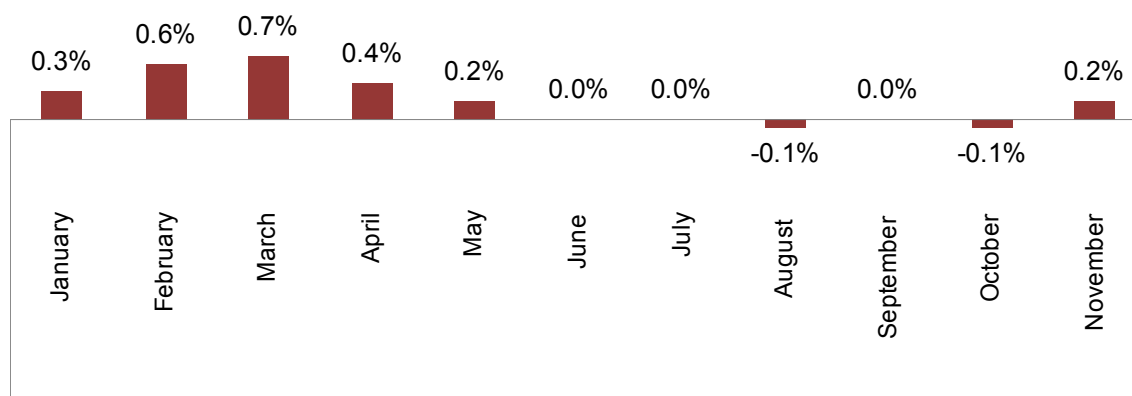


Standard-type apartments, December 1, 2012

In November 2012, the standard-type apartment prices in the major housing areas of Riga still were stable. The changes observed in November were insignificant – +0.2%, and, therefore the average standard-type apartment price has returned to 594 EUR/m².

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

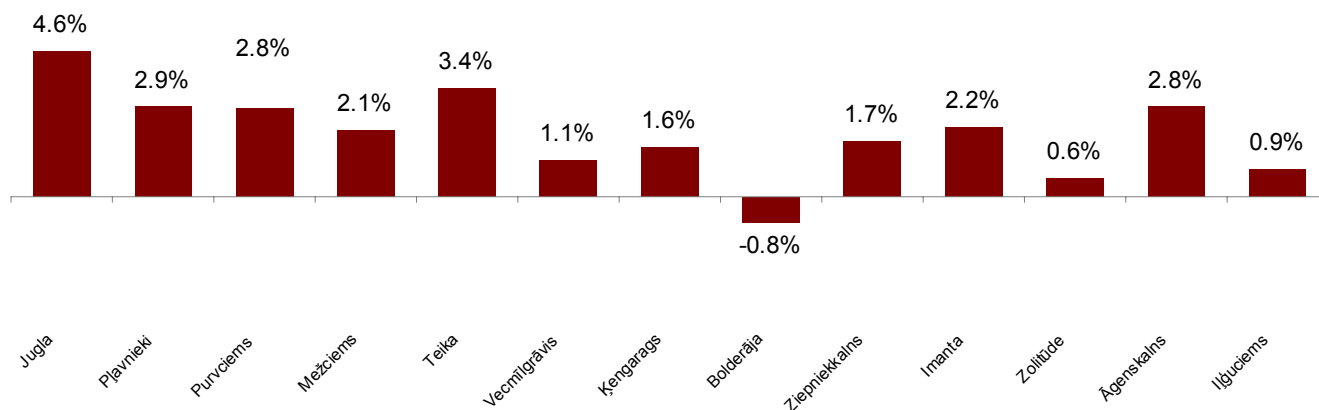


Source: ARCO REAL ESTATE

Since the beginning of 2012, standard-type apartment price changes have been minor. The prices have increased by an average of 1.9%. Apartment supply in the first six months had a tendency to increase but in the second half of the year it has stabilized. However, the overall supply rate is similar to that of the end of 2011. Apartment supply and transaction prices can be assessed as stable. Currently, there are no visible signs of changes in the standard-type apartment market in the near future, so this period should be assessed as suitable for standard-type apartment purchase and sale.

The largest average price increase of 1 m² in the housing estates of Riga since the beginning of 2012 was observed at Jugla – +4.6%. The smallest price fluctuations were observed at Zolitūde – +0.6%.

Price changes in housing estates since beginning of 2012

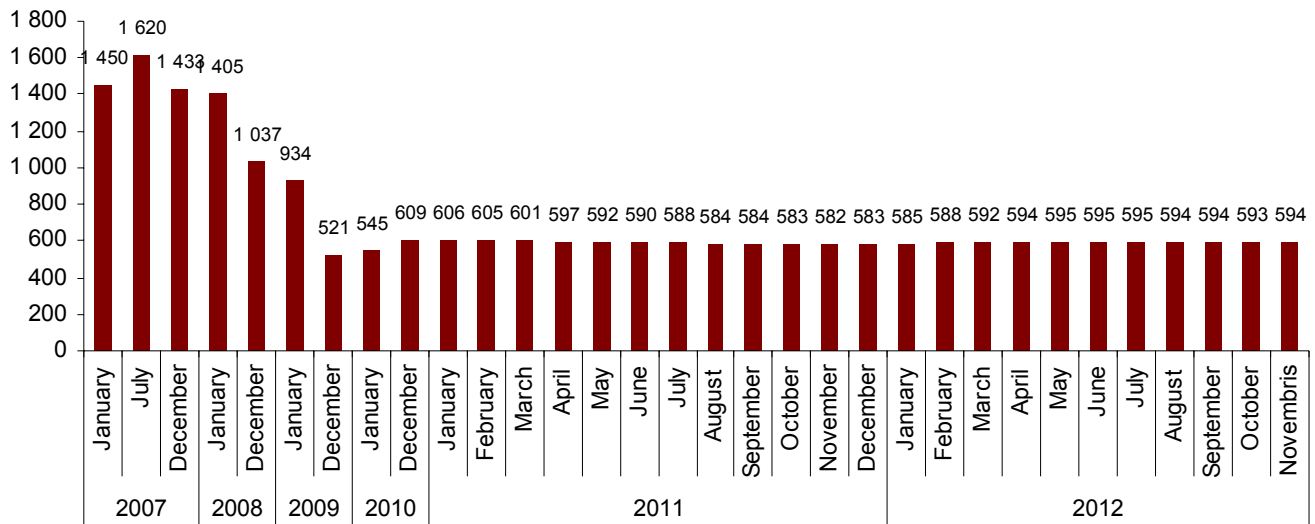


Source: ARCO REAL ESTATE

In November 2012 the average standard-apartment price was the same as in April. In November 2012 this price has slightly increased and is **594 EUR/m²** now. The prices on average are by 63.3% 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, EUR/m²



Source: ARCO REAL ESTATE

In November 2012, the average price of 1 square metre has changed only in respect of 1-room apartments – it has slightly increased (by +0.5%). But the average price of 1 square metre in apartments of other types has remained unchanged.

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

	2011.gads												2012.gads											
	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	1st September	1st October	1st November	1st December
1 room	654	649	644	636	633	628	626	624	623	622	622	621	622	626	632	639	639	640	641	640	638	639	639	642
2 rooms	621	615	613	609	604	599	596	594	590	591	589	589	590	592	594	598	600	602	602	602	602	602	601	601
3 rooms	587	584	584	581	578	573	571	567	564	564	563	563	563	565	568	571	573	574	575	575	575	575	574	574
4 rooms	577	575	578	576	572	569	567	566	561	560	558	556	557	557	560	561	565	565	562	562	562	562	560	560

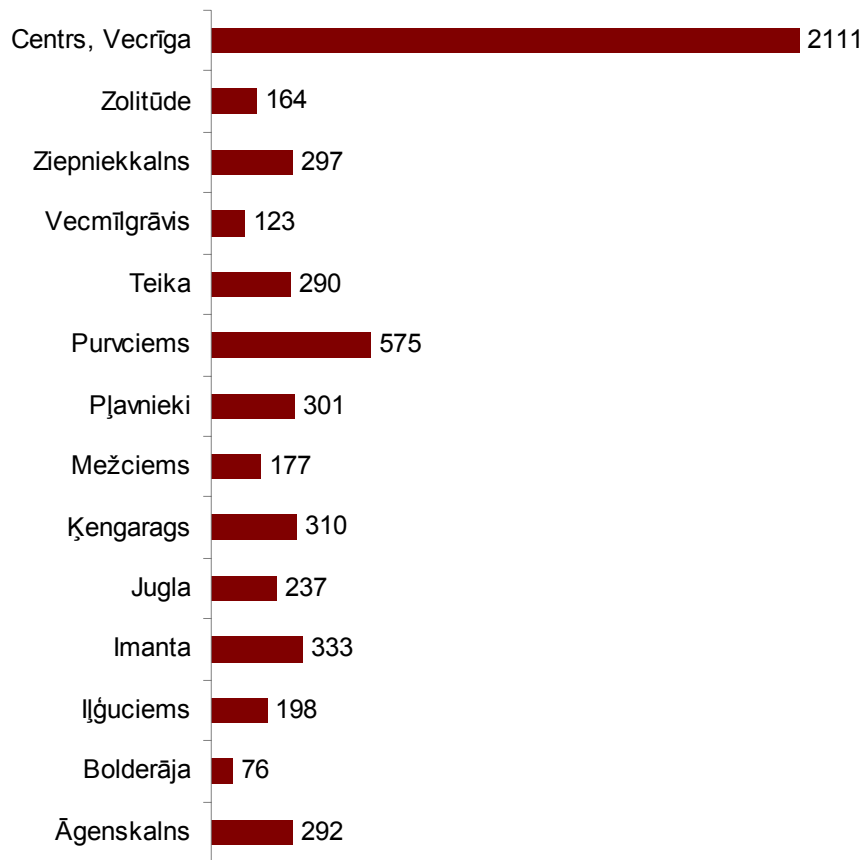
Source: ARCO REAL ESTATE

Changes in the number of apartments offered for sale in November 2012, compared with the level of October, are insignificant. The number of apartments supplied has slightly decreased both in the largest housing estates analyzed by the ARCO REAL ESTATE (-2.4%) and in the Riga City in total (-1.3%). The number of apartments offered and located in the central part of Riga (city centre, Old Town) has increased by 2.8%.

Having analyzed the supply of the apartments we can see that Purvciems, Pļavnieki, Ķengarags and Imanta 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 November

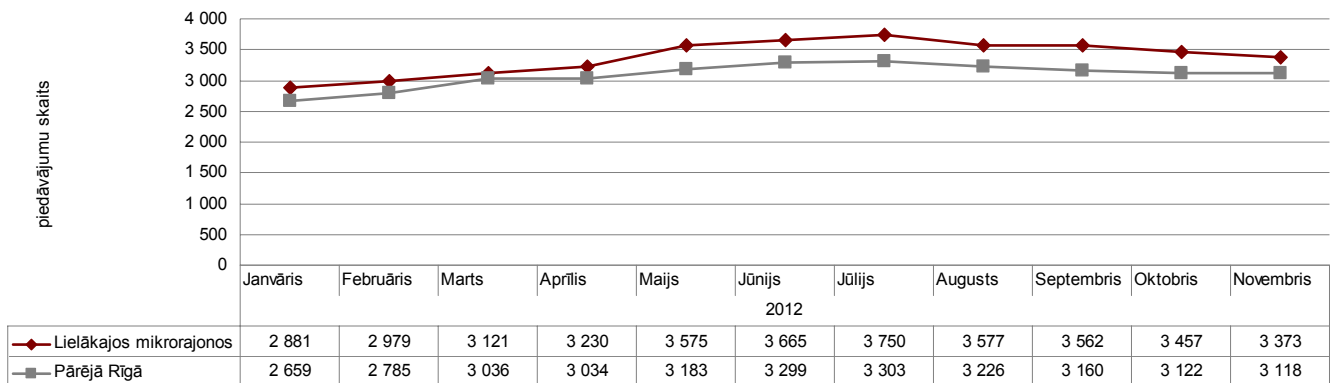
the number of apartments offered has decreased in almost all Riga housing estates. The largest decrease of number of apartments offered was observed at Iļģuciems – by 12.8%. The largest increase of the number of apartments offered was observed at Jugla where the number of offers increased by 6.3%. The 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 November 2012



Source: ARCO REAL ESTATE

Supply dynamics in Riga



Source: ARCO REAL ESTATE

In November 2012, minimum price fluctuations characterized the standard-type apartment market. The average price of 1 m² has increased in some places, and decreased in other places. The largest price drop was observed at Āgenskalns where the prices decreased by 0.5% on average. But at Pļavnieki and Mežciems the prices increased in November by 0.5% on average.

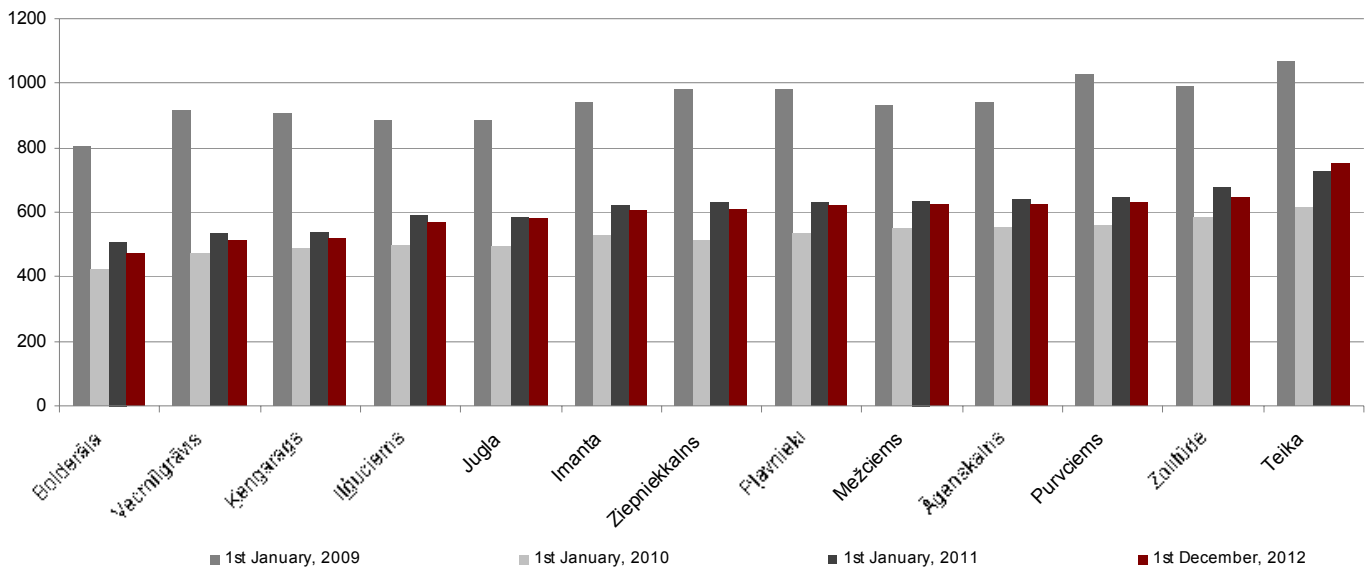
Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m ² price on 1st December, 2012	Average 1m ² price on 1st November, 2012	Price changes, %
Jugla	581	581	0.0%
Pļavnieki	620	617	0.5%
Purvciems	633	632	0.2%
Mežciems	624	621	0.5%
Teika	752	751	0.1%
Vecmīlgrāvis	514	513	0.2%
Ķengarags	518	518	0.1%
Bolderāja	473	472	0.2%
Ziepniekkalns	612	614	-0.3%
Imanta	605	604	0.2%
Zolitūde	644	644	0.0%
Āgenskalns	623	626	-0.5%
Iļģuciems	571	572	-0.2%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 1.9%. Since the beginning of 2011, the prices have decreased by 2.5%. Compared with the beginning of 2010, in October 2012 the standard-type apartment prices in the housing estates of Riga were by 14% 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% on average.

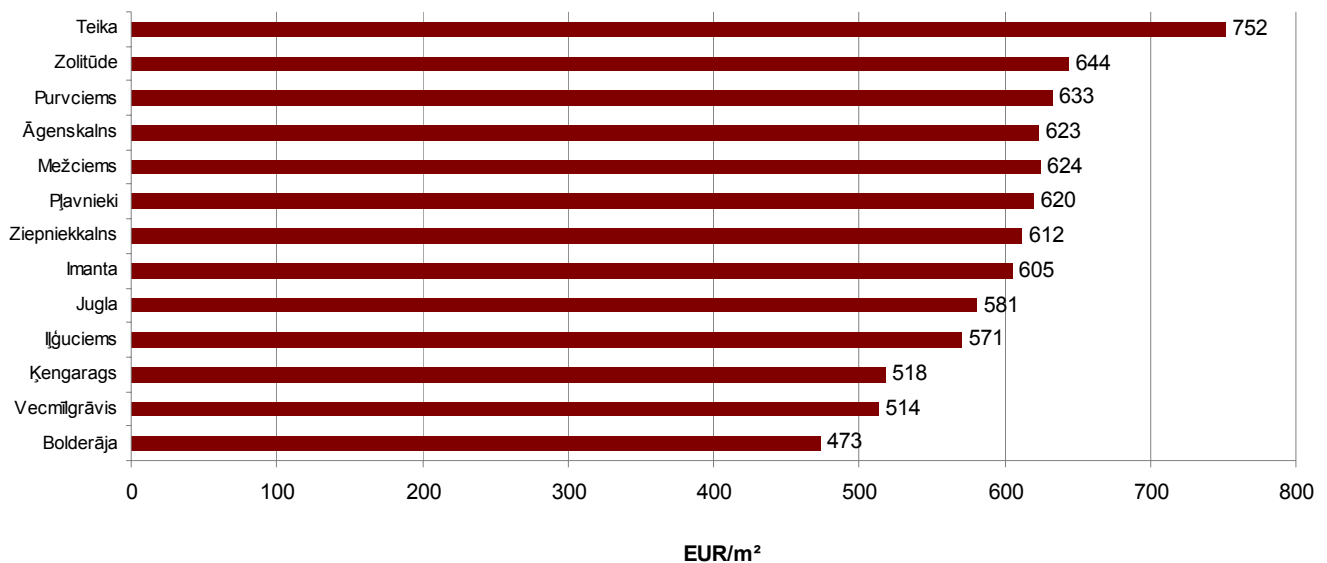
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest prices in November 2012 were observed at *Teika*, where the average price of 1m² has increased to 752 EUR. In turn, the lowest prices in October were observed at *Bolderāja*, where the average price of 1m² has remained to be 473 EUR.

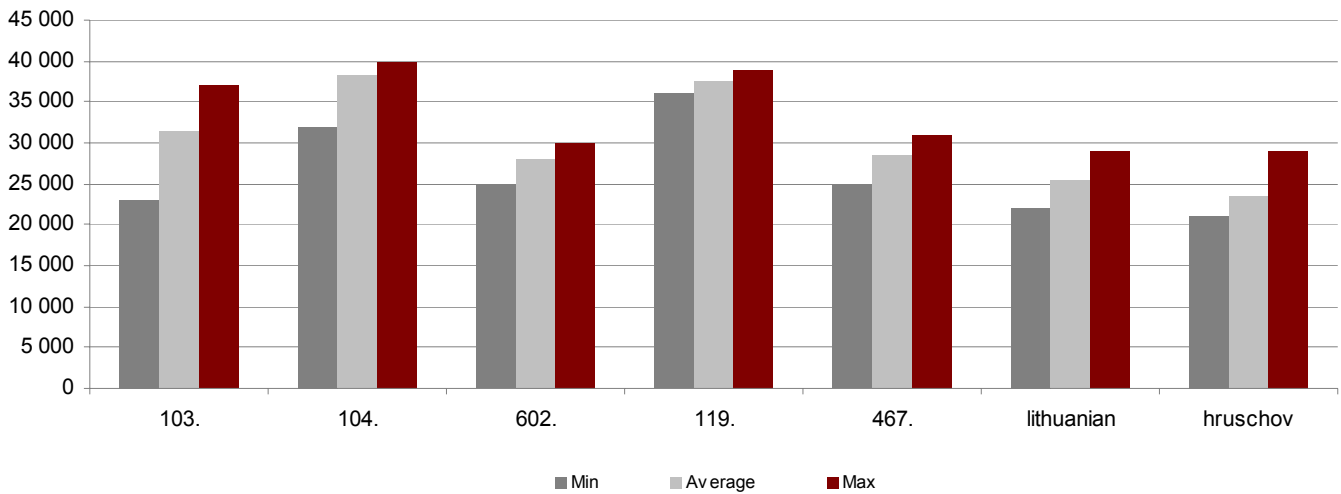
Average standard-type apartment prices in Riga housing estates in November 2012 (EUR/m²)



Source: ARCO REAL ESTATE

In November 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 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.

**T Standard-type apartment prices by series in Riga housing estates in November 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 November 2012 **increased by 1.6%**. The average apartment price in November was **423 EUR/m²**. The prices decreased by 2.8% in Ogre in the first three quarters of 2012. During the last quarter, the only price changes were observed in November and should be considered as price fluctuations. 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 November 2012 the apartment prices at Kauguri **remained unchanged**. The average price of an apartment remained to be **414 EUR/m²**. The prices have decreased by 3.2% at Kauguri in the first three quarters 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 November 2012, the apartment prices in Salaspils **remained unchanged**. The average price remained to be **472 EUR/m²**. The prices decreased by 3.1% in Salaspils in the first three quarters of 2012 on average. Apartment price changes in Salaspils usually are connected with changes in Riga housing estates; thus also in Salaspils the apartment prices should be considered as stable.

Jelgava

In November 2012 the apartment prices in Jelgava **remained unchanged**. The average price remained to be **288 EUR/m²**. The prices decreased by 2.3% in Jelgava in the first three quarters of 2012 on average. The market activity in Jelgava is still low and the apartment prices should be considered as stable.