds Asset Management GmbH (previously Gesellschaft für Dienstleistungen Logistikzentrum Hangelsberg mbH)	Berlin	100.0%
Capstone Opportunities GmbH	Berlin	89.9%
CS1 GmbH	Berlin	100.0%
CSO Verwaltung GmbH	Berlin	100.0%
WMKG GmbH	Berlin	100.0%
The Grounds Dallgow-Döberitz GmbH	Berlin	100.0%
The Grounds Bernau GmbH	Berlin	100.0%
The Grounds App 2 GmbH	Berlin	89.9%
Börde Bogen Management GmbH	Berlin	100.0%
HIM 5 GmbH	Berlin	51.0%
TG Margaretenstraße GmbH & Co. KG	Berlin	100.0%

¹⁾ indirectly held via TGA Immobilien Erwerb 12 GmbH.

The 100% subsidiary WKM Wohnkonzept Management GmbH was not included in the consolidated financial statements. The company was acquired in November 2025 and sold in June 2026.

The consolidated financial statements also include the following associated company:

List of associates

Company	Registered office	Equity interest
CS2 GmbH	Berlin	49.0%

Finally, The Grounds held the following equity investments as at the end of the reporting period:

List of investments

Company	Registered office	Equity interest	Net profit/loss for the year (KEUR)	Equity (KEUR)
Zuhause in Heubach GmbH & Co. KG ²⁾	Stuttgart	10.1%	-30	-450
PropTech1 Fund I Carry GmbH & Co.KG ³⁾	Berlin	3.4%	-5	0

²⁾ Data as per provisional annual financial statements as at 31 December 2025.

³⁾ Data as per annual financial statements as at 31 December 2024.

4.4.2 Changes in the reporting period

Compared with 31 December 2024, the scope of consolidation changed in the reporting period in as much as, in the first half of 2025, Wohnen am Haseknie GmbH & Co. KG was accrued to CSO Verwaltung GmbH, and Grundstücksgesellschaft LennéQuartier mbH & Co KG was accrued to WMKG GmbH and both therefore ceased to exist.

Further shares were also acquired in Börde Bogen Management GmbH and The Grounds App2 GmbH, which had already been included in the consolidated financial statements in the previous year, thereby increasing the equity interests from 51.0% to 100.0% and from 51.0% to 89.9%, respectively.

5 Significant Accounting and Valuation Methods

The financial statements of the subsidiaries have been uniformly included in the consolidated financial statements in accordance with the following accounting and valuation methods.

5.1 Intangible assets

5.1.1 Goodwill

Goodwill represents the excess of the acquisition cost of a business combination over the Group's share of the fair value of the net assets of the acquired company at the acquisition date and is recognised as an intangible asset. Goodwill resulting from the acquisition of an associated company is included in the carrying amount of the investment in the associated company.

Goodwill is tested for impairment annually and on an ad hoc basis if there are indications of impairment (impairment-only approach), and is measured at its original acquisition cost less accumulated impairment losses. No amortisation is applied.

The goodwill was fully written down due to impairment losses in the 2024 reporting period.

5.1.2 Other intangible assets

Other intangible assets include acquired software. It is recognised at acquisition cost upon initial recognition and subsequently measured acquisition cost less accumulated amortisation and any accumulated impairment losses (amortised cost). Scheduled amortisation is carried out using the straight-line method, starting from the date on which the software can be used for its intended purpose. The amortisation period is the expected useful life, which is between two and six years.

5.2 Property, plant and equipment

Property, plant and equipment includes the Company's operating and office equipment. They are recognised at acquisition or production cost less accumulated depreciation (amortised

acquisition or production cost) and any accumulated impairment losses. Scheduled amortisation is carried out using the straight-line method, taking into account the respective residual value and the respective useful life.

Scheduled amortisation begins as soon as the asset can be used for its intended purpose.

5.3 Leases

Company contracts are assessed at the inception of the contract to determine whether they constitute or contain a lease. A lease is always deemed to exist if the contractual agreements result in the authorisation to control the use of an identified asset for a certain period in return for payment of a fee.

5.3.1 Contractual relationships as a lessee

The Grounds Group is a lessee of the following categories of assets, although these leases are of minor significance overall:

- ▶ business and office space,
- ▶ right-of-use assets from long-term ground lease agreements,
- ▶ motor vehicles,
- ▶ (other) operating and office equipment.

With the exception of short-term leases, The Grounds Group recognises an asset for the right to use the leased asset and a liability for the payment obligations entered into for all identified leases in which it is the lessee.

The right-of-use asset is measured at (acquisition) cost at the commencement date. These result from the initial value of the lease liability and any incidental costs (payments made before the start of the term, directly attributable contract acquisition costs, agreed dismantling obligations) and reductions (incentives received). Lease and non-lease components in the leases are separated and the determined non-lease components are immediately recognised as an expense.

The lease liability is measured at the present value of the lease payments to be made over the term of the lease. Payment obligations are generally discounted using the incremental borrowing rate, as the implicit interest rates of the leases cannot be reliably determined. The incremental borrowing rate is based on the interest rate that the Company would have to pay for borrowing under comparable economic conditions. A standardised discount rate is used for portfolios of similarly structured leases (e.g. similar assets, similar residual terms, etc.).

The lease payments included in the measurement of the lease liability comprise the following:

- ▶ fixed payments, including de facto fixed payments and less incentives granted by the lessor;
- ▶ variable payments that are linked to an index or reference interest rate (initially measured on the basis of the index or interest rate value valid on the provision date);
- ▶ amounts expected to be incurred in connection with residual value guarantees;
- ▶ exercise prices for call or extension options if it is reasonably certain that the option will be exercised;
- ▶ contractual penalties for early termination of the lease if it is reasonably certain that the lease will be terminated.

When determining the lease term, not only the fixed non-cancellable period is taken into account, but also additional periods that are expected to result from the exercise of extension options and the non-exercise of termination options.

For the purposes of subsequent measurement, the right-of-use asset is amortised on a straight-line basis over the term of the lease. The lease liability is amortised using the effective interest method and taking into account the lease payments made. Furthermore, the right-of-use asset is amortised in the event of any impairment and adjusted for certain remeasurements of the lease liability on an ongoing basis.

Lease liabilities are remeasured if future lease payments change due to interest rate or index changes, estimates of the expected payments have to be adjusted due to a residual value guarantee, a new assessment arises regarding the exercise of a purchase, extension or cancellation option or if fixed lease payments actually change. If the lease liability is remeasured, the carrying amount of the right-of-use asset is adjusted accordingly. If

this adjustment led to a reduction in the carrying amount of the right-of-use asset below KEUR 4,163, the adjustment amount is recognised in the consolidated statement of comprehensive income.

The rights-of-use assets to be recognised from leases are reported separately in the consolidated balance sheet under non-current assets. The corresponding lease liabilities are also recognised separately in the consolidated balance sheet under current and non-current liabilities.

For short-term leases with a remaining term of up to 12 months, no right-of-use asset or lease liability is recognised, in contrast to the principles described above. Instead, the lease payments made are recognised as an expense in accordance with the contractual agreements, unless a straight-line allocation of expenses over the term of the contract appears more appropriate.

5.3.2 Contractual relationships as a lessor

The Grounds Group is a lessor in the context of property leasing. Such leases must be differentiated according to whether they are finance or operating leases. The decisive classification criterion is which contractual partner bears the main opportunities and risks associated with ownership of the asset in the lease. For the purposes of this assessment, certain indicators are used, such as whether the lease covers the majority of the economically useful life of the asset. If, after an overall assessment of the contractual agreements, the lessee bears the main risks and rewards, the lease is a finance lease; otherwise, it is an operating lease.

The Grounds Group's contracts with tenants, which are to be regarded as leases, are all classified as operating leases. They mainly relate to the Group's privatisation projects but, in some cases, also to investment properties. The monthly rental income received is recognised in revenue in profit or loss in accordance with the contractual lease terms, unless straight-line recognition over the lease term is deemed to provide a more appropriate reflection of performance. If an agreement contains both leasing and non-leasing components, the contractually agreed consideration is allocated in accordance with the provisions of IFRS 15.

5.4 Investment property

Investment properties comprise properties that serve to generate rental income and/or realise value appreciation in the long term. This also includes properties that are (still) in the construction phase and are intended to serve the aforementioned purposes. In contrast to investment properties, active resale activities for investment properties are generally only initiated after a longer holding period as part of portfolio reorganisations.

Investment property is initially recognised at acquisition or production cost, including transaction costs, and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in profit or loss in the consolidated statement of comprehensive income in the period in which they arise.

An investment property is derecognised on disposal or when it is no longer to be used permanently and no future economic benefit is expected from its disposal. The profit or loss resulting from the disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income in the period of disposal.

If properties are initially acquired for trading purposes and allocated to inventories accordingly, they are reclassified to investment property at the point at which it becomes apparent that immediate realisation through sale will not be possible and instead a longer phase of development of the property (refurbishment, reletting) in the Company's own portfolio is to be expected.

5.5 Impairment of assets

Assets subject to amortisation or depreciation are tested for impairment whenever events or indicators suggest that their carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of an asset exceeds its recoverable amount. The latter corresponds to the higher of the fair value of the asset less costs to sell and the discounted net cash flows from further use (value in use). To assess whether impairment exists, the assets are summarised at the lowest level into cash-generating units, for which cash flows can be identified largely independently of the rest of the company.

However, any reversals of impairment losses are limited to the asset's cost less accumulated amortisation or depreciation.

5.6 Financial instruments

5.6.1 Financial assets

Purchases and sales of financial assets are recognised on the settlement date. They are recognised at fair value at the time of acquisition. Directly attributable transaction costs increase the acquisition value unless they are recognised at fair value through profit or loss.

Financial assets are divided into the following measurement categories on the basis of the company's business model for managing such assets and the characteristics of the contractual cash flows:

- ▶ measured at amortised cost (AC);
- ▶ measured at fair value with changes in value recognised directly in equity in other comprehensive income (FVTOCI);
- ▶ measured at fair value with changes in value recognised in profit or loss for the period (FVTPL).

In both the reporting period and the comparative period of the previous year, The Grounds Group recognised only equity investments (interests) and loans and receivables, all of which – as in previous periods – were measured at (amortised) cost in accordance with IAS 39. The recognised equity investments are classified as assets in the 'FVTPL' category.

The equity investments recognised at the end of the reporting period are measured at fair value, based conceptually on their estimated future earnings potential as at the respective end of the reporting period. For immaterial equity investments, it was partially assumed that the amortised cost corresponds to fair value. Deferred income taxes are recognised on any differences existing at the reporting date between the IFRS carrying amount of the investment and its corresponding tax base, provided that the related disposal gains would not be tax-exempt in the future and the amounts involved are material.

Impairment losses on financial assets measured at amortised cost are recognised in profit or loss and determined using the simplified impairment model in accordance with

IFRS 9.5.5.15. This model calculates a value adjustment requirement taking into account existing collateral in the amount of the expected credit losses over the total term of the assets. If the reasons for impairment cease to apply in full or in part, the receivables are written up to a maximum of amortised cost and recognised in profit or loss. As soon as it becomes apparent that a receivable is uncollectible, the full amount is derecognised through profit or loss.

Changes in the fair value of equity investments in the 'FVTOCI' category are recognised in other comprehensive income. Gains and losses accumulated in other comprehensive income are not recognised in profit or loss upon disposal of these financial assets. Dividends, on the other hand, are realised through profit or loss.

5.6.2 Financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less transaction costs. In subsequent periods, they are measured at amortised cost. Any difference between the amount paid out (after deduction of transaction costs) and the repayment amount is recognised in the consolidated statement of comprehensive income over the term of the liability using the effective interest method.

Financial liabilities are classified as current if the Group does not have the unconditional right to defer settlement for at least 12 months after the end of the reporting period.

When determining the fair value, the expected future cash flows are discounted on the basis of a market interest rate with an appropriate term. Individual characteristics of the financial instruments being measured are taken into account through market-standard creditworthiness and liquidity spreads.

5.7 Fair value

The fair value of the financial assets and liabilities in The Grounds Group is determined on the basis of level 1, 2 and 3 input factors.

According to IFRS 13, fair value is defined as the price that would be received to sell an asset in an orderly transaction between knowledgeable, willing and independent market participants at the measurement date under current market conditions. The fair value can

be determined using the market-based approach, the cost-based approach or the income-based approach. This maximises the use of relevant observable market input factors and minimises the use of unobservable input factors.

The input factors are categorised into the following levels of the fair value hierarchy:

- ▶ **Level 1:** unadjusted quoted prices in active markets for identical assets and liabilities, whereby the reporting entity must have access to these active markets on the measurement date (IFRS 13 – Appendix A, IFRS 13.76)
- ▶ **Level 2:** directly or indirectly observable input factors that are not allocated to Level 1 (IFRS 13 – Appendix A, IFRS 13.81)
- ▶ **Level 3:** unobservable input factors (IFRS 13 – Appendix A, IFRS 13.86)

If the individual input factors are allocated to different levels of the fair value hierarchy, they are first categorised into significant and non-significant input factors.

The classification of the entire fair value measurement is then based on the level of the lowest categorised significant input factor (IFRS 13.73).

5.8 Inventories

The Grounds Group's inventories consist of properties acquired for sale or development. They are recognised at the lower acquisition or production cost and net realisable value. The acquisition costs comprise the purchase price of the property plus directly attributable ancillary costs, such as estate agent costs, land transfer tax, notary costs and costs of land register entries. Production costs arise if and to the extent that refurbishment or development work is carried out on the property prior to disposal. Production costs include directly attributable material and labour costs and the costs of attributable external services. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.9 Cash and cash equivalents

Cash and cash equivalents are recognised in the balance sheet at acquisition cost. For the purposes of the cash flow statement, cash and cash equivalents include cash, demand deposits with banks and other short-term, highly liquid financial investments with an original term of no more than three months.

5.10 Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if it is highly probable that they will be realised primarily through sale and not through continued use. These assets or the disposal group are recognised at the lower of their carrying amount and fair value less costs to sell.

5.11 Share-based remuneration

For share-based remuneration commitments (option rights) that were granted by The Grounds for the first time in the reporting period, compensation is provided for in the form of equity instruments (shares), although the Company also has the option of fulfilling the obligation through cash settlement. The fair value is determined at the time the options are issued and recognised as an expense on a pro rata basis over the vesting period of the beneficiaries with a corresponding increase in equity. Regarding capital market-dependent performance conditions of the remuneration commitments, the fair value of the options granted is determined on the issue date, taking these conditions into account using a recognised mathematical valuation model (Black-Scholes model) and is carried forward unchanged. No adjustment is thus made between expected and actual results for such market-based performance conditions. However, if the number of options granted changes, the amount recognised as an expense is adjusted. Such changes may also be due to the expected fulfilment of service and/or capital market-independent performance conditions.

Expense from the existing share-based remuneration commitments was required to be recognised for the last time in 2024, with a corresponding increase in equity.

5.12 Costs of raising equity

In accordance with IAS 32, the expenses directly attributable to raising equity are offset against the capital reserve without affecting profit or loss, less the associated income tax benefits, insofar as they relate to the issue of new equity instruments. Expenses that cannot be fully allocated to raising equity are divided into components to be offset directly against equity and those to be recognised as expenses in the income statement for the reporting period using appropriate keys.

5.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the Company expects reimbursement of an amount recognised as a provision (e.g. due to an insurance policy), it recognises the reimbursement claim as a separate asset if reimbursement is virtually certain in the event that the obligation is utilised.

A provision for loss-making transactions is recognised if the expected benefit from the contractual claim is lower than the unavoidable costs of meeting the contractual obligation.

Provisions are measured at the probable outflow of resources. Non-current provisions are discounted at the risk-adjusted interest rate.

5.14 Deferred income taxes

Deferred income taxes are recognised using the liability method for temporary differences between the tax base and the IFRS carrying amount of assets and liabilities and for unused tax loss carryforwards. Deferred income taxes are generally determined using the tax rate applicable at the end of the reporting period for the respective reversal date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or loss carryforwards can be utilised.

A tax rate of 10% to 15% was applied for corporation tax, depending on the period in which the temporary differences are expected to reverse, plus a solidarity surcharge of 5.5% and 14.35% for trade tax.

Changes in deferred tax items are generally recognised in profit or loss. Exceptions to this are the recognition of deferred tax items outside profit or loss in the context of purchase price allocations for business combinations, and deferred tax items related to changes in value recognised directly in reserves, which are also recognised directly in reserves.

5.15 Borrowing costs

Borrowing costs relating to the production of a qualifying asset are capitalised. A qualifying asset is characterised by the fact that a substantial period of time is required to prepare it for its intended use or sale. This requirement is met in particular for the project developments carried out by The Grounds Group. Other borrowing costs are recognised as an expense in the consolidated statement of comprehensive income in the period in which they are incurred.

5.16 Revenue recognition

Revenue from customer contracts is recognised in the consolidated statement of comprehensive income as soon as control of the goods or services to be supplied has been transferred to the customer. They are recognised in the amount of the consideration to which the Group expects to be entitled after fulfilling its performance obligation at a point in time or over a period of time in accordance with the contractual agreements.

The Grounds Group's revenue is generated mainly from the development and sale of residential units and project properties, from income from asset management services and from rental income and operating-cost settlements.

Revenue from the sale of properties mainly comprises a single performance obligation within the meaning of IFRS 15. In the case of property sales without an economically relevant construction obligation, there is usually a time-related performance obligation. Control over the property is generally transferred to the buyer upon the transfer of possession, benefits, burdens and risk. An enforceable claim for payment arises at this point in time. In the case of disposals of property companies, this date coincides with the realisation of

the share transfer. Revenue corresponds to the amount invoiced for the transaction. As the consideration is generally due upon the transfer of the legal title, this does not contain any significant financing component. If obligations to perform subsequent improvement or refurbishment work are assumed with the sale, the resulting proceeds are not realised until they are fulfilled, as these are to be regarded as separable performance obligations.

If the fulfilment of property purchase agreements with customers involves significant construction obligations, revenue is generally recognised over time based on the stage of completion of the construction project from the time the customer contract is concluded. The percentage of completion is generally determined on the basis of the ratio of the construction costs already incurred to the expected total costs of the project (cost-to-cost method). The resulting revenue is determined on the basis of the consideration stipulated in the customer contract. If contractual progress payments have been agreed that are calculated or collected according to performance-related milestones relating to the progress of construction work, a contract asset is capitalised for all services rendered up to a milestone and reported separately in the consolidated balance sheet. If the milestone payment exceeds the revenue previously recognised using the cost-to-cost method, a contract liability is recognised in the amount of the difference. The purchase agreements generally do not contain any significant financing components, as the period between revenue recognition and the respective milestone payment is less than one year.

Property projects for which no purchase contracts with customers have yet been concluded are recognised as inventory properties in accordance with IAS 2 until the contract is concluded.

Service income from asset management comprised a one-off amount recognised on conclusion of the contract (onboarding fee) and ongoing income for the services rendered in each case.

Rental income is recognised on an accrual basis over the term of the lease in accordance with the underlying contractual provisions and reported under revenue. Ancillary/operating costs charged to tenants are generally offset against the corresponding expenses, as the apportionable expenses are deemed to have been incurred in the interests of the tenants.

Interest income is recognised on a time proportion basis and accrued according to the outstanding nominal amount and the applicable effective interest rate. The effective

interest rate is the rate that exactly discounts the expected future cash receipts over the life of the financial asset to the net carrying amount of the asset at initial recognition.

5.17 Brokerage remuneration

Remuneration for brokering specific business transactions with customers must generally be capitalised as an asset and amortised. In view of their short-term nature, brokerage fees from The Grounds Group are recognised as an expense at the time the brokered transaction is fulfilled. Brokerage fees already paid up to this date are recognised as contract acquisition costs under other receivables.

6 Capital and Financial Risk Management

With the help of capital management, The Grounds pursues the goal of sustainably strengthening the Group's liquidity and equity base, providing funds for the Group's equity-financed growth and generating an appropriate return on capital employed.

Financial risk management involves controlling and limiting the financial risks arising from operating activities. In particular, the liquidity risk (the avoidance of disruptions in solvency) and the default risk (risk of loss if a contracting party fails to fulfil its contractual obligations) must be considered here.

Responsibility for liquidity risk management lies with the Management Board, which has established a system appropriate to the size of the Company for managing short, medium and long-term financing and liquidity requirements. The Group manages liquidity risks by maintaining adequate cash and cash equivalents, credit lines with banks and other facilities as well as by constantly monitoring forecast and actual cash flows as part of continuous rolling liquidity controlling and reconciling the maturity profiles of financial assets and liabilities.

To minimise default risks, The Grounds Group only enters into sales-side business relationships with creditworthy contracting parties.

As at the balance sheet date, freely available funds amounted to only EUR 632 thousand. Based on the liquidity planning, however, we assume that this is sufficient to cover financing requirements in the forecast period.

Critical Accounting Estimates and Assumptions

The preparation of the IFRS consolidated financial statements also requires estimates and assumptions to be made about expected future developments that (may) affect the presentation of assets and liabilities, income and expenses and contingent assets and liabilities for the respective reporting period. Although these assumptions and estimates are made to the best of management's knowledge on the basis of the latest reliable information available, they will, by their very nature, rarely correspond to actual circumstances.

Estimates and assumptions had to be made for the following items in particular:

- ▶ Measurement of investment property
- ▶ Measurement of properties recognised in inventories
- ▶ Assessment of whether a property is to be sold in the short term (IAS 2) or held for long-term income generation (IAS 40)
- ▶ Valuation of high-risk receivables
- ▶ Recognition of current and deferred tax items, in particular with regard to the realisability of deferred tax assets

There are uncertainties regarding the interpretation of complex tax regulations.

Therefore, differences between the actual results and our assumptions or future changes to our estimates may result in changes to the tax result in future periods.

- ▶ Recognition and measurement of provisions based on existing ranges of estimates of possible future charges to the Group

Changes in estimates and assumptions are recognised in profit or loss when the underlying better knowledge becomes available.

Additional Explanations on Individual Items of the Financial Statements

8.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment developed as follows:

	Goodwill		Other intangible assets		Property, plant and equipment	
	2025	2024	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Acquisition/production cost	1,942	1,942	20	20	282	269
Accumulated depreciation/amortisation	1,942	0	7	5	106	89
Carrying amount as at 1 Jan.	0	1,942	13	15	176	180
Additions (+)	0	0	115	0	299	34
Disposals (–)	0	0	0	0	–90	–21
Depreciation/amortisation (–)	0	–1,942	–10	–2	–135	–34
Disposals – depreciation (–)	0	0	0	0	–38	–17
Carrying amount as at 31 Dec.	0	0	118	13	288	176
Acquisition/production cost	1,942	1,942	135	20	491	282
Accumulated depreciation/amortisation	1,942	1,942	17	7	203	106

8.2 Right-of-use assets

The right-of-use assets from leases, broken down by asset category, developed as follows in the reporting period:

	Business and office space		Motor vehicles		Other operating and office equipment	
	2025	2024	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Cost	447	447	231	217	0	12
Accumulated depreciation/amortisation	380	290	178	134	0	12
Carrying amount as at 1 Jan.	67	157	53	83	0	0
Additions (+)	710	0	208	14	14	0
Disposals (–)	–447	0	–2	0	0	0
Depreciation/amortisation (–)	–214	–90	–60	–44	–2	0
Disposals – depreciation (–)	–447	0	0	0	0	0
Carrying amount as at 31 Dec.	563	67	199	53	12	0
Cost	710	447	437	231	14	0
Accumulated depreciation/amortisation	147	380	238	178	2	0

Short-term leases for which the practical expedient in IFRS 16.6 is applied related, as at the end of the reporting period, to a passenger-car lease whose term was only 11 months. The lease payments amounted to KEUR 4.

8.3 Lessor relationships

The rental agreements of The Grounds Group classified as operating leases resulted in rental income of KEUR 2,378 (previous year: KEUR 1,767) in the reporting period. Of this amount, KEUR 841 (previous year: KEUR 125) was attributable to inventory and project properties and KEUR 1,536 (previous year: KEUR 1,642) to investment properties.

In 2025, the operating leases of The Grounds Group mainly relate to the letting of residential properties, which are subject to a statutory notice period of three months on the part of the tenants. The existing rental agreements for the current property portfolio are expected to generate minimum lease payments of around KEUR 600 in the 2026 financial year, of which around KEUR 250 is attributable to the inventory properties that are to be sold as part of the

individual privatisation. The future minimum lease payments for the non-cancellable basic lease term from the longer-term letting of commercial properties are of minor importance.

8.4 Equity investments

The recognised equity investments relate to a 10.1% share in ZuHause in Heubach GmbH & Co. KG, Stuttgart, and a 3.4% stake in PropTech1 Fund I Carry GmbH & Co. KG, Berlin, which are recognised as acquisition cost.

For the first time in 2025, the 100% interest in WKM Wohnkonzept Management GmbH is also reported under equity investments; it was not fully consolidated and was also not included using the equity method on grounds of immateriality. Control of WKM Wohnkonzept Management GmbH was obtained in November 2025. The company was sold again in June 2026.

8.5 Equity-accounted investments

The equity-accounted investments developed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Beginning of the financial year	0	2,279
Disposals of interests	0	-2,265
Share of profit or loss	0	-14
End of the financial year	0	0

8.6 Investment property

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
As at the beginning of the financial year	35,075	35,131
Additions (+)	215	492
Reclassification to non-current assets held for sale (-)	0	-290
Reclassifications to current assets	-5,700	0
Disposals (-)	0	0
Appreciation (+)	1,271	476
Depreciation (-)	-460	-734
As at the end of the financial year	30,401	35,075

The addition in 2025 results mainly from modernisation measures carried out on properties in Kremmen and Fehrbellin and in the Stendal/Prignitz portfolio.

In the financial year, the properties in Schorfheide and Rauen, which had originally been reported as investment property, were reclassified to inventories. The reason for the change is an intention to realise the properties by selling them as residential units. To that end, the properties were legally partitioned and the individual sale as residential units was implemented. Initial sales already took place in 2025.

The investment properties are encumbered with land charges to collateralise liabilities to banks in the amount of KEUR 14,684 (previous year: KEUR 19,936).

Independent expert opinions were obtained to determine the fair values of the investment properties as at the reporting date. The valuations include estimates that are not observable on the market, in particular the expected future rental income and operating costs. On this basis, the fair value totalled KEUR 30,401 as at the end of the reporting period.

The following overview shows the key assumptions and results used to determine the fair value of the investment property as part of the valuation using the income capitalisation approach:

Measurement parameter	Unit	Mean 31 Dec. 2025	Range 31 Dec. 2025
Property interest rate	in %	4.53%	1.2% to 6.50%
Remaining useful life	Years	40	35 to 50
Market rent	EUR/m ²	6.41	4.25 to 10.70
Operating costs	% of gross profit	22.48%	19.36% to 30.25%

Measurement results	Unit	Mean 31 Dec. 2025	Range 31 Dec. 2025
Target rent multiplier	Factor	14.2	7.0 to 31.5
Market value per m ²	EUR/m ²	1,195	359 to 4,050

Measurement parameter	Unit	Mean 31 Dec. 2024	Range 31 Dec. 2024
Property interest rate	in %	4.41%	1.05% to 6.50%
Remaining useful life	Years	40	35 to 50
Market rent	EUR/m ²	6.98	4.25 to 10.00
Operating costs	% of gross profit	23.08%	16.61% to 34.23%

Measurement results	Unit	Mean 31 Dec. 2024	Range 31 Dec. 2024
Target rent multiplier	Factor	16.0	7.5 to 32.3
Market value per m ²	EUR/m ²	1,342	381 to 3,880

If the property interest rate used for the valuation had been increased by 0.5 percentage points when determining the fair values of these properties, the total fair value would have been KEUR 27,600 (previous year: KEUR 31,925). Conversely, if the property interest rate had been reduced by 0.5 percentage points, the fair value would have amounted to KEUR 33,561 (previous year: KEUR 38,575). The 10% reduction in market rent would result in a fair value of the properties of KEUR 26,831 (previous year: KEUR 30,975). Conversely, if the market rent had been increased by 10%, the fair value of the properties would have amounted to KEUR 33,911 (previous year: KEUR 38,935). If the vacancy rate had been reduced by 1%, the fair value of the properties would have amounted to KEUR 30,781

(previous year: KEUR 35,465). On the other hand, the fair value of the properties would decrease to KEUR 29,981 (previous year: KEUR 34,575) if the vacancy rate had increased by 1%.

Regarding the revenue generated with the investment properties and the expenses attributable thereto, we refer to the presentation in the segment reporting for portfolio management.

8.7 Other financial assets

Other financial assets are composed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Shares in cooperatives	160	160
Total	160	160

8.8 Inventories

The Grounds Group's inventories include work in progress, properties under construction, properties ready for sale and advance payments made. They are composed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Operating/heating costs not yet billed	1,176	1,180
Properties under construction	94,213	85,398
Properties ready for sale	29,612	4,972
Advance payments made	0	1,012
Total	125,000	92,562

Properties under construction comprise project developments in the planning and building construction phase.

Inventories include properties under construction of KEUR 80,081 (previous year: KEUR 85,398) and properties ready for sale of KEUR 16,712 (previous year: KEUR 3,589) whose disposal is intended to be realised later than within 12 months.

Properties under construction include borrowing costs capitalised in 2025 of KEUR 3,435 (previous year: KEUR 4,481). The financing cost rate ranges, depending on the project, from 4.74% to 14%. Impairment losses of EUR 1,278 thousand were recognised on the project in Erkner in the reporting year.

The increase in properties ready for sale results from the acquisition of the Werder (Havel) and Potsdam-Fahrland portfolio and from the reclassification of the properties in Schorfheide and Rauen from investment property.

8.9 Trade receivables

Trade receivables mainly result from invoices for services. The development of trade receivables is shown in the following overview:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Trade receivables (gross)	2,496	1,355
Impairment losses	-118	-157
Trade receivables (net)	2,378	1,198

Trade receivables, as at the end of the reporting period, had the following maturity structure:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Trade receivables	2,496	1,355
of which neither impaired nor past due as at the reporting date	1,939	17
of which not impaired but past due as at the reporting date by up to 30 days	10	14
of which not impaired but past due as at the reporting date between 31 and 60 days	68	267
of which not impaired but past due as at the reporting date between 61 and 90 days	10	28
of which not impaired but past due as at the reporting date between 91 and 180 days	82	70
of which not impaired but past due as at the reporting date between 181 and 360 days	179	151
of which not impaired but past due as at the reporting date more than 360 days	208	806
Net value of impaired trade receivables	118	156

The default risk of receivables that were more than 30 days past due as at the end of the reporting period and that have not been impaired is assessed as low.

8.10 Receivables from affiliated companies

Receivables from affiliated companies include a current loan receivable of KEUR 491 from WKM Wohnmanagement GmbH and trade receivables of KEUR 361 from asset management due from companies in the Ziegert portfolio taken over by H.I.G.

8.11 Other receivables

As in the previous year, other receivables as at the end of the reporting period only included current items and were composed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Receivables from investees	600	314
Receivables from loans to related parties	904	510
Other receivables from related parties	688	1,746
Receivables from reimbursement claims	200	400
Receivables from loans to third parties	0	68
Costs to obtain contracts	141	77
Receivables from VAT	121	122
Other tax refund claims	131	60
Deposits	119	108
Restricted bank balances	1,448	3,961
Prepaid expenses	186	319
Miscellaneous other receivables	429	100
Total	4,967	7,785

Receivables from investees relate mainly to loan receivables, including accrued interest with a carrying amount of KEUR 600 due from CS2 GmbH. Impairment losses have been recognised on the nominal amount of the receivables of KEUR 1,012 (previous year: KEUR 657), which were increased by KEUR 62 to KEUR 412 in 2025. The loan amount increased in 2025, in particular, through the acquisition of a secured loan receivable vis-à-vis this company of KEUR 291.

Receivables from loans to related companies/persons include a loan of KEUR 500 (previous year: KEUR 500) which, as in the previous year, bears interest at 3% p.a. and is connected with the former project in Bad Zwischenahn. A further loan, including accrued interest of KEUR 388 to the non-controlling shareholder of The Grounds App 2 GmbH, was added in the financial year. This loan bears interest at 2% p.a. and is repayable after realisation of the Börde Bogen project.

The other receivables from related persons relate mainly, at KEUR 633 (previous year: KEUR 1,133), to on-charged planning costs of a nominal KEUR 1,133 in connection with the seller's withdrawal from the pending purchase agreement for the project in Bad Zwischenahn. The receivable was impaired by KEUR 500 in the 2025 financial year.

The receivables from reimbursement claims of KEUR 200 (previous year: KEUR 400) are likewise connected with this project, but do not relate to related companies/persons. The receivable was impaired by KEUR 200 in 2025.

The restricted bank balances are essentially bank balances holding funds for interest cover, which the Group companies may use only for the purpose of interest payments.

8.12 Cash

Cash and cash equivalents include bank balances due on demand.

8.13 Non-current assets held for sale

The plot at Rudolph-Breitscheid-Str. 6 in Wittenberge classified as held for sale was sold with effect from 1 January 2025 and the transfer of benefits and burdens took place in accordance with the contract. No reclassification of portfolio properties was required in 2025.

8.14 Equity

The Company's issued capital amounts to EUR 49,454,740 as at the end of the reporting period and is divided into 49,454,740 ordinary bearer shares. It developed as follows:

	31 Dec. 2025	31 Dec. 2024
	EUR	EUR
Beginning of the financial year	49,454,740	17,805,517
Capital reduction	0	8,902,759
Capital increase	0	40,551,982
End of the financial year	49,454,740	49,454,740

The simplified reduction of the share capital by EUR 8,902,758.00 to EUR 8,902,758.00 resolved by the Annual General Meeting on 19 September 2024 was entered in the commercial register on 10 December 2024. The capital reduction served to cover losses and was the prerequisite for the implementation of necessary further capital measures.

The increase in the Company's reduced share capital against cash contributions, also resolved by the Annual General Meeting on 19 September 2024, was implemented by issuing 40,551,982 new ordinary registered shares at an issue price of EUR 1.00 per share on 30 December 2024.

By resolution of the Annual General Meeting on 23 June 2025, the Management Board was authorised, with the approval of the Supervisory Board, to increase the Company's share capital once or several times by a total of up to EUR 24,727,370.00 in return for cash and/or non-cash contributions by 22 June 2030, whereby shareholders' subscription rights may be excluded (Authorised Capital 2025/I). The Authorised Capital 2021/I of EUR 8,902,758.00 existing until then was cancelled.

By resolution of the Annual General Meeting on 28 August 2020, the Company's share capital was conditionally increased by up to EUR 1,750,000.00 to fulfil a share option programme for members of the Management Board and other managers (Contingent Capital 2020/I). On the basis of the resolution of the Annual General Meeting of 23 June 2025, the share capital is also conditionally increased by up to EUR 24,727,370.00 (Contingent Capital 2025/I). The Contingent Capital 2018/I of EUR 7,152,758.00 existing until then was cancelled.

The capital reserve includes issue amounts for shares that were generated in excess of the amount of subscribed capital in past capital increases, as well as additions from the issue of share-based remunerations and the recognition of the equity component of the convertible bond issued in the 2021 financial year. In previous years, these amounts were reduced by costs of raising equity (after deduction of income taxes) and by withdrawals to offset losses.

Retained earnings result from transactions recognised directly in equity when the IFRS consolidated financial statements were prepared for the first time.

The adjustment item from business combination is based on the reverse acquisition between The Grounds and The Grounds Real Estate GmbH (formerly: AG) in the 2017 financial year.

The retained profit results from the Group's earnings up to the end of the reporting period that have not been distributed.

In the past, Tempus Holdings 112 S.à r.l, Senningerberg / Luxembourg, had subscribed a secured bond of the Company in the amount of KEUR 17,000 bearing interest at 20%, which had a term until 31 December 2029. Interest on that bond was payable at maturity. At the end of 2025, the Company issued a new bond (hybrid bond), which was likewise subscribed by Tempus Holdings 112 S.à r.l. The purchase price for this bond was settled by set-off against the bond previously outstanding, including accrued interest not yet paid of KEUR 24,464. The principal terms of this new bond are as follows:

- ▶ The bond is perpetual, has no fixed maturity and no repayment date.
- ▶ The Grounds AG is not obliged to repay the bond at any time. Repayment is made solely at the issuer's discretion. The Management Board may decide on this alone and does not require the approval of the Supervisory Board.
- ▶ The interest rate is 20%.
- ▶ Interest is capitalised and added to the outstanding principal amount of the bond.
- ▶ The bond is unsecured.
- ▶ The bond is subordinated. In the event of liquidation, it is
 - a. senior to the issued capital and
 - b. subordinated to all other subordinated or unsubordinated obligations of The Grounds AG.

By reason of these bond terms, this hybrid bond is presented in equity in accordance with IAS 32.

The composition of and changes in equity are shown in the statement of changes in equity.

The summarised financial information of the subsidiaries with non-controlling interests that are material for The Grounds Real Estate Development AG as at 31 December 2025 and as at 31 December 2024 is presented below:

	2025	2024
	KEUR	KEUR
Total current assets	77,141	89,012
Total non-current assets	1,008	326
Total current liabilities	77,007	78,697
Total non-current liabilities	1,209	2,259
Net assets	-67	8,382
Revenue	5	4,841
Profit for the year	-1,023	-7,676
thereof attributable to the shareholders of The Grounds	-1,005	-4,825
of which attributable to non-controlling interests	-18	-2,851

8.15 Financial liabilities

The Company's financial liabilities are composed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Non-current financial liabilities		
Liabilities to banks and other lenders	26,571	13,793
Total non-current financial liabilities	26,571	13,793
Current financial liabilities		
Liabilities to banks and other lenders	50,856	51,729
Total current financial liabilities	50,856	51,729
Total financial liabilities	77,427	65,522

Liabilities to banks and from subordinated loans with a nominal value of KEUR 76,636 (previous year: KEUR 58,571) are collateralised with land charges. Furthermore, liabilities are collateralised by pledges on bank accounts, the assignment of claims for damages and the assignment of sales and rental receivables. The Grounds Real Estate Development AG has also issued guarantees and hard letters of comfort for financial liabilities with a nominal amount of KEUR 29,932 (previous year: KEUR 26,838). Furthermore, the Company shares were pledged for financial liabilities with a nominal amount of KEUR 18,029 (previous year: KEUR 17,480).

In addition, contractual obligations to comply with financial ratios (financial covenants) also exist for financial liabilities of KEUR 22,991 (previous year: KEUR 17,480). The financial covenants primarily relate to industry-standard requirements regarding the so-called loan-to-value ratio (the ratio of outstanding debt to the market value of the collateral property) as well as the debt service cover ratio (DSCR), i.e. the entity's ability to meet expected debt service obligations from earnings.

Liabilities to banks and other lenders include loans of KEUR 734 (previous year: KEUR 1,854) from co-shareholders in joint-venture projects.

All loans are denominated in euros.

8.16 Bonds

In February 2021, The Grounds issued a bullet convertible bond with a nominal denomination of EUR 1,000 each, a three-year term and a total nominal amount of EUR 12.0 million, which was increased by EUR 4.8 million to a total of EUR 16.8 million in October 2021. The net proceeds from the issue were primarily used to acquire new property assets.

After the conversion right was not exercised, the bond was extended in 2024 by three years until February 2027, structured as a non-convertible bond and the nominal interest rate was adjusted. The nominal interest rate was 8.0% p.a. until 17 August 2024 and, thereafter, 0.0% p.a. until the scheduled maturity of the bond (zero coupon). Insofar as interest payments are due, these must be made semi-annually on 18 August and 18 February each year.

In balance sheet terms, the original convertible bond was split into an equity and a debt component. The value of the equity component on the issue date was calculated at KEUR 568, taking into account the issue costs and an appropriate nominal interest discount for the conversion right from the payments to be made. This amount was recognised in the capital reserve in previous years.

The reduction in the nominal interest rate in the previous period entailed a substantial modification of the financing terms. Accordingly, in 2024 the liability component previously recognised was derecognised in accordance with IFRS 9.3.3.2 and a new debt instrument was recognised, with the difference in value and the expenses associated with the amendment of the bond being recognised through profit or loss in a total amount of KEUR 2,998.

The accretion of this bond (zero-coupon bond) gave rise in 2025 to interest expense of KEUR 1,162 that was recognised in profit or loss but was non-cash.

With regard to the bond of KEUR 17,000 subscribed in the past by Tempus Holdings 112 S.à r.l, Senningerberg / Luxembourg, and its set-off in 2025 against a newly issued hybrid bond that is presented in equity, we refer to the disclosures under 8.14 Equity. For the reporting period, interest expense of KEUR 4,126 in total (previous year: KEUR 2,921) that was recognised in profit or loss but was non-cash is reported for this bond.

8.17 Lease liabilities

The liabilities recognised from leases are composed as follows:

Maturity	up to 1 year		> 1 year to 5 years		> 5 years	
	2025	2024	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Payments	180	145	821	135	1,546	1,574
Interest portion	58	26	128	91	810	832
Principal portion	122	119	693	44	736	742

8.18 Provisions

Provisions developed as follows in the reporting period:

	Staff	Out-standing invoices	Financial state-ments and audit	Warranties	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
1 January 2025	158	504	194	300	13	1,169
Utilisation	103	176	216	11	0	506
Reversal	0	4	12	0	0	16
Addition	86	195	249	0	99	630
31 December 2025	141	519	215	289	112	1,275

Provisions developed as follows in the comparative period:

	Staff	Out-standing invoices	Financial state-ments and audit	Warranties	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
1 January 2024	83	1,244	71	100	3,514	5,012
Utilisation	83	1,102	71	0	0	1,256
Reversal	0	17	0	0	1	18
Addition	158	379	194	200	0	931
Reclassification	0	0	0	0	3,500	3,500
31 December 2024	158	504	194	300	13	1,169

The other provisions mainly include provisions for maintenance.

8.19 Trade payables

Trade payables developed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Trade payables	1,857	3,501

The liabilities as at the balance sheet date mainly comprise outstanding invoices for construction costs and incidental construction costs and for advisory services.

8.20 Advance payments received

Advance payments received developed as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Advance payments received	1,027	1,015

As in the previous period, payments received consist of tenants' advance operating-cost payments.

8.21 Other liabilities

As at the end of the reporting period, other liabilities were as follows:

	31 Dec. 2025	31 Dec. 2024
	KEUR	KEUR
Liabilities to related parties	1,520	3,586
Retention of collateral	183	110
Value-added tax (VAT)	130	28
Liabilities to tenants	112	129
Non-controlling interests in partnerships	0	85
Other miscellaneous liabilities	367	548
Other liabilities	2,312	4,486

Liabilities to related companies include, at KEUR 1,500 (previous year: KEUR 3,500), obligations entered into in the past to release the Company from joint and several liability. Payments of KEUR 2,000 were made thereon in 2025.

The other miscellaneous liabilities include wage taxes.

8.22 Current income tax liabilities

Current income tax liabilities totalling KEUR 1,686 (previous year: KEUR 2,202) include corporation tax liabilities of KEUR 656 (previous year: KEUR 443) and trade tax liabilities of KEUR 1,030 (previous year: KEUR 1,759).

8.23 Deferred tax

In measuring deferred taxes, the tax rates to be applied in accordance with IAS 12 are those that, under the legal situation currently in force, will apply at the date on which the temporary differences are expected to reverse. In the reporting year, a corporation tax rate of 10% to 15% was used, due to the stepwise reduction of the corporation tax rate from 15% until 2027 to 10% from 2032. The solidarity surcharge of 5.5% on the corporation tax determined and 14.35% for trade tax were also taken into account.

The change in deferred taxes is as follows:

	2025	2024
	KEUR	KEUR
Deferred tax assets	3,371	3,818
Deferred tax liabilities	-4,610	-5,304
Net deferred taxes at the beginning of the financial year	-1,239	-1,486
Recognised directly in equity from costs of raising equity	0	232
Disposals from deconsolidation of companies	0	178
Disposal of deferred tax liabilities recognised directly in equity	0	662
Expense (-) / Income (+) in the income statement	703	-823
Net deferred taxes at the end of the financial year	-536	-1,239
Deferred tax assets	2,562	3,371
Deferred tax liabilities	-3,097	-4,610

The changes in deferred tax assets arise from differences in the following items:

Cause	Inventories	Tax loss carryforwards	Other	Total
	KEUR	KEUR	KEUR	KEUR
As at 1 Jan. 2025	1,418	1,717	236	3,371
Amounts recognised through profit or loss	-1,135	561	-236	-809
As at 31 Dec. 2025	283	2,278	0	2,562

Deferred tax assets from loss carryforwards are recognised at the amount at which the realisation of the associated tax benefits through future taxable profits is probable. The recognised deferred tax assets from loss carryforwards relate to various subsidiaries.

There are also unused corporation tax loss carryforwards of approx. EUR 8.2 million (previous year: EUR 3.8 million) and unused trade tax loss carryforwards of approx. EUR 5.9 million (EUR 10.0 million).

The changes in deferred tax liabilities arise from differences in the following items:

Cause	Investment property	Inventories	Financial liabilities and bonds	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
As at 1 Jan. 2025	-1,589	-1,548	-1,354	-119	-4,610
Amounts recognised through profit or loss	137	506	793	78	1,513
As at 31 Dec. 2025	-1,452	-1,042	-561	-41	-3,097

8.24 Revenue

The sales revenue of The Grounds Group, which relates exclusively to domestic properties, is composed as follows:

	2025	2024
	KEUR	KEUR
Revenue from the sale of inventory property	4,476	9,529
Revenue from the sale of investment property	290	0
Rental income	2,378	1,767
Revenue from asset management	2,819	0
Other	0	1,598
Total	9,963	12,894

The rental income reported relates to net rent excluding utilities from The Grounds Group's operating leases within the meaning of IFRS 16. They comprise rental income both from portfolio properties and from inventory properties.

In 2025, revenue from the new asset management business was recognised for the first time. In addition to one-off income on conclusion of the contract (onboarding fee) of KEUR 1,300, revenue comprises regular income for the management of the properties, services in the areas of sales and financing brokerage and services in the area of corporate management.

Revenue from contracts with customers in accordance with IFRS 15 breaks down as follows as regards the timing of revenue recognition:

Property sales and service contracts	2025	2024
	KEUR	KEUR
Services for a point in time	6,069	1,456
Services over a period of time	1,516	8,073
Total revenue from contracts with customers	7,585	9,529

8.25 Other operating income

Other operating income includes the following amounts:

	2025	2024
	KEUR	KEUR
Reversal of provisions	16	18
Income from on-charges	136	0
Income from the acquisition of loans below nominal value	136	0
Profit from deconsolidation	0	436
Other miscellaneous operating income	264	244
Total	552	698

8.26 Changes in inventories

The changes in inventories in the 2025 financial year relate to the capitalisation of operating costs still to be billed to tenants of KEUR 1,097 (previous year: KEUR 963).

8.27 Cost of materials

The cost of materials for The Grounds Group is composed as follows:

	2025	2024
	KEUR	KEUR
Acquisition costs of the properties sold and construction costs from inventories	3,637	9,944
Expenses from the sale of investment property	290	0
Expenses for raw materials and consumables used	1,637	1,436
Impairment losses	1,278	4,725
Purchased services	575	1,453
Total	7,416	17,558

The cost of materials includes an impairment loss of KEUR 1,278 on the project in Erkner recognised in inventories. In the previous year, the impairment losses of KEUR 4,225 related mainly to impairment losses on the project in Blankenfelde-Mahlow.

Expenses for purchased services relate mainly to selling costs of KEUR 345 in connection with the sale of properties and to property management fees of KEUR 229.

Expenses for raw materials, consumables and supplies include operating costs, which, to the extent that they are recoverable, are recharged to the tenants.

8.28 Staff costs

Staff costs are composed as follows:

	2025	2024
	KEUR	KEUR
Salaries, other benefits	2,946	1,434
Social security contributions and expenses for pension and welfare benefits	483	178
Total	3,429	1,612

The increase in staff costs is mainly attributable to the commencement of operations in the new asset management business segment and to the increase in the average number of employees from 13 to 33.

8.29 Other operating expenses

Other operating expenses include the following amounts:

	2025	2024
	KEUR	KEUR
Costs for premises	110	54
Insurance, contributions and levies	90	99
Repairs, maintenance and servicing	158	61
Motor vehicle costs	74	50
Advertising and travel expenses	97	103
Legal and consultancy fees	501	220
Annual financial statement and audit costs, costs of appraisal valuations	435	259
Non-deductible input tax	399	287
Third-party services	285	0
Stock exchange costs	32	44
Supervisory Board remuneration	68	68
Losses on receivables	159	27
Addition to impairment losses on receivables	831	350
On-charged expenses	136	0
Other miscellaneous operating expenses	752	555
Total	4,127	2,177

The impairment losses on receivables were recognised mainly on receivables in connection with the former project in Bad Zwischenahn. We also refer to the disclosures under 8.11.

The external services and contracted work were required largely for the commencement of the new asset management business segment.

8.30 Net finance costs

Interest income is significantly lower, at KEUR 86 (previous year: KEUR 3,031). In the previous year, this included one-off income from the discounting of the zero-coupon bond of KEUR 2,998.

The composition of interest expense is presented in the following table:

	2025	2024
	KEUR	KEUR
Interest expense from		
Bonds	5,288	4,182
Loans	1,607	1,889
Effective interest	511	98
Financing costs	208	442
Interest portion of lease payments	50	35
Total	7,664	6,646

8.31 Income tax expense/income

The income tax expense/income reported in the income statement comprises current and deferred income taxes:

	2025	2024
	KEUR	KEUR
Current income tax expenses (-) /income (+)	158	-214
Deferred income tax expense (-) /income (+)	703	-823
Total	861	-1,037

Income taxes in the reporting year are reconciled as follows from an expected income tax expense that would have arisen on applying the parent company's statutory income tax rate to earnings before income taxes. A tax rate of 30.175% was used for this purpose.

Tax reconciliation	2025	2024
	KEUR	KEUR
Profit before tax	-10,549	-12,519
Theoretical income taxes 30.175%	3,183	3,778
Effect of		
▶ Changes in tax rates	171	0
▶ tax-exempt income/non-deductible expenses	0	-1,769
▶ Non-recognition of deferred tax assets on loss carryforwards / Utilisation of previously unrecognised tax loss carryforwards	-1,917	-1,622
▶ initial recognition of deferred tax	0	-296
▶ consolidation entries through other comprehensive income	0	-339
▶ Tax expense/income from previous periods	-400	-16
▶ other causes	-176	-772
Reported income tax expense/income	861	-1,036

The tax effect from the change in tax rates relates to the impact on deferred corporation taxes of the stepwise reduction of the corporation tax rate resolved in 2025 from 15% until 2027 to 10% from 2032.

8.32 Earnings per share

Basic earnings per share are calculated as the profit attributable to the parent company's shareholders divided by the time-weighted average number of shares outstanding during the financial year, excluding treasury shares held by the Company.

	2025	2024
Consolidated profit or loss after tax (KEUR)	-9,688	-13,556
Share of profit or loss attributable to minorities	-18	-2,851
Share of profit or loss attributable to the shareholders of The Grounds Real Estate Development AG	-9,670	-10,705
Average number of shares outstanding (units)	49,479,740	18,077,995
Basic earnings per share (EUR)	-0.20	-0.59

No dividends were paid for the preceding financial year in the 2025 financial year. A dividend payment is not planned for the 2025 financial year either.

8.33 Cash flow statement

The cash flow statement differentiates between cash flows from operating, investment and financing activities.

Cash flow from operating activities is calculated using the indirect method. It amounts to KEUR –31,356 (previous year: KEUR –10,043). The main factor in this was expenditure of EUR 21.4 million for the acquisition of inventory properties, EUR 6.8 million for further investment in inventory properties and existing project developments and payments of EUR 2.2 million for borrowing interest capitalised on project developments. Expenditure on staff and other operating expenses in particular also contributed to the negative cash flow.

Cash flow from investing activities was determined using the direct method. It amounts to KEUR –783 (previous year: KEUR –534).

Cash flow from financing activities of EUR 5,197 thousand (previous year: EUR 35,123 thousand) includes, in addition to borrowings of EUR 18,807 thousand – in particular to finance the acquisition of the Werder (Havel) and Potsdam-Fahrland property portfolio – repayments of borrowings of EUR 8,572 thousand and payments of EUR 2,980 thousand for the acquisition of further interests in The Grounds App 2 GmbH.

Liabilities from financing activities comprise the Group's current and non-current financial liabilities and bonds. They developed as follows in the reporting period:

	2025	2024
	KEUR	KEUR
1 January	99,692	99,947
Cash changes	10,235	–585
Non-cash changes	–17,129	330
31 December	92,798	99,692

The cash changes result mainly from borrowings less repayments. The non-cash changes result, in particular, from the set-off of the H.I.G. bond against a newly issued bond that is presented in equity (see 8.14 Equity). The accretion of the zero-coupon bond is also non-cash.

The liquidity reported in cash and cash equivalents comprises exclusively freely available bank balances.

8.34 Other financial obligations

On 8 December 2025, an option share purchase and assignment agreement was concluded regarding the acquisition of 38.9% of the shares in HIM 5 GmbH by The Grounds Real Estate Development AG (option holder) from deutsche habitat GmbH (option grantor) at a purchase price of KEUR 29, the acceptance period for which runs until 31 December 2026. The option had not yet been exercised by the date of preparation of these annual financial statements.

By assessment dated 25 October 2024, the Spandau tax office is claiming KEUR 361 of real estate transfer tax. The matter is disputed and is pending before the tax court in Brandenburg. Enforcement of the assessment has been suspended.

8.35 Additional disclosures on financial instruments

a) Classes and measurement categories

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. They do not contain information on the fair value for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value.

Carrying amount					Fair value
31 December 2025	FVTPL* Equity in- struments	Financial assets at amortised cost	Other financial liabilities	Total	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Equity investments	1,418	1,717	236	3,371	27
Trade receivables	0	2,378	0	2,378	2,378
Other receivables and assets	0	5,688	0	5,688	5,688
Total financial assets	27	8,066	0	8,093	8,093
Financial liabilities	0	0	77,427	77,427	77,427
Bonds	0	0	15,371	15,371	8,568
Advance payments received	0	0	1,027	1,027	1,027
Trade payables	0	0	1,857	1,857	1,857
Other liabilities	0	0	2,313	2,313	2,313
Total financial liabilities	0	0	97,995	97,995	91,192

* Fair value through profit or loss

Carrying amount					Fair value
31 December 2024	FVTPL* Equity in- struments	Financial assets at amortised cost	Other financial liabilities	Total	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Equity investments	2	0	0	2	2
Trade receivables	0	1,198	0	1,198	1,198
Other receivables and assets	0	7,385	0	7,385	7,385
Total financial assets	2	8,983	0	8,985	8,985
Financial liabilities	0	0	65,522	65,522	65,522
Bonds	0	0	34,170	34,170	29,201
Advance payments received	0	0	1,015	1,015	1,015
Trade payables	0	0	3,501	3,501	3,501
Other liabilities	0	0	4,486	4,486	4,486
Total financial liabilities	0	0	108,694	108,694	103,725

* Fair value through profit or loss

With regard to the recognised equity investments, their acquisition costs represent a suitable estimate of fair value, as the conditions have not changed significantly since acquisition.

Trade receivables and other receivables mainly have short remaining terms. Their carrying amounts as at the end of the reporting period therefore correspond approximately to their fair values. The same applies to advance payments received, trade payables and other liabilities.

Financial liabilities were initially recognised at fair value less transaction costs, which regularly corresponded to the acquisition costs.

As a result, the carrying amount of the financial liabilities as at the balance sheet date represents the value measured at amortised cost using the effective interest method. The zero bond was recognised at its market value as fair value. Taking into account the otherwise rapid repayment of the loans, the fair value in subsequent periods approximates the amortised cost.

The accrual of transaction costs using the effective interest method led to a reduction in financial liabilities of KEUR 1,887 (previous year: KEUR 815).

The net result from financial instruments by measurement category in accordance with IFRS 9 for the period from 1 January to 31 December 2025 and the previous year is as follows:

	Financial assets at amortised cost		Other financial liabilities	
	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR
Interest income	75	33	0	0
Interest expenses	0	0	-7,664	-6,646
Net result	75	33	-7,664	-6,646

Interest income and interest expenses are reported in the corresponding items of the consolidated statement of comprehensive income.

b) Financial risks

The Group is exposed to various risks on account of its business activities. In particular, these include liquidity, default and interest rate risks. Targeted financial risk management is designed to minimise the negative effects of these risks on the Group's assets, financial position and performance and cash flows. Please refer to section 6 for a description of the risk management system.

Liquidity risk

The following tables show the undiscounted contractually agreed interest and amortisation payments for financial liabilities falling within the scope of IFRS 7:

31 December 2025	Carrying amount	Cash outflow in the next reporting period	Cash outflow in the subsequent reporting period	Later cash outflow
	KEUR	KEUR	KEUR	KEUR
Cash outflows for financial liabilities and bonds	92,798	52,554	27,532	17,648
Trade payables	1,857	1,857	0	0
Other liabilities	2,313	1,275	683	500
Cash outflow from trade payables and other liabilities	4,170	3,132	683	500
Cash outflows for liabilities within the scope of IFRS 7	96,968	55,686	28,215	18,148

31 December 2024	Carrying amount	Cash outflow in the next reporting period	Cash outflow in the subsequent reporting period	Later cash outflow
	KEUR	KEUR	KEUR	KEUR
Cash outflows for financial liabilities and bonds	99,693	55,188	4,231	75,662
Trade payables	3,501	3,501	0	0
Other liabilities	4,486	2,825	661	1,000
Cash outflow from trade payables and other liabilities	7,987	6,326	661	1,000
Cash outflows for liabilities within the scope of IFRS 7	107,681	61,514	4,892	76,662

In the case of interest-bearing loans with variable interest rates, interest payments in future reporting periods were determined on the basis of the interest rates existing at end of the respective reporting periods.

The balance sheet includes current financial liabilities totalling EUR 50.9 million. If repayment is not secured by sales agreements that have already been concluded, there is a refinancing risk that could also lead to liquidity problems. The Grounds endeavours to extend financing ahead of time if necessary.

Financial liabilities including accrued interest of KEUR 11,838 are past due as at the balance sheet date. Negotiations are currently being held between the principal shareholder of The Grounds Real Estate Development AG and the lender to HIM 5 GmbH regarding the assumption of these loans. According to declarations available from both parties, there is agreement on the transfer of the loans. The term of this loan is then to be extended and interest payments suspended. This has not yet, however, been implemented contractually. Otherwise there are no past-due financial liabilities as at the balance sheet date.

The Grounds Group has cash and cash equivalents totalling KEUR 632 (previous year: KEUR 27,574) available to cover the liquidity risk.

Default risk

Default risk is the risk that business partners are no longer able to meet their obligations as they fall due and that this results in a financial loss for the Group. The Grounds Group's maximum default risk is determined by the carrying amounts of its financial assets and amounts to KEUR 8,197. Risks arise in particular from the granting of loans of KEUR 3,602.

Interest rate risk

An interest rate risk arises from the conclusion of variable-interest credit facilities, in the context of possible follow-up financing or in the event of a significant change in conditions on the capital market. The Grounds Group's existing variable-interest credit facilities relate exclusively to current financial liabilities and can therefore only lead to higher interest payments for the financial liabilities entered into to a limited extent.

A sensitivity analysis is used to determine the impact of a change in the interest rate level on profit or loss as at the end of the reporting period. It is assumed that the respective portfolio of financial instruments subject to interest rate risk on the end of the reporting period is representative of the respective reporting period. In relation to the outstanding financial liabilities as at 31 December 2025, a 0.5% higher/lower loan interest rate would have led to an increase/decrease in interest expense of approx. KEUR 500.

Taking the interest-rate sensitivities presented into account, interest-rate risk is assessed as moderate because of the limited impact on carrying amount and profit or loss.

9 Segment Reporting

Since August 2025, companies from the The Grounds Asset Management group have been providing services for formerly insolvent companies from the former Ziegert Group. This new line of business gives rise to the need for segment reporting in accordance with IFRS 8.

The material information is set out in the following table.

	Portfolio manage- ment	Privatisa- tion	Property project develop- ment	Asset manage- ment	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Rental income	1,536	841			2,378
Sales revenue	290	4,476			4,766
Service revenue				2,819	2,819
Total revenue	1,826	5,317	0	2,819	9,963
Changes in fair value of properties	811	0	0	0	811
Other operating income	37	0	117	24	178
Changes in inventories	938	159	0	0	1,097
Total performance	3,612	5,476	117	2,843	12,049
Property operating expenses	-1,543	-295	0	0	-1,837
Selling expenses	-290	-3,794	0	0	-4,084
Asset management expenses	0	0	0	-1,594	-1,594
Project development expenses	0	0	-1,326	0	-1,326
Other operating expenses	-352	-500	-486	-235	-1,573
Depreciation and amortisation	-7	0	0	-62	-69
Segment EBIT	1,421	888	-1,695	952	1,566
Reconciliation to consolidated EBIT					
Other operating income					374
Depreciation and amortisation					-351
Staff costs					-1,835
Other operating expenses					-2,725
Consolidated EBIT					-2,971

All segments operate exclusively in Germany.

There was no material exchange of services between the segments.

Around 24% of the Group's total revenue is attributable to the asset management segment. Revenue in this segment was generated with affiliated companies that are not, however, subsidiaries of The Grounds and are therefore not included in the consolidated financial statements.

Project development expenses of KEUR 1,326 include, at KEUR 1,278, mainly the impairment losses recognised on the Erkner project.

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

10 Events After the End of the Reporting Period

As a result of the attack by the USA and Israel on Iran on 28 February 2026, the geopolitical situation in the Middle East has markedly deteriorated. The disruption of oil supply associated with the war, as well as disruptions to air traffic and international supply chains, has led to a significant rise in energy prices and an increase in inflation. At the date of preparation of the financial statements, an end to the hostilities and the associated disruption of global trade is not in sight. It remains unclear whether the ECB will respond to the inflationary pressure with further interest-rate increases. Further rising energy costs and an associated increase in the cost of building materials, as well as a rise in interest rates, would have an impact on The Grounds AG's construction activity and sales activities. At present, the effects can be forecast only inadequately. However, The Grounds is monitoring the situation closely.

On 22 June 2026, WKM Wohnkonzept Management GmbH (WKM GmbH) was sold to a company owned by Tempus Holdings 112 S.à r.l. This is a related-party transaction which took place on arm's-length terms. At the date of the transaction, WKM GmbH had

no pending contracts or other transactions that are not recognised in the balance sheet of WKM GmbH. WKM GmbH was not included in the consolidated financial statements of The Grounds AG on grounds of immateriality and because of the onward sale in 2026.

At its meeting on 29 June 2026, the Supervisory Board of The Grounds Real Estate Development AG extended the existing Management Board contracts of Mr Andrew Wallis and Mr Jacopo Mingazzini until 31 December 2027.

11 Other Disclosures

11.1 Composition and remuneration of executive bodies

The following persons were members of the Management Board of The Grounds in the reporting period and until the time of preparing the consolidated financial statements:

- ▶ Jacopo Mingazzini, Berlin, CEO, business graduate (Dipl.-Kfm.) and real estate economist
- ▶ Andrew Wallis, Berlin, CFO (since 1 March 2025), MBA and CFA

The total remuneration granted for Management Board activities in the reporting period amounted to KEUR 470 (previous year: KEUR 347). Of this, KEUR 470 (previous year: KEUR 261) relates to fixed remuneration for current Management Board activities and KEUR 0 (previous year: KEUR 86) to expenses from share-based remuneration granted in the reporting period.

The following persons were members of the Supervisory Board of The Grounds in the reporting period and up to the date of preparation of the consolidated financial statements:

- ▶ Dr Peter Maser, lawyer, Chairman
- ▶ Thomas Bergander, business economist and financial economist, Deputy Chairman (until 16 January 2025)
- ▶ Daniel Wöhler, B.A. and M.S., Director at H.I.G. Realty, London, Deputy Chairman (from 17 January 2025)
- ▶ Eric Mozanowski, Stuttgart, businessman (until 16 January 2025)
- ▶ Stelios Theodosiou, B.S. and M.B.A., Managing Director at H.I.G. Realty, London (from 17 January 2025)

The total remuneration granted for Supervisory Board activities in the reporting period totalled KEUR 68 (previous year: KEUR 68).

11.2 Share-based remuneration

In October 2020, The Grounds established a stock option programme for members of the Management Board and employees with a maximum of 1,750,000 stock options, 1,400,000 of which are allocated to the Management Board and 350,000 to employees. The option rights issued free of charge entitle the employees to acquire one no-par value share in the Company per option at an exercise price of EUR 2.00 per share. At the discretion of the executive bodies, the share-based commitments can be fulfilled by way of a capital increase, treasury shares or cash settlement. It is currently assumed that all options are to be fulfilled by physical delivery of shares.

The share option programme provides for a four-year waiting period from the date of issue, during which the share options granted cannot be exercised. Furthermore, issued share options may expire under certain conditions if the beneficiary's employment relationship with companies in The Grounds Group ends within a period of three years from the date of issue.

The number of share options granted is at the discretion of the Company's executive bodies and is not based on the fulfilment of specific performance targets formalised in the share option programme. The exercise of the option rights granted after expiry of the waiting period, on the other hand, requires the achievement of a capital market-dependent performance target. It requires that the price of The Grounds share in Xetra trading or a comparable successor system has risen by at least 20% compared to the exercise price since the issue date. The assessment of whether the exercise hurdle has been met is based on the average price of a The Grounds 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.

As at the balance sheet date, 900,000 share options are outstanding, of which 700,000 to members of the Management Board and 200,000 to employees.

The fair value of the stock options issued was calculated using the Black-Scholes model on the basis of the following material measurement parameters as at the issue date:

Option measurement parameters	2020 tranche	2021 tranche
Fair value on issue date (in EUR)	0.66	1.11
Share price on issue date (in EUR)	2.04	2.85
Exercise price (in EUR)	2.00	2.00
Exercise threshold (in EUR)	2.40	2.40
Expected volatility (in %)	49.35%	32.30%
Expected term (in years)	4	4
Expected dividend (in EUR)	0.00	0
Risk-free interest rate (in %)	-0.045%	-0.174%

Expected volatility on the issue date for the stock options was estimated on the basis of past volatility. The risk-free interest rate was based on the return on a long-term German government bond, derived from the average figure calculated for a three-month reference period on the issue date.

The expected expenses from this share option programme had been recognised in full in equity by 2024.

11.3 Related party transactions

Related companies include all subsidiaries listed in section 4.4.1, the affiliated companies that are not subsidiaries of The Grounds and The Grounds' associated companies. Related parties are the members of the Management Board and Supervisory Board who are considered key management personnel and their close relatives. Related parties also include companies over which members of the Management Board or Supervisory Board or their close relatives can exert significant influence or in which they hold a significant share of the voting rights.

In addition to the service relationships mentioned in section 10.1 relating to activities as a member of a governing body, the following transactions were conducted with related parties:

	Value of the transactions		Outstanding balances as at 31 December	
	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR
Receivables from services and other services exchanged				
Other related parties	1,523	1,633	491	1,645
Liabilities from services and other services exchanged				
Other related parties	0	0	4	6
Liabilities from financing arrangements				
Key management personnel	0	3	0	0
Other related parties	-4,163	-3,050	-2,292	-27,162
From associates	0	0	0	0
Receivables from financing arrangements				
Other related parties	6	0	485	510
From associates	59	40	1,012	657

There were no transactions with related parties at non-standard market conditions in the reporting period.

The amount of EUR 4,163 thousand reported for transactions in the financing section includes interest on the hybrid bond of EUR 4,126 thousand against which no balance is recognised, as this interest is allocated to equity as an equity instrument.

11.4 Average number of employees

During the reporting period, the companies included in the consolidated financial statements employed an average of 33 people (previous year: 13).

11.5 Group auditor's fees

The total fee charged by the Group auditor (excluding VAT) for services provided to The Grounds and to the companies included in the consolidated financial statements for the reporting period is composed as follows:

	2025	2024
Type of service	KEUR	KEUR
Audit services	187	126
Other assurance services	24	0
Tax consultancy services	0	0
Other services	6	0
Total	217	126

The fee for audit services in 2025 includes an amount of KEUR 27 relating to the previous year.

Berlin, 29 September 2026

The Management Board of The Grounds Real Estate Development AG

Jacopo Mingazzini

Andrew Wallis



INDEPENDENT AUDITOR'S REPORT

To The Grounds Real Estate Development AG, Berlin

Audit opinions

We have audited the consolidated financial statements of **The Grounds Real Estate Development AG, Berlin**, and its subsidiaries (the Group) – comprising the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2025 as well as the notes to the consolidated financial statements, including significant information on accounting policies. We have also audited the Group management report of The Grounds Real Estate Development AG, Berlin, for the financial year from 1 January to 31 December 2025.

In our opinion, based on the findings of our audit,

- ▶ the attached consolidated financial statements comply in all material respects with the IFRS Accounting Standards published by the International Accounting Standards Board (IASB) (hereinafter: 'IFRS Accounting Standards'), as adopted by the EU, and the additional requirements of German law pursuant to section 315e (1) of the Handelsgesetzbuch (HGB (German Commercial Code)) and, in compliance with these regulations, give a true and fair view of the asset and financial position of the Group as at 31 December 2025 and of its financial performance for the financial year from 1 January to 31 December 2025; and
- ▶ as a whole, the attached Group management report provides an accurate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 (3) sentence 1 HGB, we state that our audit has not led to any reservations with regard to the propriety of the consolidated financial statements or the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with section 317 HGB and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those regulations and standards are further described in the 'Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report' section of our auditor's report. We are independent of the Group companies in accordance with German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the Group management report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for preparing the consolidated financial statements that comply in all material respects with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German law pursuant to section 315e (1) HGB, and for ensuring that the consolidated financial statements give a true and fair view of the Group's asset, financial and earnings position in compliance with these regulations. They are also responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of accounting records and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to the Group's ability to continue as a going concern. They are also responsible for accounting on the basis of the going concern principle, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

Moreover, the legal representatives are responsible for preparing the Group management report, which, as a whole, provides an accurate view of the Group's position, is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and appropriately presents the opportunities and risks of future development. The legal representatives are further responsible for the arrangements and measures (systems) they deem necessary to enable the preparation of a Group management report in compliance with applicable German legal requirements and to provide sufficient and appropriate evidence to support the statements in the Group management report.

The Supervisory Board is responsible for overseeing the financial reporting process of the Group for the preparation of the consolidated financial statements and the Group management report.

Emphasis of matter

We draw attention to the Company's disclosures under 8.35 on financial risks in the notes to the consolidated financial statements. It is stated there that a subsidiary of The Grounds Real Estate Development AG currently has overdue loan liabilities, including accrued interest, of EUR 11,838 thousand. Based on the expectation of a positive conclusion of the negotiations regarding the assumption of these loans by the majority shareholder of The Grounds Real Estate Development AG and a subsequent loan modification, the Company assumes that this loan will not have to be repaid in the short term. Our audit opinion on the annual financial statements is not modified in this respect.

Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an accurate view of the Group's position, is consistent in all material respects with the consolidated financial statements and with the findings of the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the IDW will always detect a material misstatement. Misstatements may result from fraud or error and are considered material if it could reasonably be expected that they would, individually or in the aggregate, influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

In conducting the audit, we exercise professional judgement and maintain professional scepticism. We also:

- ▶ Identify and assess the risks of material misstatement in the consolidated financial statements and the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- ▶ Obtain an understanding of the internal controls relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Group's internal controls or of these arrangements and measures.
- ▶ Evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates presented by the legal representatives and related disclosures.
- ▶ Draw conclusions on the appropriateness of the going concern basis of accounting applied by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that they give a true and fair view of the Group's asset, financial and earnings position in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German law pursuant to section 315e (1) HGB.
- ▶ Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to provide a basis for our audit opinions on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision and review of the audit activities carried out for the purposes of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- ▶ Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- ▶ Perform audit procedures on the forward-looking statements presented by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking statements, and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or on the underlying assumptions. There is a considerable unavoidable risk that future events may differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamburg, 29 September 2026

RSM Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Florian Riedl

Wirtschaftsprüfer

[German Public Auditor]

Dirk Heide

Wirtschaftsprüfer

[German Public Auditor]



FINANCIAL CALENDAR

2026

30 September	Publication of annual report 2025
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30 September	Publication of half-year report 2025
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24 November	Annual General Meeting, Berlin
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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.

CREDITS

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