

### **The sacrifice (unfairly) imposed to shopping centers**

The indiscriminate elimination of fixed rents in shopping centers resulted in EUR600 million discounts in 2020, representing a reduction higher than 50% in the rents due.

However this discount was disproportionate considering the real sales drop, which amounted to only 8% (INE data), even sales reported by the shops (APCC data) recorded only a 34% drop (based in data reported by the shopkeepers, which are not independently and automatically accessible by the shopping centers). So, the figures speak for themselves. The disproportionality is obvious. Besides that, it is quite clear that the 8% total drop in retail was largely a reflex of online sales growth. According to the Euromonitor, these increased 53% in 2020.

That is, the discounts were blindly and disproportionately assigned and were not channeled to those who really needed them. It would have been necessary a case by case analysis to see who really needed them. There were large global economic groups, true retail multinational companies, who showed huge profits in 2020, that benefited in a indiscriminate and illegitimate way from this type of discounts. On the other hand, shopping centers recorded significant losses. For instance, Sonae Sierra recently announced a loss of EUR90 million during the 9 months of the pandemic in 2020. Question: does it make sense, blindly distribute, for help sake, rent discounts for any company? One of the leading international fashion stores doubled its online sales during 2020 and recorded profits several times higher than the turnover in the whole shopping center sector in Portugal. Need help? These stores received and are still receiving significant discounts in rents in Portugal, even if they have colossal profits. Actually, EUR400 million of the EUR600 million in discounts were sent out of Portugal.

Because of that we insist: supports should be based in fair and objective criteria, centered in who really needs them. Also, the discounts were given without discretion, for instance, without requiring the maintenance of jobs, including to major players in retail, who reported significant profits. After all, is the majority of our Parliament worried with jobs or with the protection of the profits of large economic groups, specially outside Portugal?

On the other hand, once more the owners, in this case shopping centers, were made to carry out one obligation that should compete only to the State, that is to secure the State's Social Function, but instead and once more the "Owner's Social Function" was implemented. The owners were forced to replace the State in replacing the shopkeepers' rent payment support. The discounts they were forced to give were absolutely disproportionate to other supports of the State. According to information from the APCC and the Directorate-General for Budget, supports given by shopping centers were much higher than supports given by the State, considering these represented actually over 70% of the global layoff costs for the Portuguese State.

But this whole situation is much more serious if we consider the elimination of the fixed rent, unparalleled in the other European countries. Shopkeepers in shopping centers received the more help in the whole Europe, they received in a year over twice the discounts received by shopkeepers outside Portugal. During the lockdown, the Portuguese shopping centers had to grant massive rent discounts and during "unlockdown", this reduction largely exceeded 50%.

We can simply compare with the other countries in Europe, where no other country forced such discounts after the lockdown (except for Italy) and only few forced discounts during the lockdown (Poland and Greece). Also, in Europe the average discount was about 15-25%, comparing to discounts over 50% in Portugal. Benchmarking will not allow lies.

But, if this all was not enough, believe it or not the law that forced the discounts is unconstitutional owing to its disproportionality, inequality and blatant violation of private property and economic initiative, as proved by the Ombudsman position, who mentioned this with a unconstitutionality appeal filed at the TC.

Hence, in the face of over EUR600 million in discounts (unconstitutionally) granted indiscriminately and blindly to those who did not need, benefiting the world's largest economic groups and, therefore, who required no help at all, which support largely exceeded the actual drops in the sector and finally, after major business cornerstones of our business community reported huge losses, thereby rising the actual risk of economic recession and unemployment in our country, it is now time to say: **as a result of this all, this sector will also need support from the State!**

The shopping centers no longer are capable of continuing to blindly support the stores that do not need any such support. Now, it is vital to support the shops effectively in need as the rest of the Europe did. But we warn that all support should be centered in who needs and with the obligation to keep both activity and jobs.