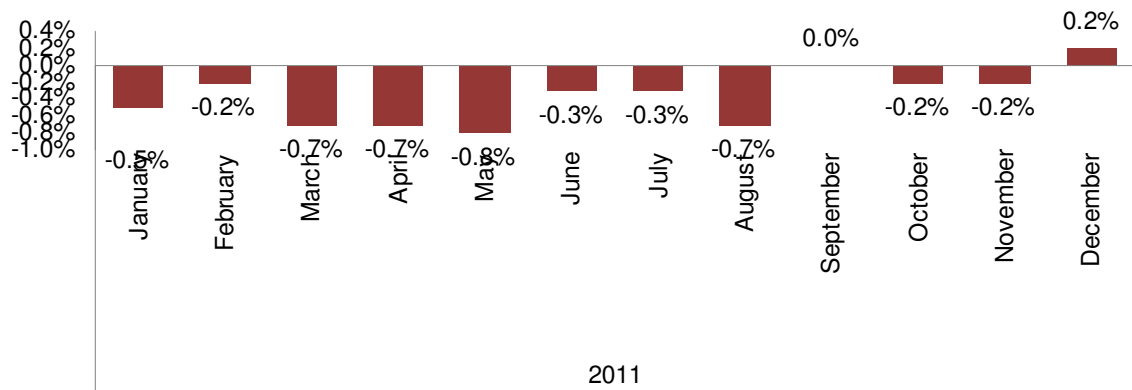


Standard-type apartments, January 1, 2012

In December of 2011, the price drop in the standard-type apartment market stopped. The average price of standard-type apartments in December 2011 amounted to **583 EUR/m²**. Thus, the price level in December slightly increased – by 0.2%. Since the beginning of 2011, the average prices of standard-type apartments have decreased by **4.3%** in total.

Changes in standard-type apartment prices in 2011



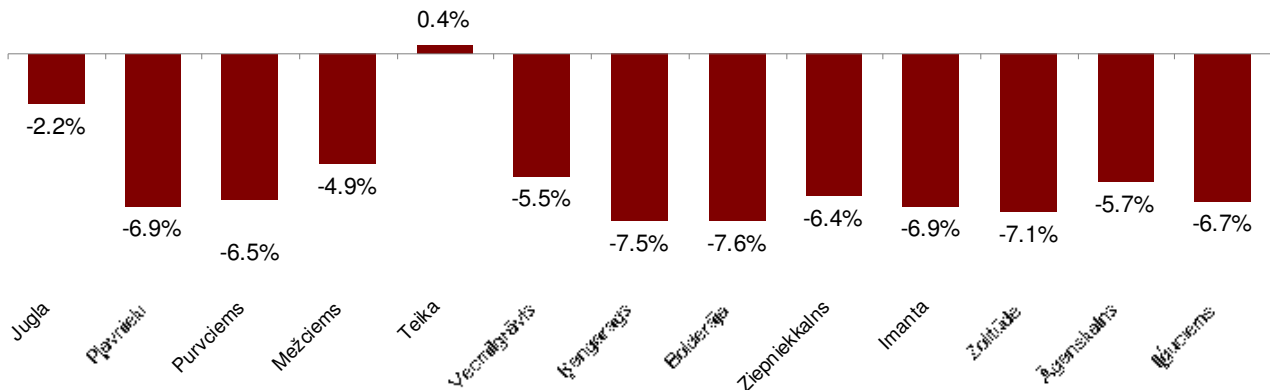
Source: ARCO REAL ESTATE

In 2011, the overall activity in the real estate market has not survived any significant jumps or drops. At the same time, in certain neighbourhoods the price reduction during the year has exceeded 7%, which is considered to be a significant fall in prices.

The number of apartments offered in the market has decreased significantly in December. In Riga the total the number of apartments offered in the market has decreased by 11.2 %, but in the largest housing estates this number has decreased by 15%, and in the central part of Riga – by 9.9%. The significant decrease in the supply observed in December is not surprising; it is an annual phenomenon that is explained by the Christmas and New Year holidays at the end of the year, when the real estate market activity usually decreases. Also, the small price increase in December (+0.2%) is resulting from the substantial reduction in supply. In a number of neighborhoods there were not observed any changes in prices, and the prices at the end of the year are to be regarded as stable.

Since January 1, 2011, the average price of 1 m² of a standard-type apartment has decreased by 4.3%. The biggest price drop as per January 1, 2012 was observed at Bolderāja – by -7.6%. But at Teika, in despite of a slight decrease in prices in certain months of 2011, the prices have shown a very slight increase – by 0.1%. This is explained by the fact that in 2011, the demand remained focused on good quality apartments with good location, placement, and good interior decoration. In 2011, positive price changes were observed in the central part of Riga; however, the same is attributable also to the Teika area, which is considered a good alternative to the centre of Riga. This could explain the fact that the prices remained at a sufficiently high level at Teika.

Price changes since January 1, 2011



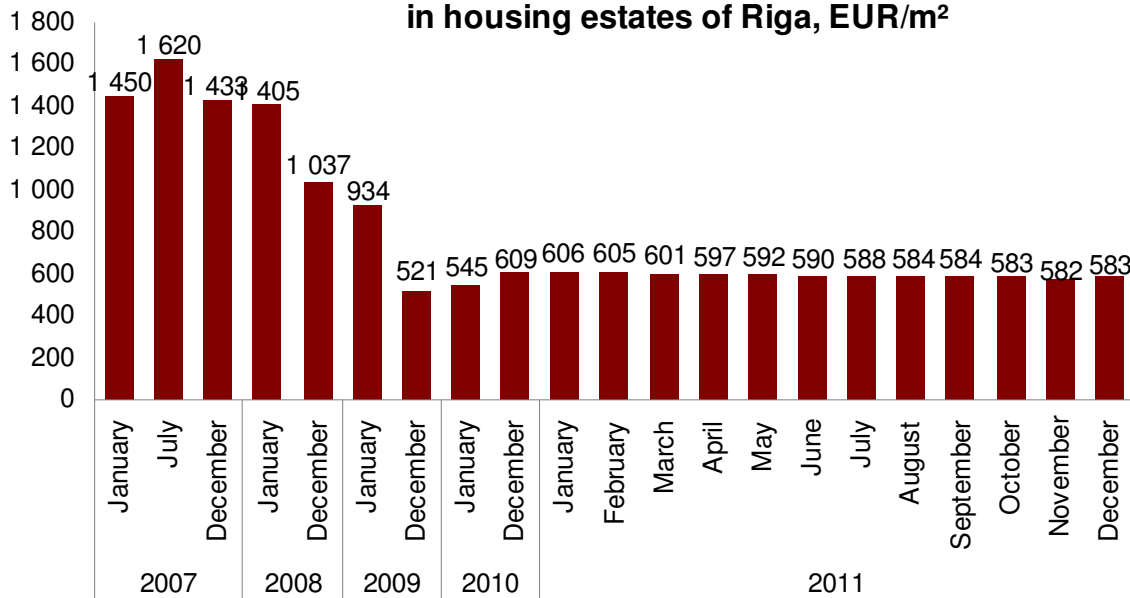
Source: ARCO REAL ESTATE

In December 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 19.7%.

In December 2011 the average standard-apartment price has returned to the level of October - **583 EUR/m²**. The prices on average were by 64.1% 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 decreased by 3.8% 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%. But in 2010 the prices grew by 16.9% in total. In 2011, the price fall during the year was 4.3%.

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



Source: ARCO REAL ESTATE

In the housing estates analyzed by the ARCO REAL ESTATE in December 2011, the average price of a 1-room apartment was 622 EUR/m², and compared with the price of the previous month, this price has increased by 0.2%; average price of a 2-room standard-type apartment was 590

EUR/m², and compared with the average price of the previous month, this price has increased by 0.2%; average price of a 3-room apartment was 563 EUR/m², and compared with the prices of the previous month, this price has remained unchanged; average price of a 4-room apartment was 557 EUR/m², and compared with the average price of the previous month, this price has increased by 0.2%.

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

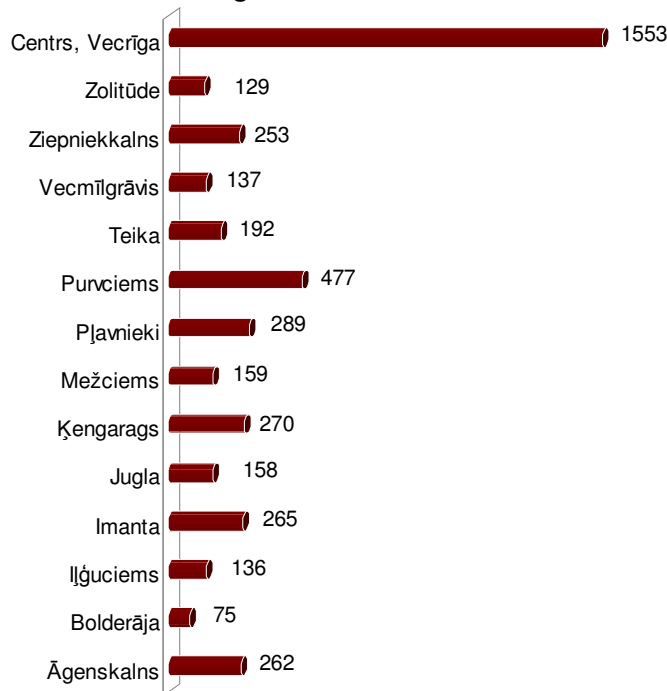
	2010												2011												2012
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	1st January
1 room	568	598	614	629	654	660	658	656	663	662	661	659	654	649	644	636	633	628	626	624	623	622	622	621	622
2 rooms	541	566	574	587	606	617	617	617	624	628	626	627	621	615	613	609	604	599	596	594	590	591	589	589	590
3 rooms	496	519	532	544	561	571	573	577	588	590	590	590	587	584	584	578	573	571	567	564	564	563	563	563	563
4 rooms	480	498	515	528	548	556	562	566	575	578	578	578	577	575	578	576	572	569	567	566	561	560	558	556	557

Source: ARCO REAL ESTATE

Number of apartments offered for sale in December 2011, compared with the level of the previous month, has significantly decreased both in the largest housing estates analyzed by the ARCO REAL ESTATE (-15%) and in the Riga City in total (-11.2%). The number of apartments offered and located in the central part of Riga has decreased by 9.9%.

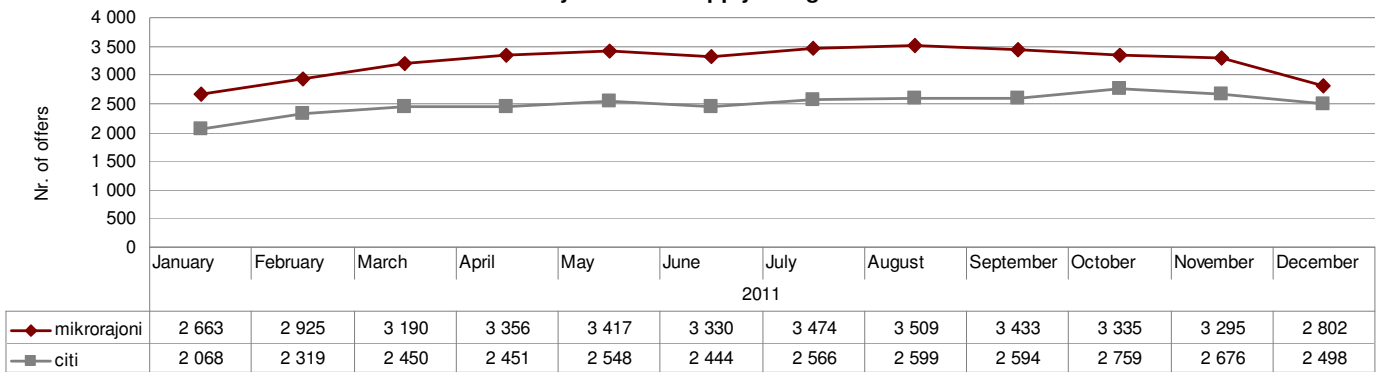
Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in December was observed at Purvciems, Pļavnieki, Ķengarags and Āgenskalns. In contrast, the smallest number of apartments offered was observed at Bolderāja and Zolitūde. In December, the number of apartments offered decreased in most housing estates. The largest decrease of number of apartments offered was observed at Purvciems – by 24.3%. The lowest reduction of the number of apartments offered was observed at Imanta – by 6%. 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 December 2011



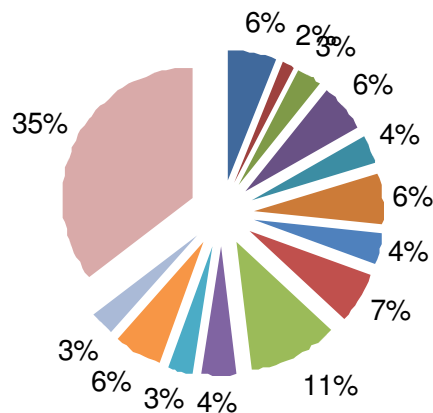
Source: ARCO REAL ESTATE

Dynamics of supply in Riga



Source: ARCO REAL ESTATE

Apartment supply structure by Riga housing estates End of 2011



Source: ARCO REAL ESTATE

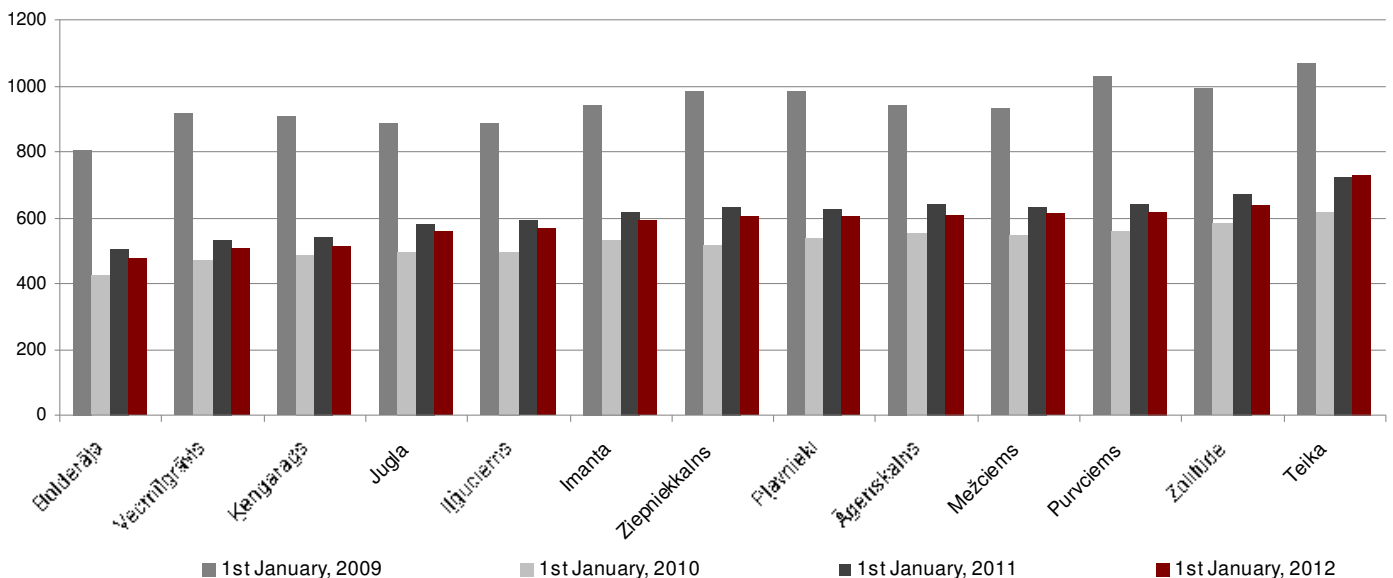
In December 2011, the average price of 1 m² has slightly increased in most housing estates. Average price of 1 m² has increased by 0.2-0.6%. The biggest price growth in December was observed at Mežciems, where the prices decreased by 0.6% on average. In most housing estates the prices remained unchanged. Only at Vecmīlgrāvis a slight price reduction – by 0.3% - was observed.

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

	Average 1m ² price on 1st January, 2012	Average 1m ² price on 1st December, 2011	Price changes, %
Jugla	556	554	0.3%
Pļavnieki	603	601	0.2%
Purvciems	615	614	0.3%
Mežciems	612	608	0.6%
Teika	728	724	0.5%
Vecmīlgrāvis	508	509	-0.3%
Ķengarags	510	510	0.0%
Bolderāja	477	475	0.4%
Ziepniekkalns	602	602	0.0%
Imanta	592	592	0.0%
Zolitūde	640	640	0.0%
Āgenskalns	606	604	0.2%
Ilģuciems	566	566	0.0%

Source: ARCO REAL ESTATE

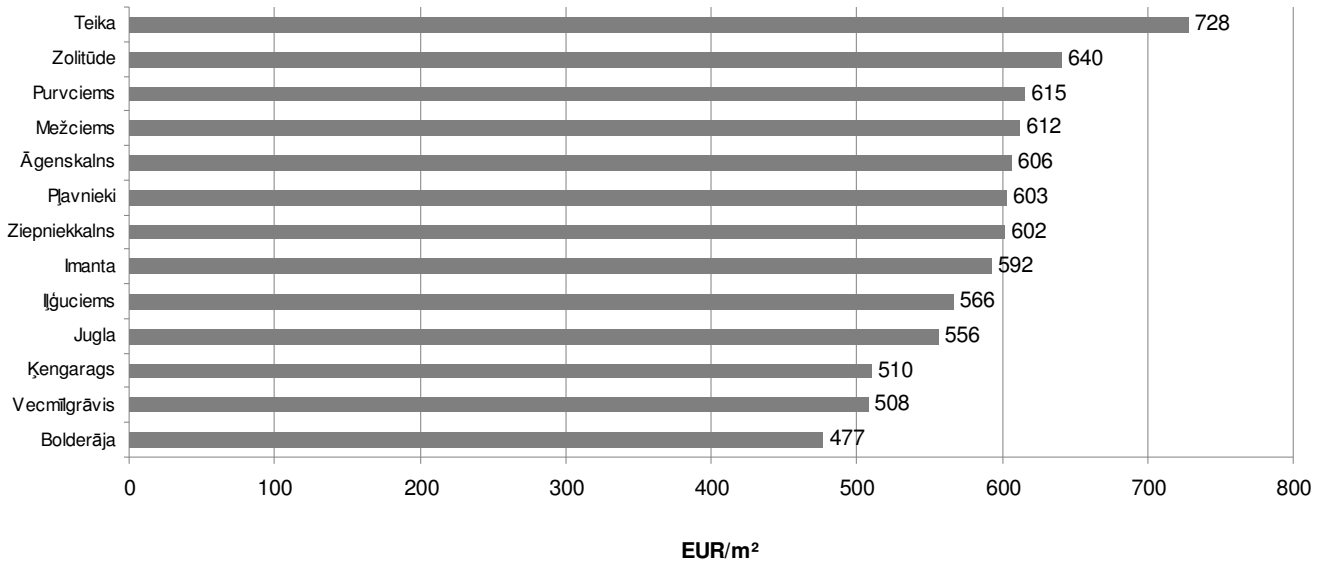
Since the beginning of 2011, the standard-type apartment prices have decreased by 4.3%. From the beginning of 2010, the prices have grown by 11.9% on average. Compared with the beginning of 2009, in December 2011 the standard-type apartment prices in the housing estates of Riga were by 37.6% lower. Since 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 19.7% on average.

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


Source: ARCO REAL ESTATE

The highest prices in December 2011 were still observed at *Teika*, where the average price of 1m² has increased slightly and was amounting to 728 EUR. In turn, the lowest prices in December 2011 were observed at *Bolderāja*, where the average price of 1m² has slightly increased - to 477 EUR.

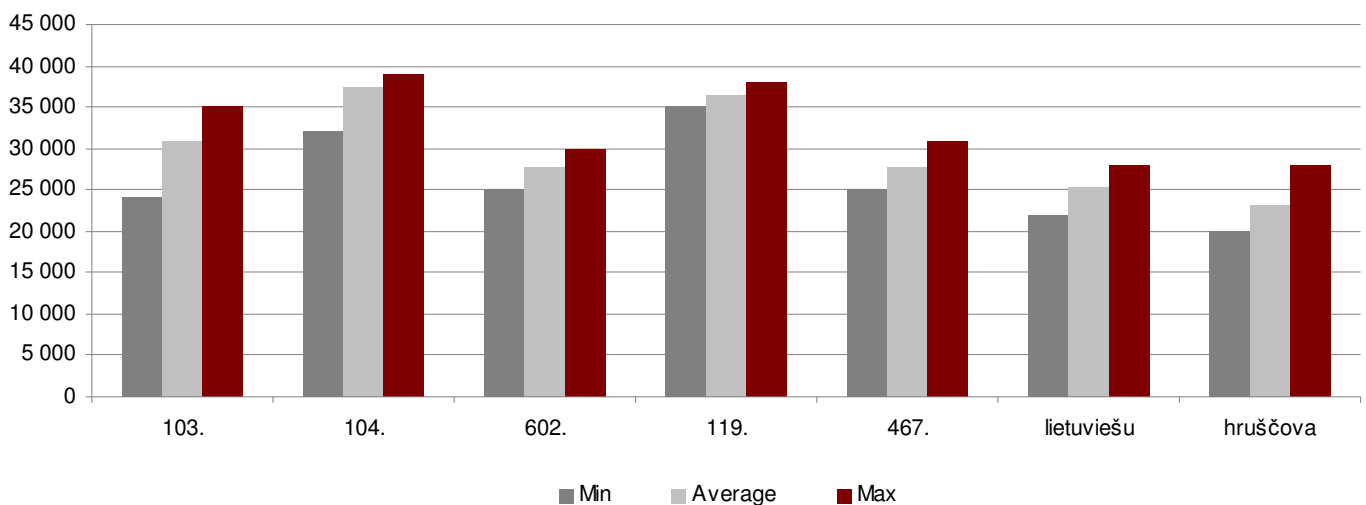
Average standard-type apartment prices in Riga housing estates in December 2011



Source: ARCO REAL ESTATE

In December 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 21 to 28 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 19 to 28 thousand EUR, depending on the housing estate.

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

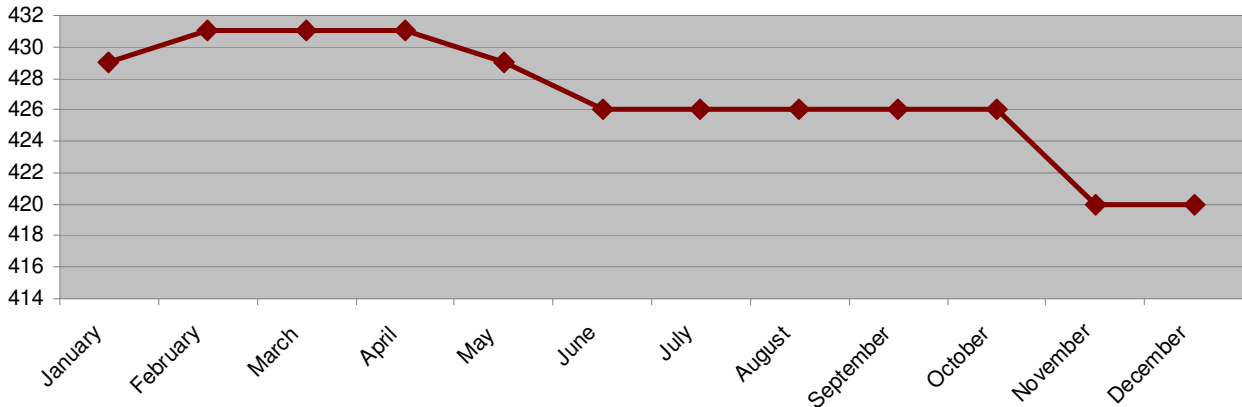


Source: ARCO REAL ESTATE

Ogre

The average prices in Ogre in December 2011 **remained unchanged**. The average apartment price in December was **420 EUR/m²**. The prices have decreased by 2.1% in Ogre in 2011. Compared to other towns in the vicinity of Riga, apartment prices in Ogre have remained stable and the price drop has not been high. At the same time, activity in the apartment market of Ogre is to be assessed as low.

Average price of 1 m² in Ogre in 2011 (EUR/m²)

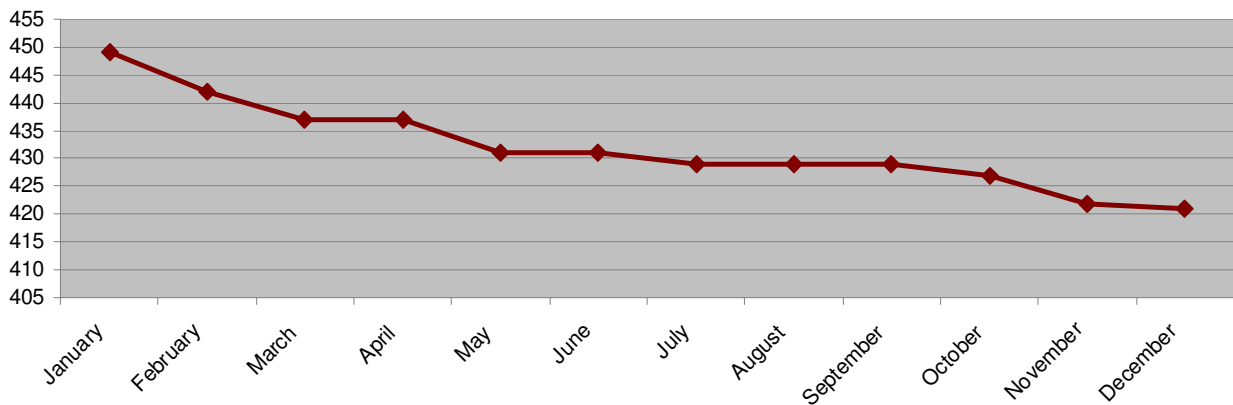


Source: ARCO REAL ESTATE

Jūrmala, Kauguri

In December 2011 the apartment prices at Kauguri **decreased by 0.4% on average**. The average price in December was **421 EUR/m²**. During 2011 the prices at Kauguri have decreased by 6.2%. The price reduction is higher than the average for housing estates of Riga. Prices have fallen due to decrease of demand for apartments located in such places. 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*.

Average price of 1 m² in Jūrmala (Kauguri) in 2011 (EUR/m²)

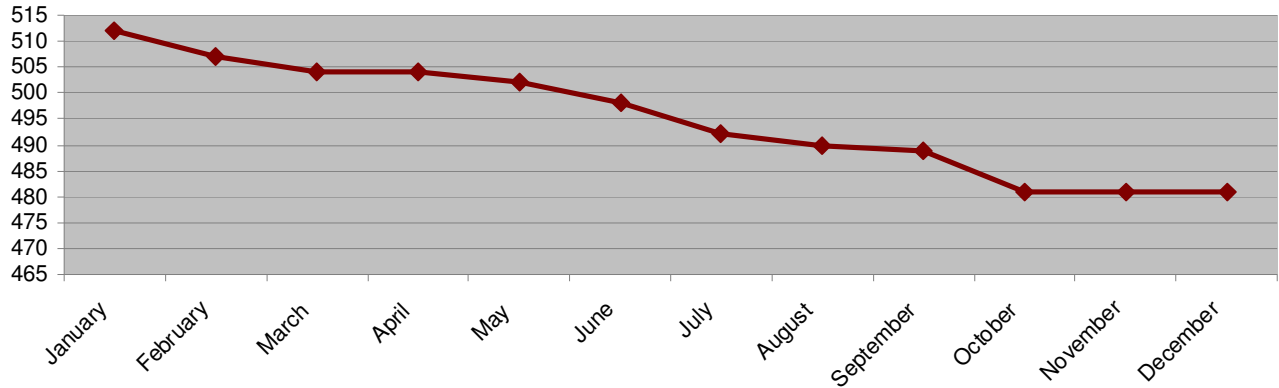


Source: ARCO REAL ESTATE

Salaspils

In December 2011, the apartment prices in Salaspils **have remained unchanged**. The average price in December was **481 EUR/m²**. In 2010 in total, the apartment prices at Salaspils increased by **22%**. In 2011 the apartment prices in Salaspils have tended to decline, and since the beginning of the year the prices have decreased by 6% on average. Prices have fallen like in Jūrmala, Kauguri. The price decline was most expressed at the beginning of the year, and in the last quarter of the year the decline stopped.

Average price of 1 m² in Salaspils in 2011 (EUR/m²)

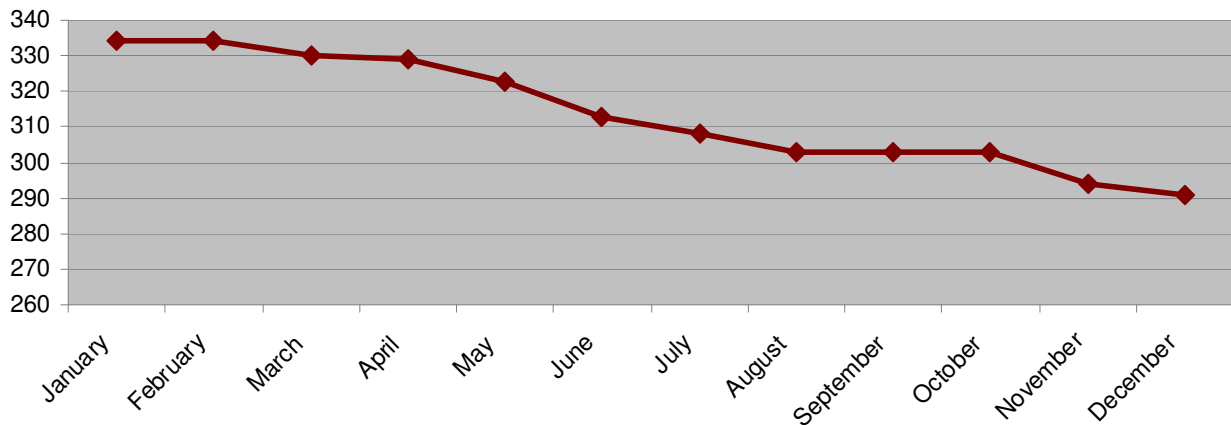


Source: ARCO REAL ESTATE

Jelgava

In December 2011 the apartment prices in Jelgava **decreased by 1% on average**. The average price in December was **291 EUR/m²**. The market activity in Jelgava is still low. In 2011 the apartment prices in Jelgava tended to decline, and since the beginning of 2011 the prices have decreased by 12.9% on average, which is to be considered a significant price fall. Apartments located in the central part of the city with high-standard interior decoration are still most demanded and most popular.

Average price of 1 m² in Jelgava in 2011 (EUR/m²)



Source: ARCO REAL ESTATE