

2021



digital smart dynamic
innovativeSofia



invest
Sofia

SOFIA **BUSINESS GUIDE**



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YORDANKA FANDAKOVA

Mayor of Sofia

Sofia's economy continues to develop more dynamically, compared to the other cities in the country, with the capital maintaining its competitiveness during the pandemic years. Preserving the municipality's financial stability was our most crucial task during the pandemic, along with tackling the challenges in the healthcare and welfare sector.

Sofia has the highest credit rating in Bulgaria – a stable-outlook BBB. In late 2021 we passed a decision to make Sofia the first Municipality entered in the state finance system (the Electronic Budget Payments System (SEBRA), with the bulk of Municipality's funds being deposited with Bulgarian National Bank, a guarantee for stability and transparency.

Sofia keeps attracting young, educated people. Out capital (Sofia-City Region) is the only one, according to the 2021 official census, to increase its population vis-à-vis 2011 by 189 000, or 14,7%. The combination of educated, talented people and a good business environment continues to underlie Sofia's competitive advantages in attracting tech companies.

Ecology, air purity, transportation, education and digitalization are leading sectors for the city's development and are key for all projects we work on. Providing environmentally friendly transport is key to improving air quality in Sofia. Development of the metro system is a personal priority for me, this year we continued the metro expansion with a further 3 km, having constructed and launched into operation the first 12 km. of Line III.

Sofia Municipality creates favourable conditions for business development. Last year, amid crisis conditions, we supported small and medium businesses by introducing alleviations, owing to which over BGN 7.5 mil. were saved by the companies.

In recent years Sofia has enjoyed a strongly developed technology and enterprise ecosystem. It covers the output of 88% of the ICT sector, according to industry data. Trade continues to hold the largest share in the city's value added followed by ICT and services. In 2020 ICT contributed 22% of the value added in Sofia's economy. Significant recovery has been observed in the digital domain in H2 of 2021, including restored interest of foreign companies in our capital.

At my initiative, Sofia Municipality set up various financial instruments to support innovative start-up companies.

Last year Sofia became part of the European infrastructure connected to supercomputers, at the same time, development of the ground-breaking (for Bulgaria) Excellence Centre in the domain of ICT got underway, in collaboration with Sofia University and the academia. That combination of new technology, science and business provides opportunities to develop a knowledge-based economy, create innovations, and attract investments to the capital.

All of this positions Sofia among the cities, which develop new technology and create opportunities, its potential continuing to attract smart and talented young people.



GENCHO KEREZOV

Deputy Mayor of Sofia for Digitalisation,
Innovation and Economic Development

Sofia is developing before our very eyes at an unprecedented rate. This brings about a responsibility for the Municipality to adapt in a timely manner by elaborating and implementing solutions, which in most cases even pre-empt the opportunities of today, so that we may be a fully-fledged governance body tomorrow.

During a tense 2021 we managed to transform Sofia into Europe's first city with taxonomic analysis. Sofia is probably the first city in Central and Eastern Europe to open that chapter. We have already awarded the making of the analysis of the Municipality's investment projects, we want to see both a part of the pilot projects underway and new projects analysed from the taxonomy perspective. The analysis will provide an assessment as to how those investments in the city will affect the environment, the welfare factors, and good governance. It is crucial to embed this framework of thinking as early as possible in order to create sustainable cities of the future going forward. In less than a year Sofia successfully integrated a new system for application for and enrolment in kindergarten and 1st school year and a system for online change of address registration, both systems enjoyed enormous success. What matters is that we set up a work pattern, which successfully fuses the technological know-how of companies with the direction of Sofia Municipality, and the feedback we are receiving from the citizenry, because this is the only way for the city-provided services to be truly functional, up-to-date, and at the end of the day – widely used. Thus, we are successfully strengthening the digitalization framework for the administration, as stipulated in the Digital Transformation Strategy.

Sofia is exactly as strong as its internal and external partners are. Therefore, last year we managed to set up numerous key new partnerships and solidify existing ones, thus gradually asserting Sofia on the European and global maps as a genuine and leading innovations hub. It is an exceptional honour, as well as responsibility, that our city is pushing upwards in all rankings owing to joint efforts, thus becoming increasingly recognizable on the global stage – in terms of both specific innovative know-how and governance solutions, which inspire other European cities to also apply them in the course of their development. I believe it is precisely this ability to transfer skills and solutions - both domestically to other cities in our country, and externally – to Europe and beyond – that is exceptionally useful in solidifying partnership relations and maintaining the European Union's principles of unity and cooperation. It is our duty to emerge from the global crisis more connected, reasonable, proactive, and better than ever.



Dr. Maria Popova – Hristova

Senior Executive Director of Sofia Municipal Privatization & Investment Agency (Invest Sofia)

Urbanization continues at a rapid pace. Two-thirds of the world's population is expected to live in urban areas by 2050. Sofia is the 14th largest city in Europe and together with other urban areas on the continent and around the world competes for sustainable development, higher living standards, more jobs, more talents, and a healthy urban environment.

A strong economy is the foundation of a well-run city of the future. That is why in our daily work we are focused on bringing our city closer to more widely shared prosperity - by attracting more business and investment, strengthening key sectors, supporting entrepreneurs and business owners in the capital, who represent the heart and soul of the local labour market. We know that stimulating sustainable economic growth will bring more jobs, higher incomes, a higher standard of living, a healthier, more sustainable and inclusive urban environment, and will further strengthen the competitiveness of the city.

Sofia has all the necessary potential to continue to develop as a modern and green European capital. It is no coincidence that the city ranked 19th among 76 cities in the "Technology Cities of the Future 2021" by fDi Magazine and TNW, and 93 of the TOP100 software companies in Bulgaria are headquartered in Sofia, according to CBN - Pannoff, Stoytcheff & Co.

The city is the leading economy in the country and contributes 43% of Bulgaria's GDP. The capital focuses on Information Technology - the fastest growing and least affected by the crisis industry in Bulgaria, which granted the city less impact and faster recovery from the economic crisis. Sofia is an undisputed leader in terms of investment activity. The largest number of non-financial companies per 1,000 people work here. The attracted foreign direct investments are significantly higher than the country's average. The city also leads in the number of students, and over 40,000 future graduates and more than 30,000 students in 8th-grade study STEM classes or the so-called professions of the future.

In the last year, Sofia has taken important steps in the digitalization of administrative services, encouraging citizen participation in topics related to the life in and the development of the city, opening the city government towards innovative solutions developed locally by the Sofia-based companies, in cooperating with scientific ecosystem and academia, in infrastructure and many

more key areas related to the prosperity of the city. We are happy that we have launched Sofia IS - the first city initiative in Bulgaria to unite the local administration and companies from the city to provide integrated services for investor inquiries and free assistance that covers every stage of setting up a business in Sofia.

Not only the rankings but also the development of local companies and the investment environment proved the continuing growth of Sofia. Logistics, business process management, automotive software, autonomous aircraft, fintech, e-commerce, pharma and manufacturing are some of the sectors in which Sofia-based companies have attracted the attention with their success stories. Foreign markets expansion, investments from local and foreign funds, international awards, inclusion in the rankings, existing units expansion prove the long-term intentions of investors in the city.

The dynamic development of the city of Sofia must continue. We believe that many success stories are to come in the coming months from sectors such as Biotech, AI, Robotics, Fintech, Automotive and Aerospace, Manufacturing, Creative Industries, and many more. Sofia is the place where the first ever Bulgarian unicorn grew up. The fintech startup Payhawk and its all-in-one financial software to control company spend, raised at a valuation of \$1 billion.

Therefore, in 2022 we'll stay focused on attracting new investors, providing a stable environment for the local companies, strengthening key sectors, and supporting an inclusive city-to-business attitude. We believe business and city leaders can work together in a number of key areas – long-term economic growth, sustainability and good quality of life in the city. In addition to what we've already started, we will strive to catch new productive collaboration between the city administration and the entrepreneurial ecosystem through direct cooperation, openness, long-term planning, incentives, and assistance for the continued stable development of our vibrant and beautiful city - Sofia.



SOFIA MUNICIPALITY DIGITALISATION, INNOVATION AND ECONOMIC DEVELOPMENT DEPARTMENT

The “Digitalisation, Innovation and Economic Development” department of Sofia Municipality was established in 2020 to support Sofia’s development as a smart, digital, innovative, and technologically advanced city.

The Department consolidates and guides all of the city’s digital and smart city projects and supports high-tech and R&D investors in Sofia. It focuses on increasing the number and quality of municipal e-services, open data and smart city projects implementation.



DIGITALISATION AND SMART CITIES: Supporting Sofia's development as a digital and smart city. Ensuring high quality of life for citizens and the creation of new business opportunities.



INNOVATION: Turning Sofia into a platform for innovation and the development and adoption of new digital services and smart solutions.



THE CITY AS MARKET CREATOR: Turning Sofia into a market for digital products and services created by Sofia-based companies. Identifying or creating markets for digital services at local, national or global levels, and facilitating the access to these markets.



E-SERVICES: Increasing the number and quality of municipal e-services. Reducing the administrative burden and optimising administrative processes.



COMMUNITY BUILDING: Engaging different stakeholder groups. Encouraging the participation of various local stakeholders (citizens, NGOs, businesses, academia) with the aims to facilitate the process of digitalization and development of Sofia as a modern and intelligent city.



FACILITATING CONTACTS: Facilitating contacts and networks with potential international and local partners, public authorities, research and educational institutions.



INFORMATION AND ANALYSES: Providing information and analyses on Sofia's digital and smart city development and economic environment.



Invest Sofia is the investment promotion and business development agency of Sofia. Our mission is to support local and foreign businesses in building their success story in Sofia. Invest Sofia is part of Sofia Municipality. Our services are free of charge.

- » Consultation relating to the requirements of local and national laws, business environment appraisal and the opportunities in a specified trade
- » Support in every stage of business setup – from the initial gathering of information, business climate analysis, provision of suitable contacts, and advice in the search for best staff and experts, support in the selection of location for office/manufacturing base, etc..
- » Sofia Municipality incentivizes, via Sofia Investment Agency, foreign and local investors through Class “C” certification program
- » We provide reports, stats, and analyses regarding the business climate in Sofia
- » We support public-private partnerships
- » We assist in the financing of start-ups in priority industries
- » We offer tailored services
- » We assist and support ecosystem developing partnerships
- » We assist in the financing of start-ups by EU funds, by municipal funds, and all other alternative public-private support interactions
- » We assist in fast-tracked administrative procedures
- » We offer the opportunity of municipal land purchase without tender for the investors holding a Class “C” certificate
- » We assist in legal advice
- » We offer advice in the labour market and human resources
- » We offer advice for real properties for office, commercial, and industrial purposes
- » We improve the development of collaboration among the administration, businesses, and academia

CURRENCY:	•	EUR 1 = BGN 1.9558 fixed exchange rate Bulgarian National Bank
GDP:	•	BGN 132.7 billion National Statistical Institute (2021)
GDP PER CAPITA:	•	BGN 17 299 National Statistical Institute (2020)
GDP ANNUAL GROWTH:	•	9.9% National Statistical Institute (2020)
SOFIA'S SHARE OF THE NATIONAL GDP:	•	40% Sofia Investment and Economic Profile, 2020
GDP SOFIA:	•	BGN 51.3 billion National Statistical Institute (2020)
GDP PER CAPITA SOFIA:	•	BGN 38 891 National Statistical Institute (2020)
CORPORATE TAX:	•	10%
PERSONAL INCOME TAX:	•	10%
LEGATUM PROSPERITY INDEX:	•	48 out of 167 countries
INDEX OF ECONOMIC FREEDOM:	•	35 out of 180 countries Heritage Foundation (2021)
GLOBAL COMPETITIVENESS INDEX:	•	55 out of 132 countries World Economic Forum (2020)

In 2021 Sofia climbed up in the annual ranking of FDI Intelligence and the Financial Times group, Tech Cities of the Future 2021, which aims to take note of the development of the European cities offering the most promises perspective for start-up businesses and investment in technology and innovations. The survey takes in data from 76 European cities and appraises the investment opportunities, availability of qualified workforce, and infrastructure development.

Why Sofia?

HERE ARE 10 GREAT REASONS TO START AND GROW YOUR BUSINESS IN SOFIA



REGIONAL TALENT HUB



Over **57%** of the population has a **university degree**



Highly-skilled work force



5% of the professionals are employed in the **creative industries** sector



Over **50 000** people employed in the **IT sector**



43 000 people employed in the **BPO n SSC** sector, working in over 30 languages



23 universities, **100 000+** university students, **63** research centres, **30+** independent IT schools



High level of language fluency in English, German, Spanish and French



LOW CURRENCY RISK

The Bulgarian lev (BGN) is pegged to the Euro. Investors will avoid additional risk of local currency exchange rate fluctuations, present in other non-Eurozone countries.



COMPETITIVE BUSINESS COSTS

The lowest overall labor cost per hour in the EU. Low office space costs - 15 €/m² average price for Class A. One of the lowest industrial energy prices in the EU.



GLOBAL R&D ICT LEADERS ARE ALREADY IN SOFIA

Sofia is a regional ICT center with over 50 000 people employed in the ICT sector. Global leaders like SAP Labs, VMWare, IBM, CISCO, Bosch, Coca-Cola, Financial Times already operate large R&D centers employing, educating, and developing thousands of highly-qualified professionals.



STRATEGIC BUSINESS LOCATION

Use Sofia as your gateway into the market of Europe and Asia, while setting operations in a EU-member country, part of a 550-million consumer market.



BUSINESS-FRIENDLY TAX RATES

10% One of the lowest corporate taxes in the EU. The lowest personal income tax in the EU.



EU FUNDING OPPORTUNITIES

Companies registered in Bulgaria have access to EU funds on both national and EU level.



WELL-CONNECTED

One to three-hour flight to most EU capitals. Sofia - over 7 million passengers at Sofia Airport. Well-developed network of public transport, including 40 km of expanding underground metro.



EASY TO START AND GROW YOUR BUSINESS

- » Capital requirement of **1 Euro**
- » **2-3** business to register a company
- » **Low fees** to register a company



GREAT DIGITAL INFRASTRUCTURE

One of the highest average connection speeds in Europe with 46,22 Mbps speed according to the Worldwide Broadband Speed League Index.



SOFIA: AN OVERVIEW

Sofia is one of the oldest cities in Europe.

Sofia is the largest city, the centre of the legislative, executive and judiciary power in the country (National Assembly, Presidency, Council of Ministers and all Ministries), the financial, educational, cultural, business and commercial centre and the biggest city-economy in Bulgaria.

Sofia's population exceeds 1.4 million, 1.3 million with the surrounding region, over an area of 492m², making it the 15th largest city in the European Union. Sofia accounts for 40% of the nation's GDP and 1/3 of the country's export. Sixteen percent of the city's exports are produced by the growing ICT sector in the city.

Sofia has one of the most vibrant start-up and entrepreneurial ecosystems in Central and Eastern Europe. The capital available to local startups has played an instrumental role in positioning Sofia on the entrepreneurial map of Europe.

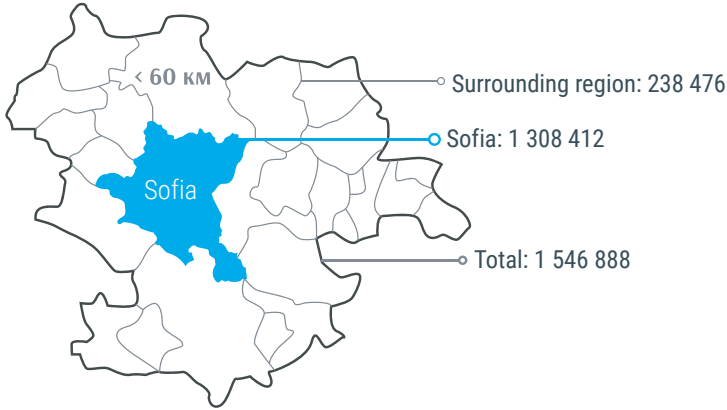
Sofia acts as a magnet for talent. Twenty-three of Bulgaria's 54 universities are located in Sofia, with over 100 000 students.

A developed transport infrastructure, with bus, tram and underground public transport, makes Sofia a well-connected city. Sofia Airport, the largest international airport in the country, is just 20 min. from downtown Sofia.

DEMOGRAPHICS

TOTAL POPULATION

Population of Sofia and the surrounding region



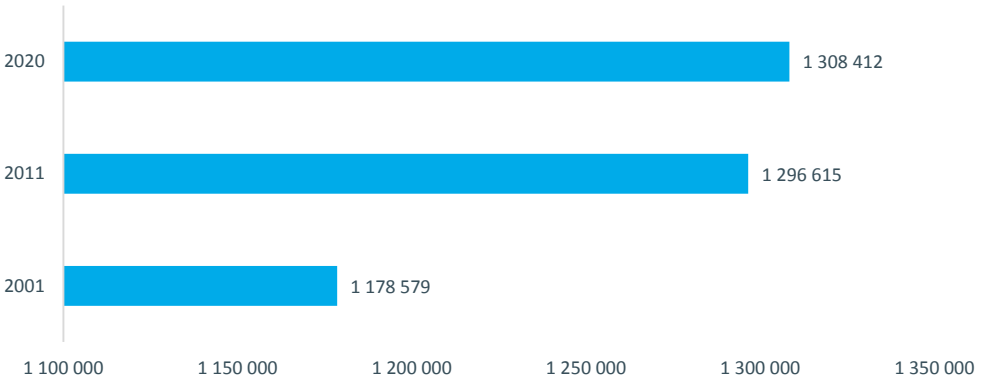
» Source: NSI, 2020

SOFIA'S HUMAN CAPITAL

Demographic development and specifics of Sofia

Compared to most of the other country's municipalities, Sofia features good demographic indicators. During the last twenty years the capital has gradually increased its population – from less than 1.2 mill. at the century's start to over 1 480 830 according to latest census data for 2021. The constant influx of young, active people is key to the capital's potential, supporting the development of the most dynamic industries.

Population of Sofia in 2001, 2011 and 2020



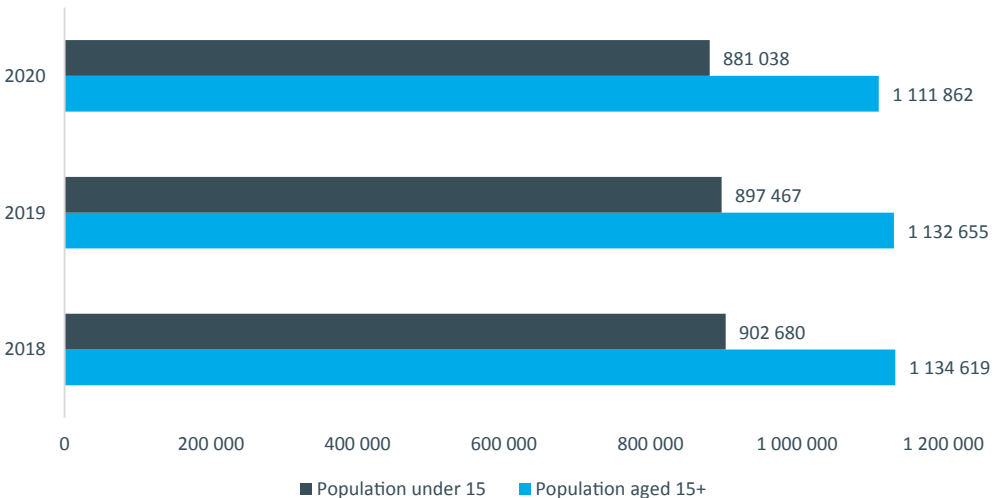
» » Source: NSI, 2020

LABOUR MARKET

Sofia is among the younger and slower aging areas in the country. In 2020 there were 117 persons aged >65 per 100 youngsters aged < 14. The workers-pensioners ratio is favourable: in 2020 there were 26 persons aged >65 per 100 persons aged 15 - 64. This in turn means that the workforce residing in the area of Sofia municipality will be less affected by the aging processes in the mid-term, especially when compared to areas with more pronounced negative demographic processes. What is also of significance is the migration's profile – Sofia is a destination for both tertiary education and for most experts in the domain of high tech, making it attractive primarily for young people.

Against the backdrop of overall shrinking of the country's population, the working age population of Sofia has remained relatively stable – within the 15-64 age group its total number has declined by approximately 10 000 persons during the last three years. However, if we factor in the ≥65 population group, which increasingly remains active on the labour market and at the workplace, the workforce volume expands to 1.13 mill., while the decline during the last three years is below 2 000. Of course, such assumption also requires the clarification that not all of the >65 population can be counted in the workforce, however, the share of those capable of working grows along with improved healthcare and overall conditions of living.

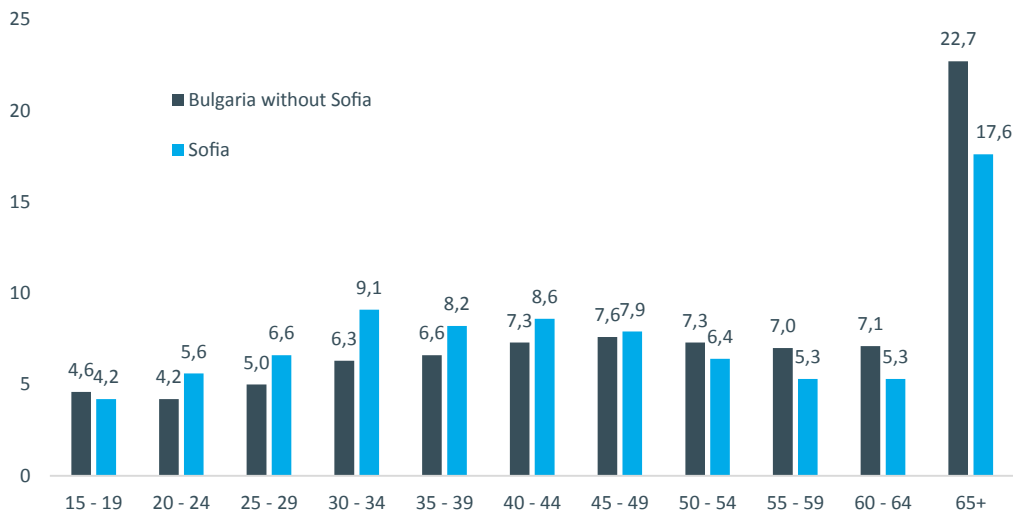
Age group distribution of the population in Sofia, aged 15-64, 2018-2020, in %



» Source: „Economic and Investment Profile of Sofia Municipality“, IME, 2021

The age group distribution is also a favourable one.

Age group distribution of the population in Sofia, aged 15-64, 2018-2020, in %

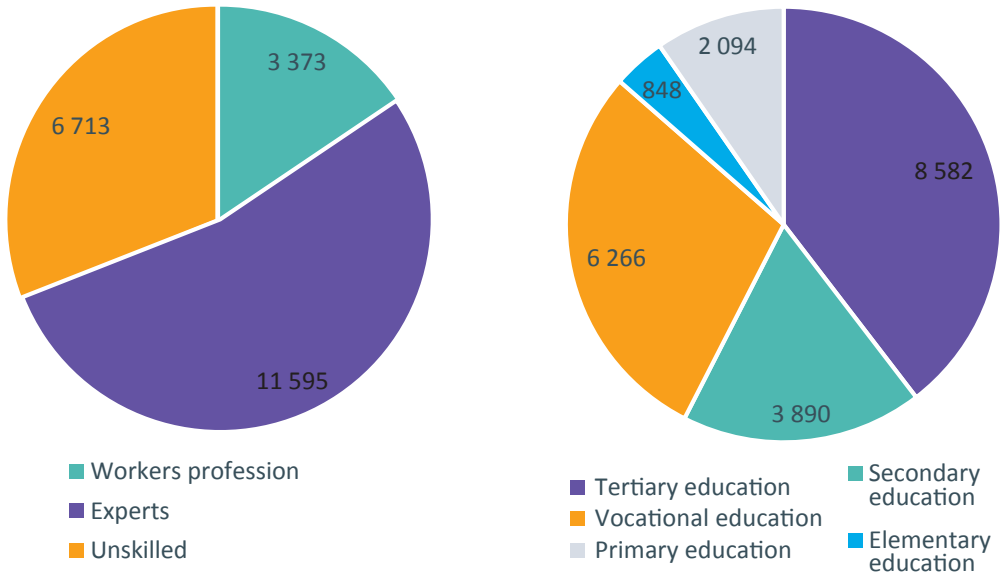


» Source: „Economic and Investment Profile of Sofia Municipality“, IME, 2021

COVID-19 AND THE SOFIA LABOUR MARKET

Even amidst conditions of pandemic situation and unprecedented crisis, the Sofia labour market has proved itself flexible and resilient to external shocks. The labour market dynamics is largely predetermined by the capital's economic structure, most of all – by the large share of those employed in the domain of ICT, as well as in the various business services, incl. traditional professional operations and outsourcing of business processes. The unemployed persons' profile is also indicative of the structure and specifics of the Sofia labour market. In 2020 the average number of persons registered for more than a year with the labour bureaus was slightly above 1 163, a minor decline compared to 2019.

In actual fact nearly all registered unemployed persons in Sofia manage to find a job relatively quickly, which matters to potential investors in the municipality, as they can rely on a well trained workforce, while there are hardly any groups, who have permanently lost work habits and skills.

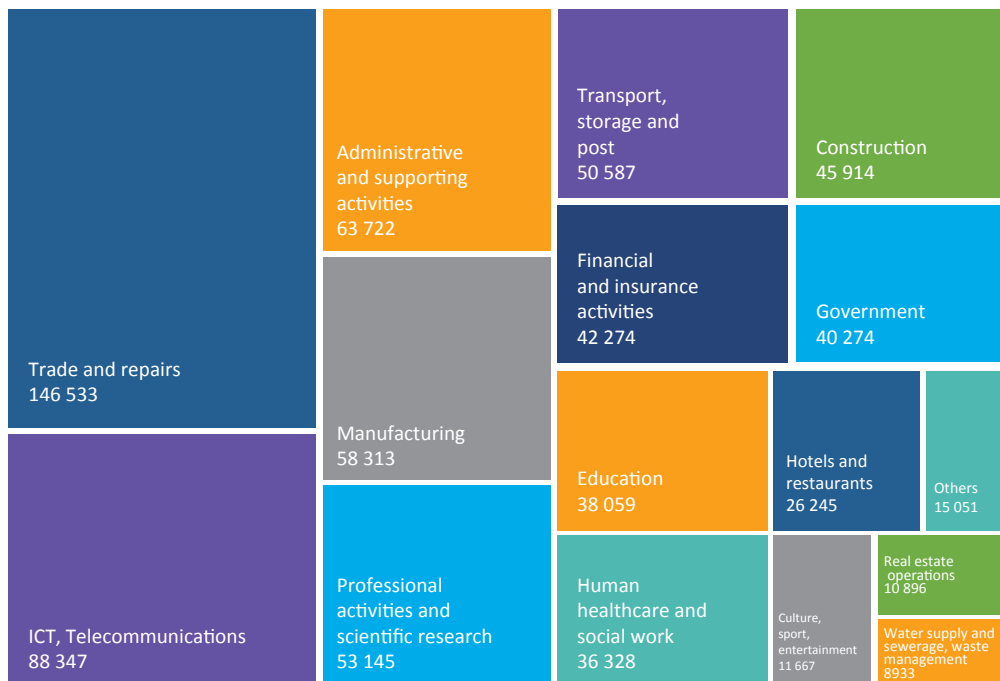


» Source: „Economic and Investment Profile of Sofia Municipality“, IME, 2021

• High employment levels during the pandemic as well

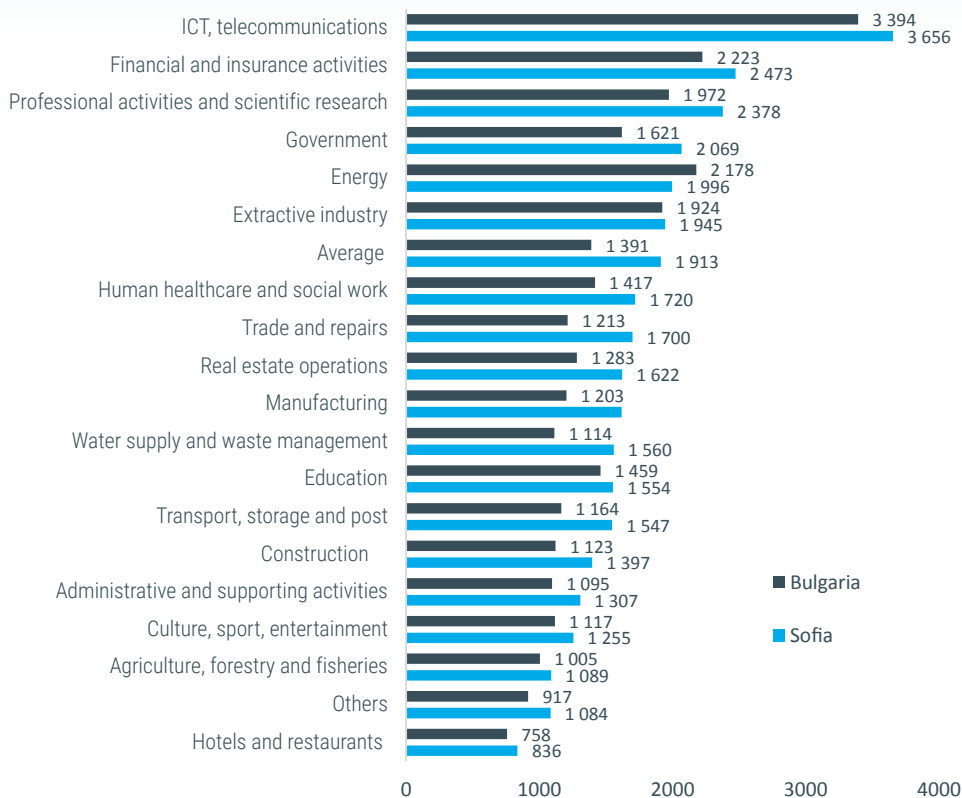
In 2020 the employment ratio in Sofia reached 74.4% for those aged 15 - 64, against the backdrop of a 68.5% country average. The decline in the employment levels of working age persons, when compared to 2019, is 2 percentage pts. for Sofia – slightly above the country average, but given the flexibility of Sofia’s labour market, it will likely recovery faster than the other regions. Service dominate Sofia’s labour market, the digital sector being the fastest growing, adding jobs even during the pandemic. A total of 746 000 were employed in Sofia in 2020, whereas during the pandemic year their total number declined. The digital domain dynamic remains the leader, registering the largest growth in both output and employees.

Structure of the persons employed under employment and formal employment contracts in Sofia Sofia, 2020



» Source: „Economic and Investment Profile of Sofia Municipality“, IME, 2021

Considerable differences are observed between salaries in the various economic activities. This is particularly conspicuous if we compare the economic activity paying the highest average salaries – ICT and telecommunications – to the lowest paying jobs at hotels and restaurants. The average salary in the ICT sector reached BGN 40 000 per year or nearly twice as much as the Sofia average. The overall wage level, however, is rising in all sectors, the average salary growth exceeding 10% for yet another year. The fastest growth in recent years is observed in the outsourcing sector, partly due to the relatively low starting position a decade ago.

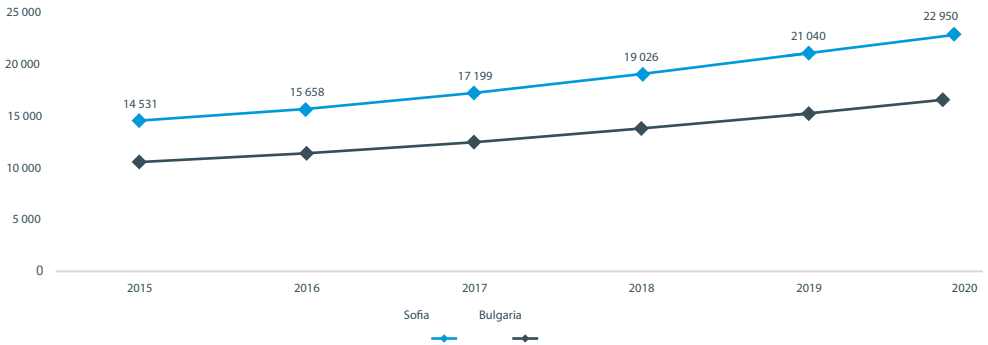


» Source: „Economic and Investment Profile of Sofia Municipality“, IME, 2021

EMPLOYMENT WAGES

Given the high labour productivity and value added of those employed in Sofia, it comes as no surprise that some of the highest salaries are also found in the capital. For 2020 the average gross salary in the municipality was above BGN 22 000 per year. The average growth in the capital also outstrips the Bulgaria average – salaries in Sofia have doubled during the last decade.

Average annual gross salary in Sofia and Bulgaria, 2015-2020, BGN



» Source: „Economic and Investment Profile of Sofia Municipality”, IME, 2021

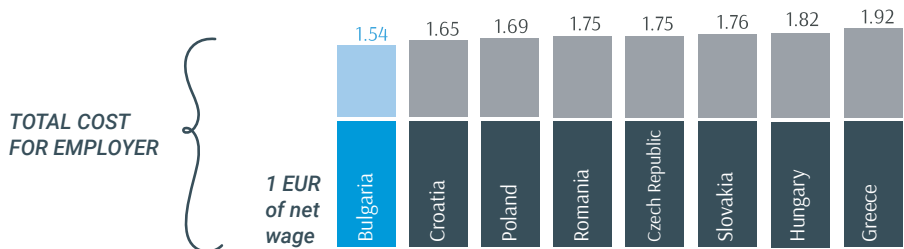
KNOWLEDGE WORKERS

Much of Bulgaria’s “brain business” is concentrated in Sofia. The city ranks 27th out of 278 European regions, included in the 2020 Brain Business Jobs Index, with 101 brain jobs per 1 000 working-age population and is performing very well in the tech and creative sectors. Design and IT are among Sofia’s specific strengths.

» Source: Europe’s Brain Business Jobs Index, 2020

Total employer cost per EUR 1.00 of net salary - regional comparison

Total cost for employer / 1 Euro of net wage



*The maximum taxable income in Bulgaria in 2020 is capped at BGN 3 000 per month

» Source: Institut Économique Molinar

The mandatory social security tax is split between the employer and the employee at 55/45. The employee part is 13.78% of the total cost, while the employer portion varies between 18.92% and 19.62%. The maximum taxable income in Bulgaria is capped at BGN 3 000 per month.

LABOUR CODE

WORKING TIME



WORKING DAYS

21 days per month

249 days per year



ANNUAL PAID LEAVE

20 days per year



PUBLIC HOLIDAYS

IN 2021

12 days

LABOUR CONTRACTS



INDEFINITE CONTRACT

Duration: indefinite

Probation period: up to 6 months

Termination notice: 1 month



TERM CONTRACT

Duration: up to 3 years

Probation period: up to 6 months

Termination notice: 3 months



OVERTIME AND COMPENSATION

Max.300 working hours per year

On working days: +50%

On weekends: +75%

On national holidays: +100%



MATERNITY LEAVE UP TO 3 YEARS

1st year - The state pays 90% of the gross salary, up to a fixed amount

2nd year - The state pays BGN 650 per month

3rd year - Without pay



FOREIGN EMPLOYEES AND INITIATIVES FOR ATTRACTING TALENTED LABOUR FORCE

Citizens of all EU and EEA countries, plus Switzerland have the right to reside and work in Bulgaria indefinitely. All other nationals need a work permit and a longterm visa in order to work or reside in Bulgaria. The issuance of a work permit is an employer-driven process.

Types of work permits

- *Single work and residence permit* is issued to non-EU nationals who apply to reside in Bulgaria for the purpose of work, or who already have a valid residence permit for purposes other than work.
- *EU Blue Card* is a work permit entitling highly qualified non - EU nationals to reside and work in the country. In October 2017, the requirements for receiving a Blue Card in Bulgaria were eased up and the duration of the employment permit was extended to 4 years. A list of the qualifying professions is published by the Ministry of Labour and Social Policy yearly.
- *Intra-corporate transfer permit*: temporary secondment of a foreigner for work or training purposes, applies only in case of relocation of managers, specialists and trainees.
- *Seasonal employment permit*: non EU - nationals can contract with a local employer for seasonal (up to 90 days) work. Recently, Bulgaria simplified the procedure for registration of seasonal workers.
- *Work permit for posted employees*: non - EU nationals temporary posted to Bulgaria for project-based, limited term services for a maximum of 12 months.

» Source: Ministry of Labour and Social Policy, KPMG, 2018

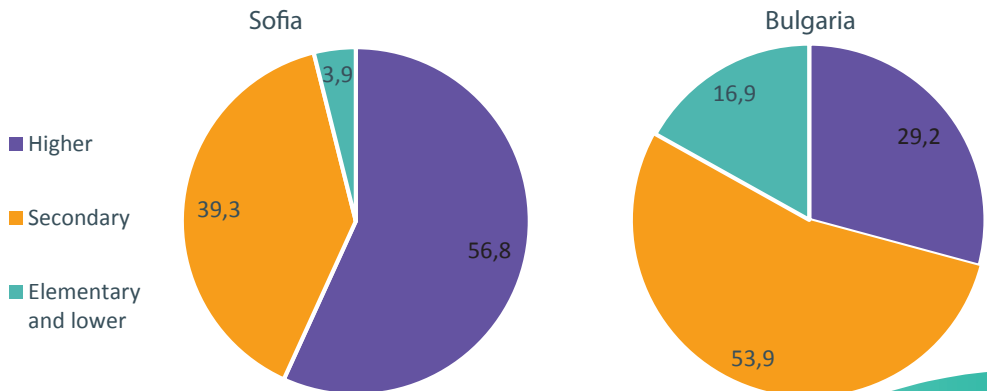
The National Employment Agency is implementing measures for attraction and relocation of workers from non-EU.

EDUCATION IN SOFIA

The capital is the region with the highest share of university diploma holders from the overall population. As at 2020, over 57% of the region's population aged 25 - 64 had tertiary education, while those having primary or lower education were below 4%, with a decline trend. The contrast to the educational distribution of the population, which is characteristic for the entire country, is more than conspicuous – the share of university diploma holders in the capital is over twice as high, while the share of those having primary or lower education is over three times lower than the country average. Such distribution is mostly predetermined by two factors. On one hand, Sofia is the country's major university hub, with a significant percentage of those completing their tertiary education staying on in the city. On the other hand, the municipality's economic structure and the sizable share of services therein predetermine the higher educational requirements to the workforce.

Sofia is the undisputed hub of tertiary education in the country – 23 of the 52 accredited higher education institutions in the country are located in the capital. The rating system of higher education institutions in Bulgaria, as supported by MoES (the Ministry of Education and Science), ranks universities in Sofia at the top in terms of student performance in nearly all professional directions. The ranking's indicators appraising the knowledge and skills acquired, as well as the link between the education and the labour market, are also the highest in Sofia. Sofia University St. Kliment Ohridsky registers the highest share of graduates, who go on to apply their acquired education in the labour market (60-70%, depending on their major), with the unemployment rate being the lowest precisely for that group (2-3%) in 2020.

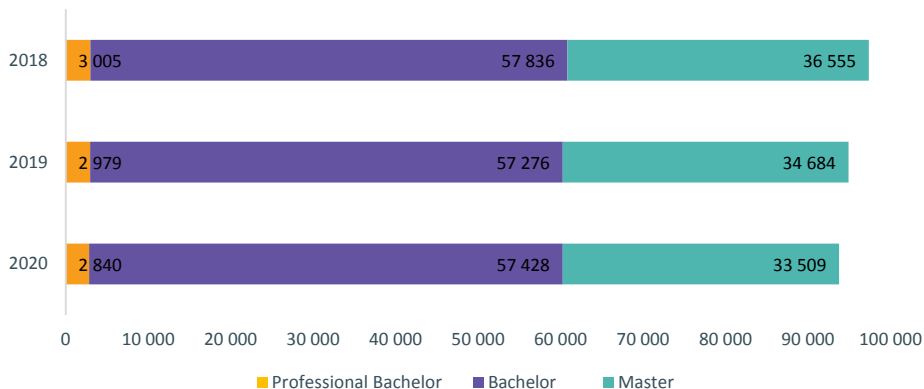
The educational structure of the population aged 25-64 in Sofia and Bulgaria, 2020



» Source: NSI

What makes an impression is that the number of students in Sofia has declined in the last three years. This, however, is mostly the result of the overall demographic trend, because the group, which has been entering the tertiary education system since the middle of the decade, matches the demographic nadir during the country's post-communist history, when the birth rate hit record low levels in the late 1990's. Nevertheless, the capital remains a leader in the country in terms of the share of students from the overall population, with 71 students per 1000 population. At the same time, there are over 10 000 active teachers in the capital, but a decline trend is observed there as well.

Number of students in Sofia by educational degree, 2018-2020

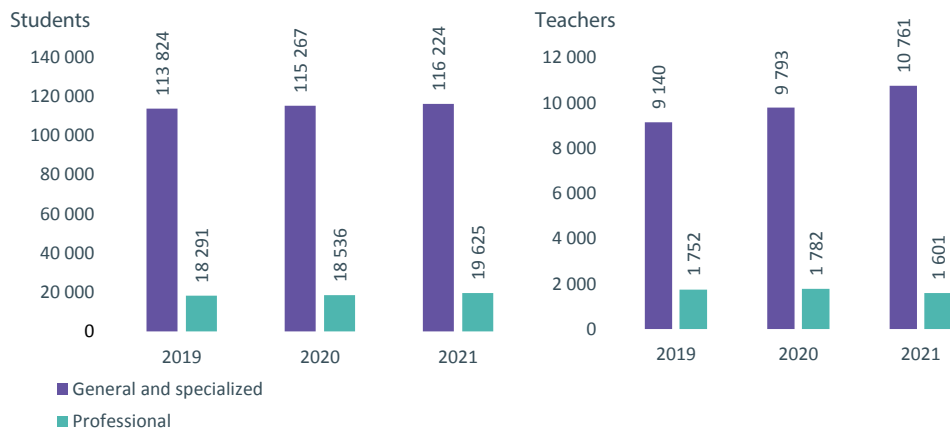


» ISource: NSI

Sofia is a hub of not only tertiary education, but also school education. If we take the rankings of matriculation exams as a relatively accurate measure of high-school student performance in the country, then the capital is the undisputed leader. The ten schools with the highest exam results in 2021 are all in Sofia, with the average grade in Bulgarian Language and Literature being Very Good 4,58, compared to a 4,20 country average. The average grades at the mathematics matriculation exam are even higher. The better performance of the capital's education system is also expressed through the three times lower share of dropouts and those repeating a grade in primary and secondary education, compared to the country averages.

The general education- and specialized schools in Sofia during the academic year 2020/21 were 234, with over 116 000 pupils studying thereat. Sofia municipality is among the few where new schools are being opened, with the number of pupils growing in recent years, contrary to the overall trends in the country. The growth in the number of teachers is especially visible in general and specialized education, where just between the academic years 2018/19 and 2020/21 that number grew from 9 140 to 10 761 persons. The growth is most likely the outcome of focused measures to attract younger personnel and the increased wages in the school education system.

Students and teachers in general, specialized and vocational schools in Sofia, school year 2018 / 19-2020 / 21



» Source: NSI

Vocational education is less pronounced within the school education system in Sofia but this definitely does not mean that there is no interest in such education. The number of high-school students in vocational schools in the capital reached nearly 20 000 in 2021, growing in recent years, including during the pandemic. According to information from vocational schools, among the professional direction interest is strongest in the specialties of Transport Equipment Technician, Computer System Technician, Electrician, and Economist. Such preferences largely reflect the gradually growing role of high-tech services in Sofia's economy. There is every reason to expect increasing interest in the vocational directions related to the ICT sector in the coming years.

» Source: „Economic and Investment Profile of Sofia Municipality”, IME, 2021

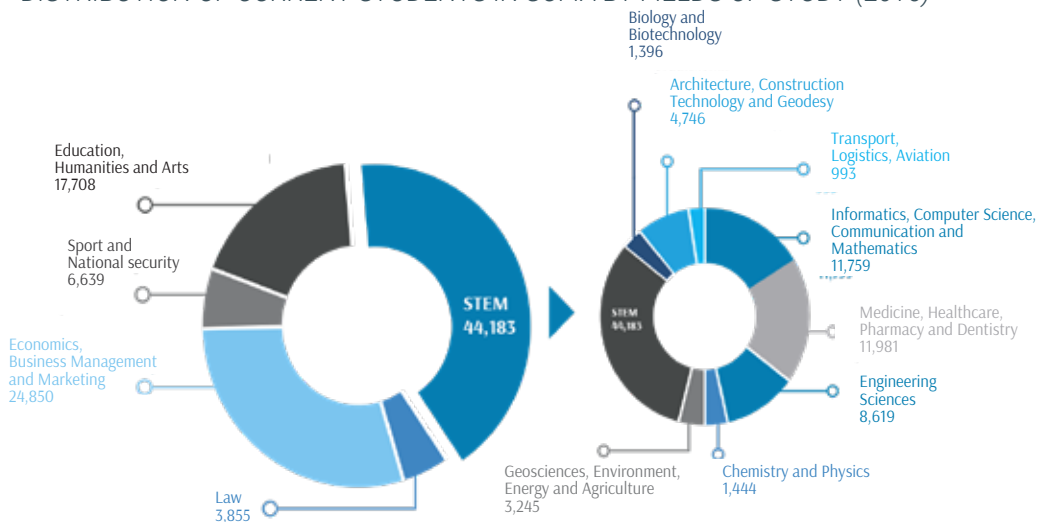
Largest Universities in Sofia

University	Number of students 63 241
Sofia University “St. Kliment Ohridski”	19 951
University of National and World Economy	16 064
Technical University	10 040
Medical University	8 396
New Bulgarian University	8 790

100 000+ university students in Sofia or 40% of all university students in the country. Close to 21 000 graduates per year.

Number of students in Sofia by field of study for the academic year 2020/2021

DISTRIBUTION OF CURRENT STUDENTS IN SOFIA BY FIELDS OF STUDY (2015)



Number

Specialized domains of education

2020/21

Overall	7 991	139 765	72 035
Education	444	16 209	7 853
Education, interdisciplinary programs and qualifications	-	-	118
Arts	62	7 431	917
Liberal art sciences (excluding Languages)	66	2 063	539
Languages	-	5 866	923
Arts and Liberal art sciences, interdisciplinary programs and qualifications	-	70	10
Social sciences and human behaviour sciences	-	12 615	4 060
Journalism and information	-	1 890	267
Business and Administration	1 103	24 636	10 018
Law	-	-	7 816
Business, Administration and Law, interdisciplinary programs and qualifications	59	707	376
Biology sciences and similar sciences	-	1 998	348

Environment	-	969	168
Physics, Chemistry, and Earth sciences	-	1 707	474
Mathematics and Statistics	-	584	104
Information-Communication Technologies	704	9 664	1 860
Technical sciences and technical professions	1 457	20 126	4 358
Mining and Production technologies	71	2 371	461
Architecture and Construction	-	1 079	3 669
Technical sciences, Production, and Construction,	-	718	748
Interdisciplinary programs and qualifications			
Agriculture	24	2 675	489
Forestry	-	592	190
Fisheries	-	46	-
Veterinary Medicine	-	-	1 801
Healthcare	2 542	5 594	21 290
Social services	9	1 294	241
Personal services	1 343	4 981	634
Utility-sanitation services, Occupational health and safety	107	108	247
Security	-	5 969	1 664
Transport services	-	2 385	392
Other, undetermined programs and qualifications ¹	-	5 418	-

¹Includes 1st and 2nd year student not allocated to majors (enrolled under professional directions falling outside the defined specialized domains of education).

› Source: NSI

Some of the most desired tertiary education majors are in the domain of technology, science, engineering, and mathematics – the so-called STEM majors. Growing numbers of companies hold IT trainings for young students, who subsequently become their employees.

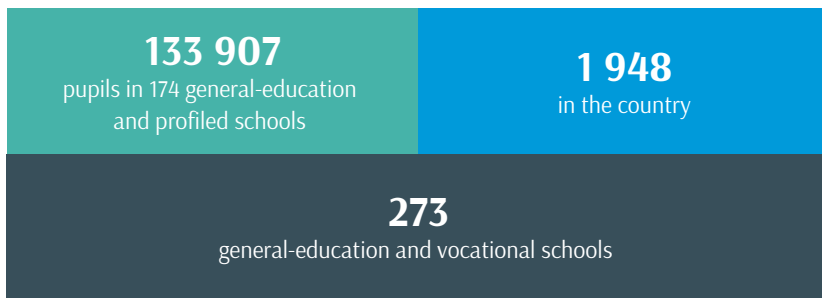
Growing numbers of high school students completing their secondary education in Bulgaria continue their tertiary education abroad. Germany, UK, Austria, and the Netherlands are the most preferred destinations.

Growing numbers of students completing their education abroad are returning to Bulgaria. More and more promotional and information campaigns arranged by the public and private sector in Bulgaria target Bulgarian students abroad.



PRIMARY AND SECONDARY EDUCATION

Information about academic year 2020/2021:



» Source: NSI SOFTWARE SCHOOLS

Due to the rapid expansion of the ICT sector in Sofia, ICT companies are increasingly turning to the high schools and universities in the city to develop joint courses. A number of large IT companies initiated training programs open to both employees and external talents.

Over 30 private software academies offer short to mid-term educational programs (6 to 30 months). Courses range from programming and computer graphics (3D graphics and web design) to IT project management and sales.

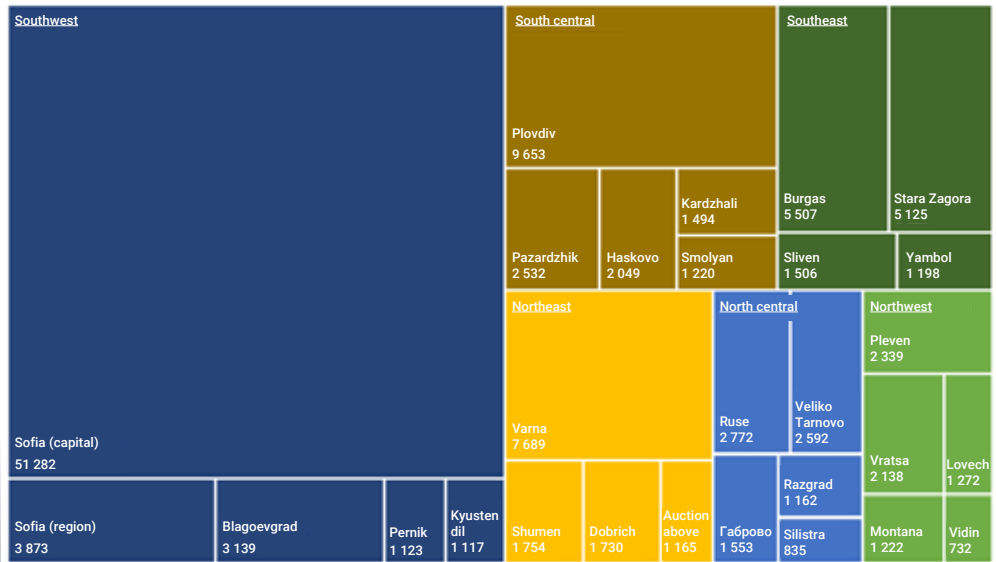
The courses are often developed in collaboration with local IT companies, according to their labour demands. The courses target people with little or no experience in the field, as well as developers with 3-5 years of experience. The number of graduates exceeds several thousand and is constantly growing. There has been an increase in the number of courses and programs to kids and primary students.

ECONOMY OF SOFIA

Macroeconomic profile

The pre-pandemic years were a period of immense economic growth in the capital. In 2019, Sofia's gross domestic product exceeded BGN 51 billion, accounting for nearly 43% of the national economy. In 2019 alone, the nominal growth of GDP the capital exceeded 15% and was nearly twice as high as the country average. The growth acceleration was largely due to the positive dynamic in the services domain, which stands for nearly 87% of value added in Sofia. Development of the digital sector, particularly in the domain of IC technologies and services, is the major driver behind the pre-pandemic growth of Sofia's economy. Industrial growth in Sofia's broader periphery is also tangible, affecting the region's overall development.

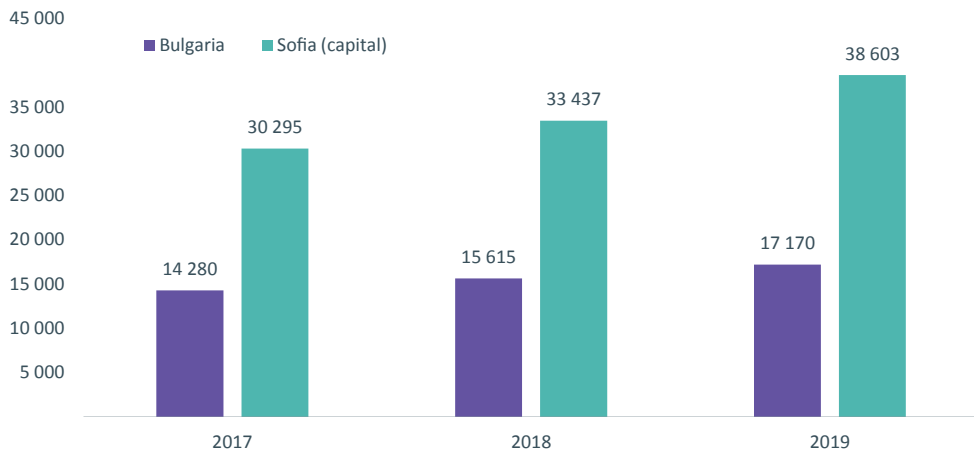
GDP in Bulgaria by region, 2019 (BGN, million)



» Source: NSI, IME

Growth in Sofia is largely supported also by a constant influx of population, incl. young, active people, against the backdrop of population decline in the country. In 2019 Sofia's per capita Sofia's gross domestic product reached BGN 38 600, which is over twofold higher than the country average. Sofia outstrips considerably other economic centres in the country, which is the outcome of the capital's total dominance in the services domain. The difference between Sofia and the economically less developed regions is substantial and over four-fold in some cases. The capital's broader regional effect is also prominently visible in the good performance of the industry in Sofia's periphery.

GDP per capita in Sofia and country average, 2017-2019, BGN

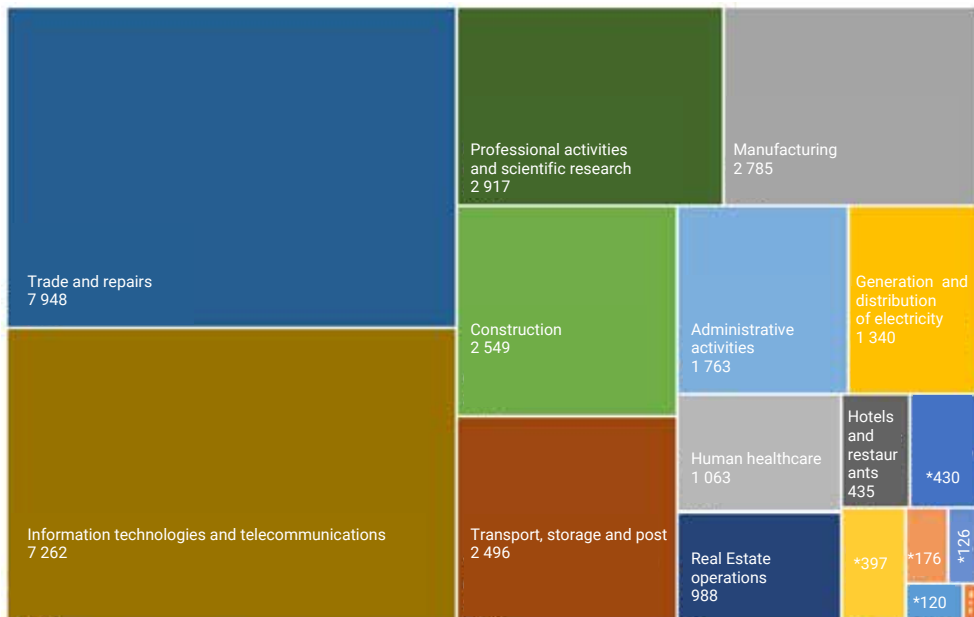


» Source: NSI

The crisis' effect on Sofia's economic trajectory

The value added of non-financial enterprises in Sofia has grown slightly, reaching nearly BGN 33 billion in 2020. Trade continues to hold the largest share in the value added (24%), which is due to concentration of wholesale in the capital. ICT registered new growth in 2020, already contributing 22% of value added in Sofia's economy. This is primarily due to the very high value added in the domain of information technologies and services. At the current rate of development, ICT will very soon become the sector with the highest value added in Sofia's economy, overtaking trade. Professional activities and scientific research, the processing industry, construction, and transport contribute around 8-9% of the value added of enterprises in the capital. While a decline caused by the pandemic and the associated restrictions is observed in professional activities, industry, and transport, construction has registered a very high growth, which is reflected via the property market boom.

Value added of non-financial enterprises in Sofia in 2020 (BGN million)



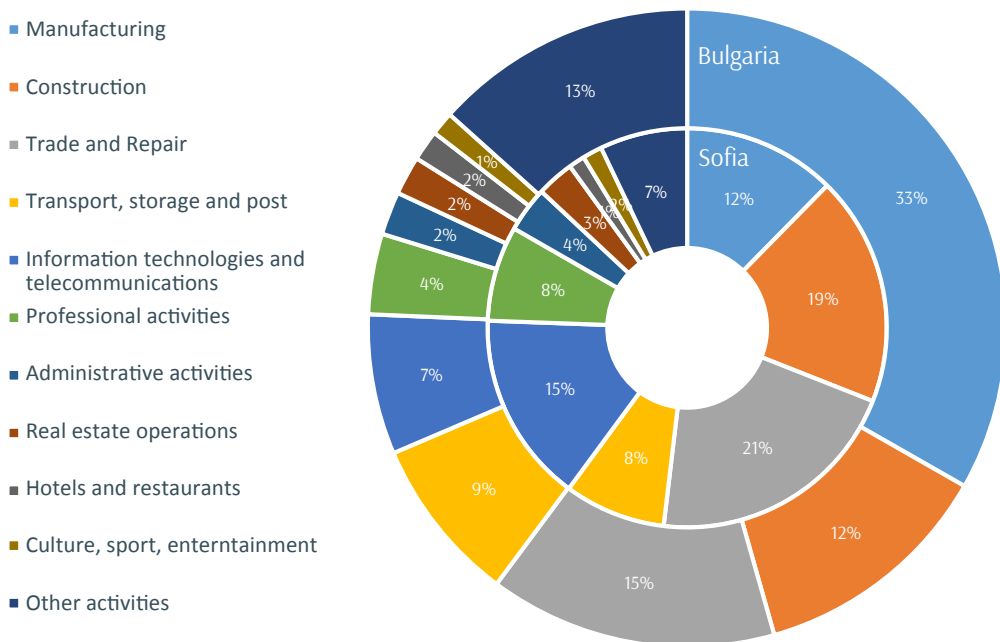
- *Water supply and sewerage, waste management 430
- *Culture, sport, entertainment 397
- *Education 176
- *Agriculture 120
- *Other activities 126

» Source: National Statistics Institute, Institute for Market Economy

The crisis' effect in Sofia is clearly visible in the data about the output produced by non-financial enterprises for 2020. Following a nearly 12% growth in 2019, the output produced by enterprises in the capital grew by slightly over 1% in 2020, reaching nearly BGN 75.6 billion. This is taking place against the backdrop of a 3.2% decline in the output produced by non-financial enterprises in the country, which illustrates that the capital has endured the crisis much more successfully when compared to other leading economic centres. The underlying reason is the specific structure of Sofia's economy, with some of the leading sectors maintaining their explosive growth and compensating the pandemic's negative effect on the sectors directly affected by the restrictive measures.

SOFIA ECONOMY BY SECTOR

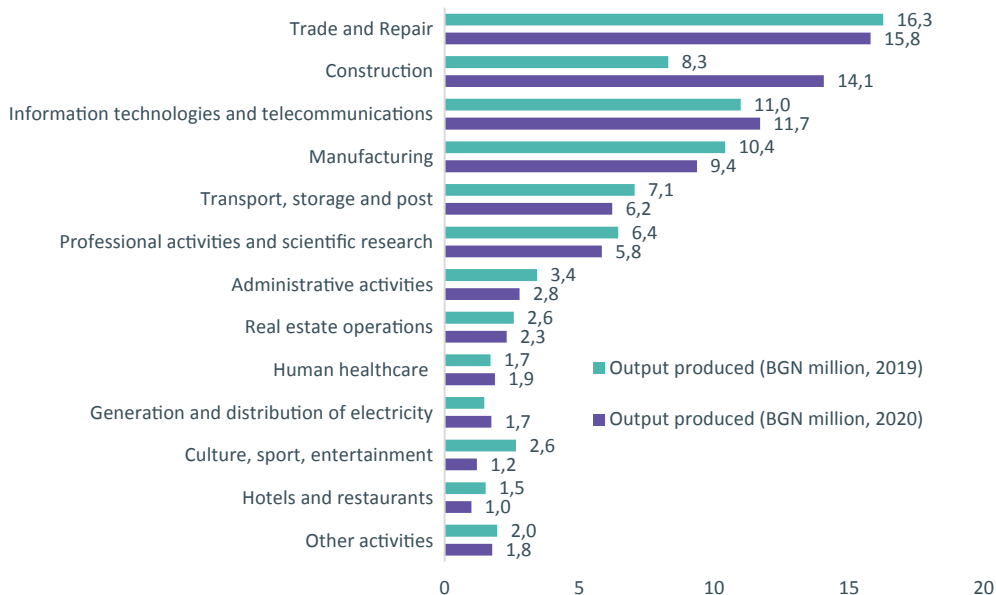
Sectors' share in the output produced in Sofia and in Bulgaria, 2020*, %



» Source: NSI

The three leading sectors in the capital have managed to avoid the heavy blow dealt by the crisis, with trade registering a very minor decline within the 3% bracket, with ICT maintaining a good growth rate of nearly 7%, while construction has registered a very significant growth, outstripping the processing industry. Growth of output in construction reached 70%, which is a result of explosive development of the property market in the capital and the favourable conditions for increased investor interest in the construction of new buildings. Worst affected by the pandemic are organizations in the sector of culture, sports, and entertainment, as well as hotels and restaurants – those sectors have lost respectively over 50% and over 30% of their output in 2020. Heavily affected are also the processing industry and transport, as well as professional activities, which have lost 9-12% of their output.

Output produced by enterprises in Sofia, by sectors (BGN million)



» Source: NSI

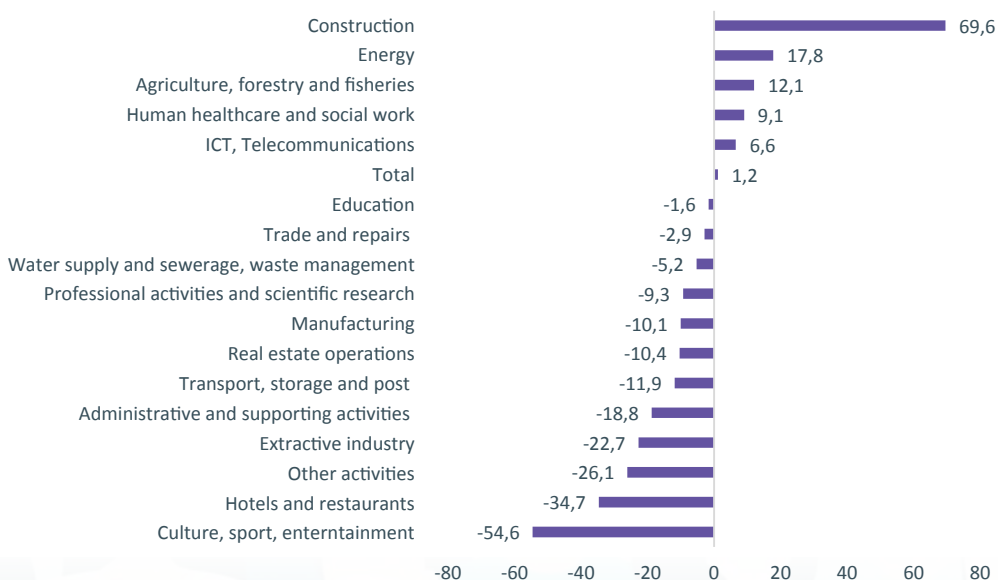
The digital sector in the capital continues to perform very well, despite the pandemic's negative effect on outsourcing and professional activities. In total, ICT, professional activities and scientific research, as well as administrative and ancillary activities account for 27% of the output produced by non-financial enterprises in the capital. In the digital domain Sofia totally dominates the rest of the country, generating over 80% of the enterprise output in the three identified sectors. The strongest concentration is in ICT, where the most explosive development is observed as well, including during the pandemic year.

In other key sectors, such as construction and trade, Sofia concentrates some 60% of the enterprise output in the country. Unlike services, the picture is different in industry, with Sofia generating some 15% of the processing industry's output in the country. Solid development of industry in the capital's broader periphery – within adjacent municipalities – provides good perspectives for development and new industrial investment in the immediate vicinity of Sofia.

MAJOR SECTORS OVERVIEW DURING THE PANDEMIC YEAR

Trade in Sofia registered a slight recession in 2020, with the output produced by enterprises in the sector shrinking by 2.9%, down to BGN 15.8 billion. Decline in the sector is undoubtedly due to the pandemic and the extended periods of restriction on the free conduct of business in 2020. While foodstuffs trade registered growth, including good indicators registered by the large-scale retail chains, a more prominent hit is observed in the non-food trade, which is at least partly caused by the restrictions on the operation of large-scale stores and malls. The capital, however, also registers the most prominent positive dynamic in online trade, which reported some very good results since the onset of the crisis and will in all likelihood not lose any of the ground gained on offline trade.

Dynamic of the output produced in Sofia by economic activities between 2019 and 2020, %



» Source: NSI, IME

In recent years considerable growth is observed in the construction sector in Sofia, which is driven both by the increased demand for new residences – as a result of the influx of people and the marked growth in household wages and incomes – and by the pre-pandemic deficit of office space. Despite the health crisis and restrictive measures, in 2020 construction registered a proper boom, with the output of enterprises in the sector exceeding BGN 14 billion. This is also the sector registering the highest growth against the crisis backdrop, with its produced output growing by 70% compared to 2019. The construction boom continued in 2021 as well, which was supported by the economy's recovery and the increased interest in real property investment. The new reality of work-from-home imposes some limitations on the growth of office space. Information-communication technologies (ICT) and telecommunications have been the fastest growing sector in the capital during the past decade, its produced output having soared over twofold – up to BGN 11.7 billion. The ICT sector plays a crucial role in the good performance of Sofia, when compared to most other regions prior to the crisis onset. In 2020 alone, the ICT sector added another BGN 762 million (7% growth) to the output in the capital, such growth, however, being lower than the 17% growth registered in 2019.

Such fast-paced development is part of a global trend, especially in advanced economies, where the high-tech sector is in a period of unprecedented upsurge. The ICT growth during the crisis year was supported by the abruptly arisen need for digital transformation and online sales for many businesses from other sectors, accordingly – by the increased demand for digital services. What also matters is the higher adaptability of the workforce, which easily transitioned to a remote work mode, generally without dramatic changes in the work process and productivity.

The sector is characterized by high labour productivity, which in turn allows those employed in the sector to receive wages considerably higher than both the country average and the Sofia average. The average salary in the ICT sector in Sofia is nearly twofold higher than the Sofia average. This, in turn, makes the occupations related to the ICT sector (lead by programming) especially attractive. The latter is illustrated by both the employment dynamic and the high interest in STEM majors in tertiary education and the informal courses taught in the domain. Unlike most sectors, including the processing industry and the outsourcing of services, the Sofia ICT sector is very diverse, in terms of both company size – from small teams to corporations employing thousands of staff, and type of ownership, with the leading companies featuring both subsidiaries of multinational companies, as well as local businesses.

Similar to the ICT, but with its own specifics, is the outsourcing of various business services, which according to statistical classification falls into „administrative and ancillary activities“ and „professional activities“. The two sectors jointly contribute BGN 8.7 billion of produced output in 2020, but have shrunk by almost BGN 1.2 billion in total.

A more significant 18% decline on annual basis is registered in administrative activities.- Judging by the dynamic during the crisis year, the services of the Bulgarian outsourcing industry were not in particularly high demand. Nevertheless, it is too early to discuss a permanent decline trend in one of the most significant drivers of Sofia's economy, the 2021 data will be the most illustrative here.

In 2020 the output produced by the processing industry in the capital decline by over BGN 1 billion (or 7%) compared to pre-crisis 2019, down to BGN 9.7 billion. The decline mostly reflects the breaking of the supply chains during the period of the most severe crisis in the spring of 2020 and the shrinking in the domestic demand for the output of Bulgarian processing enterprises. For that reason we have every reason to believe normalization and a return to growth in 2021 in result of the restored trade links and the economic resurgence of Bulgaria's main partners.

This sector is driven by several large, key enterprises of mostly export orientation, with the key sub-sectors being manufacturing of metallic items, foods, and beverages. Despite the high share of services during several years prior to the crisis, industrial activities have experienced fast-paced development, especially when we consider the dynamic of nearby municipalities, such as Bozhurishte, Elin Pelin, and Kostinbrod. The economy of all three municipalities is driven by the processing industry.

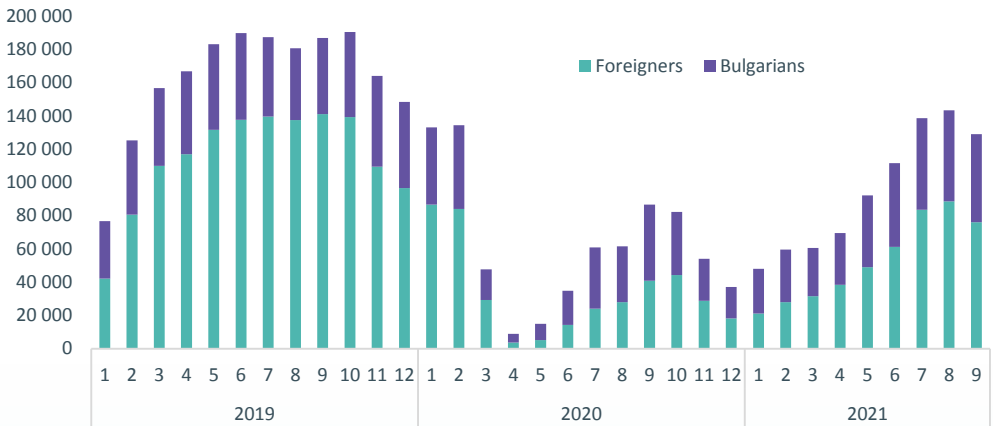
Other key sectors for Sofia's economy include transport, with BGN 6 billion output produced in 2020. Slightly over 35% of the output produced in transport in the capital are due to storage of cargoes and ancillary activities in transport. The new concession and the upcoming investments in Sofia Airport presume growth in air transport – both passengers and cargoes – in upcoming years. Together with the tourism industry, however, transport sustained more tangible damage from the crisis and the related restrictive measures, with a 12% drop in the output produced being observed.

The most significant damage during the crisis year was predictably sustained by the activities directly affected by the restrictive measures. The largest decline in the output produced on annual basis is observed the sector of culture, sports, and entertainment – at 55%, in result of theatres, cinemas, and stadiums being shut down for significant periods of the year, with the sector generating 2% of the capital's economy in 2020. There is a comparable decline at hotels and restaurants, which suffered both by the almost total disappearance of international tourists and by the successive shutdowns. The output produced by the sector shrank by 34% compared to 2019.

DYNAMIC AND SPECIFICS OF TOURISM IN SOFIA

In result of the swift expansion of low-cost airlines and the online platforms for short-term rentals, Sofia became a much more connected, accessible, and popular urban tourism destination in recent years. The pandemic, however, had a devastating effect on tourism, with tourism travel practically ceasing during the first Covid-19 wave in 2020. Recovery is already observed in 2021, with Sofia registering a 44% growth of tourists compared to the previous year.

Number of and change in the number of foreigners and Bulgarians visiting Sofia by months, 2019-2021

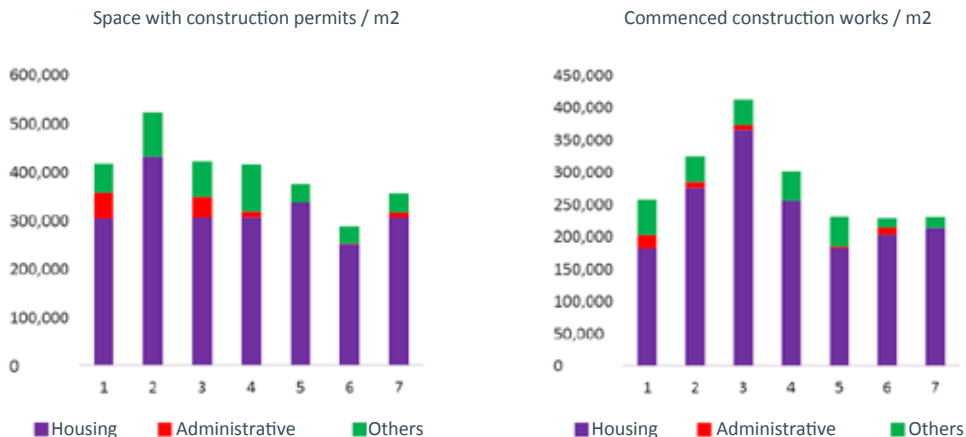


» Source: NSI, in-house calculations

COVID-19 AND THE CONSTRUCTION MARKET

During the explosive economic growth during the last five years, the expansion of businesses, growth in household incomes, and easier access to credit naturally led to a considerable growth of construction operations for both office- and residential buildings. While in 2019 some slowing down was already observed in both the issuance of issued construction permits and in construction works actually commenced, the crisis year 2020 did not register a particularly prominent decline in the construction market's major indicators.

Issued construction permits and actually commenced construction works on new buildings in Sofia during 2019 and 2020, by quarters.



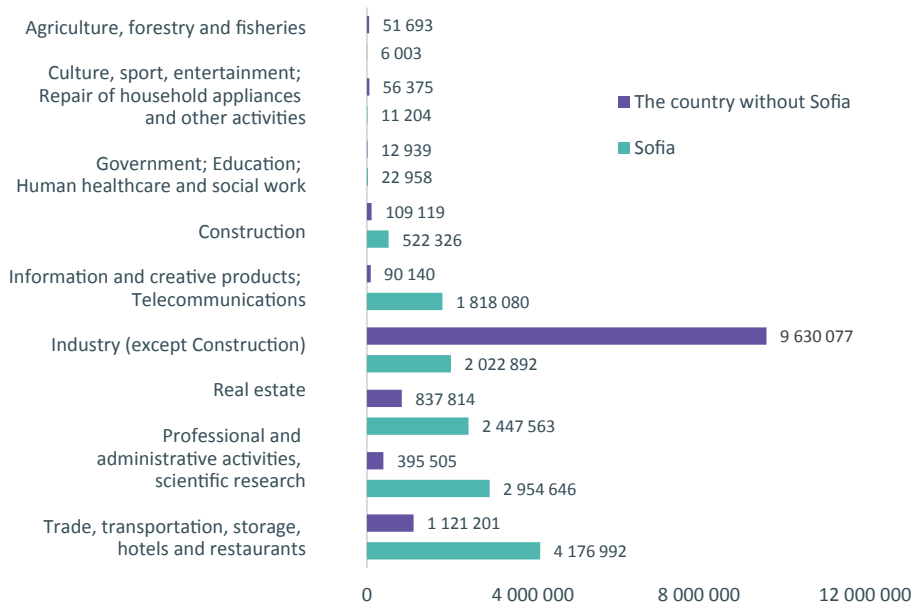
» Source: IME Report - „Economic Effects of COVID-19 and Sofia's Growth Potential“, 2020
 *Information about administrative buildings in Q2 2019 and Q1 2020 are confidential

FOREIGN DIRECT INVESTMENT (FDI)

Profile of investments in Sofia

Sofia's role in the country's economy makes it a natural hub of investment activity in the country. As at the end of 2020 slightly over half of the total EUR 26 billion of accrual-basis foreign direct investment (FDI) in Bulgaria were in the capital. Compared to the population, FDI in Sofia amount to EUR 10 700 per capita, or approximately threefold on the country average. Such concentration of foreign capital is the leading factor for the high growth rates in the capital in recent years. There is also prominent potential to attract foreign capital to the industry in Sofia's broader periphery.

Accrual-basis foreign direct investment at the year's end in Sofia and the rest of the country, by economic activities (A10), BGN million, 2020*

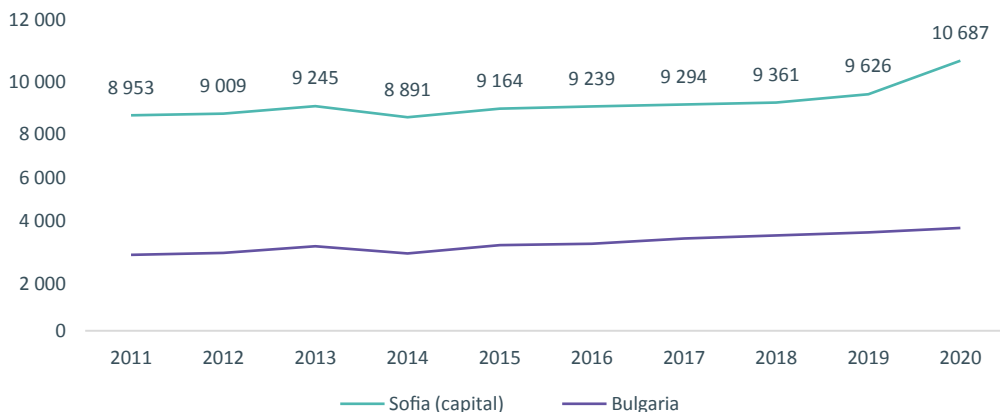


» Source: NSI



Foreign investment in ICT and telecommunications are almost exclusively in the capital-EUR 1.82 billion in Sofia vis-à-vis barely EUR 90 million outside Sofia. Such concentration of foreign capital in the digital sector is key to the dynamic of Sofia's economy. There is more balance in the outsourcing sector, but the capital still has the edge here. Judging by trends in the last several years, it is very likely that the digital sector will penetrate more aggressively other economic centres in the country, which is unlikely to slow down growth in Sofia. A significant growth in investment in ICT beyond Sofia was observed between 2019 and 2020, its volume growing from EUR 61 to EUR 90 million, nevertheless, the capital keeps its leading role.

Dynamic of accrual-basis foreign direct investment in Sofia and in Bulgaria, 2011-2020, EUR per capita*



» Source: NSI

CURRENCY

The Bulgarian Lev (BGN) is pegged to the EURO at 1.95583 BGN for 1 EUR. The Bulgarian Lev is included in the currency mechanism ERM II, which is colloquially known as “the waiting room” for the Eurozone, and also in the Banking Union. According to European rules, it must not deviate by more than 15 % in the course of at least two years in order for the stay in ERM II to be considered successful.

CREDIT RATINGS

Credit ratings assigned to Bulgaria

S&P	BBB	Stable	November, 2021
Moody's	Baa1	Stable	October, 2020
Fitch	BBB	Positive	January, 2022
Scope Ratings	BBB+	Stable	December, 2021

» Source: Ministry of Finance

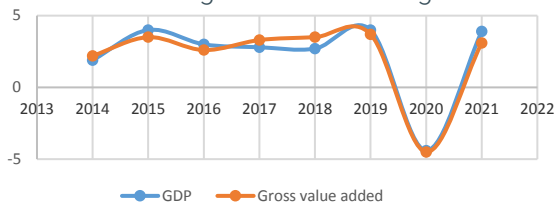
Credit ratings assigned to Sofia

S&P	BBB	Stable	August, 2020
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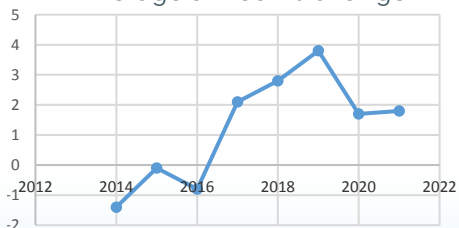
» Source: Ministry of Finance

MACROECONOMIC INDICATORS

Economic growth of Bulgaria
Average annual % change



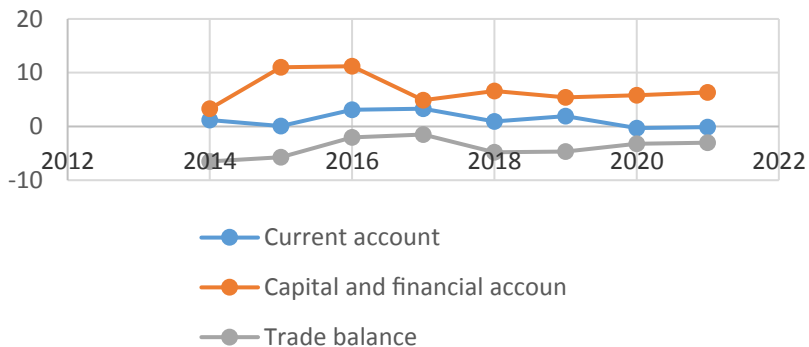
Consumer price index, Bulgaria
Average annual % change



» Source: Bulgarian National Bank

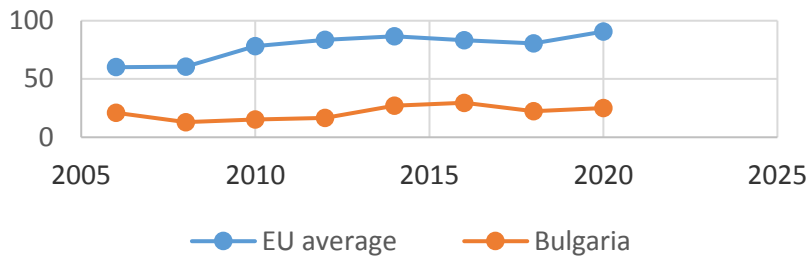
Balance of Payments, Bulgaria

% of GDP



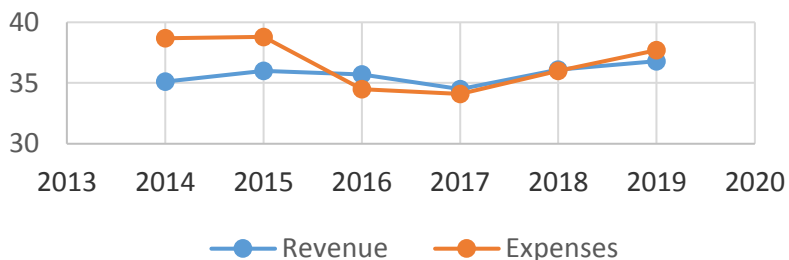
Government debt of Bulgaria

% of GDP



General government operations

% of GDP



» Source: Bulgarian National Bank

ECONOMIC TRANSFORMATION FOLLOWING THE PANDEMIC'S ONSET

Sofia's potential following the pandemic's onset

The pandemic changed the structure of Sofia's economy. Many sectors reporting shrinking in the output and turnover, incl. trade, processing industry, transport, professional and administrative activities, culture, sports, and entertainment, hotels and restaurants. At the same time, the digital sector, specifically ICT kept developing and advancing Sofia's economy to more forward positions. The construction boom is particularly prominent during the pandemic year, which in actual fact made up for the decline in the most affected domains of the public life.

The economy's recovery in 2021 is a fact of life and provides a good perspective to expand Sofia's potential in the upcoming years of growth and overcoming the pandemic's effects. Normalization of economic life and recovery of trade and the supply chains means that trade, transport, the processing industry, professional and administrative activities are resuming their growth as early as 2021. The entertainment industry, hotels and restaurants will continue to experience difficulties, which have to do with the slow vaccination process and the risk of new restrictions on public life.

Despite the crisis, in 2020 Sofia's economy kept its competitive advantages. The transformation of Sofia's economy will continue to be driven by the development of digital services, the ICT being capable of becoming the leading economic sector of Sofia in the coming years, overcoming the traditional leader – wholesale and retail. Industrial development in the capital's broader periphery also offers very good perspectives, which are supported by the shortening of the European supply chains.

» Source: IME Report - „Economic Effects of COVID-19 and Sofia's Growth Potential“, 2021

BANKING SYSTEM

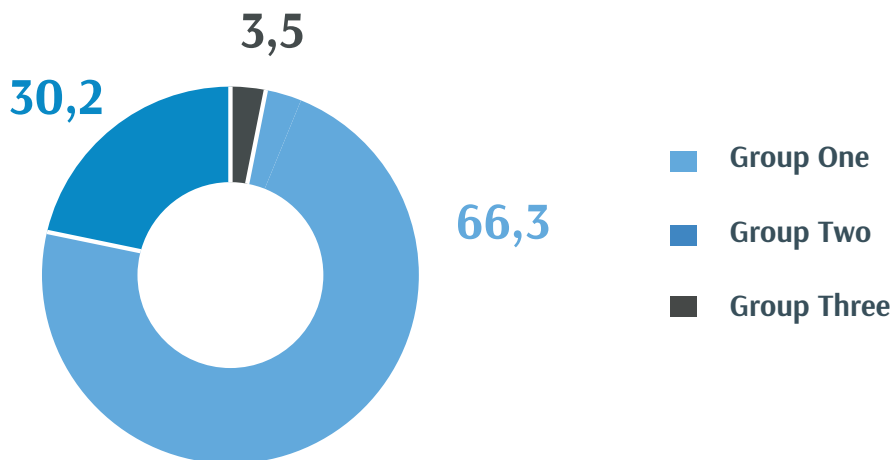
In January 2022 the banking system assets grew by BGN 735 million (0.5%) up to BGN 136.1 billion. In the asset structure the share of credits and advances grew to 63.4% in late January, whereas the share of cash, cash balances with central banks, and other sight deposits declined to 15.9% (compared to 58.2% and 21.0% respectively in late December 2021). Debt securities take up 16.1% of the total assets (16.3% in late December 2021). The liquid coverage ratio grew to 304.5% in late January 2022 (vis-à-vis 274.1% in late December 2021). The liquid buffer was BGN 34.3 billion, and the net liquid outflows were BGN 11.3 billion (vis-à-vis 41.5 BGN billion and BGN 15.1 billion respectively in late December 2021).

The net stable funding ratio (NSFR)², reported as at December 31, 2021, amounted to 166.0%, vis-à-vis the minimum regulatory requirement of 100%. The available stable funding (the NSFR numerator) in late December 2021 stood at 106.6 billion BGN, while the required stable funding (the NSFR denominator) is BGN 64.2 billion. Total gross credits and advances in January 2022 grew by 7.5 billion BGN (9.1%), to BGN 89.9 billion. The main contribution is the receivables of credit institutions, which grew by 6.9 billion BGN (106.8%) and at the reporting month's end amounted to BGN 13.4 billion. The gross credit portfolio of the banking system, compared to late December 2021, grew by BGN 583 million (0.8%), to BGN 76.5 billion. Within its structure, the credits for non-financial enterprises increase (by BGN 711 million, 1.8%) and for households as well (by BGN 152 million, 0.5%), while those for other financial enterprises decline (by BGN 226 million, 4.4%) as well as for the government (by BGN 53 million, 5.5%). On a monthly basis, deposits in the banking system have grown by BGN 250 million (0.2%) to BGN 115.7 billion in late January. Growth is observed in household deposits (by BGN 476 million, 0.7%), in the government sector deposits (by BGN 127 million, 4.2%), in the deposits of other financial enterprises (by BGN 57 million, 1.5%), and in the deposits of credit institutions (by BGN 7 million, 0.1%). There is a decline in the deposits of non-financial enterprises (by BGN 417 million, 1.2%). Equity in the balance sheet of the banking system in late January stood at 16.8 billion BGN and grew, compared to late December 2021, by BGN 201 million (1.2%). As at 31 January 2022, the banking system's earnings were BGN 108 million, BGN 31 million (39.5%) more compared to the earnings generated for the same month of 2021. The expenses for impairment of financial assets not reported at fair value into earnings or loss amounted in late January 2022 to BGN 37 million (vis-à-vis BGN 36 million a year earlier). In late December 2021 the regulatory capital of the banking system was BGN 15.4 billion, while the total amount of risk exposures amounted to BGN 68.3 billion. Compared to late 2021, the levels of the capital indicators of the banking system grew and as at 31 December, 2021 the ratios of common equity tier 1 capital, of the tier 1 capital, and the total capital adequacy respectively stood at 21.66%, 22.04% и 22.62%. The leverage ratio (when using a „fully implemented“ definition of tier 1 capital), as reported at 31 December, 2021, amounted to 10.50%, vis-à-vis a regulatory requirement of at least 3.0% tier 1 capital.

» Source: Bulgarian National Bank

Distribution of banks by groups as of October 31, 2021

Group One	Group Two	Group Three
1. Unicredit Bulbank	1. Raiffeisen Bulgaria	1. Citibank Europe Plc, Bulgaria Branch
2. DSK Bank	2. Central Cooperative Bank	2. ING Bank N.V., Sofia Branch
3. United Bulgarian Bank	3. Allianz Bank Bulgaria	3. BNP Paribas S.A., Sofia Branch
4. Eurobank Bulgaria	4. Bulgarian Development Bank	4. BNP Paribas Personal Finance S.A., Bulgaria Branch
5. First Investment Bank	5. ProCredit Bank Bulgaria	5. T.C. Ziraatbank, Sofia Branch
	6. Bulgarian-American Credit Bank	6. Vargold Bank AG, Sofia Branch
	7. International Asset Bank	7. Bigbank AS, Bulgaria Branch
	8. TBI Bank	
	9. D Commerce Bank	
	10. Texim Bank	
	11. Tokuda Bank AD	



*/The Banking Supervision division groups banks with a view to distinguishing the dynamic of process in the banking system. The grouping does not contain any rating elements and should not be interpreted as an appraisal of their financial position. The banks' placement in the groups depends on the amount of their assets at the end of each reporting period. Group One consists of the 5 largest banks, based on their total assets for each reporting period, Group Two – consists of the other banks, while Group Three comprises the branches of foreign banks in Bulgaria/

» Source: Bulgarian National Bank

BULGARIAN STOCK EXCHANGE

Bulgarian Stock Exchange – Sofia /BSE/ is the only regulated securities and other financial instruments market in Bulgaria.

MARKET SUPERVISION

The Financial Supervision Commission (FSC) is responsible for stock market supervision. The Commission is an independent state authority whose mission is to protect investors' rights and to enhance the development of a transparent and efficient capital market.

STARTING A BUSINESS IN SOFIA

Establishing a new business entity, including with foreign participation, or acquisition of shares of an existing local entity in Bulgaria, is governed by the Commercial Act. There is no limitation on the share participation of foreign legal entities and individuals.

Types of business entity

- Unlimited partnerships
- Joint-stock companies (solely-owned joint-stock companies)
- Limited partnerships
- Limited partnerships with shares
- Limited liability companies (solely-owned limited liability companies)
- Sole traders

No prior permission from government institutions is required except for cases involving banking or insurance activities, investment funds, management companies or investment intermediaries, special concession rights and others.

SETTING UP A COMPANY

The most popular forms of business associations are the limited liability company (OOD) and the joint stock company (AD)

Limited Liability Company (OOD)

Trade or holding activities:

- The minimum required capital is EUR 1
- Should have at least 1 Director and 1 Shareholder
- No restrictions for nationality of Directors or Shareholders
- Company incorporation takes 3-4 working days

Joint Stock Company (AD)

- Minimum required capital - EUR 25 000
- Minimum required paid-up capital - 25% of the total capital
- Annual audit
- Should have at least 1 Chairman, 3 Board Members and 1 Shareholder
- No restrictions for nationality of Board members and Shareholders.

Registering a business - fees and turnaround times

Procedure	Time (business days)	Fees (BGN)
Implementation of the Articles of association	1 day	none
Obtaining a notary certified statement of consent and signature specimen of the manager and a verified copy of the company's Articles of incorporation	1 day	BGN 5
Depositing subscribed capital in the bank	1 day	BGN 10-30
Registration in the Commercial Register of the Registry Agency	2 days	BGN 55 (for online registration)
VAT registration	12 days	none
Registration of fiscal device (cash register)	2 days	BGN 50 - 200
Register employees with National Revenue Agency	Less than one day, online procedure simultaneous with previous procedure	none
Register commercial object of the company (in case the company will operate commercial sites)	1 week	none

» Source: World Bank – Economy Profile Bulgaria



BUSINESS TAXES AND FEES

Type	Number of payments	Tax rate	Tax Base
Corporate tax	1	10%	Taxable income
Value-added tax (VAT)	1	20%	Value added
VAT*	1	9%	Value added
Social security contributions	1	18.92%	Gross monthly salary (up to the monthly ceiling of BGN 3 000)
Communal taxes (non-residential waste collection tax in Sofia)	1 (in 4 installments)	10‰ (per mille)	Book value or/and the number of the utilized containers
Real estate transfer fee	1	Notary fee from BGN 30 to BGN 1 531+ 0.1%-1.5% of the property value (max. BGN 6 000) A 20% VAT is charged on the notary fee.	The taxable value or the selling price (whichever is higher)
Real estate transfer tax	1	3%	The taxable value or the selling price (whichever is higher)
Property tax	1 (in 2 installments)	1.875‰ (per mille)	Book or taxable value (whichever is higher)
Vignette*	1 - 12	BGN 97 - 2 088 (depends on the vehicle type)	Vehicle type
Vehicle tax**	1 (in 2 installments)	BGN 16 - 1 313 (depends on the vehicle type)	Vehicle type
Insurance premium tax	1	2.0%	Insured amount
Final/ one-off tax on some expenses (e.g. representative expenses, social expenses in-kind)	1	10% (exemptions apply)	Gross expenses
Tax on fuel	1	-	Included in the fuel price

*Restaurant and catering services, deliveries of food, baby formula and sanitation materials; tourism services; provision of vacation accommodation and leasing of spaces for camping sites or caravans; deliveries of books on physical carriers or electronically, or both, as well as delivery of sports goods

*Vignette: BGN 97 annual vignette for a vehicle < 3.5 tons and < 8 seats

**Vehicle tax: BGN 83 for a 4-year old vehicle at the EURO 6 standard, registered in Sofia

INVESTMENT INCENTIVES

Investment incentives in Bulgaria are national and local. The investment projects are reviewed and awarded an investment certificate. The certification procedure takes a few weeks.

**NATIOANL by
Invest Bulgaria Agency**

**MUNICIPAL by
Sofia Investment Agency**

	Priority Class	Class A	Class B	Class C*
	THRESHOLD			
INCENTIVES	€ 50 M 50 – 150 jobs	€ 1 -5 M 25 – 150 jobs	€ 500 K – 2.5 M 10 – 100 jobs	Up to € 1 M >1 No job requirements
Shortened administrative procedures	✓	✓	✓	✓
The right to purchase government or municipal real estate without a tender	✓	✓	✓	✓
Individual services	✓	✓		✓
Financing of vocational training	✓	✓	✓	
Social security cash-back	✓	✓	✓	
Financing of supporting infrastructure	✓	✓		
Public-private partnership	✓			
No tax on land status change	✓			
Acquiring public real estate at below market price	✓			
R&D grants	✓			

*Class C is awarded for projects within the territory of Sofia Municipality.

Certification criteria

1. Economic activity*:

To be awarded with Class A, B or Priority certificate, the investment must be in the sector of:

- Manufacturing
- Services including:

High-tech activities in the field of ICT, R&D, Outsourcing of business processes, Activities of head offices, Education, Human health care, Warehousing and support activities for transportation, Accounting and auditing, Architecture and engineering

*High-tech sectors have lower investment volume requirements

2. Number of new jobs created

3. Location of the investment

Bulgaria has signed double taxation treaties with 80 countries.

ARBITRATION COURT

There are numerous independent arbitration courts in Sofia that resolve civil and commercial property disputes, and also disputes aimed at filling gaps in a contract or its adjustments to newly arisen circumstances between parties, physical persons or legal entities. At this stage arbitration is mostly applicable to commercial disputes. It is governed by the framework of the existing applicable law and has long-standing traditions in Bulgaria.

TRANSPORT AND CONNECTIVITY

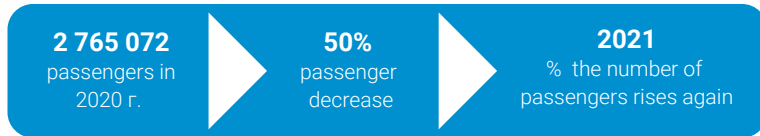
SOFIA AIRPORT

Sofia has the largest airport in Bulgaria. Sofia Airport consists of two passenger terminals and two cargo terminals. Over 35 airlines carry out regular passenger or cargo flights, as well as seasonal tourism programs from and to Sofia. SIA research indicates that during the period 2015-2018 Sofia Airport opened lines to 44 new destinations, while the number of passengers increased at a rate, which is among the highest for the 100 busiest airports in Europe. Development of low-cost flights also has a significant effect on the airport's workload. Out of over 7.1 million passengers on the eve of the pandemic (2019), over half flew a low-cost airline.

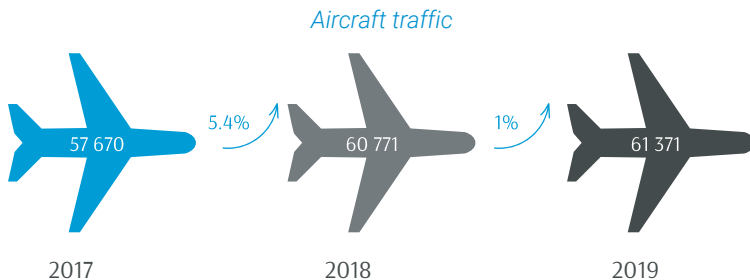
The travel restrictions introduced in 2020 posed significant challenges to the development of air transport in the country overall and of Sofia Airport in particular.

During the months with the most stringent restrictions the decline in passenger turnover reached 95% compared to the same month of the preceding year, while even during summer months there were 60% less passengers. In 2021, however, a relatively swift recovery was observed, with the number of passengers during the summer months reaching 65-70% of the pre-pandemic year of 2019.

The new concessionaire selected in 2019 with a period of operation of the following 35 years, anticipates construction of a third terminal until 2030 and modernization of the existing two terminal.



In 2021 Sofia Airport served 3.3 million passengers, which stands for barely 47% of the passenger flow in 2019, when there were over 7 100 000 passengers.



In 2020 passenger aircraft experienced reduction in demand by an average of 50%, due to the pandemic situation. On the other hand, despite a tough year, the tons of cargo processed by the airport only declined by an average of 10%. In 2021 a gradual increase of passenger traffic was observed.

London, followed by Amsterdam and Varna, were the most popular destinations in 2020 and 2021.

Sofia Airport: Top destinations in number of passengers, 2020

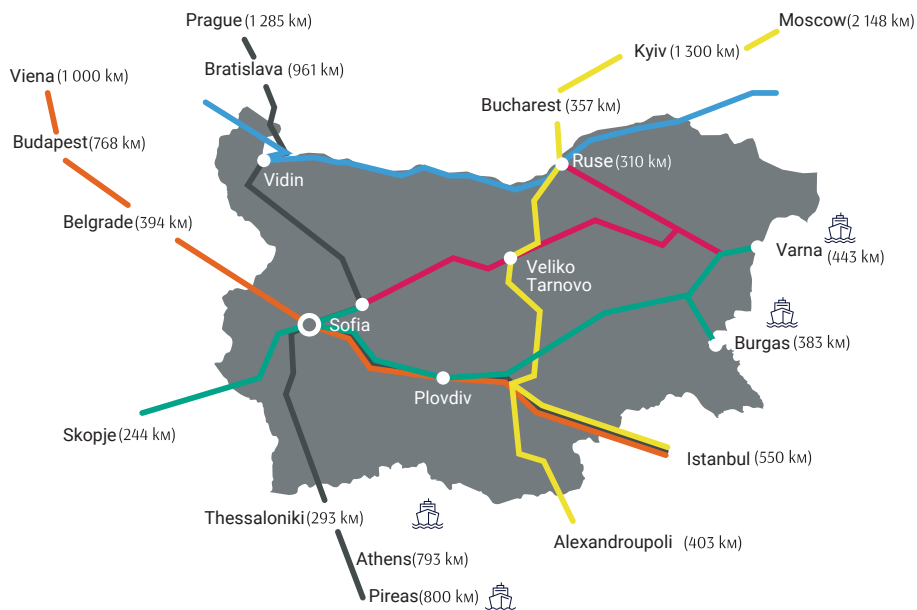
- | | |
|---------------------|---------------------|
| 1. London | 6. Paris |
| 2. Amsterdam | 7. Milan |
| 3. Varna | 8. Tel Aviv |
| 4. Frankfurt | 9. Madrid |
| 5. Brussels | 10. Dortmund |

» Source: Sofia Airport

HIGHWAY NETWORK

Sofia is part of 3 Pan-European transport corridors. The city is well connected with the rest of Bulgaria and the Black Sea Coast, the city and the port of Bourgas, as well as with the borders with Turkey, Greece (Thessaloniki) and Serbia through the Northern Speed Tangent road, Sofia Ring Road, Trakia Motorway (A1), Hemus Motorway (A2) and Struma Motorway (A3).

Transport Network



» Source: Ministry of Transport

Railway infrastructure

Sofia is the biggest railroad hub of the country's railway network. The density of the railway network in 2020 was 12.8 km per 100 sq. km. of territory, which is nearly four-fold above the average density for the country (3.6 km/100 sq. km.). Overall for the country, the railway network's length and number of passengers have been declining in recent years. The main reasons are reduced demand and development of competing types of transport (road and air).



» Source: "Economic effects of COVID-19 in Sofia", IME, 2020

INTERNET CONNECTIVITY

Sofia has one of the highest internet speeds in Europe in terms of both download and upload of information – respectively, 58.24 and 46.02 megabits per second (mbps). Surveys rank Sofia 9th in terms of average internet speed.

The high extent of mobile broadband internet coverage has been increasing continuously - from 87 subscriptions per 100 persons in 2017, to 98 subscriptions per 100 persons in 2018, and then 103 subscriptions per 100 persons in 2019. For the EU the 2020 data show 100 subscriptions per 100 persons. In 2020 77% of households in Bulgaria had high-speed broadband access, vis-a-vis 86% for the EU.

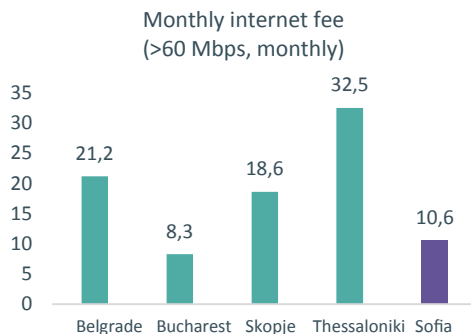
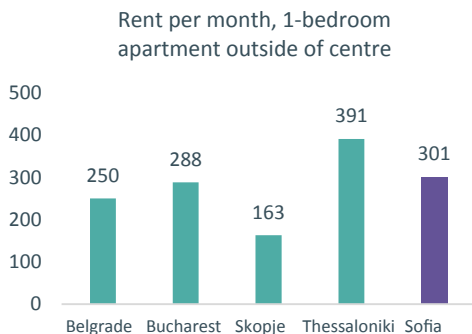
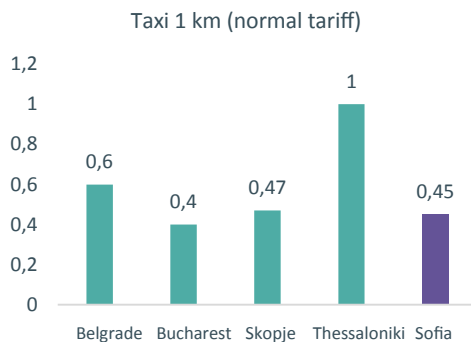
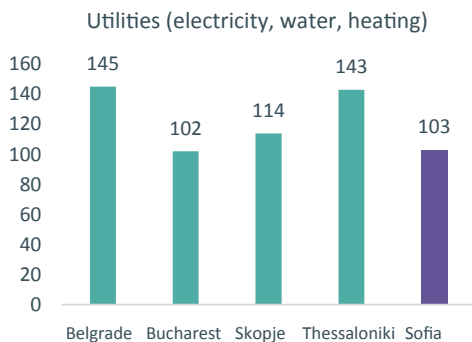
The cost of monthly internet subscription for business clients ranges from BGN 35 / EUR 18 (50 mbps) to circa BGN 55 / EUR 28 (100 mbps), net of VAT. Higher speeds of up to 1 GBPS are also available.

ACCESS TO UTILITIES

A price comparison of the basic services ranks Sofia midway among the other big cities. According to Numbeo, the average rate of utilities expenses for a medium apartment (85 sq. m.) and for a kilometer of taxi ride in late 2021 was only lower in Bucharest. The standard of living and wages rise faster in Sofia than in the other reviewed cities. Bulgaria's capital is already catching up with Thessaloniki in terms of rents.

Sofia keeps one of the lowest prices of internet access for households, especially when compared to Thessaloniki. Reference checks in specialized sites reveal that Bulgaria's capital also boasts one of the highest average speeds of internet access, far ahead of Skopje and Thessaloniki.

Utilities prices in Sofia, Belgrade, Skopje, Thessaloniki and Bucharest, December 2021, EUR



» Source: Numbeo * Data provided by users of the website and may differ from official statistics

OFFICE SPACES IN SOFIA

In recent years the office space market in Sofia has been developing dynamically, mostly as a result of the growth of ICT and the outsourcing industry.

The volume of rented office space in Sofia during 2021 grew by 43% on an annual basis. A total of 153 001 sq. m. of space were absorbed during the period, against the backdrop of 107 382 during the pandemic year 2020.



2.18-2.32M m²

Existing stock -
Class A and B office spaces



376 K m²

Office spaces under
construction



8-15 €/m²

Rental prices -
Class A and B



10.8%

Vacancy rate



7.75-8%

Prime yields

» Source: leading real estate agencies for Q4, 2020

INDUSTRIAL SPACES IN SOFIA

The market is dominated by owner-occupied and built-to-suit facilities.



1.1-1.3M m²

Existing stock of industrial spaces



241K M2

Industrial spaces under construction



2.5-5 €/M2

Rental prices



2-7%

Vacancy rate



8-9.5%

Prime yields

RETAIL SPACES IN SOFIA



391-425K M²

Existing stock of retail spaces



40 000 M2

Retail spaces under construction



39 €/M2

Average rental prices



6-9%

Vacancy rate



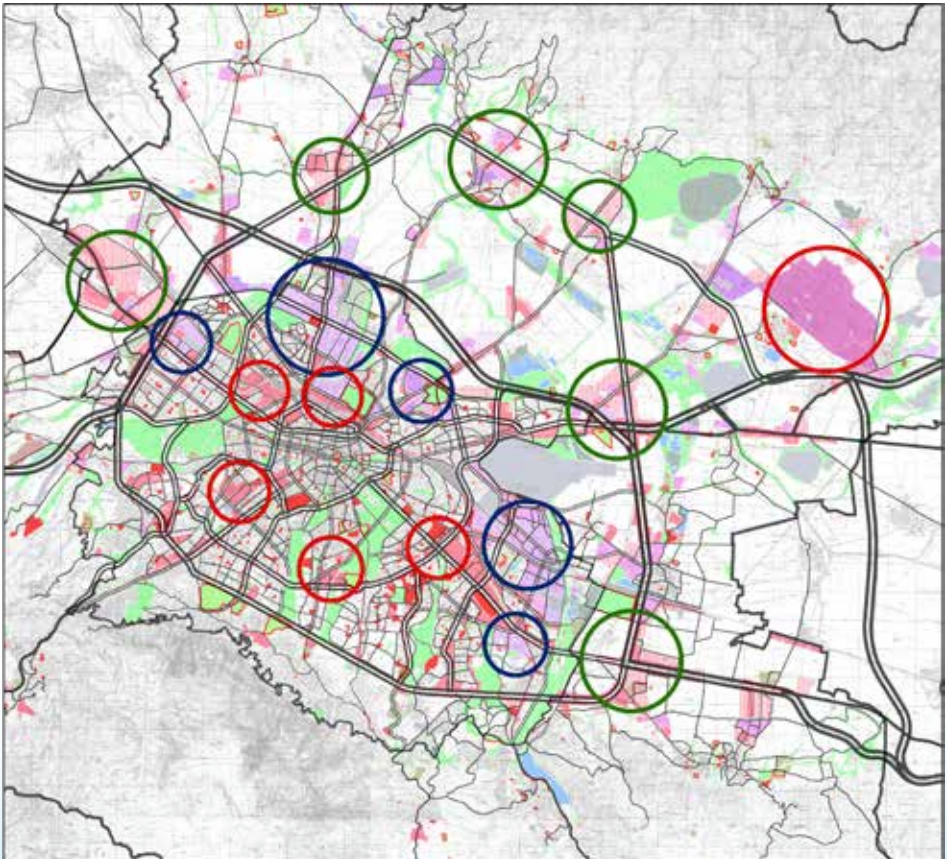
7.5%

Prime yields

SOFIA – AN ENTREPRENEURIAL HUB IN THE REGION

The city is a hub of entrepreneurial activity. The volume of venture capital investments in start-ups, the number of start-ups established per year, as well as the number of successful and profitable projects exceed the average for the Balkans and draw attention, capital, and people from all over Europe. Sofia offers a well-developed entrepreneurial ecosystem, with funding in all segments, extensive opportunities for experience sharing and mentoring, reduced administrative burden, and simplified regulatory regimes, access to a multitude of open data, scientific research and locations for the sharing of ideas and interaction with business partners, scholars, and career centres.

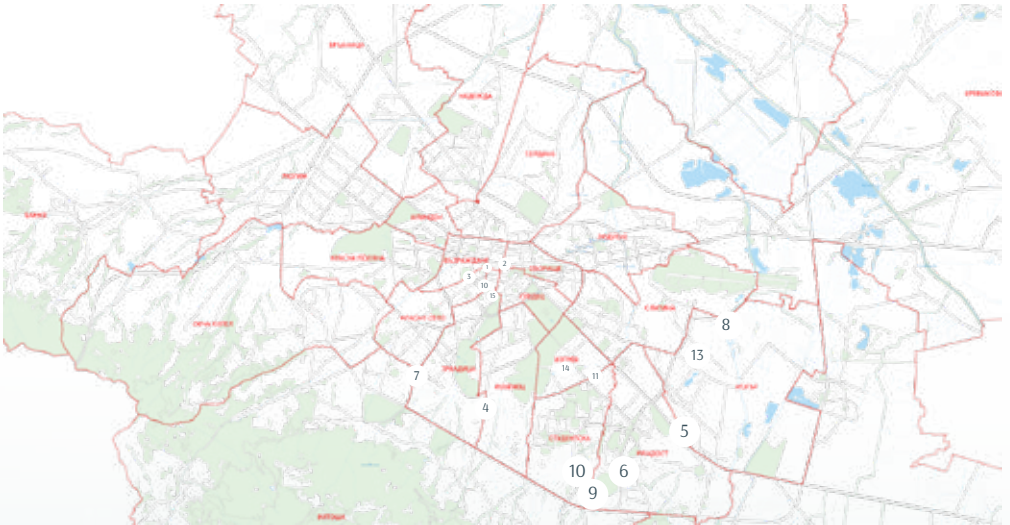
INDUSTRIAL ZONES AND WAREHOUSES IN SOFIA



<https://bit.ly/310Mvcl>

BUSINESS ZONES IN SOFIA

1. Todor Alexandrov blvd
2. Central Business Zone
3. Sofia-square Zone
4. Hladilnika Zone
5. Capital Fort Zone
6. Business Park Sofia
7. Bulgaria blvd
8. Sofia Airport Zone
9. Kambanite Zone
10. Garitage Park
11. NV Tower
12. Everty Business Center
13. Trade Center Europe
14. Interpred
15. FPI Business Hub



<http://www.isofmap.bg/>

SOFIA TECH PARK

Line of business:

The priority domains for development and business of Sofia Tech Park are ICT, life sciences, green energies, entrepreneurship, innovations, and support for start-up businesses. The park consists of several separate units interconnected by synergy, whose objective is development of innovations, technologies, science, and entrepreneurship.

- *INCUBATOR*
- *LABORATORY COMPLEX*
- *EXPERIMENTARIUM*
- *THE JOHN ATANASOFF INNOVATION FORUM*

<https://sofiatech.bg/about-us/>

The Discoverer supercomputer at Sofia Tech Park was launched in 2021 and is among the 100 most powerful machines in the world.



Image: Sofia Tech Park

INDUSTRIAL PARKS

PARK INDUSTRY - SOFIA EAST

Region: Sofia

Municipality: Elin Pelin

Location: close to the town of Elin Pelin

E-address/es: info@ipse.bg

Web address: www.ipse.bg

Area: a total of 700 000 sq. m.

Activities: Logistics and consumer goods industry. The complex offers a complete range of solutions tailored to the client's particular needs – rental of speculative space, rented built-to-suit buildings, as well as sale of zoned plots having access to infrastructure, they are offered with a turnkey option.

Services provided: Warehousing, office, and manufacturing premises conforming to international standards and client expectations. Owners and tenants are offered a broad range of services (security, fire-fighting plant, controlled access, parking lots for passenger vehicles and trucks), while bank offices, cafeterias, a motel, a petrol station, a conference unit and recreation areas are intended for those working at or visiting the park.

<https://www.bcci.bg/bulgarian/zones/index.php?zone=46>

ELIN PELIN INDUSTRIAL PARK

Region: Sofia

Municipality: Elin Pelin

Location: south-western part of the town of Elin Pelin

Name: ELIN PELIN INDUSTRIAL PARK

Area: a total of 1 600 000 sq. m.

Operations hosted: The area is intended as a transport-logistics hub, it also hosts environmentally friendly consumer goods production facilities and hi-tech.

Infrastructure:

Roads – railway line – in the proximity of Elin Pelin railway station and Stolnik railway station power supply – within the site water conduit – 3 km from the plot gas – it is possible to gasify the area since the transmission gas conduit passes around 1 km away, offshoots with the required diameter may be laid, sewerage – 3 km from the plot, telecommunications – 3 km from the plot.

Advantages:

- In proximity of city of Sofia and crucial infrastructure connections and sites, as well as in proximity of Bulgaria's biggest airport - in proximity of grade I roads - E79, E83, E871 and E772

- In proximity of two railway stations (Elin Pelin and Stolnik), which have good infrastructure.

Companies operating within the area – Overgas AD (natural gas), Bogaris Bl (investment), Paladin Property Development (real estate), Gloriant Investment OOD (real estate)

<https://www.bcci.bg/bulgarian/zones/index.php?zone=42>

GORNA MALINA INDUSTRIAL ZONE

Region: Sofia

Municipality: Gorna Malina

Location: village of Gorna Malina

Name: GORNA MALINA INDUSTRIAL ZONE

Owners: Gorna Malina Municipality and private companies

Area: a total of 153 619 sq. m.. – it is possible to expand the zone by about 200 000 sq. m. of privately owned land.

Operations hosted: The best developed economic sectors in Gorna Malina are the consumer good industry, food and beverages industry, and mechanical engineering. There is currently a plan to develop a manufacturing zone and warehousing space. Only environmentally friendly industries will operate in the zone.

Infrastructure: roads, power supply, water conduit, sewerage.

Vacant space: land

Nearby cities, population: city of Sofia: 2 million residents.

Brief presentation: The zone is furnished with a water conduit (for both drinking and industrial needs) and sewerage in top condition. Power supply of 63 kV is available at the boundary of each plot in the zone. The site is still not gasified but the Municipality's plans are to bring the gas transmission infrastructure to the zone's boundaries within a year.

Apart from the well-developed infrastructure, the Industrial Zone also boasts the following advantages:

- Proximity to the largest market for consumer goods and services in Bulgaria;
- Vacant plots;
- Favourable geographic location and resources available to develop environmentally friendly and cultural tourism;
- Clean environment.

Other information: Specific incentives offered by the municipal authorities to potential investors include:

- Preferential price for rental or purchase of properties and plots;
 - Fast-tracked periods for issuance of construction permits and other business licenses;
 - Interaction with all institutions affecting the business;
- Help in the search for qualified staff.

<https://www.bcci.bg/bulgarian/zones/index.php?zone=41>

PETARCH INDUSTRIAL PARK

Region: Sofia

Municipality: Kostinbrod

Location: village of Petarch

Line of business according to registration details: Purchase and sale of real estate, letting of real estate, real estate management, importation and exportation of goods and services, domestic and international trade, consultancy services, hotel and tourism services, trade representation and agency, as well as any other business not prohibited by law.

<https://www.bcci.bg/bulgarian/zones/index.php?zone=44>

SOFIA TECH PARK

Region: Sofia

Municipality: Sofia

Location: Sofia

Name: SOFIA TECH PARK

Owners: 100% state owned

E-address/es: office@sofiotech.bg

Web address: http://sofiotech.bg/

Operations hosted: an experimentation, an incubator, a laboratory complex, John Atanasoff forum.

Infrastructure: roads, a railway line, an airport, power supply, water conduit, sewerage, telecommunications, optical connection.

Brief presentation: The company's main goal is to implement projects directly aiming to facilitate development of the research-, innovation-, and technology capacity of Republic of Bulgaria. For the purpose, Sofia Tech Park AD will partner private and public clients in order to create and manage a unique investment environment, to set up and implement education programs, meanwhile providing support services in regards to commercialization of new technologies, products, and services.

The company is currently the main contractor for a large-scale project to create the first science and technology park in Bulgaria, which would be transformed into an esteemed location for global, regional, and local researches and innovation companies, being a paragon of knowledge-based economy in Bulgaria and the Balkan region.

The project's overall goal is to strengthen the competitiveness of science and entrepreneurship in Bulgaria by improving the knowledge exchange between the academia and the business community, supporting start-ups and innovation ideas, serving as catalyst for the process of research commercialization.

Sofia Tech Park AD partners with a number of stakeholders, including top universities, business clusters, large international companies, Sofia Municipality, MoES, Ministry of Labour and Social Policy, NGO's, and others in the course of implementation of the project, meanwhile being responsible for the overall arrangements relating to the project's preparation, the intrinsic marketing activities, funding, letting, construction, and other activities.

Other information:

Line of business: Setting up, management, and development of science-technology parks and other pro-innovation infrastructure (incubators, technology transfer centres, and other initiatives), investment in the development of public infrastructure (state-owned or municipal), management and maintenance of the infrastructure in place, as well as of the research, manufacturing, administrative and other ancillary buildings within the science-technology parks for the purpose of creating a favourable business environment for the development of economic activities associated with the elaboration and/or implementation of innovations, rendering of expert or logistics support to potential investors on account of preparation of programs and strategies to invest in the elaboration and/or implementation innovative technologies and products, assistance to bidders in the course of participation of any types of public or private programs for targeted funding of projects to develop research-, manufacturing, and office buildings, as well as for funding for research and development activities for the purpose of elaboration and/or implementation of innovations, representation and agency in the selection and implementation of innovation projects for the purpose of improving the innovation potential of Bulgarian enterprises and Bulgaria-based divisions of foreign enterprises, as well as any other manufacturing and commercial business.

SOFIA-BOZHURISHTE INDUSTRIAL PARK

Total area: 2 983 692 m²

Investors on board: 35

Investment: over BGN 546.4 million

Sofia-Bozhurishte Industrial Park is a priority project of NCIZ (National Company Industrial Zones), having already attracted 35 investors from the country and abroad in a number of sectors, including car-making, high tech, warehousing and logistics operations. The industrial park has an area of nearly 3 million sq. m. and offers plots with developed infrastructure, with the options for power supply, water supply, residential and rainwater sewerage, gasification, optics.

Location:

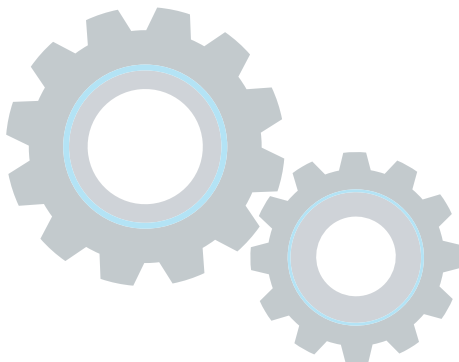
- In the immediate vicinity of Sofia
- 23 kilometers to Sofia Airport
- 5 km from the motorway to Greece
- 2 km from the motorway to Serbia
- In the immediate vicinity of the international road connecting Europe and Turkey
- Direct connection to the railway network
- A metro station project in the near future

Investment projects in the zone exceed BGN 546.4 million in value.

The German company BHTC is the first investor at Sofia-Bozhurishte Industrial Park - since 2013. The BHTC plant manufactures conditioning systems for over 30 car makers worldwide. The German company's project cost BGN 150 million and opened 650 new jobs.

The largest investor in the park is the Danish company JYSK. On an area of 300 000 sq. m. JYSK developed a distribution centre for South-Eastern Europe изгражда дистрибуционен център за Югоизточна Европа. The Danish company's investment project in the park near Sofia amounts to BGN 200 million.

» Source: Sofia-Bozhurishte Industrial Park (nciz.bg)





EXISTENCE OF EFFECTIVE LOGISTICS CONNECTIONS AND BASES

The city's economic development attracts logistics and manufacturing bases in industrial zones in the suburbia. The required infrastructure connections to the TEN-T network are in place, supporting the servicing of those zones and the fast transportation of goods to the next distribution points or end-user markets. Companies rely mostly on the railway infrastructure, which is more environmentally friendly and requires the least resources to maintain it in running condition. Intermodal terminals have been developed, considerably facilitating and speeding up the exchange of cargoes among the road, railway, and air transport. Transportation of goods within the city takes place by means of smaller vehicles outside the rush hours and is optimized in such a way as to serve outlets with a minimal number of routes. A logistics plan is created and applied to speed up and improve the logistics processes.

» Source: VISION-SOFIA-GOALS-FINAL

LOGISTICS PARK SOFIA

SOFIA'S NEWEST LOGISTICS HUB

Logistics Park Sofia is a modern complex of warehouses, offices and retail spaces. It is located in the village of Ravno Pole, Elin Pelin municipality, Sofia district, in a strategic location between the motorways Trakia (A1 / E80) and Hemus (A2 / E79), close to Sofia airport and the ring road of the capital.

The park is a logistic facility covering over 200,000 sq. m, and consisting of four storage sections, offering a capacity of 27,000 sq. m. warehouse and industrial halls at the first stage (first storage section), another 31 000 sq. m. at the second stage (second storage section), 31 000 sq. m. at the third stage (third storage section) and 26 000 sq. m. in the fourth stage (fourth storage section), the total area will be over 115,000 sq. m.

<https://logisticsparksofia.com/about-us/>

STAD LOGISTICS PARK

Warehouses for rent – Logistics

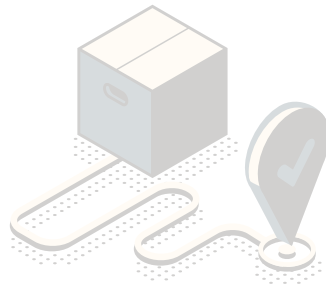
- Kazichene Business Centre · BPD Sofia East
- ADMINISTRATIVE ADDRESS:
City of Sofia, Pancharevo district, 454 A, Okolovrasten Pat St.

LOCATION AND MAP:

- the first line of the eastern tangent of Sofia Ring Road, in the area of Krivina village
- a strategic location, easily accessible, located between the Hemus and Trakia motorways
- in the vicinity of Sofia Airport.

DISTANCES:

- downtown Sofia – 11 km
- Isskar railway station – 7 km
- Sofia Airport – 10 km
- Botevgradsko shosse Blvd. – 4 km
- city of Plovdiv – 136 km
- city of Burgas – 376 km
- city of Varna - 457 km



CONCEPT AND AREAS:

- property's area: 8 251 sq. m.
- space to let: 4 322 sq. m.
- built-to-suit premises for a pharmaceuticals company: 3 362 sq. m.
- a conventional warehouse: 962 sq. m.

<https://www.bpdplc.com/logistichni-parkove/logistichen-park-bpd-sofiya-iztok-ii>

BULGARIAN PROPERTY DEVELOPMENTS FOOD

BPD is leading owner, operator and developer of industrial real estate in Bulgaria. The company leases modern distribution facilities to manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises. We are suitable choice for customers seeking a wide range of industrial real estate services in emerging markets, where we have significant experience.

Our corporate vision is being a leader in a rapidly changing market environment via innovative decisions and management by a team of professionals with key competences.

<https://www.bpdplc.com/za-kompaniyata>

BOZHURISHTE LOGISTICS PARK

Logistics:

- Located just 15 km from the centre of Sofia
- Convenient access to the E-80 Belgrade-Istanbul International Road
- Immediate proximity to the Ring Road and Struma highway
- Adjacent to the former military airport near Bozhurishte
- Access to a functioning railway line
- Convenient public transport with an own bus stop servicing the park
- 500 m. From METRO Lyulin
- On the opposite side of SCHENKER Bulgaria
- A truly International strategic location

<https://lpb.bg/about-us/>

STARS LOGISTICS CENTRE

The company Stars EOOD was established in 2008, its main line of business is in the domain of logistics and transport.

The company arranges FTL and LTL transportation of cargoes by road, air, and sea to any point in the world:

- loading and unloading of FTL and LTL trucks;
 - short-term and long-term warehousing;
 - cross docking;
 - full service of LTL lines;
 - door-to-door delivery within Bulgaria and throughout Europe;
- 36, Chepinsko Shosse St.

<https://stars-bg.com/#izlojeniq-i-proekti>

EAST RING LOGISTIC PARK

Located within Elin Pelin municipality, the park is in a traditional industrial area, just 25 minutes away from downtown Sofia. Being within the two major motorways of Hemus (A 2/E79) and Trakia (A1/E80), East Ring covers an area of 220 000 sq. m., with the capacity to develop 90 000 sq. m. of warehousing and industrial facilities.

Presently, four dry warehouses operate in the park, total area 25 600 sq. m. They are buildings 1, 2, 5, and 6, each having an area of 6 400 sq. m. The buildings are suitable for dry storage and/or consumer goods manufacturing.

IN the immediate vicinity of:

- Sofia Ring Road (6 min.)
- Elin Pelin railway station (5min.) and Sofia Airport (20 min.)
- Downtown Sofia (25 min.)
- Quick exit to key transportation routes – Trakia and Hemus motorways
- Built-to-suit opportunity
- Traditional industrial area
- Close to settlements offering efficient workforce and traditional experience in manufacturing and servicing operations (Elin Pelin, Ravno Pole, Novi Han, Lozen and Lesenovo)
- Elin Pelin Municipality is supportive of the industry's development

<https://www.sofiaeastring.com/bg/index>

BUSINESS PARK SOFIA

Business Park Sofia is located at the foot of Vitosha mountain, with convenient access to all major boulevards and a direct exit to the Ring Road. It is a 20 minutes car ride from the city's administrative and business centre, and a 10 minutes car ride from Sofia Airport. Transportation to Business Park Sofia is provided by several lines of the city transport, shuttle buses, a metro station connecting the complex to the city, free of charge transportation for employees in Business Park Sofia to the final metro station.

<https://bit.ly/3nMH35R>

Project's parameters: <https://bit.ly/3qr8G60>

KM LOGISTICS

KM Logistics Ltd. is a freight forwarding company established in 2007 and situated in Sofia. The transportation and logistics services. The transport lines of KM Logistics are mainly the routes Germany – Belgium – the Netherlands and France-Hungary-Greece-Bulgaria but services are available across Europe.

What is at our disposal?

Our logistic structure spreads over an area of 27 000 sq. m. and is divided at the following cities:

Sofia – 6000 sq. m.

Athens – 5000 sq. m.

Thessaloniki - 3000 sq. m.

Budapest – 10 000 sq. m.

<http://www.kmlogistics.eu/bg/about>

UPCOMING OPENING: LAUNCH OF CTPARK: THREE PARKS WITH WAREHOUSES AND ONE FACTORY

The company, which is the biggest operator of logistics and industrial parks in SEE, is preparing to launch development of 85 000 sq. m. within Sofia city limits. The company identifies as location advantages for CTPark Sofia West that it is located next to major residential areas of Obleya, Nadezhda and Lyulin with all public transport connections to downtown Sofia (20 min.) and close to the Ring Road (2 min. drive).

The intention is to commence construction works this year and finalize them within 12 months. CTP is developing pattern buildings under their own standard and counts such predictability as an advantage. The warehousing premises are class A, high-rack warehouse with 12.5 m of usable height and floor load-bearing capacity of 5 t per sq. m., with numerous ramps and all necessary facilities.

Thus, CTP's plans for expansion in Sofia are starting to materialize, in its finished form it will comprise two-three business parks, each with an area of circa 100 000 sq. m. All three locations are in Sofia – adjacent to the Ring Road. That makes them suitable for the so-called urban logistics - last mile deliveries, for which the company had originally stated its development intentions. That type of services are in demand among online merchants, distributors, pharmaceutical companies, and FMCG companies.

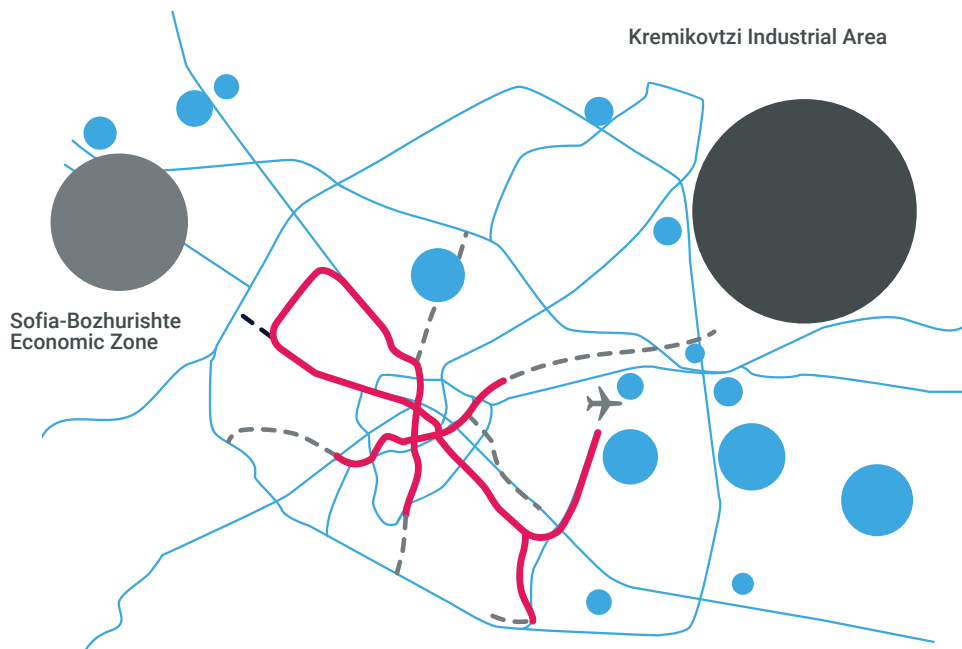
Photo: Capital



<https://bit.ly/3GulEpc>

INDUSTRIAL AND LOGISTICS ZONES IN AND AROUND SOFIA

Industrial and logistics parks



Sofia-Bozhurishte Economic Zone

Sofia-Bozhurishte economic zone is run by the National Company Industrial Zones. The zone is 15 km from the city centre and 23 km from Sofia Airport and has an area of 3 038 527 m².

Kremikovtzi Industrial Area

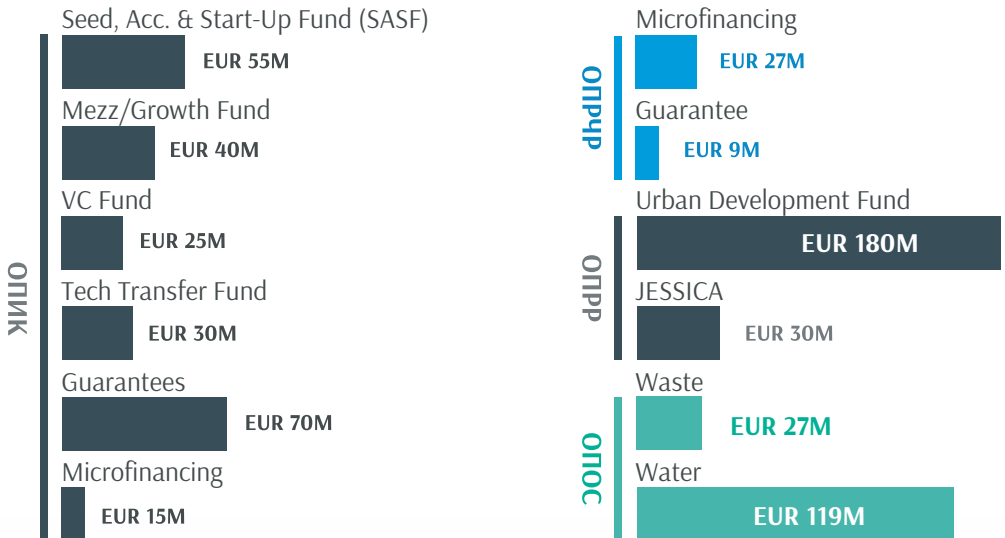
The area of the former steel mill “Kremikovtzi” represents a unique real estate consisting of 7.4 M m² of brownfield land. The area has the infrastructure and all the necessary prerequisites to again become the largest industrial zone in Bulgaria. The plot is clear of old buildings and unnecessary underground infrastructure. In the vicinity of the former steel mill there are a number of government and private plots, suitable for industrial and logistics facilities. The area has the potential to become one of the largest industrial hubs in the EU. The development of the area is a priority for both the local and the national governments.

FUNDING

There are multiple sources of financing available to companies and public and private organizations in Bulgaria. The Fund of Funds is the national entity overseeing the management of the financial instruments in the country.

FUND OF FUNDS

The Fund of Funds (FoF) manages BGN 1.2 billion under four operational programs: OP “Human Resources Development”, OP “Innovation and Competitiveness”, OP “Regions in Growth” and OP “Environment”.



» Source: Fund of Funds

SOFIA MUNICIPAL GUARANTEE FUND

The Fund is a municipal financial instrument in support of the entrepreneurial and innovation ecosystem in Sofia. In addition to its general guarantee scheme, the Fund also operates the Financing Innovative Start-ups program to facilitate the access of start-up innovative enterprises to financial resources.

Financing Innovative Start-ups program

- Guarantees up to 50% up to BGN 30K.
- Maximum warranty period - 60 months.
- SME's < 3yrs old or established ones with innovative projects.
- Collateral of at least 60% of the loan amount.

GENERAL PROGRAM

- Guarantees up to 50% up to BGN 150K.
- Maximum warranty period - 84 months.
- Collateral of at least 60% of the loan amount.

» Source: MGFSME

BULGARIAN SMALL AND MEDIUM ENTERPRISES PROMOTION AGENCY

The state agency supports SME's by organizing business delegations and participation in trade fairs.

Other support programs include:

- Voucher scheme for the provision of information and communication technology (ICT) services to SMEs (up to EUR 12 000)
- The National Innovation Fund under the National Innovation Strategy grants up to EUR 250 000 for industrial scientific research and experimental development activities in Mechatronics and Clean technologies, Information and Communication Technology, Healthtech and Biotech, technologies in the Creative and Recreative industries (Createch).

BEAM SME GROWTH MARKET

The Bulgarian Enterprise Accelerator Market (BEAM) is a specialized market for SMEs, organized by the Bulgarian Stock Exchange, with relaxed requirements for admission to the trading process and the raising of capital. It also offers mentoring.

DISC INITIATIVE

In order to address the investment gap in Central, Eastern and South Eastern Europe (CESEE) in the digital economy, the European Commission together with the EIB, the EIF, the EBRD, and the World Bank Group launched the Digital Innovation and Scaleup Initiative (DISC). The initiative is setting up the first regional investment facility that specifically targets digital innovations and the scale-up of digital startups in the CESEE region. DISC's targeted financing tools are tailored to both the early stage and the scale-up phase of digital startups, which require riskier financing and are underserved by the traditional finance sector.



THE START-UP ECOSYSTEM IN SOFIA

Sofia has one of the most vibrant startup and entrepreneurial ecosystems in Central and Eastern Europe, with a startup association, business angel association and angel investment clubs.

In 2019, Sofia became a French Tech label city, joining 50 innovation and tech hubs across the globe.

With 246 funding rounds, Sofia comes up third among CEE countries by number of VC rounds over the last 6 years, straight after Warsaw and Tallinn, according to Dealroom.co. Bulgaria is developing as a diversified tech hub with startups innovating across multiple industries. Approximately 15% of Bulgarian start-ups are in the deep tech sector, including AI, aerospace, robotics and IoT.

First-time entrepreneurs can resort to local incubators and pre-accelerator programs to get knowledge and guidance on starting a business. In addition, the VC community in Sofia supports scaling startups and companies in the growth stage.

Start-upBlink identify as advantages of Bulgaria the existence of accelerators and venture capital funds, as well as the affordable standard of living. Sofia is a major centre for local start-ups. Bulgaria's capital is increasingly attracting digital nomads from abroad, which in turn bring in foreign-based start-ups.

COWORKING SPACES IN SOFIA

1 DIGITAL CO-WORKING SPACES

- Betahaus
- Puzl CowOrKing
- Work&Share
- 1HUB
- init Lab
- Mastilo
- Co Share HIVE
- Smart Space
- This Way Coworking Hub
- Resonator Co-Innovation Hub
- Cherryz.work
- CampusX
- Premium Coworking

2 CREATIVE CO-WORKING SPACES

- Missia 23 Creative Hub
- SOHO
- Malkite 5
- Cosmos Coworking Camp
- Cre8
- Generator
- Trevor Workspaces
- Ko-Op Art&Coworking
- SODA Workspaces

3 INNOVATION HUBS

- Sofia Tech Park Incubator
- Groworking Space and Club House
- Microsoft Innovation Center
- JA Hambar
- CleanTech accelerator's co-working space
- Networking Zone

4 SOCIAL CO-WORKINGS

- NGO House
- Coworking by MOVE.BG
- OvertAim
- Launchee
- Zone 21
- WORKY Coworking & Coffee
- NAMASA CoWorking and CoLiving
- Catcotheque Coworking & Coffee
- CO&WO Coworking café



DIGITAL SOFIA

In 2015, Sofia adopted the Innovation Strategy for Smart Specialisation of Sofia, identifying the IT and Creative industries as priority sectors.

In 2019, Sofia completed the Digital Transformation Strategy for the city Sofia (DTSS), created under the Digital Cities Challenge Project by the European Commission and with the participation of over 100 local stakeholders and international experts. The mission of the Strategy is to enhance the local tech ecosystem by turning the city into a market for the digital products created in Sofia.

In January 2020 the city appointed its first deputy mayor for for Digitalisation, Innovation and Economic Development.

A new Big Data and AI Centre of Excellence - GATE, was launched in 2019 as a joint initiative between Sofia University, the Swedish Chalmers University of Technology and Chalmers Industrial Technologies. The center will focus on Future Cities, Intelligent Government, Smart Industry and Digital Health. Stakeholders will have access to a collaborative environment for experimentation, test-bedding, research and innovation. The project will include a City Living Lab, Open Visualisation Lab, Digital Twin Lab.

In 2021 the GATE institute successfully broke first ground for its new high-tech building, which will be housed in over 600 sq. m. between the historical buildings of Sofia University St. Kliment Ohridsky.

A memorandum to set up the capital's digital twin was signed by the Sofia mayor, Yordanka Fandakova, and the president of Sofia University, Prof. Anastas Gerdjikov. The purpose of the 3D model of the capital is to make various simulations, which would predict the effects of the urban solutions.

Over 200 teachers from 16 Sofia schools became part of Sofia's pilot project Cloud School, which intends to develop digital skills and work in an online environment.



SOFIA: PRIORITY INDUSTRIES

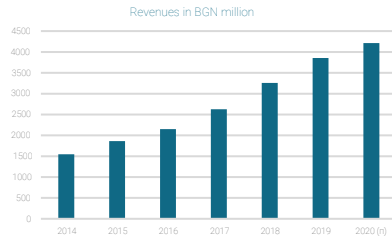
INFORMATION TECHNOLOGIES (IT)

Information-communication technologies (ICT) and telecommunications are the fastest growing sector in the capital. The sector plays a crucial role in Sofia's good performance compared to most other regions during the crisis – in 2020 alone the ICT sector added another BGN 762 million (7% growth) to the output of the capital, although such growth was lower than the 17% one registered in 2019. Such fast-paced development is part of a global trend, especially in advanced economies, where the high-tech sector is in a period of unprecedented upsurge. The ICT growth during the crisis year was supported by the abruptly arisen need for digital transformation and online sales for many businesses from other sectors, accordingly – by the increased demand for digital services. What also matters is the higher adaptability of the workforce, which easily transitioned to a remote work mode, generally without dramatic changes in the work process and productivity.

» Source: IME

Revenues

Year	Revenues in BGN million	Growth
2020 (n)	4,255	10 %
2019	3,857	18 %
2018	3,258	24 %
2017	2,628	22 %
2016	2,150	15 %
2015	1,863	20 %
2014	1,548	16 %



- A growth of nearly 600 million in 2019 – the software sector is the fastest growing sector in Bulgaria.
- Over 80% of revenues come from exports. Growth of the export revenues is 20% on annual basis in 2019, reaching BGN 3.1 billion. In 2020 the value of exports is expected to grow by another 12% and reach BGN 3.5 billion.
- Despite the COVID-19 crisis the forecasts predict 10% growth of revenues in 2020, vis-à-vis a 5,5% decline in the country's GDP



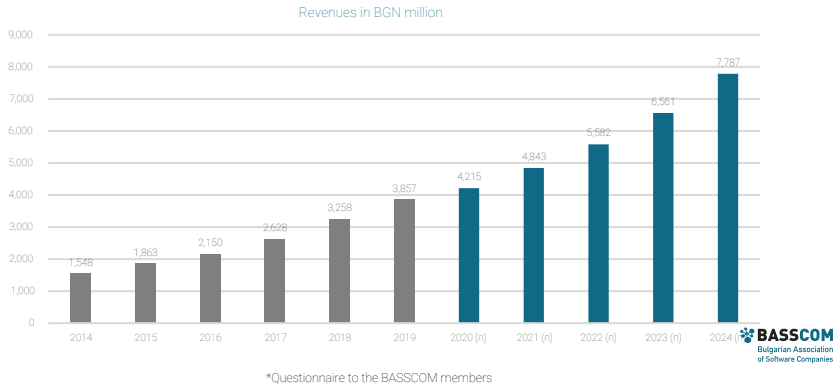
*The Bulgarian software industry
Revenues of the software industry continue to outpace the GDP growth,
reaching 3.3% in 2019.*

» Source: BASSCOM Barometer

The sector is characterized by high labour productivity, which in turn allows those employed in the sector to receive wages considerably higher than both the country average and the Sofia average. The average salary in the ICT sector in Sofia is nearly twofold higher than the Sofia average. This, in turn, makes the occupations related to the ICT sector (lead by programming) especially attractive. The latter is illustrated by both the employment dynamic and the high interest in STEM majors in tertiary education and the informal courses taught in the domain.

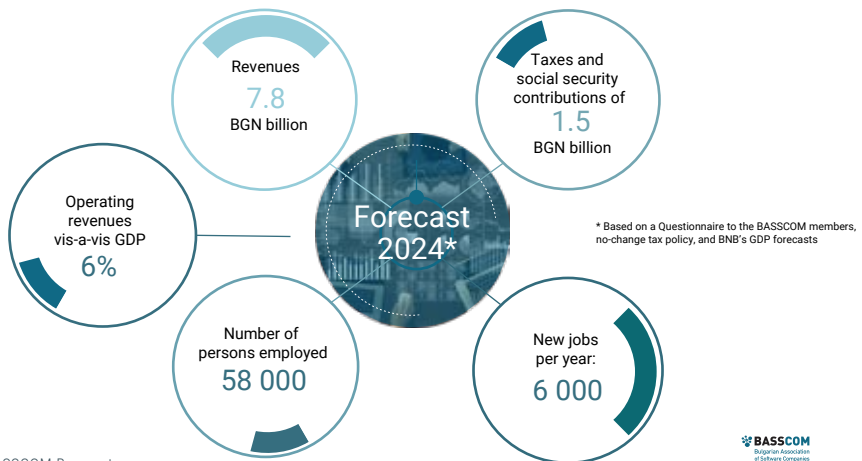
Experts from BASSCOM Barometer 2021 shared that if they had until recently presumed that over the next five years the software sector will have the potential to open some 23 000 new jobs, as at today their opinion is that the number will definitely exceed 30 000.

Forecast 2020 - 2024: Revenues



» Source: BASSCOM Baromete

The forecast of the Bulgarian Association of Software Companies is for growth of revenues in 2024, exceeding BGN 7.787 million.



» Source: BASSCOM Barometer

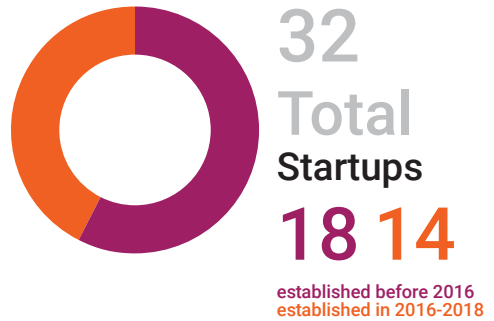
In 2020 the Skillvalue platform ranked Bulgaria 14th among the countries with the best software developers in the world. 35% of those working in the sector are women.

ARTIFICIAL INTELLIGENCE (AI)

The growing popularity of AI technologies has created a wave of start-ups in the country. Trade, finance, and media are leaders in the implementation of AI in our country, with over 30 local companies developing solutions for those sectors. A total of 47 enterprises either develop or use AI in Bulgaria; whereof 32 are start-ups scaling up, while 15 are fully fledged Bulgarian or international companies. The sector employs over 3000 persons; the AI-related jobs amount to 3% of the overall labour market in Bulgaria.

» Source: Seenews report "The AI Ecosystem in Bulgaria"

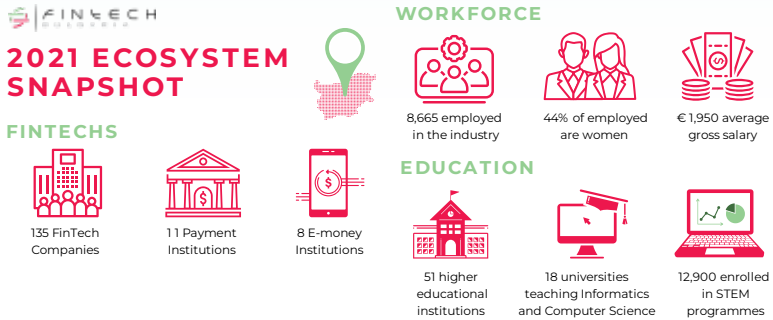
Structure by company type



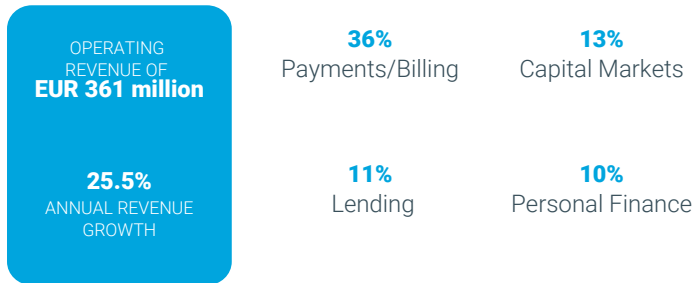
This year several Bulgarian organization announced the setting up of a Bulgarian Artificial Intelligence Ecosystem (BAIE). The purpose of the newly set up entity is to support elaboration and promotion of policies, strategies, best practices, and codes of conduct for development in the domain of artificial intelligence in our country.

FINTECH

Total revenues of companies in the Bulgarian FinTech sector reached BGN 1.441 billion, growing by 12%, from BGN 1.287 billion during the preceding year, as illustrated by data from the annual report of the Bulgarian FinTech.Association (BFA). The growth in operating revenues is 5.2 % reaching BGN 1.063 billion for 2020.



» Source: Annual Report of the Bulgarian FinTech.Association, 2021



» Source: Annual Fintech Report 2021, Bulgarian Fintech Association

The total number of companies in the FinTech sector in Bulgaria reached 135 in late 2020, whereas according to the report the Covid19 pandemic has accelerated the processes of setting up new companies. 18 new companies were set up in 2020. 4 new companies were set up until 2021.

Sofia remains the place with the most companies in the sector – 115, the other 20 companies are based mostly in Varna and Plovdiv. Depending on the line of business, the companies in the domain of online payments are 44, those in the equity markets and asset trading are 19, while digital lending is represented by 18.

In late 2020 a total of 8 665 are employed in FinTech, 44% thereof being women. According to report data, the average gross salary reached BGN 3815.

FinTech companies are supported by a number of investment funds, business angels, private investors, and local banks.

The FinTech industry in Bulgaria mostly has to do with the making of swift and cheap transactions by specialized finance companies. They make swift transfers to individuals and legal entities, involving private monetary relations and companies transfers, as well as one inherent to FX trading and securities trading on financial markets. The range of FinTech companies covers the following financial services: quick payments, block-chain, foreign exchange, crowdfunding (campaigns for purpose accumulation of crowd resources); digital money, online banking, investments.

FinTech venture investments by segments

Segment	EUR
Blockchain / Crypto	46 000 000
Lending	18 100 000
Personal Finance	8 180 000
IT development / support for fintech	5 000 000
Payments / Billing	1 805 000
Capital Markets	857 000
Insurance	250 00

OUTSOURCING AND SHARED BUSINESS SERVICES

The outsourced services sector in Bulgaria registered a two-digit growth during the pandemic year 2020 and now generates 6.6% of the country's GDP. Outsourced services have registered operating revenues of EUR 3.3 billion, which is 11.2% more than the preceding year, while those employed in the sector now number 77 000. The 2024 forecast indicates that the industry will keep growing and being a major pillar of Bulgaria's economy, its relative share in the country's GDP to reach 11.2%.

The graph below displays the leading outsourcing companies operating in our country.

Companies	Net EUR revenues
VMWare Bulgaria	103.8
EGT Interactive	85.9
IBM Bulgaria	71.7
SAP Labs Bulgaria	66.1
Modis Bulgaria	48.4
Visteon Electronics Bulgaria	35.4
Siemens	34.4
CNSys	34.2
Progress Software	32.4
Stemo	30.8

» Data: AIBEST Annual Industry Report 2021
 » Source: SeeNews

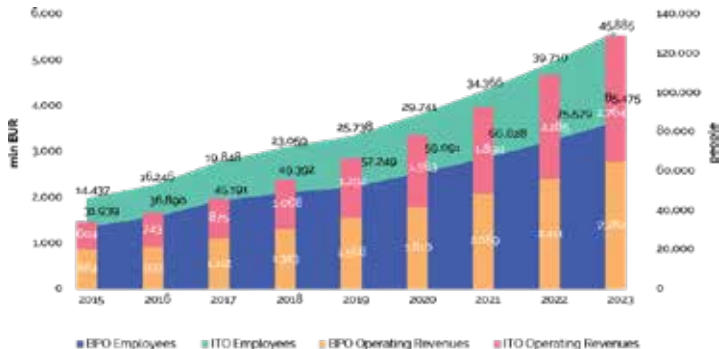
A global index of the most attractive outsourced services destinations: regional comparison

Eastern European countries continue to enjoy a solid presence in GSLI. Estonia, Bulgaria, and Latvia keep their solid position in the top 25.

Turnover and forecasts for the outsourced IT and business services in Bulgaria (EUR billion)

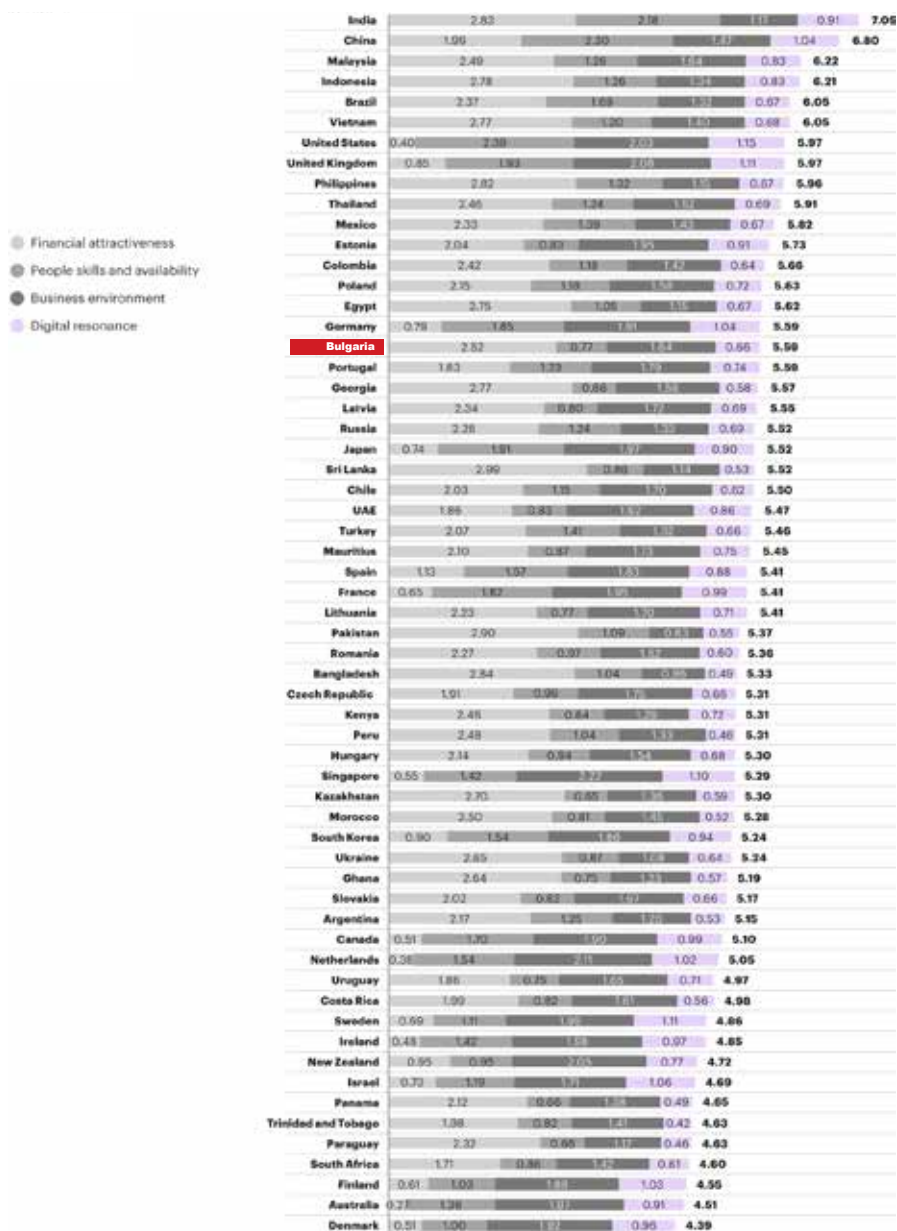
	2015	2016	2017	2018	2019	2020	2021	2022	2023
IT services ITO	0.60	0.74	0.88	1.07	1.29	1.56	1.89	1.29	2.76
Business services BPO	0.84	0.93	1.11	1.32	1.67	1.81	2.08	2.41	2.78
Total outsourced services	1.44	1.67	1.99	2.39	2.96	3.37	3.97	4.70	5.54

Operating revenues and employment in the outsourcing industry by sectors



» Data: AIBEST Annual Industry Report 2021

Bulgaria has a leading position in four major categories: financial attractiveness, people skills and availability, business environment, and digital resonance.



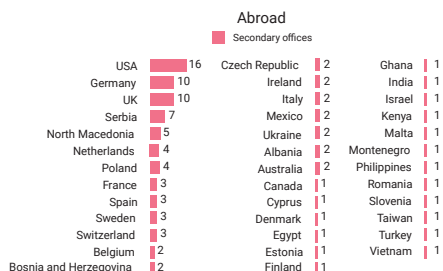
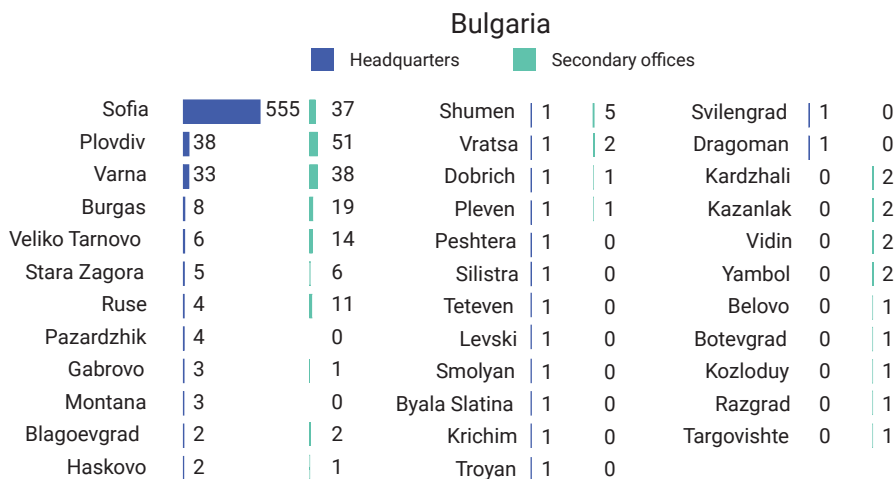
» Source: A. T. Kearney GSLI, 2021

OUTSOURCED BUSINESS SERVICES IN SOFIA

The outsourced services in our country mostly take place in the capital. It is so because the capital has the highest workforce concentration as well as the highest number of experts. Presently, over 600 companies for outsourcing services operate in Bulgaria, apart from Sofia, growth of the companies for outsources services is also registered in Plovdiv, Varna, and Burgas. The migration trend in the sector is guided by the search for new talent outside the biggest cities. The major foreign markets serviced by the Sofia-based companies are: USA, UK, Germany, the Netherlands, Switzerland, France, Austria, Belgium, Italy, Sweden, Australia, Russia, China, and India. The trend illustrates that the differences between BPO and ITO are becoming blurred, with many companies developing their own solutions for the purpose of higher efficiency and better cost optimization.

» Source: AIBEST Annual Report 2021

Major Cities by Number of Sourcing Companies



Top 5 cities	Secondary offices			
	BPO-h	BPO-s	ITO-h	ITO-s
Sofia	263	15	292	22
Varna	14	24	24	27
Plovdiv	22	17	11	21
Burgas	3	12	5	7
Veliko Tarnovo	2	8	4	6

» Source: AIBEST Annual Report 2021

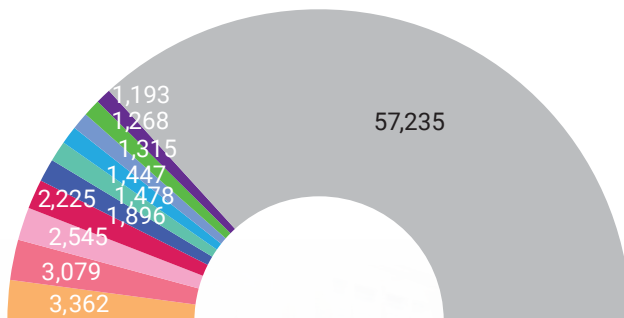
In 2019 Sofia University, jointly with the Association for Innovations, Business Services, and Technologies (AIBEST) set up a new Masters Program – „Outsourcing Projects and Companies“. This illustrates a positive trend and a growing need to nurture experts in this domain.

SHARED SERVICES CENTRES

As a development trend of the market in our country over the last year, the analysis singles out the double-digit growth in the number of shared services centres (SSC) operating in our country, which include accounting, staff administration, etc.

This is the sub-sector employing 1/5 of all employees in this industry. During the last year alone employment in this type of companies grew by nearly 25%. The largest share of wages paid out is generated by the shared services centres, where wages amounted to EUR 12.3 million, five-fold above the industry-average. This is also in line with the two-fold growth in the number of business in the sub-sector during last year. A number of companies assign the accounting, tax, and payroll processes to an external professional provider.

Top 10 outsourcing companies by full-time number of employees for 2019



- Enterprise Services Bulgaria
- Sutherland Global Services Bulgaria
- IBM Bulgaria
- Hewlett-Packard Global Delivery Bulgaria Center
- Paysafe Bulgaria
- Other Companies
- Callpoint New Europe
- S Group Human Capital
- SiTel Bulgaria
- Cargill Bulgaria
- PPD Bulgaria

» Source: AIBEST Annual Report 2021

CREATIVE INDUSTRIES

Sofia is the centre of the cultural and creative industries. The main indicators of the economic significance of arts, cultural and creative industries, cultural heritage, and culture tourism, – value added by factor costs, persons employed, turnover, number of organizations, foreign direct investment – display a concentration in the city ranging between 52% and 99%. Those number allow us to call Sofia a creative economy city.

Year	2019	2020	2021
GDP /%/	0,5	0,4	0,4

However, the number of persons employed in the sector has registered a decline due to the Covid19 pandemic. The sector was the hardest hit by the measures tackling dissemination of the virus, so a considerable part of the guild of visual artists, designers, cinema staff, musicians, and other representatives of the creative industries reskilled and started practicing other professions. This is a European scale trend. According to an EY study entitled Europe's Recovery, Cultural and Creative Industries Before and After COVID-19", in 2020 they generated revenues amounting to EUR 444 billion, which is a decline of EUR 199 billion compared to 2019, or nearly 31%.

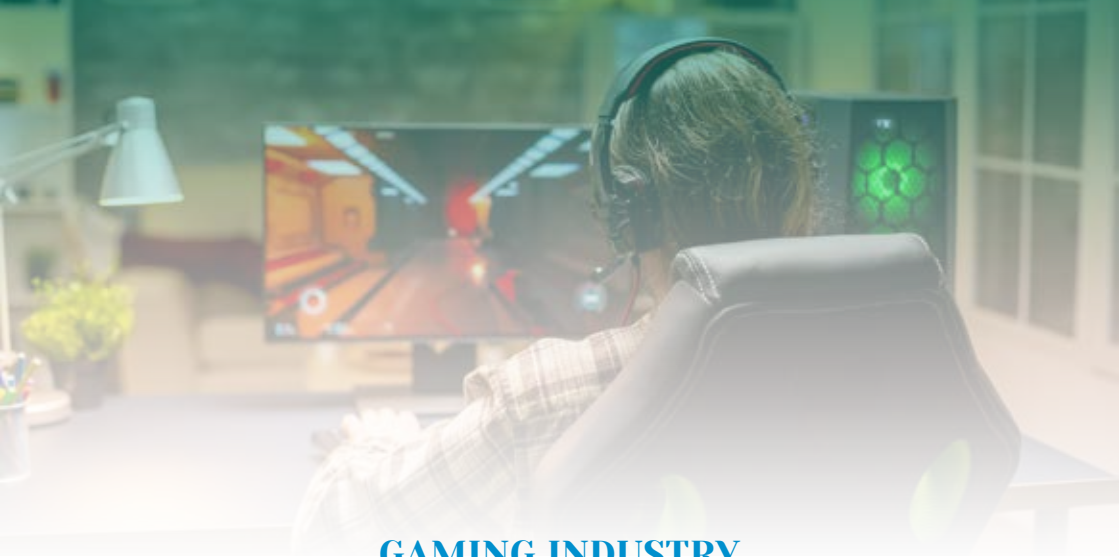
Despite such data, Sofia has kept its place as a national centre of the cultural and creative industries. The major indicators for the arts, cultural and creative industries, cultural heritage, and culture tourism, in terms of their economic significance - value added, persons employed, turnover, number of organizations, foreign direct investment – registered growth during the period. This is mostly due to the developers of video content and to digital content.

» Source: Sofia Municipality, Observatory of Cultural Economics

FILM INDUSTRY

The film industry is mostly developed in Sofia. This is where all leading training and work centres in this domain are positioned. The city also hosts one of the leading filmmaking studios in Europe – Nu Boyana Films. The National Academy of Theatre and Film Arts Krastyu Sarafov (NATFA) - Sofia is the biggest in Bulgaria. Similarly to the other industries, this one also suffered a considerable downturn due to the Covid crises, with 5 Bulgarian and 11 foreign productions having been shot during 2020 in Bulgaria, 6 of these being shot in one of the biggest studios in our country. The global cinema industry is still looking for ways to make films safely and is slowly recovering from the initial slump.

Nevertheless, the global film companies Netflix and Disney show interest in shooting in our country, which is evidence to the development of the film industry in Bulgaria.



GAMING INDUSTRY

Gaming is among the fastest growing creative industries in Sofia. There are currently over 75 gaming companies in Sofia, including subsidiaries of global leaders, and established Bulgarian studios. Games covering the entire range are developed here, while virtual reality is increasingly taking hold in our daily lives.

The Covid pandemic-affected trends in the gaming industry indicate that this sector is experiencing changes as well. Video game companies are registering significant sales growth precisely due to the restrictions imposed on people's daily lives. Apart from the big hike of earnings, also registered here are changes towards increased financial stake of mobile games.

Since November 2021 there have been trainings in the gaming industry in Bulgaria - GAME DEV, which are free and paid for by ARC Academy. A portal has been developed - <https://gameindustry.bg/> - wherein anyone interested may find detailed information about the gaming industry in Bulgaria, such as news, projects, and festivals.

TOURISM

In result of the swift expansion of low-cost airlines and the online platforms for short-term rentals, Sofia became a much more connected, accessible, and popular urban tourism destination in recent years. The pandemic, however, had a devastating effect on tourism, with tourism travel practically ceasing during the first Covid-19 wave in 2020. Recovery is already observed in 2021, but it will take time due to the continuing restrictive measures and slow vaccination process in the country.

In 2019 visitors to the capital numbered 1.16 million, with the total number of night-stays being nearly 2 million, with 786 000 of the visitors being foreigners.

In 2020 the total number of visitors shrank to 420 000, whereof just 221 000 were foreigners, in result of the impact of the restrictive measures and the suspension of nearly all international traffic during the March-June period. Nevertheless, in 2021 tourist traffic is gradually recovering, with the capital having been visited by 140-150 000 persons per month during the summer months.

The share of Bulgarians, however, is higher compared to the pre-pandemic period. Compared to seaside and mountain resorts, the capital maintains more balance between Bulgarian and foreign visitors, in all likelihood due to business trips within the country. Such a conclusion is also supported by the low number of night-stays per person – less than 2 per Sofia visitor, which matches more the profile of business trips and urban tourism during weekends. In terms of dynamics, in the years preceding the pandemic we were witnessing mostly growth in the number of visits by foreigners – by over 1/3 within five years, with no significant change in the visiting Bulgarians.

Official stats indicate that the beds in Sofia are some 13 400 in 2020. We need to add to that number, however, those registered on online platforms, which are not covered by the NSI surveys. According to AirDNA, the properties listed in AirBnb alone are nearly 3 000, adding a further 5-6 000 beds. Such a considerable expansion, which is enabled by the broad reception of online platforms, also helps assert the capital as a popular tourism destination.

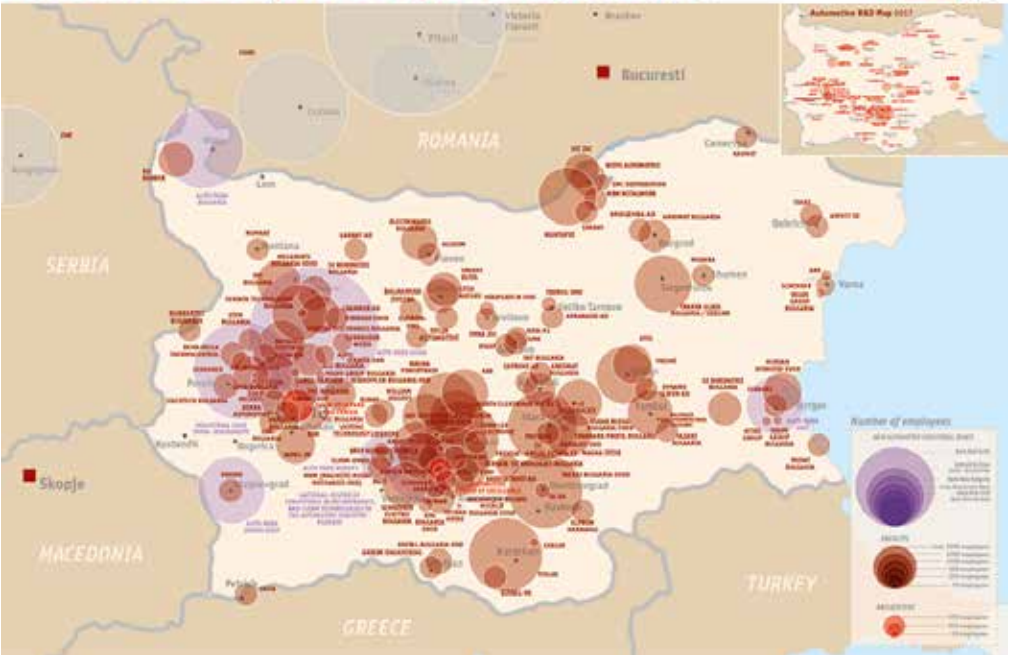
MANUFACTURING

In 2020 the output produced by the processing industry in the capital declined by over BGN 1 billion (or 7%) compared to the pre-crisis year 2019, down to BGN 9.7 billion. The decline mostly reflects the interruption of the supply chains during the period of the most severe crisis in the spring of 2020 and the shrinking in the domestic demand for the output of Bulgarian processing enterprises. According to preliminary data, in November 2021 the seasonally adjusted index of industrial output grew by 1.4% compared to October 2021. In November 2021 the seasonally adjusted index of industrial output grew by 13.2% compared to the same month of 2020. This sector is driven by several large, key enterprises of mostly export orientation, with the key sub-sectors being manufacturing of metallic items, foods, and beverages. Despite the high share of services during several years prior to the crisis, industrial activities have experienced fast-paced development. Sofia is an example of a municipality generating a high percentage of GDP from manufacturing operations.

AUTOMOTIVE SECTOR

The automotive industry is on the verge of becoming a leading one in Bulgaria. Despite the pandemic, many of the manufacturers in this sector are experiencing their best moment in time, with the number of those employed in this sector being higher than prior to the crisis. Companies in the country's automotive industry now exceed 300. They provide jobs to 69 000 persons, with the threshold of 70 000 employed soon to be surpassed. The share of the automotive industry in Bulgaria's economy is between 10% and 12%. A survey of the Automotive Cluster reveals that there is potential for that share to exceed 20%. According to the Cluster, the automotive industry may double again in the coming years and become a leading economic sector in the country. Sofia is still the most attractive destination, followed by Plovdiv and Shumen.

Automotive Map of Bulgaria 2020-2021



Bulgarian automotive industry overview

- » Turnover is expected to double in 2022
- » Some 10 % of the country's GDP
- » Over 300 automotive companies in Bulgaria in 2021

» Source: Automotive Cluster Bulgaria



ROBOTICS

BGN 950+ million in revenues, over 5000+ employees, over 30 companies developing robots, autonomous systems or software and components for such systems in Bulgaria. Sofia hosts some of the leading units for research and development in the robotics domain. In turn, use of robots and automated solutions in warehouses and logistics sites registers a permanent, sustainable growth of over 40% per year, according to the latest research of the International Federation of Robotics (IFR).

Automated warehouses have been developing at breath-taking speed as a business sector, especially during a pandemic period, all of this being a result of growing costs attributable to the challenges from the users' higher expectations for larger and faster deliveries. According to a survey by the Professional Association of Robotics and Automation, however, just 15% of businesses in Bulgaria are automated.

Presently, there are 202 industrial robots in 18 manufacturing operations. We are advancing at a very good pace, increasing numbers of Bulgarian young people are trained in robotics courses.

» Source: Professional Association of Robotics and Automation /PARA/

AEROSPACE INDUSTRY

The aerospace industry is a high value added industry. 20% of its workforce is involved in research activities. Sofia has a well-developed IT sector and a considerable capacity for research activities. The city already hosts a number of companies operating in this sector.

· Sofia hosts one of the biggest enterprises in Europe for general repair and maintenance of aircraft and engines, with over 1 100 employees.

· The Bulgarian manufacturer is the first strategic partner of the International Air Transport Association (IATA) for global level drones.

· The Technical University in Sofia offers Bachelor's and Master's (B.Sc. and M.Sc.) programs in Aviation Engineering (taught in English), as well as B.Sc. and M.Sc. in aviation equipment and technologies.

· Bulgaria is the sixth country to have sent an astronaut in space and the only SEE country with two astronauts.

· In 2017 SpaceX successfully launched into orbit the first Bulgarian geostationary telecommunications satellite BulgariaSat-1.

· Sofia companies manufacture CubeSat's for scientific, educational, and commercial purposes. A

· Bulgarian company is constructing the only decentralized platform for collection of satellite data.

· Sofia University offers a Master's (M.Sc.) program in Aerospace Engineering and Communications (in Bulgarian, English, or Russian).

· The biggest educational program for space science in SEE is located in Sofia.

» Source: Sofia Municipality

COST OF LIVING

Sofia remains one of the most affordable EU capitals

Utilities (Monthly)

Basic (Electricity, Heating, Cooling, Water, Garbage) for 85m2 Apartment	€ 95,61
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Monthly mobile tariff (including 1000 min calls and 5 GB data)	€ 10
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Monthly internet fee (>60 Mbps, unlimited data, Cable/ADSL)	€ 10
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Restaurants

Meal, inexpensive restaurant	€ 6
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Meal for 2 people, mid-range restaurant, three-course	€ 25
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Water	€ 1
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Supermarket

Milk (1 litre)	€ 1.02
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Bread	€ 1.00
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Chicken (1 kg)	€ 5.62
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Transportation

One-way public transport ticket	€ 0.82
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Annual public transport card	€ 187
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Taxi 1 km (normal tariff)	€ 0.41
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Gasoline (per litre)	€ 1.20
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Shared scooters	€0.77 + €0.16/мин.
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Shared vehicles	€2-3.25 + €0.15-€0.25/мин.
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Rent per month

1-bedroom apartment city	€ 250
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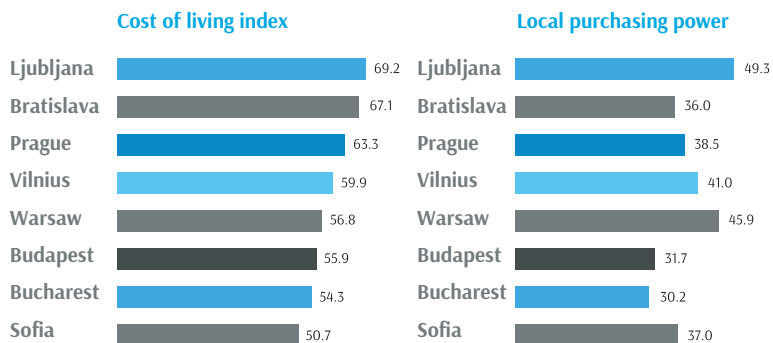
1-bedroom apartment outside of centre	€ 200
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3-bedroom apartment in city centre	€ 400
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3-bedroom apartment outside of centre	€ 350
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» Source: Numbeo 2022, field research

Regional comparison: Cost of living and local purchasing power



» Source: UBS

INTERNATIONAL SCHOOLS IN SOFIA

Primary and secondary schools

- » **Anglo-American School of Sofia***
- » **British School of Sofia***
- » **The American College of Sofia**
- » **American English Academy***
- » **Britanica Park School***
- » **Deutsche Goethe Schule***
- » **"Erich-Kästner" German School***
- » **Colegio Español "Reina Sofía"***
- » **French Lyceum "Victor Hugo"**
- » **Italian Lyceum**
- » **Russian Lyceum***
- » **St George International School***
- » **Maple Bear Canadian School***
- » **ESPA School**
- » **Izzi Science for kids**
- » **Darbi College**
- *with a kindergarten**

PUBLIC TRANSPORT

The network of public transport in Sofia is well developed and includes various transportation methods. Within Sofia Municipality the passengers are served by metro trans, trolleybuses, trams, city buses, suburban buses, electric buses. Furthermore, a PPP-based service for shared use of electrical scooters is also in operation.

Sofia has a developed bicycle infrastructure in place with a total of 49.51 km of bicycle lanes, Sofia Municipality's ambition being to soon have a service for public use of rented bicycles.

Sofia Metro connects the city with Sofia Airport's Terminal 2, Sofia Business Park, most of the business zones in the city, the Inter Expo Centre, the Central Railway Station and Central Bus Station, and the largest residential areas. Sofia Metro currently has a total of 52 km of railway lines, with 47 stations in operation. The transportation capacity of Sofia Metro is 50 000 passengers per hour, with the minimum interval between trains being 180 seconds.

» Source: Metropolitan EAD; Urban Mobility Centre

SOFIA METRO

Sofia has 4 metro lines in operation, serving 4 routes. They are:

» **Line M 1 - Slivnitsa – Business Park
(Lyulin - Mladost)**

- 16 stations (13 shared with M 4)

» **Line M 2 – Obelya - Vitosha
(Nadezhda - Lozenets)**

- 12 stations

» **Line M 3 – Hadzhi Dimitar – Gorna Banya
(Hadzhi Dimitar – Ovcha Kupel)**

- 12 stations

» **Line M 4 - Obelya - Sofia Airport**

- 20 stations (13 shared with M 1)

UP-TO-DATE MAP OF SOFIA METRO



» Source: Metropoliten EAD
<https://www.metropolitan.bg/>



CULTURAL LIFE

Sofia is one of the oldest capitals in Europe

Sofia is a city boasting over 8 000 years of history. It is dotted with churches, monasteries, and museums.

Sofia has a unique cultural-historical resource, which combines notable examples of the types of construction and architectural ensembles from Antiquity, Middle Ages, the post-Liberation era, and the 20th century architecture.

Some 1 720 more significant cultural valuable are registered overall for the territory of Sofia Municipality, with 830 being located in the central parts of the city, whereof 110 are of national significance. Global in significance among them is the Boyana Church. Particularly notable is the agglomeration of monasteries in the so-called "Sofia Holy Mountain".

NATIONAL HISTORY MUSEUM

with over 650 000 cultural artefacts, it is one of the largest history museums on the Balkans.



"IVAN VAZOV" NATIONAL THEATRE

is one of the major landmarks in Sofia and the largest and the oldest theatre in the country.



NATIONAL ART GALLERY

with 9 branches around Sofia, is the largest art institution in Bulgaria.



NATIONAL ARCHEOLOGY MUSEUM

hosting a collection of Bronze age Thracian gold and silver treasures and ancient artifacts.



KVADRAT 500

28 halls featuring 2000 art pieces from the collection of the National Gallery.



SOFIA HISTORY MUSEUM

The eight halls telling the story of Sofia hosted in the building of the old city mineral bath, an architectural gem from the early 20th c.



"SOFIA" THEATRE

is the largest municipal theatre in the city. Some of the productions have English subtitles.



SOFIA CITY ART GALLERY

hosts thematic exhibitions from its vast collection of paintings, sculptures, graphics, contemporary art, photography, as well as visiting exhibitions.



"ST. ALEXANDER NEVSKY" CATHEDRAL

is one of the largest Eastern Orthodox cathedrals in the world. The bell tower is 50.52 m high with 12 bells. The Museum of Christian Art is housed in the Cathedral's crypt.



THE BOYANA CHURCH

is famous for its medieval frescoes, and in 1979 was included in UNESCO's World Cultural and Natural Heritage list.



"ST. SOFIA" BASILICA

The 5th c BC necropolis of the ancient city of Serdika (current day Sofia) is now open to the public. The medieval "St. Sofia" Basilica, sitting on top of it gave the current name of the city.



"ST. ST. CYRIL AND METHODIUS" NATIONAL LIBRARY

is the largest library in the country and the oldest cultural institute of modern Bulgaria.



SOFIA OPERA AND BALLET

welcomes world-renowned performers and is one of the major cultural attractions in the city.



"BULGARIA" HALL

is the premier classical music venue in the country.



THE NATIONAL PALACE OF CULTURE

is the biggest multifunctional cultural, congress and exhibition centre in Bulgaria.



MUZEIKO

is the biggest science/educational centre for children in Eastern Europe with over 130 interactive games on 2 000 m2.



» SOFIA FOR KIDS:

In June 2019, UNICEF placed Bulgaria among the TOP 20 most family-friendly countries in the EU and OECD.

» TECHNO MAGIC LAND

An interactive science centre for kids and teenagers who want to discover the magic of science and technology, located at Sofia Tech Park.

FESTIVALS

SOFIA FILM FEST: is the largest film festival in Bulgaria and one of the leading cinema events in Central and Eastern Europe. Sofia Film Fest was included in "Variety" magazine's list of top 50 film festivals worldwide.

A TO JAZZ: is spreading the jazz spirit for three days in July. Since 2011, the festival has welcomed over 100 000 visitors and world-famous jazz musicians such as Branford Marsalis, Christian McBride, Robert Glasper, Kenny Garrett, Roy Hargrove, Dianne Reeves and many more.

FOTOFABRIKA: an annual international festival and platform for high-quality professional photography. Fotofabrika is part of the official Cultural Calendar of Sofia Municipality.

SOFIA SCIENCE: is the first and only festival in Bulgaria dedicated to the achievements of young scientists and researchers from Bulgaria and abroad, attracting both children and grown-ups.

SOFIA MUSIC WEEKS: is one of the most significant international music events in the region, taking place in Sofia since 1970. The festival's program includes an exclusive selection of concerts, operas, ballets, documentaries, photo exhibitions and master classes.

THE EUROPEAN MUSIC FESTIVAL: is one of the most celebrated events for classical music in Sofia. Its program includes symphonic and orchestral concerts, jazz concerts, movie music concerts and events for children.

OPERA IN THE PARK: takes opera and ballet performances to one of Sofia's parks every summer for the last 10 years.

WORLD THEATRE IN SOFIA: brings international theatre and dance productions and leading performers from all over the world to Sofia.

SOFIA SPRING BOOK FAIR: is an annual event with literary readings, book presentations and more attracting visitors of all ages.



MOUNT VITOSHA

Vitosha Mountain National Park overlooks the city of Sofia and offers a variety of recreational activities like hiking, skiing, mountain biking and rock climbing, just 30 minutes from the city centre.

The mountain is accessible by public transport and is encompassed by a good network of lifts, trails and mountain huts. Plans for connecting the city's Metro system with the Simeonovo ski lifts were announced in 2018.

Two ski centres and several ski runs, with an option for night skiing, operate on Vitosha. Festivals and events organized in the park include an international folklore festival and the "Vitosha 100 km" ultra-marathon.

THERMAL SPRINGS

Sofia has 30 thermal springs, with water suitable for drinking and medical treatments, SPA procedures and recreation. Bankya Mineral Bath has the potential to become one of the largest SPA and wellness centres in Bulgaria and is expected to re-open for visitors by 2020, after a renovation.

SOFIA – CITY OF SPORT

In 2018, Sofia was declared a permanent holder of the title European Capital of Sport. The city will host over 200 sports events as part of the campaign in 2020. Sofia offers several dozen parks and city gardens as well as sport clubs for practically every sport you want to practice.

Sofia Marathon first took place in 1983. It is part of the IAAF Bronze Label Road Race list by the International Association of Athletics Federations. The 5KM RUN takes place every Saturday morning in Sofia's South Park and is open for children, seniors and people with disabilities, parents with strollers and dogs.

The two large man-made lakes near Sofia – Pancharevo and the Iskar Dam – offer opportunity for water skiing, wakeboarding and rowing. Wakeboarding enthusiasts love the Hydropark Kazichene just next to Sofia's ring road. The Struma river to the south (an hour drive from Sofia) is the optimal place for kayaking and rafting in Bulgaria.

The 84 km-long Iskar River Gorge is another popular area for hiking north of Sofia.



SHOPPING STREETS IN *Sofia*

Over the last few years, which were affected by the global pandemic, interest in shopping streets has been reignited. What used to be considered their weaknesses, such as fragmented ownership, lack of centralized coordination and accessibility from the open environment, have now become their strengths. The main shopping streets in Sofia have proven their viability in recent years, such trend being expected to continue. There is renewed interest from merchants in various categories, such as sports, cosmetics, bookstores, and home goods stores. Large chains keep looking for greater proximity to their customers, opening of outlets on shopping streets will be among their priorities.

The five most popular categories of shopping streets from the perspective of rented space, compared to overall supply, are fashion, food & beverages, which includes cafes, restaurants, fast food establishments, services, accessories and jewellery, and food-stuffs.

The mix of these categories is gradually shifting from strong domination of fashion and food & beverages in 2016, to a more balanced distribution in H1 of 2021. The trend is expected to continue, with the various categories represented on shopping streets to increase.

A number of small, specialized food stores opened on the shopping streets of Sofia, increasing the diversity in most food categories, such as dairy, meat, fish, nuts, chocolate, bio products, and cosmetics”, notes the Colliers consultancy company.

In result thereof, the share of food goods has grown from 3% in 2016 to 7% during H1 of 2021

At the same time, the food & beverages sector on shopping streets has experienced difficulties in their operation and has sought new solutions to support their business, such as larger gardens to the restaurants, online operation, home delivery of foods, subscriptions, vouchers, and larger choice of the food offered. Shutting down during the pandemic has proven a special challenge for those fashion stores, which did not have an online channel.

A newly emerging trend is the introduction of real-life fitting rooms at places where online ordered clothing is physically received. These enable customers to immediately try the goods on and return them if they are not happy. At the same time, this offers an extra advantage to retailers, as their goods are returned quickly and in good condition, ready to be put back on for sale at no discount, notes Colliers.

Vitosha Boulevard causes contradicting opinions whether it is more of a shopping street or a place where visitors can pleasantly spend their spare time. Most recent data from H1 of 2021 confirm that the share of fashion outlets remains high on that boulevard. In 2020 there were record levels of vacated retail space on Vitosha Boulevard but at the same time a lot of newly rented space. This trend indicates a gradual transformation of that shopping street.

In Sofia, the Saborna and Tsar Kaloyan streets feature the highest concentrations of high-end brands. Fashion takes up nearly half of the total supply of retail space, with stores of Cartier, Emporio Armani, Philipp Plein, Dsquared2, Max Mara. Rents of high-end locations in the shopping street have remained stable, at EUR 63 per sq. m. per month.

Graf Ignatiev ranks second among the most attractive shopping streets in Sofia for retailers. Here fashion (17%) holds a slight advantage over the food & beverages sector (14%), followed by bookstores, cosmetics stores, health products stores, and accessories and jewelry stores.

„General repairs on that street in 2018 and 2019 affected the level of vacant space and the number of newly opened outlets. But the recovery process is underway, with Graf Ignatiev set to regain its former attractiveness“, writes Colliers.

Solunska street is also an attractive location for retailers. Here the leading three categories are fashion, sports goods, and food & beverages. In H1 high interest in the street was registered, with the newly opened outlets increasing and the vacant space declining.

USEFUL LINKS

<https://www.sofia-da.eu/>

The Sofia Development Association is a resource centre for research, analyses, innovations and experiment, which creates conditions and encourages the constant dialogue between civil society, businesses, Sofia Municipality and academic institutions.

<https://youare.sofia.bg/>

„YouAreSofia is a platform of Sofia Municipality, which aims at easy access to information for the citizenry and visitors to the city.

<https://myhealth.bg/>

The myHealth platform is the health e-portal of Sofia Municipality. Using it you can find a full list of all municipal treatment establishments, dental centres, diagnostic-consultation centres, medical centres, multi-profile active treatment hospitals, specialized hospitals, specialized centres with suitable professionals.

<http://zoosofia.eu/>

The Sofia Zoo site. There you can obtain up-to-date news about everything of interest, which takes place at the zoo. You will also find information about the Environmental Science-Education Centre at the Zoo and its initiatives. You will also find in-depth information about donation and voluntary campaigns you can be involved in. You can also take your virtual walk and become familiar with the peculiar animal species located within our capital's zoo.

<https://sofia2018.bg/>

Sofia was chosen as the European Capital of Sport in 2018.

On the sofia2018.bg

website you will obtain up-to-date news and information about sporting events organized with the support of the Sofia - European Capital of Sport foundation, you will find a calendar of upcoming competitions, a roadmap of Sofia's bicycle lanes, photos from past events, information about how to become a volunteer and maintain an active lifestyle.