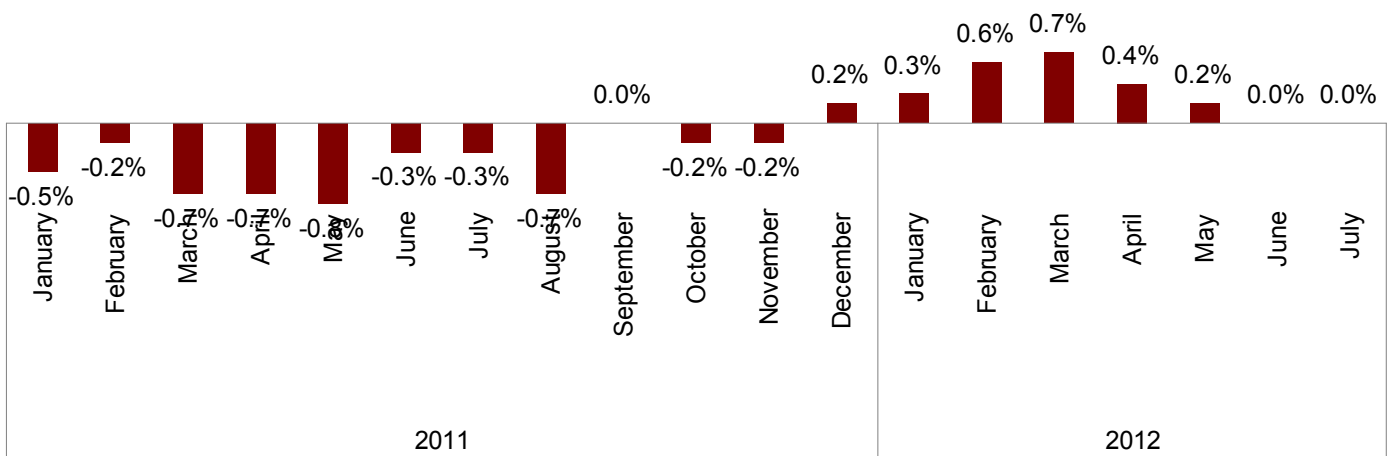


Standard-type apartments, August 1, 2012

In July 2012, the standard-type apartment market showed no significant changes. For the second consecutive month, the average standard-type apartment prices have remained unchanged amounting to 595 EUR/sqm.

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



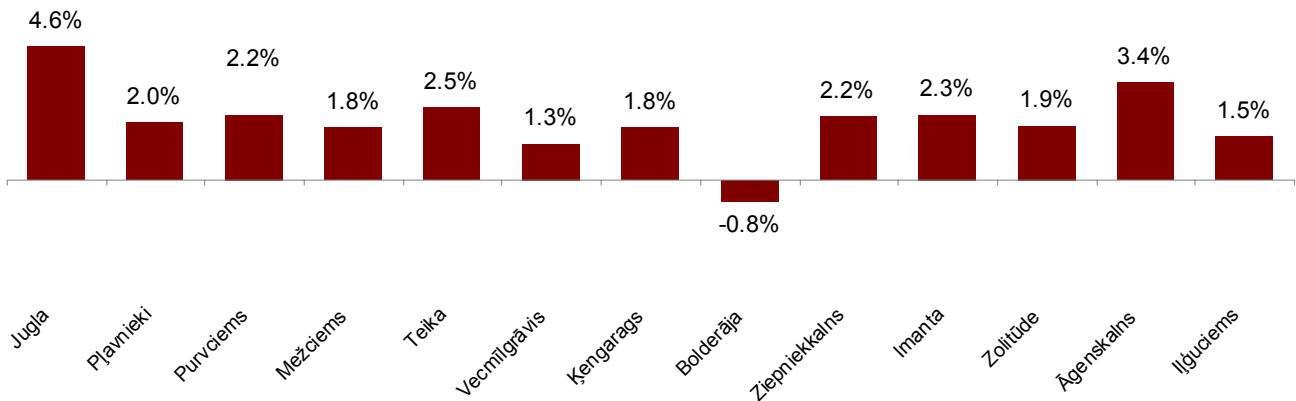
Source: ARCO REAL ESTATE

Standard-type apartment prices in the largest and most popular districts of Riga should be considered stable. The stop of the price fluctuations has been caused by the summer season when the apartment market usually is less active. Also the supply of apartments in July was stable remaining to be at the same level as in the previous month.

At the same time, a slight drop in prices has been observed in several districts. It is more typical for the cheapest housing estates and areas far from the city center; in those areas the overall price increase has been the lowest in this year. And still there is a growing price gap between different housing estates, depending on their location, prestige and other factors. Similarly, prices of apartments located in the central part of Riga and in new projects are increasing, thereby moving away from the prices of standard-type apartments. Housing demand in this market situation is stable, people are relatively active in purchasing properties sold by banks, which often are sold at a slightly reduced price compared to market prices.

The largest average price increase of 1 m² since the beginning of 2012 was observed at Jugla – +4.6%. The smallest price fluctuations were observed at Bolderāja - -0.8%.

Price changes in housing estates since beginning of 2012

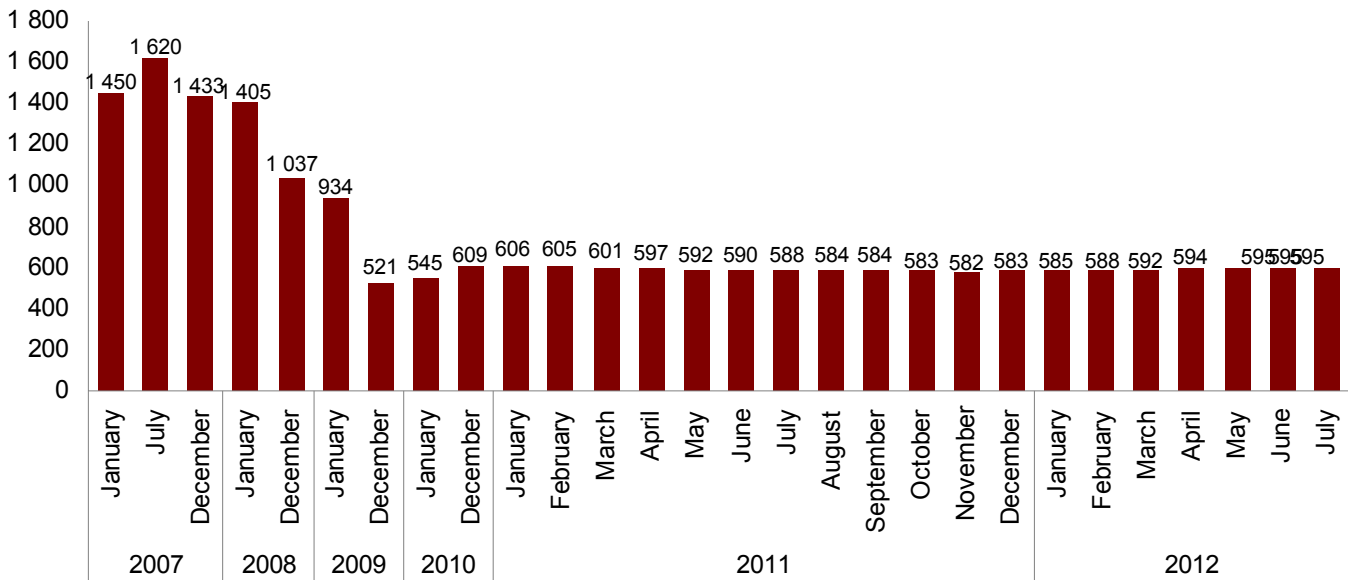


Source: ARCO REAL ESTATE

In July 2012 the average standard-apartment price is almost the same as in April 2011 (597 EUR/m²). In July 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.

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



Source: ARCO REAL ESTATE

In July 2012, the price of 1 square metre had changed only in the case of 1-room apartments in standard-type houses; prices regarding other apartment types remained unchanged. In the housing estates analyzed by the ARCO REAL ESTATE in July 2012, the average price of a 1-room apartment has decreased by 0.2% and is amounting to 640 EUR/m².

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

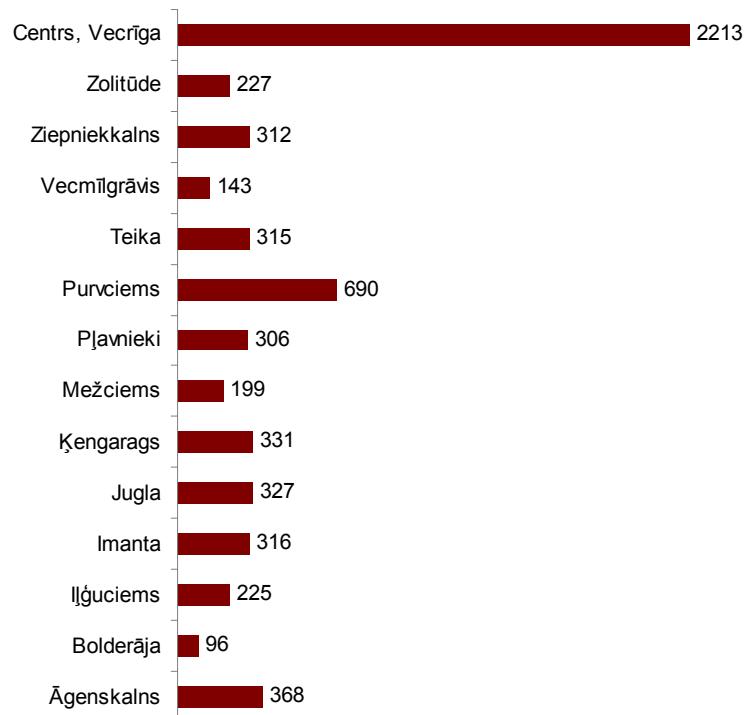
	2011												2012							
	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August
1 room	654	649	644	636	633	628	626	624	623	622	622	621	622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

Source: ARCO REAL ESTATE

Number of apartments offered for sale in July 2012, compared with the level of June, has remained practically unchanged. The number of apartments supplied has slightly increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (2.3%) and in the Riga City in general (1.3%). The number of apartments offered and located in the central part of Riga (city centre, Old Town) has increased by 0.5%.

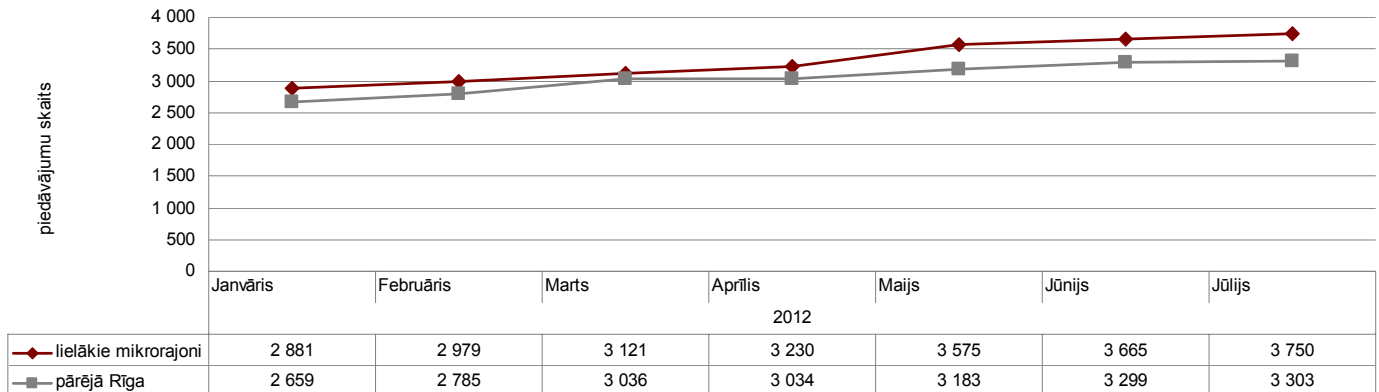
Having analyzed the supply of the apartments in July we can see that Purvciems, Pļavnieki, Ķengarags and Āgenskalns are locations where the most of the apartments offered are situated. In contrast, the smallest number of apartment offers came from Bolderāja and Zolitūde. In July the number of apartments offered increased in half part of the housing estates and decreased in the other half part of the estates, but the changes are insignificant. The largest increase of number of apartments offered was observed at Teika – by 8.6%. The largest reduction of the number of apartments offered was observed at Jugla where the number of offers dropped by 6.6%. 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 July 2012



Source: ARCO REAL ESTATE

Supply dynamics in Riga



Source: ARCO REAL ESTATE

In July 2012, the average price of 1 m² has remained unchanged in most of the housing estates. In several housing estates of Riga the price of 1 m² has decreased by 0.2-0.97%. The largest price drop in July was once again observed at Bolderāja, where the prices decreased by 0.9% on average. No price changes were observed at Mežciems, Ziepniekkalns, Zolitūde and Āgenskalns. At the same time, biggest positive price fluctuations were observed at Purvciems and Ķengarags– the average price of 1 m² increased by 0.3%.

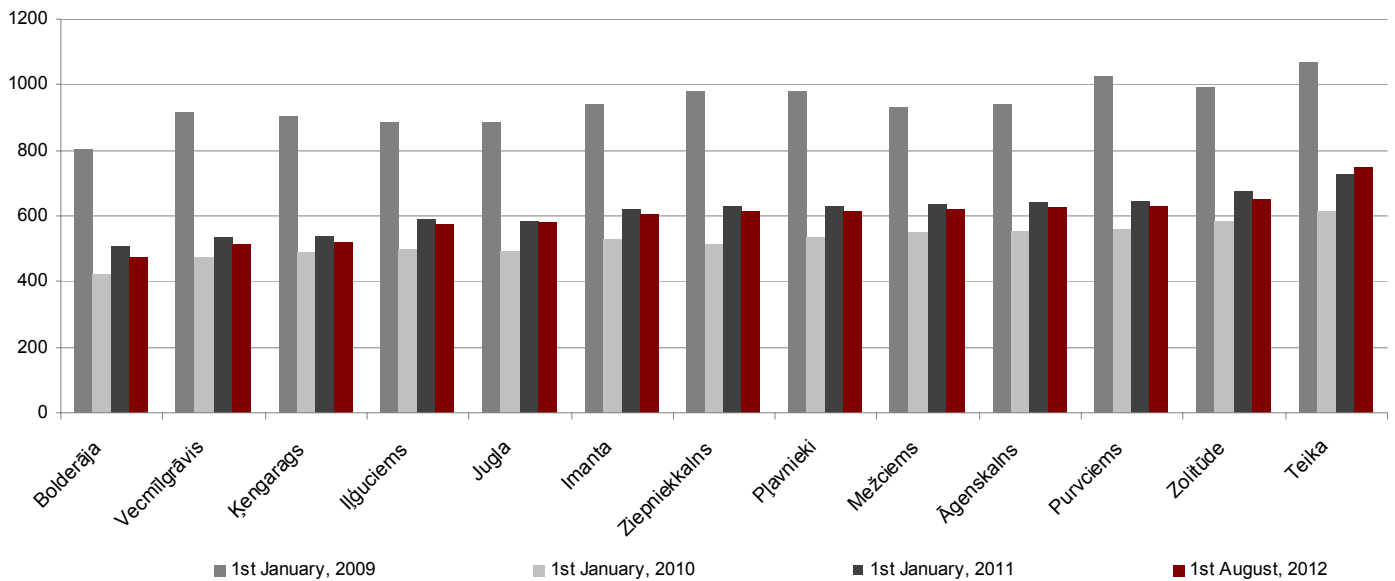
Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m ² price on 1st August, 2012	Average 1m ² price on 1st July, 2012	Price changes, %
Jugla	581	581	0.0%
Ļlavnieki	615	616	-0.2%
Purvciems	629	627	0.3%
Mežciems	623	623	0.0%
Teika	746	746	0.0%
Vecmīlgrāvis	515	515	0.0%
Ķengarags	519	518	0.3%
Bolderāja	473	477	-0.9%
Ziepniekkalns	615	614	0.1%
Imanta	606	607	-0.2%
Zolitūde	652	652	0.0%
Āgenskalns	626	626	0.0%
Ilģuciems	574	578	-0.6%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 2%. Since the beginning of 2011, the prices have decreased by 2.4%. Compared with the beginning of 2010, in July 2012 the standard-type apartment prices in the housing estates of Riga were by 14.1% 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 22.1% on average.

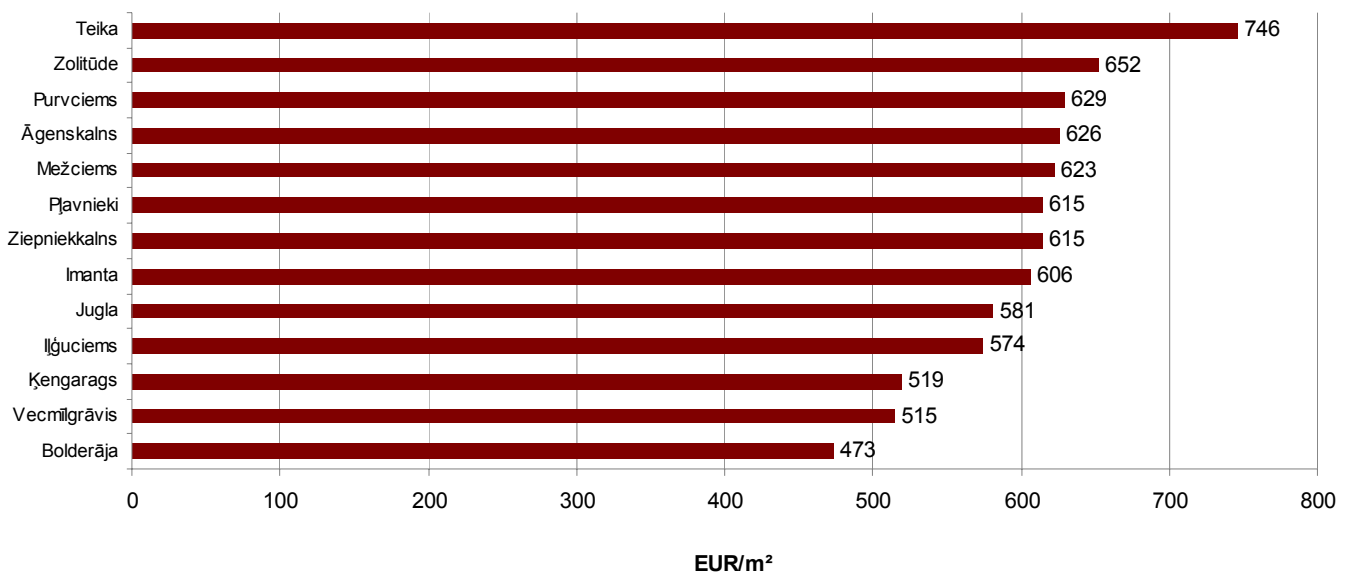
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest prices in July 2012 were observed at *Teika*, where the average price of 1m² has remained to be 746 EUR. In turn, the lowest prices in July were observed at *Bolderāja*, where the average price of 1m² has decreased to 473 EUR.

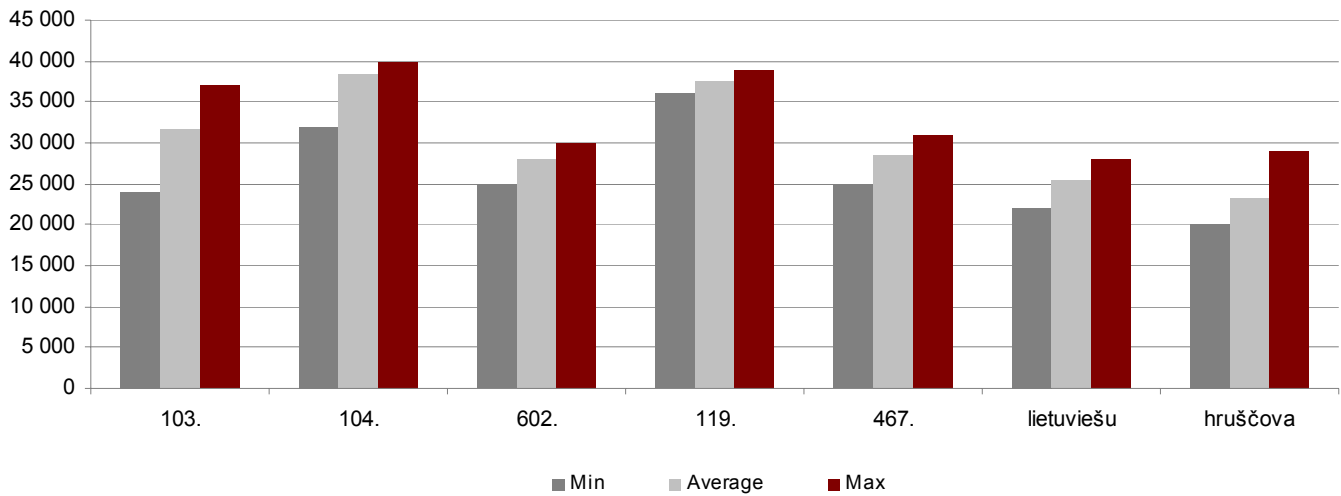
Average standard-type apartment prices in Riga housing estates in July 2012 (EUR/m²)



Source: ARCO REAL ESTATE

In July 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 29 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 July 2012 **remained unchanged**. The average apartment price in July was **417 EUR/m²**. The prices have decreased by 2.8% in Ogre in the first six months 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 July 2012 the apartment prices at Kauguri **decreased by 0.4%**. The average price of an apartment in July dropped to **414 EUR/m²**. The prices have decreased by 2.8% at Kauguri in the first six months 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 July 2012, the apartment prices in Salaspils **decreased by 0.3%**. The average price has dropped to **475 EUR/m²**. The prices have decreased by 2.2% in Salaspils in the first six months of 2012 on average.

Jelgava

In July 2012 the apartment prices in Jelgava **remained unchanged**. The average price in July remained to be **290 EUR/m²**. The prices have decreased by 1.7% in Jelgava in the first six months of 2012 on average. The market activity in Jelgava is still low.