

PRIME PROPERTIES LIMITED

and

MAIN CONTRACTORS LIMITED

INSTRUCTIONS TO COUNSEL TO ADVISE

1 INTRODUCTION

1.1 Instructing Solicitors, Charles Russell Speechlys LLP, act for Prime Properties Limited (“**PP**”) in connection with a potential dispute against Main Contractors Limited (“**MC**”) in relation to a building contract for works carried out at 40-50 Murray Mews, London, W1 (The “**Development**”).

2 BACKGROUND

2.1 PP entered into a building contract with MC dated 15 October 2018 in respect of the construction of a commercial hotel development at 40-50 Murray Mews, London (the “**Building Contract**”). PP owns the site and the Development is a new build.

2.2 The Building Contract is a JCT Design and Build 2016 form as amended by a Schedule of Amendments. The insurance option taken is option B.

2.3 Delay to the Works prior to the Flood

2.4 The start date for the works under the Building Contract was 1 January 2019 with a completion date of 1 October 2020.

2.5 By August 2020 the project was 8 months in delay, with a revised forecast completion date of 1 June 2021.

2.6 The Flood

2.7 On 10 March 2021 there was a flood at the site. The cause of the flood is still being investigated, but it appears to be the fault of MC. The flood occurred as a result of a joint between two pipes having come away. It is unclear if it was not installed correctly. There has been extensive damage to the works and whilst the full scope of remedial works is being finalised, it is likely that extensive works will be required. In particular, some of the wooden finishes have been badly damaged and require replacement. The current lead in time is being investigated but it is likely that remedial works could cause further delay.

2.8 A flood is included within the definition of a Specified Peril under the terms of the Building Contract. The Building Contract also includes a clause that MC is not entitled

to claim for an extension of time or for loss and expense in relation to any matter or event caused by a Specified Peril for the first four weeks where it is caused as a result of the MC's default.

2.9 Current status

2.10 MC notified PP about the flood on discovery in accordance with clause 6.13.1 of the Building Contract.

2.11 PP has notified its insurers about the flood, and loss adjusters have assessed the damage.

2.12 PP has received an extension of time claim from MC and a claim for damage to the works.

3 MATTERS ON WHICH COUNSEL IS ASKED TO ADVISE

3.1 PP has sought advice from Instructing Solicitors regarding the following:

3.1.1 Next steps following notification of a claim to insurers;

3.1.2 Losses recoverable under the insurance policy;

3.1.3 To what extent is the insurance claim impacted by any contractual claim from MC? and

3.1.4 Broader strategy considerations.

4 INSTRUCTIONS

4.1 Counsel is therefore instructed to:

4.1.1 review these Instructions;

4.1.2 consider Instructing Solicitors' advice on the above; and

4.1.3 advise in conference with Instructing Solicitors in relation to advice given and associated strategy at 9:30am on 21 May 2020.

5 If Counsel would like any further information, or has any questions in respect of the above, she is asked to contact Rupa Lakha on 020 7427 6731 or at rupa.lakha@crsblaw.com.

26 April 2020

Charles Russell Speechlys LLP