

VTB Picks Up Where Ex-Senator Pugachyov Left Off

By [The Moscow Times](#)

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A bright VTB logo. The bank has formed a subsidiary to handle more than 1,000 hectares along Rublyovo-Uspenkoye Shosse, an area that's home to politicians and celebrities. **Andrei Makhonin**

Vneshtorgbank established its subsidiary VTB Real Estate specifically to develop more than 1,000 hectares along Rublyovo-Uspenkoye Shosse transferred to the state bank for a \$2.4 billion debt held by former Senator Sergei Pugachyov's OPK Development.

In the course of 15 years, VTB vice president Pavel Kosov said, the organization, renamed Gorodskaya Derevnnya, is expected to develop 1.5 million square meters, including cottage settlements, low-rise houses and commercial real estate.

OPK had promised to erect 1 million square meters of elite real estate on the land, but VTB plans to build just 500,000 square meters on the plot.

For the time being, only one of the 20 plots of land is being exploited — for the Nikolo-

Uspenskoye villa community. The community is expected to require an investment of \$100 million to develop 30 hectares of land, and the bank has valued the land at \$70 million, or roughly \$23,000 per 100 square meters.

Land Management general director Yury Lakeyev estimated the actual market price for the land at \$8,000 to \$12,000 per 100 square meters.

Aside from the cost for the land acquisition, the general amount of investment in the project may be \$3 billion, including investments in infrastructure and utility connections, Blackwood managing partner Konstantin Kovalyov said.

The financing of the project will pass through a closed-end investment fund, Kosov said. By year's end, the plots and money will be transferred to the fund. VTB Real Estate does not intend to spend more than \$446 million — borrowed from the state bank — on the entire project. For that reason, it does not exclude the possibility of finding third-party investors or selling shares in Gorodskaya Derevnnya.

Kovalyov said he would not consider an increase in the size of the development out of place. On this territory, it would be possible to build twice as much, he said, and 1.5 million square meters would correspond to the present market demand.

A larger number of living spaces would call for larger investment in infrastructure, including major projects whose development is not justifiable for a district of 500,000 square meters, Lakeyev said.

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