



Due Diligence in Russia

ANALYSING THE PIECES - FINDING THE VALUE

Our Partnership

Ruperti Project Services International



LOCAL
EXPERIENCE



Operating in Russia for over a decade,
more than 60 staff

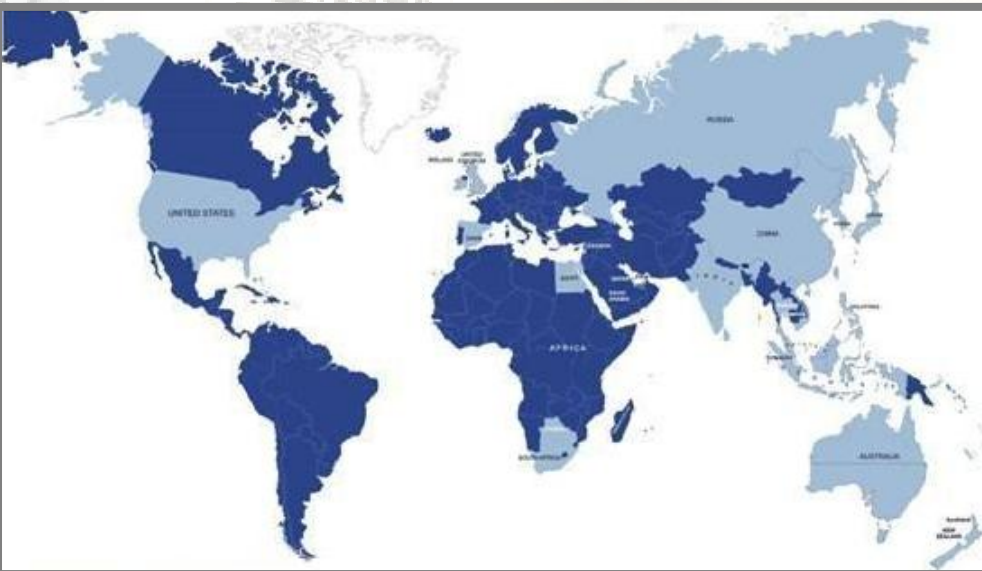
Project Managers, Cost Managers, Due
Diligence, Technical Zakazchik,
Technadzor, Legal



GLOBAL
PARTNERS

Strategic Alliances with leading Global
Partners

- For Operations in Russia/CIS
- Support in Worldwide Locations



INCOMPLETE



COMPLETE

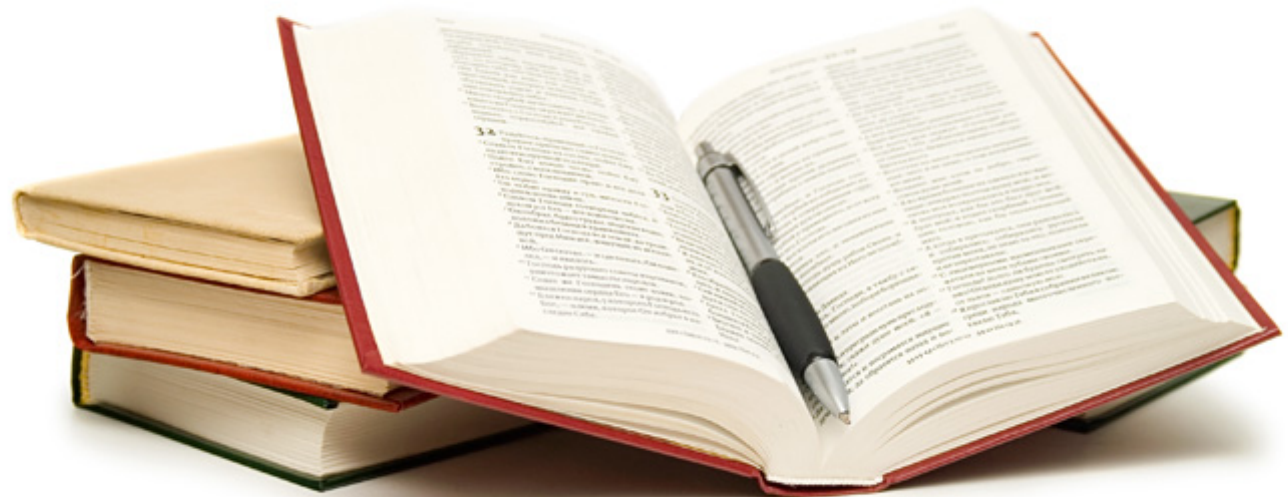


STARTING POINT

- Numbers in financial model
- Essential paperwork
- Outline status of project
- The opportunity

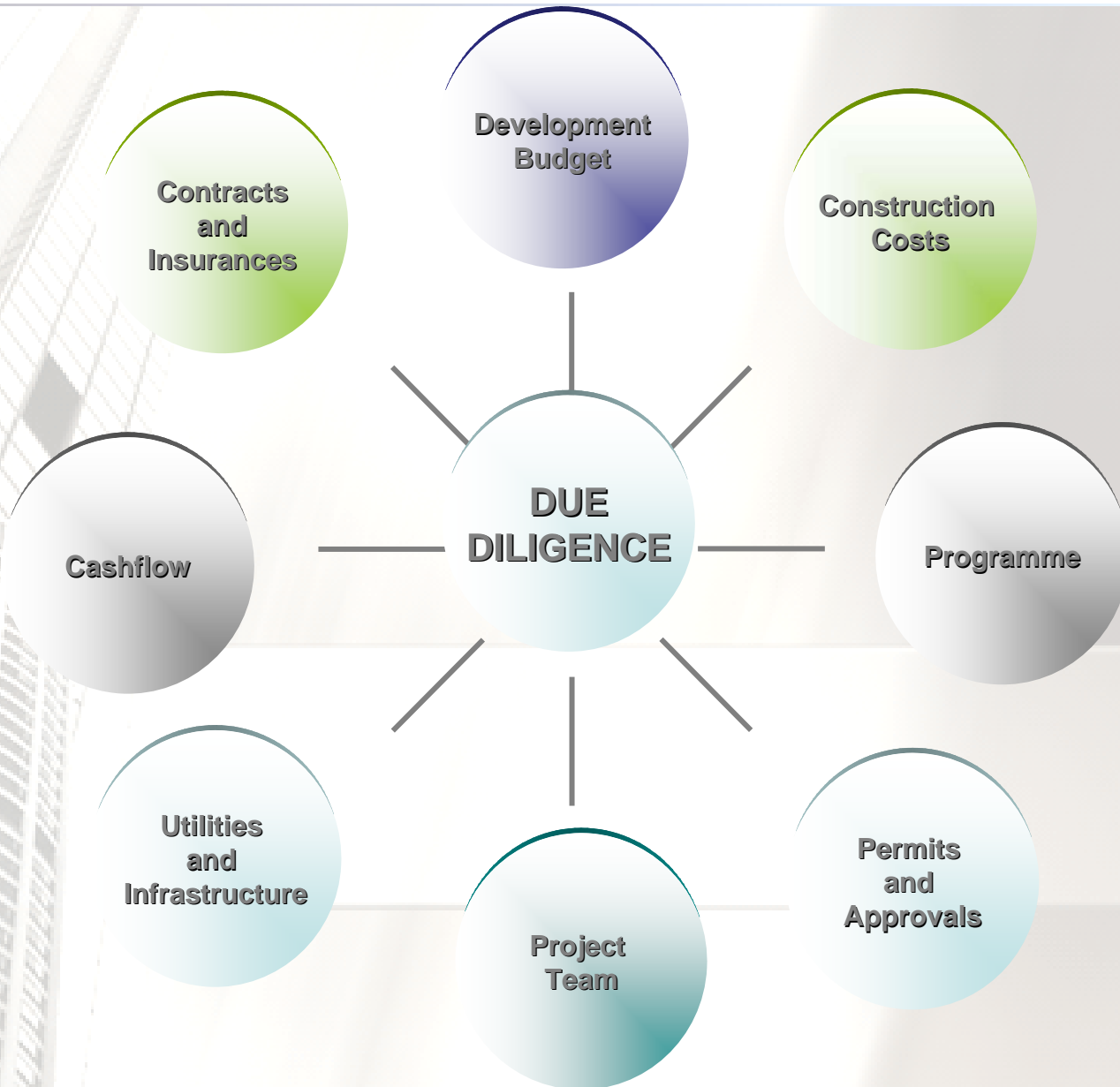
Technical Due Diligence "in Russia" (Terms of Reference)

Rupert Project Services International



- International Requirements
- Local Requirements/Risk issues
- Tailored "Terms of Reference" for Russia

Incomplete Projects (Analyzing the Pieces)





Development Budget

Missing Items

- Investment contract provisions
- Legal and accounting
- Agents fees
- Taxes

Inadequate Provisions

- Designers
- Permits and Approvals
- Utilities reservation fees

Incorrect Contract Sums

Cashflow

- Non existent
- Not compliant with programme, budget or current status
- No science or understanding of construction process

Construction Costs

Budgets Inadequate

- Outside cost/sqm norms
- Incorrect floor areas

Cost Plan/BoQ Insufficient

- Lacks Sufficient detail / Inaccurate quantities
- Missing items-scopes

Missing Provisions

- Preliminaries/Overheads
- Inflation / Contingency

Programme

- Pre-construction permit is unrealistic
- Construction programme too tight
- Phasing described non-compliant with permits/contracts etc

Development Budget

Missing Items

- **Investment contract provisions**
- Legal and accounting
- Agents fees
- Taxes

Inadequate Provisions

- Designers
- Permits and Approvals
- Utilities reservation fees

Incorrect Contract Sums

Cashflow

- Non existent
- Not compliant with programme, budget or current status
- No science or understanding of construction process

Construction Costs

Budgets Inadequate

- Outside cost/sqm norms
- **Incorrect floor areas**

Cost Plan/BoQ Insufficient

- Lacks Sufficient detail / Inaccurate quantities
- Missing items-scopes

Missing Provisions

- Preliminaries/Overheads
- **Inflation / Contingency**

Programme

- Pre-construction permit is unrealistic
- **Construction programme too tight**
- Phasing described non-compliant with permits/contracts etc

Contracts and Insurances

Inappropriate Form

- Local form too short
- Fidic form non-compliant with Russian Law
- Mixed Concepts

Missing Key Provisions

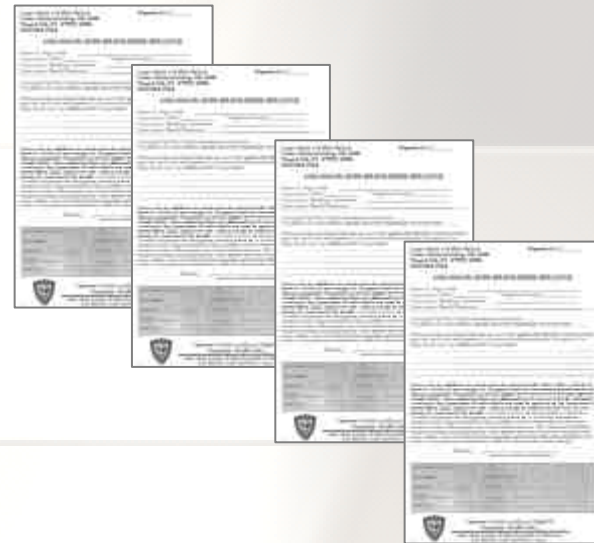
- Bonds / Insurances / Retentions
- Warranties/Guarantees
- Fixed Price Lump Sum
- Variation Procedures / Termination Procedure

Utilities and Infrastructure

- Missing Technical Conditions
- Inaccurate assessment of utility loads
- No consideration of relocation of services
- Inaccurate assessment of facilitation works
- Missing approvals documentation for access roads

Permits and Approvals

- Missing key documents
- Missing stamps and signatures
- Inconsistent names/titles
- Approach inaccurate / mixed steps
- Non-compliant with building regulations
- Non-compliance with sanitary protection zones
- Start without construction permit
- Invalid licenses / absence of licenses



Contracts and Insurances

Inappropriate Form

- **Local form too short**
- **Fidic form non-compliant with Russian Law**
- **Mixed Concepts**

Missing Key Provisions

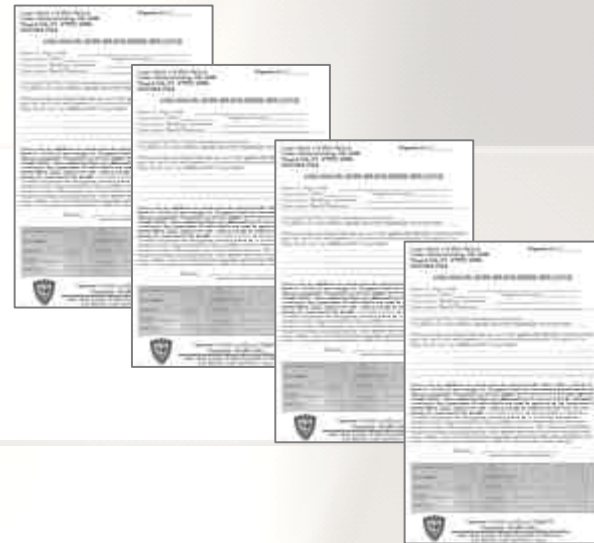
- **Bonds** / Insurances / Retentions
- Warranties/Guarantees
- **Fixed Price Lump Sum**
- Variation Procedures / Termination Procedure

Utilities and Infrastructure

- **Missing Technical Conditions**
- **Inaccurate assessment of utility loads**
- **No consideration of relocation of services**
- Inaccurate assessment of facilitation works
- Missing approvals documentation for access roads

Permits and Approvals

- Missing key documents
- **Missing stamps and signatures**
- Inconsistent names/titles
- **Approach inaccurate / mixed steps**
- Non-compliant with building regulations
- Non-compliance with sanitary protection zones
- Start without construction permit
- Invalid licenses / absence of licenses



Common Due Diligence Issues



Project Team

Developer (the land owner)

- No track record / Lack of professional staff

Technical Zakashik

- Lack of technical knowledge / Lack of appropriate contacts

PM Consultants

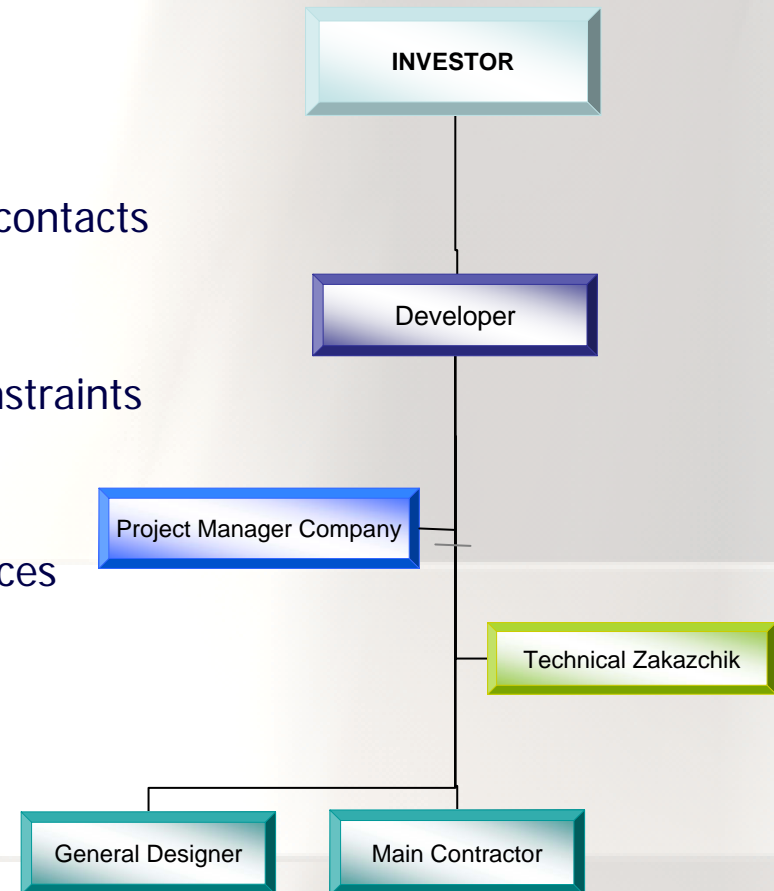
- No track record / no understanding of financial constraints

Designers

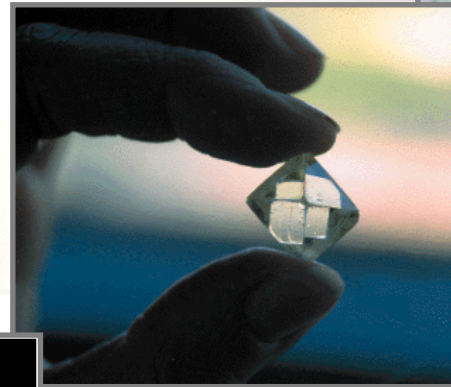
- Misunderstanding of requirements / Lack of resources
- Check the engineers

Contractors

- all of the above
- financial stability /lack of bonds
- lack of supply chains

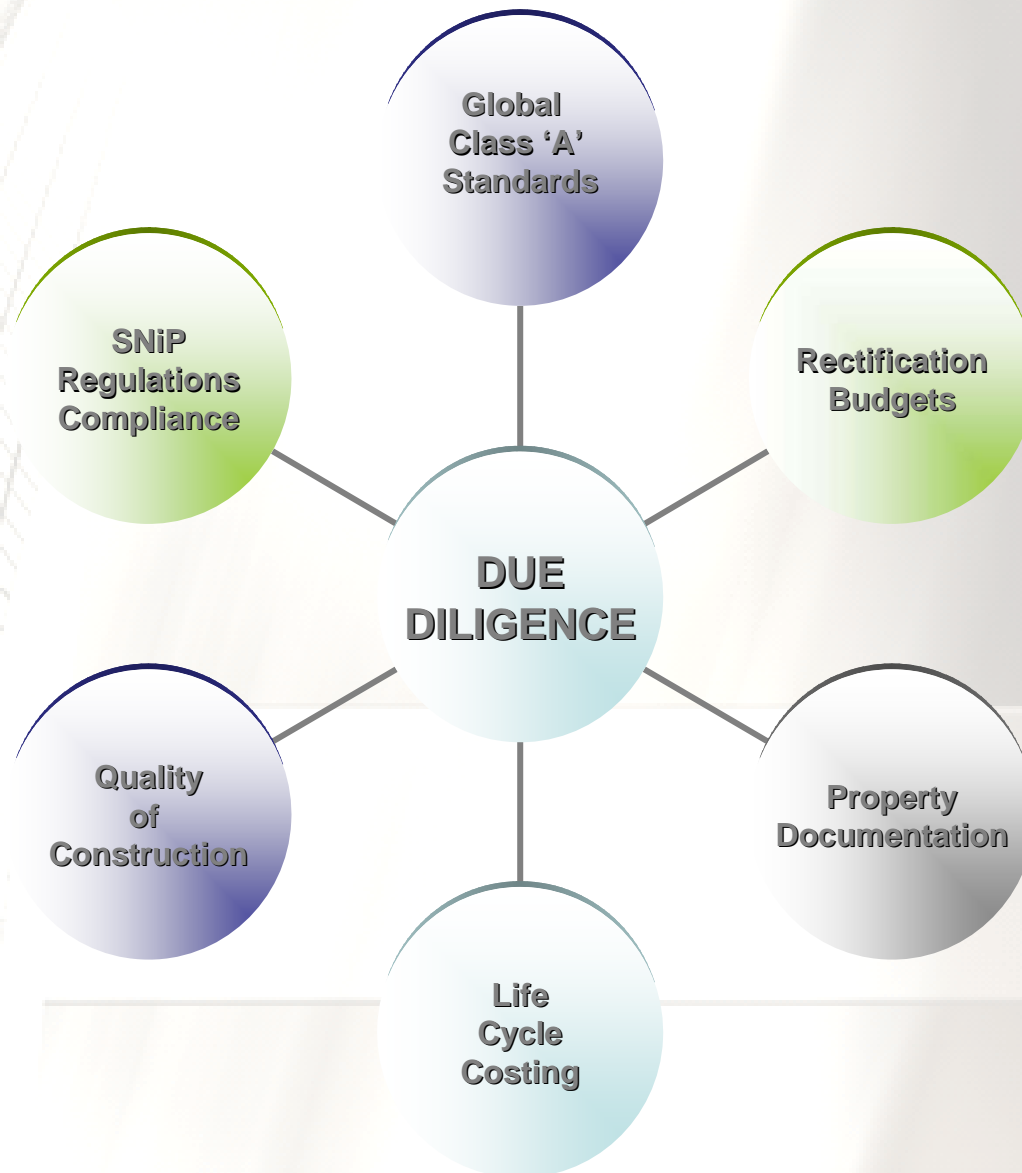


- Facts, Issues and Recommendations
- Identifying Key Risks/Cost Items & Advice on Mitigating Action
- Conditions Precedent to Heads of Terms
- Conditions Precedent to Investing/ Funding



- Identifying Investment Gems

Complete Projects (Analyzing the Pieces)



Global Tenant Class “A” Standards

- Claim not substantiated
- Misinterpretation of Requirements
- Sustainability Issues
- Global Tenant Issues
- Tenant Lease Compliance Issues

Quality of Construction

- Defective Structures/Cracks/Subsidence
- Defective Roofing and Cladding Materials
- Insufficient MEP systems
- Inadequately maintained MEP systems
- General Poor Quality
- Early Aging Concerns
- Significant Rectification Works

SNiPs Compliance

- Non-compliance with SNiP Regs
- Non-Compliance with Fire Regs



Global Tenant Class “A” Standards

- **Claim not substantiated**
- **Misinterpretation of Requirements**
- Sustainability Issues
- Global Tenant Issues
- **Tenant Lease Compliance Issues**

Quality of Construction

- Defective Structures/Cracks/Subsidence
- **Defective Roofing and Cladding Materials**
- **Insufficient MEP systems**
- Inadequately maintained MEP systems
- General Poor Quality
- **Early Aging Concerns**

SNiPs Compliance

- Non-compliance with SNiP Regs
- **Non-Compliance with Fire Regs**



Common Due Diligence Issues

Rectification Costs

- Inadequate Assessment of Requirement
- Missing Budgets
- Inadequate Provisions or Programme

Property Documentation

- Missing "Putting into Operation" Cert
- Missing BTi Certificate
- Incomplete Set of Approvals Documentation
- Incomplete As-Built Documentation
- Missing Operation Manuals
- Insufficient Guarantees (Contractor/Suppliers/Manufacturers)
- Insufficient Insurance Covers



Life Cycle Costs

- Inadequate Life Cycle Costing Budget
- Missing Provisions
- Missing "Planned Preventive Maintenance" Programme

Common Due Diligence Issues

Rectification Costs

- **Inadequate Assessment of Requirement**
- Missing Budgets
- Inadequate Provisions or Programme

Property Documentation

- Missing "Putting into Operation" Cert
- Missing BTi Certificate
- **Incomplete Set of Approvals Documentation**
- **Incomplete As-Built Documentation**
- Missing Operation Manuals
- **Insufficient Guarantees**
(Contractor/Suppliers/Manufacturers)
- Insufficient Insurance Covers



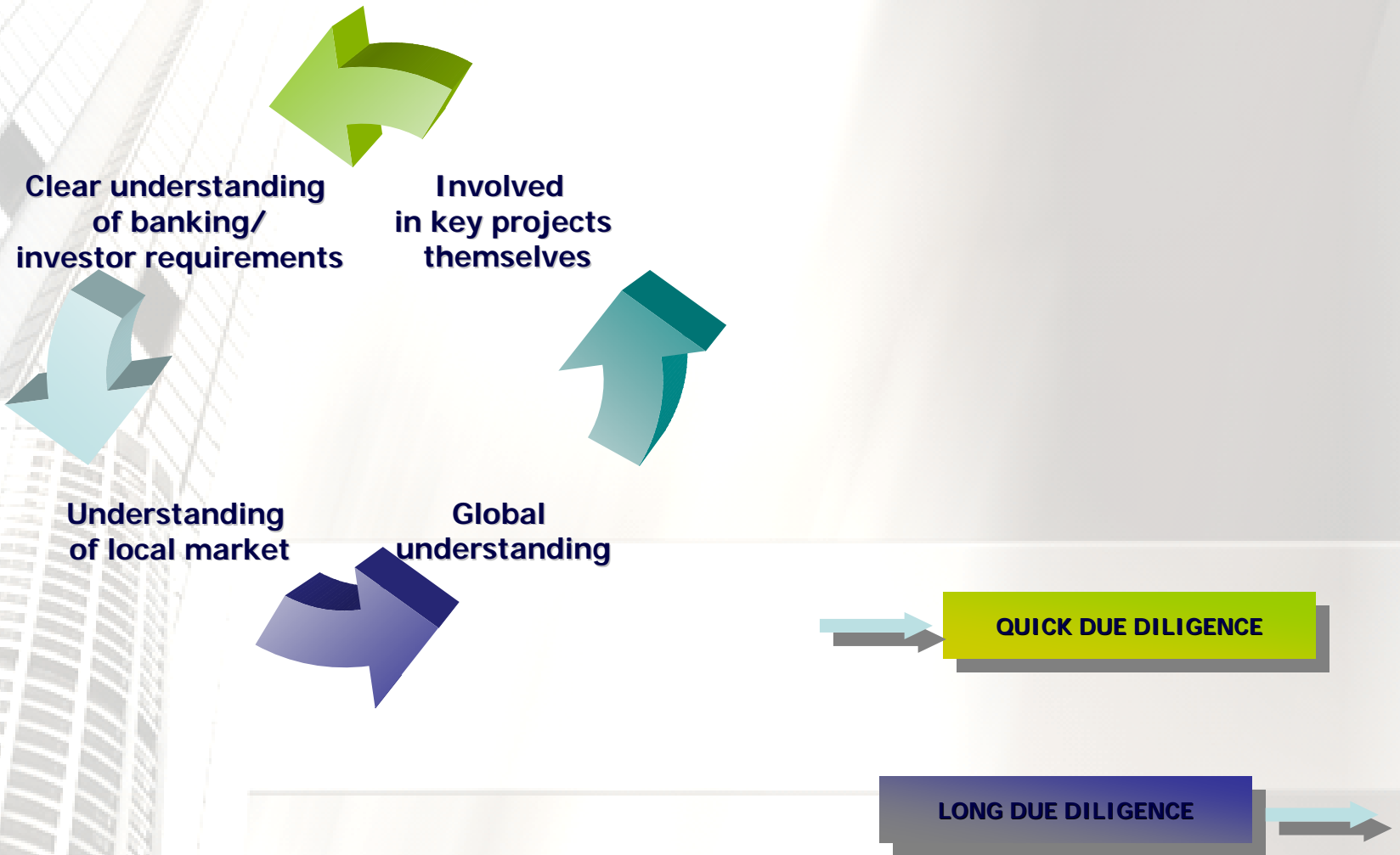
Life Cycle Costs

- **Inadequate Life Cycle Costing Budget**
- Missing Provisions
- Missing "Planned Preventive Maintenance" Programme

- Great Price “Looks Good on Paper/ Visually Looks Nice”
- Identifying Hidden Dangers
- Knowing Past History
- Identifying Investment Gems



Choosing Your Due Diligence Advisors



Past / Current Due Diligence Clients

Ruperti Project Services International



EBRD



Deutsche Bank



Barclays Capital



JP Morgan



Unicredit



Bank of Austria



Anglo Irish Bank



Alpha Capital



Accent

PHI



AIG



OPIC



Roscredit Bank



Lotte

RED Real Estate



Limitless



Quinn



Cube

Redwood Group



Mirax

Mixed use

Project: Kievskoye Shosse mixed use development

Client: RED Real Estate

Area: 1, 200, 000 square meters

Services: Development Management Services



Project: Avia Park, Khodynskoye Pole, Moscow

Client: OAO Aviatsionny Park

Area: 950,000 sqm

Services: Development Management, Feasibility Studies, Cost Management, Design Review, Development management services



Our projects

Ruperti Project Services International



Retail

Project: Shopping Centre in Krasnodar

Client: BV Development

Area: 106,390 square meters

Services: Project and Cost Management



Project: Retail Park, Novosibirsk

Client: RosEvro Development

Area: 173,600 square meters

Services: Cost Planning



Project: IKEA Teply Stan

Client: IKEA

Area: 150,000 sqm

Services: Cost Management Assistance



Project: IKEA Samara

Client: IKEA

Area: 130,000 sqm

Services: Project and Cost Management Support Services

Project: IKEA Ufa

Client: IKEA

Area: 135,600 sqm

Services: Cost Management, Bill of Quantities

Logistics

Project: Tomilino Logistics Park

Client: Tomilino Investment Trust

Area: 105,000 sq m

Services: Technical Employer's Duties, Project & Cost Management, Legal Services



Project: Terminal Park, Solnechnogorsk

Client: Parkridge Holdings

Area: 182,000 sq m

Services: Employer's Duties, Technical Supervision, Project & Cost Management and Legal Services



Project: Domodedovo Logistics

Client: Redwood Group

Area: 700,000 sq.m.

Services: Initial Investment Due Diligence



Our projects

Ruperti Project Services International



Business Centres

Project: Slava, Moscow

Client: Swanke Hayden Connell Architects

Area: 480,000 sqm

Services: Cost Management



Project: World Trade Centre

Client: World Trade Centre

Area: 70,000 sq m

Services: Main Contractor Tender



Project: Khimki Business Centre, Phase III

Client: IKEA

Area: 21,500 sq m

Services: BoQ, Cost Plan



Residential

Project: High-Rise Mixed-Use Development, Stavropol

Client: OOO ZhilstroyInvest

Area: 195,000 sqm

Services: Project Management, Cost Management,
Supervision of Technical Employer's Role, Legal
Services

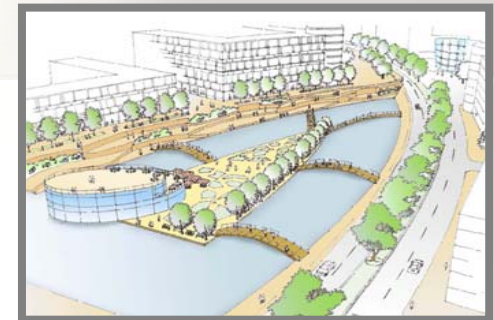


Project: Ivakino Project, Moscow

Client: Limitless

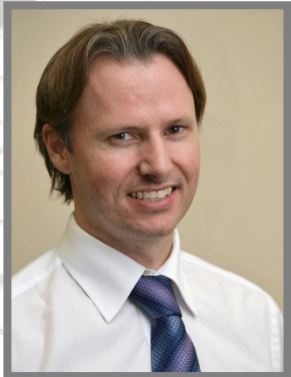
Area: 577,641 sqm

Services: Full Scope of Cost Management



Contact Details

Ruperti Project Services International



Paul Grace

Partner

grace@rpsi.ru

Mobile 007 926 519 8080

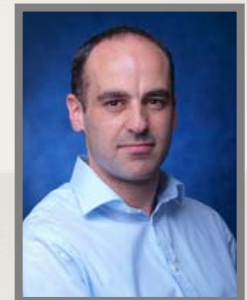
Office 007 495 983 0850



Tim Ruperti



Marina Markina



David Squire