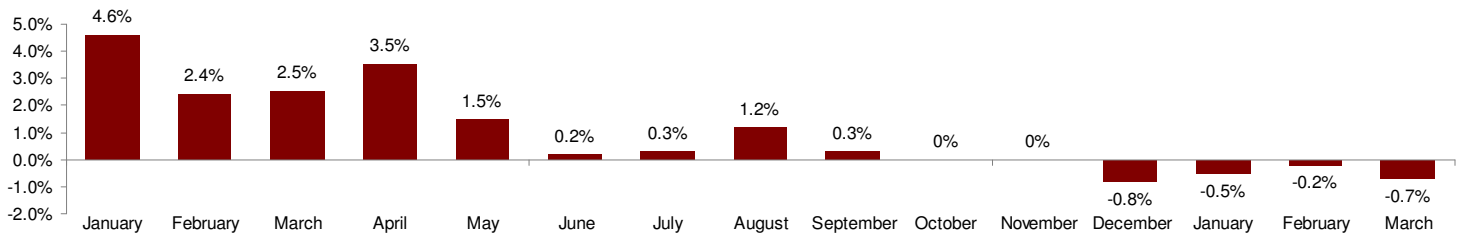


Standard-type apartments, May 1, 2011

In May 2011, a certain price change was observed in the market of standard-type apartments - the prices continued to decrease. In May the prices decreased by **0.8%** on average. The price fall was just the same as in December 2010. The average price of 1 m² of a standard-type apartment in May 2011 reached **592 EUR/m²**. During the first five months of 2011, the average prices of standard-type apartments decreased by **2.8%** in total. In May, the prices of apartments located in the central part of the Riga City have increased a bit – by 4%, as well as the prices of apartments in new projects – by 7%.

Standard-type apartment price changes



Source: ARCO REAL ESTATE

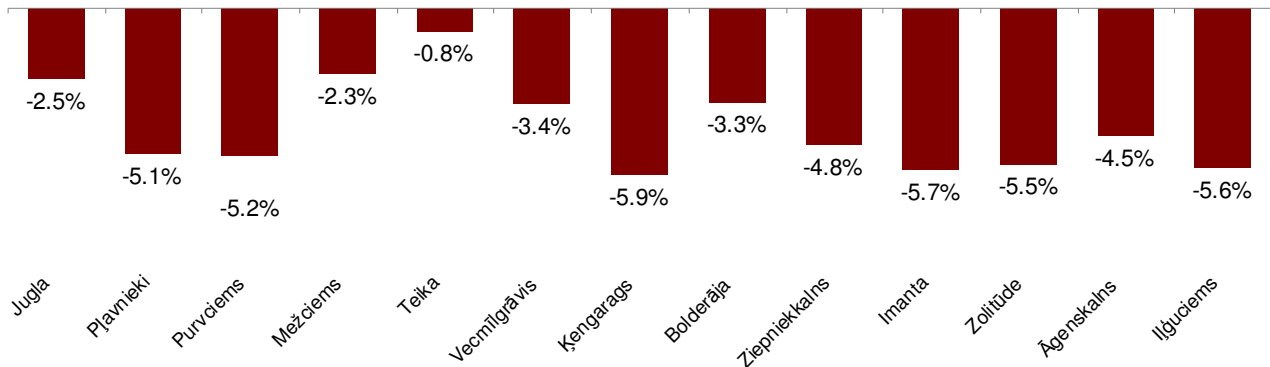
At the end of 2010 and in the beginning of 2011, the overall activity on the real estate market declined. In the first five months of 2011 the standard-type apartment prices have shown the tendency of a small decline. However, the price reduction in each month is quite small, so it is still not considered a market trend. The supply of apartments is still growing, which causes prices to decrease slightly. At the same time, there is still a lack of supply of good quality housing. Often it is due to the prices requested by sellers, which are inadequate to the current market situation. Total number of offers of apartments in Riga in May increased by 2.7% and in the larger housing areas - by 1.8%. Also in the centre of Riga and in the Old Town the number of apartments offered in May has decreased - by 4.3%.

People are still very cautious and often postpone purchase of a dwelling, due to growth of ordinary daily costs and overall economical and political instability. Given the current negative price fluctuations in the first months of 2011, the price fall, most likely, will stop and the prices will eventually stabilize as a whole.

The biggest price drop in May was observed at Ķengarags (-1.7%). But the smallest price drop was observed at Mežciems, Āgenskalns and Vecmīlgārvis (-0.3%). At Teika no price changes were observed in May.

In the first five months of 2011, the average price of 1 m² of a standard-type apartment has decreased by 2.8%. The biggest price drop as per June 1, 2011 was observed at Ķengarags – -5.9%. But at Teika the price drop was the smallest – only by 0,8%.

Price changes since January 01, 2011



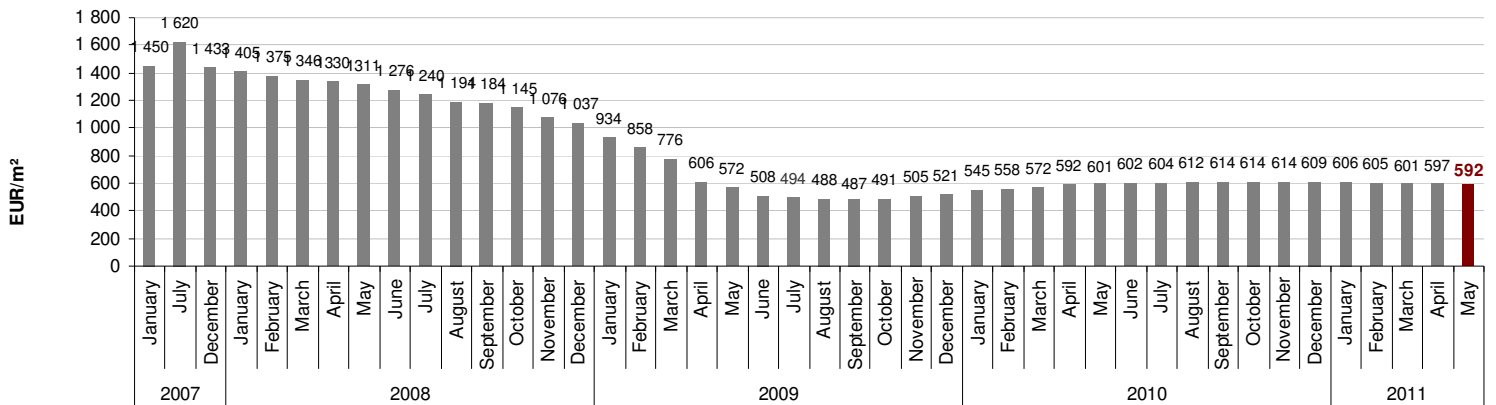
Source: ARCO REAL ESTATE

In May 2011 the apartment prices in housing estates were at the level of April 2010. Since September 2009 when the price level was the lowest, the prices have grown by 21,6%.

In May 2011 the average standard-apartment price decreased to **592 EUR/m²**. The prices on average were by 63.1% lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment had reached the highest ever value of 1620 EUR/m². But the average price of a non-renovated standard-type apartment has increased by 13.6% if compared with the price level of January 1, 2010.

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%. In 2010 the prices grew by 16,9% in total.

Movements of average price of standard-type apartments in housing estates of Riga



Source: ARCO REAL ESTATE

In the housing estates analyzed by the ARCO REAL ESTATE in May 2011, the average price of a 1-room apartment was 628 EUR/m², and compared with the prices of the previous month, this price has decreased by 0.8%; Average price of a 2-room standard-type apartment was 599 EUR/m², and compared with the average price of the previous month, this price has decreased by 0.8%; average price of a 3-room apartment was 573 EUR/m², and compared with the prices of the previous month, this price has decreased by 0.8%; average price of a 4-room apartment was 569 EUR/m², and compared with the average price of the previous month, this price has decreased by 0,5%.

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

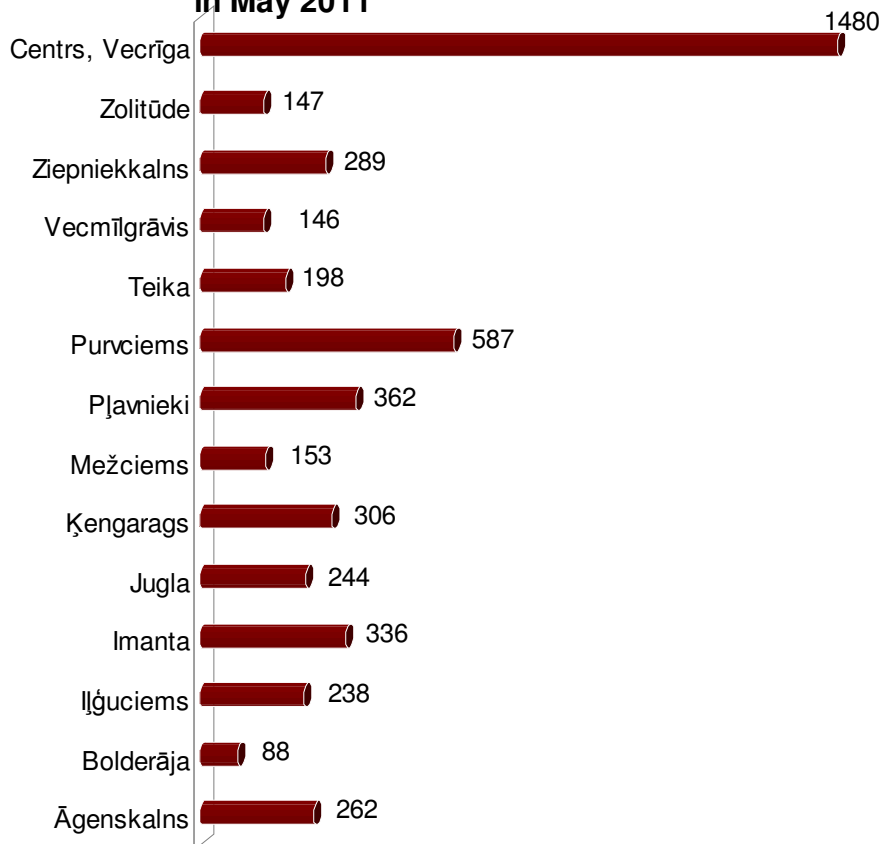
| | 2009 | | | | | | | | | | | | 2010 | | | | | | | | | | | | 2011 | | | | | |
|----------------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------------|
| | January | February | March | April | May | June | July | August | September | October | November | December | January | February | March | April | May | June | July | August | September | October | November | December | January | February | March | April | May | June |
| 1 room | 949 | 876 | 795 | 597 | 562 | 525 | 513 | 507 | 499 | 498 | 517 | 546 | 568 | 598 | 614 | 629 | 654 | 660 | 658 | 656 | 663 | 662 | 661 | 659 | 654 | 649 | 644 | 636 | 633 | 628 |
| 2 rooms | 943 | 859 | 768 | 598 | 567 | 525 | 512 | 503 | 496 | 485 | 496 | 521 | 541 | 566 | 574 | 587 | 606 | 617 | 617 | 617 | 624 | 628 | 626 | 627 | 621 | 615 | 613 | 609 | 604 | 599 |
| 3 rooms | 941 | 858 | 781 | 616 | 579 | 536 | 518 | 483 | 479 | 478 | 478 | 481 | 496 | 519 | 532 | 544 | 561 | 571 | 573 | 577 | 588 | 590 | 590 | 587 | 584 | 584 | 581 | 578 | 578 | 573 |
| 4 rooms | 901 | 837 | 759 | 613 | 592 | 530 | 487 | 483 | 479 | 479 | 471 | 474 | 480 | 498 | 515 | 528 | 548 | 556 | 562 | 566 | 575 | 578 | 578 | 578 | 577 | 575 | 578 | 576 | 572 | 569 |

Source: ARCO REAL ESTATE

Number of apartments offered for sale in May 2011, compared with the level of the previous month, has increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (1.8%), and in Riga City in total (2.7%). The number of apartments offered and located in the central part of Riga has also increased - by 2,5%.

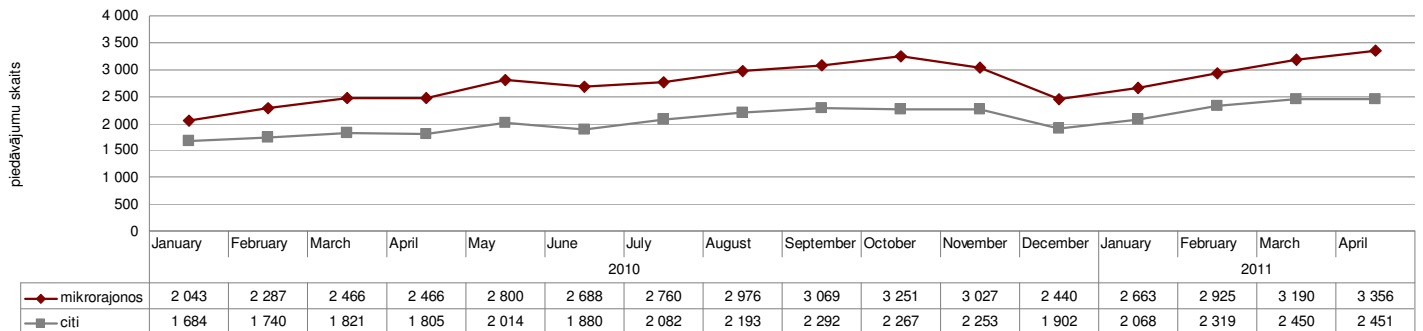
Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in May were located at Purvciems, Pļavnieki, Imanta and Ķengarags. In contrast, the smallest number of apartments offered was at Bolderāja and Zolitūde. In almost all housing estates the number of apartments offered for sale grew in May. The number of apartments offered decreased at Āgenskalns, Ilģuciems, Ziepniekkalns and Zolitūde. The largest growth of number of apartments offered in May was observed at Vecmīlgrāvis – by 23.3%. The the largest drop of supply of apartments was observed at Ziepniekkalns – by 7.3%. The most popular apartments in the housing estates of Riga were 1-room and 2-room apartments. But 4-room apartments were the less popular ones.

Number of apartments offered in Riga, in May 2011



Source: ARCO REAL ESTATE

Dynamics of supply in Riga



Source: ARCO REAL ESTATE

In May 2011, the average price of 1 m² was unchanged only at Teika. In the other housing estates a slight price decline was observed in May. Average price of 1m² has decreased by 0.3-1.7%. The biggest price drop in May was observed at Ķengarags, where the prices decreased by 1.7% on average.

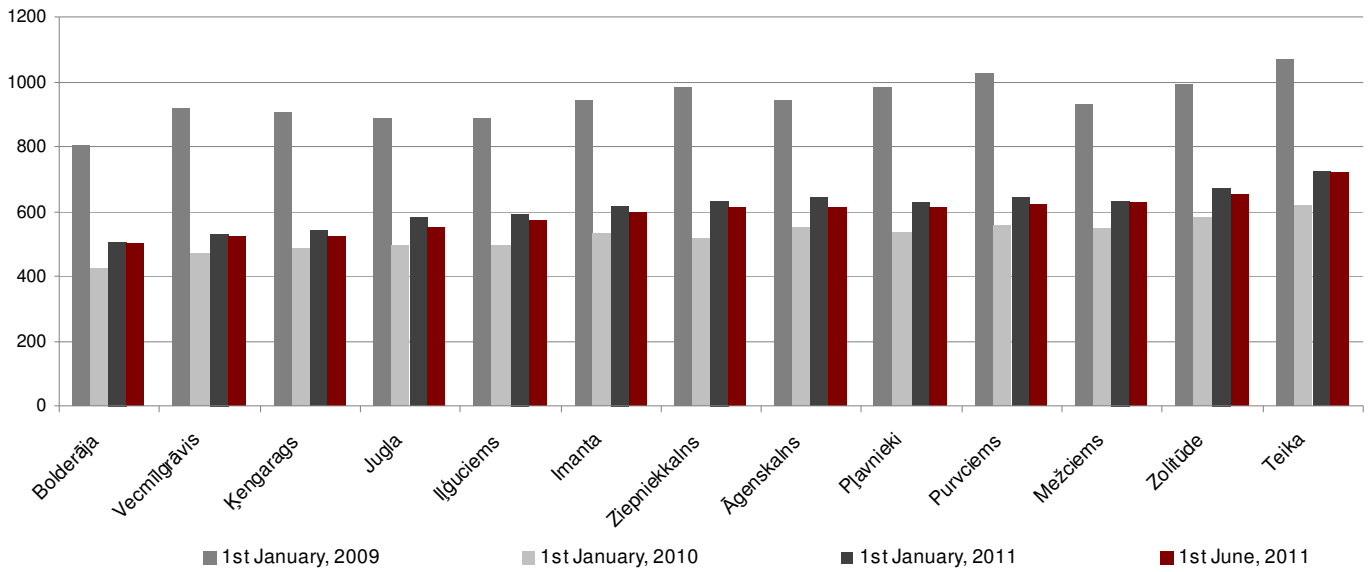
Change of average standard-type apartment prices in Riga housing estates (%)

| | Average 1m ² price on June, 2011 | Average 1m ² price on May, 2011 | Price changes, % |
|---------------|---|--|------------------|
| Jugla | 554 | 558 | -0.8% |
| Pļavnieki | 614 | 621 | -1.0% |
| Purvciems | 624 | 628 | -0.5% |
| Mežciems | 629 | 630 | -0.3% |
| Teika | 719 | 719 | 0.0% |
| Vecmīlgrāvis | 519 | 521 | -0.3% |
| Ķengarags | 519 | 528 | -1.7% |
| Bolderāja | 499 | 504 | -1.1% |
| Ziepniekkalns | 612 | 619 | -1.1% |
| Imanta | 600 | 606 | -0.9% |
| Zolitūde | 651 | 656 | -0.7% |
| Āgenskalns | 614 | 616 | -0.3% |
| Iļģuciems | 572 | 580 | -1.5% |

Source: ARCO REAL ESTATE

Compared with the beginning of 2009, in May 2011 the standard-type apartment prices in the housing estates of Riga were by 36.6% lower. From the beginning of 2010, the prices have grown by 13.6% on average. During the first five months of 2011, the prices decreased by 2.8%. 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 21.6% on average.

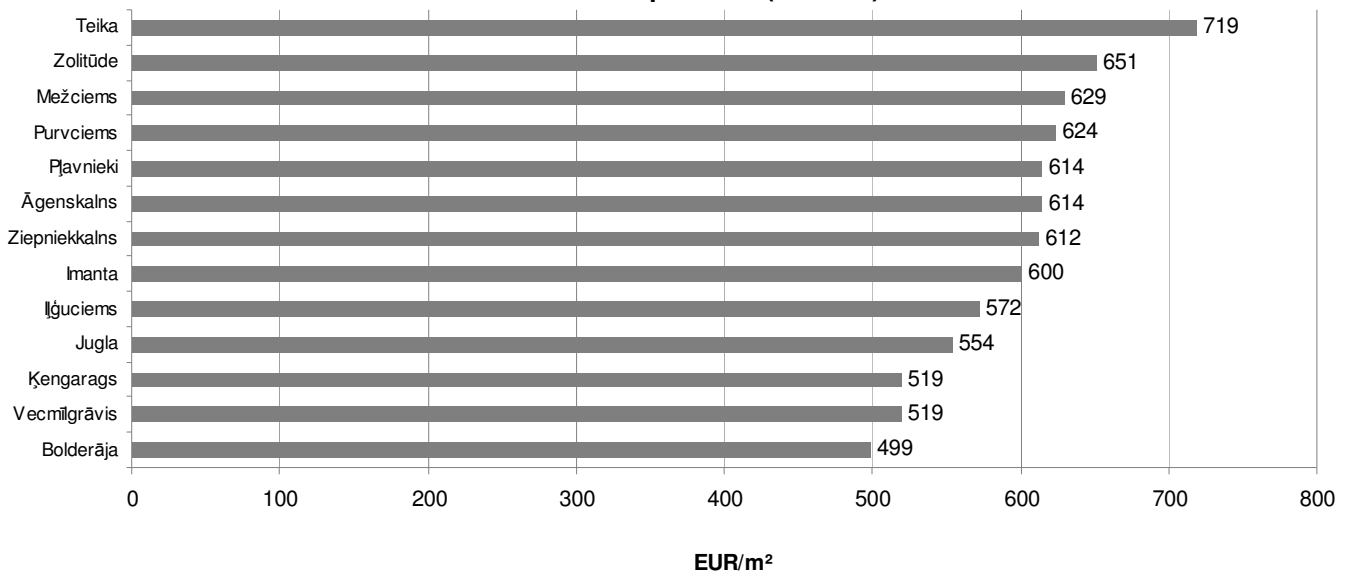
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest prices in May 2011 were still observed at *Teika*, where the average price of 1m² has remained unchanged in amount of 719 EUR, followed by *Zolitūde*, where the average price of 1m² decreased to 651 EUR. In turn, the lowest prices in May 2011 were observed at *Bolderāja*, where the average price of 1m² dropped below 500 EUR and amounted to 499 EUR.

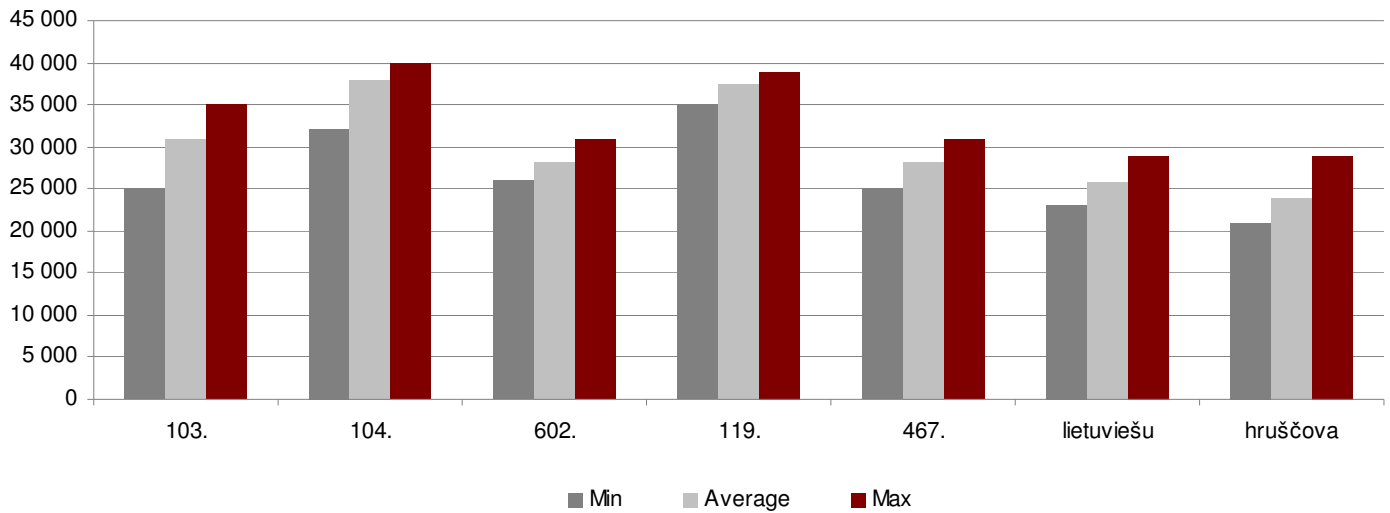
Average standard-type apartment prices in Riga housing estates in April 2011 (EUR/m²)



Source: ARCO REAL ESTATE

In May 2011, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the prices of 2-room apartments fluctuated from 32 to 40 thousand EUR, depending on location. But the so-called *Lithuanian design houses* have been the cheapest ones, where the prices of 2-room apartments fluctuated from 23 to 29 thousand EUR, and the so-called *Khrushchev-time houses*, where the prices of 2-room apartments fluctuated from 21 to 29 thousand EUR, depending on the housing estate.

**Standard-type apartment prices by series in Riga housing estates in April, 2011
(prices of 2-room apartments, in EUR)**



Source: ARCO REAL ESTATE

Jūrmala, Kauguri

In May 2011 the prices at Kauguri **dropped by 1.3% on average**. The average price remained to be **431 EUR/m²** in March. Since the beginning of 2011 the prices at Kauguri have decreased by 7% in general. The most expensive apartments in Kauguri still were the *103rd series* apartments, but the cheapest apartments were in the *Khrushchev-time houses* and *small-family houses*.

Jelgava

In May 2011 the apartment prices in Jelgava **decreased by 1.7% on average**. The market activity in Jelgava is still low. In the first five months of 2011 the apartment prices in Jelgava tended to decline, and since the beginning of the year the prices have decreased by 7.2% on average. The average price in May was **323 EUR/m²**. Apartments located in the central part of the city and having high-standard interior decoration are most demanded in Jelgava.

Salaspils

In May 2011, the prices in the apartment market of Salaspils **decreased by 0.6% on average**. The average price in May was **502 EUR/m²**. In 2010 in total, the apartment prices at Salaspils increased by **22%**. In the first five months of 2011 the apartment prices in Salaspils tended to decline, and since the beginning of the year the prices have decreased by 3.3% on average.

Ogre

The average prices at Ogre in May 2011 **decreased by 0.5% on average** if compared with the average prices of April 2011. The average apartment price in May was **429 EUR/m²**.

Since the beginning of the year the prices have decreased by 2.2% on average in Ogre. The activity in the apartment market of Ogre is low.