



CPI Property Group

(société anonyme)

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Press Release - Corporate News

Luxembourg, 30 November 2023

CPI PROPERTY GROUP publishes financial results for the third quarter of 2023

CPI PROPERTY GROUP (hereinafter “CPIPG”, the “Company” or together with its subsidiaries the “Group”), a leading European landlord, hereby publishes unaudited financial results for the nine-month period ended 30 September 2023.

“CPIPG has once again delivered solid operational performance, and real estate fundamentals in our region remain strong,” said David Greenbaum, CEO. “Disposals are progressing well, we continue to complete new external financing, and our liquidity profile is excellent.”

Highlights for the third quarter of 2023 include:

- **Total assets were €23.2 billion**, and EPRA NRV (NAV) was €8.1 billion.
- **CPIPG’s property portfolio was €20.3 billion** (versus €20.9 billion at year-end 2022).
- The Group executed **€731 million of disposals** during the first three quarters of 2023. More than **€1.5 billion** of disposals have been signed since CPIPG’s €2 billion disposal plan was announced in August 2022.
- **Net rental income increased to €609 million** and net business income rose to €674 million.
- **Hotels reported net income of €58 million**, an increase of 72% compared to the same period in 2022 and 69% above 2019 results.
- **Consolidated adjusted EBITDA was €604 million**, while **FFO1 was €312 million**.
- Rental income grew **8.2% on a like-for-like basis**. A high proportion of the Group’s rents are indexed, and CPIPG has faced no difficulty to date passing inflation on to our tenants.
- **Net Loan-to-Value (LTV) decreased to 50.6%**, down 0.3 p.p. from year-end 2022.
 - The **pro-forma net LTV** accounting for the timing mismatch between signing and closing of disposals would be **49.1%**
- The Group signed multiple secured bank loans and continued to raise senior unsecured debt, contributing to a total of almost **€1.2 billion in new external financing** year to date.
- **Total available liquidity was €1.7 billion as of 30 September 2023**.
- **Unencumbered assets decreased to 49%**, reflecting the completion of new secured loans since the beginning of 2023.
- **Net ICR was 2.6x**, reflecting the relatively higher cost of the Group’s temporary bridge financing arrangements, partly offset by the reduction in outstanding gross debt.

Recent Disposals

In August 2022, CPIPG announced a €2 billion disposal pipeline. Since then, more than €1.5 billion of disposals have been signed, meaning that CPIPG is currently slightly ahead of schedule.

On average, the Group's signed disposals have occurred at a premium to book value.

November was a particularly active month for disposals. First, S IMMO completed the sale of 161 residential and nine commercial units at the "Adlerhof" in Vienna to Thalhof Immobilien. Second, CPIPG signed a binding agreement for the sale of Sunčani Hvar Hotels to Eagle Hills for more than €200 million, a premium of more than 30% to book value. Finally, CPIPG announced today the signing of a binding agreement for the sale of our assets in Crans Montana, Switzerland to Vail Resorts for more than CHF 100 million, or about double the book value.

CPIPG intends to exceed (and ideally, significantly exceed) our €2 billion target by August 2024. Assets in the disposal pipeline include residential, office, land bank and hotels in Germany, Austria, the Czech Republic, and the UK.

Financing and Debt Maturities

CPIPG signed nearly €1.2 billion of new secured and unsecured financing during 2023, including €187 million after the reporting period ending September 2023, reflecting our varied and long-standing banking relationships as well as the high quality of our properties. New loans have been drawn from Aareal Bank, Unicredit, ČSOB, RBI, MUFG, Berlin Hyp, Deutsche Pfandbriefbank, Komerční banka, Erste Bank and Rothschild.

On 30 November 2023, CPIPG drew a new €635 million 3-year bridge loan from Santander, Societe Generale/Komerční banka, RBI, SMBC, Barclays and Erste Bank. The loan replaces all previous bridge facilities related to the acquisitions of IMMOFINANZ and S IMMO. In total, CPIPG has repaid more than €2 billion of bridge financing since 2022, including €756 million since the end of June 2023.

CPIPG has €1.2 billion of debt maturing in 2024 and 2025, relative to €1.7 billion of liquidity as of Q3 2023.

The only significant debt maturity in the next 24 months is a €478 million loan secured against assets in Berlin, which matures in October 2024; CPIPG is in advanced negotiations and expects to achieve a 7-year prolongation of the loan before the end of 2023. In 2025, the largest maturities relate to secured bank financing in Poland, where refinancing conditions remain favourable.

CPIPG Consolidated Debt Maturity Profile, 2024 to 2025

Bonds	Bonds	Bank Loans / Other	Bonds	Bank Loans / Other
Jan-24	--	--	Jan-25	200
Feb-24	156	--	Feb-25	19
Mar-24	--	--	Mar-25	75
Apr-24	--	--	Apr-25	33
May-24	--	--	May-25	--
Jun-24	--	14	Jun-25	76
Jul-24	--	--	Jul-25	--
Aug-24	--	--	Aug-25	--
Sep-24	--	72	Sep-25	--
Oct-24	--	478	Oct-25	--
Nov-24	--	38	Nov-25	--
Dec-24	--	--	Dec-25	5
Total	156	602	Total	356



Equity Raising and Expected Shareholder Support

In addition to our active and successful disposal pipeline, CPIPG continues to explore equity and capital raising in multiple forms. Our shareholder, Radovan Vitek, is considering a meaningful contribution of assets and/or cash before year-end 2023. CPIPG is also in active, advanced discussions on potential sales of minority stakes in portfolios located in Poland and Germany.

Annual share buyback

CPIPG conducts annual share buybacks to provide liquidity to our shareholders. In May 2023, CPIPG reduced our distribution target from 65% to 25% of FFO1. This follows a reduction of our 2022 distribution target from 65% to 55%.

On 20 November 2023, the Company announced our share buyback. Considering the progress made on debt repayment, and liquidity, CPIPG viewed the reduced share buyback as appropriate.

At the closing of the offer period, shareholders of the Company presented a total of 85,327,468 shares for tender at a price of €0.932 per share for a total of about €79.5 million. Approximately 84.2 million shares were tendered by Clerius Properties (Apollo), with a small amount tendered by management. CPIPG's primary shareholder, Radovan Vitek, did not tender any shares. CPIPG understands the sensitivity of shareholder distributions in this environment and will continue to aim for a proper balance of stakeholder interests.

Changes to the Board of Directors and Senior Management Team

On 20 November 2023, David Greenbaum, CFO of the Group since 2018, was appointed CEO and managing director and was co-opted to CPIPG's Board of Directors. David replaces Martin Němeček, who resigned from his role of CEO, managing director, and member of the Board of Directors. After a short break, Martin will remain with CPIPG in a newly created senior role focused on high-value projects.

Zdeněk Havelka, currently executive director, was appointed to the newly created position of Chief Operating Officer (COO). Pavel Měchura, Group Finance Director, will remain in his role and will become sole head of finance division.

Tomáš Salajka, Head of Acquisitions, Asset Management and Sales, has been appointed as Managing Director (*administrateur délégué*) of CPIPG. His role and the role of Jan Kratina, Director of CPI Hotels, are otherwise unchanged.

Short-Seller Report

On 21 November 2023, notorious short-seller Muddy Waters published a flashy, engaging, but erroneous report specifically designed to discredit CPIPG's reputation and disrupt the Group's efforts to support our investment-grade credit ratings. CPIPG takes the allegations raised by Muddy Waters seriously and understands that a second report will be released soon.

As a first step, CPIPG engaged global law firm White & Case to review the Group's governance procedures, compliance policies, and the allegations raised by Muddy Waters. CPIPG also commenced an internal audit. Jonathan Lewis, a well-known UK/European real estate solicitor serving on CPIPG's board as independent director since 2020, has agreed to supervise the process.

We understand why CPIPG is an easy target for short sellers. The real estate sector is experiencing challenges, rating agencies are nervous, and CPIPG operates in a region which is unfamiliar to many foreign investors. However, we believe Muddy Waters has an imperfect understanding of real estate transactions, particularly in the CEE region, and made significant errors and false claims due to incomplete research and lack of local knowledge.



CPIPG is a proud family-owned company and never obscured our relationship with Radovan Vitek or his family. Disclosures on share buybacks, shareholder loans and related party transactions are extensive and easy to find. On principle, Radovan Vitek cannot “cream,” “squeeze” or “brazenly loot” his family company, as alleged by Muddy Waters.

CPIPG’s primary stakeholders are bondholders and banks, who frequently ask questions about CPIPG’s relationship with Mr. Vitek and his family. We always answer openly. Even Muddy Waters, which contacted CPIPG last month via a fake name and e-mail address, got fast, accurate, and detailed responses to their questions.

The timing of Muddy Waters’ report was particularly unpleasant, as it was timed (and obviously rushed) to coincide with a change to our senior management team. All stakeholders should be reassured that the resignation of our CEO, Martin Němeček, was completely unrelated and CPIPG had no advance knowledge of any report. Martin Němeček remains a vital member of our team.

Since the Muddy Waters report was released, CPIPG has been preparing a detailed response focused on facts and details. The report is expected to be published next week. Of course, CPIPG recognizes that our investors want answers quickly. On the other hand, we want to be entirely accurate and as detailed as possible.

Our responses to the “Part 1” report by Muddy Waters will prove:

For the first allegation (Polygon BC and MQM Czech), we will demonstrate that all details were properly disclosed, that Nas Prvy Realitny was not a related party of CPIPG (or Mr. Vitek), and that pricing can be easily justified by market developments and positive progress on planning permission. The land plots acquired for more than €50 million in 2017 are worth more than €150 million today and include CPIPG’s highly successful Kolbenova residential development in Prague.

For the second allegation (CPI Hotels), we will demonstrate that all transactions took place on an arms-length basis and had a clear business rationale and valuation. CPI Hotels remains an important part of the Group and delivers significant income annually.

Notably, the first and second allegations took place in the period from 2009 to 2017, before CPIPG was an international bond issuer and before many of the Group’s current governance practices were enacted. Even so, CPIPG is confident that everything was disclosed accurately with a clear rationale.

For the third allegation (WXZ1), the transaction was properly disclosed and discussed openly. CPIPG is simply committed to treating investors fairly and equally, particularly when the Group acquires other listed companies.

For the fourth allegation, we will demonstrate that the acquisition of Polma was a complex restructuring transaction involving 10 assets acquired for more than €330 million, including Maximo Shopping Center in Rome. In total, the assets acquired are currently worth more than €420 million. CPIPG does not own any boats, and Radovan Vitek’s yacht does not have a golden hull.

We realize our stakeholders (and Muddy Waters) want more information, and we look forward to publishing our detailed response next week.

FINANCIAL HIGHLIGHTS

Performance		Q1-Q3 2023	Q1-Q3 2022	Change
Total revenues	€ million	1,295	885	46.3%
Gross rental income (GRI)	€ million	693	520	33.2%
Net rental income (NRI)	€ million	609	441	38.1%
Net hotel income	€ million	58	34	71.7%
Net business income (NBI)	€ million	674	479	40.9%
Consolidated adjusted EBITDA	€ million	604	437	38.0%
Funds from operations (FFO)	€ million	312	280	11.4%
Net profit for the period	€ million	52	977	(94.7%)

Assets		30-Sep-2023	31-Dec-2022	Change
Total assets	€ million	23,177	23,521	(1.5%)
Property portfolio	€ million	20,282	20,855	(2.7%)
Gross leasable area	sqm	6,497,000	6,784,000	(4.2%)
Occupancy	%	91.8	92.8	(1.0 p.p.)
Like-for-like gross rental growth*	%	8.2	7.6	0.6 p.p.
Total number of properties**	No.	729	855	(14.7%)
Total number of residential units	No.	13,888	16,767	(17.2%)
Total number of hotel rooms***	No.	8,061	7,810	3.2%

* Based on gross rent, CPIPG standalone

** Excluding residential properties in the Czech Republic, Germany and Austria

*** Including hotels operated, but not owned by the Group

Financing structure		30-Sep-2023	31-Dec-2022	Change
Total equity	€ million	9,317	9,263	0.6%
EPRA NRV (NAV)	€ million	8,071	8,005	0.8%
Net debt	€ million	10,273	10,625	(3.3%)
Net Loan-to-value ratio (Net LTV)	%	50.6	50.9	(0.3 p.p.)
Net debt/EBITDA	x	12.8x	17.5x	(4.7x)
Secured consolidated leverage ratio	%	21.8	19.5	2.3 p.p.
Secured debt to total debt	%	43.9	38.9	5.0 p.p.
Unencumbered assets to total assets	%	49.2	54.4	(5.2 p.p.)
Unencumbered assets to unsecured debt	%	178%	179%	(1.0 p.p.)
Net ICR	x	2.6x	3.2x	(0.6x)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT*

(€ million)	Nine-month period ended	
	30 September 2023	30 September 2022
Gross rental income	692.8	520.1
Service charge and other income	356.4	208.6
Cost of service and other charges	(328.8)	(185.9)
Property operating expenses	(110.9)	(101.4)
Net rental income	609.4	441.4
Development sales	-	0.4
Development operating expenses	-	(0.5)
Net development income	-	(0.1)
Hotel revenue	181.1	116.1
Hotel operating expenses	(122.6)	(82.1)
Net hotel income	58.4	34.0
Other business revenue	65.0	39.8
Other business operating expenses	(58.6)	(36.4)
Net other business income	6.4	3.4
Total revenues	1,295.2	885.0
Total direct business operating expenses	(620.9)	(406.3)
Net business income	674.2	478.7
Net valuation gain/ (loss)	(202.6)	298.0
Net gain on disposal of investment property and subsidiaries	(4.5)	39.5
Amortization, depreciation and impairment	(43.4)	(59.5)
Administrative expenses	(102.6)	(91.5)
Other operating income	10.4	292.3
Other operating expenses	(15.2)	(5.0)
Operating result	316.4	952.5
Interest income	25.5	9.5
Interest expense	(257.6)	(136.6)
Other net financial result	33.7	225.6
Net finance costs / income	(198.4)	98.5
Share of gain of equity-accounted investees (net of tax)	(1.7)	33.1
Profit before income tax	116.3	1,084.1
Income tax expense	(64.6)	(107.3)
Net profit from continuing operations	51.7	976.8

* The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34



Net rental income

Net rental income increased by €168.0 million (38%) to €609.4 million in 1-3Q 2023 primarily due to the acquisitions of IMMOFINANZ and S IMMO and continuous like-for-like rental growth.

Net hotel income

Net hotel income increased from €34.0 million in 1-3Q 2022 to €58.4 million in 1-3Q 2023 due to the acquisition of S IMMO (€13.8 million) and higher overall travel demand across Europe.

Net valuation loss

Net valuation loss of €202.6 million in 1-3Q 2023 primarily related to IMMOFINANZ (€138.8 million) and S IMMO (€86 million), mainly lower-yielding office and residential portfolios in Germany and an office portfolio in Austria.

Other operating income

Other operating income decreased in 1-3Q 2023 due to one-off bargain purchase from the acquisition of IMMOFINANZ and S IMMO of €285.9 million in 1-3Q 2022.

Interest expense

Interest expense increased by €121.0 million in 1-3Q 2023 compared to 1-3Q 2022 primarily due to the acquisition of IMMOFINANZ (€23.8 million) and S IMMO (€36.4 million), the overall increase of the cost of new financing and the relatively higher cost of the Group's temporary bridge financing.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION*

(€ million)	30 September 2023	31 December 2022
NON-CURRENT ASSETS		
Intangible assets and goodwill	130.1	126.7
Investment property	18,046.3	18,486.2
Property, plant and equipment	928.7	1,100.0
Deferred tax assets	156.7	176.8
Equity accounted investees	739.5	732.3
Other non-current assets	844.4	668.5
Total non-current assets	20,845.7	21,290.5
CURRENT ASSETS		
Inventories	45.7	23.5
Trade receivables	160.4	197.8
Cash and cash equivalents	1,174.2	1,033.2
Assets linked to assets held for sale	531.8	596.5
Other current assets	419.3	379.7
Total current assets	2,331.4	2,230.7
TOTAL ASSETS	23,177.1	23,521.2
EQUITY		
Equity attributable to owners of the Company	6,615.3	6,579.8
Perpetual notes	1,618.4	1,584.4
Non-controlling interests	1,082.9	1,098.8
Total equity	9,316.5	9,263.0
NON-CURRENT LIABILITIES		
Bonds issued	4,288.6	4,680.4
Financial debts	6,533.9	6,165.6
Deferred tax liabilities	1,688.7	1,727.9
Other non-current liabilities	207.6	208.2
Total non-current liabilities	12,718.8	12,782.1
CURRENT LIABILITIES		
Bonds issued	359.8	405.8
Financial debts	267.1	360.4
Trade payables	155.6	232.2
Other current liabilities	359.2	477.7
Total current liabilities	1,141.8	1,476.1
TOTAL EQUITY AND LIABILITIES	23,177.1	23,521.2

* The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34

Total assets

Total assets decreased by €344.1 million (1.5%) to €23,177.1 million as at 30 September 2023 compared to 31 December 2022. The decrease was driven primarily by negative revaluations of investment property (€202.6 million) and property disposals.

Total liabilities

Total liabilities decreased by €397.6 million (2.8%) to €13,860.6 million as at 30 September 2023 compared to 31 December 2022, largely due to the repurchase of non-current bonds issued by CPIPG of €334.5 million and the repayment of IMMOFINANZ bonds of €197.5 million.

EQUITY AND EPRA NRV

Total equity increased by €53.5 million to €9,316.5 million as at 30 September 2023 compared to 31 December 2022. The movements of equity components were primarily as follows:

- Decrease due to the profit for the period of €51.7 million (profit to the owners of €8.0 million, interests to perpetual notes holders of €56.8 million and loss attributable to NCI of €13.1 million);
- Increase in revaluation and hedging reserve in total of €36.3 million;
- Decrease in translation reserve of €8.4 million.

EPRA NRV was €8,071 million as of 30 September 2023, representing an increase of 0.8% compared to 31 December 2022. The increase of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners (revaluation reserve).

	30 September 2023	31 December 2022
Equity attributable to the owners (NAV)	6,615	6,580
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	6,615	6,580
Fair value of financial instruments	(218)	(243)
Deferred tax on revaluations	1,717	1,711
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	8,071	8,005

GLOSSARY

Alternative Performance Measures (APM)	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducting administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortisation policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducting intangible assets and goodwill as reported.	
EPRA Net Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (like deferred tax, net valuation gain/loss, impairment, amortisation/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items. Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
Net debt/EBITDA	It is calculated as Net debt divided by Consolidated adjusted EBITDA.	A measure of a company's ability to pay its debt. This ratio measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation and amortisation expenses.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm's ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Net Loan-to-Value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Loan-to-value provides a general assessment of financing risk undertaken.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm's liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realized in the event of default.
Unencumbered assets to unsecured debt	It is calculated as unencumbered assets as reported divided by a sum of unsecured bonds and unsecured financial debts as reported.	This measure is an additional indicator of a commercial real estate firm's liquidity and financial flexibility.

Non-financial definitions	Definition
Company	CPI Property Group S.A.
Property Portfolio value or PP value	The sum of value of Property Portfolio owned by the Group
Gross Leasable Area or GLA	Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
Group	CPI Property Group S.A. together with its subsidiaries
Net debt	Net debt is borrowings plus bank overdraft less cash and cash equivalents.
Occupancy	Occupancy is a ratio of estimated rental revenue regarding occupied GLA and total estimated rental revenue, unless stated otherwise.
Property Portfolio	Property Portfolio covers all properties and investees held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

APM RECONCILIATION*

EPRA NRV reconciliation (€ million)	30-Sep-23	31-Dec-22
Equity attributable to owners of the company	6,615	6,580
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	6,615	6,580
Revaluation of trading property and property, plant and equipment	0	0
Fair value of financial instruments	(218)	(243)
Deferred tax on revaluation	1,716	1,711
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV	8,071	8,005

Net LTV reconciliation (€ million)	30-Sep-23	31-Dec-22
Financial debts	6,801	6,526
Bonds issued	4,648	5,086
Net debt linked to assets held for sale	(3)	46
Cash and cash equivalents	(1,174)	(1,033)
Net debt	10,273	10,625
Total property portfolio	20,282	20,855
Net LTV	50.6%	50.9%

Net Interest coverage ratio reconciliation (€ million)	Q1-Q3 2023	FY 2022
Interest income	26	20
Interest expense	(258)	(210)
Consolidated adjusted EBITDA	604	608
Net Interest coverage ratio	2.6x	3.2x

Secured debt to total debt reconciliation (€ million)	30-Sep-23	31-Dec-22
Secured bonds	0	0
Secured financial debts	5,032	4,552
Total debts	11,449	11,690
Secured debt to total debt	43.9%	38.9%

* Totals might not sum exactly due to rounding differences.

Unencumbered assets to total assets reconciliation (€ million)	30-Sep-23	31-Dec-22
Bonds collateral	0	0
Bank loans collateral	11,772	10,733
Total assets	23,177	23,521
Unencumbered assets ratio	49.2%	54.4%

Consolidated adjusted EBITDA reconciliation (€ million)*	Q1-Q3 2023	Q1-Q3 2022
Net business income	674	479
Administrative expenses	(103)	(91)
Other effects	32	50
Consolidated adjusted EBITDA	604	437

Funds from operations (FFO) reconciliation (€ million)*	Q1-Q3 2023	Q1-Q3 2022
Net profit/(loss) for the period	52	977
Deferred income tax	(14)	(77)
Net valuation gain or loss on investment property	(203)	298
Net valuation gain or loss on revaluation of derivatives	(14)	182
Net gain or loss on disposal of investment property and subsidiaries	(4)	40
Net gain or loss on disposal of PPE/other assets	2	(1)
Amortization, depreciation and impairments	(43)	(60)
Other non-cash items	1	76
GW/Bargain purchase	--	286
Other non-recurring items	34	(47)
Share on profit of equity accounted investees/JV adjustments	(2)	33
Other effects	17	32
Funds from operations	312	280

Secured consolidated leverage ratio reconciliation (€ million)	30-Sep-23	31-Dec-22
Secured bonds	0	0
Secured financial debts	5,032	4,552
Consolidated adjusted total assets	23,047	23,394
Secured consolidated leverage ratio	21.8%	19.5%

Unencumbered assets to unsecured debt reconciliation (€ million)	30-Sep-23	31-Dec-22
Total assets	23,177	23,521
Bonds collateral	0	0
Bank loans collateral	11,772	10,733
Total debt	11,449	11,690
Secured bonds	0	0
Secured financial debts	5,032	4,552
Unencumbered assets to unsecured debt	178%	179%

* Includes pro-rata EBITDA/FFO of Equity accounted investees.

Property portfolio reconciliation (€ million)	30-Sep-23	31-Dec-22
Investment property - Office	8,919	9,345
Investment property - Retail	4,746	4,733
Investment property - Land bank	2,145	2,179
Investment property - Residential	1,467	1,630
Investment property - Development	481	285
Investment property - Agriculture	126	127
Investment property - Other hospitality	100	123
Investment property - Industry & Logistics	35	35
Investment property - Other	27	27
Investment property - Hospitality	0	2
Property, plant and equipment - Hospitality	793	942
Property, plant and equipment - Mountain resorts	56	51
Property, plant and equipment - Office	20	14
Property, plant and equipment - Agriculture	16	12
Property, plant and equipment - Development	13	11
Property, plant and equipment - Other	9	10
Property, plant and equipment - Retail	8	1
Property, plant and equipment - Residential	7	6
Property, plant and equipment - Land bank	2	1
Property, plant and equipment - Other hospitality	--	23
Equity accounted investees	740	727
Inventories	44	13
Assets held for sale	528	560
Total	20,282	20,855

Net debt/EBITDA reconciliation (€ million)	30-Sep-23	31-Dec-22
Net debt	10,273	10,625
Net business income*	899	676
Administrative expenses*	(137)	(129)
Other effects*	43	61
Net debt/EBITDA	12.8x	17.5x

*Annualised.



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