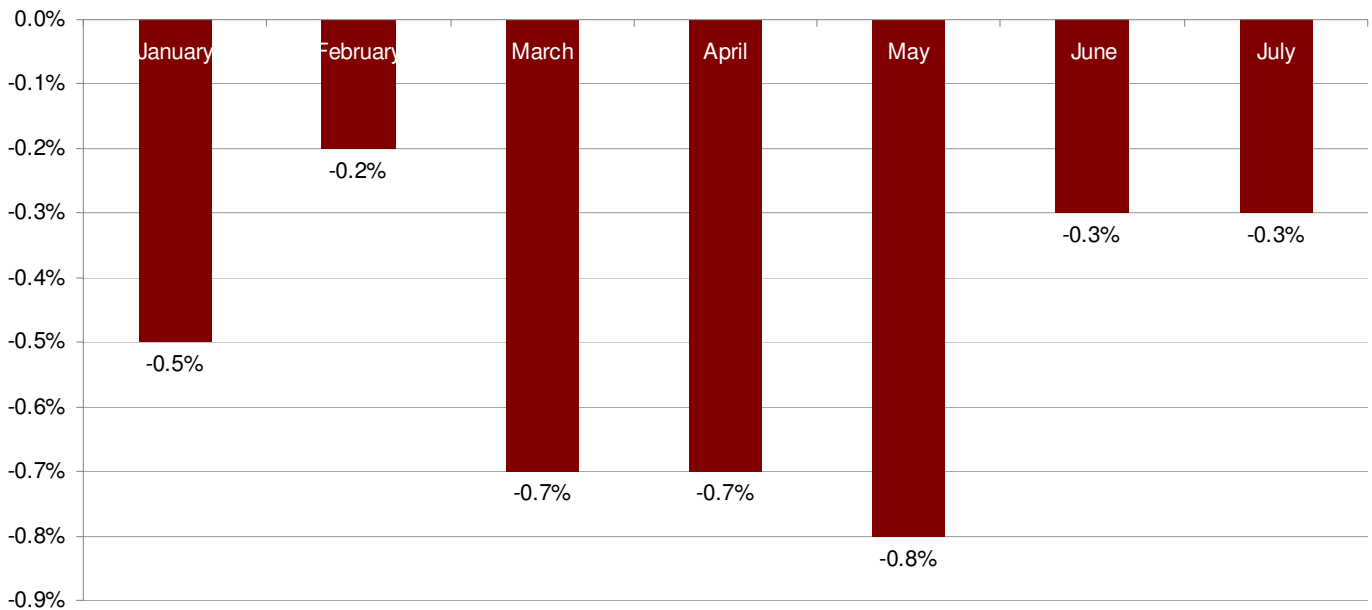


Standard-type apartments, August 1, 2011

In July of 2011, certain price changes were observed in the standard-type apartment market. The standard-type apartment prices are still decreasing a bit - by **0.3%** on average. The price drop was less than in the first six months and is to be considered as insignificant in total. The average price of standard-type apartments in July 2011 was **588 EUR/m²**. Since the beginning of 2011, the average prices of standard-type apartments have decreased by **3.4%** in total.

Changes in standard-type apartment prices



Source: ARCO REAL ESTATE

In the beginning of 2011 the overall activity on the real estate market declined. Since the beginning of 2011 the standard-type apartment prices have shown the tendency of a small decline. However, the monthly price reduction is quite insignificant (0,3% in June and July) and this is more suggestive of price stagnation, not of price changes. The future market situation will depend on economic recovery and growth rates, as still a large number of potential home buyers are concerned about their financial stability in the near future, which hinders the increase in demand. Similarly, the growth of the housing maintenance expenditure exerts negative impact.

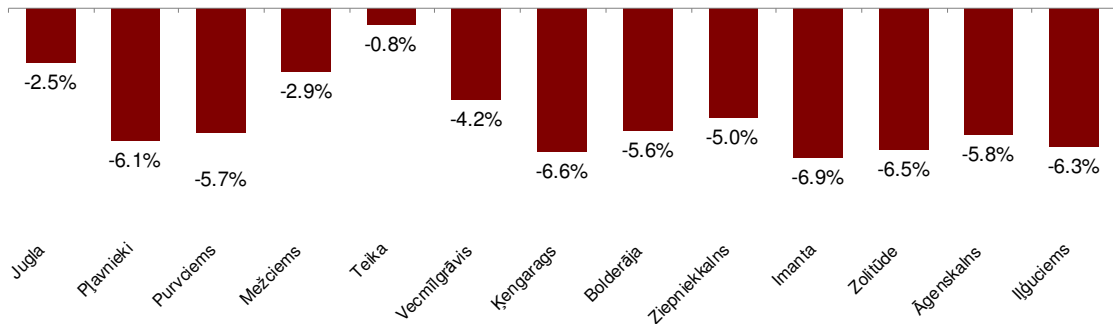
After a small decline in June, the number of apartments offered in the market has increased once again. In Riga in total the number of apartments offered in the market has grown by 4.6 %, and in the largest housing estates - by 4.3%. This number has grown also in the central part of Riga – by 6.9%.

No change in prices of high-quality apartments with good interior decoration and good location in the central part of Riga has been observed, and the prices should be considered as stable.

The biggest price drop in July was observed at Bolderāja (-1.6%). But at Jugla, Pļavnieki, Teika Ziepniekkalns and Āgenskalns no price changes were observed in July.

Since the beginning of 2011, the average price of 1 m² of a standard-type apartment has decreased by 3.4%. The biggest price drop as per August 1, 2011 was observed at Imanta – 6.9%. But at Teika the price drop was the smallest – only 0,8%.

Price changes since January 1, 2011



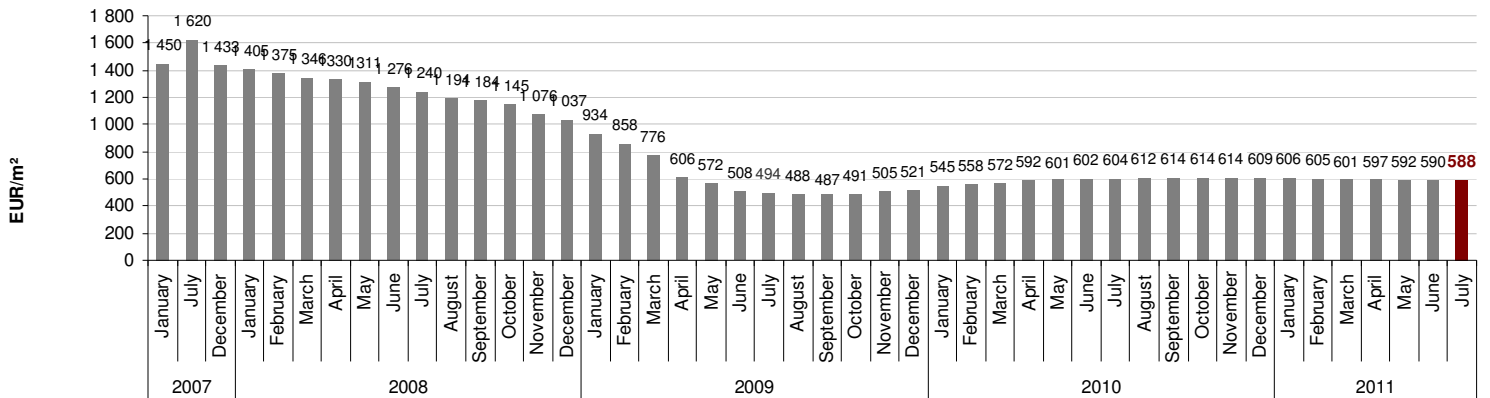
Source: ARCO REAL ESTATE

In July 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 20.7%.

In July 2011 the average standard-apartment price decreased to **588 EUR/m²**. The prices on average were by 63.7% 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 decreased by 3.4% if compared with the price level of January 1, 2011.

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 July 2011, the average price of a 1-room apartment was 624 EUR/m², and compared with the price of the previous month, this price has decreased by 0.3%; Average price of a 2-room standard-type apartment was 594 EUR/m², and compared with the average price of the previous month, this price has decreased by 0.3%; average price of a 3-room apartment was 567 EUR/m², and compared with the prices of the previous month, this price has decreased by 0.7%; average price of a 4-room apartment was 566 EUR/m², and compared with the average price of the previous month, this price has decreased by 0.1%.

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

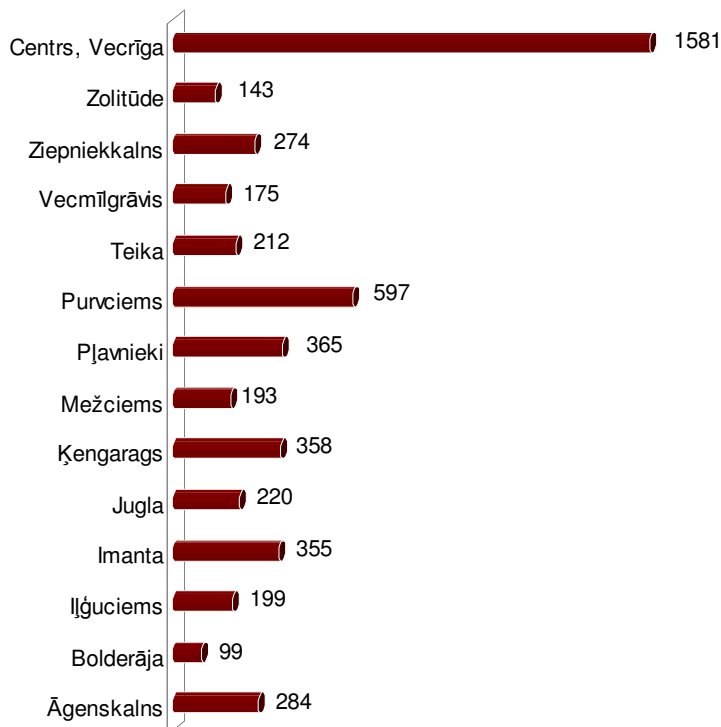
	2010												2011							
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August
1 room	568	598	614	629	654	660	658	656	663	662	661	659	654	649	644	636	633	628	626	624
2 rooms	541	566	574	587	606	617	617	617	624	628	626	627	621	615	613	609	604	599	596	594
3 rooms	496	519	532	544	561	571	573	577	588	590	590	590	587	584	584	581	578	573	571	567
4 rooms	480	498	515	528	548	556	562	566	575	578	578	578	577	575	578	576	572	569	567	566

Avots: ARCO REAL ESTATE

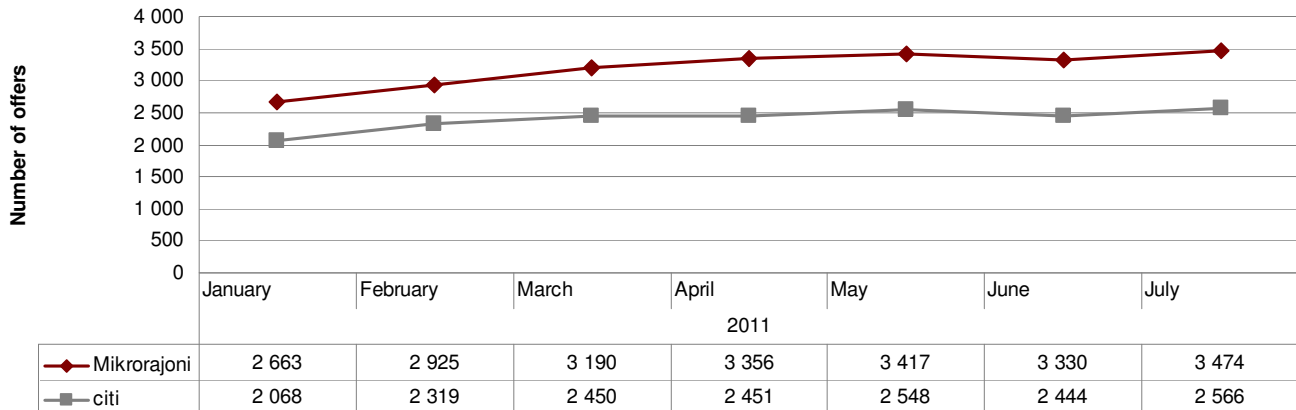
Number of apartments offered for sale in July 2011, compared with the level of the previous month, has slightly increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (+4.3%), and in Riga City in total (+4.6%). The number of apartments offered and located in the central part of Riga has also increased - by 6.9%.

Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in July 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 July. The largest growth of number of apartments offered in July was observed at Āgenskalns – by 15.4%. The largest drop of supply of apartments was observed at Ilģuciems – by 12.3%. 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 the market in Riga in July 2011



Source: ARCO REAL ESTATE

Dynamics of supply in Riga


Source: ARCO REAL ESTATE

In July 2011, the average price of 1m² was unchanged in a number of housing estates (Jugla, Pļavnieki, Teika, Ziepniekkalns, Āgenskalns). In the other housing estates a slight price decline was observed. Average price of 1m² has decreased by 0.2-1.6%. The biggest price drop in July was observed at Bolderāja, where the prices decreased by 1.6% on average.

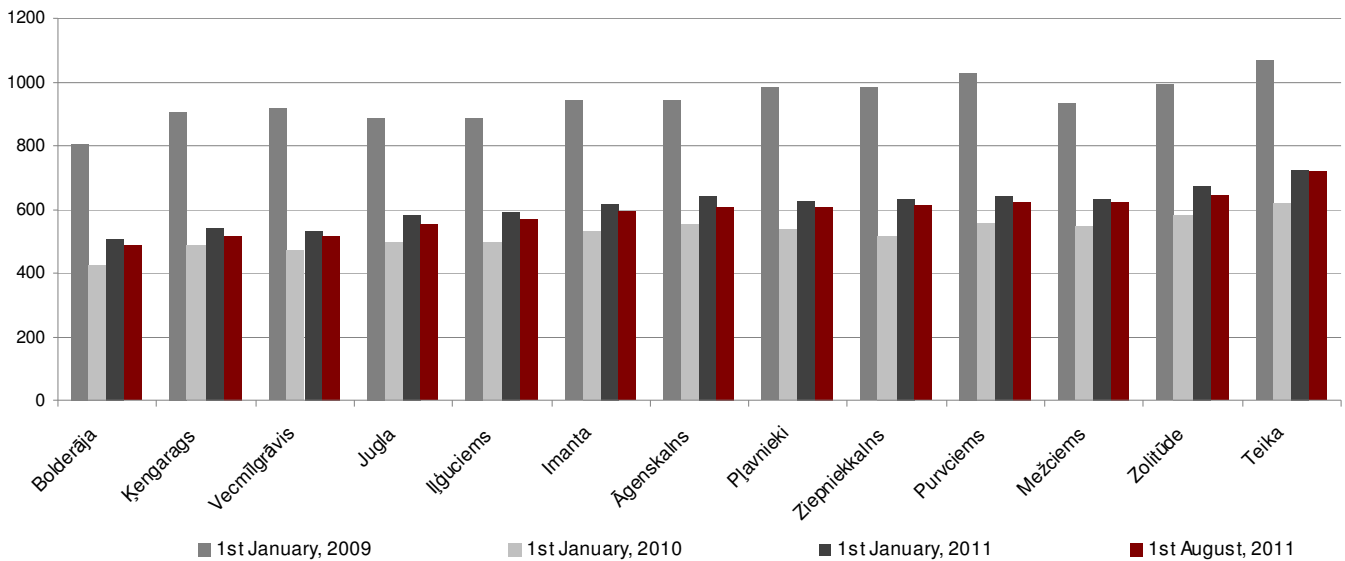
Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m ² price on August, 2011	Average 1m ² price on July, 2011	Price changes, %
Jugla	554	554	0.0%
Pļavnieki	608	608	0.0%
Purvciems	621	624	-0.5%
Mežciems	625	629	-0.7%
Teika	719	719	0.0%
Vecmīlgrāvis	515	519	-0.8%
Kengarags	515	518	-0.5%
Bolderāja	487	495	-1.6%
Ziepniekkalns	610	610	0.0%
Imanta	593	595	-0.3%
Zolitūde	645	651	-1.0%
Āgenskalns	605	605	0.0%
Iļģuciems	568	569	-0.2%

Source: ARCO REAL ESTATE

Compared with the beginning of 2009, in July 2011 the standard-type apartment prices in the housing estates of Riga were by 37% lower. From the beginning of 2010, the prices have grown by 12.9% on average. During the first six months of 2011, the prices decreased by 3.4%. 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 20.7% on average.

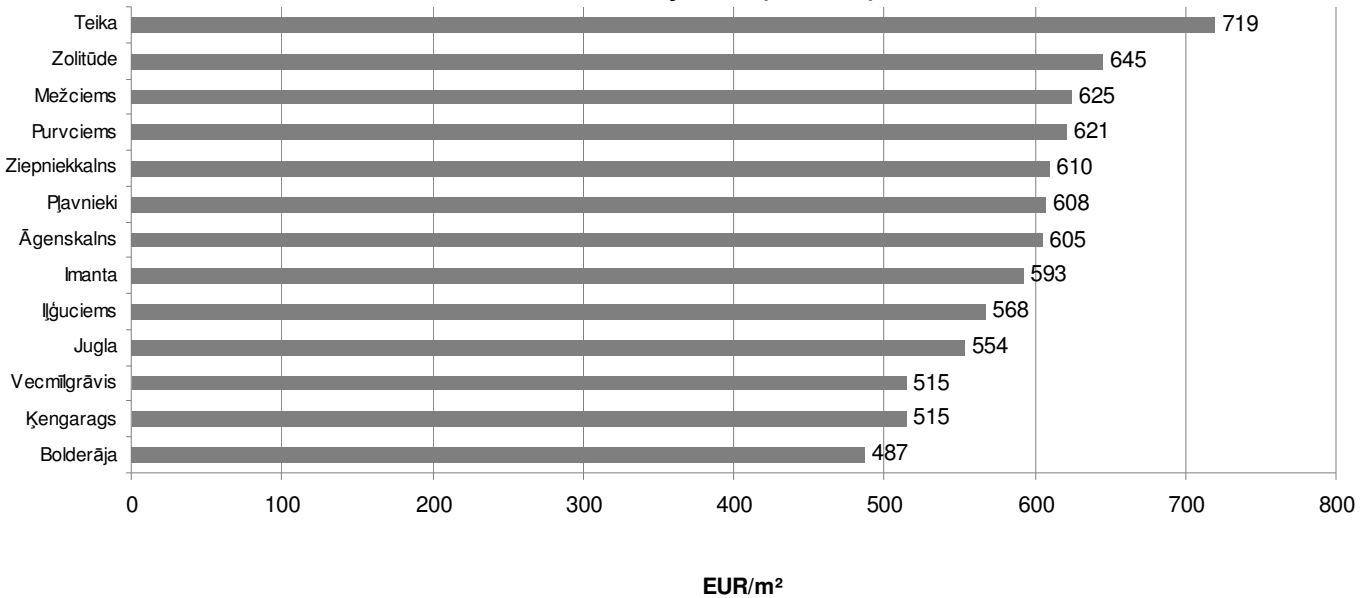
Average standard-type apartment prices in Riga housing estates



Source: ARCO REAL ESTATE

The highest prices in July 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 has dropped to 645 EUR. In turn, the lowest prices in July 2011 were observed at *Bolderāja*, where the average price of 1m² dropped to 487 EUR.

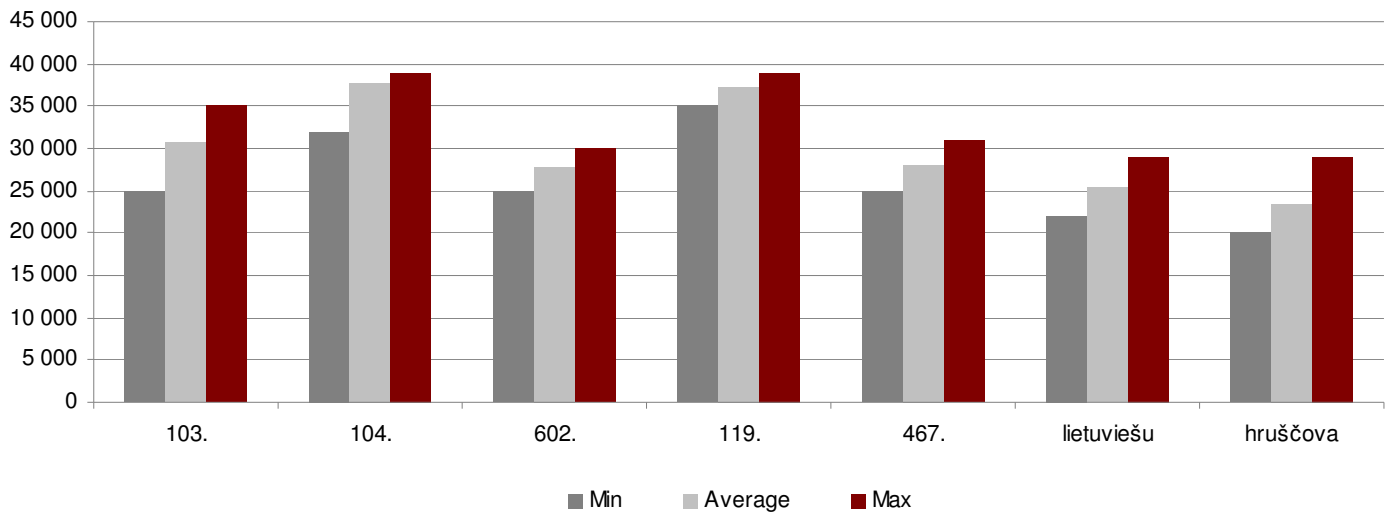
Average standard-type apartment prices in Riga housing estates in July 2011 (EUR/m²)



Source: ARCO REAL ESTATE

In July 2011, 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 39 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 June 2011 (prices of 2-room apartments, in EUR)



Source: ARCO REAL ESTATE

Jūrmala, Kauguri

In July 2011 the prices at Kauguri **dropped by 0.4% on average**. The average price has dropped to **429 EUR/m²**. In the first six months of 2011 the prices at Kauguri have decreased by 7.4%. The most expensive apartments at Kauguri still were the *103rd series* apartments, but the cheapest apartments were in the *Khrushchev-time houses* and *small-family houses*.

Jelgava

In July 2011 the apartment prices in Jelgava **decreased by 1.8% on average**. The market activity in Jelgava is still low. In the first six months of 2011 the apartment prices in Jelgava tended to decline, and since the beginning of the year the prices have decreased by 11.8% on average. The average price in July was **308 EUR/m²**. Apartments located in the central part of the city and having high-standard interior decoration are most demanded.

Salaspils

In July 2011, the prices in the apartment market of Salaspils **decreased by 1.7% on average**. The average price in July was **492 EUR/m²**. In 2010 in total, the apartment prices at Salaspils increased by **22%**. In the first six months of 2011 the apartment prices in Salaspils tended to decline, and since the beginning of the year the prices have decreased by 5.2% on average.

Ogre

The average prices at Ogre in July 2011 **remained unchanged** if compared with the average prices of June 2011. The average apartment price in July was **426 EUR/m²**.

Since the beginning of 2011 the prices have decreased by 2.8% on average in Ogre. The activity in the apartment market of Ogre is assessed as low.