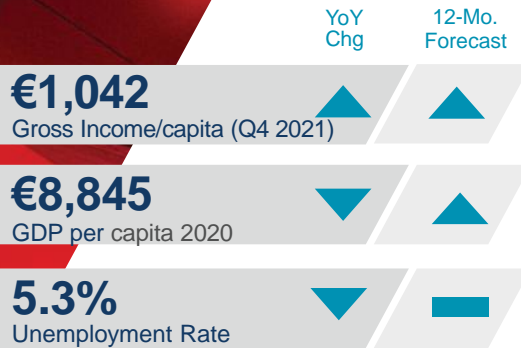


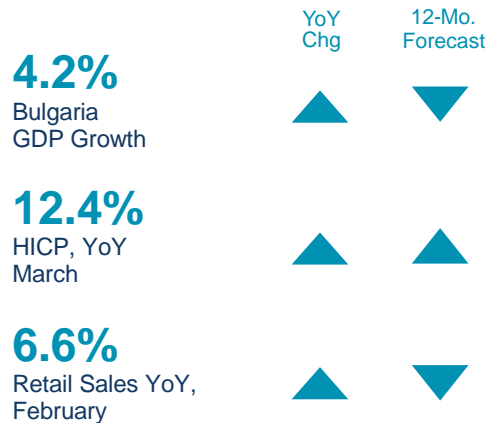
BULGARIA

Retail Q1 2022



Source: National Statistical Institute

BULGARIAN ECONOMIC INDICATORS 2021



Source: National Statistical Institute

ECONOMY: Modest growth prospects

The GDP growth of Bulgaria surpassed the forecasts, reaching 4.2% in 2021. The positive trend was underpinned by higher-than-expected increase in consumption and improving business activity. The war in Ukraine changed the economic outlook for 2022, due to supply chain disruptions, as well as increasing prices of energy and raw materials. According to the Spring forecast of the Ministry of Finance GDP will increase by 2.6% in 2022 and by 2.8% in 2023. Inflation, that rose by 12.4% y-o-y in March, will continue to accelerate and the average annual rate is expected to exceed 10%. This will affect private consumption and income growth, while unemployment is forecast to gradually decline.

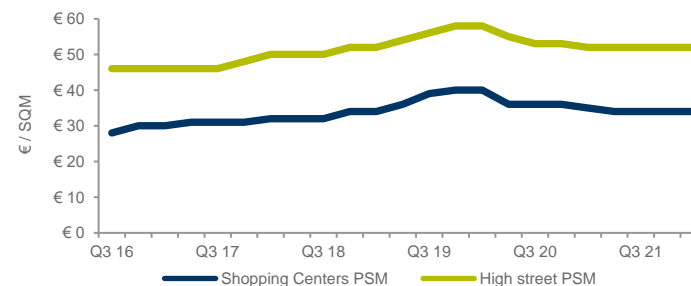
SUPPLY AND DEMAND: Retail parks in focus

The retail property market kept stable performance in the first quarter of 2022, with the big-box segment and retail parks in focus. The main drivers are FMCG, drugstores and sports retailers which continue their expansion in Sofia and the regional cities. Discount stores and budget clothing brands, that entered the market in the recent years, are also adding new stores. On the supply side, the market is driven by retail parks, with total amount of these projects at 219,000 sqm countrywide as of the beginning of 2022. Another 153,000 sqm are under construction or in planning phase. Although still emerging, this market segment is witnessing early signs of consolidation. Some of the big players develop their own portfolios of projects, while others rely on acquisitions. With 815,000 sqm stock countrywide, the shopping center segment didn't see any new completions over the last few years. However, the announced start of NEPI Rockcastle's large development in Plovdiv will change the competitive landscape in the city. For the time being, the lack of new shopping center supply results in low volume of new openings. The vacancy rate in Sofia is also stable at 5.6% as of the first quarter of 2022.

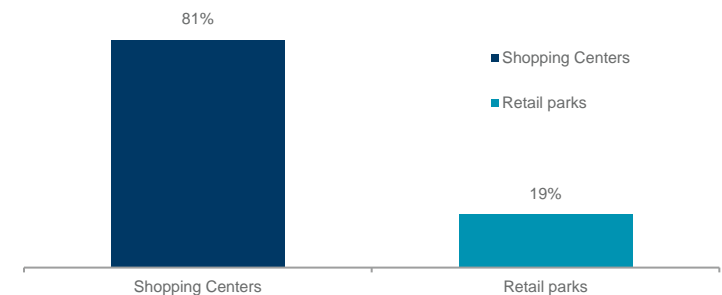
PRICING: Stable rents

Prime asking rents in shopping centers in Sofia remained stable at 34 euro/sqm, while in retail parks they moderately increased to 10 euro/sqm/month. Levels in retail parks in regional cities remained between 7-9 euro/sqm/month. The prime shopping center yield was unchanged 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	-	€ 34	7.50%
Plovdiv	75,700	57,800	€ 24	8.00%
Varna	122,000	-	€ 25	8.00%
Burgas	62,500	-	€ 21	8.00%

*Only projects with building permit included

KEY OPENINGS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
VIA Park	Plovdiv	KiK Design	1,476	New lease
Bulgaria Mall	Sofia	Robert James Whiskey	160	New lease
Serdika Center	Sofia	Samsung	85	New lease
The Mall	Sofia	Inbet	362	New lease
The Mall	Sofia	Ikigai	232	New lease
Park Center	Sofia	Giotto	85	New lease
Delta Planet	Varna	Beriozka	130	New lease
Mall Rouse	Ruse	Flair	200	New lease

*Renewals not included in leasing statistics

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