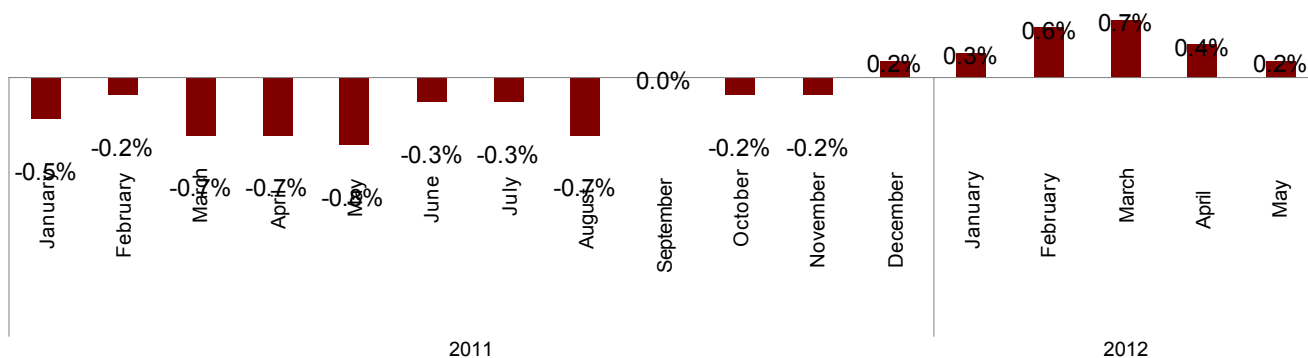


Standard-type apartments, June 1, 2012

Positive price fluctuations remained in the standard-type apartment market also in May 2012. The average price of standard-type apartments has increased by 0.2% in May 2012. Thus, the average standard-type apartment price is **595 EUR/m²** now. It means that the standard-type apartment prices have not practically changed during the past year since May 2011 (the average price of 1 m² in May 2011 was 597 EUR).

Changes in standard-type apartment prices since beginning of 2011



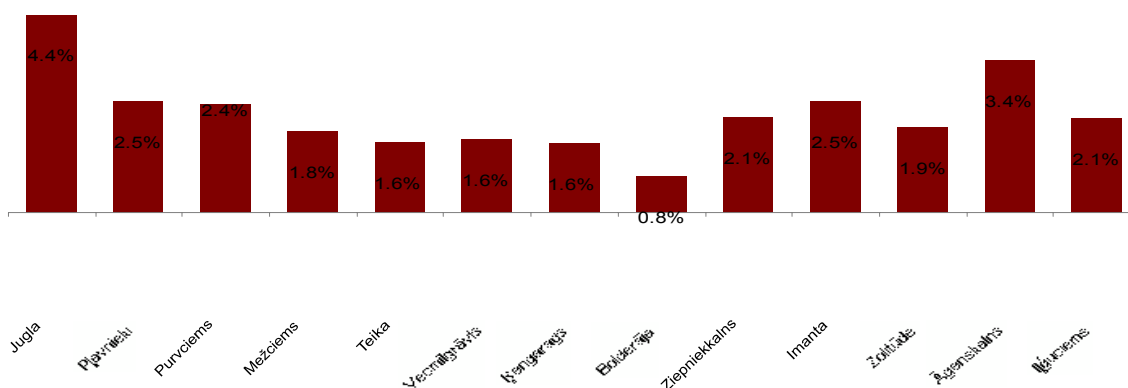
Source: ARCO REAL ESTATE

In the first five months of 2012 the standard-type apartment prices have increased by 2.1% on average. The price increase is not large and the standard-type apartment prices will be assessed as stable. Changes in prices since the beginning of 2011 have been less than 1% per month. The identified changes in prices in May are quite small. One of the reasons is the considerable increase in housing supply. The total number of apartments offered in Riga has grown by 7.9%, in the largest housing estates - by 10.7%, and in the central part of Riga - by 4%. The total number of housing supply is the largest in the last two years.

Also in the vicinity of Riga in 2012, the housing prices remain stable. In many places no market trends or changes have been discovered.

The largest average price increase of 1 m² in the first five months of 2012 was observed at Jugla – +4.4%. The smallest price increase was observed at Bolderāja - +0.8%.

Price changes in housing estates since beginning of 2012

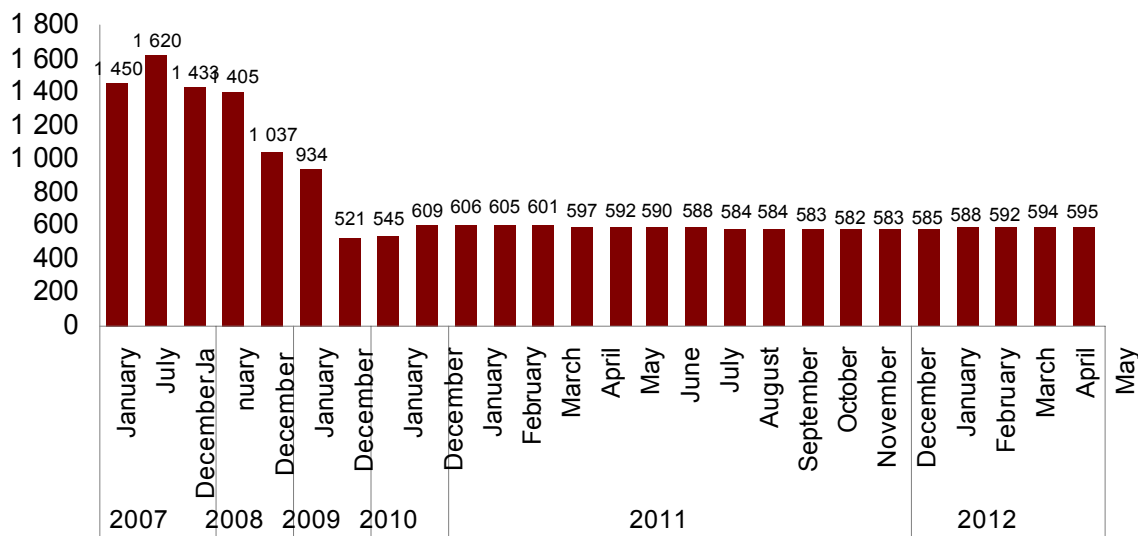


Source: ARCO REAL ESTATE

In May 2012 the average standard-apartment price has returned to the level that existed one year ago (597 EUR/m²). In May 2012 this price was **595 EUR/m²**. The prices on average are by 63.2% 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. But the average price of a non-renovated standard-type apartment in March has increased by 1.6% if compared with the price level of the end of 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 prices of standard-type apartments decreased by 3.5. In the first five months of 2012, the apartment prices grew by 2.1%.

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



Source: ARCO REAL ESTATE

The largest price growth in May was observed in relation to two-room apartments. In the housing estates analyzed by the ARCO REAL ESTATE in May 2012, the average price of a 1-room apartment has increased by 0.2%; average price of a 2-room standard-type apartment was 602 EUR/m², and compared with the average price of the previous month, this price has increased by 0.3%; average price of a 3-room apartment was 574 EUR/m², and compared with the prices of the previous month, this price has increased by 0.2%; average price of a 4-room apartment was 565 EUR/m², and compared with the average price of the previous month, this price has remained unchanged.

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

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

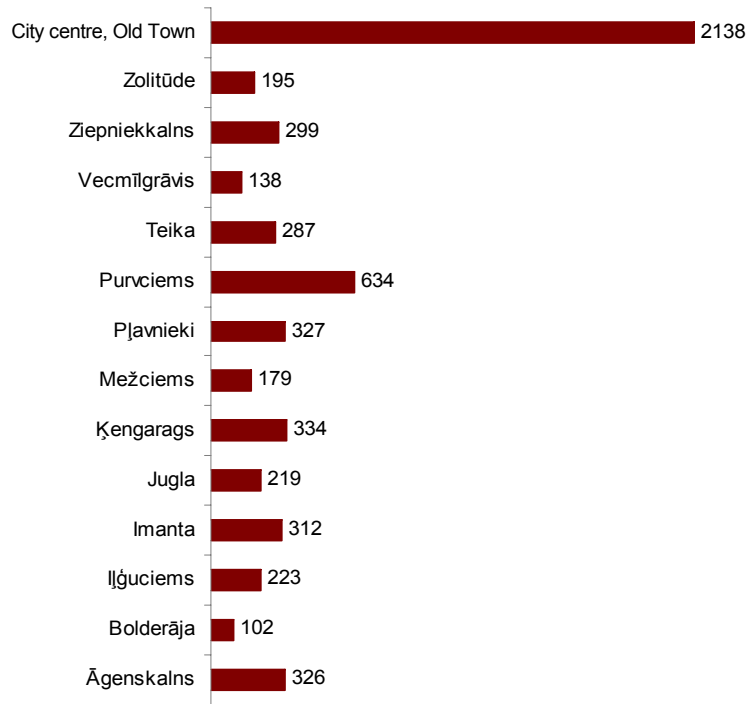
Source: ARCO REAL ESTATE

Number of apartments offered for sale in May 2012, compared with the level of the previous month, has increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (10.7%) and in the Riga City in general (7.9%). The number of apartments offered and located in the central part of Riga (city centre, Old Town) has increased by 4%.

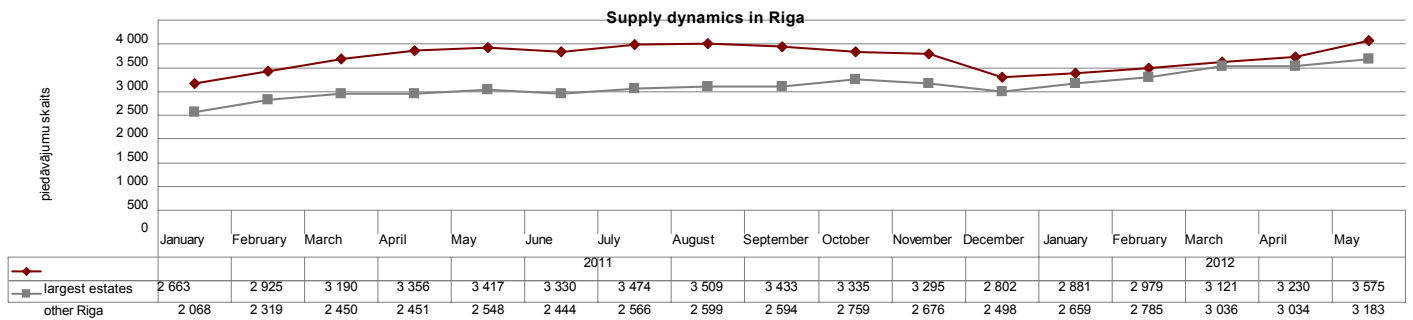
Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in May was observed at Purvciems, Pļavnieki, Ķengarags and Āgenskalns. In contrast, the

smallest number of apartments offered was observed at Bolderāja and Zolitūde. In May the number of apartments offered increased in all the housing estates. The largest increase of number of apartments offered was observed at Vecmīlgrāvis – by 32.7%. The largest reduction of the number of apartments offered in the last three months was observed just at Vecmīlgrāvis. 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 May 2012



Source: ARCO REAL ESTATE



Source: ARCO REAL ESTATE

In May 2012, the average price of 1 m² has slightly increased in almost all housing estates. Average price of 1 m² has increased by 0.1-0.7%. The largest price growth in May was observed at Jugla, where the prices increased by 0.7% on average. No price changes were observed at Purvciems, Mežciems and Ķengarags. At the same time, negative price fluctuations were observed at Zolitūde– the average price of 1 m² decreased by 0.5%.

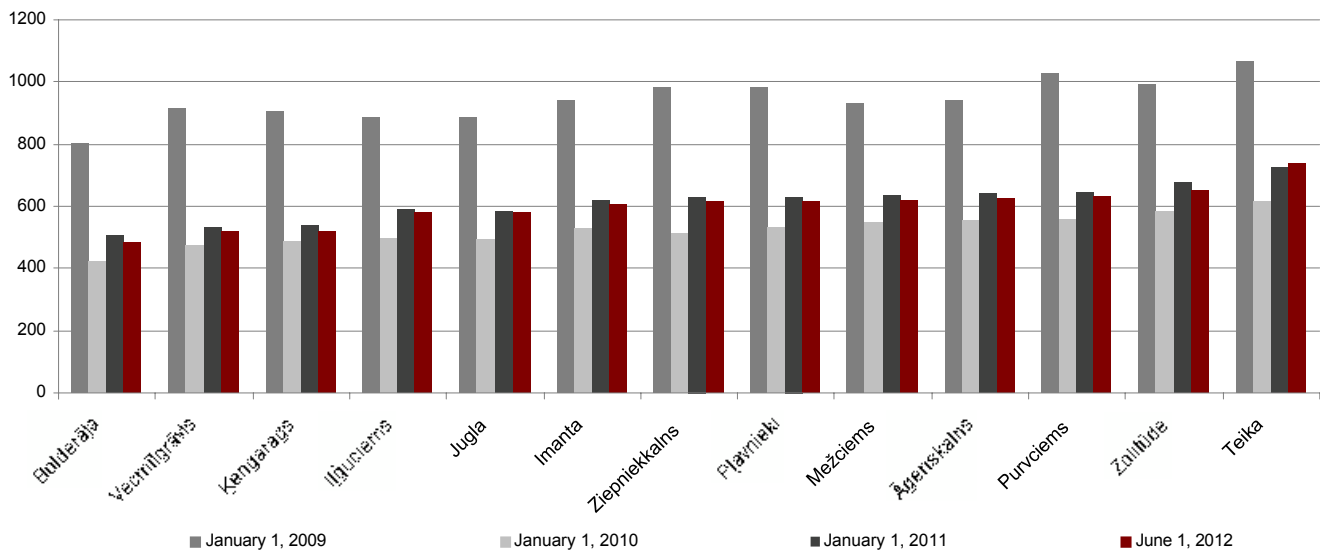
Change of average standard-type apartment prices in Riga housing estates (%)

	Average price of 1m ² on June 1, 2012	Average price of 1m ² on May 1, 2012	Change, %
Jugla	580	576	0,7%
Pļavnieki	617	616	0,3%
Purvciems	630	630	0,0%
Mežciems	623	623	0,0%
Teika	739	737	0,4%
Vecmīlgrāvis	516	515	0,3%
Ķengarags	518	518	0,0%
Bolderāja	481	479	0,3%
Ziepniekkalns	614	613	0,2%
Imanta	607	603	0,6%
Zolitūde	652	655	-0,5%
Āgenskalns	626	626	0,1%
Iļģuciems	578	576	0,3%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 2.1%. Since the beginning of 2011, the prices have decreased by 2.2%. Compared with the beginning of 2010, in May 2012 the standard-type apartment prices in the housing estates of Riga were by 14.3% 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 22.3% on average.

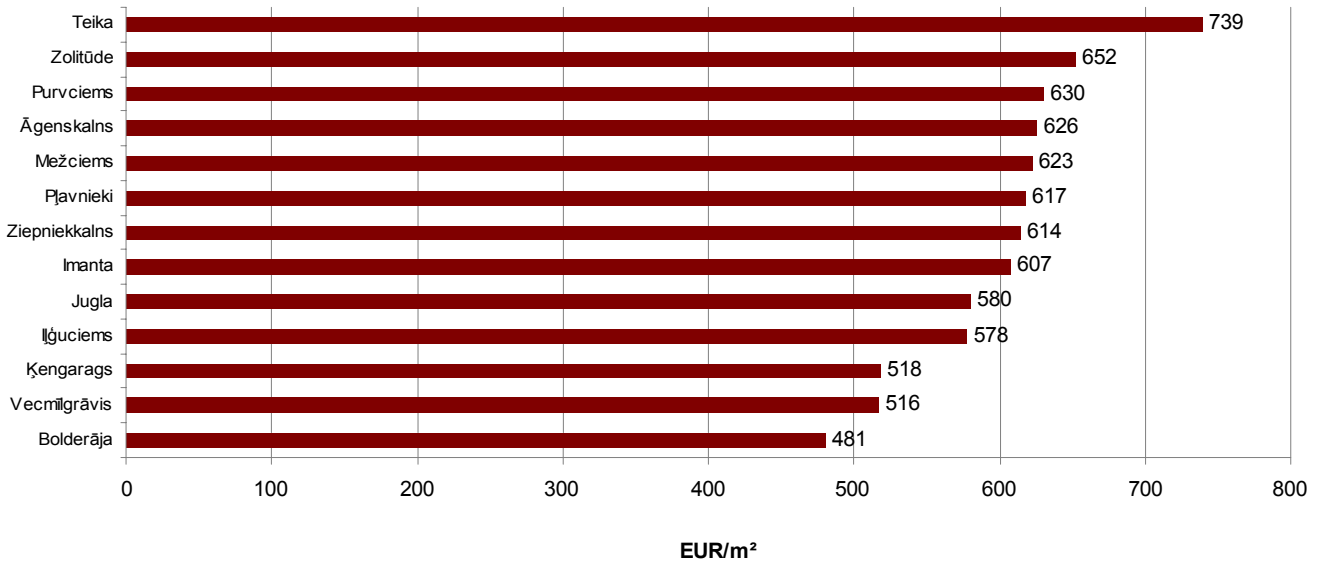
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest prices in May 2012 were observed at *Teika*, where the average price of 1m² has increased by 0.4% reaching 739 EUR. In turn, the lowest prices in May were observed at *Bolderāja*, where the average price of 1m² has increased up to 481 EUR.

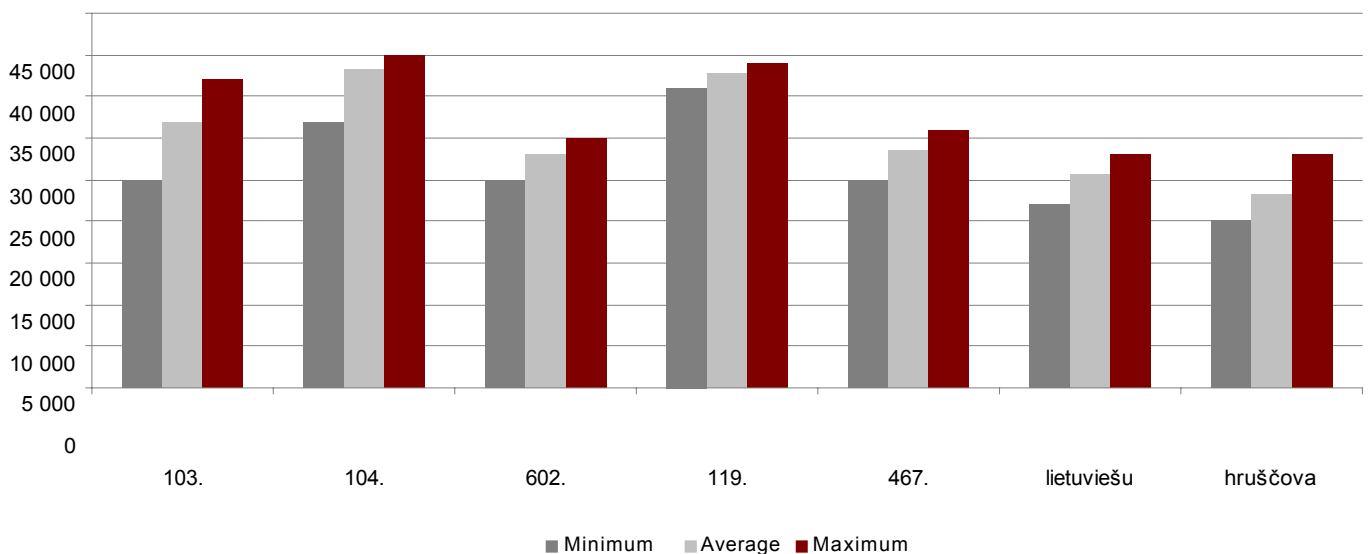
Average standard-type apartment prices in Riga housing estates in May 2012 (EUR/m²)



Source: ARCO REAL ESTATE

In May 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 28 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 20 to 28 thousand EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in May 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 May 2012 **remained unchanged**. The average apartment price in May was **420 EUR/m²**. The prices have decreased by 2.1% in Ogre in the first quarter 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.

Jūrmala, Kauguri

In May 2012 the apartment prices at Kauguri **remained unchanged**. The average price in May was **416 EUR/m²**. The prices have decreased by 2.6% at Kauguri in the first quarter 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 May 2012, the apartment prices in Salaspils **decreased by 0.7%**. The average price in May was **479 EUR/m²**. The prices have decreased by 1.6% in Salaspils in the first months of 2012 on average.

Jelgava

In May 2012 the apartment prices in Jelgava **remained unchanged**. The average price in May was **290 EUR/m²**. The prices have decreased by 1.2% in Jelgava in the first quarter of 2012 on average. The market activity in Jelgava is still low.