



A YOUNG TEXAN GOES TO MOSCOW

Christopher Van Riet: A 25 year-old Houstonian who went to Moscow in 1995 in the middle of the chaos resulting from the dissolution of the Soviet Union, and is now owner / developer of a logistics park including the two largest retail distribution centers in Russian history.



After graduating from the University of Pennsylvania's Wharton School with an economics degree, Chris Van Riet went straight to Wall Street. After two years, in 1995 he took his two-week summer vacation to Moscow, where he interviewed businessmen seeking opportunity in the chaos, as a communist society began its rocky transition toward a free enterprise system.

Chris guessed that youth and energy should have a disproportionate payoff in Russia, especially for someone with his training in the capitalist system. He moved to Moscow and immediately began immersing himself in Russian language, history, and culture. He went to work for Menatep, a Russian financial holding which had been amassed by one of the bold businessmen who became known as The Oligarchs.

Chris soon transferred over to Transaero as Chief Financial Officer, then Russia's largest domestic airline, which was buying Boeing planes and offering a more modern, and safer service to air travelers. (At one point Chris had made a list of all the tail numbers on all aircraft manufactured in the Soviet Union, so he could know the age of the plane he was about to board).

After five years in Moscow, Chris moved to London due to the lack of a developed legal system (private ownership of property was still an evolving concept) and the political uncertainty following the surprise resignation of President Boris Yeltsin and the election of a new president Vladimir Putin – about whom nothing was known at that time.

Putin was to bring stability to Russia, and implemented reforms, including codifying property rights into law, all of which gave business people and investors the certainty required to make substantive investments.

The Eureka! moment for Chris in London was when Mikhail Khodorkovsky, one of the most aggressive oligarchs, disclosed to the media that he OWNED his assets. Until this point, the oligarchs CONTROLLED assets but shielded their ownership in opaque holding structure as many accused them of stealing from the State through corrupt arrangements with government officials.

With ownership possible, Chris moved right back to Moscow in 2003, and this time he stayed.

RN: Chris, what was your focus when you returned to Russia?

CVR: I became interested in businesses that were focused on improving the Russian consumer lifestyle. For example, I invested heavily in Dixy, a supermarket chain. I then saw that the Russian consumer supply chain all the way back to the farmer was non-existent or primitive and inefficient. I considered this area an opportunity to make money by helping improve the system.

RN: Where did you start?

CVR: We launched an IPO for Dixy, to bring in capital to grow and improve the business. This led to contacts with John Deere, who wanted to sell modern farm machinery to Russian farmers, many of whom were still using antiquated methods. This began a long relationship with John Deere, and eventually the company I founded, Radius, was chosen to develop a ~ 800,000ft warehouse for them to house one of their four global strategic spare parts depots, a machinery manufacturing operation, and – eventually – their Russian head office.

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RN: But isn't the John Deere tenancy only one of a much larger project in Moscow?

CVR: Yes. We have under development a 650-acre warehouse park 20 minutes south of Moscow and near one of its large airports. Among our current customers are DHL, Auchan, Decathlon, Leroy Merlin, NEXT, GM, Kimberly-Clark, Volvo Trucks, Iron Mountain, and others.

We are now strategically moving toward providing large eCommerce fulfillment warehouses, which in Russia, as well as in the rest of the world, are needed.

If I may be allowed to brag just a bit, we are gratified by the many recognitions we have received, such as "Business of the Year" from the American Chamber of Commerce; "Best Industrial Warehouse Developer in Central and Eastern Europe" from Euromoney; "Warehouse and Industrial Real Estate Company of the Year" from Green Awards; and certifications from BREEAM for "International Energy Efficiency and Environmental Safety".

RN: How have you financed your warehouse and logistics projects?

CVR: We realized from the outset the importance of avoiding high debt levels and short term borrowing given the scale and time horizons of our development ambitions. In our substantial South Gate project, we have about two thirds equity and one third debt.

RN: Chris, we have lots of readers at RED News who are young professionals, just starting out. Can you give them some advice on the keys to a successful career in commercial real estate, and in business practices in general.

CVR: Yes Ray, I can. Maybe it is best to put them as "bullet points":

- Resilience is key. Believe in what you are doing and move forward despite the inevitable barriers, uncertainties, and complications.
- Stick to your core values, and, when in doubt, speak the plain, simple truth.
- Never be afraid to ask for help. There are always people out there ready to lend a helping hand when asked.
- If offered a deal that sounds too good to be true, be aware, it probably isn't.
- Understand what value YOU bring, and focus on delivering that value to your endeavor.
- Don't try to do something you really should not be doing.
- And finally, this thought: diligence and hard work are always pay-off in the long run. ■