

**PRESS RELEASE****ARBITRATION BETWEEN EVEREST ESTATE LLC AND OTHERS
AS CLAIMANTS AND THE RUSSIAN FEDERATION**

THE HAGUE, 26 OCTOBER 2017

Hearing on the Merits Held in The Hague

As reported previously (Press Release dated 5 April 2017), the Tribunal issued its unanimous Decision on Jurisdiction in this matter on 20 March 2017.

On 20 April 2017, having sought the views of the Parties, the Tribunal issued its Procedural Order No. 2, establishing a procedural timetable for the merits phase of the proceedings. Given that the Respondent is not participating in the proceedings, the Tribunal decided to put questions to the Parties arising from the Claimants' submissions in advance of a hearing on the merits scheduled for October 2017.

On 30 May 2017, in accordance with Procedural Order No. 2, the Tribunal posed questions on the merits to the Parties.

On 11 August 2017, the Claimants submitted their responses to the Tribunal's questions. The Respondent did not submit any responses.

As scheduled, the hearing on the merits was held from 5 to 6 October 2017, at the Peace Palace in The Hague. Mr. John M. Townsend, Mr. Marc-Olivier Langlois, Mr. James H. Boykin, Mr. Leon Ioannou, Mr. Vitaly Morozov, Ms. Marina Drapey, Ms. Eleanor Erney, Mr. Alexander Bedrosyan and Ms. Ekaterina Botchkareva of Hughes Hubbard & Reed LLP, as well as Mr. Vladimir Yemtsev of Thesis Law Firm, attended for the Claimants. Although invited, the Russian Federation did not attend the hearing or otherwise participate.

The Tribunal examined two fact witnesses, one expert in Ukrainian law and one valuation expert, all presented by the Claimants. The Tribunal also put several questions to the Claimants, which they partly addressed during the hearing. *Inter alia*, the Tribunal asked the Claimants to attempt to use an alternative approach to the valuation of their claims.

Following the hearing, the Parties were granted leave to address the Tribunal's outstanding questions, as well as any other matters arising out of the hearing, in post-hearing submissions to be filed by 11 December 2017. The Parties were also requested to answer additional questions and to provide further information and evidence in respect of certain matters.

The transcript of the hearing has been delivered to the Parties.

Background on the Arbitration

The above-referenced arbitration was commenced by the Claimants against the Russian Federation pursuant to the Ukraine-Russia BIT and in accordance with the UNCITRAL Arbitration Rules 1976 on 19 June 2015. The Claimants contend that, as of August 2014, the Russian Federation breached its obligations under the Ukraine-Russia BIT by interfering with and ultimately expropriating their investments in real estate located in Crimea.

The Tribunal was constituted on 27 October 2015. It is comprised of Dr. Andrés Rigo Sureda (Presiding Arbitrator), Professor W. Michael Reisman (appointed by the Claimants), and Professor Dr. Rolf Knieper (appointed by the appointing authority, Mr. Michael Hwang, on behalf of the Respondent).

Under the instructions of the Tribunal, the PCA will issue press releases from time to time containing information on the procedural steps taken by the Tribunal. Basic information about the proceedings is available on the PCA Case Repository <http://www.pcacases.com>.

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Background on the Permanent Court of Arbitration

The Permanent Court of Arbitration is an intergovernmental organization established by the 1899 Hague Convention on the Pacific Settlement of International Disputes. The PCA has 121 Contracting Parties. Headquartered at the Peace Palace in The Hague, the Netherlands, the PCA facilitates arbitration, conciliation, fact-finding, and other dispute resolution proceedings among various combinations of States, State entities, intergovernmental organizations, and private parties. The PCA's International Bureau is currently administering 5 interstate disputes, 75 investor-State arbitrations, and 46 cases arising under contracts involving a State or other public entity. More information about the PCA can be found at www.pca-cpa.org.

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