

Baltic Retail Monitor

Macro Overview

- GDP growth in first six months above forecast in all three Baltic countries
- Latvia currently the fastest growing economy in the EU
- CPI increases relatively high; utilities such as gas, water and electricity most affected
- Inflation endangering meeting Entry targets for Lithuania and Latvia
- Unemployment level stuck in lower in Latvia, decreasing in Estonia and Lithuania
- Industrial production growth much weaker than in previous year; decreasing in Estonia
- Consumer confidence slowly rising in Lithuania and Latvia, below previous year in Estonia
- Retail business confidence positive in all three countries, above average for wider EU
- Retail growth positive; spending in Estonia and Lithuania nominally above 2007 levels again

	Lithuania				Latvia				Estonia			
	2010	2011	'12Q1	'12Q2	2010	2011	'12Q1	'12Q2	2010	2011	'12Q1	'12Q2
Population, '000	3.329	3.053	3.008		2.248	2.075	2.042		1.340	1.294	1.294	
Nominal GDP, € bn	27,4	30,7	7,3	8,3	18,0	20,0	4,8	5,4	14,5	16,0	3,9	4,3
GDP Growth, %	1,4	5,9	3,9	2,2	-0,3	5,5	6,9	5,0	3,1	7,6	3,4	2,2
GDP / capita PPP, €	14.000	15.500	n/a		13.400	14.600	n/a		15.700	16.800	n/a	
CPI change (harmonised), %*	1,2	4,1	4,2	3,7	-1,2	4,2	4,1	3,5	2,7	5,1	4,9	4,7
Population in labour force, %	70,5	72,0	71,7	72,7	73,2	73,3	73,3	74,7	73,8	74,4	74,8	74,5
Unemployment rate, %	17,8	15,4	14,5	13,3	19,8	16,2	16,3	16,2	16,9	12,5	11,5	10,2
Ind. Production Change, %	6,4	7,6	1,9	-2,7	14,5	8,8	8,3	5,1	23,0	16,6	-1,9	-2,5

Note the significantly revised population numbers in Lithuania and Latvia after the 2011 censuses. The revisions affect related statistics, e.g. unemployment, which are updated over the next months.

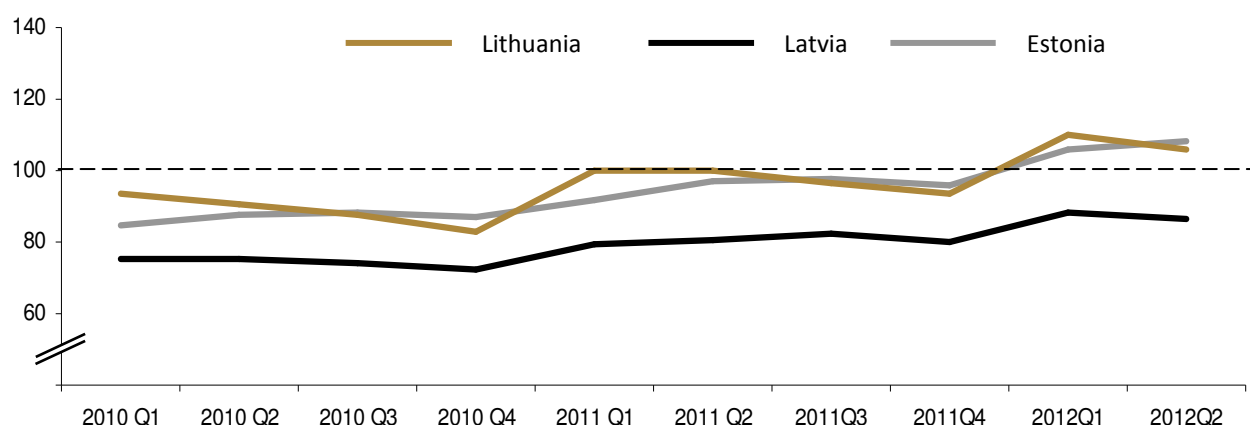
Baltic Retail Monitor

Retail Overview

- Retail sales growth strong, clearly above 5% per quarter in all countries
- Retail sales per capita 2011 clearly higher in Lithuania and Latvia on revised population figures
- Only Latvia retail remains below 2007 nominal sales – pointing to excesses there in past
- Fashion and shoes increasing strongest across the region in past two quarters
- In Lithuania all categories except household & DIY goods above 2007 benchmark
- Retail business confidence above EU27 average on growing internal consumption
- Uncertainties in Euro-area with little effect on confidence levels – trends further positive
- H&M opens two stores of over 2000 m² each in Riga, expansion set to continue in Estonia and Lithuania next year
- Vacancies low in most large shopping centres in Baltic cities; only few destinations still battle with vacancies due to low visitor numbers and lack of interest from retailers

	Lithuania				Latvia				Estonia			
	2010	2011	'12Q1	'12Q2	2010	2011	'12Q1	'12Q2	2010	2011	'12Q1	'12Q2
Retail Sales, € bn*	5,1	5,6	1,3	1,5	4,2	4,5	1,1	1,2	3,0	3,3	0,8	0,9
Ret. Sales / Capita p.a., €*	1.532	1.834	n/a		1.868	2.169	n/a		2.239	2.550	n/a	
Ret. Sales Change (real), % *	-6,2	7,6	7,3	5,4	-1,1	6,7	12,9	8,4	-0,6	4,4	11,2	7,6

Retail trade total: Q1 2010 – Q2 2012, corresponding quarter 2007 = 100*

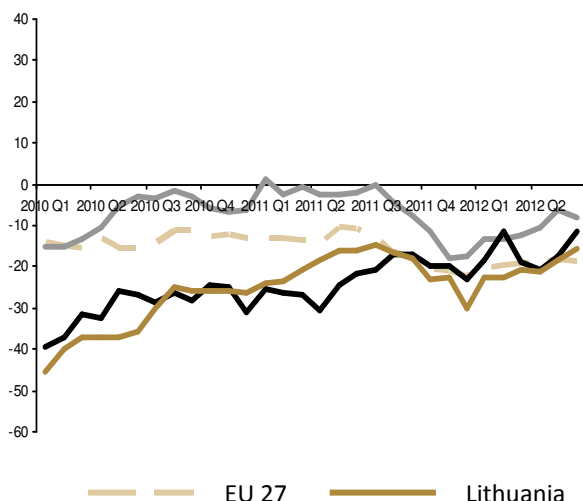


Source: Eurostat, National Statistics Offices, Zabolis analysis; data as of September 28, non-adjusted, where available

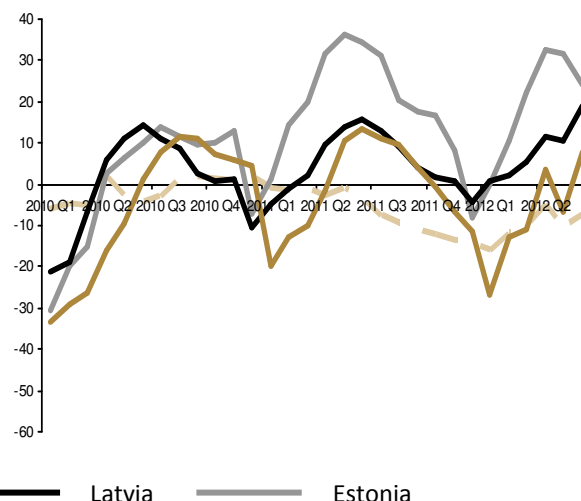
* Retail trade, except of motor vehicles, motorcycles and fuel

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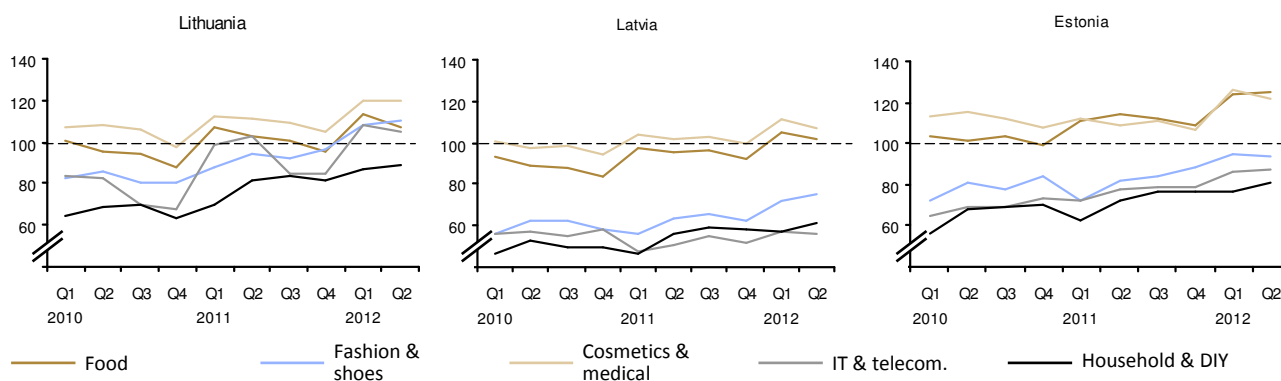
Consumer confidence: Q1 2010 – Q2 2012



Retail Business Confidence: Q1 2010 – Q2 2012



Retail trade by category : Q1 2010 – Q2 2012, corresponding quarter 2007 = 100



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