



# Real Estate, Construction, Land Law and Financial Services




**KONNOV &  
SOZANOVSKY**

ATTORNEYS AT LAW



# About Us



Established in 1992, Konnov & Sozanovsky is one of Ukraine's leading law firms, with offices in Ukraine, Russia, Cyprus and the UK. The firm is ranked among the top ten Ukrainian law firms according to a top Ukrainian legal periodical, The Yuridicheskaya Praktika ("The Practice of Law") 1997-2007 annual surveys.

With extensive knowledge of Ukrainian and international law, as well as a thorough understanding of commerce in Ukraine, our firm is able to meet clients' needs, both domestic and foreign, in every area of law.

We provide comprehensive legal assistance to our clients in the most popular business areas of law such as copyright and media law, competition law, corporate law, real estate, construction and land law, representation in courts, tax law, trade marks, patents, commercial and trade law, securities and financial institutions.

We adopt an individual approach in each case, taking into consideration the peculiarities of a client's business and his preferences. Our practice includes provision of legal assistance in various sectors of economy such as advertising and design, agriculture, banking, energy and power, food industry, insurance, investments and equity market, light industry, media and telecommunications, pharmaceutical, privatization, publishing, real estate and construction, software, spirits industry, tobacco industry, trade and distribution, production of veterinary medications.

## Publications

Our real estate department's lawyers are prolific authors and seasoned analysts. They are published in leading business and legal periodicals, such as Stroitel'naya Buhgalteriya, Buhgalteriya Newspaper, Companion, Ekonomicheskoye Izvestia (Economy News), Comersant, Kontrakt, The Yuridicheskaya Praktika, The Ukrainian Lawyer, The Ukrainian Journal of Business Law, Property Times, Commercial Property, Ukrainian Law Firms (A Handbook for Foreign clients) and others.

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These lawyers actively participate in seminars and conferences related to investments, development of construction, including use of securities, institutions of joint investment, funds of construction financing, etc., land issues, special features of cottage and townhouse construction.

## Professional Memberships

The firm is a full member of American Chamber of Commerce (ACC), European Business Association (EBA), Ukrainian Bar Association (UBA), International Trademark Association (INTA), Cypriot-Russian Business Association, Cypriot-Ukrainian Business Association.

Our lawyers are members of: American Bar Association (ABA), Association of International Tax Consultants (AITC), Inter-American Bar Association (IABA), International Association for the Protection of Intellectual Property (AIPPI), International Bar Association (IBA), International Fiscal Association (IFA), International Trademark Association (INTA), Law Society of Upper Canada, Ukrainian Advocates' Association (UAA), Ukrainian Bar Association (UBA), Ukrainian Patent Attorney Association. The firm's lawyers hold executive positions in committees of American Chamber of Commerce in Ukraine (ACCU), European Business Association (EBA).



# Our Services

## Securities and Financial Institutions

Konnov & Sozanovsky advises clients on issues involving the registration and circulation of securities (shares, bonds, bills, mortgage securities, investment certificates, real estate fund certificates), financial instruments (options) and financial institutions.

### Development of Securities Optimization Schemes

- Tax and cash-flow optimization structures involving securities
- Internal funding models using joint investment institutions
- Alternative financing programs involving shares, bonds, options, other financial instruments

### Financial Services in Construction

- Individualized evaluation of optimal financial approaches using securities (shares, bonds, bills, mortgage securities, investment certificates) or other loan and credit funding models with use of non-resident corporate structures
- Creation of financial models for use of targeted or discount bonds for purposes of construction financing with future support of transactions involving the placement and redemption (annulment) of securities

### Mortgage Financial Services

- Development and legal servicing of mortgage lending
- Creating “seller-buyer-bank” mortgage mechanisms

- Creating bank refinancing schemes using securities and alternative financing of goods market participants
- Servicing transactions with mortgage securities (real securities, mortgage bonds, mortgage certificates with fixed profitability, mortgage certificates of interest)
- Forming and processing mortgage models (consolidated mortgage debt and mortgage pool)

### Registration of Capital Issues

- Registration of private and public capital issue
- Registration of investment certificates, shares

### Registration of Financial Institution

- Establishment of asset management companies with registration of private non-diversified investment funds (venture funds)
- Assistance in establishing professional market-makers (securities trading), and financial institutions having rights to manage real estate construction assets (construction financing funds)

### Servicing Securities Transactions

- Drafting agreements between an issuer (investor) and other securities market participants
- Representing clients in disputes involving securities market violations

# Our Services

## Real Estate, Construction and Land Law

Konnov & Sozanovsky has acquired a wealth of experience across the full range of real estate and financial activities. Our firm provides legal support to large national and international businesses in all aspects of real estate, construction, land law and financial law.

### Acquisition

- Legal support of transactions including land plots, buildings, commercial property, villas
- Due diligence of real estate objects and land plots to be acquired and/or legal entities, which are owners of such objects/plots.
- Tax audit of transactions
- Drafting of contracts in the field of real estate on the basis of a client's interests

### Leasing

- Drafting and review of all types of contracts in leasing transactions
- Legal services for leasing, in particular, connected with purchase and sale of equipment; taking part in negotiations
- Tax audit of transactions; taxation of leasing payments
- Preparation of financial structures
- Real estate litigation

### Land Issues

- Due diligence of land plots for different services
- Review of alternative ways of obtaining land rights
- Land developments and closings
- Land use planning and rezoning
- Land use referenda and initiatives
- Disputes relating to the use and occupation of land
- Trial and appellate litigation on all land use matters
- Boundary disputes
- Townhouse construction and financing

We offer advice on:

- Ownership
- Land use
- Due diligence
- Taxation
- Financing
- Other issues
- Planning, engineering and building
- Obtaining location permit, construction permit, estimation documentation, architectural and technical objectives, technical terms and conditions
- Judicial review of planning decisions
- Register property ownership
- Providing advice in respect of compliance systems and regulatory action

## Project Financing

- Legal Due Diligence related to:
  - construction permits
  - financing terms
  - construction financing process title
- Drafting and review of all types of contracts in construction
- Development of financial models and tax optimization.
- Among the mentioned we propose the following: venture funds; bonds (with discount, for purpose); options; special financial and credit mechanisms (funds of construction financing) and others
- Advising on all aspects of investment funds and pooled investment from initial structuring of a vehicle to the legal, regulatory and tax aspects of establishing and operating a fund
- Legal services related to investment in construction and land transactions
- Tax audit of transactions
- Negotiating purchase and sale agreements
- Preparing deeds and easements
- Developing construction financing models (with financial intermediaries or without them as follows: mechanisms of construction financing funds (CFF) and funds of real estate operations (FREO); bonds (purpose bonds, interest-bearing bonds, bonds with discount); option contracts; institutes of co-investment
- Negotiation and preparation of development agreements
- Public financing of subdivision and infrastructure improvements
- Annexation matters, including pre-annexation agreements

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Having long been the one of Ukraine's key economic spheres, real estate and construction continue to hold strong interest among investors.

Investment in capital assets is growing dynamically. With an average real estate price increase in Ukraine of 75.3% since 1999, there are no material counter-vailing factors which would point to a decrease in the value of real estate.

To the contrary, real estate investors are now entering the market in greater strength and in ever more sophisticated ways, with the concurrent need for increasingly sophisticated legal support.

# Recent Cases

Real estate department specialists have advised leading international and Ukrainian companies. During 2006 and 2007, the department was engaged in a number of projects, such as:

- Providing legal advice to a number of foreign companies in the proposed acquisition of a Ukrainian bank
- Advising a Ukrainian construction company on a proposed merger with the Ukrainian branch of an international construction corporation
- Drafting financial models in construction with application of corporate bond issuance
- Due diligence of a recreational complex in Crimea, Yalta, examining the possibility of purchasing it and land lease. The aim of the client was to demolish the complex and to construct new living premises.
- The results of due diligence confirmed the legality of purchasing the property, but discovered legal obstacles in future demolition of the complex (plants, registered in The Red Book, sanitary zone around the park situated nearby). The client was also interested in determining the best way to purchase a recreational complex (to purchase corporate rights of the legal entity – owner of the recreational complex or to purchase recreational complex or to purchase corporate rights of the owner’s founder)
- Due diligence of industrial enterprise in Kiev with the purpose to define the possibility of its assets purchase. The client planned to convert an industrial enterprise into a residential complex. The results of due diligence revealed the illegality of reconstruction because the land plots with industrial enterprise were located in sanitary zone of cemetery. The transaction was canceled
- Registration of corporate bond issuance for construction of living premises, villas, commercial property ( the total amount of issuance was 100 million dollars)
- Drafting crediting programs for Ukrainian banks
- Legal support for the establishment of an asset management company
- Drafting legal models for the building of townhouse complexes and construction of country clubs
- Organization and legal support for investment into construction of residential complex
- Drafting financial models and tax optimization in construction
- Drafting various investment contracts
- Advising the Ukrainian Security
- Service as to the questions of venture funds activity, taxation and securities operation

# Team



## **Sergei Sozanovsky, Senior Partner**

### **Practice:**

Sergei Sozanovsky supervises such areas of law as construction, real estate and land as well as tax and corporate law. He concentrates his practice primarily on land and real estate including administrative procedures in the area of construction.

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## **Vitaliy Pravdyuk, Senior Associate**

### **Practice:**

Vitaliy concentrates his activity in decision of questions, related to real estate and rights on land. Vitaliy has a rich experience of practical activity in large Ukrainian investment and construction companies. He has an experience of legal support of complete cycle of construction of objects of dwelling, trade, logistic and office purposed designation.

Vitaliy is the certificated specialist on the management of assets of institutions of joint investment.

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## **Dmitriy Sichkar, Associate**

### **Practice:**

Profound knowledge and rich experience of work allow Dmitry Sichkar easily to get along at the most difficult transactions in the field of the real estate and land issues.

Dmitry has a rich experience of activity in the field of acquisition, alienation and use of land. He has written more than 50 publications on issues of real estate and land resources.

Dmitry is a member of association of bars of Ukraine, association the «Land union of Ukraine» and association of specialists on real estate. He is the certificated specialist on the management of assets of institutions of joint investment.

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