



Affordable Housing for Latvian Specialists



Finanšu ministrija



Ekonomikas ministrija



Centrālā finanšu un
līgumu aģentūra



European
Investment Bank

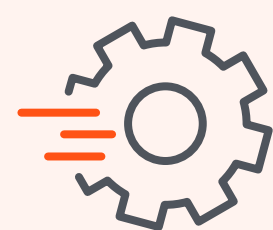
Investor briefing

Public-Private Partnership Affordable Housing Programme | Bundle 1



Cabinet Mandate Confirmed

The Programme has received full Cabinet of Ministers approval, establishing a clear government mandate and institutional commitment to delivery.



DBFMO

The Programme is structured as a 25 year availability based PPP, allocating design, build, finance, and operational responsibilities to the private sector under a bankable public contract.



1,290 Units

Bundle 1 defines a construction-ready project of 1,290 affordable rental apartments, with scope confirmed through completed feasibility analysis.



Six Participating Municipalities

Partnership agreements between SRE and six municipalities have been signed providing a geographically distributed demand base across Latvia.

Investment rationale

Policy mandate and demand foundation

Latvia faces a structural and quantified deficit of affordable rental housing for public-sector and essential-service professionals, as well as key private sector specialists in the regions. The program represents the Government's direct policy response to this deficit, backed by a formal Cabinet of Ministers mandate and an established institutional delivery framework led by SRE.

Program and procurement readiness

Cabinet of Ministers approval has been secured and municipal partnership agreements between SRE and all six participating municipalities have been formally executed. The Programme is in active pre-tender preparation, with Investor Day scheduled ahead of the formal tender announcement.

Private partner scope and responsibilities

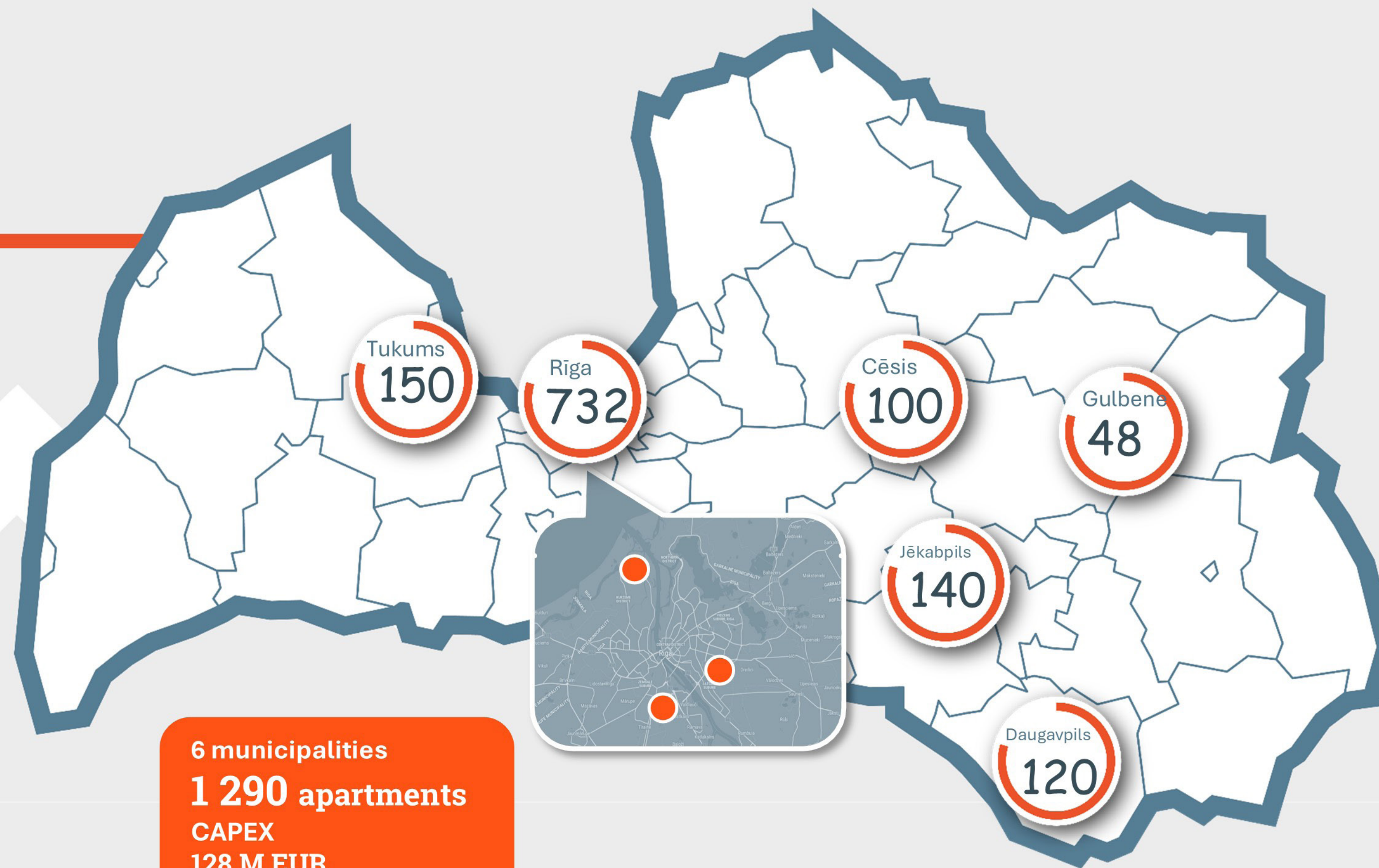
The Programme is structured as a Public-Private Partnership under which the private partner assumes full responsibility for the design, financing, construction, and long-term operation of the rental housing portfolio, under a long-term contract with the public counterparties.

Revenue structure and counterparty framework

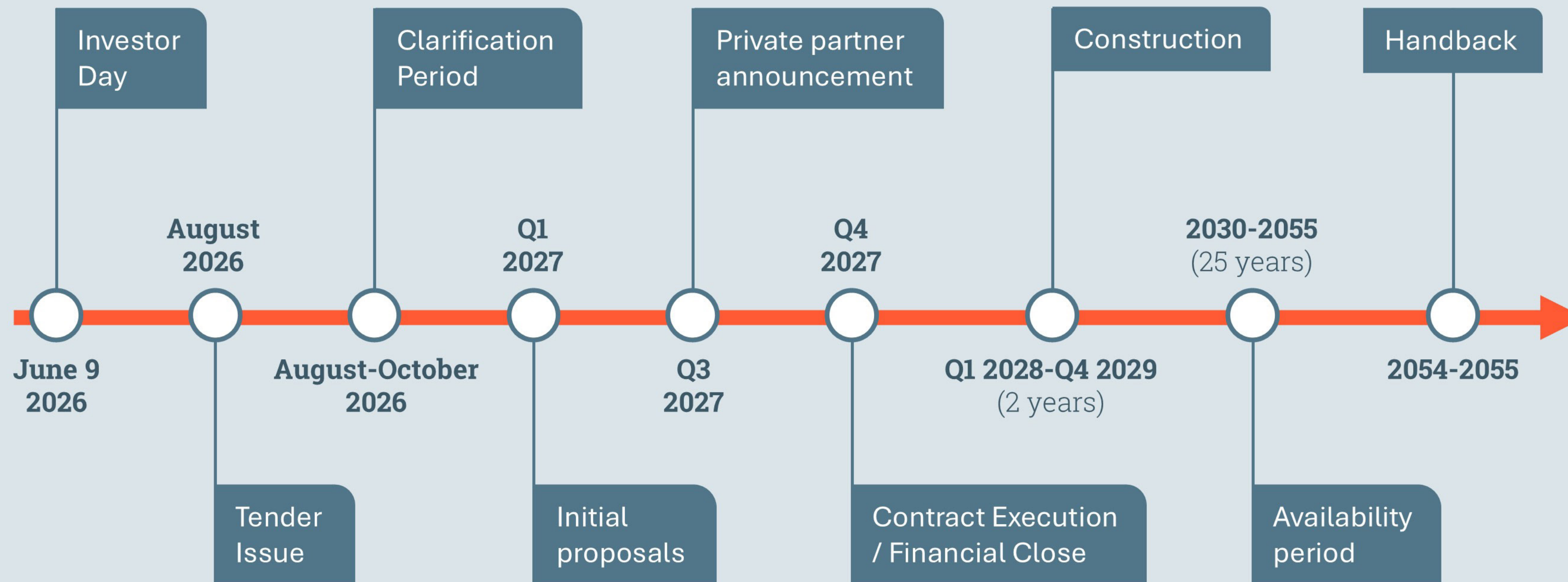
The private partner's sole revenue is a contractually defined availability payment from the public partner (subject to performance deductions and indexation). Demand risk is fully retained by the public partner, and the single total availability payment is funded by aggregating end user rents, municipal subsidy, and state subsidy.

Key project facts

Program Title	Affordable Housing for Latvian Specialists
Procurement Bundle	Bundle 1 of 2
Residential Units	1,290 Units
Participating Municipalities	6 municipalities (refer to map)
Contracting Authority	State Real Estate (SRE)
PPP Contract Type	Availability based DBFMO
Estimated CapEx	128 M EUR
Contract Duration	27 years (construction and availability)
Cabinet Approval	Initial approval granted
Municipal Agreements	Initial agreements signed
Tender Announcement	August 2026
Estimated Financial Close	Q4 2027



INDICATIVE **PROJECT TIMELINE**



Opportunity briefing

Detailed Information for Prospective Investors | Pre-Tender

1. Programme context and policy mandate

The Latvian government has identified a structural shortage of affordable rental housing as a material constraint on the retention and attraction of qualified professionals in public services and essential sectors, including healthcare, education, and civil administration, as well as private sector in the regions. This shortage is most acute in municipalities outside Riga where labour market conditions and housing supply gaps are most pronounced.

In response, the Cabinet of Ministers has approved the affordable housing programme “Affordable Housing for Latvia’s Specialists”, establishing a structured mechanism for the delivery of affordable rental apartments through a Public-Private Partnership model with State Real Estate (SRE) acting as the coordinating public authority.

Policy and Institutional Basis

- Cabinet of Ministers approval granted for the programme structure and Bundle 1 scope
- SRE designated as contracting and coordinating authority
- Six municipalities have formally entered into partnership agreements with SRE for Bundle 1 participation
- Programme aligns with Latvia’s National Development Plan and housing policy objectives
- Cabinet of Ministers approval: 22.12.2025
- Legal basis referenced: Public-Private Partnership Law; CoM regulations No.1152 (06.10.2009) on FEA; and Public Procurement Law (PIL).

Demand Evidence

Latvia faces a structural shortage of affordable, energy efficient rental housing; 44% of households cannot afford housing under market conditions and Latvia has one of the highest overcrowding rates in the EU (41.7% in 2022). New multi-apartment construction outside Riga / Riga region has been very limited over the last decade (Vidzeme: 153 apartments; Kurzeme: 223; Zemgale: 116; Latgale: 21).

Demand is estimated conservatively for 2028 using: (i) residents with monthly earnings up to EUR 2,000 (2023), (ii) housing tenure structure (latest available: 2021), and (iii) a survey indicator that 17% of residents would like to change housing conditions but cannot afford to do so. Employer/job creation forecasts are not incorporated to keep projections conservative.

Target tenant groups are mainly specialists in healthcare and social care, education, public administration and safety, engineering, construction and engineering.

Forecast demand (households, 2028):

Riga: 4,681 | Tukums: 176 | Jekabpils: 166 | Daugavpils: 214 | Cesis: 147 | Gulbene: 73

Affordability and rent benchmarking

Affordability is modelled using a 35% housing cost threshold (referencing common 30% ‘affordable’ and 40% ‘overburden’ thresholds).

2. Project scope and delivery model

Bundle 1 Overview

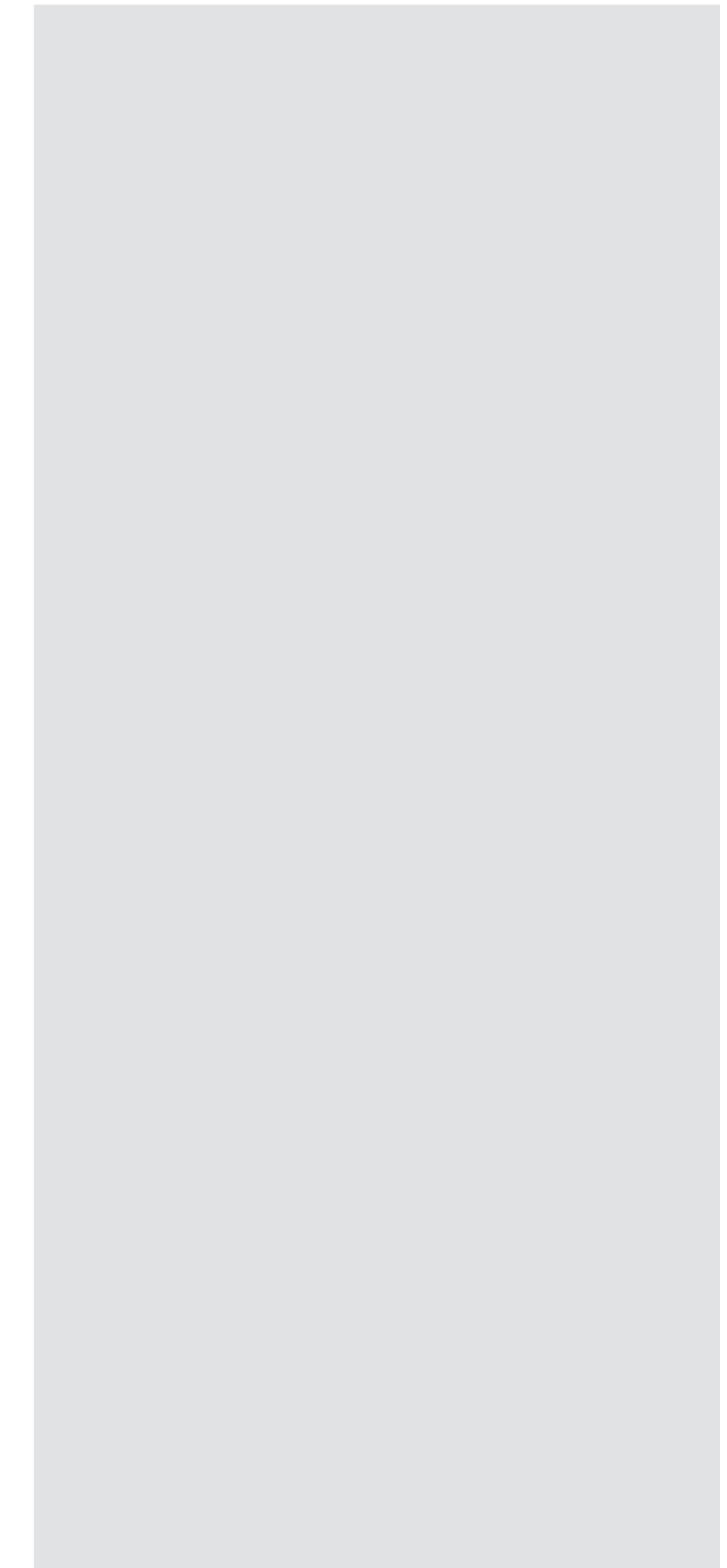
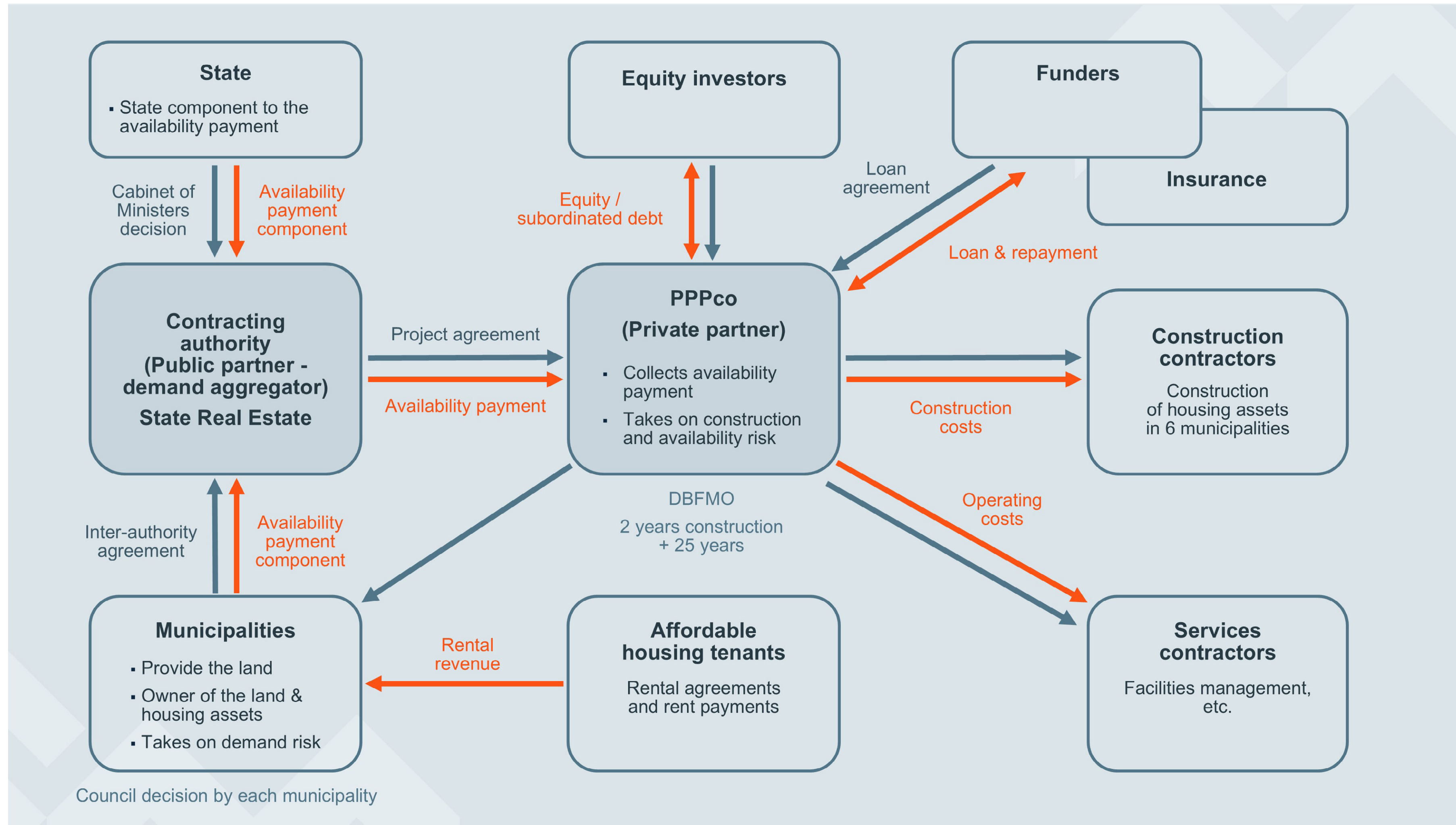
Total Units (Bundle 1)	1,290 rental apartments
Unit Mix	Studio (36.0 m ²): 399 units (30.9%); 1-bedroom (42.5 m ²): 426 units (33.0%); 2-bedroom (61.5 m ²): 305 units (23.6%); 2-bedroom (68.5 m ²): 130 units (10.1%); 3-bedroom (86.5 m ²): 30 units (2.3%)
Average Unit Size	Unit sizes used in feasibility study: Studio 36.0 m ² ; 1-bedroom 42.5 m ² ; 2-bedroom 61.5 m ² and 68.5 m ² ; 3-bedroom 86.5 m ² .
Total Gross Floor Area	Total planned residential (living) area: 62 727 m ²
Number of Sites	8 sites across 6 municipalities (3 sites in Riga; 1 in each Tukums, Jekabpils, Daugavpils, Cesis and Gulbene).
Delivery Model	New-build
Target Occupant	Public-sector, essential-service and private sector professionals employed in municipality
Energy Standard	Nearly zero-energy buildings; Energy efficiency class A. Primary non-renewable energy ≤ 95 kWh/m ² /year; heating demand ≤ 40 kWh/m ² /year.

3. PPP structure and revenue mechanism

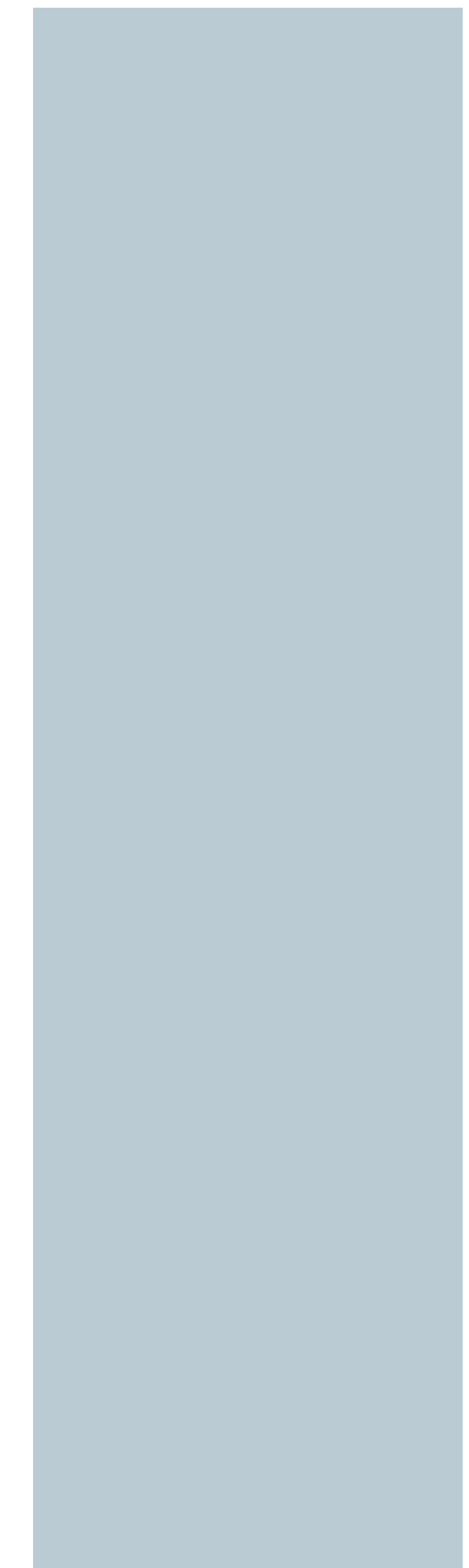
The programme is structured as an availability payment based Public-Private Partnership under which the private partner is responsible for the design, financing, construction, maintenance and long-term operation of the rental housing portfolio. The public counterparties – SRE and participating municipalities – provide the contractual and institutional framework underpinning revenue certainty through availability based payment mechanism.



Project overview (simplified)



PPP Contract Type	Availability payment-based contractual PPP (Partnership Agreement).
Contracting Authority	SRE as sole contracting party, exercising representation rights from municipalities
Private Partner Obligations	<p>Design / Build / Finance / Maintain / Operate (DBFMO)</p> <p>Design - full responsibility for architectural and technical design according to technical specifications.</p> <p>Build - fixed-price, fixed-date construction delivery with all contractor risk until handover</p> <p>Finance - full project financing stack arranged and held by the private partner; no public capital during construction</p> <p>Maintain - planned, reactive, and periodic maintenance throughout the contract term to defined performance standards</p> <p>Operate - limited to facilities management, tenancy management after tenant approval by municipality, invoice management.</p>
Eurostat treatment	Off-balance
Contract Term	27 years total (2 years design and construction + 25 years availability period).
Revenue Mechanism	Quarterly availability payments from public partner during availability period (post-completion). Rent revenues are collected by municipalities; funding mix includes rent revenues + municipal subsidy + state subsidy.
Rent Setting	Not exceeding 50% of total availability payment
Governing Law	Republic of Latvia



4. Risk overview

The following table presents a summary risk overview at the pre-tender stage. Full risk allocation will be set out in the Project Agreement and related tender documents.

Risk Category	Primary Bearer	Mitigant / Note
Demand / Occupancy	Public Partner	Clear rent commitments and guaranteed occupancy obligations reduce private partner exposure
Construction Cost Overrun	Private Partner	Fixed-price construction contract structure; design and build responsibility with private partner
Planning / Permitting	Shared	Public partner engages permitting authorities early, incl. in tender documentation and tender process and provides consultation and coordination support; private partner maintains responsibility for obtaining permits.
Inflation / Indexation	Shared	Availability payment partially indexed to CPI.
Counterparty Credit	Private Partner	Public counterparties - sovereign / municipal credit; SRE is state-owned
Operating Performance	Private Partner	Performance deduction regime applies; operator risk retained by private partner

Contact and registration

For further details on Project:

- **Interested parties are invited to register** their interest and attend the Investor Day to receive full programme briefing materials and direct access to the project team
- Prior to Investor Day interested parties are welcome to submit questions to SRE to be included in FAQ
- Interested financiers are welcome to contact SRE for additional information regarding conducting an appraisal mission



www.vni.lv

Inga Pole

PPP Affordable Housing Programme Manager, SRE
vadibasgrupa.ppp@vni.lv

DISCLAIMER

This document is provided for information purposes only and is directed exclusively at qualified investors with the capacity to appraise and bear the risks of an infrastructure PPP investment. It does not constitute an offer, invitation, or inducement to invest. Financial projections and parameters marked as placeholders are indicative and subject to change. Final terms will be established in the tender documentation to be issued by VNI. Recipients are responsible for conducting their own due diligence and obtaining independent professional advice.