

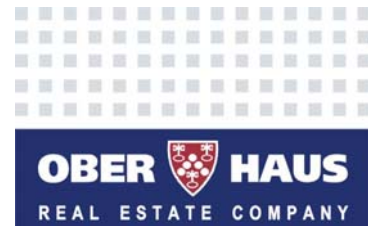
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BUY-TO-LET INVESTMENT OPPORTUNITY

Riga, Latvia

Miera Boulevard





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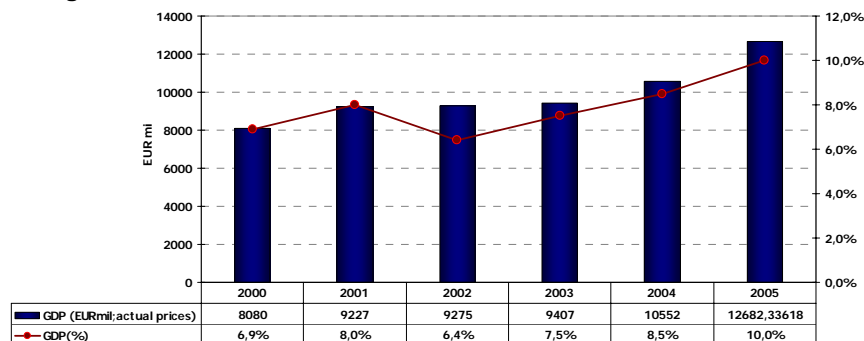
Summary

Why invest in Riga?

Baltic states in general and Riga in particular, is now at the beginning of a new growth cycle in residential apartment prices. The new cycle is being driven by the following factors:

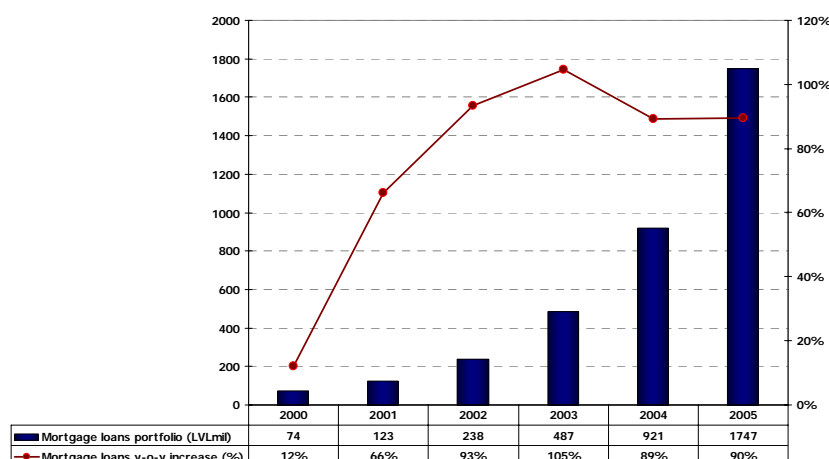
- **Phenomenal GDP growth**, averaging 8% per year for the past 6 years. Since becoming EU member, Latvia is still successfully realizing its economic potential and showing strong GDP increase. Latvia has the highest GDP, salary and mortgage loan growth in Europe. This fuels unbelievable price growth of residential apartments.

GDP grow in Latvia



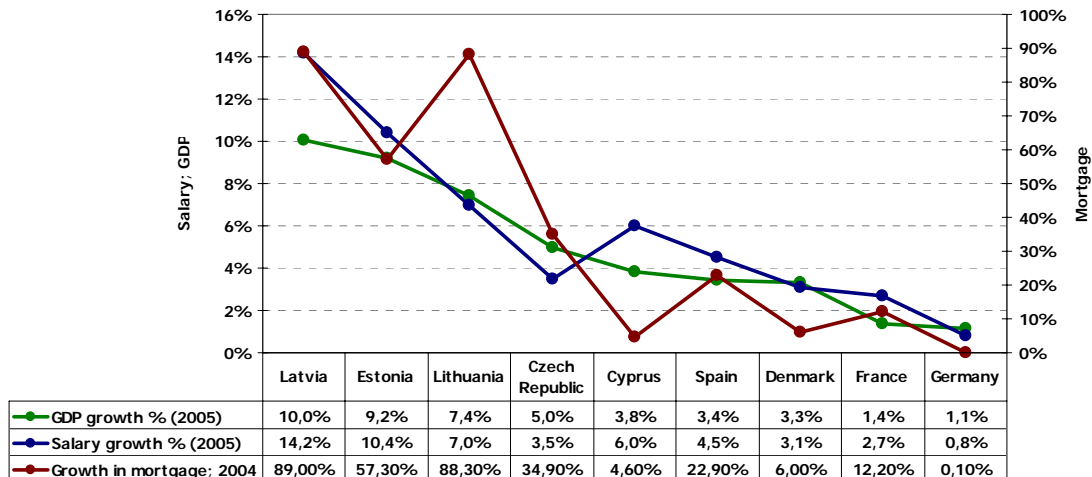
- **Growing loan liquidity.** Low rates fuel demand. The average annual mortgage growth rate for the last five years stands at 90% and the total amount of residential mortgages equaled EUR 2.5 billion as of 2005. Still, total residential loans outstanding are less than 20% (12% in 2004) of GDP, compared to over 48% on average in the EU, This means a lot more liquidity is still in the pipeline.

Mortgage volume grow in Latvia



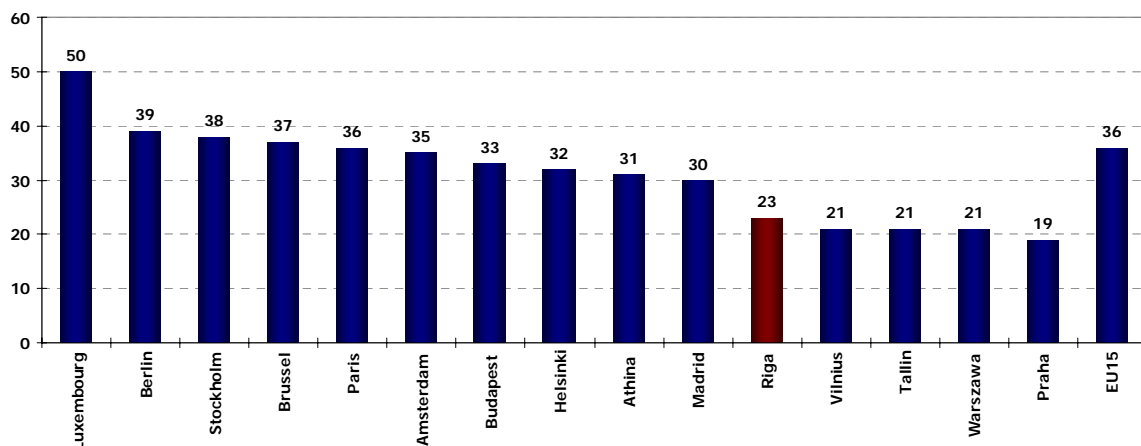
• **Growing population income.** Latvia has a population of 2 million, 900,000 of these people live in Riga. In Communist times a worker got the same salary in a small city as in the capital. Not anymore. Riga is the center of Latvian economic activity and salaries are on the rise.

Growth rates in Latvia



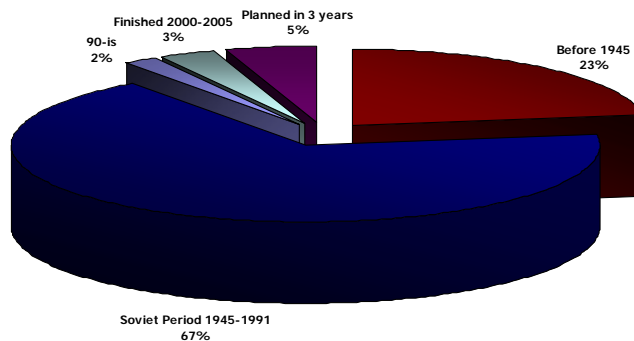
• **Lack of supply.** Existing living space in Riga is much smaller than required: there is just 23 sqm of living space for each Riga inhabitant, far less than the 32 sqm average in Western Europe.

Sqm per capita comparing with EU (2005)



• **Deteriorating housing stock.** Most flats in Latvia were built from 1945 - 1990 in Soviet times, these prefabricated concrete panel buildings will eventually have to come down. These flats cost more to heat and repair than a modern flat. When living such flats costs more than a mortgage for a new flat, people will upgrade.

Construction stock by years



- **Low unemployment.** Latvia has the same unemployment rate as the EU average – 8.5%. In Riga this rate is only 4.1%. EUROSTAT data found Latvians worked on average 42 hours per day comparing to an EU average of 38 hours.

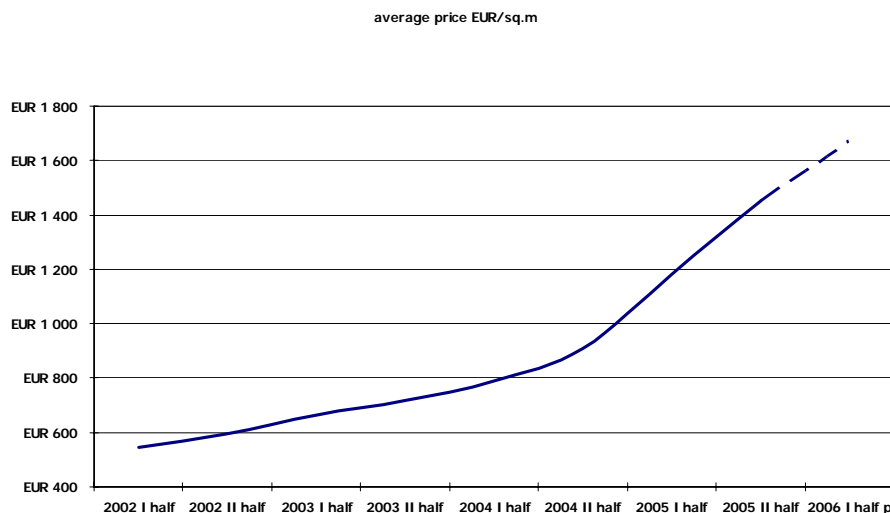
- **“EU-phoria”.** People feel good - and secure in buying a new home - in the new geopolitical reality. They are aggressive buyers because they know the same flat that costs 1,400 EUR per sqm in Latvia costs three to five times that in Western Europe.

- **Planned introduction of the Euro.** This will bring multiple benefits, including currency stability, lower interest rates, and increased FDI.

- **FDI growth.** The examples of Ireland, Spain and Portugal all show that FDI increases more than 500% within six years after joining the EU.

Due to these and other positive economic trends, Economists anticipate demand for new residential houses and apartments will continue to outpace supply.

Price grow in new projects by year



Demand is so strong in Riga, that in the most popular projects 85% of all apartments, are reserved within in 2 months of starting construction.

Key economic indicators for Latvia

Main economic indicators:

	2000	2001	2002	2003	2004	2005
GDP(%)	6,9%	8,0%	6,4%	7,5%	8,5%	10,0%
GDP per capita (EUR)	3405	3918	3966	4045	4562	5483
Inflation (%)	3,0%	3,2%	1,4%	3,6%	7,3%	7,0%
Unemployment rate	7,8%	7,7%	8,5%	8,6%	8,5%	8,5%
Mortgage loans portfolio (LVLmil)	74	123	238	487	921	1747
Mortgage loans % from GDP	2%	2%	4%	8%	12%	20%

Exchange Rate LVL/EUR is fixed at - 0,702804

Investment ratings of Latvia:

	Foreign currency	Local currency
Moody's	A2	A2
S&P	A-	A-
Fitch	A-	A

Investment rational (summary)

- Ober-Haus has arranged 25 year loans for its clients from leading banks, to cover up to 95% of the purchase price - and at the lowest interest rates in the market, starting from 3,5% annually.
- The competitive price and low mortgage terms means your investment can be cash flow positive from day one.
- Forecast capital growth of 15-20% annually.
- Turn-key investment opportunity - Ober-Haus and its partners can handle mortgage finance, acquisition, conveyance, fit-out, insurance, letting, and property management.

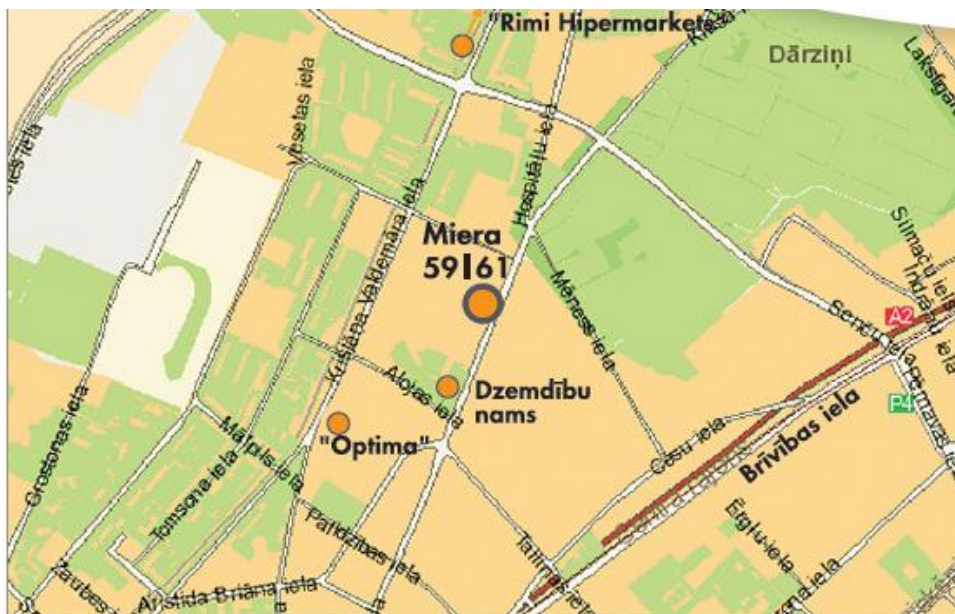
Why invest in Miera Boulevard?

Miera Boulevard is an exciting new residential project in the centre of the Latvian capital. This 7 storey project will deliver 52 high quality apartments to the market. Apartments will be amongst the most sought after in Riga and will appeal to those whom appreciate comfort and quality.

The Neighborhood

Miera Boulevard runs through the city centre, these exclusive apartments are being developed on a quiet street just off the boulevard. Residents will have all the amenities and attractions Riga has to offer on their doorstep. Additionally, the beautiful seaside town of Jurmala is just 25 minutes drive away. Surrounding buildings are low rise therefore Miera Boulevard apartments will attract maximum light and offer great views of the spectacular Old Town.

Map of the Neighborhood:



Miera Boulevard



Miera Boulevard is an exciting new residential development in the centre of Riga. Its modern appearance has been selected for an international architectural competition.

Apartments will range in size from 42 sq.m to 278 sq.m. Each apartment will be thoughtfully designed and come with either a balcony or terrace, in addition, some apartments will have the option to include a fireplace and a sauna.

Penthouse apartments will come with large terraces and offer a panoramic view of the capital. The fenced courtyard of the building will be tastefully finished and the entrance to the building has been elegantly designed and will also feature a recreation zone. The complex will be monitored by surveillance cameras and security guards.

Underground parking is available for 48 cars, while a further 11 parking spaces will be provided on the ground floor of the development.

Completion is scheduled for January 2008. Favourable payment terms make this development even more attractive.



Reliable developer

Miera Boulevard is being developed by Ltd. Modern City. Their core business is the development of new projects in Latvia, which correspond to the needs of the inhabitants. To bring it all to effect, the needs of the customers are explored and according to the results, the concept of the new project is developed. Afterwards architects, builders, real estate specialists come together to create new, high quality and original living place.



Letting and Property Management

Letting Agent

There are many rental companies available, and you are free to choose your own. However, Ober-Haus is the largest property-letting agency in Central and Eastern Europe, with six offices and 37 brokers working just in Riga. Ober-Haus works with all embassies, relocations companies and human resource departments of multi-national companies, to find homes for hundreds of expatriate workers each month.

Ober-Haus is the most successful residential letting agent, and can market your property through direct calls, business events, weekly newspaper listings, internet offers and direct contacts.

Typical monthly rent

Typical monthly rent for a modern apartment with underground parking garage in Marupe district are:

Rents are approximately €8 / month per sq.m

Rents will depend, of course, on factors such as apartment size, location, and floor. Tenants pay separately a monthly maintenance fee for landscaping, cleaning of common areas, security, water and heating, and also their own-metered use of electricity, as well as their monthly telephone ,cable TV, and internet usage bills.



Property management

Maintenance of the building, including security, cleaning, and other services, is taken care of by Modern City private facilities management company.

Your individual units however, need to be managed by a local property manager. The value of your investment property will depend, to a great extent, on the professionalism of its management. It is absolutely critical that your property is well looked after and maintained in order to maximize its market potential and protect your investment and future tenancy. Well maintained properties keep their tenants, meaning you will have more cash flow and fewer "rental voids".

Most important for you, as a landlord you need fluent English speaking, professional property managers at your call 24-hours a day, 7-days a week. Ober-Haus property managers are all bi-lingual and have experience working in property management in the UK, US, Australia, or other English speaking countries.

We provide owner/investors like you with the following range of services:

- Collection of all incomings: deposits, rents, and utility payments
- Management of rent accounting
- Holding of deposits
- Payment of all outgoing
- Routine and emergency repairs
- 24-hour tenant help line to answer all tenant concerns
- Taking inventory of each property during handover and return
- Handling all insurance claims
- Advice on safety and legal obligations

The transaction – Pricing

Pricing

Flats are available from 42 sqm to 278.63 sqm. Prices for an apartment, including typical fill-out and VAT are:

Number	Floor	Room count	Balcony area	Area	Price	Fireplace	Sauna
1	1	2		59,95	154402		
2	1	3		81.57	201831		
3	1	3	19,39	94,2	215508		
4	1	2		59.95	171912		
5	2	2		59.95	157428		
6	2	3	6,41	81.57	205786		
7	2	3	6,41	81.22	202898		
8	2	2		49,6	130249		
9	2	2	5,64	70.88	177008		
10	2	3		90.82	226100		
11	2	2		42,09	112654		
12	2	2		60.88	159870		
13	2	3	6,42	82,8	209003		
14	2	2		48,1	128739		
15	2	2	6,41	80.89	204008		
17	3	3	6,41	81.57	213702		
18	3	3	6,41	81.22	210777		
20	3	2	5,64	70.88	183882		
21	3	3		90.82	245373		
22	3	2		42,09	116905		
23	3	2		60.88	166020		
26	3	2	6,41	80.89	211847		
29	4	3	6,41	81.22	218656		
31	4	2	5,64	70.88	190755		
32	4	3		90.82	254546		
34	4	2		60.88	172168		
39	5,6	3	33,37	149.34	394281		
40	5,6	4	6,41+21,05	160.15	205509		Sauna
42	5,6	2	42,85+4,05	109.96	254301		Sauna
43	5,6	4	6,58+31,95	159.06	412386		
44	5,6	3	11,87	93.29	260398		Sauna
45	5,6	5	5,7	115.79	336075		
49	6	2	5,35	64.93	188632		
50	6	2	6,24+1,56	98.15	285577		Sauna
52	7	6	108,96	278.63	747091	fireplace	Sauna

All prices for apartments are set to date 12.04.2006.



Payment terms

Deposit and reservation of the apartment	20 %
On completion of the apartment	80 %

Underground parking is available for €20000.



The Transaction – Finance and Legal

Mortgage finance

Ober-Haus works with all the top local banks ready to provide finance for investors purchasing apartments in the Miera Boulevard project.

General mortgage terms:

Loan-to-value: Maximum 100 % for applicants with high incomes and low debts.70-90 % for most other applicants

Terms: Up to 40 years

Currency: EUR (euros)
 LVL (lats)

Our in-house mortgage advisors can help get you the finance you need to leverage your investment returns. Ober-Haus has in-house mortgage brokers who will collect all the required documentation from you, collect all the documentation on the property to be purchased, and provide the complete application to the bank, which provides the best rates in the currency of your choice.

Typical fees for setting up a mortgage loan on your investment property are 1.5-2.5 %, depending on the bank and other required documentation.



Currency exchange

All purchases have to be made in LVL, Latvian Lats. Your financing bank in Latvia will, of course, disburse its loan to you in LVL (even is the underlying currency of the contract is EUR, CHF or GBP). However, you will have to remit the equity portion of your purchase yourself. Chances are, your capital is now in GBP, EUR, or some other currency.

In order to reduce the cost to you of currency conversion (Latvian banks charge 2.5%) we have negotiated a special rate for our clients with the UK firm HIFX Currency Specialists. HIFX Currency Specialists should be able to exchange your currency for LVL for fees more than 80% cheaper than those of Latvian banks.

See their web page at: www.hifx.co.uk

In order to set-up currency conversion, please contact Monika Canic and mention that you are a client of Ober-Haus.

Contact:

Monika Canic
HIFX plc
Morgan House
Maderia Walk
Windsor
Berkshire
SL4 1EP

Ph.: 0044 1753 859 159 Ext 7278

Fax: 0044 1753 859 169

monika.canic@hifx.co.uk

Property insurance

Ober-Haus has agreements with the largest insurance brokers in the region to provide low cost insurance quotes to you before you make your acquisition.



Legal conveyance

Normally lawyers don't have to be used in Latvia in residential property transactions. Notary Publics oversee all aspects of the purchase agreements.

However, since many of our buyers are based in the UK or Ireland, and would like to have an English speaking lawyer safeguard their interests we have negotiated a special price arrangement with the law firm to oversee conveyance.



Property Specification

Floorplans

Floorplans of the entire development, and of the selected apartments, are on the Ober-Haus web page at www.ober-haus.com

Finishout

Apartments in Latvia and nearly all sold in what the UK market would describe as “black finish” or “shell”. That is they are sold without interior works (Such as parquet, wall plastering, kitchen , etc). Zelta Rasa apartments will be sold finished but without a kitchen.

Parking spaces

Underground parking is a key requirement if you want to rent or sell your unit. A unit without parking has substantially lower market value. The garage is gated and access is by magnetic card, provided only to residents of the property. This type of security is a big plus when you are renting out your unit.



Technical parameters

Information is available by request.



Simple and Easy

It has never been easier to take advantage of growing real estate values in the emerging countries of the new EU. Ober-Haus has been working in Central and Eastern Europe since 1994, and is the only property company in the region that can offer all buy-to-let services, from acquisition through financing, letting, and management, all under one roof.

For more information, please contact:

David Rice
Regional Buy-to-Let Manager
Ober-Haus Real Estate Company
Krolewska 14,
Warsaw
00-065 Poland

Telephone: +48 502 10 50 30

Email: david.rice@ober-haus.com



Appendix: Purchase contract

Information is available by request.

Appendix: Sample Mortgage Application Form

LOAN APPLICATION (F)



1. Loan information

Required amount, currency	Preferable maturity date	Preferable date for monthly payments
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Purpose

2. Information on applicant

Name		Surname	
Identity No		Citizenship	
Address			e-mail
Phone No	office	home	other
Family status	married	Marriage contract	executed
	single		not executed
Education (speciality, educational establishment, graduation year)			
Employer			
Position		Length of service at specific employer	
Other employers			
Former employer		Position	
I have account with Hansabanka	yes	Salary payment by transfer to account with _____ bank	in cash
	no		

3. Information on partner (fill in only if the income of the partner will be taken into account)

Name		Surname	
Identity No		Citizenship	
Address			Phone
Education (speciality, educational establishment, graduation year)			
Employer			
Position		Length of service at specific employer	
Former employer		Position	
He/she has account with Hansabanka	yes	Salary payment by transfer to account with _____ bank	in cash
	no		



4. Information on loan collateral

Type of property (apartment, house, car etc.)	Owner	Address/type of auto	Total area/year of manufacture of the car

5. Information on financial situation of the applicant family

Number of family members	Indicate family members (persons with whom you have joint household) name, surname, age and relationship ----- ----- -----
--------------------------	---

Monthly income (after taxes). Indicate the name, surname and employer of the income receiver. For "other income" please indicate the source

Salary		
Salary		
Salary		
Other income		
Other income		
Other income		
Total:		

Current valid financial liabilities

Type of liability (loan, leasing, warranty, card etc.)	Name, surname	Creditor	Non-disbursed amount	Maturity date

Hereby I certify that I am fully aware of liability incurred for rendering incomplete or false information required for the purposes of this loan application. I am informed that blank spaces left empty will be deemed as lack of such data. I am aware of the bank's right to reject the executed loan agreement at any stage of its performance, in the event that false or incomplete information is provided herein and to take criminal proceedings against a individual person - applicant or a person who has completed this form, pursuant to Article 210 or Article 177 of the Criminal Law of the Republic of Latvia.

By filling in this application form I express my consent to further processing of the personal data indicated herein, as well as my consent to receipt of my personal data from any third party (e.g. from the Resident Registry of the Ministry of the Interior) and their further processing.

I have been informed that the Bank is entitled to provide information to the Bank of Latvia and to receive information from the Bank of Latvia in cases and procedure stipulated in the Regulations of the Register of Debtors of the Bank of Latvia. I have been informed about the right to receive the information on me, which is included in the Register of Debtors according to the procedure stipulated in the Regulations on the Register of Debtors of the Bank of Latvia.

The Regulations on the Register of Debtors of the Bank of Latvia are available on the website of the Bank of Latvia at www.bank.lv.

I have attached the following documents to this loan application (please indicate)

	Copy	Original
1. Passport		
2. Passport of the spouse		
3. Reference on salary		
4. Reference on salary of the spouse		
5. Conclusion on property's market value		
6. Document about payment for public utility services		

	Copy	Original
7. Document about payment of land taxes		
8. Certificate of Land Register		
9.		
10.		
11.		
12.		

Signature _____

Date _____



Disclaimer

As with all investments, you should carry out your own due diligence on this investment.

Ober-Haus has compiled this report based on information provided to it by the developer. OH cannot guarantee the accuracy of this report, nor should it be relied on as the sole source of information in making an investment decision.

Warning: property values can fall as well as rise. This document and other documents provided are for informational purposes only.

The information should not be interpreted to be a commitment on the part of Ober-Haus, nor can Ober-Haus guarantee the accuracy of any of the information presented.

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