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PCA PRESS RELEASE

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

THE HAGUE, 13 JANUARY 2017

Claimants Submit Responses to the Tribunal's Questions; Ukraine Allowed to Make Submissions as Non-Disputing Party under the Ukraine-Russia BIT; Hearing on Jurisdiction and Admissibility Held in New York

As reported previously (Press Release dated 9 August 2016), on 27 July 2016, following its decision to continue the proceedings notwithstanding the failure of the Russian Federation ("Respondent") to communicate a Statement of Defense, the Tribunal posed questions to the Parties with respect to issues of jurisdiction and admissibility.

On 30 September 2016, the Claimants submitted their responses to the Tribunal's questions. The Respondent did not submit any responses.

In October 2016, having consulted the Parties, the Tribunal decided to hold the hearing on jurisdiction and admissibility in this matter on 15 December 2016 in New York, United States of America.

On 7 November 2016, having sought the views of the Parties, the Tribunal granted an application from Ukraine to make submissions in this arbitration as the non-disputing party under the Ukraine-Russia bilateral investment treaty ("BIT"). Upon the Tribunal's invitation to all Parties, the Claimants provided comments on Ukraine's submission on 17 November 2016; the Respondent did not provide any comments. On 25 November 2016, the Tribunal denied a request from Ukraine to attend and participate in the hearing on jurisdiction and admissibility.

The hearing on jurisdiction and admissibility was held, as scheduled, on 15 December 2016 in New York. Mr. John M. Townsend, Mr. James H. Boykin, Mr. Vitaly Morozov, Mr. Samuel Cowin, Ms. Eleanor Erney and Mr. Alexander Bedrosyan of Hughes Hubbard & Reed LLP attended for the Claimants. Although invited, the Russian Federation did not attend or otherwise participate. In the course of the hearing, Mr. Townsend made an opening statement on behalf of the Claimants and the members of the Tribunal posed questions to the Claimants. Following the hearing, its transcript and audio-recording were delivered to the Parties. The Parties were granted until 31 January 2017 to address any issues arising from the hearing in post-hearing submissions.

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Background: 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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