



PURCHASING STATE AND MUNICIPAL PROPERTY

For the attention of small and medium enterprises leasing state and municipal real estate

Pepeliaev Group advises that on 30 June 2015 a federal law¹ took effect, which has changed the period for purchasing real estate which belongs to constituent entities of the Russian Federation or is in municipal ownership²

Main changes

The period has been extended *until 1 July 2018* during which small and medium enterprises acting as tenants may purchase real estate which belongs to constituent entities of the Russian Federation or is in municipal ownership (the previous wording was “until 1 July 2015”).

A pre-emptive right for small and medium enterprises to purchase leased real estate is granted to tenants which, *as at 1 July 2015 (the previous wording was “as at 1 July 2013”)*, had held the leased real estate in temporary possession or use for two years or more according to a lease agreement (or agreements).

The period for which the enterprises may defer payment for the purchased property if they exercise their pre-emptive right to purchase leased real estate is established by laws of constituent entities of Russia. However it should be *a minimum of five years* (previously it was “*a minimum of three years*”). If a law of a constituent entity of Russia sets no deferred payment period, a period of *five years* applies (*the previous wording was “three years”*).

What to think about and what to do

We recommend checking lease agreements which were concluded with regional authorities and local government bodies to find out whether there is, and to assess, an opportunity to purchase real estate facilities.

Help from your adviser

Pepeliaev Group's lawyers have considerable experience of advising and representing clients with regard to relationships associated with real estate, including protecting rights of lease and ownership title. They are ready to provide comprehensive assistance and legal support in respect of the above issues.

¹ Federal law No. 158-FZ dated 29 June 2015 “On amending the Federal law ‘On the specifics of disposing of real estate which is state owned and belongs to constituent entities of Russia, or which is in municipal ownership, and is leased by small and medium enterprises, and on amending certain items of the legislation of the Russian Federation”.

² Federal law No. 159-FZ dated 17 July 2009 “On the specifics of disposing of real estate which is state owned and belongs to constituent entities of Russia, or which is in municipal ownership, and is leased by small and medium enterprises, and on amending certain items of the legislation of the Russian Federation”.

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