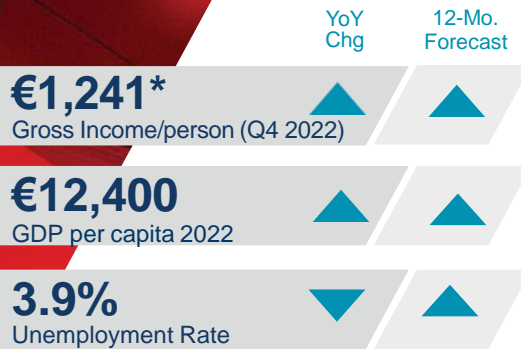


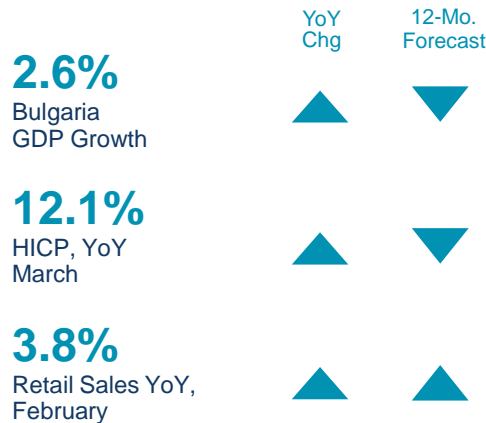
BULGARIA

Retail Q1 2023



Source: National Statistical Institute
* Gross household income per person

BULGARIAN ECONOMIC INDICATORS Q4 2022



Source: National Statistical Institute

ECONOMY: Anaemic increase

Bulgaria's economy expanded by 3.4% in 2022, in line the EU average. Analysts predict that growth would decelerate in 2023, while staying ahead of the economic block. The slower rate of expansion would reflect softening domestic demand as inflation erodes purchasing power. Importantly, demand is helped by a strong labor market. Employment and the unemployment rate last year were second best since 2009 and 2003, respectively. Forecasts reflect demographic trends more so than changes in demand. Another positive note is that deflated retail sales grew throughout 2022 and this far into 2023 Bulgaria stands fourth among only 10 countries in the EU reporting growth. A favorable circumstance is that the currency board (pegged the Euro) eliminated the impact of exchange rate fluctuations on consumer prices.

SUPPLY AND DEMAND: Discount retailers and retail parks in expansion

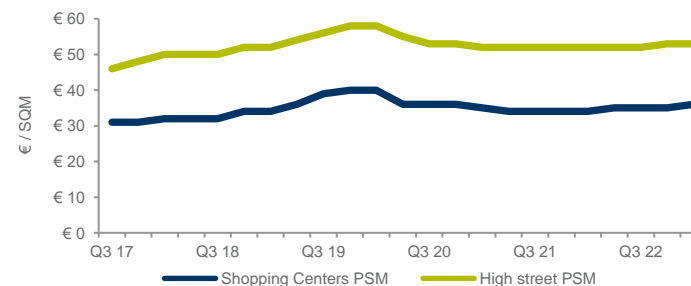
The rapid development of retail parks continued throughout the first quarter of 2023, as 9,000 sqm of new space opened nationwide. The existing retail parks of more than 5,000 sqm provide over 360,000 sqm, while the two-year estimated pipeline amounts to additional 240,000 sqm. Discount retailers, affordable clothing brands, sports stores and pet shops dominated the market in Q1, mainly expanding in retail parks. Overall, retail parks are becoming a standard retail concept and an excellent solution for retailers requiring more space to enter smaller cities.

Unlike retail parks, no new mall openings or expansions are planned for 2023. With retailers and projects already relatively established, the low rates of vacancy across the market have limited the space for tenants and the dynamics are low. Specifically, international fashion retailers are revising their concepts and are optimizing their space along with an omnichannel strategy. FMCG brands continue their expansion, focusing on small supermarkets and convenience stores with an area of around 100 sqm.

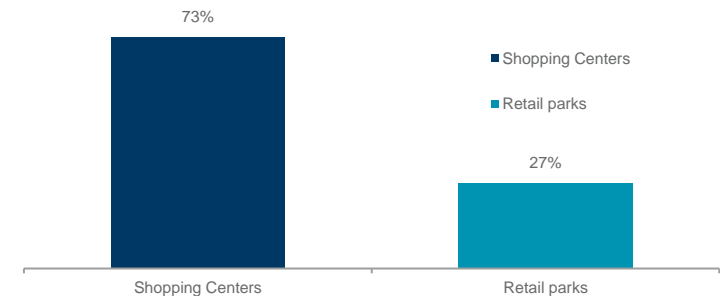
PRICING: Rising rents

Asking rents in retail space in Sofia's shopping centers posted a steady increase of 3% in the last quarter. At 36 euros/sqm, the prime rents reflect the stable demand of occupiers and inflation. The prime yields in Sofia didn't register significant change during the first quarter of the year, remaining at 7.5%.

PRIME RENTS SOFIA



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 36	7.50%
Plovdiv	75,700	57,800	€ 24	8.00%
Varna	122,000	-	€ 25	8.00%
Burgas	62,500	-	€ 21	8.00%

KEY OPENINGS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Retail Park Sliven	Sliven	Tedi	775	New lease
Retail Park Kardzali	Kardzali	Pepco	550	New lease
Billa Harmanli	Harmanli	Lilly	260	New lease
Jumbo Plaza	Sofia	English Home	300	New lease
Stand alone	Pazardjik	T-Market	1100	New lease
Plovdiv Plaza	Plovdiv	Ciela	400	New lease
Galleria Burgas	Burgas	Teodor	330	New lease
Burgas Plaza	Burgas	Sinsay	980	New lease
Grand Mall Varna	Varna	Hugo Boss	190	New lease
The Mall	Sofia	Sinsay	1680	Expansion

*Renewals not included in leasing statistics

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