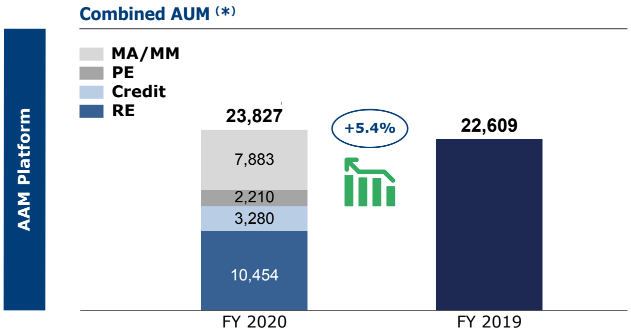
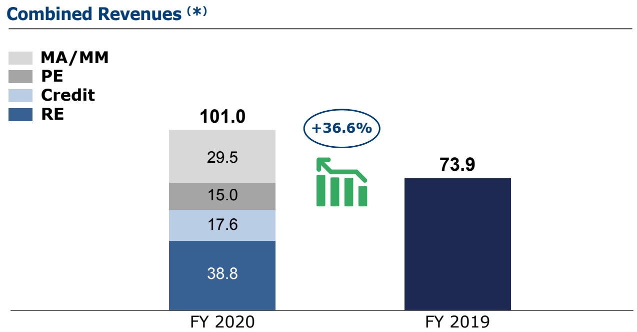
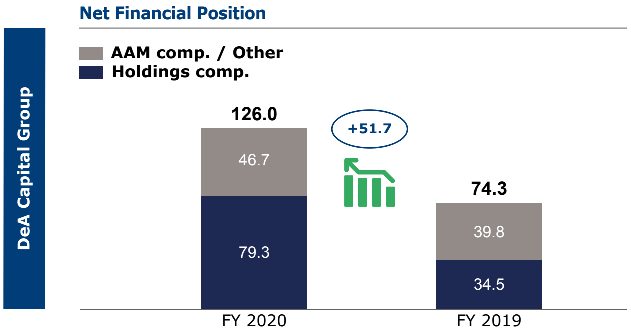
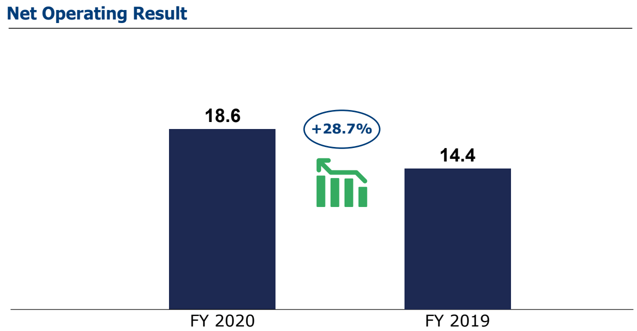
2. Key Financials









(*) Combined AUM (Assets Under Management) and Combined Revenues mean, respectively, the assets under management and the revenues of the asset management companies in which the Group holds an absolute/relative majority interest (non-consolidated), as well as the corresponding figures reported by the foreign subsidiaries. At 31 December 2020 the amounts relating to the included non-consolidated companies amounted to EUR 7,883 million at the level of Combined AUM and EUR 29.5 million at the level of Combined Revenues, (de facto corresponding to 100% of AUM and revenues of Quaestio Capital SGR).

Managerial Income Statement

(Eur million)	Financial Year 2020	Financial Year 2019
Net Operating Result AAM(*)	**18.6**	**14.4**
AAM Other (Intern. RE Operations, Non Recurr. Items,…)	13.0	(2.7)
Net Result AAM	**31.6**	**11.7**
Alternative Investment	(6.4)	5.4
Holding costs / Tax	(4.8)	(4.8)
Net Group Result	**20.4**	**12.3**

(*) Includes the Net Result Before PPA / non-recurring items of the three asset management companies of the Platform: DeA Capital RE SGR, DeA Capital AF SGR and Quaestio Capital SGR (@ 38.82%, incl. Quaestio Holding). Further details are provided in the section relating to segment reporting of the Consolidated Explanatory Notes.

Macroeconomic scenario

	CAGR	GDP 2020				Consensus (%)		
	(2007–2020)	(Base 100: 31.12.2007)	Nominal GDP (€ Bln)	GDP PPP (€ Bln)	GDP Pro Capite PPP (€ k)	2020	2021	2022
World	2.8% ↑	143	68,585			-3.8%	5.2%	3.9%
USA	1.2% ↑	117	17,020	17,020	51.6	-3.5%	4.1%	3.4%
China	7.5% ↑	256	12,613	19,796	14.1	2.1%	8.2%	5.5%
Euro Area	0.1% →	102	12,208	15,867	35.7	-7.3%	4.3%	3.9%
Italy	**-1.1%** ↓	**87**	**1,613**	**1,963**	**32.8**	**-9.0%**	**5.2%**	**3.7%**

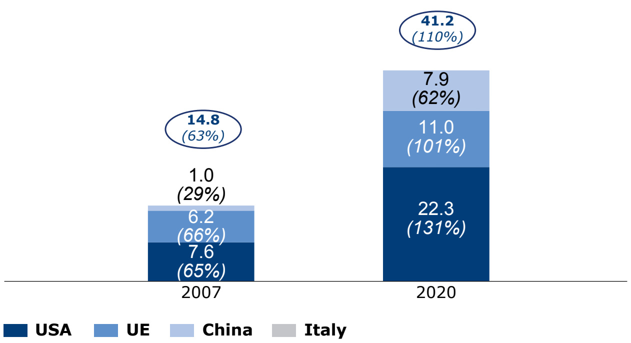
(Source: IMF - WEO Database October 2020; Bloomberg Consensus 31.12.2020)

Considering the evolution of world GDP from the pre-Lehman crisis period to the present (2007-2020), we can see that it is growing at a compound average annual rate of 2.8%, with a particularly strong increase recorded by China (which has overtaken both the US and Europe in terms of GDP at purchasing power parity - PPP).
The year 2020 was characterised by the outbreak of the health crisis linked to the spread of COVID-19, resulting in a contraction of growth in the major economies. Of these, only China managed to close 2020 with an increase in GDP, albeit lower than the averages recorded in recent years. A significant recovery is expected in 2021-2022, also in relation to expectations of overcoming the health emergency.

From 2007 to 2020, the stock of accumulated government debt in the main economies (USA, Eurozone and China) has almost tripled in absolute terms, while at the same time its incidence in terms of GDP has also increased (from 63% in 2007 to 110% expected by 2020, mainly due to the expansionary policies adopted in the USA). Even in Italy, which started with a debt/GDP ratio already slightly above 100% in 2007, the stock of government debt is expected to reach around 160% by the end of 2020.

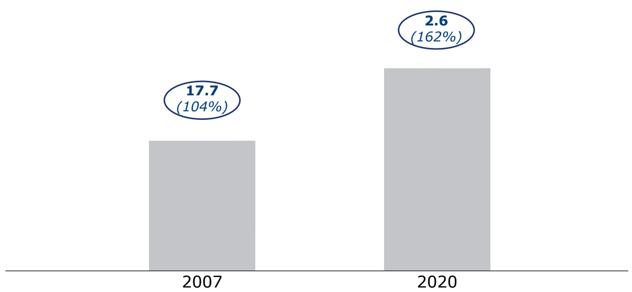
Usa / Euro Area / China

(2007-2020; € Trillion)



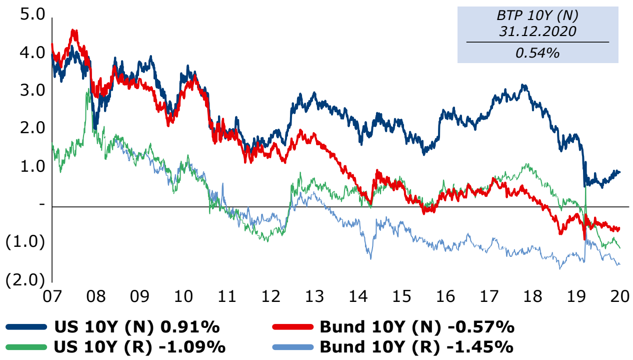
Italy

(2007-2020; € Trillion)



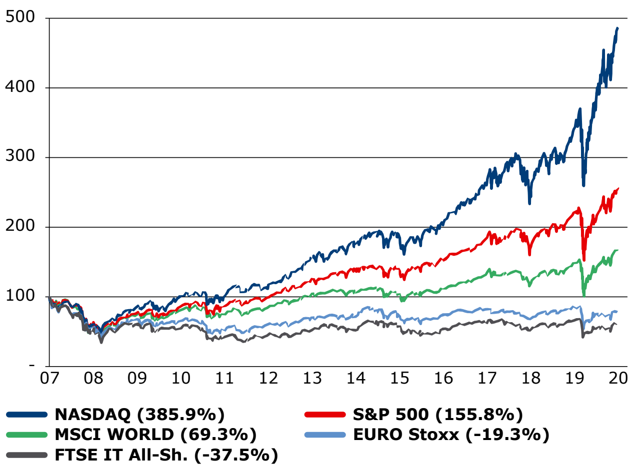
(Source: Bloomberg 31.12.2020)

10-year interest rates in the US, Germany and Europe in general have been steadily decreasing since 2007, with real values (net of inflation) now significantly negative. With the same stock of debt, there has in fact been a steady decrease in the cost of debt servicing over the years, which is now substantially lower than in previous years.



(Source: Bloomberg 31.12.2020)

Driven by the expansionary policies implemented by governments in recent years and the post-Lehman crisis economic recovery that has characterised many of the major mature and emerging economies, the main global stock market indices have recorded sustained growth, despite the fact that major financial and economic crises occurred between 2007 and 2020 (Lehman, sovereign debt in some European countries, COVID-19). In particular, the NASDAQ has recorded very significant growth rates over the last period, with an appreciation of almost 400% over the period 2007-2020. Europe, and Italy in particular, is struggling to return to the levels of capitalisation seen at the end of 2007.



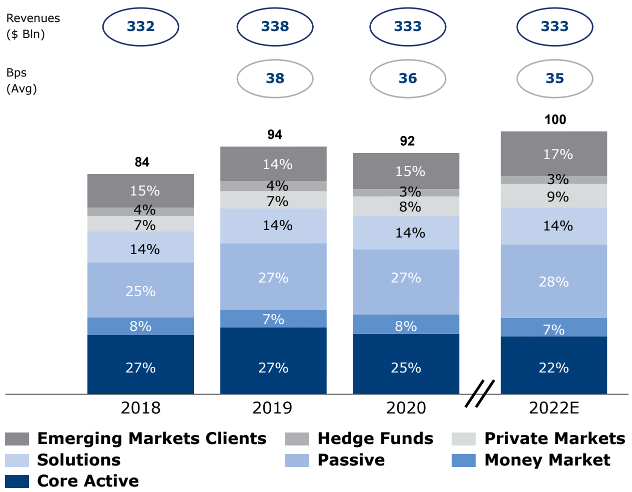
(Source: Bloomberg 31.12.2020)

Economic and financial expectations for 2021 are strongly impacted by the forecasts of exit from the health crisis resulting from the spread of COVID-19. In this respect, the effectiveness of the vaccination plans that governments manage to put in place will play a crucial role. National and supra-national plans to support economic growth through borrowing will also continue in an attempt to revive the economy. Such expansionary policies could lead, among other things, to the maintenance of a macroeconomic framework characterised by "controlled" interest rates and an increase in financial market volatility.

Asset Management Segment

Globally, the Asset Management industry is expected to reach $100 trillion in assets under management by 2022, with revenues of approximately $333 billion. At the product level, we expect a reduction in the weight of Core Active strategies (from 27% in 2018 to 22% in 2022) and a parallel growth in Passive (28% vs 25%) and Private Markets (9% vs 7%). The expected growth in Emerging Markets Clients is also significant (from 15% in 2018 to 17% in 2022).

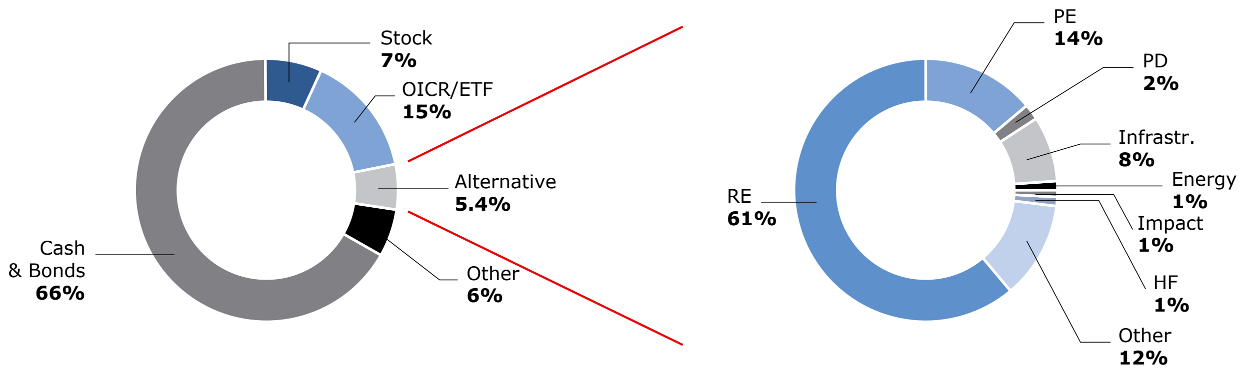
Global AUM ($ Trillion)



(Source: Morgan Stanley & Oliver Wyman - Global Asset Managers Report 2020)

In the Italian context, institutional investors' assets are mainly concentrated in monetary and bond products (66%); OICR units account for 14%, equities 7%, while FIAs account for 5.4% of the total asset allocation. In terms of FIA investments alone, real estate accounts for over 60%, private equity and private debt for 16% and infrastructure for 8%.

Italian Institutional Investors Asset Allocation **Italian Asset Allocation in AIF**



(Source: Social Security Itineraries - 7th Report Institutional Investors)

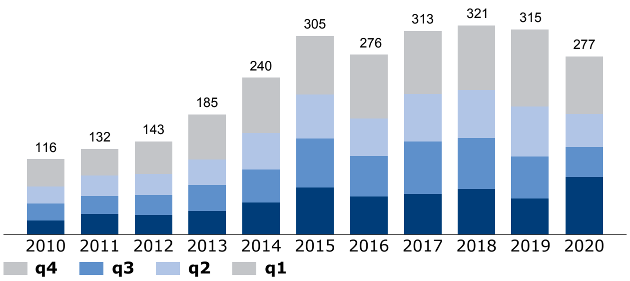
In a world of limited fixed income returns and increasing market volatility, the need for investors to seek structured solutions to manage their exposure to an optimised range of investments consistent with their risk-return objectives is driving the expected growth of the asset management industry over the coming years. Within this, Alternative Asset Management, also in Italy, is assuming an increasingly central role, offering investors new opportunities for diversification and return through its main asset classes.

Alternative Asset Management – Real Estate

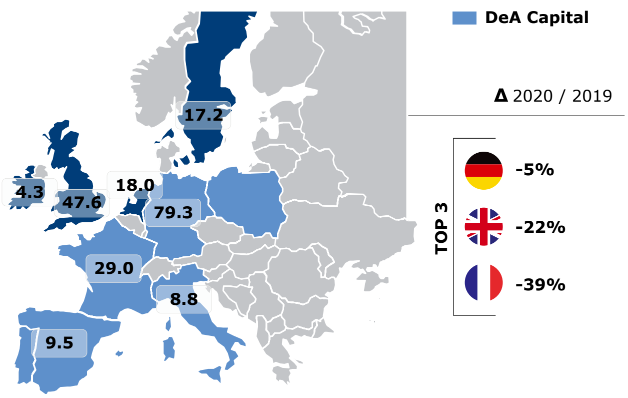
Commercial real estate investment in Europe amounted to €91.3bn in Q4 2020, with a total of €276.6bn recorded for the year. Although volumes invested are down on 2019, performance is better than initially expected with a return to pre-COVID volumes expected by 2022.

The three most active European countries in terms of investments were Germany, Great Britain and France, accounting for about 60% of the total investments registered:
- Germany, with €79.3bn in sales, remained the largest market, although it fell by 5% YoY;
- Great Britain, although volumes remained strong, recorded a 22% YoY decline to around €48bn;
- France, with a total transacted volume of around €29 billion, recorded a 39% YoY decrease.

Commercial RE Investments Evolution in Europe (€/Bln)



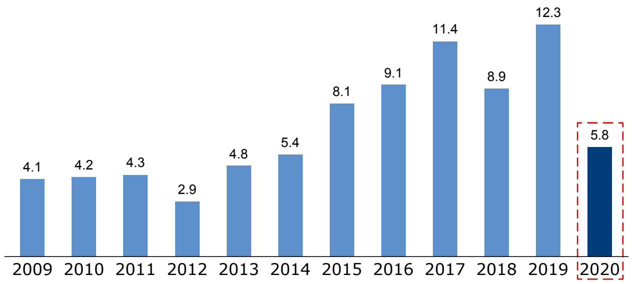
Real Estate Market in Europe



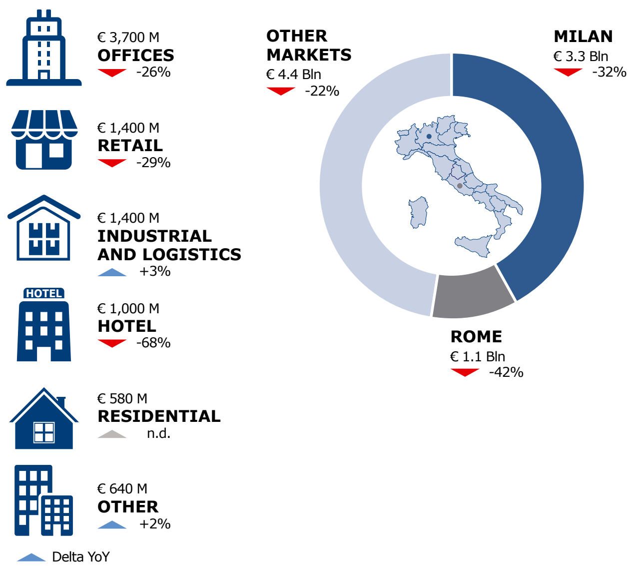
(Source: CBRE - European Investment Market Snapshot - FY 2020)

In Italy, the volume of investments for the whole of 2020 is estimated at around €8.8bn, down from the record values of 2019 but essentially at the same levels recorded in 2018. Investors' focus remained on core products, particularly in the office segment, which continued to be the segment with the highest investments. Despite the large amount of liquidity available, the uncertainty surrounding the pandemic limited the use of leverage for value-added transactions. In the retail segment, investors' cautious attitude was confirmed despite the recovery in retail sales since the end of the March/April 2020 lockdown. Good performance for logistics, financed mainly by foreign capital. Finally, significant transactions were also recorded in the residential segment where, despite the lack of product, investor interest and demand remained high, driven by the perceived security of this asset class in an uncertain environment.

Commercial RE Investments Evolution in Italy
(€/Bln)



Real Estate Market in Italy

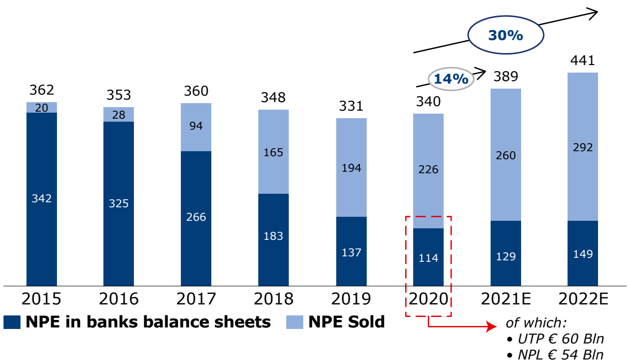


(Source: CBRE - Press release of 2.2.2021)

Alternative Asset Management – Credit

From the record stock of Non Performing Exposures ("NPE") reached in 2015 (over €340bn), banks have progressively made a series of divestments to arrive in 2020 at a stock of around €115bn of which €60b of UTP and €54b of NPLs. The positions sold were essentially taken over by specialised operators (AMCO, Quaestio, Banca IFIS, Fortress, etc.) and were also finalised with the support of the GACS Guarantee (a state guarantee on the securitisation of non-performing loans, aimed at facilitating the release of these loans from the banks' balance sheets).

Italian NPE Stock



(Source: Banca IFIS - NPL Transaction Market and Servicing Industry - January 2021)

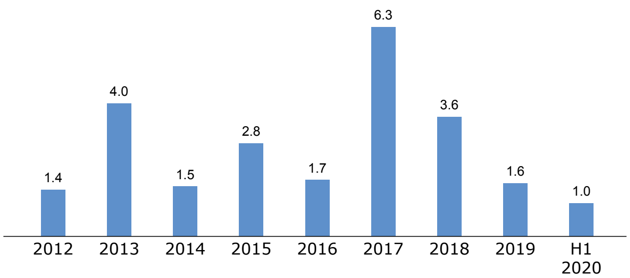
In the early months of 2020, due to the spread of COVID-19 and uncertainty over the duration of the health emergency, investors largely adopted a wait-and-see approach, resulting in a declining market. Following the lockdown period in March/April, the market nevertheless rebounded strongly, with an acceleration starting in June and July. Overall, more than €30bn worth of deals were completed in 2020, in line with expectations.

The emergence of COVID-19 suggests a pick-up in new bank NPE flows in the coming years, with estimates of up to €150bn in 2022 for loans on bank balance sheets, rising to more than €440bn if transferred NPLs and UTPs are also considered.

Alternative Asset Management – Private Equity

In the first six months of 2020, funding in the private equity and venture capital market amounted to €960M, more than double the €435M of the first half of the previous year, although lower than the funding figures for the first six months of 2018 and 2017 of €1,850M and €1,195M respectively. The capital raised comes mainly from insurance companies (43%), pension funds and provident funds (18%), the public sector (16%) and individual investors / Family Office (14%).

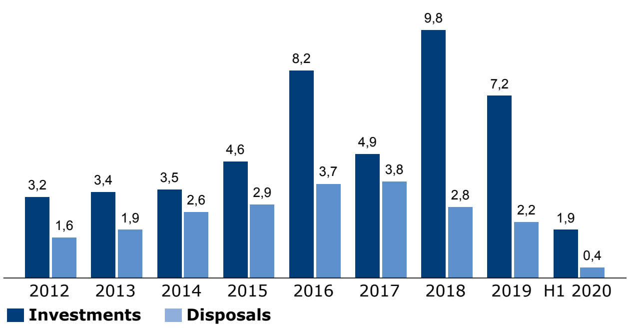
Fundraising (€/Bln)



(Source: AIFI - The Italian Private Equity and Venture Capital market H1 2020)

In the first half of 2020, the amount of disinvested holdings was €0.4bn, with investments of €1.9bn. The number of exits was 30, down from 66 in the first half of 2019. The most popular channel for divestments, in terms of volume, was the sale to another private equity firm (71%).

Investments and disposals (€/Bln)



(Source: AIFI - The Italian Private Equity and Venture Capital market H1 2020)