



Treaty Series No. 3 (2005)

Exchanges of Notes

between the Government of the United Kingdom of Great
Britain and Northern Ireland and the Government of the Russian
Federation concerning the Commercialisation of Sites in
London and Moscow

and

concerning Estate Matters of Mutual Interest

London, 10 November and 1 December 2004

[The Exchanges of Notes entered into force on 1 December 2004]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
February 2005*



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**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE RUSSIAN FEDERATION CONCERNING THE
COMMERCIALISATION OF SITES IN LONDON AND MOSCOW**

No. 1

The Foreign and Commonwealth Office to the Embassy of the Russian Federation

*London
10 November 2004*

The Foreign and Commonwealth Office presents its compliments to the Embassy of the Russian Federation and, with reference to the agreements between the delegations of the Ministry of Foreign Affairs of the Russian Federation and the Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland achieved at the negotiations in London and Moscow, has the honour to propose the following:

- (1) The Government of the Russian Federation ("the Government of Russia") shall relinquish its rights under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics concerning the Mutual Provision of Sites for the Construction of Embassies of the Two Countries Respectively in Moscow and London signed in Moscow on 31 March 1987¹ ("the Sites Agreement") in respect of the site at 245 Warwick Road ("the Site"), the application of the Sites Agreement to the Site having been confirmed in accordance with Article 10(5) of the Sites Agreement by Diplomatic Note Number 279 of 2 September 1988 from the Government of the Union of Soviet Socialist Republics and Diplomatic Note Number 136 of 16 September 1988 from the Government of the United Kingdom of Great Britain and Northern Ireland ("the United Kingdom Government").
- (2) The United Kingdom Government shall convey to the Government of Russia the freehold interest in the Site.
- (3) The United Kingdom Government agrees to the proposal of the Government of Russia to transfer a leasehold interest in the Site to an investment company in order to obtain financing for the works related to the construction of Embassy premises of the Russian Federation. The Site shall not, after the transfer of the freehold interest to the Government of Russia be regarded as a part of the premises of the diplomatic mission of the Russian Federation for the purposes of the Vienna Convention on

¹ Treaty Series No. 42 (1987) Cm 207

Diplomatic Relations.¹ The Site shall also be subject to all usual controls under English law including, but not limited to, building control and the requirement to obtain planning consents. From the date of the freehold transfer, the Site shall be subject to all normal dues and taxes, howsoever incurred.

- (4) As consideration for the transfer of the freehold interest by the United Kingdom Government, the Government of Russia shall pay to the United Kingdom Government the sum of Eight Million One Hundred and Twenty Five Thousand Pounds (£8,125,000) Sterling (“the Consideration”). Both sides note that the payment of the Consideration will be effected by the Government of Russia on the same day that the freehold interest transfer is completed.
- (5) The Government of Russia, should it receive a corresponding request from the Government of the United Kingdom, agrees to negotiate arrangements for the future commercial usage of the site (or part thereof) at 14 Sofiyskaya Embankment, Moscow. In return for agreeing to commercialise this site (or part thereof), the Government of the United Kingdom agrees to pay the Government of Russia compensation calculated in accordance with the commercial principles underlying this Agreement, the specific terms of which shall be the subject of separate negotiations.
- (6) The United Kingdom Government and the Government of Russia agree that from the date of entry into force of this Agreement, the Sites Agreement, the Agreement between the United Kingdom Government and the Government of Russia concerning the Leases of New Embassy Premises in Moscow and London with Annexes dated 15 October 1996² and the Agreement between the United Kingdom Government and the Government of Russia on the Design and Construction of Embassy Buildings in Moscow and London with Annexes also dated 15 October 1996³ shall no longer apply to the Site.

If these proposals are acceptable to the Government of Russia, the Foreign and Commonwealth Office have the honour to suggest that this Note and the reply thereto of the Embassy of the Russian Federation shall constitute an Agreement between the two Governments which shall enter into force on the date of the Embassy’s reply and which shall form an integral part of the Sites Agreement.

The Foreign and Commonwealth Office avails itself of the opportunity to renew to the Embassy of the Russian Federation assurances of its highest esteem.

¹ Treaty series No. 19 (1965) Cmnd 2565

² Treaty Series No. 1 (1997) Cm 3502

³ Treaty Series No. 2 (1997) Cm 3503

Translation of No.2

The Embassy of the Russian Federation to the Foreign and Commonwealth Office

London

1 December 2004

The Embassy of the Russian Federation has the honour to acknowledge receipt of the Note verbale No. FCO/ESU 1/2004 from the Foreign and Commonwealth Office dated 10 November 2004, of the following tenor:

[As in No. 1]

In response, the Embassy has the honour to inform the Foreign and Commonwealth Office that the proposals set out above are acceptable to the Government of Russia which accordingly signifies its assent to the suggestion that the Note from the Foreign and Commonwealth Office and this reply shall constitute an Agreement between the two Governments, which shall enter into force on the date of this reply and shall be considered an integral part of the Sites Agreement.

The Embassy of the Russian Federation avails itself of the opportunity to renew to the Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland assurances of its very highest esteem.

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE RUSSIAN FEDERATION CONCERNING ESTATE
MATTERS OF MUTUAL INTEREST**

No. 1

The Foreign and Commonwealth Office to the Embassy of the Russian Federation

*London
10 November 2004*

The Foreign and Commonwealth Office presents its compliments to the Embassy of the Russian Federation and, with reference to the agreements between the delegations of the Ministry of Foreign Affairs of the Russian Federation and the Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland achieved at the negotiations in London and Moscow, has the honour to propose the following:

- (1) It is noted by both the Government of the Russian Federation ("the Government of Russia") and the Government of the United Kingdom of Great Britain and Northern Ireland ("the United Kingdom Government"), that following the expiry of the 10 year period during which the United Kingdom Government made available to the Government of Russia the land and building at 16 Kensington Palace Gardens under Article 2(1) of the Exchange of Notes of 22 November 1991¹ between the United Kingdom Government and the Government of the Union of the Soviet Socialist Republics ("the 1991 Exchange of Notes"), the Government of Russia returned that property to the Crown Estate Commissioners on 31 December 2000.
- (2) If the United Kingdom Government continues to lease the properties at 9 Bolshoy Nikolopeskovsky Pereulok and 34 Skatertny Pereulok, it shall from 1 January 2001 pay the current commercial market rent as agreed with GlavUPDK.
- (3) The United Kingdom Government agrees that it shall make no charge for any dilapidations liability that it agrees with the Crown Estate Commissioners in respect of 16 Kensington Palace Gardens arising from the period of Russian use up to 1 January 2001. The Government of Russia agrees that it shall make no charge for any dilapidations liability in respect of the two properties at 9 Bolshoy Nikolopeskovsky Pereulok and 34 Skatertny Pereulok arising from the period of United Kingdom use up to 1 January 2001.

¹ Treaty Series No.27 (1992) Cm 1930

- (4) If the Government of Russia continues to lease the residential apartments at 7, 7a and 8 Kensington Palace Gardens Mews, it shall, from 1 January 2001, pay the current commercial market rent as agreed with the Crown Estate Commissioners.
- (5) Both the United Kingdom Government and the Government of Russia agree to waive any claims outstanding at 1 January 2001 in respect of reciprocal payments due under the 1991 Exchange of Notes, and also any claims outstanding at that date regarding the payment of insurance premia under the leases of 13 Kensington Palace Gardens and 14 Sofiskaya Embankment. For insurance cover for 13 Kensington Palace Gardens and 14 Sofiskaya Embankment from 1 January 2001 onwards, each of the United Kingdom Government and the Government of Russia shall be liable for one half of the insurance premium on each building. The United Kingdom Government shall, until agreed otherwise, continue to arrange the insurance policies on both properties on the understanding that the Government of Russia shall reimburse to the United Kingdom Government half of each premium, within one month of presentation of relevant invoices. The payment relating to 13 Kensington Palace Gardens shall be reimbursed by the Embassy of the Russian Federation: and that for 14 Sofiskaya Embankment by GlavUPDK.
- (6) It is noted that insofar as the arrangements set out in this Agreement are inconsistent with the 1991 Exchange of Notes, the arrangements set out in this Agreement shall prevail.

If these proposals are acceptable to the Government of Russia, the Foreign and Commonwealth Office have the honour to suggest that this Note and the reply of the Embassy of the Russian Federation thereto shall constitute an Agreement between the two Governments which shall enter into force on the date of the Embassy's reply and shall be considered an integral part of the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics concerning the Mutual Provision of Sites for the Construction of Embassies of the Two Countries Respectively in Moscow and London signed in Moscow on 31 March 1987¹ ("the Sites Agreement").

The Foreign and Commonwealth Office avails itself of the opportunity to renew to the Embassy of the Russian Federation its assurance of its highest esteem.

¹ Treaty Series No. 42 (1987) Cm 207

Translation of No. 2

The Embassy of the Russian Federation to the Foreign and Commonwealth Office

London

1 December 2004

The Embassy of the Russian Federation has the honour to acknowledge receipt of the Note verbale No. FCO/ESU 2/2004 from the Foreign and Commonwealth Office dated 10 November 2004, of the following tenor:

[As in No. 1]

In response, the Embassy has the honour to inform the Foreign and Commonwealth Office that the proposals set out above are acceptable to the Government of Russia, which accordingly signifies its assent to the suggestion that the Note from the Foreign and Commonwealth Office and this reply shall constitute an Agreement between the two Governments, which shall enter into force on the date of this reply and shall be considered an integral part of the Sites Agreement.

The Embassy of the Russian Federation avails itself of the opportunity to renew to the Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland assurances of its very highest esteem.

ISBN 0-10-164772-7



9 780101 647724



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