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Hotel National Owners Have Offer to Double Auction Price

By The Moscow Times

February 20, 2012

The city of Moscow may have been somewhat hasty with the sale of the Hotel National, as the affiliates of the Gutseriyev family's and Mikhail Shishkhanov's Bin Group that bought it in December for $155 million, received an offer to sell it for more than twice that price.

The owners of the Ritz-Carlton Hotel on Tverskaya Ulitsa made an offer to Smart Finance Group to buy the hotel for $350 million, a source close to the group's management said.

In December last year, Smart, acting on behalf of Shishkhanov in the interest of his uncle Sait Gutseriyev, bought the National almost without a struggle in an auction organized by the city, paying 4.67 billion rubles ($155 million).

Until last year, the Kazakh company Capital Partners was considered the owner of the Ritz-Carlton. However, it became known last spring that the asset had been transferred to the investment company Verny Capital, which market participants say is linked to former Kazakh

presidential adviser Bulat Utemuratov.

A representative of the Moscow Property Department said that before the auction of the National, Verny Capital staff studied the documentation, but did not take part in the bidding.

The National has 201 rooms in a building with total area of 21,530 square meters and a plot of 0.43 hectares. In addition, the auction lot included works of art that belonged to the royal family.

Stanislav Ivashkevich, deputy development director of CB Richard Ellis, said the National would be extremely overpriced at $350 million. He said the hotel is worth between $150 million and $170 million.

Jones Lang LaSalle Hotels vice president Marina Usenko said before the auction that the National could cost much more. In Europe, similar "trophy" hotels were sold for not less than 1 million euros ($1.3 million) per room even during the crisis, while the National fetched approximately 550,000 euros per room.

It is not known whether Bin Group intends to accept Verny's offer. Four Seasons might be called in to manage the National, according to a source that competed with Bin at the auction. The Moskva Hotel's hotel part, which belongs to Shishkhanov, opened under the Four Seasons brand name.

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