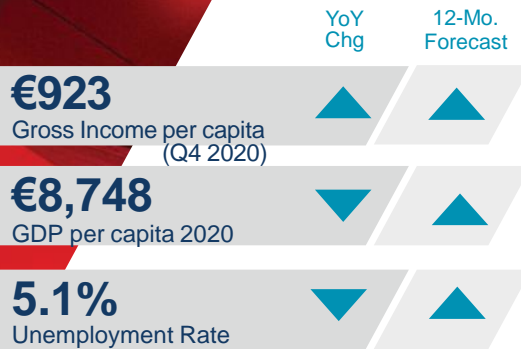


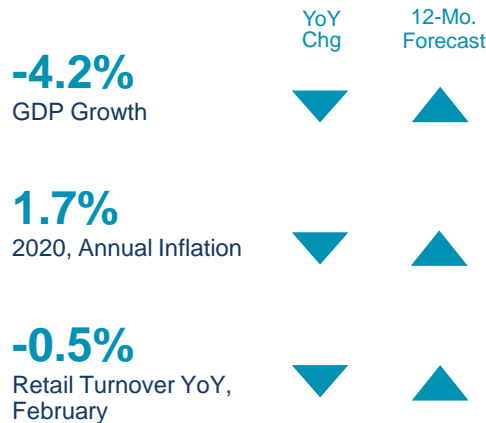
BULGARIA

Retail Q1 2021



Source: National Statistical Institute

BULGARIAN ECONOMIC INDICATORS 2020



Source: National Statistical Institute

ECONOMY: Downward trend continues

The Bulgarian economy experienced noticeable decline by 4.2% in 2020, affected by the coronavirus spread and the containment measures. The lockdown periods left many shops closed for months, having a negative impact on the business of shopping centers and retailers. Despite the wage support schemes, household incomes posted only a symbolic increase in the last quarter of 2020, while retail sales continue to fall. However, slight improvement is likely to start with the expected economic upturn in the second half of 2021.

SUPPLY AND DEMAND: Increasing

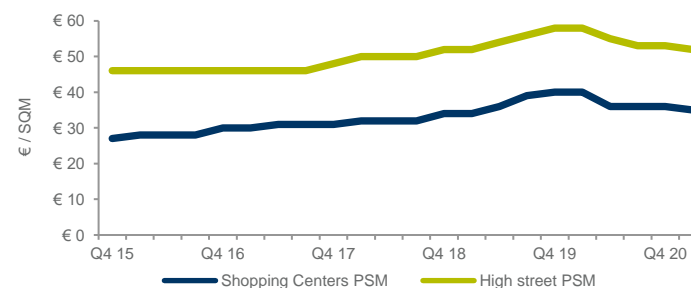
The uncertain environment caused by the lockdowns badly affected sales and expansion plans of many occupiers in the non-essential retail. The first quarter of 2021 registered moderate activity in terms of new stores, with roughly 8,200 sqm openings in shopping centers countrywide. The most active tenants remain FMCG, sport goods, drugstores and discount stores. As part of their global strategies, some brands rely on new formats and locations. Such example is the big-box sports retailer Decathlon, which added a small-size store in the center of Sofia to its network. Similarly, as part of its global strategy, IKEA is ready with its third order and collection point in Bulgaria. The store will operate on 1,200 sqm in Mall of Sofia. In general, the convenient retail is on the rise, driven by the increasing number of customers who appreciate the proximity and time saving options. Many of these stores are serving as click-and-collect point, especially in lockdown periods.

On the supply side, retail parks remain in the focus of developers, with 31,800 sqm under construction countrywide. As at the beginning of 2021, the total stock in this segment amounts at 179,363 sqm, concentrated in Sofia and Plovdiv. Smaller projects are in development phase in regional cities. Retail parks gain ground among actively expanding tenants and are considered as good and cost effective opportunity for market entry in regional cities.

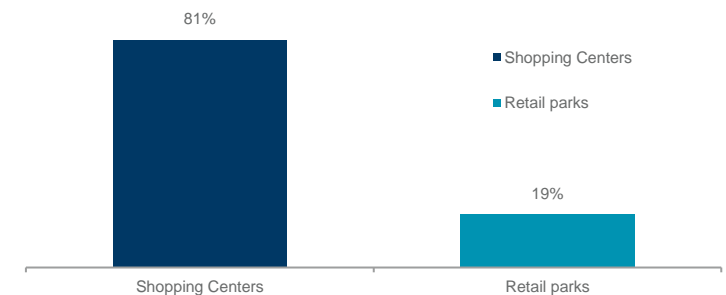
PRICING: Under pressure

The asking rents in shopping centers remain under pressure, posting slight decrease in the first quarter of 2021. The prime levels in Sofia projects declined to 35 euro/sqm, with prospect to decline further. The vacancy rate remains stable at 7% on average. Rents in the retail parks are stable at 8-10 euro/sqm in Sofia and 7-9 euro/sqm in the regional cities.

PRIME RENT SOFIA



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE*	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 35	7.50%
Plovdiv	75,700	-	€ 25	8.00%
Varna	122,000	-	€ 26	8.00%
Burgas	62,500	-	€ 22	8.00%

*Only projects with building permit included

KEY OPENINGS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
The Mall	Sofia	Za-za	110	New lease
Sofia Ring Mall	Sofia	Peek & Cloppenburg	3,000	New lease
Mall of Sofia	Sofia	Bershka	770	New lease
Serdika Center	Sofia	Zlatna ribka	68	New lease
Serdika Center	Sofia	Next kids	140	New lease
Bulgaria Mall	Sofia	Pepco	556	New lease
High street location	Sofia	Decathlon	639	New lease
Retail park Dupnitsa	Dupnitsa	KiK	575	New lease

*Renewals not included in leasing statistics

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