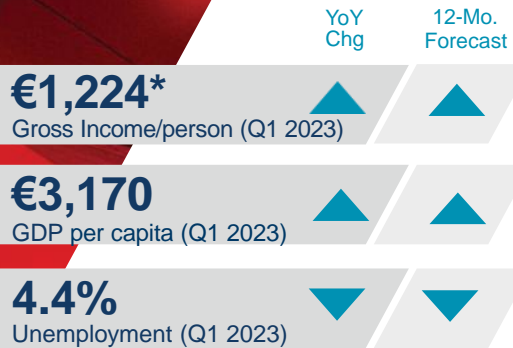


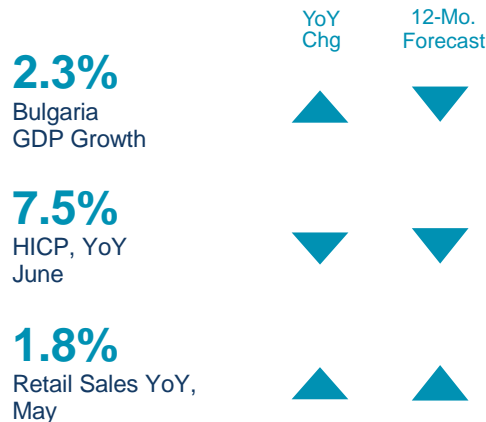
BULGARIA

Retail Q2 2023



Source: National Statistical Institute
* Gross household income per person

BULGARIAN ECONOMIC INDICATORS Q1 2023



Source: National Statistical Institute

ECONOMY: On positive trajectory

All things considered, halfway through 2023, Bulgaria's economy is doing quite well. Inflation, a huge problem for most CEE countries, has receded back to single digits (7.5% in June) and was just above the average for the Eurozone (5.5% in June). The main economic indicators for the first quarter were all positive. The number of unemployed dropped 6% y/y and the employed edged up both nationally and in the capital Sofia. GDP grew by 2.3% y/y, or more than twice as fast as the EU average. Importantly, as of May, 2023, the consumer confidence index stood at its highest in two years and the index of retail trade (at constant prices) indicated sales expansion in all but one (April) of the first five months of 2023.

SUPPLY AND DEMAND: Aggressive retail park expansion

Between shopping centers, outlet centers and retail parks, development activity this year was underway only in the latter format. Two retail parks were completed in the quarter, adding some 35,000 sqm GLA to total retail stock. Demand was driven by the expanding business of discount retailers, affordable clothing brands, and sports stores. These formats benefit from growing household purchasing power, helped by relatively generous government wage and pension policies.

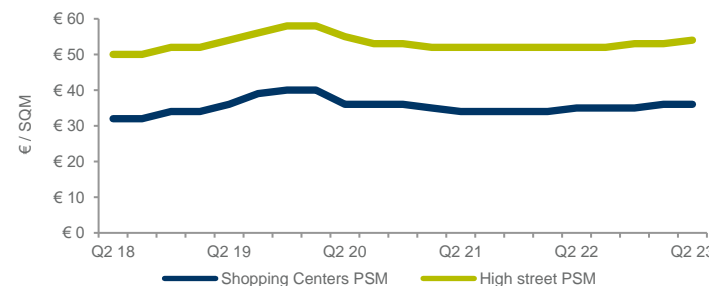
Lease activity in the quarter was good. The total volume of new leases approached 60,000 sqm, over 60% of which was provided by new retail parks and 34% by existing shopping centers. Vacancy rates in shopping centers narrowed somewhat, despite optimization measures of fashion retailers.

In the near-term, overall lease activity is expected to remain solid. It would be driven mainly by retail parks, with at least six such facilities set to open by the end of the year. This would add another 60,000 sqm GLA to total retail stock. Looking further ahead, the retail park pipeline remains robust with additional 180,000 sqm GLA in the making. On the shopping center side, activity would be limited entirely to the existing stock as the construction of mall Promenada in Plovdiv – the sole new project on the market – has not commenced yet.

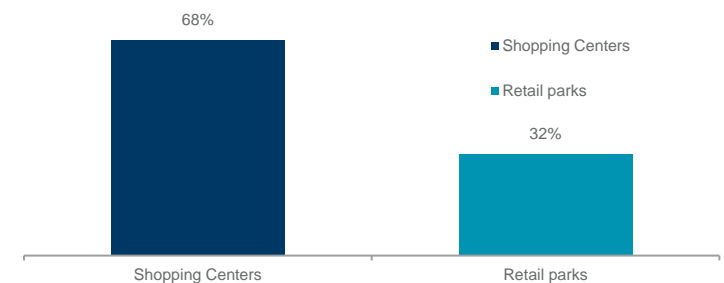
PRICING: All quiet

Asking rents in retail space in Sofia's shopping centers remained stable at 36 euros/sqm with upward potential going forward due to narrowing vacancy. Prime yields in Sofia stood 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	-	€ 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 Q2 2023

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Holiday Park Pernik	Pernik	Praktiker	10,120	New lease
Paradise Center	Sofia	Sinsay	3,534	New lease
Holiday Park Pazardjik	Pazardjik	LC Waikiki	1,700	New lease
Park Mall Stara Zagora	Stara Zagora	Tedi	830	New lease
Kardzhali Retail Park	Kardzhali	Arena	681	New lease
Mega Mall	Sofia	Número Uno	365	New lease
Markovo Tepe	Plovdiv	District Shoes	234	New lease
Galleria Burgas	Burgas	Hristo Stoichkov	144	New lease
Delta Planet Varna	Varna	Geox	230	New lease
The Mall	Sofia	Ozon	116	New lease

*Renewals not included in leasing statistics

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