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Russia Real Estate Practice

Orrick is one of the leading international law firms in the complex and evolving Russian real estate market. Orrick's Russia Real Estate Group advises on projects involving:

- Office complexes
- Hotels
- Retail facilities
- Warehousing facilities
- Residential properties
- Ports and terminals
- Roads and railroads
- Pipelines
- Oil and gas projects
- Infrastructure sharing
- Manufacturing facilities
- Multi-use facilities
- Other industrial complexes

The Russia Real Estate Group was established when all partners of the Moscow office and many other lawyers of the Russia Practice Group of Coudert Brothers LLP, the first international law firm to open an office in Russia, joined Orrick.

Comprehensive Service

Orrick lawyers provide a full array of services with respect to Russian real estate development, enabling us to provide our clients with a single source for high-quality legal services throughout the life of the project. Orrick services include:



- *due diligence* (title to land and structures, zoning and historic designations, liens, environmental issues, licensing and registration requirements and regulatory restrictions);
- *project structuring* (troubleshooting and problem solving, international tax planning, development of risk allocation strategies, preparation of bids, proposals and memoranda of understanding, design of efficient investment and development vehicles and financeable structures);
- *site or real estate company acquisition* (preparation and negotiation of asset purchase or share purchase agreements, escrow and other documentation, negotiation of long-term land leases, monitoring conditions precedent, antimonopoly and other governmental approvals and notifications and registration of title transfers);
- *site development* (organization of proper corporate vehicles, solutions regarding relocation of existing occupants, design-build agreements, turnkey construction agreements, BOT agreements, permitting and environmental issues);
- *financing* (creation of financing structures for mortgage finance, construction/project finance, anchor tenant finance and/or equity investment, preparation and negotiation of loan agreements, shareholder and other agreements with equity investors, mortgage agreements, conditional assignment agreements with respect to rental streams, other security documentation and registration of mortgages and other relevant title encumbrances);
- *project implementation/operation* (preparation and negotiation of management agreements with operators, tenant leases, marketing services agreements, various compliance issues, state registrations, ongoing tax advice, refinancing and dispute resolution); and
- *divestiture* (tax planning, pre-disposition restructuring, preparation and negotiation of sale and transfer documentation, closing and profit distribution).

Market Leader

Orrick maintains a preeminent position in the Russian real estate market. Its representative high-profile transactions include:

- In 2008, Orrick completed a **\$95 million sale of a green site** by an international private equity fund to a large Russian retail chain.



- In 2007, Orrick worked on the Lakeside joint venture between Hines and Belaya Dacha for a development of a **120 ha (12.9 million square foot) multi-use complex** on the outskirts of Moscow.
- In 2006, Orrick worked on sales of several high profile projects in Moscow, including a sale by TCW and Hines of **prestigious 207-house residential development Pokrovsky Hills** to AIG and a sale of **Ducat Place II** office complex to London & Regional Properties.
- In 2005, Orrick lawyers advised on the largest real estate transaction in Russia, according to Russian news sources — the sale of the **five-star Grand Hotel Europe** in St. Petersburg to Orient Express, an international hotel chain.
- In 2004, Orrick lawyers completed the sale of **retail complexes on Novyi Arbat**.
- In 2002-2003, Orrick lawyers completed the real estate transfers that set the stage for the development of the **Ducat Place III** business complex.
- In 2002, Orrick lawyers represented the seller in the divestiture of a real estate business which included some of the most highly valued properties for development in Russia, located on **Bolotnaya Square, across from the Kremlin**.
- In 2001, Orrick lawyers advised on the largest real estate transaction in Moscow, according to several Russian press sources, and the first investment purchase of this type: the sale of the **Ducat Place II** office complex on Gasheka Street.

Highly Qualified Lawyers

Orrick's Russia Practice Group is comprised of approximately 20 lawyers in Moscow, Washington, London and Tokyo. These American, Russian and European lawyers combine an in-depth knowledge of local and international commercial law with bilingual or trilingual capability. Most of Orrick's Russian lawyers have LL.M. degrees from U.S. law schools in addition to their Russian law school diplomas.

Orrick's Russia Practice Group is part of an integrated global firm, which enables its lawyers to draw easily on the insights and expertise developed in other emerging real estate markets, as well as the most sophisticated and developed real estate markets in the world. Orrick consists of more than 1,000 lawyers in 21 offices, including the most prominent commercial and financial centers in the world. This global reach enables Orrick to provide depth of expertise and breadth of experience across a variety of industries and cultures. Orrick combines its commitment to providing creative but



solid solutions to its clients' complex business needs in Russia with the practical experience and global support required to translate this commitment into high-quality legal services.

Representative Transactions of the Russia Real Estate Practice

Orrick's Russia real estate lawyers have advised on a wide range of transactions, including representing:

- A developer in one of the first office projects in downtown Moscow, from project inception to sale, including:
 - acquisition of properties;
 - structuring relocation of existing occupants, major building renovations;
 - preparation and negotiation of a financeable lease with the anchor tenant;
 - financing, including the registration of the first commercial mortgage in Moscow and a conditional assignment of a rental stream;
 - all ongoing operational issues; and
 - sale of the properties to the anchor tenant.
- A western developer in a major Class A office project in downtown Moscow, from project inception to sale, including:
 - acquisition of the properties through privatization;
 - post-privatization reorganizations;
 - successful dispute resolution, including disputes related to privatization;
 - development of an office complex;
 - structuring, preparation and negotiation of joint venture documentation and secured participating loans from a U.S. investment fund (a combination of debt and equity financing);
 - preparation of leases and other agreements;
 - mortgage refinancing, including a conditional assignment of a rental stream;
 - a variety of ongoing operational issues; and
 - \$42 million sale of the properties to a Western company.
- A Russian developer in a joint venture with one of the leading international developers for an over \$500 million multi-use complex in Moscow.
- The selling shareholders in the \$100 million sale of a large five-star hotel, with the acquisition financed by the IFC.



- A Russian developer in three related joint ventures with an international developer for a \$117 million logistics/warehouse development in Moscow.
- A seller in the \$43 million sale of a retail complex in Moscow.
- A Western developer in relocating a manufacturing facility from downtown Moscow to the outskirts of Moscow, from project inception to sale, including:
 - acquisition of the properties;
 - relocation and development of the new manufacturing facility;
 - involvement of a major investor, establishment of a joint venture, and combination of debt and equity financing;
 - a variety of ongoing operational issues; and
 - \$390 million sale of the project to a Western company.
- A purchaser in a \$275 million acquisition of a container terminal business in Russia.
- A purchaser in a \$100 million acquisition of a container terminal business in St. Petersburg, Novorossiysk and Ukraine.
- A foreign developer in connection with an office and warehouse facility in the Moscow region, including negotiating a joint venture arrangement with a major international investor.
- A seller in an over \$80 million sale of an office complex in Moscow.
- A European real estate investment company in a \$61 million office complex mortgage financing in Moscow from a European bank.
- A Western developer in connection with an \$85 million refinancing of a large residential complex in Moscow, including negotiation of a financing agreement, mortgage agreement, conditional assignment of a rental stream and other security documentation.
- A European real estate investment company in a \$46 million retail complex mortgage financing in Moscow from a European bank.
- A European real estate investment company in preparation of property management agreements for its retail, office and entertainment complexes.
- Companies, as landlords (including preparation of form lease agreements for landlords' use) or as tenants, in connection with preparation and negotiation of numerous office, retail and residential leases and other real estate use arrangements, including due diligence, advice on tax structuring, negotiation of leases and assistance with tenant build-out arrangements, including such well-known locations as:

- Auchan hypermarket
- Dom na Naberezhnoi
- Ducat Place II on Gasheka Street
- Ducat Place III on Gasheka Street
- GUM Trading House
- International (World) Trade Center on Krasnopresnenskaya Embankment
- McDonald's Building on Nikitsky Pereulok
- Mosenka Plaza and other Mosenka office buildings
- Novinsky Passazh
- Okhotnyi Ryad Shopping Mall
- Park Place
- Riverside Towers on Kosmodamianskaya Embankment
- Sadovaya Kudrinskaya 32
- Swatstroy buildings
- TSUM Trading House
- UPRK buildings
- Vozdvizhenka (Mokhovaya) Office Complex
- A Russian developer in connection with a hotel construction project in a major Russian regional capital to build a hotel that will be operated by an international hotel chain.
- A large savings bank of one of the Commonwealth of Independent States (CIS) countries in connection with the potential mortgage financing of a residential complex in Moscow.
- The municipal authorities of a major Russian city in connection with preparation of an architectural design for the new building of an internationally known theater.
- A Russian owner of port facilities in one of the major Russian sea ports in connection with construction of several terminals, including advising on structuring the projects and obtaining financing, drafting and negotiating design and construction and financing documentation.
- A Russian real estate company in refinancing of its mortgage of a Class A office building in Moscow.
- A western strategic partner in the development of an international rail cargo terminal in Moscow, including development and negotiation of a long-term land lease, negotiations with utility providers, transfer and development of buildings, negotiation of a financeable turnkey construction agreement, negotiation of financing arrangements including a real estate mortgage, tax structuring and negotiation of joint venture documentation.



- Foreign investors in connection with a variety of manufacturing facilities in Russia, including due diligence on title, negotiation of acquisition, leases and/or contributions of manufacturing facilities and related buildings to the joint ventures.
- Numerous western and Russian oil companies in projects to develop oil and gas fields in Russia, including examination and establishment of land use rights, leases and permits, pipeline and infrastructure sharing issues.
- A consortium of Western oil companies regarding land title issues and infrastructure sharing in connection with the construction of housing and office facilities on Sakhalin Island.
- A leading U.S. cosmetics company in establishing several shops in Moscow, St. Petersburg and other cities.
- A western developer in the acquisition, through privatization and other purchases, of several adjacent properties in one of the most prestigious locations in downtown Moscow, advice on further development, and representation in the disposition of the properties.
- A western developer, whom we successfully represented in a political risk insurance arbitration, in which such developer claimed that attempted expropriation of its properties in Moscow caused the developer to reorganize its real estate business in Moscow.

Contact Us

For more information about how our Russia Real Estate Group can assist you, please visit www.orrick.com or contact:

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