



THE SHOPPING CENTRE INDUSTRY: A NEW PERSPECTIVE

The legacy of the pandemic takes us to a better future

Quarterly Report #1. From the Financial Communication Committee

AGENDA

- *CNCC AT A GLANCE*
- ECONOMY
- PROPERTY MARKET
- THE *SHOPPING CENTRE* INDUSTRY
- BEST PRACTICES
- FINAL REMARKS

INTRODUCTION

Marked by the COVID-19 pandemic, **2020 was a difficult year**, totally unexpected. GDP collapsed in the main world economies and overall it represented a factor of change for each of us, professionally and personally.

After months of uncertainty, the start of the vaccination campaign has partially rekindled the optimism of the global community, united in the hope of an imminent rebound of the economy and a return to normality. Recovery perspectives have however remained uncertain and are strictly linked to the ability of Governments to manage this difficult time in history, protecting people's health while trying to support the economy of their countries.

For the **retail** industry, and therefore for its related property component, last year was particularly challenging since **it caused serious harm and difficulties to owners and individual operators, brought to their knees by protracted unsustainable economics.**

The **slump in consumption**, caused by a general drop in household confidence which led to an overall fall in sales, **restrictions imposed by Governments** to limit the spread of the pandemic, and **insufficient economic assistance** all caused **a significant decrease in the industry turnover by approximately 30% on an annual basis** (based on the CNCC Observatory's sample) and **35%** if considering the whole stock of retail schemes (1,267 organized retail facilities, source Nomisma). Hence, 2020 can be described as one of the most difficult years ever.

However, for our industry, last year also represented **a time of changes, in terms of organization of spaces and purchasing trends by customers**, which have laid the foundations for building **higher resilience in the shopping centre model**. Our industry has proved to be one of the most dynamic and innovative in responding to Covid-19, **by promptly adjusting to safety regulations** to deal with the pandemic and by offering **concrete help to communities** through organising **vaccination hubs** in our facilities.

Many centres have accelerated **transformation processes that were already under way** to avoid losing market shares, **using technology to improve the customers' experience** and

leveraging the online offer, which has become increasingly integrated in the retailers' business and complementary to traditional marketplaces. Another change is connected to **a stronger partnership between owners and retailers**, who in several cases have reached agreements to the benefit of both.

And not least, **the pandemic has confirmed that the priority for companies, investors and countries is to simultaneously achieve sustainable development and financial growth goals**. This will place the Shopping centre industry at the core of a new cycle, with an active role in its territory and community.

The opinion of our association is that the exceptional nature of this shock is a reason to be optimistic about a quick rebound in consumption and a return of customers to our facilities once the general situation has improved.

Roberto Zoia
Chairman of CNCC

CNCC AT A GLANCE

CNCC AT A GLANCE

CNCC is the association representing retail industry players (property companies, management companies, retailers, etc). **The industry includes all organized retail facilities in Italy: shopping centres, retail parks, factory outlets and leisure centres.** The CNCC Observatory* collects performance data (sales and footfall) of Italian shopping centres. The sample represents approximately 30% of the shopping centre stock, 44% in terms of m² of GLA (approx 7 million m² GLA), throughout Italy. Shopping centres account for over 80% of the retail industry in Italy.

CNCC OBSERVATORY*, 2020



RETAIL INDUSTRY** ITALY, 2020



*Source: CNCC Observatory Committee (data at 31/12/2020). Since January 2021, the sample of the CNCC Observatory has been expanded to include new shopping centres, up from 233 to a total of 308 facilities.

** Source: Nomisma; the number of employees comprises the direct and indirect component of employees in the Industry.

AN INDUSTRY WITH SIGNIFICANT VALUE

**NUMBER OF
CENTRES
1,267**

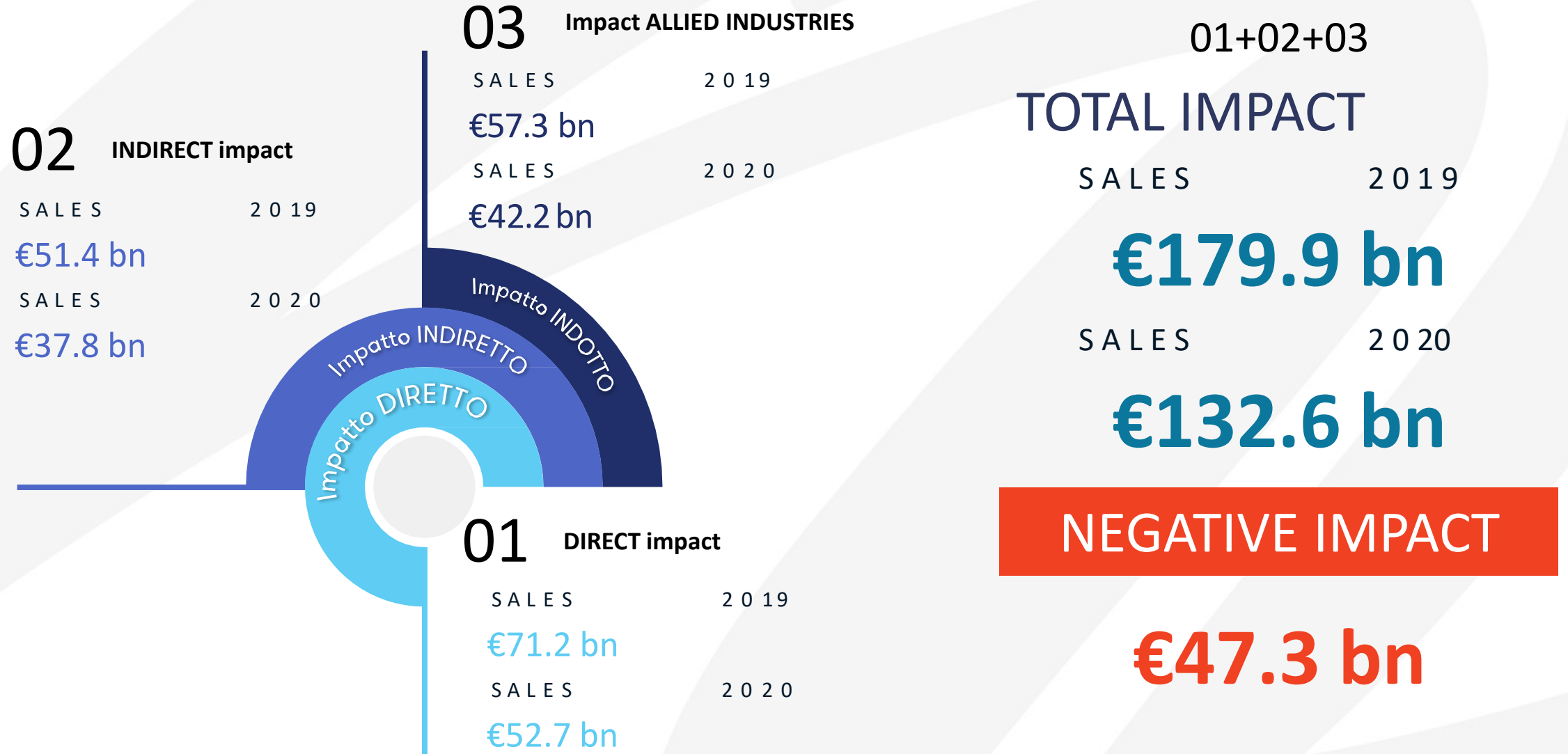
**GLA M²
19.9
Million**

**VALUE
€50
Billion**

Source: Rough estimate of the Italian Retail facilities Stock by the CNCC Evaluation Committee and based on the Nomisma study

HIT HARD BY THE PANDEMIC

Estimate of sales lost by the Shopping centre industry



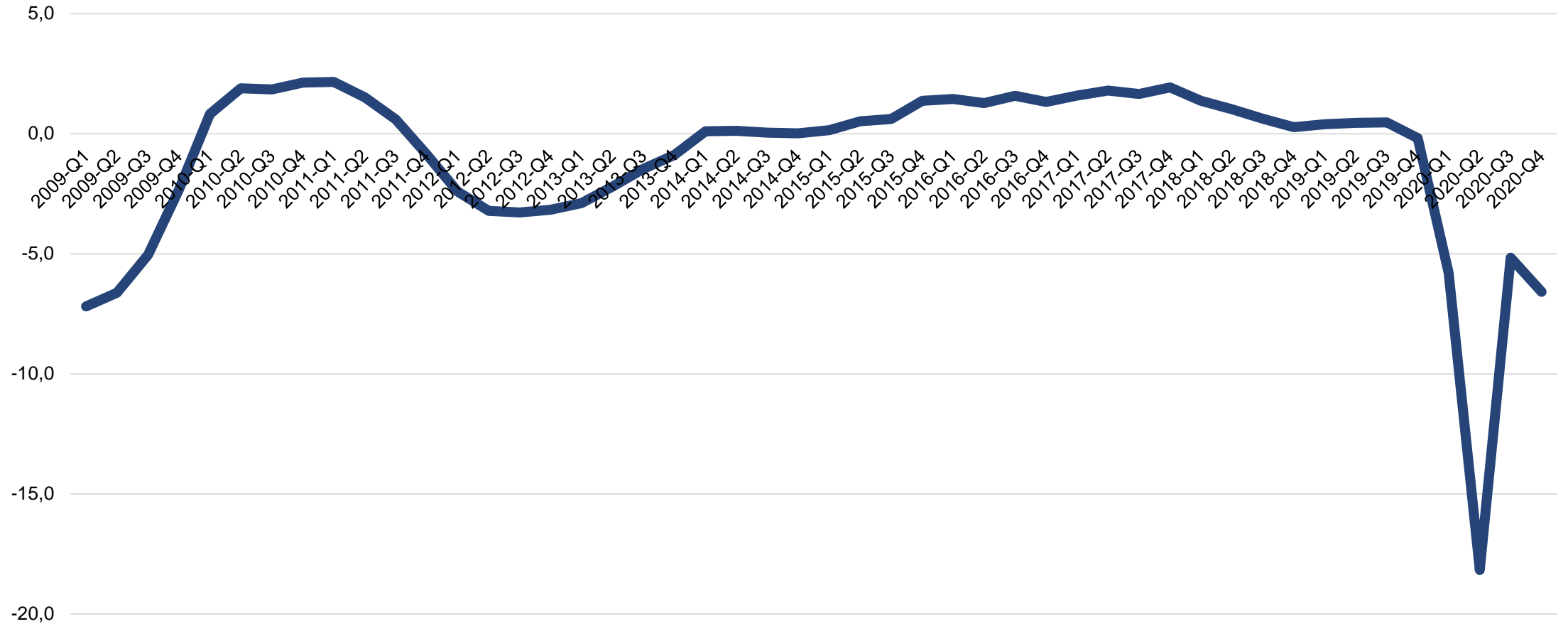


ECONOMY

A CHALLENGING YEAR

2020, a loss of almost 9 percentage points of GDP

ITALIAN GDP, CHANGE VS THE SAME PERIOD OF THE PREVIOUS YEAR, QUARTERLY DATA

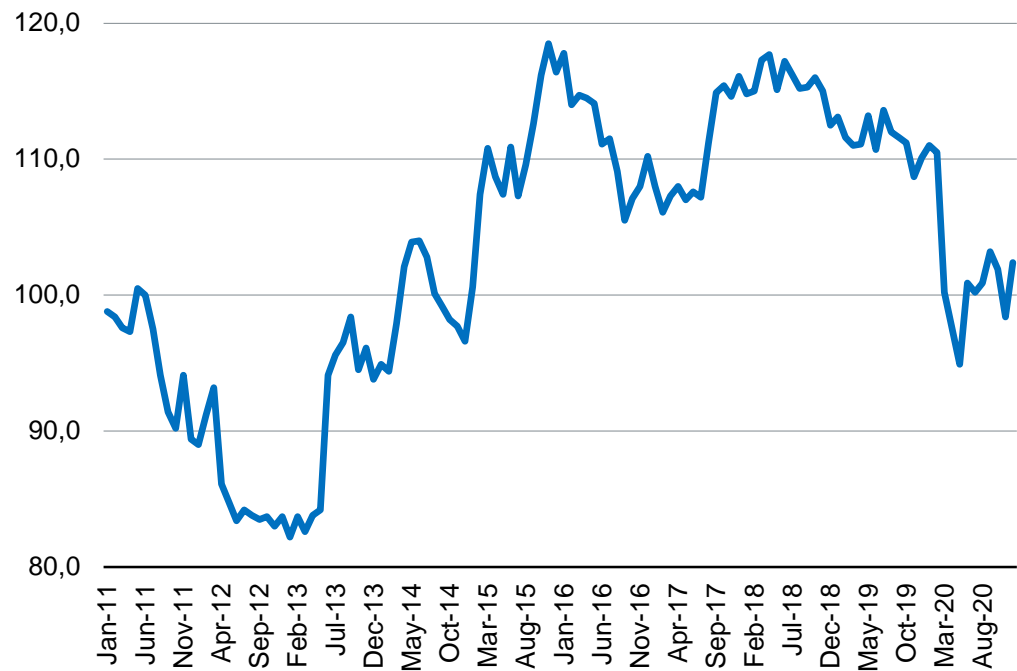


Source: ISTAT (Italian Statistics Board)

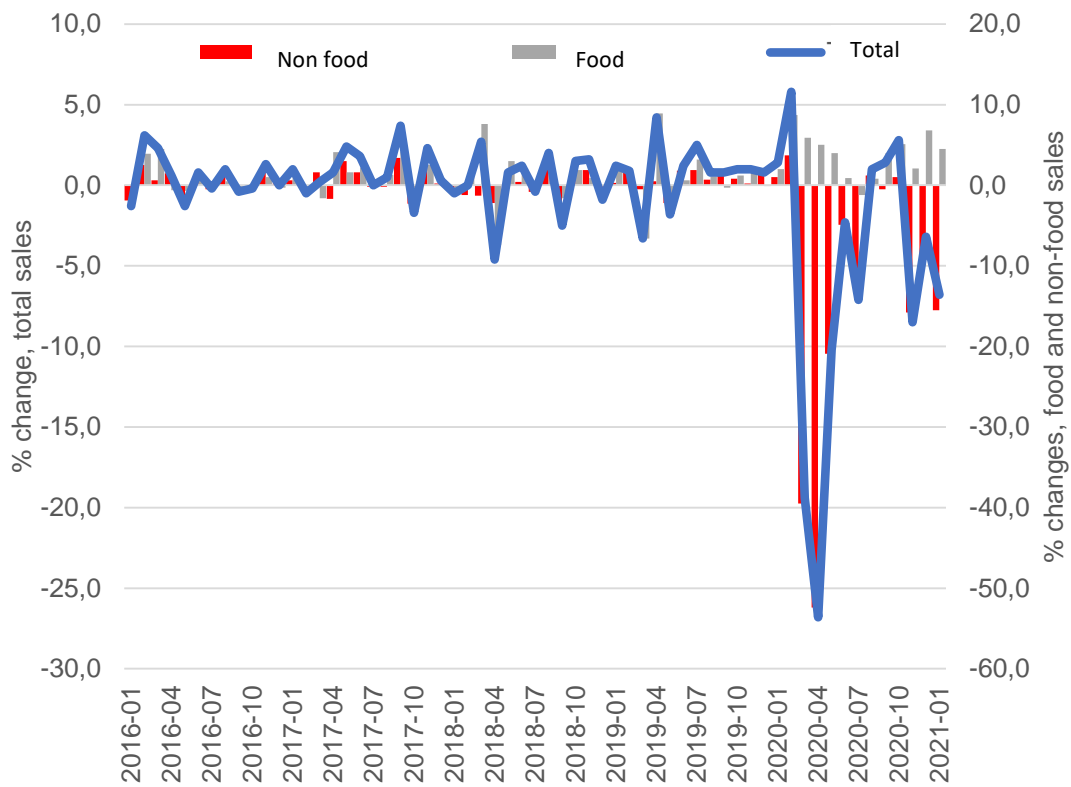
With a loss of household confidence reflected in general sales, except for food

CONSUMER CONFIDENCE INDEX

Basis Index
2010=100



RETAIL SALES, CHANGE VS THE SAME PERIOD OF THE PREVIOUS YEAR, QUARTERLY DATA



Source: ISTAT

The timing of the recovery is still uncertain, but a rebound is expected from the second half of 2021

- The pandemic hit the Italian economy hard but the **strong rebound in the third quarter of 2020, in GDP and Consumption**, confirms Italy's good ability to respond and – alongside evidence from countries which are already exiting the pandemic (UK, US, Israel and China) – **suggests a more sustained recovery in consumption in the second half of the 2021.**
- The unemployment rate is just slightly higher than in 2019: the labour market is still propped up by Government support plans and it remains uncertain what the impact will be when these measures come to an end.



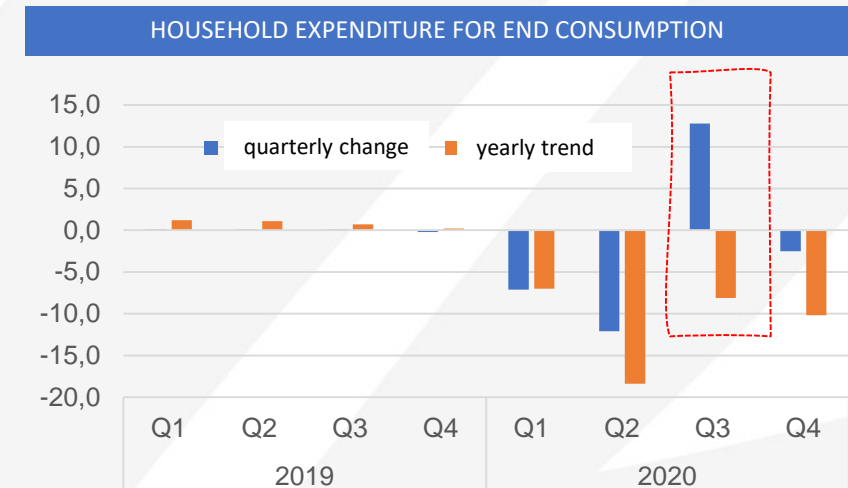
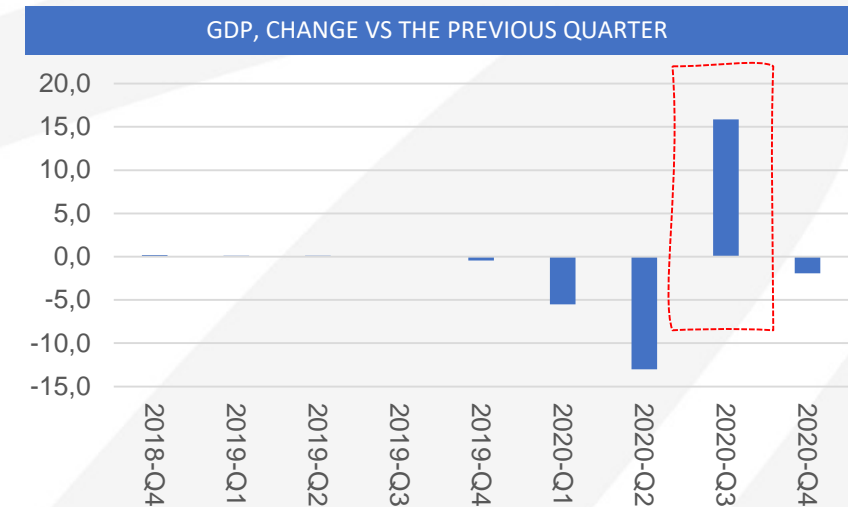
UNEMPLOYMENT RATE

FEB 2021: 10.2%



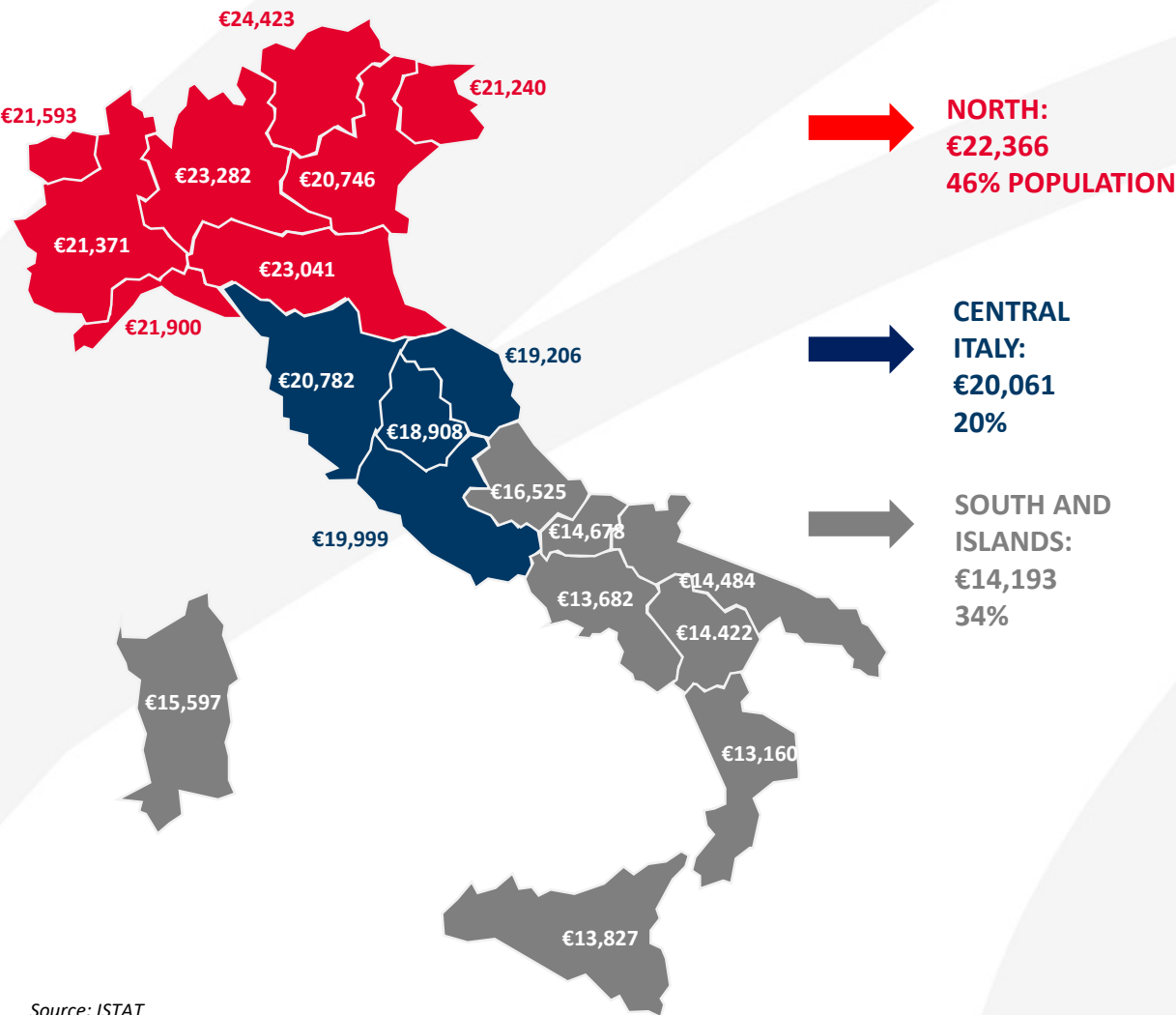
2021 GDP

+6*%



Italy remains a country with major geographical differences, that have not been mitigated by the pandemic

Gross disposable income per capita (2019) and population % (2020) by Macroarea – Istat



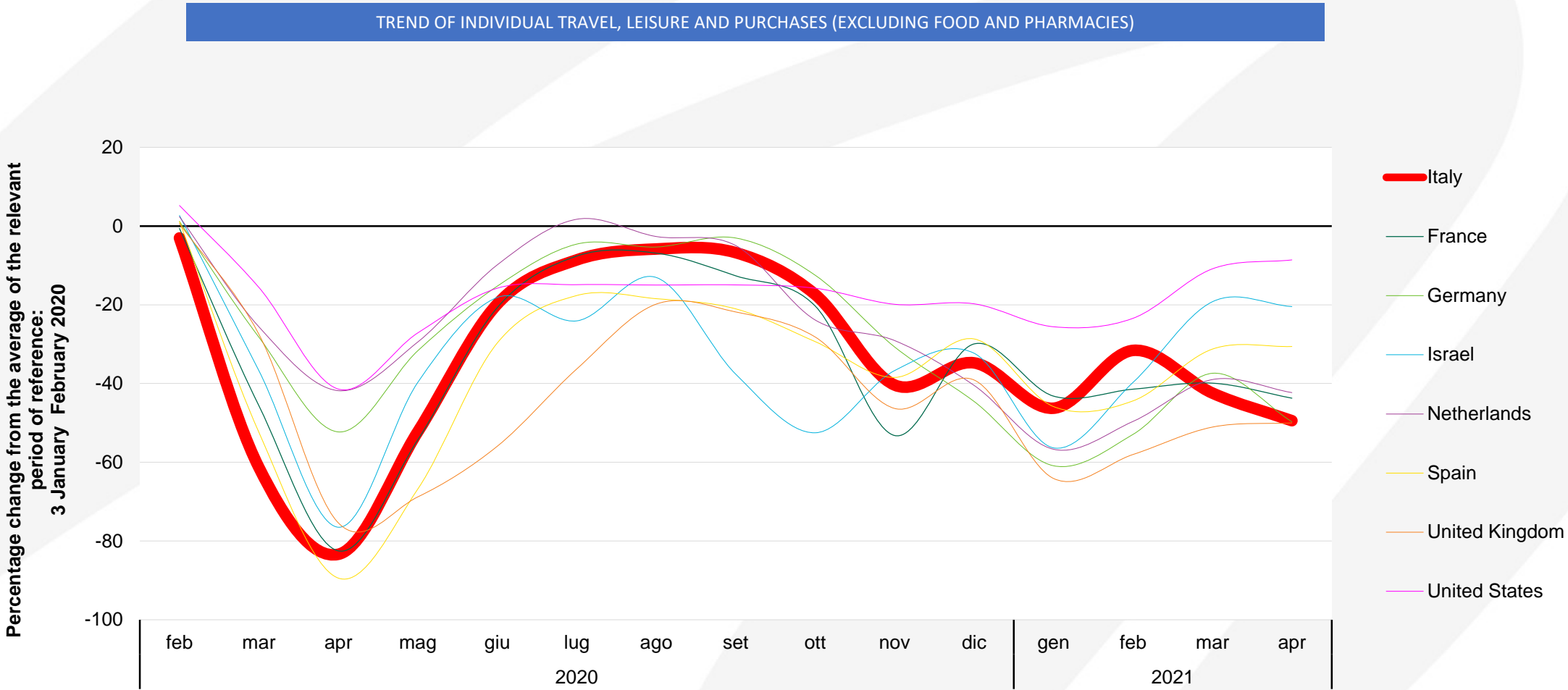
Per-capita GDP, Italy 2016-2020 – in € - Istat

2016	2017	2018	2019	2020
28,186	28,911	29,557	29,941	27,692

- Government support helped limit the reduction in per-capita GDP in 2020; propensity to save was high, partially limiting propensity to consume (approx. 10% of consumption was lost in 2020).
- Support measures partly propped up household incomes: according to *Prometeia* estimates, the concrete effect of the income support policy was positive, with an **average cover of 40%**, higher for the lowest incomes.

Source: ISTAT

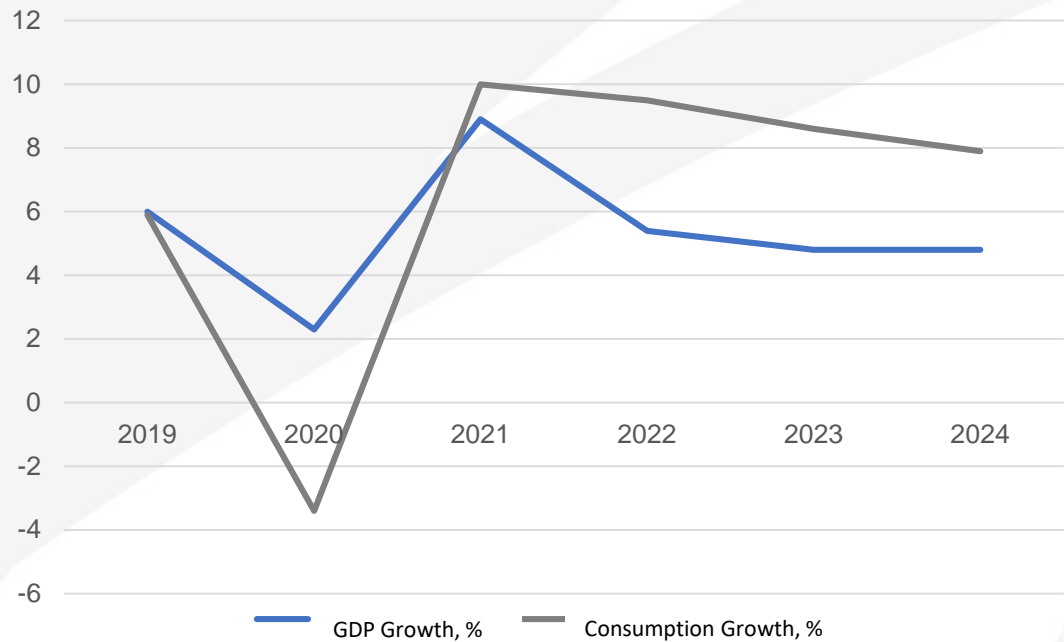
UK, US and Israel: a strong uptick in travel for leisure and consumption on reopening after the lockdown



Source: CBRE on data by Google Mobility Report

China: when stores and shopping centres reopened, consumption strongly rebounded. Household consumption, driver of growth in 2021

ECONOMIC GROWTH AND CONSUMPTION, CHINA



CHINA
GDP

2020: +2.3%
2021: +8.9%

“*Pradera* has 5 shopping centres in China and we have seen footfall and sales steadily and rapidly increasing since June 2020 when the centres were allowed to reopen. *In two cases we are already above 2019 figures.*”

Among over-performers, we see food & beverage and leisure, showing that people, after the fear, have come back to life, confirming a strong wish to relax and have fun”

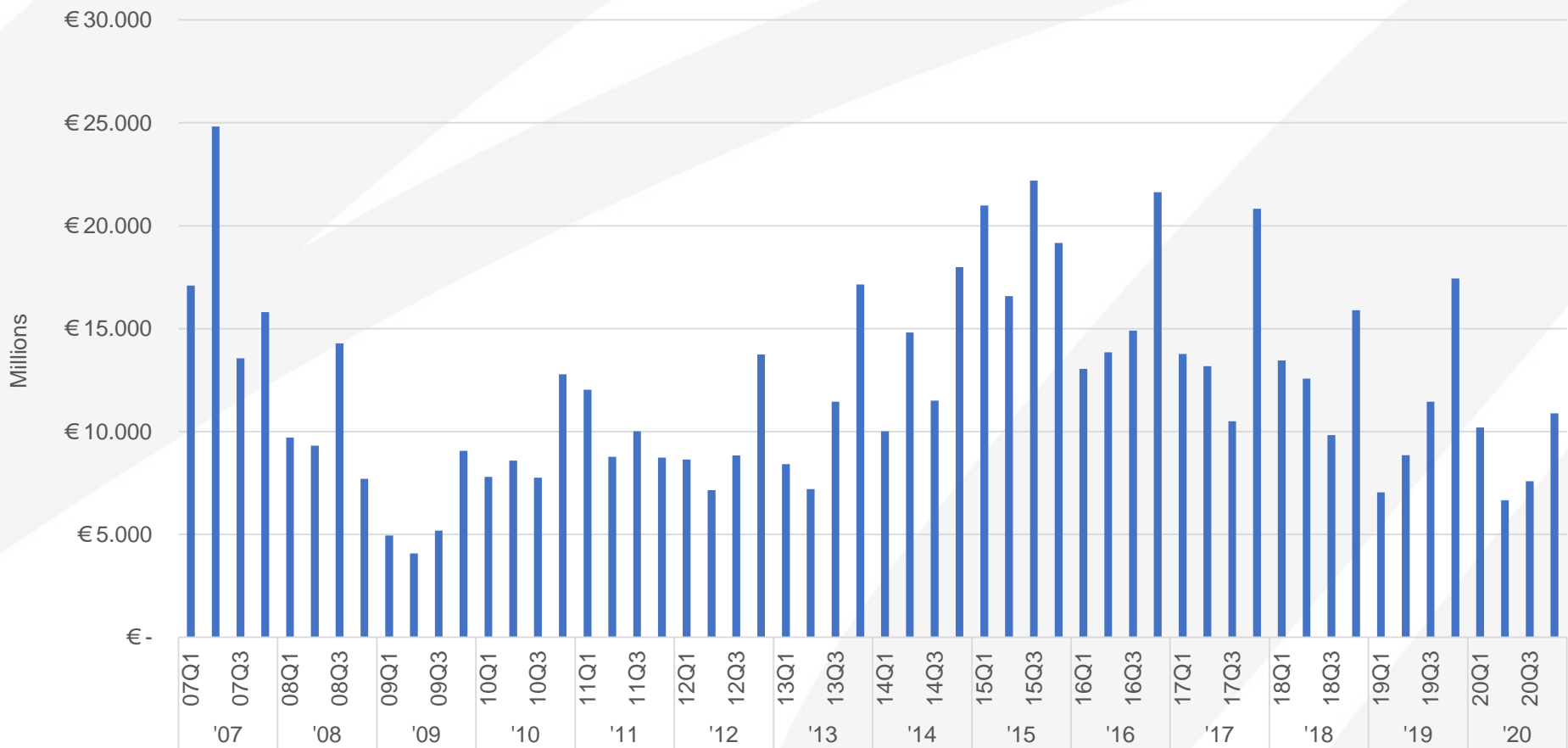
Roberto Limetti,
Managing Director of Pradera

Source: Oxford Economics, March 2021

PROPERTY MARKET
INVESTORS STILL CAUTIOUS
ABOUT RETAIL BUT RETAILERS DIDN'T STAY STILL

European investments in the Retail sector are still decreasing









- Retail Investments in Europe accounted for 14% on the total Investments volume 2020.
- **€35.3 bn Invested in retail in Europe, a 21% reduction versus 2019.**
- Most of the deals related to the grocery sector; demand from investors continues to be weak.

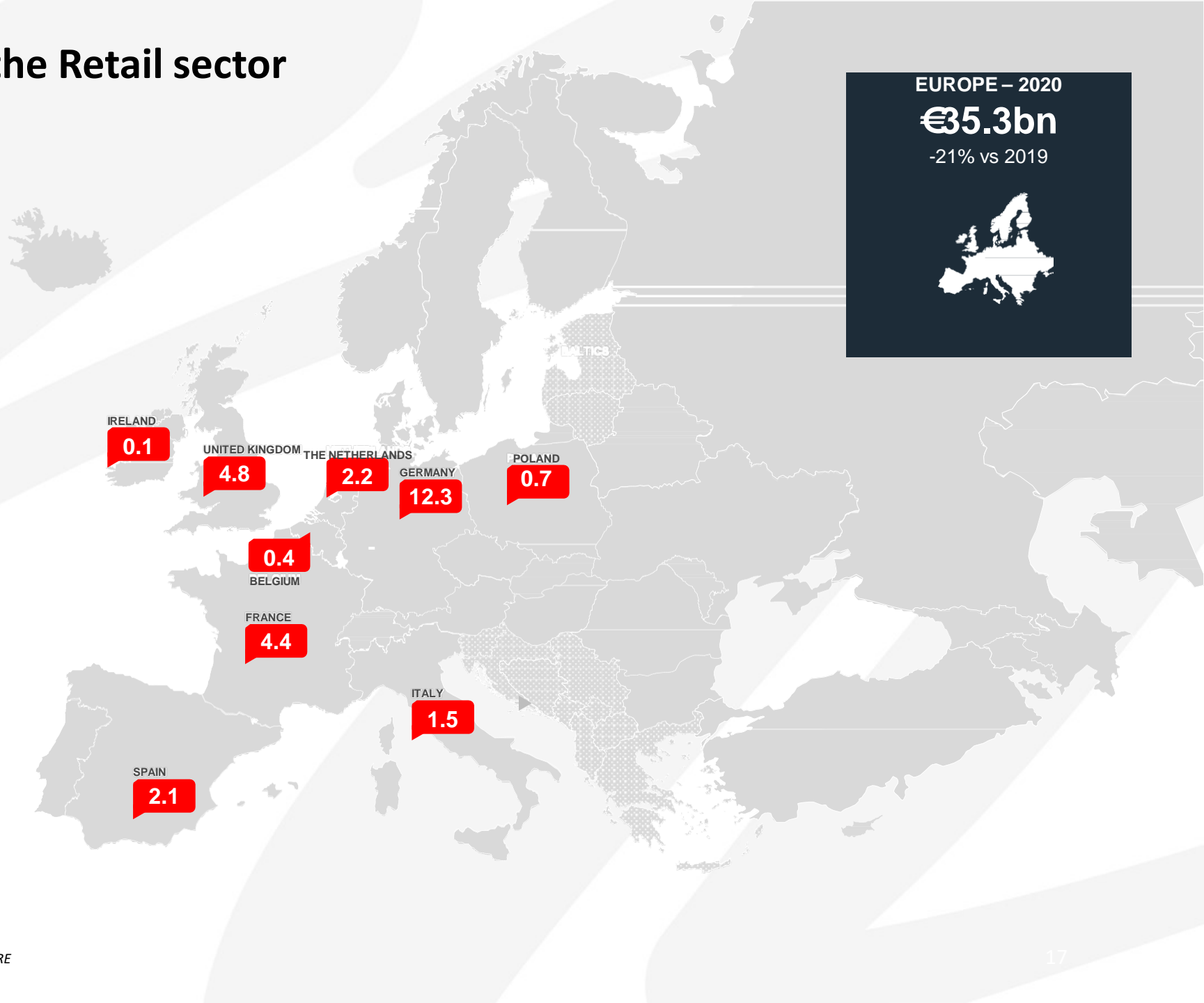


Source: RCA

European investments in the Retail sector

Volume in €bn 2020 vs 2019


	GERMANY	-5%
	UNITED KINGDOM	-15%
	FRANCE	-37%
	THE NETHERLANDS	=
	ITALY	-26%
	SPAIN	+7%
	POLAND	-66%
	IRELAND	-78%



EUROPE – 2020

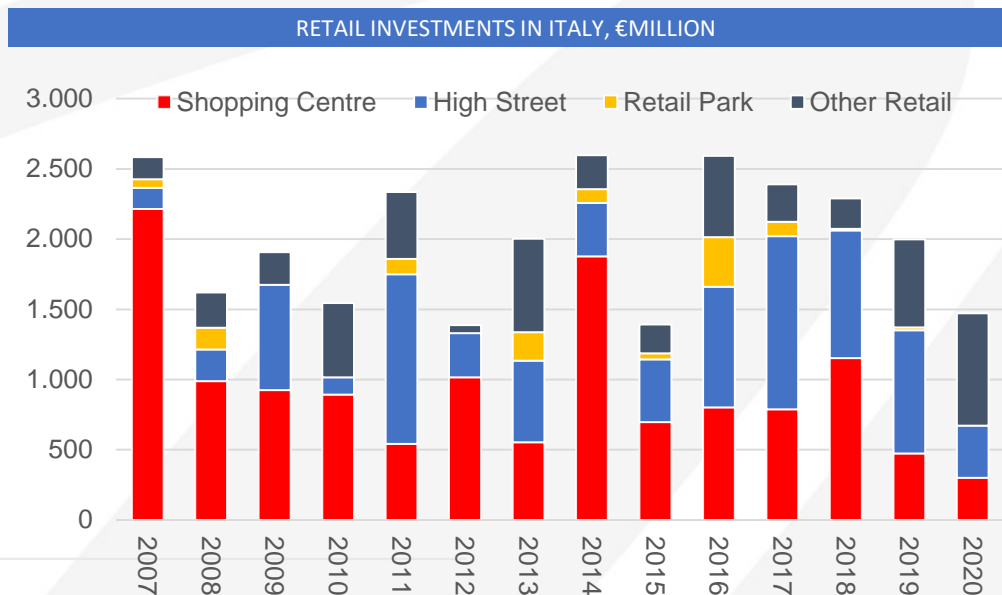
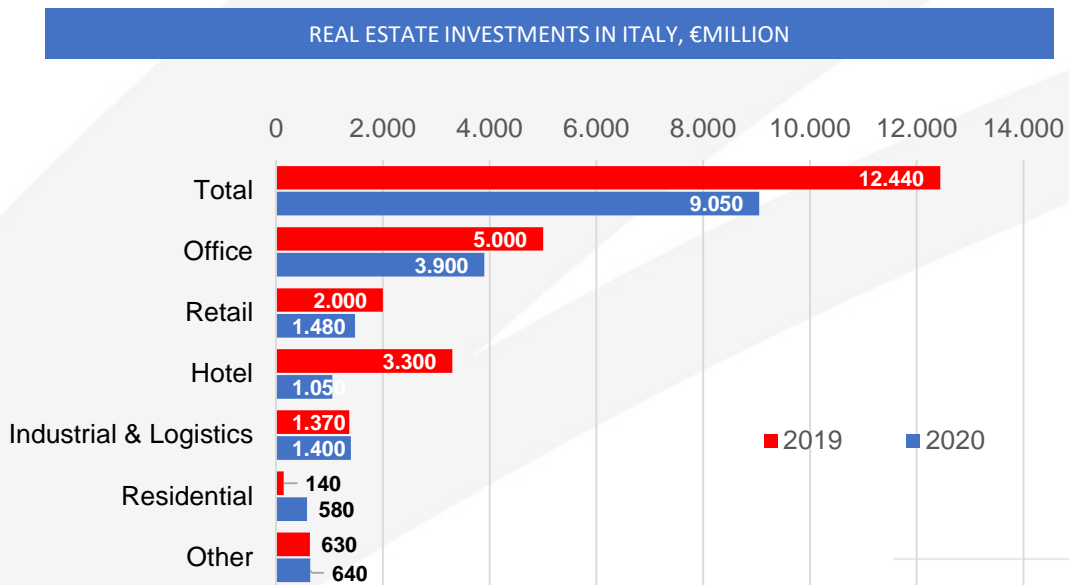
€35.3bn

-21% vs 2019



Source: BNP Paribas Economic Research and RCA; Italy data are sourced from CBRE

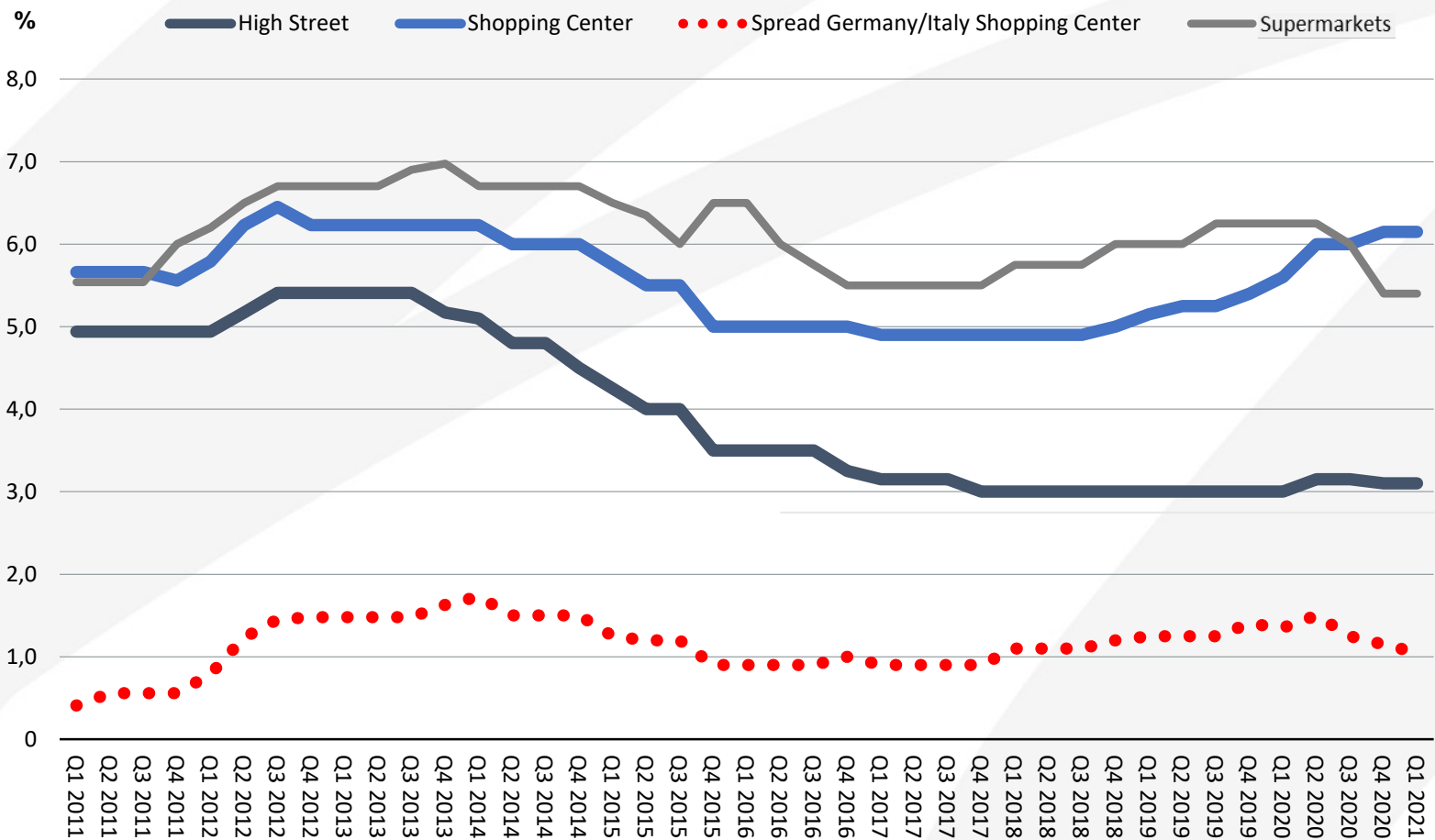
Italy: investors still cautious about Retail, like everywhere else in Europe



- Italian real estate investments stood at slightly above €9 bn, a 27% decline on 2019; retail sector accounted for 16.5% of the total.
- **Approx. €1.5 bn invested in retail, a 26% decrease versus 2019.**
- Volumes in the first quarter of 2021 are still not very high, with just under **€150 million** invested in retail.
- Investors are looking at more resilient «alternative» assets: living and logistics; in the retail sector, supermarkets are faring better.

Italy: yields of shopping centres on the rise since 2018, the spread vs German yields reduced during the pandemic

PRIME NET YIELD



- The yields trend is still on the rise, confirming a cooling down of the interest of foreign institutional investors in shopping centres.
- The pandemic accelerated and intensified this trend in 2020 owing to two factors: plummeting consumption and sales, one of the worst drops since WW2, and the further acceleration of e-commerce, still seen as a threat to physical retail by investors.
- Italy is not alone with regards to yields trend: the spread with Germany shopping centre yields has remained steady over the past three years and even reduced during the pandemic.
- The high street segment was characterized by a slight expansion of yields too, which however remain stable; confidence in prime assets and markets remains robust in the long term.
- The **grocery sector** has seen renewed interest from investors because of its more resilient fundamentals and the positive performance during the pandemic: this resulted in a significant yields compression in recent months, also supported by a number of deals completed and in the pipeline.

Source: CBRE

Main retail deals in Italy and Europe

ITALY

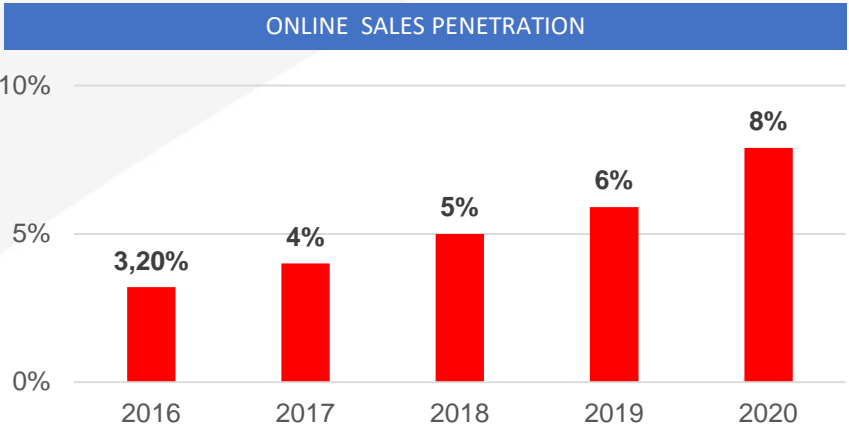
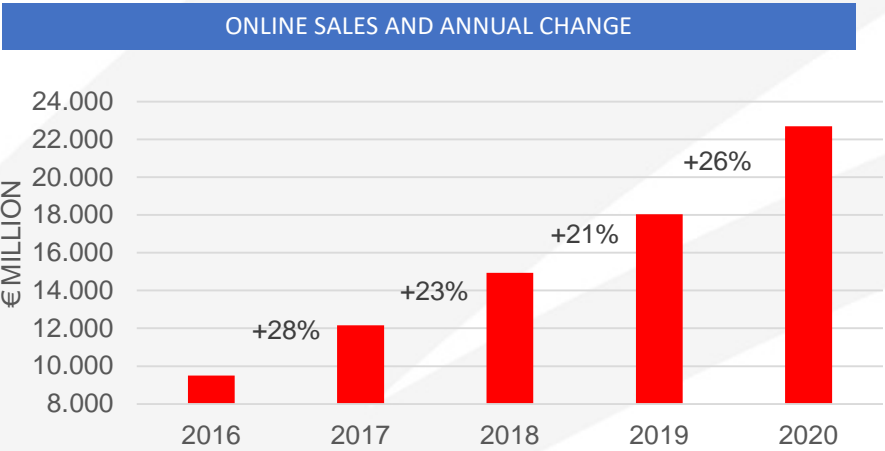
DATE	TYPE	SHOPPING CENTRE	CITY	VENDOR	PURCHASER	PRICE (EUR Mn)
Q1 2020	Secondary	SC Archimede	Siracusa	CDS Holding (developer)	Serenissima Sgr	60,0
Q2 2020	Secondary	SC Primavera	Rome	Kryalos Sgr OBO Partners Group	PAC 2000 (CONAD)	35,0
Q1 2019	Value Added	Friuli Shopping Centre	Tavagnacco (Udine)	Savills Investment Management	Fondo Austriaco	17,0
Q4 2019	Secondary	Auchan Nerviano	Nerviano (Milan)	Covivio	Castello Sgr/Quinta Capital	-

EUROPE

DATE	TYPE	SHOPPING CENTRE	COUNTRY	VENDOR	PURCHASER	PRICE (EUR Mn)
Q4 2020	Prime	Intu Trafford Centre	United Kingdom	CPP Investments	Intu Properties	839
Q1 2020	6 property portfolio.	Sierra Prime Portfolio 2020	Spain/Portugal	Sonae Sierra, Morgan Stanley, APG Group	Elo Mutual, Allianz RE Germany	3.000
Q4 2020	12 property portfolio.	VIA Outlets Portfolio	Spain/Portugal/Ger many...	Hammerson plc REIT	APG Group	1.239
Q1 2020	6 property portfolio.	URW FRA Shopping Centre JV 2020	France	Unibail-Rodamco-Westfield	Credit Agricole Assurances CAA, La Francaise	2.032

Source: RCA

Online sales accelerated exponentially during the pandemic, bringing growth expectations forward by a few years; overall online penetration remains moderate



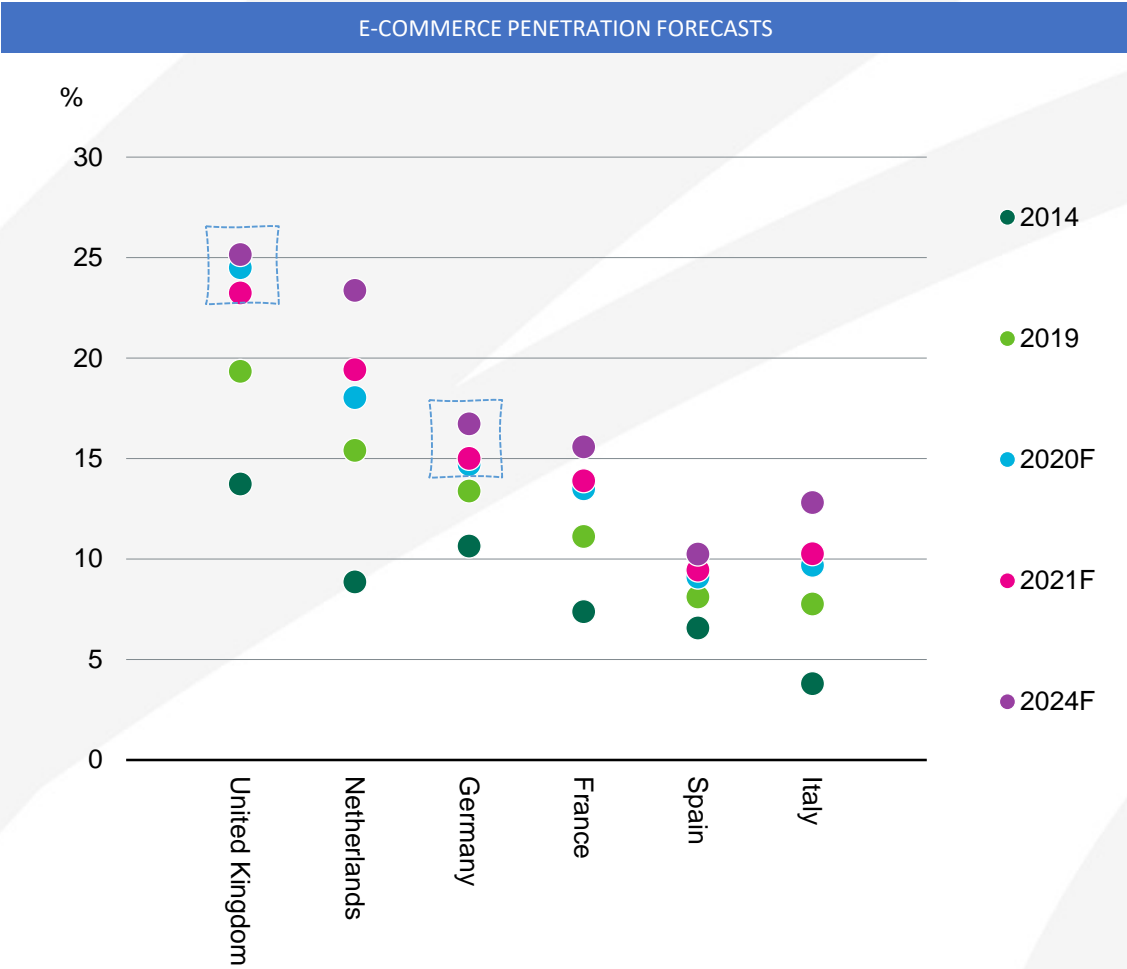
ONLINE SALES BY SECTOR

TOTAL VOLUME **€22.7 bn**

	ELECTRONICS	FASHION	FURNITURE & HOME DECOR
VALUE	€ 6.0 bn	€ 3.9 bn	€ 2.3 bn
ANNUAL GROWTH	+18%	+21%	+30%
	FOOD & GROCERY	BOOKS & PUBLISHING	OTHER GOODS
VALUE	€ 2.5 bn	€ 1.2 bn	€ 6.8 bn
ANNUAL GROWTH	+56%	+16%	+2%

Source: eCommerce B2C Netcomm-Politecnico di Milano Observatory

Online growth is sustainable for the industry in Italy: more time to adjust the offer to omnichannel strategies

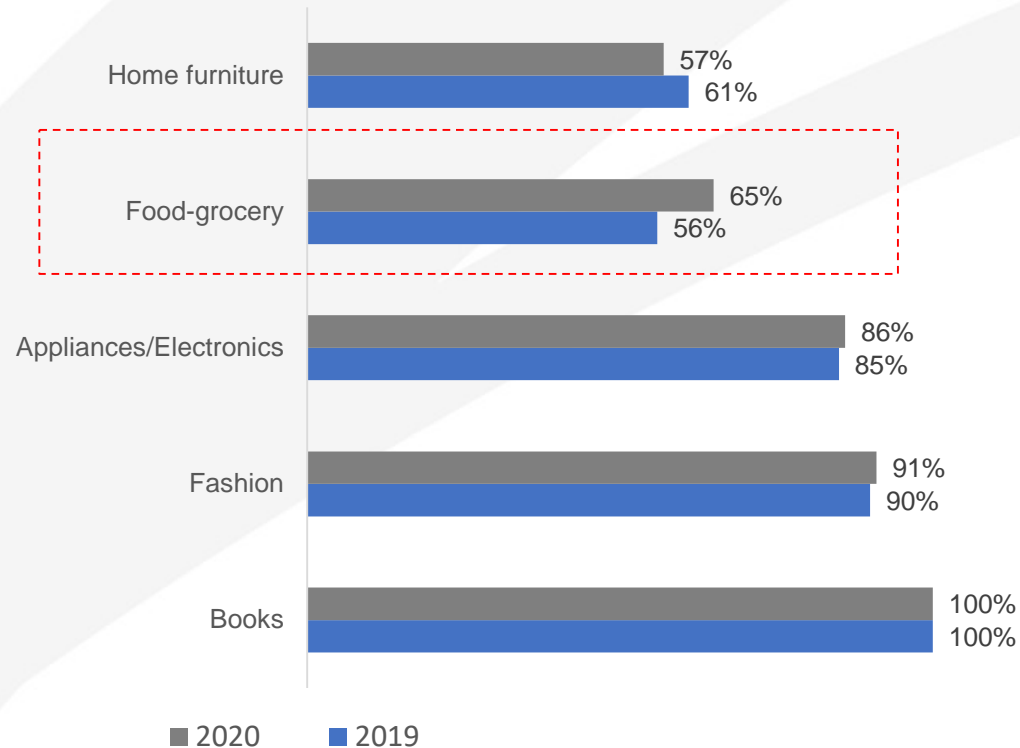


- The experience of Countries whose online penetration was still high before the pandemic, suggests that the online sales growth capacity may not be infinite and that, based on forecasts, it seems to settle at a certain level (UK and Germany for example).
- In Italy, online growth in the grocery sector – accelerated by the pandemic – will have an important role on future growth of e-commerce.
- In Italy, various cultural and structural factors will continue to favor the physical sales experience, slowing down the online retail penetration:
 - Tourism.
 - Climate.
 - People’s attitude to experiencing outdoor spaces.
 - The country’s morphology (infrastructure, logistics etc).

Source: EUROMONITOR

Large retailers have strengthened eCommerce and Digitalization in order to retain customers: omnichannel approach accelerated

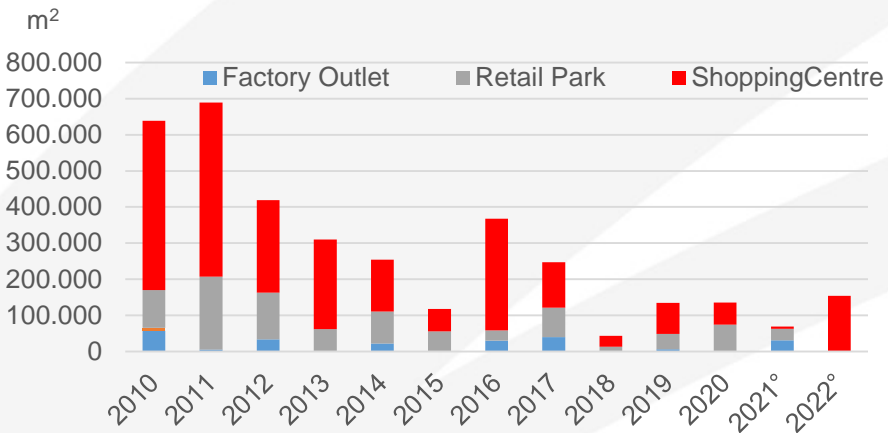
SHARE OF RETAILERS LEVERAGING BOTH THE ONLINE AND OFFLINE CHANNELS



- Presence in digital channels for sales initiatives: **in 2020, over 80% of big companies are present** (desktop and mobile).
- Great leap forward for grocery. The mandatory closure of stores drove to experiment with new ways of selling and interacting with consumers.
- The omnichannel approach has changed the benchmark for the entire retail sector. Hybrid and mixed formats grow.

The market has not stood still, despite the difficulties: new developments and expansions

STOCK RETAIL EVOLUTION



° under construction

2020 MAIN OPENINGS

Development name	Development type	Type	Development size (m²)*	Year of opening	Developer
8 Gallery (Lingotto)	expansion	Shopping Centre	8,000	2020	Pradera
CITTA' FIERA	expansion	Shopping Centre	10,000	2020	Klépierre/Bardelli
I GIGLI	expansion	Shopping Centre	2,700	2020	ECP
MARKET CENTRAL DA VINCI	expansion	Retail Park	24,000	2020	GWM
PARCO COMMERCIALE SANTA CATERINA	new opening	Retail Park	13,000	2020	Bari Immobiliare Srl
RETAIL PARK CARPI	new opening	Retail Park	16,400	2020	Finimcar?
RETAIL PARK PARCO 51	new opening	Retail Park	20,000	2020	Ziaco
CINQUE PORTE	new opening	Retail Park	17,000	2020	Gruppo Moccia
MAXIMO	new opening	Shopping Centre	60,625	2020	Parsec6
LE MARASCHE	new opening	Retail Park	8,420	2020	Sa-Fer

*If expansion, only the areas added

Pipeline	Type	Development size (m²)	Year of opening
To Dream - Torino	Shopping Centre	75,000	2022
Merlata Bloom Milano	Shopping Centre	70,000	2022
Milano Santa Giulia	Shopping Centre	70,000	2025
Mind Westgate	Shopping Centre	13,000	2025
Porta a Mare Officine Storiche	Shopping Centre	20,000	2022
The Market San Marino	Factory Outlet	25,000	2021
Valmontone Outlet (expansion)	Factory Outlet	6,000	2021
Shopville GranReno (expansion)	Shopping Centre	16,500	2021
Vento Forte	Retail Park	11,100	2021
Montefiore (expansion)	Shopping Centre	6,000	2021
Maximall Pompei	Shopping Centre	42,250	2022

- Large projects for new openings and expansions of shopping centres are in the pipeline for the next two years (Cascina Merlata, Massimina shopping centre, Monopolis lifestyle centre, Elmas, Porte di Livorno).

New openings for Retailers: they are redefining their distribution chain choosing the most strategic locations for their business and closing down others

RETAILERS IN DIFFICULTY



Abercrombie
& Fitch



CAMAIEU



- Many retailers asked owners for easier terms and in many cases reasonable agreements were found.
- Performance by retailers changes depending on the location and the type of goods.
- The High Street market has been challenged by the lack of tourism and increased numbers of people working from home.
- Out-of-Town stores benefit from high numbers of people working from home and the presence of “anchors” (electronics, DIY, home & furniture).
- Retailers are investing in digital to strengthen omnichannel strategies: digitalisation has enabled experiments and, in a very short time, it has accelerated new ways of selling and interacting with consumers.

Openings during the pandemic



Med Store (Apple reseller) - Piazza Umbra



Chicco - La Torre (Palermo) – Tiburtino (Rome)



DYSON - I Gigli Flagship store



Gioielli di Valenza - Llimiate



Giunti al Punto - Galleria Niguarda



Mondo Convenienza - ESP (Ravenna)



Street Food area - Bicocca Village (Capatoast, I Love Poke, LLoa, Ichi Station, Pie, Bun, Come vuoi, Flower Burger)



Kasanova - Centro d'Abruzzo (Chieti)

Openings during the pandemic



NIKE STORE - I Gigli
New format - First opening in Europe



Bata - Fiumara



Wycon cosmetics - Katanè
(Catania)



ALL'ANTICO VINAIO – I Gigli
Tripadvisor Top 5 - Most Reviewed
Restaurants Worldwide



Little Italy Barber Shop - Centro Leonardo
(Bologna)



Piquadro, Diamanti & co., Delicious, Tanks
and Frack prevost - Grande Mela



FrwrD - Le Porte di Napoli (Naples)



Veressenze store, Dadi & Mattoncini and
Nespresso - Cuore Adriatico

Openings during the pandemic



Biceda in Biceda Village



Hollywood kart - Biceda, the first go-kart track in an Entertainment centre



La Piadineria - le Porte Franche



Starbucks – I Gigli (Florence)



JD Store - Centro Nova (Bologna)



CISALFA
New megastore - Parco Levante retail park



Seconda Strada and Tally Weijl - Mondojuve



Pepco - Centro Borgo (Bologna)

Despite C-19, Primark plans 7 new openings in shopping centres



Roma Est, Lazio (summer 2021)



Centro Sicilia di Misterbianco, Catania,
Sicilia (late 2021)



Shopville Le Gru di Grugliasco, province
of Torino, Piedmont (2022)



Megalò di Chieti, Abruzzo (late 2021)



Shopville Gran Reno, Casalecchio di
Reno, near Bologna, Emilia-Romagna
(late 2022)



Marcianise, Caserta, Campania (late 2022)



Nave De Vero Marghera, Venice, Veneto
(2022)

Retailers and pandemic: some differences

GOOD PERFORMANCE



- Furniture and home decor
- Consumer electronics
- Personal care and health
- Culture, leisure and gifts
- Sports and Fitness items (Peloton)
- Home gym equipment
- Major chains
- DIY

HAVING MORE DIFFICULTY

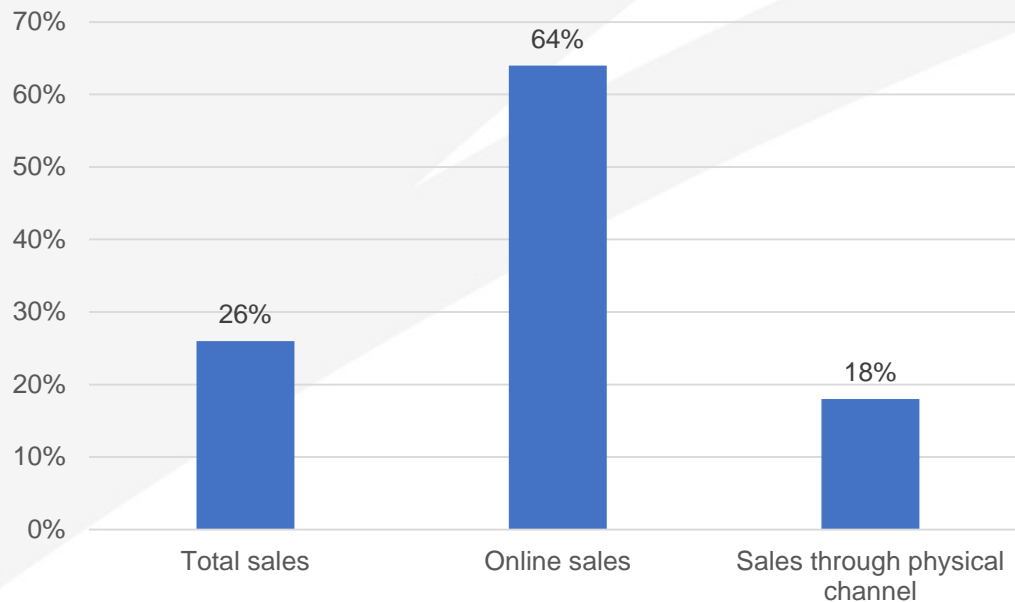


- Restaurants
- Entertainment (cinema)
- Clothing
- Footwear
- Services

Good performance of electronics, better than Amazon, also in the first months of 2021

In Italy, the electronics market is worth approximately **€16 billion**, 10 of which belong to the 5 top companies: Unieuro, MediaWorld, Expert, Euronics and Trony

ELECTRONIC SALES: ANNUAL CHANGE, JAN-MAR 2021 VS THE SAME PERIOD OF 2020



- Employment stable in all points of sale, good also in Shopping Centres (20% of the total, new points of sale opened).
- The **click & collect** option helped sales.
- The average purchase value increased.

Food sales increased significantly

In 2020, sales in the food sector increased by 5%, 1% of which is attributable to online sales.



DISCOUNT STORES
+ 8.7%



SUPERMARKETS
+ 6.8%



HYPERMARKETS
- 2.92%

THE SHOPPING CENTRES INDUSTRY DECLINING PERFORMANCE DUE TO THE PANDEMIC*

** For further details on data from this section, please see page 66.*

Restrictions (measures in place in March and April 2021) hit shopping centres everywhere*, but there was no common approach in managing government support measures, insufficient in most cases



FRANCE

- Basic necessities could be purchased. All other non essential stores, restaurants and bars, shopping centres were closed (except for take away service), while schools and nurseries remained open.



GERMANY

- Cinemas, theatres, gyms, swimming pools, restaurant and bars (except for take away service) were closed. Hotel stays for holidays were prohibited and all non essential journeys were strongly discouraged. Schools and nurseries open. Stores and hairdressers open. Religious services and processions were allowed. Non essential stores: closed (from 16.12.20 to 16.02.21) with possible relaxation if infection rates diminished.



SPAIN

- There was a state of emergency but there wasn't a lockdown. Public and private meetings were limited to 6 people who do not live together. Regional leaders could change the curfew time and close their borders.
- Non essential stores: open in most regions, but with capacity limitations. Shopping centres were partially closed.



PORTUGAL

- Local lockdown in three northern regions, where around 150,000 people live. Masks were mandatory outdoors for everyone. Establishments must to be closed by 11pm. Gatherings limited to 5 people.
- Non essential stores: until the end of March, non essential stores were closed.

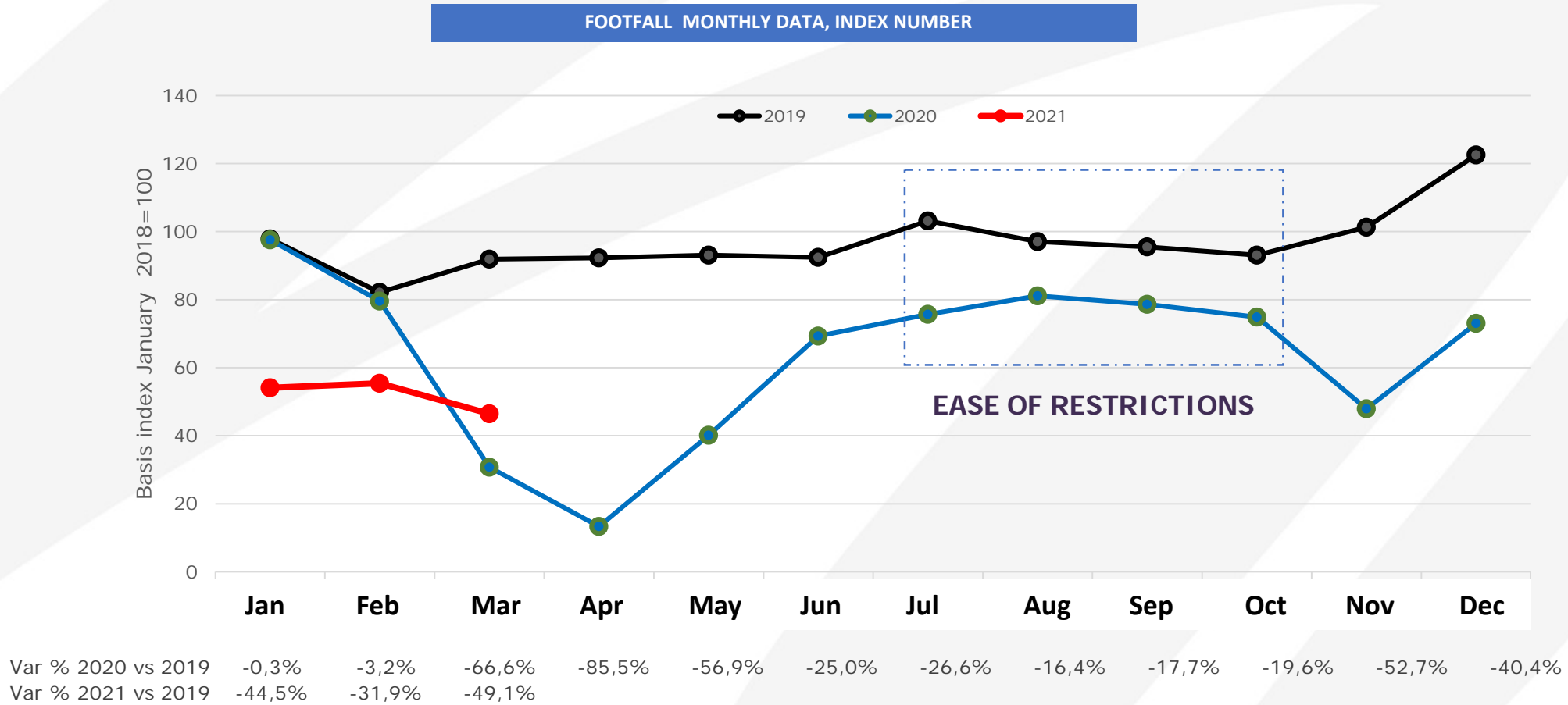


UK

- Since 6 November, nationwide semilockdown. Stores, restaurants, recreational facilities and non essential cultural institutions were closed, as well as shopping centres.

Sharply decreasing footfall only in the months with major limitations

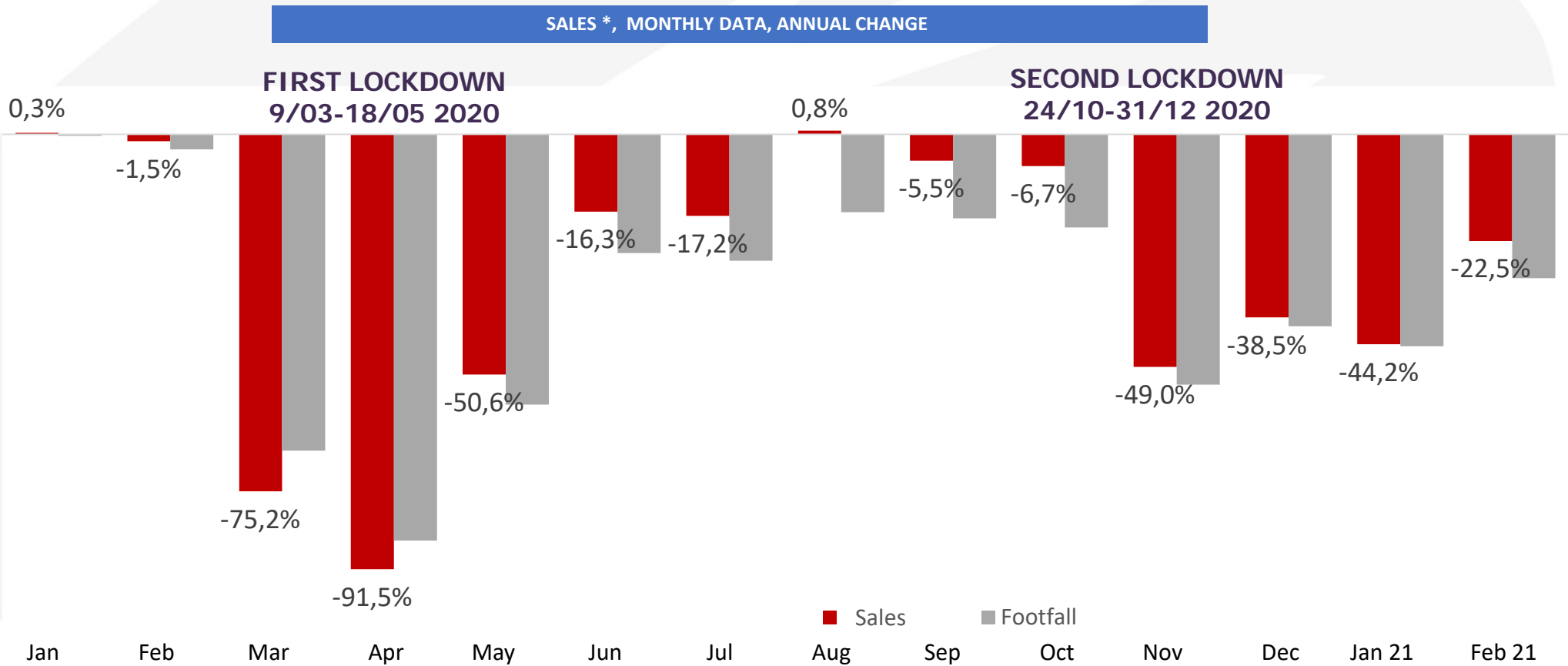
This has not been the “crisis” of Shopping Centres’:
when people are «free to move» they continue to go to «physical places»



Source: CNCC

Sales: trend in line with the *footfall*, with lower decreases

Focused purchase drove footfall in the Shopping Centers

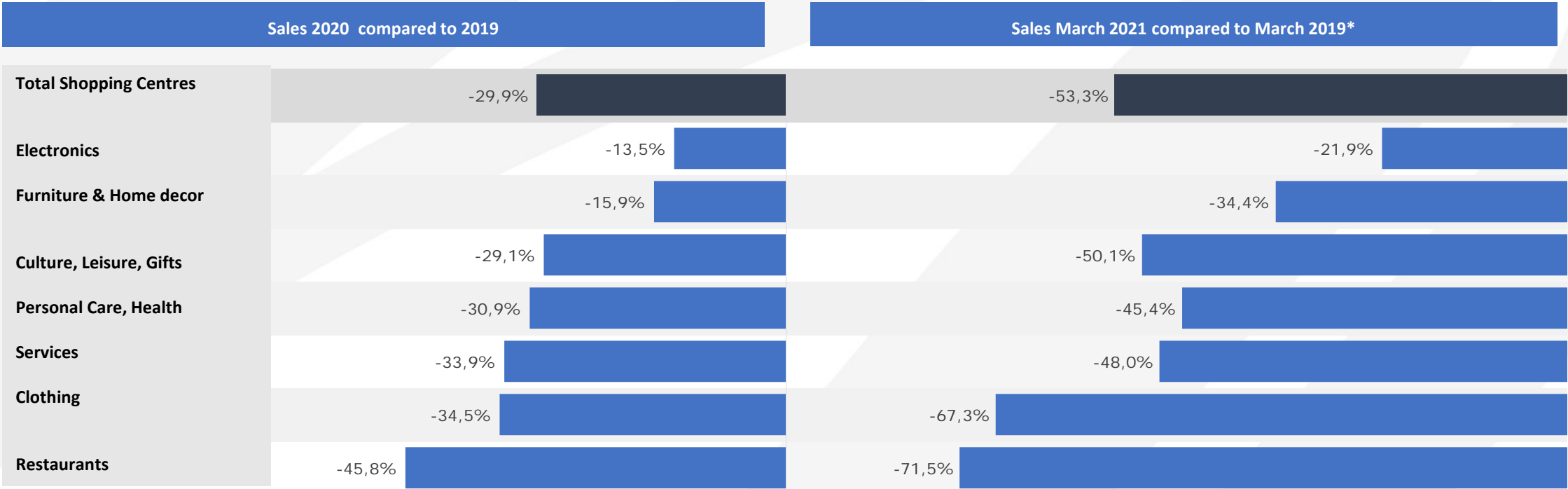


March 2021 sales have been strongly affected by the Government restrictions, above all the closing of stores during holidays, the days before holidays and weekends which has hit the majority of retail activities. With regards to the sample of shopping centres' analysed, **days closed accounted for 58.2% of the month.**

Source: CNCC; * The performance analysis of Shopping centres in Italy has been strongly affected by the pandemic since March 2020: total closures, restrictions in people's movements between municipalities, partial closures and closures on public holidays and the day before.

Sales: 2020 ends down 30%, Electronics and Furniture and Home decor are the best performing categories

In the first quarter 2021 the expected decrease in sales compared to 2020 is around 40%



Source: CNCC; * we introduced a new comparison in March 2021: sales in 2021 have been compared to those in 2019, a year unaffected by the pandemic.

Retailers and Owners are closer:

despite the scarce Government aids,
owners made concessions to retailers
(and are continuing to do so) thus strengthening this «partnership»

- Temporary concessions on rent payments
- Deferment in the payment of rents
- Extension of lease terms to offset rent holidays
- In Europe, on average, property companies recorded a temporary decrease of rents by around 25% in 2020 because of discounts granted (Source: ECSP)

This favoured a good percentage of rent collected in most of the CNCC sample:

RENT COLLECTION RATE: > 90%
(AFTER DISCOUNTS)

THE SHOPPING CENTRES INDUSTRY
A NEW TRIGGER FOR VALUE GENERATION IS
GROWING, WITH SHOPPING CENTERS HAVING A
LEADING ROLE

European Green New Deal and national RRP

In December 2019, the European Commission presented the **European Green Deal**, a roadmap for dealing with the challenges posed by climate change to ensure the ecological transition of the EU to a **fair society**, with a **modern economy**, efficient with respect to **resources** and **without GHG net emissions by 2050**. In April 2021 the Italian Government presented to the European Commission a **National Recovery and Resilience Plan** which places the green theme at the center of the country's growth and recovery project.

- The ecological transition will be supported by the **Investment plan** for the Green Deal, which aims at mobilising at least **1,000 billions of investments** of public and private resources by the next decade.
- The national **PNRR (2021-2029)**, being approved, should allocate around **€70 billion** to the "Green revolution and ecological transition".
- **SFDR (Sustainable Finance Disclosure Regulation)**: Regulation (EU) 2019/2088 of the European Parliament and of the Council of the EU was adopted on the 27 November 2019, regarding sustainability-related disclosures in the financial services sector. As from 10 March 2021, all management companies are obliged to provide information in their websites about their policies regarding the integration of sustainability risks in the investment decision-making process.
- **European taxonomy for sustainable finance**, i.e. a "Taxonomy of sustainable activities", i.e. a classification system of what can and cannot be considered as sustainable (with respect to climate, pollution, biodiversity, waters and circularity).



EU Action Plan Financing Sustainable Growth (March 2018)

We will see an acceleration in the adoption of new ratings to measure the ESG factors, helping define a new leverage for asset value



EU Green Deal (December 2019)

A new trigger for value generation

The Agenda 2030 for Sustainable Development was issued in 2015. This is a programme of actions subscribed by the governments of UN countries with 17 goals (SDGs), and 169 targets regarding areas such as human rights, economic development and the environment, which countries have undertaken to achieve by 2030.

“The SDGs provide all businesses with a new lens through which to translate the world’s needs and ambitions into business solutions. These solutions will enable companies to better manage their risks, anticipate consumer demand, build positions in growth markets, secure access to needed resources, and strengthen their supply chains, while moving the world towards a sustainable and inclusive development path”

International Chamber of Commerce, July 2017

Turn the behaviours
for achieving
these goals into value



Shopping centres will play a role to improve their impact on communities: a new manifesto for ESG

For a few years now, the CNCC has undertaken to define strategies and actions which are increasingly oriented towards **corporate and environmental sustainability**. In fact, one of the historical roles of a shopping centre is to be a local landmark for its community.

Our objective is now clear: our industry must contribute to the achievement of the Millennium Goals (SDGs) defined by the United Nations. For this reason, we have defined our entire “**Manifesto**” on the basis of the same SDGs, so that our commitment is clear and measurable.

The CNCC undertakes to achieve and respect the following objectives:



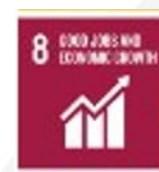
Health and Well-Being



Gender Equality



Energy sustainability of buildings and action against climate change



Decent work and economic growth



Partnerships for the goals



Sustainable cities and communities



Responsible consumption and production

THE SHOPPING CENTRES INDUSTRY
ONLINE «IMPACT»: FROM TAXES TO WORKING
CONDITIONS, THE NEGATIVE EXTERNALITIES OF
ONLINE COMMERCE ARE BEGINNING TO AFFECT
ITS REPUTATION.

The Big Tech race could be held back by tax and labor reforms

The Big Read Amazon.com + Add to myFT

‘The ultimate David and Goliath story’: the fight to open a union at Amazon

Online retailer has expanded rapidly during the pandemic but is now the focus of a debate about pay, race and inequality

Amazon had sales income of €44bn in Europe in 2020 but paid no corporation tax

Despite lockdown surge the firm’s Luxembourg unit made a €1.2bn loss and therefore paid zero corporation tax



The Guardian

Amazon, 40mila in presidio in tutta Italia. Ecco le ragioni dello sciopero

Per i sindacati della logistica i driver arrivano anche a consegnare 180 pacchi al giorno. Ogni dipendente diretto a tempo indeterminato ce ne sono altri tre nella filiera

di Cristina Casadei

22 marzo 2021

Roofoods Ltd + Add to myFT

Deliveroo tumbles 26% in London debut

Fall comes after food delivery company priced its shares at bottom end of range



QUOTAZIONI



Deliveroo, debutto flop in Borsa: è la peggiore Ipo nella storia di Londra

di Diana Cavalcoli | 01 apr 2021

THE SHOPPING CENTRES INDUSTRY

THE ITALIAN WAY

The pandemic has accelerated the transformation of shopping centres, under way for many years now

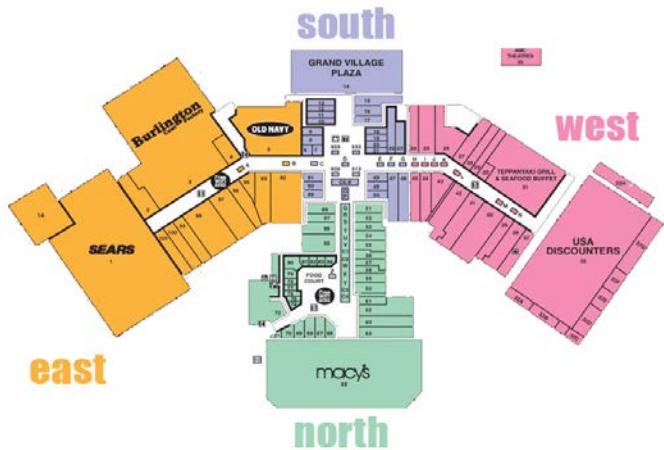
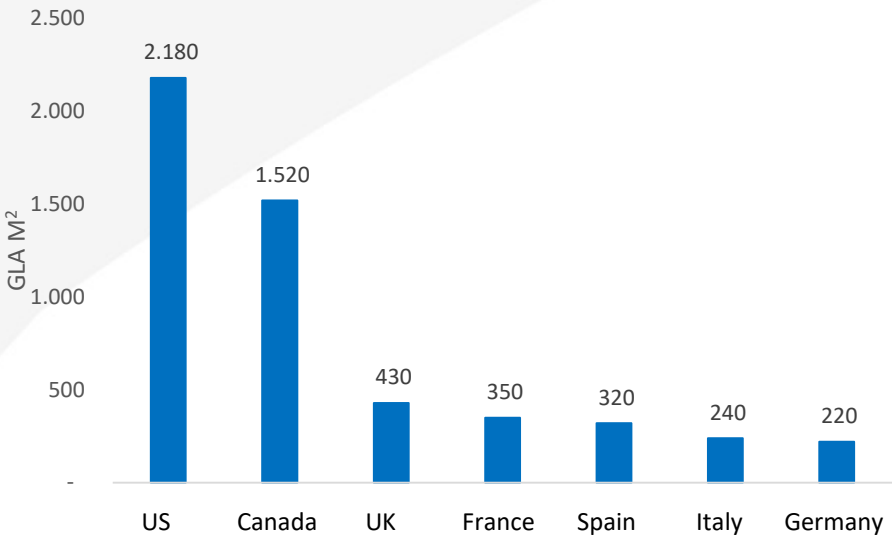
When talking shopping centres, a comparison with the US market is often taken for granted. However, it always needs to be remembered that there are differences regarding the stock, the type of merchandise mix and the traditional layouts, as well as the delay in terms of online shopping that has already been extensively covered in the previous chapters. 2 major differences are described below.

1.

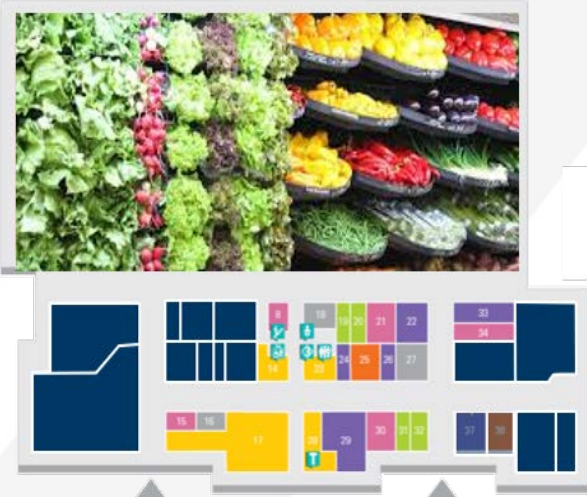
STOCK: In the United States, in the past, the development of shopping centres has been more intense and greater than in Italy, reaching a density per inhabitant which is **ten times higher**. **The risk of oversupply is much lower in Italy than in the United States.**
2.

MERCHANDISE MIX: While in the United States shopping centres have been historically anchored to a department store, Italian shopping centres have been anchored to a hypermarket.

Density of shopping centres every 1,000 inhabitants (GLA m²), 2018



Example of a layout of a US shopping centre: dominance of the department store and of clothing, where online penetration is higher



Example of a layout of an Italian shopping centre: dominance of the hypermarket, which offers essential goods and has proved to be more resilient even during the 2020 pandemic.

Shopping centres have already started to adjust to the change in consumption habits, gradually changing their old development model

The tenant mix is changing

50% of the shopping centers taken by hypermarket



30% by fashion

The traditional model hosts an excessive share of categories showing low growth and a high share of e-comms

RESTAURANTS



Diversify the tenant mix and focus on growing categories, with low propensity to e-comms

SERVICES



ENTERTAINMENT



BEST PRACTICES

The Shopping Centre sector has been one of the most dynamic and innovative sectors in responding to Covid-19:

- Prompt adjustment to the new safety rules to deal with the pandemic (living with the virus).
- Support to communities to help in the vaccination process.
- Promote initiatives to encourage sustainability.
- Use innovation and digitalization to prepare the *phygital* experience for the new consumer after the pandemic

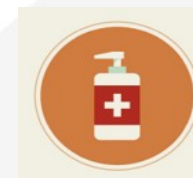
Shopping centres immediately implemented measures to ensure safe visits to shopping centres, drafting guidelines for a safe reopening



RESPECT SAFETY DISTANCES



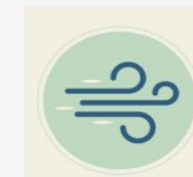
TAKING
BODY TEMPERATURE



AVAILABILITY OF HAND
SANITIZER



OBLIGATION TO WEAR A MASK



RECYCLING AIR FROM
OUTDOORS



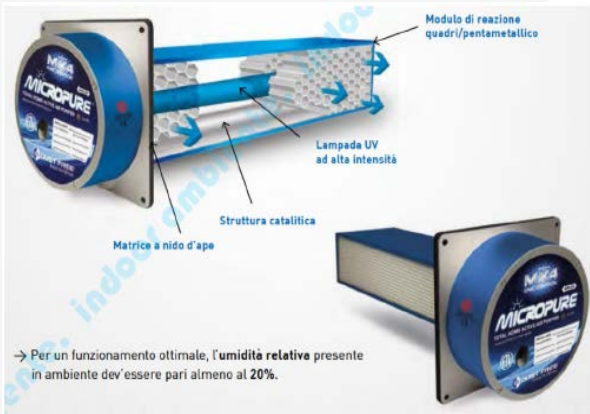
SANITIZATION OF
SPACES



LIMITED NUMBER OF VISITORS

New solutions to improve health and safety in shopping centres

CATEGORY: PROPERTY/FACILITY MANAGEMENT



Shopping Centre Le Due Torri (Stezzano)

What: installation of "Dust Free" photocatalytic lamps with PCO technology that can generate oxidizing ions that continuously attract and destroy polluting agents in the air and on surfaces. The PCO technology uses photocatalysis, a process which, thanks to the combined action of UV light, air moisture and some noble metals, generates oxidizing ions that can destroy viruses, bacteria and polluting substances. The product is acknowledged as a medical device by the Ministry of Health and fully meets the National Health Institute's directives on sanitization of facilities for the Covid-19 emergency.

Who: Amundi RE - Altea Cogedim – Elmet.

Benefits: Certified continuous air sanitization.

CATEGORY: PROPERTY/FACILITY MANAGEMENT



Centro Borgo (Bologna)

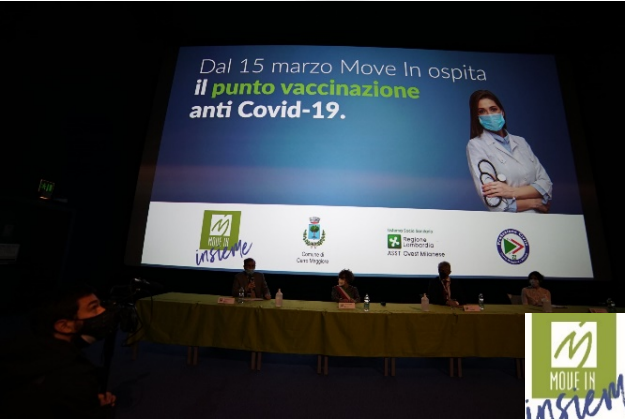
What: "BrainBox AI is an innovative tool (named by TIME magazine as best invention of 2020) for the automation of autonomous building control, which optimizes the operating of systems and comfort levels, simply and rapidly. It consists of a gateway that connects the BMS to a cloud service to process data regarding operation, energy control and consumption. It features a simple and exhaustive display dashboard.

This solution generates savings on energy costs that can be achieved rapidly and without initial costs. In just 18 months since its market launch, it has been successfully adopted in more than 10 million square metres of office buildings, shopping centres, store chains, hospitals, airports, hotels and more, in North and South America, Australia and, since 2020, in the EU. Its configuration with the current BMS is currently under way.

Who: IGD – R2M Solution.

Benefits and objectives: expected results are: savings of energy costs for heating, cooling and ventilation (up to 25%), reduction of the environmental impact (up to 40%) improvement of comfort (up to 60%). There is no initial outlay, and its cost is recouped by sharing the savings achieved (around 30%). At the moment there are no installation costs, therefore this solution is at zero risk.

Over 160 facilities have accepted to host vaccination hubs, drive-throughs for tests have been there for months, technological installations for automatic temperature measurement at entrances, UV systems for air sanitization, procedures to respect social distancing also in food courts. To date (15 April 2021), 15 vaccination hubs have been established and this figure grows daily



Centro Polifunzionale Move In (Milan)

What: The Centro Polifunzionale Move In is the first Shopping Centre in the province of Milan, and among the first in Italy, to host a hub for the vaccination campaign against Covid19.

Who: Castello SGR, Svicom

Benefit for customers and citizens: Over 1,000 m² for all the indoor areas laid out in compliance with the healthcare standards and regulations of the ASST (Local Health Unit) Ovest Milanese;

Average daily staff: 10 people from Civil Defence, 7 people from local associations, 12 healthcare professionals, doctors, nurses and resuscitation units. To date, 7 active stations working nonstop from 9.30am to 8pm. Since 19 March, 25,000 people have been vaccinated.



Valmontone Outlet (Valmontone -Rome)

What: Drive-through vaccination hub in the car park of Valmontone Outlet, in an area of 20,000 m². The largest in the Lazio Region and one of the largest in Italy.

Who: Promos together with LHM Roma 5, the Municipality of Valmontone, Region Lazio.

Benefit for customers and citizens: Over 65 professionals, including 19 doctors, 30 nurses and 16 healthcare professionals. 7 vaccination stations – of which a “red” one (a medical facility to host patients showing critical reactions) to manage 26 cars simultaneously, giving over 250 vaccinations an hour, for a total of approximately 3,000 vaccinated people per day.



Shopping Centre Porte dello Jonio (Taranto)

What: Drive-through vaccination hub in the Porte dello Jonio parking lot, the first Shopping Centre active in Apulia.

Who: Ceetrus – Nhood together with the LHM, the Municipality of Taranto, Region Puglia.

Benefit for customers and citizens: in just two days since its activation, more than 2,000 citizens were rapidly and safely vaccinated. Thanks to those figures, Puglia went from being penultimate to taking third place in the national ranking.

Shopping centres help support and promote projects to raise awareness about environmental sustainability

CATEGORY: SUSTAINABILITY



18 Shopping Centres managed by Cushman&Wakefield

What: Spegni Sostenibile: Cigarette butts are among the most polluting items on earth. Spegni sostenibile is not only an awareness raising and education campaign on the appropriate disposal of cigarette butts but is also a project to support new disposal and recycling solutions with a view to a circular economy. Thanks to a test system, butts will be turned into plastic for everyday items

Who: Cushman&Wakefield Italia - Publievent / ReCig

The cost of the initiative is the installation of smoker points, storage and transportation to the disposal plant, and communication.

- Benefits:**
- awareness raising on the specific issue of cigarette butts and more in general on environment protection.
 - concrete support to a green economy start-up
 - possibility to get institutions, schools and local associations involved
 - concrete improvement of the cleanliness and the surrounding environment of the Centre
 - media mobilisation for a possible call to action

CATEGORY: SUSTAINABILITY



Shopping Centres I Gigli (Florence), Carosello (Milan), Fiordaliso (Milan), Cremona Po (Cremona), Curno (Bergamo), Il Castello (Ferrara), I Portali (Modena), Collestrada (Perugia) and in various local establishments

What: “Save the chewing gum” campaign - This initiative, launched at the end of 2019, involved installing “gumdrop bins”, These pink baskets can collect up to 500 chewing gums, inside the 8 Shopping Centres of the Italian portfolio of Eurocommercial Properties and at local businesses, in partnership with public administrations.

Who: Eurocommercial Properties Italia – Jet’s

Benefits: A virtuous recycling system, whose objective is to increase everybody’s attention and awareness towards the issue of chewing gum disposal, for the protection of the environment and the quality of our lives. Since November 2019, over 600,000 chewing gums have been collected, amounting to approx. 320kg of material. The collected material will be used to create new baskets and very versatile plastics to make items such as pencils, rulers and other educational material for schools. Extensive coverage in national and local press and in specialist magazines on sustainability with the participation of other local institutions.

Fostering sustainable mobility Charging Stations

The «Electric Charging Project» was started in 2017 and by 2020 there were a total of 34 stations in 17 Shopping Centres. The energy supplied avoided the emission into air of 5.23 tons of CO₂ which would be the amount produced in a year by a traditional car travelling the same number of km*.

During the year, an agreement was also signed for the installation – in 2021 – of a new «Supercharger» Tesla station in the Katanè Shopping Centre, which joins those at Maremà and Puntadiferro opened in 2020.

- In July 2020, a «High Power Charging Station» Ionity charging station was also installed at the Puntadiferro Shopping Centre – the first in an Italian Shopping Centre – which uses 100% renewable electricity.



Sustainable mobility CAR SHARING

Scegli il car sharing di ADDUMA CAR per i tuoi acquisti!



MOBILITYCARD 50%

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3 stalli →
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GIGLI

DA OGGI

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- CAR2GO LE GRU
- E -VAI ORIO CENTER
- RENAULT MOBILITY KLEPIERRE
- SHARE AND GO



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newsauto

Sustainable mobility

LE DUE TORRI STEZZANO (Bergamo) SHUTTLE BUS

ECO-FRIENDLY BUS STOP WITH ELECTRIC BUS



Servizio Bus Ecologico

le due torri shopping center

WWW.LEDUETORRI.NET

SERVIZIO NAVETTA GRATUITO!

TUTTO SHOPPING, ZERO STRESS.

	ANDATA	RITORNO
Stezzano Staz. Ferroviaria	8.45	
> CENTRO COMMERCIALE 2 TORRI	8.55	
COLOGNO AL SERIO park porta Rocca	9.00	11.55
SPIRANO davanti al Municipio	9.05	11.50
POGNANO via Roma davanti alla chiesa	9.10	11.45
VERDELLO via Papa Giovanni XXIII davanti alle scuole	9.15	11.40
LEVATE via E. Fermi ang. Via Cavalieri	9.20	11.35
DALMINE via Locatelli ang. via Mazzini (Antennone)	9.25	11.30
STEZZANO piazza Libertà	9.30	11.25
STEZZANO stazione ferroviaria	9.35	11.20
CENTRO COMMERCIALE 2 TORRI	9.40	11.15

MATTINA

	ANDATA	RITORNO
COLOGNO AL SERIO park porta Rocca	14.25	17.25
URGNANO pensilina bus	14.30	17.20
ZANICA piazza della Repubblica	14.35	17.15
STEZZANO stazione ferroviaria	14.40	17.10
STEZZANO piazza Libertà	14.45	17.05

MERIGGIO



#SUSTAINABLE MOBILITY CAR POOLING CASE STUDY

PORTE DI MILANO AUCHAN CESANO BOSCONI:

In December 2014, the Shopping Centre started the corporate car pooling service JoJob by BringMe for the employees of the Hypermarket and the Gallery, aiming at encouraging car sharing for the daily commute of employees in various departments and from other nearby companies.



Il servizio JOJOB di BringMe è un innovativo servizio di car pooling aziendale, nato con l'obiettivo di agevolare gli spostamenti casa-lavoro dei dipendenti di aziende limitrofe



Attivato da
dicembre 2014

da Auchan e dal Comune di Cesano Boscone, il servizio JOJOB di BringMe ha come obiettivo quello di incentivare l'utilizzo del servizio sia fra i dipendenti di Auchan sia tra quelli dei diversi uffici comunali di Cesano Boscone.

Il servizio è rivolto anche a tutti i dipendenti di altre aziende ed attività commerciali della zona. Il Comune di Cesano Boscone, infatti, diffonderà JOJOB fra le aziende del territorio, che potranno usufruire del servizio a tariffe agevolate.

JOJOB è costituito da una piattaforma web e da un'applicazione mobile. Ogni utente, dopo essersi registrato su www.jojob.it, potrà visualizzare su una mappa la posizione di partenza dei propri colleghi e dei dipendenti di aziende limitrofe alla propria, mettersi in contatto e condividere l'auto nel tragitto casa-lavoro.

Con l'applicazione mobile, l'unica in grado di quantificare la reale Co2 risparmiata dopo ogni tragitto percorso in car pooling, ogni passeggero potrà certificare il tragitto effettuato, ottenendo punti trasformabili in sconti da utilizzare in locali, ristoranti, bar e palestre convenzionate, sia a livello nazionale che locale.



#SUSTAINABLE MOBILITY

IL CENTRO ARESE MOBILITY CENTER

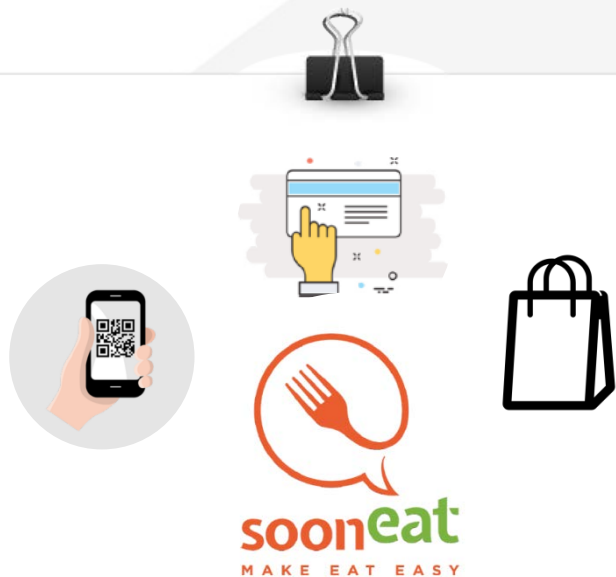


The aim of Mobility To Shop is to offer a mobility service for the elderly, the disabled or those who don't like walking long distances, giving them the possibility to enjoy the Shopping Centre independently. A breakthrough in the way of understanding customer service, which now with Mobility to Shop expands with tools to give independence to an ever larger number of customers. The rental service will be available from the information desks located at the entrance of the Shopping Centre and the Hypermarket.

TESTS FOR #OMNICHANNEL

- **Hybrid shopping** is the new normal: consumers are ready for «phygital and seamless» integrated and homogeneous experiences.
- Retailers have accelerated their «phygital» transformation and shopping centres must make more effort to meet the growing expectations of customers, tenants and investors.
- **Digitalization** has enabled experiments and accelerated new ways of selling and interacting with customers in a short time. It has driven owners to develop agile, smart, intuitive solutions on digital channels to allow consumers to decide what/when to purchase even before reaching a Centre or whether they want to go to that Centre.
- Solutions offered to support tenants' visibility/sales will become part and parcel of the same products and business models of Centres.
- The shopping drivers will no longer just depend on low prices or convinience or the tenant mix, but also on the **services provided**: reservations, home delivery, collection at a locker, home delivery in a few hours.
- **The service offer is becoming of prime importance again because, whether a shopping centre or an e-commerce or a mix of both, what will make the difference is the ability to appeal to customers and do everything to make them happy.**

#OMNICHANNEL



Porte di Sassari (Sassari) and Porte di Milano, Cesano Boscone (Milan) test Centres

What: with an app, multiple orders can be placed at different restaurants in a food court with a single checkout and delivery at the table or at a pickup point in the gallery.

Who: Ceetrus – Nhood together with technological partner SoonEat

Benefits: a more comfortable way of using restaurant services in a shopping centre, improving waiting times and enabling also a large family or a group of friends to place orders with different restaurants without waiting for too long.



Shopping Centre I Gigli (Florence)

What: e-commerce platform of the shopping centre. Operation: customers buy, pay online and collect at the Centre.

Who: Eurocommercial Properties Italia - Sowhat

Benefits: online vs offline integration. Results: increase in sales with customers who are used to buying online.

OMNI-EXPERIENCE IN SHOPPING CENTRES

#WEB TO MALL

1

WEB TO MALL

COLLECTION SERVICES

- Click & Reserve
- Click and Try (prenotazione camerino)
- Click and Collect - Multi Retailer
- Click and Collect - Independent (Collect +, Curbside, Up,Relais, Colis)
- Pick Up
- Lockers
- Drive thru (IPER, MS, FOOD)

FLASH DEALS & ONTOOFF

- E-commerce couponing
- Reverse Shopping
- Aggregatori Online (Groupon, Kauppa, Shopfully, IOL)
- E-Gift card



#CLICK-AND-COLLECT



#DRIVE-THRU IPER, STORE, RESTAURANT



FINAL REMARKS

The pandemic accelerated the process of structural transformation that the retail sector is experiencing since years: shopping centers have proved to be reactive and able to adapt effectively and in a timely manner to the shock affecting the industry.

- The **industry** had already entered into the transformational process which is leading to a change in the shopping centre format, able to mitigate the negative trend that had begun quite before the pandemic, not only in Italy.
- **Shopping centres** have responded promptly to adapt to the emergency situation.
- **Retailers** have introduced the online mode among their selling channels, going more and more towards a **phygital** dimension: a trend that will become stronger and stronger.
- **Retail investments** are still poor, waiting to have some evidence and a track record of the innovations introduced and of reactions after the pandemic.
- If **retailers and landlords** will be able to create environments able to meet the new needs of people, by integrating online and offline, thus resulting in a unique and unforgettable experience for their clients, the physical retail will continue to be of interest.
- What happened during the reopening of the centres in the months of 2020, witnessed that the physical experience remains central to the consumer, albeit in a somewhat different way than in the past. **We expect that the future easing of the restrictive measures will be followed by a significant return of footfall.**
- The **performance of shopping centres** was hit badly in 2020 and probably this trend will continue in the first half of 2021. Nonetheless, shopping centres have laid the foundations for building up their resilience: **territory, community, environment.**

There is still a fair competitiveness conditions issue

The proposals of our industry

- **Keep equal and aligned the rules regarding promotional and liquidation sales**, both in terms of periods and in terms of bureaucratic requirements.
- Cancel the inequalities between physical commerce and e-commerce to ensure a level playing field for all operators, not so much by limiting the specific competitive capabilities of the various segments (which are there and must be respected), but by taking away the unacceptable **competitive advantages, especially in terms of costs and taxation**, which electronic commerce currently enjoys.
- Physical commerce, which is labour-intensive, **consolidated in its area and guarantees high employment levels and full rights for the workers, especially among the least qualified population groups**, is in fact more highly taxed and above all is not allowed to freely and continuously make the same sort of promotional offers and sales that e-commerce is regularly able to do (e.g. Black Friday/Cyber Monday, just to mention a couple).
- Keep in mind that the major online selling platforms can undercut market prices (dumping) since they can offset the lower revenues resulting from product sales mainly thanks to the competitive edge they enjoy.

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IMAGE BUILDING

cncc@imagebuilding.it

Methodology

Collecting informations, data processing and analysis

Sales and footfall shown in this report are benchmarks based on the data provided by companies comprised within the CNCC and are processed respecting the Privacy of each Landlord and Retailer. Firms contributing to the sample are: Carmila, CBRE, Cushman&Wakefield, Ethos, Eurocommercial Properties, Gallerie Commerciali Bennet, IGD SIIQ, Klépierre, Nhood, Odos Group, Savills, Sonae Sierra, Svicom. The Benchmark comprises **more than 300 centres of GLA over 5,000 m², amounting to over 40% of the total stock (sq m GLA) in Italy**. The data collected do not include the VAT, and the index only includes stores which provide data for the whole period of the analysis (24 months). The yearly or monthly changes are on a like for like basis. Since March 2021, we have introduced a new comparison: 2021 sales are compared to those in 2019, a year unaffected by the pandemic. March 2021 sales have been severely reduced by Government restrictions, particularly the closing at weekends and public holidays of the majority of commercial activities. In our sample, such closures accounted for 58.2% of the whole month.

No comparison is shown between March 2021 and March 2020 since the percentage changes are not significant and not suitable for a commercial analysis. Sales in March 2020, at the beginning of the pandemic emergency, refer to a situation of severe restrictions and widespread closure of most stores.

The performance analysis of shopping centres in Italy is strongly affected by the pandemic that has hit the country since March 2020 and in particular by the restrictions imposed in order to contain the infections, resulting in a succession of: **total closures, limitations on travel between municipalities, partial closures and closures on weekends and public holidays (and days before)**. For these reasons, March 2021 data are difficult to compare with the same month of 2020 when the total lockdown led to keeping only a small number of essential activities open inside the shopping centres and when people were forbidden from travelling outside their municipalities unless for verifiably urgent reasons.

Even a comparison with a "normal" year like 2019 can be considered misleading since the current situation requires the closure of shopping centres at weekends, the closure of important anchors such as leisure activities and food and beverage for which only take away is allowed. Despite these limits, the changes between 2021 and the "normal" year 2019 are shown, with the intention of providing parameters that are as useful as possible to the market.



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