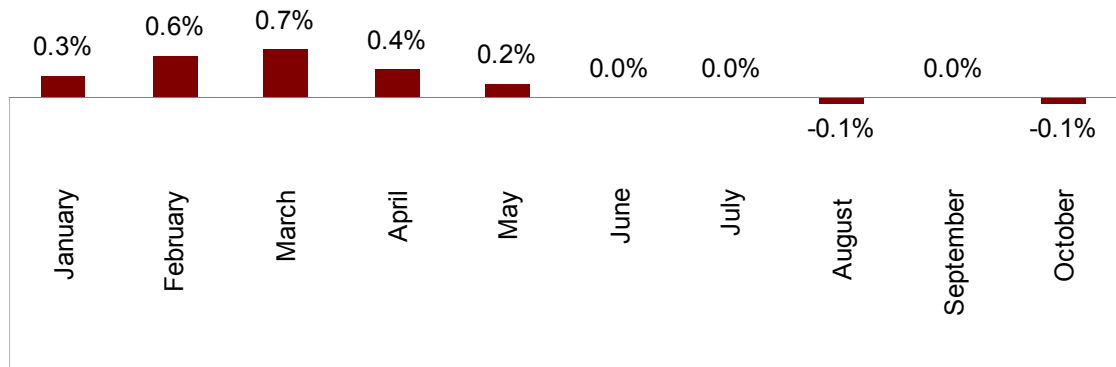


Standard-type apartments, November 1, 2012

In October 2012, the standard-type apartment prices in the major housing areas of Riga still were stable. The changes observed in October were insignificant – 0.1%, and, therefore the average standard-type apartment price has dropped to 593 EUR/m².

Changes in standard-type apartment prices since beginning of 2011, in %

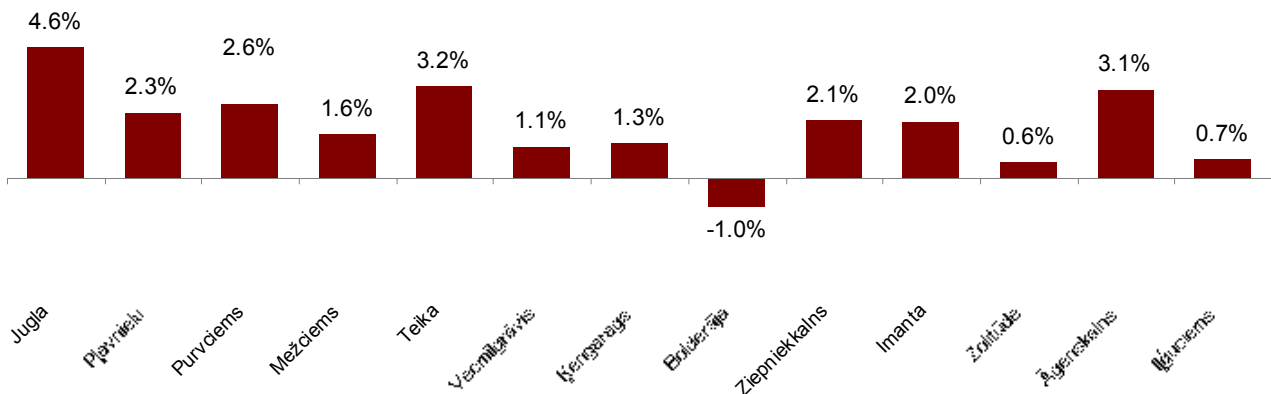


Source: ARCO REAL ESTATE

In the first three quarters of 2012, standard-type apartment price changes have been minor. Prices increased by an average of 1.4%. Housing supply is higher than at the beginning of the year; at the same time it is at a similar level as in the same period a year ago. It is likely that 2012 might be considered as the standard-type apartment price stabilization year. Also, no significant price fluctuations are expected at the end of this year, because so far this year, both positive and negative price changes have been observed. Also in the so-called "expensive" neighborhoods cheaper offers are appearing, which reduces the possibility of price increases. The only exception is Teika, where prices are now significantly different from other major housing areas and remain stable, or are even slightly increasing. Thus, housing prices at Teika have moved closer to the apartment prices typical for peripheral areas of the city centre level.

The largest average price increase of 1 m² in the housing estates of Riga in the first three quarters of 2012 was observed at Jugla – +4.6%. The smallest price fluctuations were observed at Bolderāja - -1%, and Zolitūde - +0.6%.

Price changes in housing estates since beginning of 2012

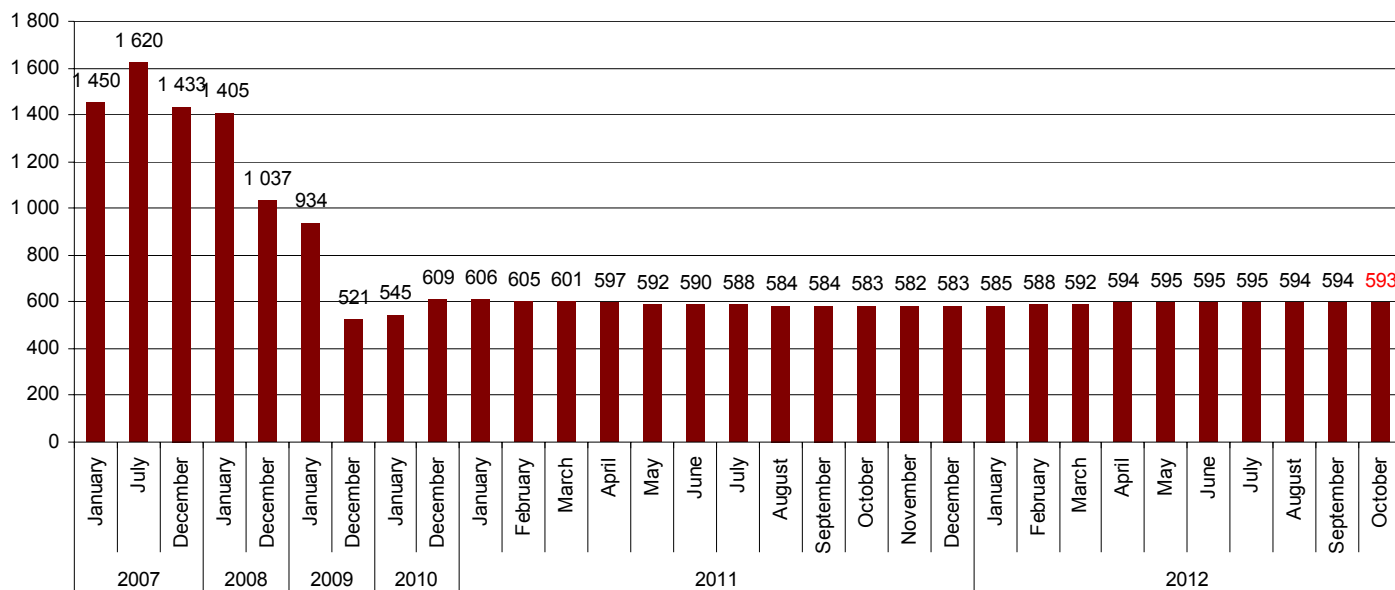


Source: ARCO REAL ESTATE

In October 2012 the average standard-apartment price was almost the same as in March and April. In October 2012 this price has slightly decreased and is **593 EUR/m²** now. The prices on average are by 63.4% lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment reached the highest ever value of 1620 EUR/m².

In 2008, the average prices of standard-type apartments in Riga decreased by 33.5% on average. In 2009, the average prices decreased by another 44.2%. But in 2010 the prices grew by 16.9% in total. In 2011, the prices of standard-type apartments decreased by 3.5. In the first six months of 2012, the apartment prices grew by 2%.

Movements of average price of standard-type apartments in housing estates of Riga, EUR/m²



Source: ARCO REAL ESTATE

In October 2012, the average price of 1 square metre has slightly decreased for 2-room apartments (-0.2%), 3-room apartments (-0.2%) and 4-room apartments (-0.4%) in standard-type houses. But the average price of 1-room apartments has remained unchanged.

Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms (EUR/m²)

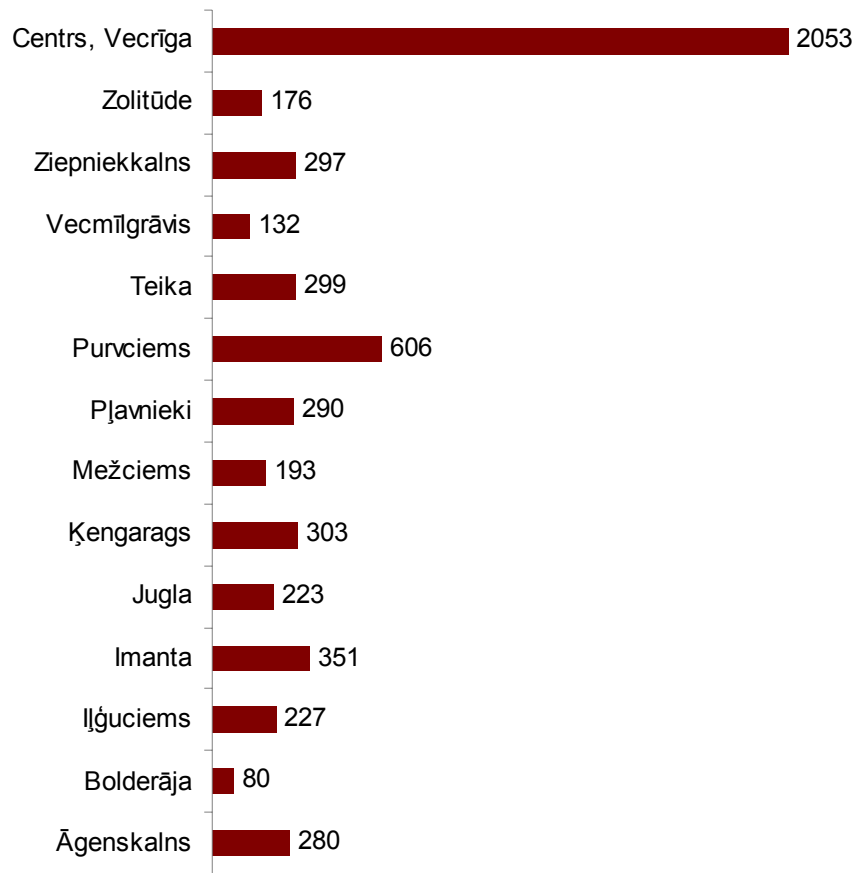
	2011												2012												1st November
	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October			
1 room	654	649	644	636	633	628	626	624	623	622	622	621	622	626	632	639	639	640	641	640	638	639	639		
2 rooms	621	615	613	609	604	599	596	594	590	591	589	589	590	592	594	598	600	602	602	602	602	602	601		
3 rooms	587	584	584	581	578	573	571	567	564	564	563	563	563	565	568	571	573	574	575	575	575	575	574		
4 rooms	577	575	578	576	572	569	567	566	561	560	558	556	557	557	560	561	565	565	562	562	562	562	560		

Source: ARCO REAL ESTATE

Changes in the number of apartments offered for sale in October 2012, compared with the level of September, are insignificant. The number of apartments supplied has slightly decreased both in the largest housing estates analyzed by the ARCO REAL ESTATE (-2.9%) and in the Riga City in total (-2.1%). The number of apartments offered and located in the central part of Riga (city centre, Old Town) has increased only by 0.3%.

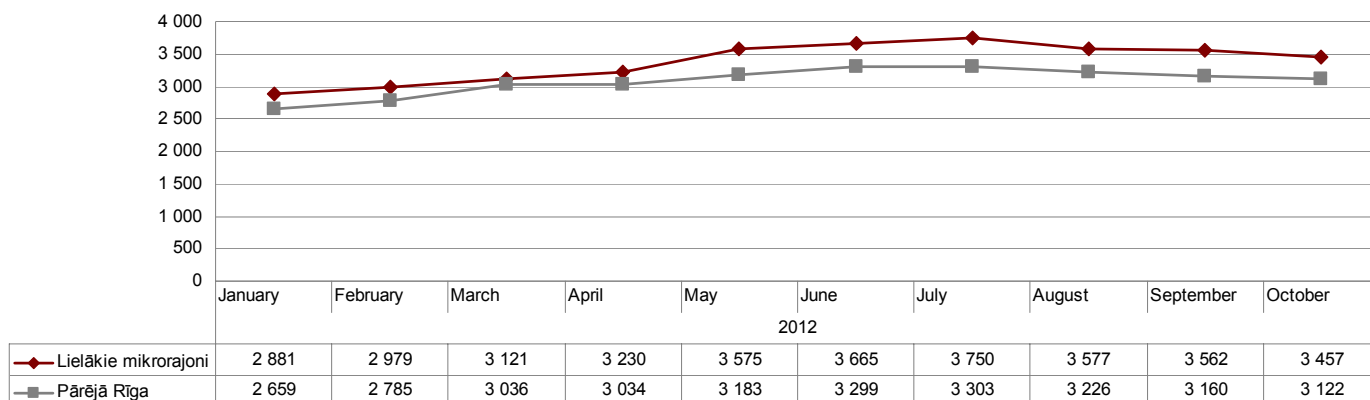
Having analyzed the supply of the apartments we can see that Purvciems, Pļavnieki, Ķengarags and Āgenskalns are locations where the most of the apartments offered are situated. In contrast, the smallest number of apartment offers came from Bolderāja and Zolitūde. In October the number of apartments offered has decreased in almost all Riga housing estates, and in certain housing estates this decrease was significant. The largest decrease of number of apartments offered was observed at Bolderāja – by 24.5%. The largest increase of the number of apartments offered was observed at Imanta where the number of offers increased by 9.3%. The most popular apartments in the housing estates of Riga were 1-room and 2-room apartments, as well as apartments with good interior condition. But non-renovated apartments have been least popular.

Number of apartments offered in the market in Riga in October 2012



Source: ARCO REAL ESTATE

Supply dynamics in Riga



Source: ARCO REAL ESTATE

In October 2012, minimum price fluctuations characterized the standard-type apartment market. The average price of 1 m² has increased in some places, and decreased in other places. The largest price drop was observed at Zolitūde where the prices decreased by 1.3% on average. But at Purvciems the prices increased in October by 0.3% on average.

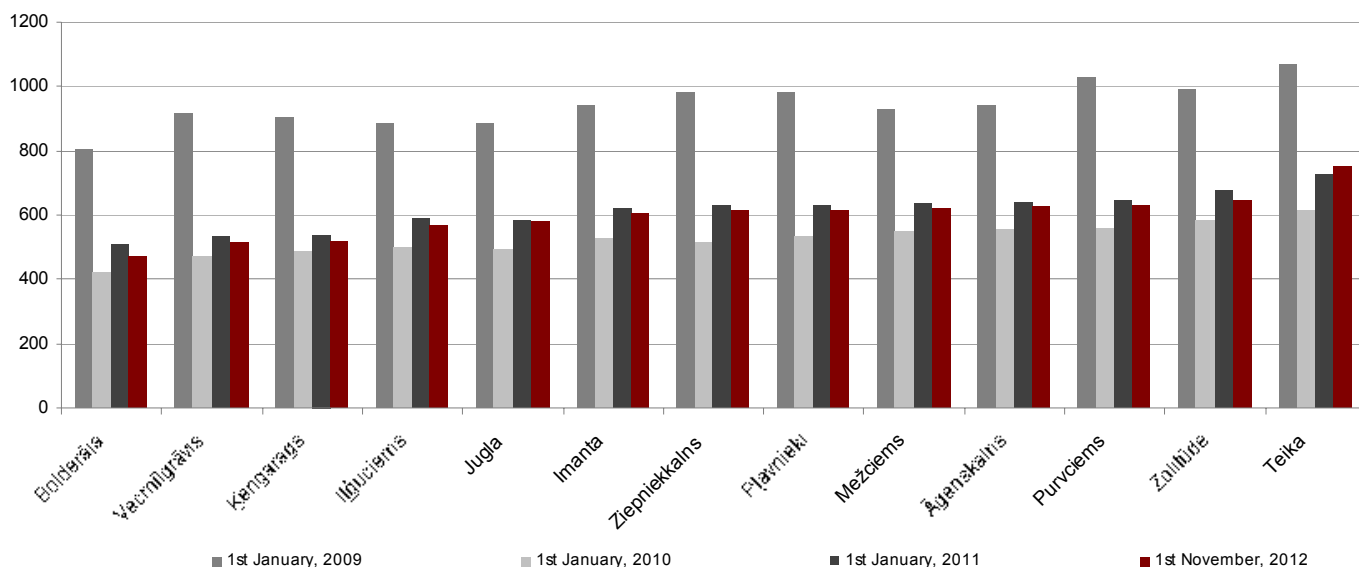
Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m ² price on 1st November, 2012	Average 1m ² price on 1st October, 2012	Price changes, %
Jugla	581	581	0.0%
Pļavnieki	617	617	0.0%
Purvciems	632	630	0.3%
Mežciems	621	621	0.0%
Teika	751	750	0.2%
Vecmīlgrāvis	514	513	0.2%
Ķengarags	516	518	-0.2%
Bolderāja	472	472	0.0%
Ziepiņkalns	614	614	0.0%
Imanta	604	604	0.0%
Zolitūde	644	652	-1.3%
Āgenskalns	625	626	-0.2%
Ilģuciems	570	572	-0.4%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 1.8%. Since the beginning of 2011, the prices have decreased by 2.6%. Compared with the beginning of 2010, in October 2012 the standard-type apartment prices in the housing estates of Riga were by 13.9% higher. Since the lowest price point in September 2009 when the average price of 1 m² in the Riga's housing estates had decreased to 487 EUR, the prices have grown by 21.8% on average.

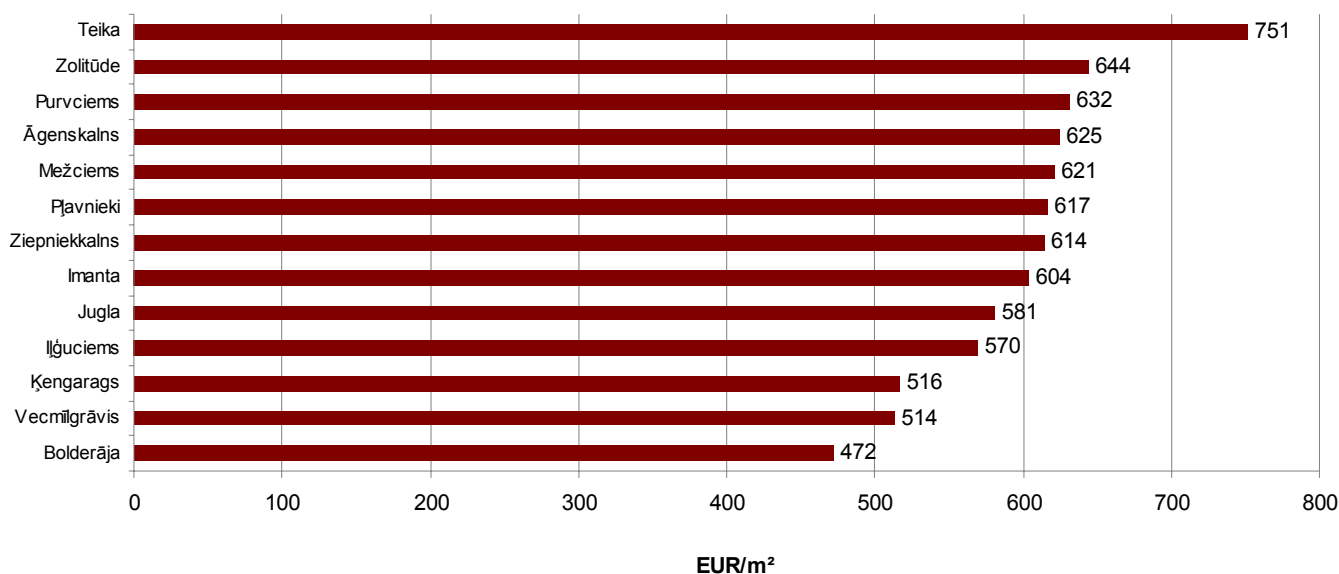
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest prices in October 2012 were observed at *Teika*, where the average price of 1m² has increased to 751 EUR. In turn, the lowest prices in October were observed at *Bolderāja*, where the average price of 1m² has remained to be 472 EUR.

Average standard-type apartment prices in Riga housing estates in October 2012 (EUR/m²)

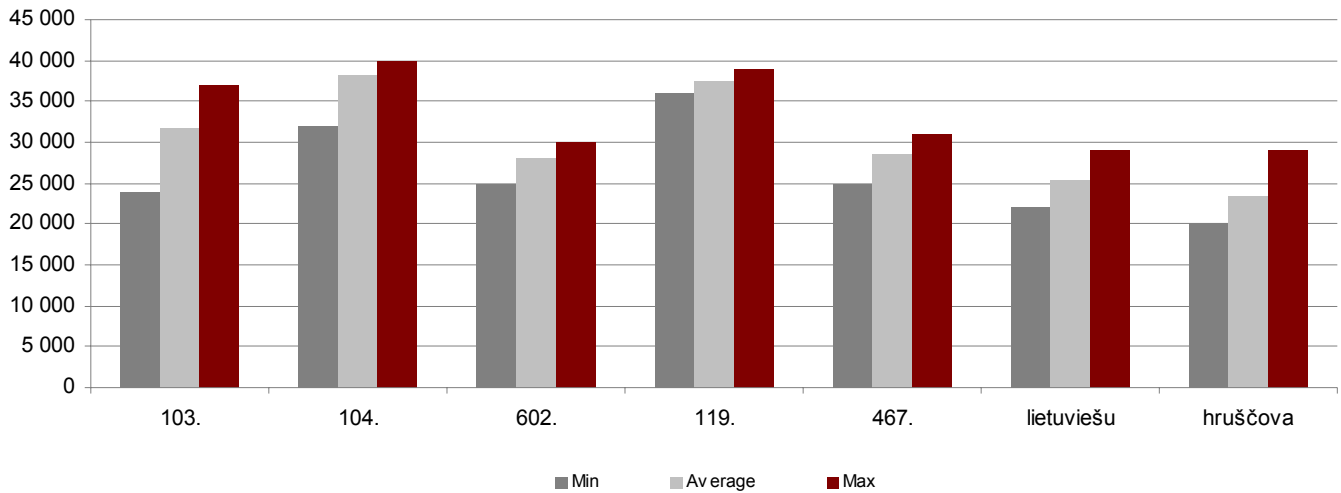


Source: ARCO REAL ESTATE

In October 2012, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments varied from 32 to 40 thousand EUR, depending on location. But the so-called *Lithuanian design houses* have been the cheapest

ones, where the price of 2-room apartments varied from 22 to 29 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 20 to 29 thousand EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in October 2012 (prices of 2-room apartments, in EUR)



Source: ARCO REAL ESTATE



Apartment market in the vicinity of Riga

Ogre

The average prices in Ogre in October 2012 **remained unchanged**. The average apartment price in October was **417 EUR/m²**. The prices have decreased by 2.8% in Ogre in the first three quarters of 2012. However, in general, apartment prices in Ogre have remained stable and the price fluctuations have not been high. The activity in the apartment market of Ogre is to be assessed as low. No price changes have been observed in Ogre during the last quarter.

Jūrmala, Kauguri

In October 2012 the apartment prices at Kauguri **remained unchanged**. The average price of an apartment remained to be **414 EUR/m²**. The prices have decreased by 2.8% at Kauguri in the first three quarters of 2012. Apartment prices at Kauguri remain at low level and often transactions are made at even lower prices than requested in the offer.

Salaspils

In October 2012, the apartment prices in Salaspils **remained unchanged**. The average price remained to be **472 EUR/m²**. The prices have decreased by 3.1% in Salaspils in the first three quarters of 2012 on average.

Jelgava

In October 2012 the apartment prices in Jelgava **remained unchanged**. The average price remained to be **288 EUR/m²**. The prices have decreased by 2.3% in Jelgava in the first three quarters of 2012 on average. The market activity in Jelgava is still low.