
SHORT NEWS

New Measures to Support Lessees of Real Estate in Russia

June 8, 2020 Federal law No. 166-FL was adopted, which introduced numerous changes to legislation connected with the consequences of the coronavirus infection. Among other things, the law provides for the following additional measures to support lessees of real estate:

1. A lessee of state or municipal real estate (except for land plots) has the right to demand extending the lease term for up to one year on the same conditions or other conditions agreed upon by the parties that do not worsen the lessee's position. This right is vested in a lessee that had entered into a lease agreement based on the results of a tender before the decision to introduce the restrictive measures (high alert regime or state of emergency) was adopted provided that the lessee itself had duly fulfilled the conditions of the lease agreement before the said decision was adopted.
2. In relation to state and municipal land plots, a lessee is also entitled, until March 1, 2021, to demand extending the lease term provided that the lease agreement had been entered into before the restrictive measures were introduced in 2020, the lease agreement had not lapsed, and the lessor had not filed a claim for termination of the agreement, by the time when the lessee's application was submitted, and provided that there is no information on any uncorrected violations of legislation committed when using the land plots. Moreover, whether there are rent arrears or not does not affect the possibility of extending the lease term. The period, for which the lease term is extended, may not exceed the original lease term or a maximum of 3 years if the term of the agreement is more than 3 years.
3. A lessee that is a small or medium-sized business entity and carries out activities in the sectors of the Russian economy most affected by the spread of the new coronavirus infection is entitled to demand that the rent be reduced for the period of up to 1 year under a real estate lease agreement. If no agreement is reached with the lessor as to modification of the lease terms and conditions by October 1, 2020 at the latest, the lessee has the right to unilaterally terminate the lease agreement without compensation for losses or payment of other amounts associated with the termination of the agreement to the lessor; however, the security deposit paid by the lessee shall not be refunded in this case.

Federal law No. 166-FL has entered into force on June 8, 2020.

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