

# Clarification of the press release published on 27/5/2020 concerning Union Properties Undertaking Legal Procedures to Claim Approximately AED 1.5 Billion



Due to several inquiries by shareholders and the media regarding the press release published on 27/5/2020, the company's management decided to shed more light regarding this press release, subject to the confidentiality restrictions (Accepted in such cases).

The claim stated in the press release represents an estimated value of the amounts owed to a fully owned subsidiary of Union Properties. The subsidiary was the subcontractor nominated by the main contractor to carry out Mechanical Electrical and Plumbing (MEP) works for a major project in Dubai. The project was delivered mid-2009. Following the delivery of the project, a dispute between the subsidiary (as subcontractor) and the main contractor arose over certain variations to the works completed by the subsidiary and for which the subsidiary was due on certain payments.

Considering the magnitude and complexity of the project, several prolonged negotiations from the time the dispute arose took place with a view to amicably settle the claim of the subsidiary, but these did not lead to an acceptable solution to all parties.

The new management of Union Properties elected mid-2017 considered that, in light of the unsuccessful previous negotiations which reached a deadlock, it was in the best interest of the company and the shareholders to pursue the recovery of the subsidiary's dues by initiating arbitration procedures. Taking into consideration the complexity of this claim and the sheer volume of document in hundreds of thousands required to be archived and studied to submit the claim, the management mobilized the necessary resources including the appointment of experts and an international American law firm which allowed the subsidiary to file the claim by. In parallel and with the view of avoiding costs on the subsidiary in pursuing its claim, the management sought a full funding for this case which was successfully finalized early 2020.

The arbitration proceedings are ongoing before one of the most prominent international arbitral institutions in the emirate of Dubai. As per the tribunal timetable for this case, the proceedings are to continue for around 18 months until the end of 2021 where the tribunal is expected to issue its final award.

The subsidiary is being represented in these proceedings by one of the largest American law firm internationally renowned with a proven track record in similar cases and international arbitration

In the event that the subsidiary is able to obtain a successful award in this case, whether for the full claim amount or less, it is obvious that this will reflect very positively on the financial position of both the subsidiary as well as on Union Properties being the parent company of the subsidiary.

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