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Hotel Moskva Co-Owner to Buy Shares From Lauder

By The Moscow Times

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Mikhail Shishkhanov, president of Binbank, is purchasing a 49 percent share in the Moskva Hotel from Hotel Company, becoming a partner in the project with Suleiman Kerimov and Arkady Rotenberg.

Shishkhanov is purchasing 49 percent of Dekmos construction company from Hotel Company, the businessman's representative reported. A City Hall official and a source close to Hotel Company management confirmed the report. Dekmos is carrying out construction of the Moskva Hotel near the Kremlin.

Shishkhanov is purchasing the stake with personal funds, his representative said.

The total size of the complex is 185,000 square meters, of which the hotel is to occupy about 73,000 square meters (including a hotel, residences and an apart-hotel). The remainder is to be occupied by a shopping arcade, offices and conference center.

According to Stanislav Ivashkevich, deputy director for development at Richard Ellis, the whole complex is worth up to $1 billion, but the hotel is worth about $150 million. A source close to Hotel Company management says Shishkhanov will pay more than $150 million for his stake in Dekmos.

Companies affiliated with Kerimov and Rotenberg each own 25.5 percent of Dekmos. A source acquainted with the Dekmos shareholders says that, after construction is completed (projected for 2012), the partners can divide the project. Shishkhanov would get the hotel and other co-owners would get the rest.

Hotel Company plans to put the money received from Shishkhanov for the 49 percent of Dekmos toward the purchase of its own shares from American billionaire Ronald Lauder, Vedomosti sources said.

Hotel Company was conceived as a joint venture between the city of Moscow and Lauder (whose interests are managed by Kerimov's former managers). At the end of 2009, Lauder was supposed to receive 51 percent of the company, investing 31.7 billion rubles ($1.12 billion). But the deal didn't go further because Moscow changed its plans with the new mayor's arrival.

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