

# Land Sale by Defense Ministry Brings Court Case

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The Samara branch of the Federal Property Management Agency has filed a lawsuit against the Defense Ministry, alleging that the ministry auctioned off property for a price 2.2 times lower than its appraised value. Above, the Defense Ministry building in Moscow. **Sergei Nikolayev**

A firm with ties to the Defense Ministry has landed in hot water over the sale of real estate in a prime neighborhood in the southern city of Samara, with a federal agency saying the price tag was far too low, Kommersant reported.

Following the auction of about 5,200 square meters of land and buildings, the Samara branch of the Federal Property Management Agency filed a lawsuit in the region's arbitration court seeking to have the auction declared null and void, Kommersant said Friday in its Volga edition.

A factory owned by the Defense Ministry, the Samara Clothing Equipment Repair Facility, filed bankruptcy in February 2011.

In March, the facility's assets — the real estate — were sold at auction for 34.6 million rubles (\$1.1 million) to a Samara-based company, Prombezopasnost.

The Samara branch of the federal agency said in court papers that “at a minimum, the price was 2.2 times lower than the price determined in an appraisal of the price made in accordance with the procedure in federal law.”

In spring 2011, the branch received a broker's appraisal estimating the factory's real estate assets at 76.6 million rubles. In its court documents, it said “the auction was conducted without the report of the government agencies having authority over the matter.”

The man who ran the facility's bankruptcy proceedings said the same assets were sold at auction for about 6.5 million rubles in fall 2010, Kommersant reported. He said he already has been investigated by the police, the prosecutor's office and the Federal Service for State Registration, Cadastre and Cartography because of the scandal.

Prombezopasnost didn't comment to Kommersant about the possibility that the auction would be annulled.

Yelena Stryukova, a senior consultant for regional projects with real-estate firm Cushman & Wakefield, told The Moscow Times that property in Samara can cost from \$200 to \$450 per square meter, depending on its location and use. That suggests a range of \$1 million to \$2.3 million for a 5,200-square-meter property.

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