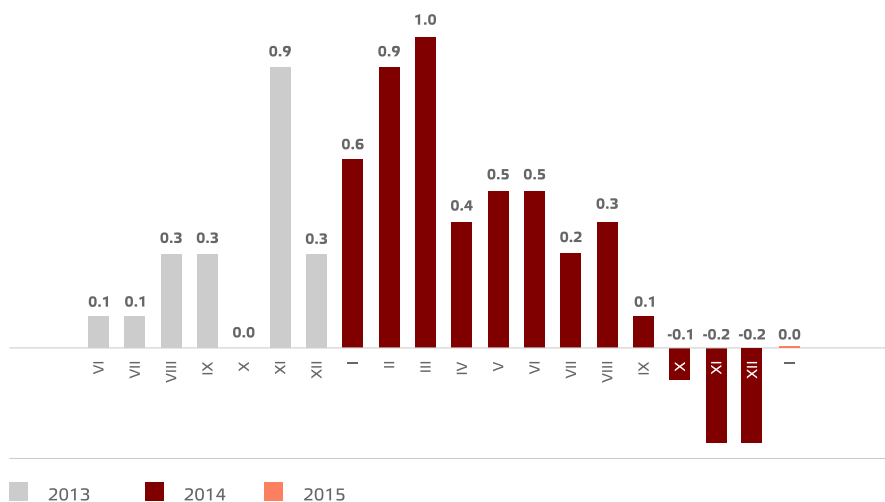


STANDARD-TYPE APARTMENT MARKET OVERVIEW JANUARY

Standard-type apartments, February 1, 2015

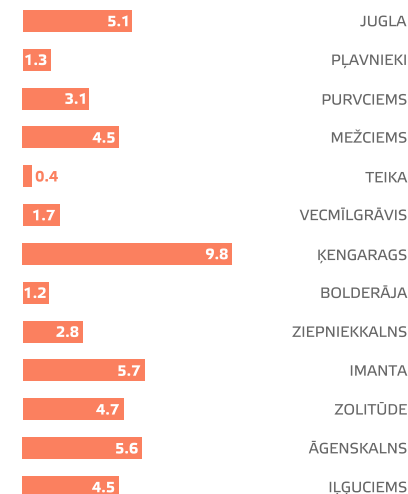
In January 2015, the prices of standard-type apartments located in Riga housing estates in comparison with those registered in December have remained unchanged: the average standard-type apartment price in January remained in the position of 637 EUR/m². Though since January of 2014, standard-type apartment prices have grown by 3,2 %.

Standard-type apartment price changes since the middle of 2013, %



Source: ARCO REAL ESTATE

Movements of prices in the largest housing estates of Riga, since January 1, 2014, %



Source: ARCO REAL ESTATE

Following the activity decrease experienced in December 2014, which can be explained by existing festivals and holidays at the end of the year, the activity in the standard-type apartment market resumed in January 2015. Number of offers, if compared to December 2014, increased by 12.5 %, but in the largest housing estates of Riga by - 10,8 %. Observations indicate that the standard-type apartment market in January has returned to the level of November 2014.

The price level unchanging can be valued as a positive trend after the price reduction observed at the end of 2014. Also, unlike the previous months, in January a price increase was observed in the most of housing estates, but a decrease was observed only in certain areas.

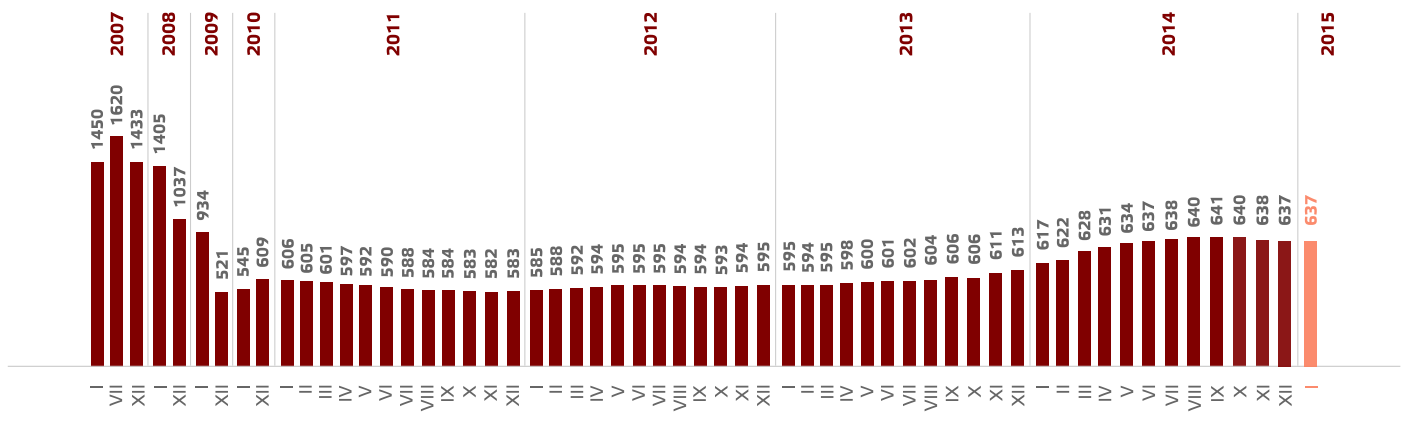
Both in 2013 and in 2014, the highest price level increase was observed in Ķengarags; also in January 2015 the most pronounced price increase was registered just in this housing estate. In general, since the beginning of 2013, the prices in this housing estate have risen by 15,3 % (from 518 to 597 EUR/m²), which is to be considered as a high indicator. Similarly, it is expected that prices will continue to rise in Ķengarags due to the limited supply; if at the end of 2013 the supply of standard-type apartments in Ķengarags made 9,6 % from the total supply of this segment apartments in the Riga's largest housing estates, then in January 2015, this figure was only 6,4 %.

The largest growth of the average 1 m² price of an apartment in the housing estates of Riga City since the beginning of 2014 was observed in Ķengarags (+9,8 %), Imanta (+5,7 %) and Āgenskalns (+5,6 %). Also in other housing estates of Riga City the prices tended to increase in this period.

In January 2015, the average price of standard type apartment remained in the position of 637 EUR/m². In January prices were by 60,7 % lower than in July 1, 2007, when average price of non renovated standard-type apartment had reached the highest ever value - 1 620 EUR/m².

In 2008, the average prices of standard-type apartments in Riga in total decreased by 33,5 %. In 2009, the average prices decreased by another 44,2 %. But in 2010 the prices in total grew by 16,9 %. In 2011, the prices of standard-type apartments decreased by 3,5 %. In 2012, the apartment prices grew by 2 %. In 2013, the apartment prices grew by 3 %. In 2014, the prices continued to rise – last year the apartment prices increased by 3,9 %. In 2015, apartment price changes have not been yet observed.

Dynamic of average price of standard-type apartments in the largest housing estates of Riga, EUR



Source: ARCO REAL ESTATE

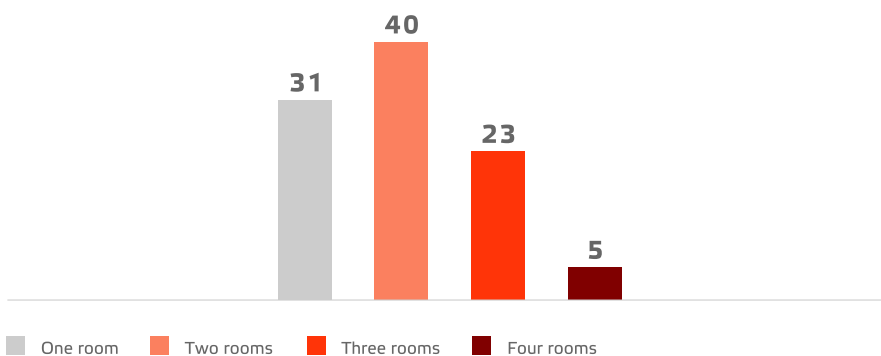
In January 2015, the average price of 1 m² of apartments if categorized by number of rooms increased for three-room apartments (+0,3 %) and for four-room apartments (+0,5 %). For two-room apartments the price remained unchanged, but for one-room apartments (-0,7 %) the price decreased in January.

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

	2013												2014												2015	
1 room	643	643	643	643	648	648	650	651	652	654	655	664	666	671	681	689	692	697	701	699	703	704	702	702	703	698
2 rooms	602	602	602	603	610	612	612	614	616	619	618	623	625	628	631	638	641	645	649	650	652	654	651	647	644	644
3 rooms	574	574	574	574	576	577	578	579	582	583	583	587	588	592	596	600	602	604	609	610	611	612	613	611	607	609
4 rooms	560	560	560	560	561	562	562	563	564	567	568	571	573	577	581	586	588	590	592	594	594	592	594	595	593	596
	01.01.	01.02.	01.03.	01.04.	01.05.	01.06.	01.07.	01.08.	01.09.	01.10.	01.11.	01.12.	01.01.	01.02.	01.03.	01.04.	01.05.	01.06.	01.07.	01.08.	01.09.	01.10.	01.11.	01.12.	01.01.	01.02.

Source: ARCO REAL ESTATE

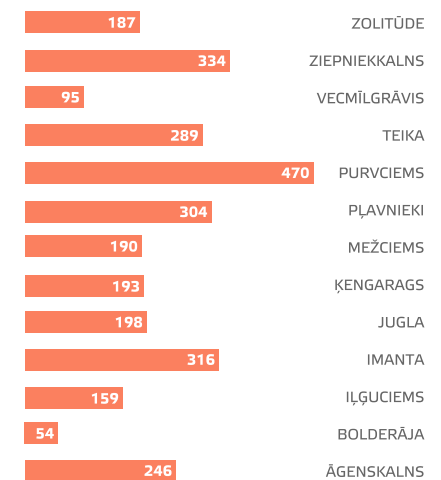
Breakdown of transactions (by number of rooms) concluded in Q4 of 2014 with standard-type apartments, %



Source: State Land Service

In January 2015, the total supply of apartments in Riga has grown by 12,5 % but the number of apartments supplied in the largest housing estates analyzed by ARCO REAL ESTATE has grown by 10,8 %. After the decrease in December, in January the supply has returned to the previous level.

Number of apartments offered for sale in Riga in January, 2015



Source: ARCO REAL ESTATE

Having summarized the number of apartments offered for sale, it can be concluded that the largest offer of apartments in the housing estates in January was in Purvciems, Imanta and Ziepniekkalns. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. Evaluating the number of offers in proportion to the size of the housing estate (by population), the largest number of apartments offered for sale was observed in Mežciems, Ziepniekkalns and Teika. In contrast, in Ķengarags, Vecmīlgrāvis and Bolderāja, the number of apartments offered in proportion to the population was the lowest.

In January there was observed an increase of supply in almost all the biggest housing estates. The only housing estates where reduction was observed were Bolderāja (-12,9 %) and Āgenskalns (-2,4 %). In turn, the largest increase in the supply of apartments in January was observed in Mežciems (+21,8 %), Pļavnieki (+20,6 %) and Jugla (+20 %).

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

	Average 1m ² price on 01.02.2015.	Average 1m ² price on 01.01.2015.	Changes, %
Jugla	641	639	0.4 ↑
Pļavnieki	660	664	-0.6 ↓
Purvciems	682	682	0.1 ↑
Mežciems	666	662	0.5 ↑
Teika	790	798	-1.0 ↓
Vecmīlgrāvis	533	531	0.3 ↑
Ķengarags	597	594	0.5 ↑
Bolderāja	456	454	0.4 ↑
Ziepniekkalns	644	643	0.1 ↑
Imanta	669	676	-1.0 ↓
Zolitūde	695	697	-0.4 ↓
Āgenskalns	681	677	0.5 ↑
Iļģuciems	611	609	0.4 ↑

Source: ARCO REAL ESTATE

Notwithstanding that the price level in total remained constant, in January 2015, changes in standard-type apartment prices were observed in most housing estates of Riga. The decrease of the average price of 1 m² in January was observed in Teika (-1,0 %), Imanta (-1,0 %), Pļavnieki (-0,6 %) and Zolitūde (-0,4 %). In other Riga City housing estates in January there was observed a price growth. The mostly pronounced growth was observed in Ķengarags (+0,5 %), Āgenskalns (+0,5 %) and Mežciems (+0,5 %).

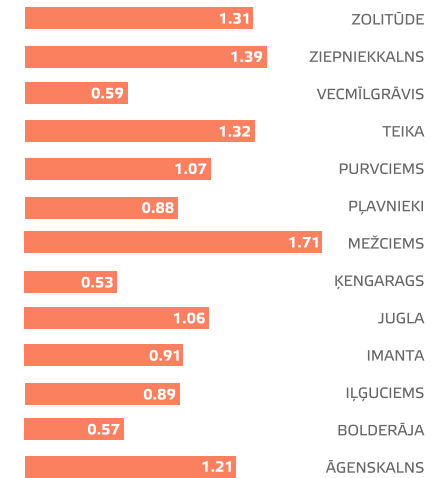
Average apartment prices in housing estates, EUR/m²

Housing estates	01.01.2012.	01.01.2013.	01.01.2014.	01.01.2015.	01.02.2015.
Bolderāja	477	473	450	454	456
Vecmīlgrāvis	508	514	524	531	533
Ķengarags	510	518	543	594	597
Iļģuciems	566	570	586	609	611
Jugla	556	583	610	639	641
Ziepniekkalns	602	613	626	643	644
Mežciems	612	624	637	662	660
Pļavnieki	603	622	651	664	666
Imanta	592	605	633	676	669
Āgenskalns	606	623	644	677	681
Purvciems	615	633	662	682	682
Zolitūde	640	644	663	697	695
Teika	728	757	787	798	790

Source: ARCO REAL ESTATE

Since January 2012, the prices have increased by 9,2 %. Since the beginning of 2013, the prices have grown by 7,0 %. Compared with the beginning of 2014, in January 2015, the standard-type apartment prices in the housing estates of Riga were by 3,9 % higher.

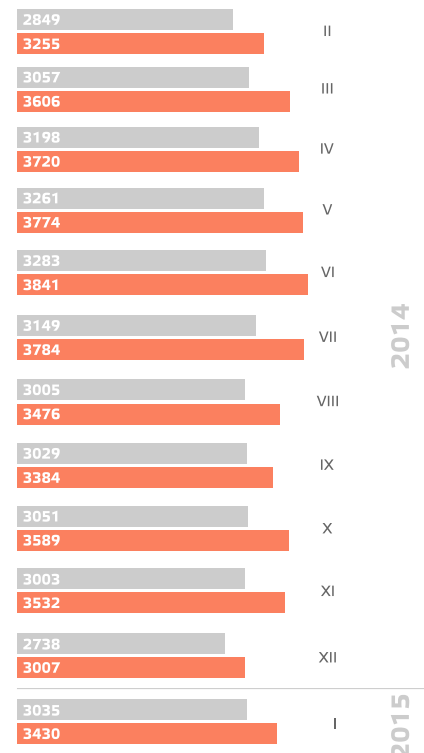
Apartments offered for sale in proportion to the size of the housing estates in Riga in January, 2015



* If the coefficient is **greater than 1**, the relation of the supply of apartments in the specific housing estate to the number of population in that housing estate is higher. If the coefficient is **less than 1**, the relation of the supply of apartments in the specific housing estate to the number of population in that housing estate is lower.

Source: ARCO REAL ESTATE

Dynamics of apartment supply in Riga



■ LARGER HOUSING ESTATE (Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Iļģuciems)

■ OTHER (Centre of Riga etc.)

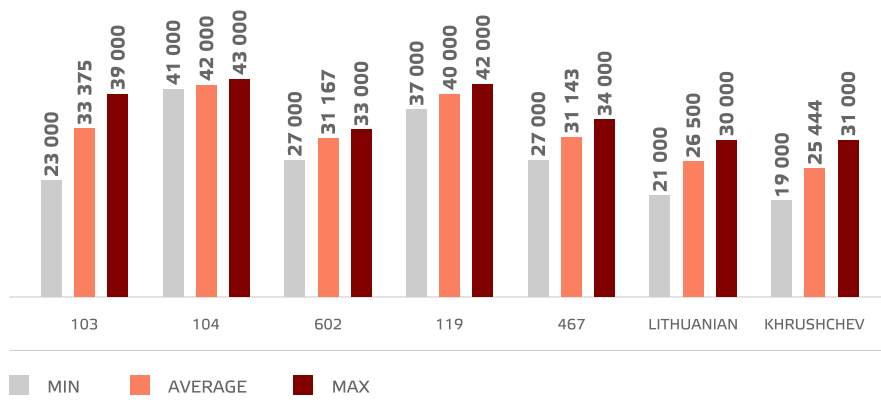
Source: ARCO REAL ESTATE

In case of quoting or republishing, consent of ARCO REAL ESTATE is mandatory

The highest standard-type apartment prices in January 2015 still were in Teika, where the average price of 1 m² has decreased in January, reaching the level of 790 EUR. But the lowest average price of 1 m² has remained in Bolderāja where in January it grew to 456 EUR/m².

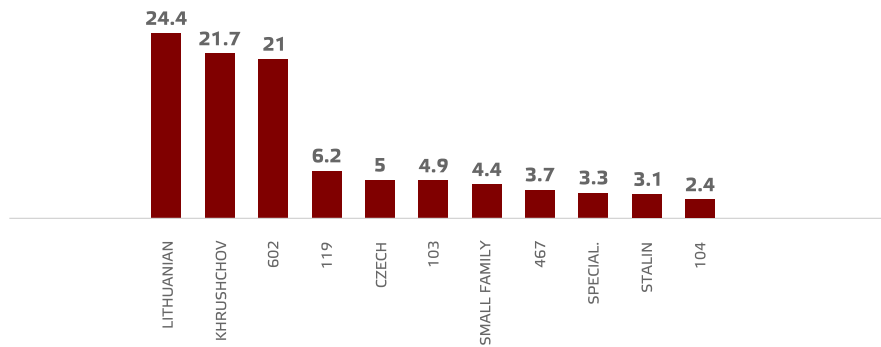
In January 2015, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments varied from 37 000 to 43 000 EUR, depending on the location. In turn, the so-called Lithuanian design houses have been the cheapest ones, where the price of 2-room apartments varied from 21 000 to 30 000 EUR, and the so-called Khrushchev-time houses, where the price of 2-room apartments varied from 19 000 to 31 000 EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in January 2015 (2-room apartments), EUR



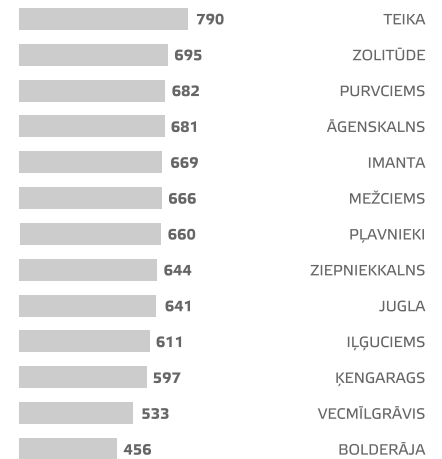
Source: ARCO REAL ESTATE

Breakdown of transactions (by serie) concluded in Q4 of 2014 with standard-type apartments, %



Source: ARCO REAL ESTATE

Average apartment prices in housing estates as per February 1, 2015, EUR/m²



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

Ogre

In January 2015, in Ogre, the standard-type apartment prices decreased by 0,4 %. The average price decreased to 422 EUR/m². January was the fourth month in turn when a price reduction was observed in Ogre. This price decrease observed in January was the lowest during the last 2 years.

Kauguri, Jūrmala

In January 2015, the apartment prices in Kauguri did not change. The average price of an apartment in January decreased to 396 EUR/m². After price fluctuations in 2014, the prices of apartments in Kauguri have become stable.

Salaspils

The price level in Salaspils in January 2015 remained the same. The average price of an apartment in January was 468 EUR/m². Also in Salaspils, the prices after a long period stabilized. Price level in January 2015 was the same as in August 2013, so during this period only price fluctuations have happened.

Jelgava

In January 2015, prices in Jelgava decreased by 1,1 %. Average price of an apartment in January was at the position of 332 EUR/m². In spite of the fact that January in Jelgava was the third consecutive month of a price decrease, this decrease was significantly lower than the rapid price increase observed in the beginning of 2014. Since the beginning of 2014, the prices of apartments in Jelgava have increased by 6,1 %, which is to be considered as a high value.

ARCO REAL ESTATE is the leading real estate company of the Baltic states, founded in 1992 in Estonia, the offices are today in 19 cities in Latvia, Estonia and Bulgaria. The Group team employs approx. 250 employees. ARCO REAL ESTATE is listed in Tallinn Stock Exchange since June, 2007.

ARCO REAL ESTATE Latvia is founded in 1997 and today we are able to offer services in Riga, Jūrmala, Saulkrasti, Daugavpils, Jelgava as well as in Limbazi and Liepāja. About 80 highly-qualified employees work in the company.

ARCO REAL ESTATE

Māris Laukalējs | Member of the Board
Head of Valuation Department No. 1
maris.laukalejs@arcoreal.lv

39 Brīvības Street, Riga
LV-1010, Latvia
Phone +371 6736 5555
Fax +371 6728 4423
www.arcoreal.lv

