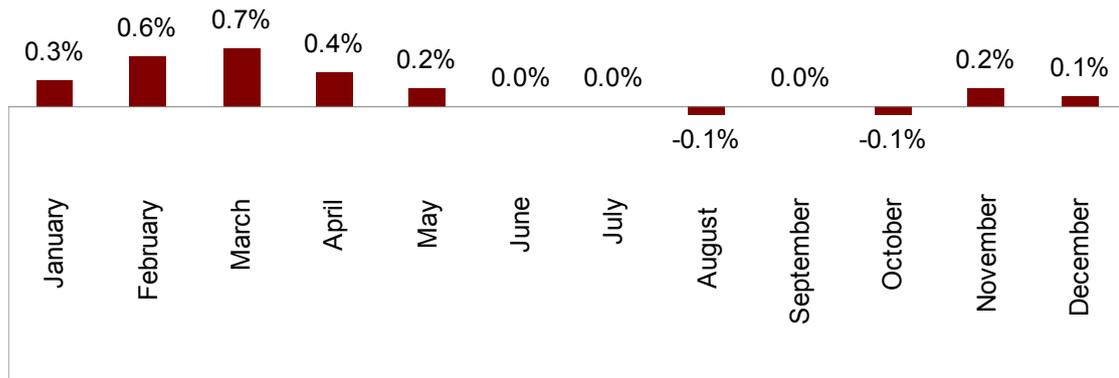


Standard-type apartments, January 1, 2013

In December 2012, the standard-type apartment prices in the major housing areas of Riga still were stable. The changes observed in December were insignificant – +0.1%, and, therefore the average standard-type apartment price has increased to 595 EUR/m².

Changes in standard-type apartment prices since beginning of 2012, in %



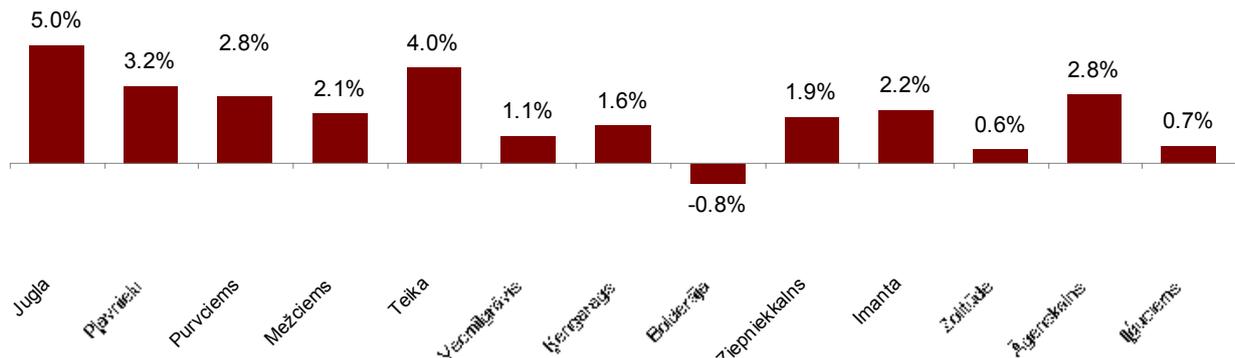
Source: ARCO REAL ESTATE

In December, as every year, we see a decrease in activity in the apartment market, which is due to the Christmas and New Year holidays. This was evidenced by a significant drop in the number of apartments offered for sale by 11.6% in the major districts of Riga, and by 10.8% in Riga in total. At the same time, the number of apartments offered for sale in the biggest housing districts is by 6.4% higher than at the end of December of 2011, and by 9.2% higher in Riga in total.

During 2012, standard-type apartment prices have increased in general. Prices increased by an average of 2%. The price increase was mainly observed in the first quarter of 2012, and in May of this year the prices reached the highest position - 595 EUR / sq.m. In the remaining three quarters of the year the prices remained stable, only minor fluctuations were observed. It means that the total activity in the apartment market in 2012 has increased.

The largest average price increase of 1 m² in the housing estates of Riga since the beginning of 2012 was observed at Jugla – +5%. The smallest price fluctuations were observed at Zolitūde - +0.6%. But the sole place where the prices decreased during 2012 was Bolderāja, where the prices decreased by 0.8% on average.

Price changes in housing estates since beginning of 2012, in %

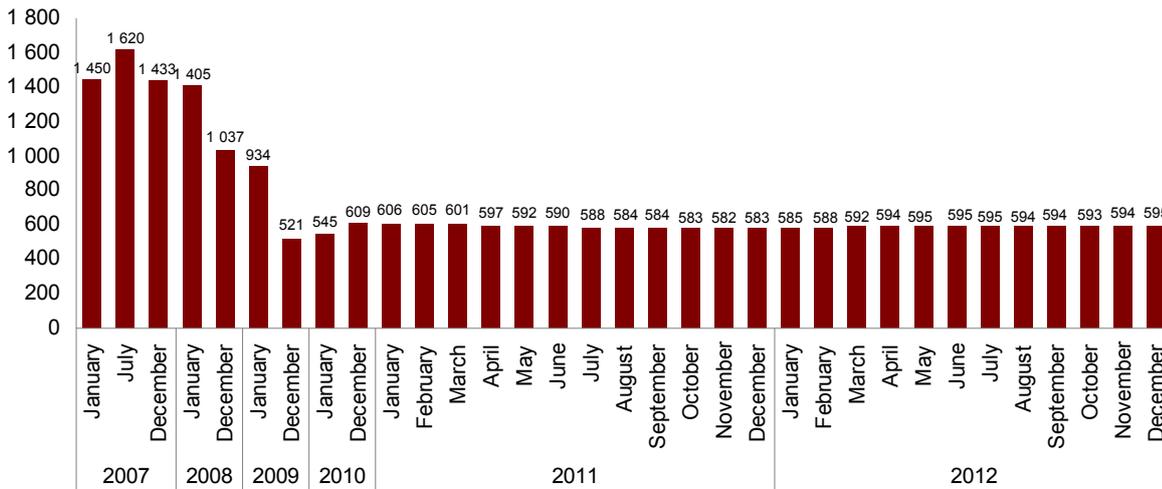


Source: ARCO REAL ESTATE

In December 2012 the average standard-apartment price was at the same level as in early summer. In December 2012 this price has slightly increased and is **595 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



Source: ARCO REAL ESTATE

In December 2012, the average price of 1 square metre has changed only in respect of 1 and 2 room apartments – it has slightly increased (by +0.2%). 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)

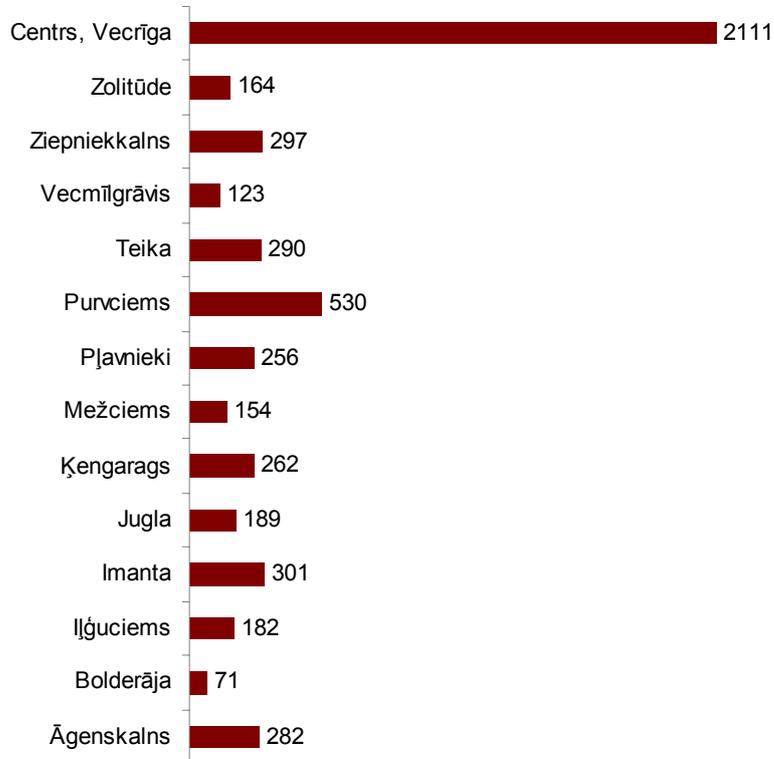
	2011												2012												2013
	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	
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	643
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	602
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	574
4 rooms	577	575	578	576	572	569	567	566	561	560	558	556	557	557	560	561	565	565	565	562	562	562	560	560	560

Source: ARCO REAL ESTATE

Changes in the number of apartments offered for sale in December 2012, compared with the level of November, are significant. The number of apartments supplied has decreased both in the largest housing estates analyzed by the ARCO REAL ESTATE (-11.6%) and in the Riga City in total (-10.8%). The number of apartments offered and located in the central part of Riga (city centre, Old Town) has decreased by 11.6%.

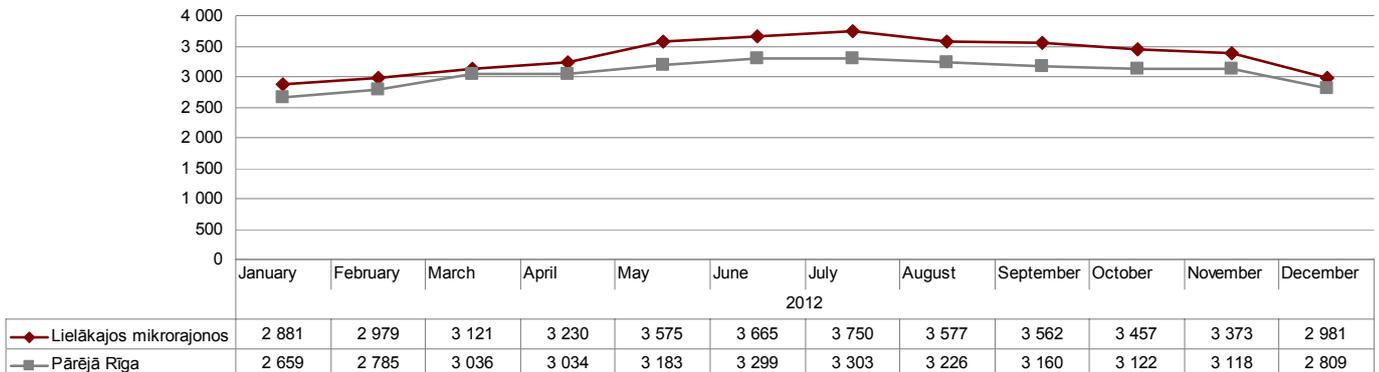
Having analyzed the supply of the apartments we can see that Purvciems, Pļavnieki, Ķengarags and Imanta are locations where the most of the apartments offered are situated. In contrast, the smallest number of apartment offers came from Bolderāja and Zolitūde. In December the number of apartments offered has decreased in almost all Riga housing estates. The largest decrease of number of apartments offered was observed at Jugla – by 20.3%. 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 December 2012



Source: ARCO REAL ESTATE

Supply dynamics in Riga



Source: ARCO REAL ESTATE

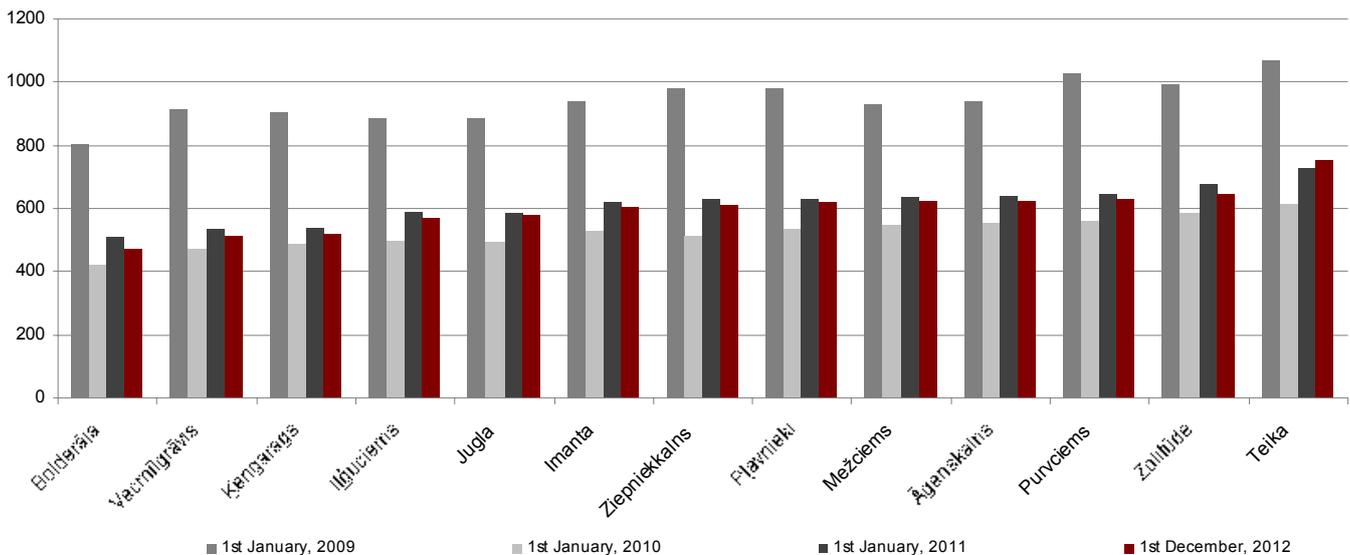
In December 2012, minimum price fluctuations characterized the standard-type apartment market. The average price of 1 m² has increased in some places, but has slightly decreased at Ilģuciems. The largest price increase was observed at Teika where the prices increased by 0.6% on average. But at Ilģuciems the prices decreased in December by 0.1% on average.

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

	Average 1m ² price on 1st January, 2013	Average 1m ² price on 1st December, 2012	Price changes, %
Jugla	583	581	0.3%
Pļavnieki	622	620	0.3%
Purvciems	633	633	0.0%
Mežciems	624	621	0.5%
Teika	757	752	0.6%
Vecmīlgrāvis	514	514	0.0%
Kengarags	518	518	0.0%
Bolderāja	473	473	0.1%
Ziepniekkalns	613	612	0.2%
Imanta	605	605	0.0%
Zolitūde	644	644	0.0%
Āgenskalns	623	623	0.0%
Iļģuciems	570	571	-0.1%

Source: ARCO REAL ESTATE

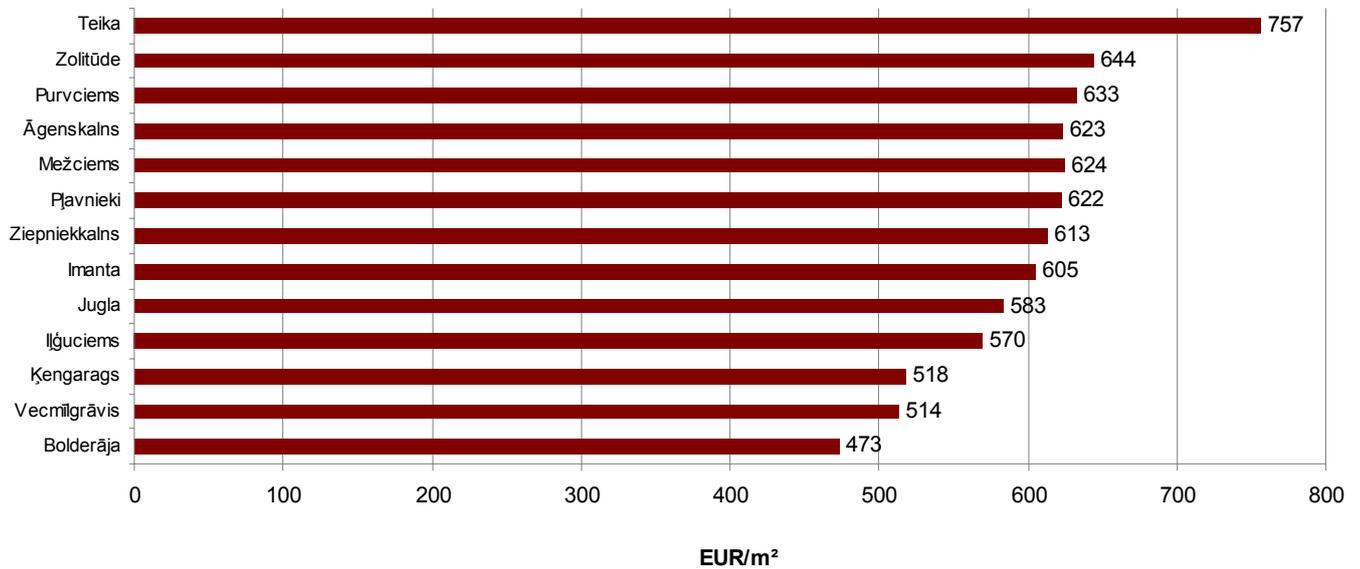
Since the beginning of 2012, the standard-type apartment prices have increased by 2%. Since the beginning of 2011, the prices have decreased by 2.4%. Compared with the beginning of 2010, in October 2012 the standard-type apartment prices in the housing estates of Riga were by 14.1% higher. Since the 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 December 2012 were observed at *Teika*, where the average price of 1m² has increased to 757 EUR. In turn, the lowest prices in December were observed at *Bolderāja*, where the average price of 1m² has remained to be 473 EUR.

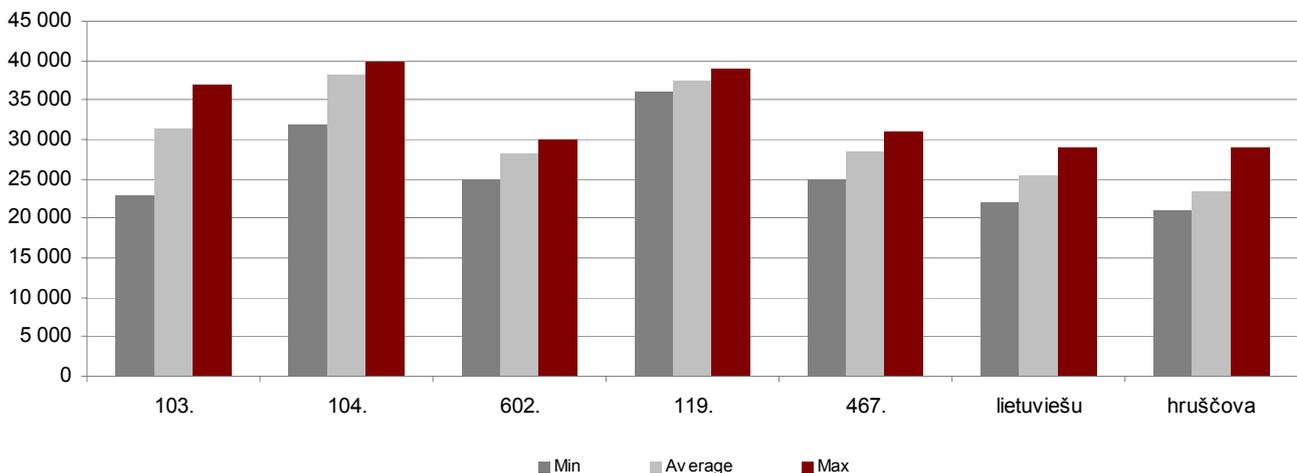
Average standard-type apartment prices in Riga housing estates in December 2012 (EUR/m²)



Source: ARCO REAL ESTATE

In December 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 21 to 29 thousand EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in December 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 December 2012 **remained unchanged**. The average apartment price in December was **423 EUR/m²**. The prices have decreased by 1.3% in Ogre in 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 December 2012 the apartment prices at Kauguri **decreased by 0.3**. The average price of an apartment has dropped to **412 EUR/m²**. The prices have decreased by 3.5% at Kauguri in 2012. Apartment prices at Kauguri remain at low level and often transactions are made at even lower prices than requested in the offer. The price decline observed in 2012 indicates a diminished interest in apartments located in this region, and the prices have reached the lower limit.

Salaspils

In December 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 2012 in general. Apartment price changes in Salaspils usually are connected with changes in Riga housing estates; but in general, the apartment price reduction observed during this year is in contrast to the small increase in prices in 2012 in Riga housing estates.

Jelgava

In December 2012 the apartment prices in Jelgava **decreased by 0.4**. The average price has dropped to **287 EUR/m²**. The overall prices decreased by 2.6% in Jelgava in 2012. In Jelgava as elsewhere outside Riga an apartment price reduction was observed in 2012.