

UCP PLC

Registered Office: IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP
Tel: +44 1624 681250; Fax: +44 1624 604790

14 January 2020

Dear Shareholder

I am writing to give you a further update on the affairs of UCP since the March 2019 Results were published in September 2019.

Claim by UCP against Nectrus in London

As reported in September, following UCP's success at the liability hearing in May 2019, a second hearing was set for November 2019 to deal with quantum, *i.e.*, the amount of UCP's loss, and its recoverability.

Judgment was given in favour of UCP on 29th November 2019. That judgment confirmed that Nectrus' breaches of the Investment Management Agreement had caused loss that was recoverable by UCP. The Court rejected Nectrus' new argument that the 'reflective loss' principle applied to bar UCP's claim.

UCP was awarded its costs of the November hearing, together with an additional portion of its costs of the May hearing (therefore 5/6th of its costs). UCP was awarded an interim payment of £1 million. Nectrus' claim for costs was rejected.

The Court has ordered that UCP can set-off the following amounts against distribution(s) due to Nectrus:

- A. c. £7.8 million in damages for: (i) the impairment of the original sale price of Candor corresponding to the unrecovered Aten monies, plus (ii) costs incurred by UCP in seeking to mitigate its loss of these amounts in India;
- B. £150k interim costs award that Nectrus has failed to pay in the Isle of Man, plus interest, together with any further costs found due to UCP arising from Nectrus' Manx claim;
- C. £650k interim costs award made by the Court following the May hearing;
- D. £1 million interim costs award made by the Court following the November hearing; and
- E. UCP's costs of the English proceedings (as above) plus interest. The amount of these costs will be determined by a process called 'detailed assessment' if Nectrus does not agree a figure with UCP.

Either party can seek permission from the Court of Appeal to appeal the May and/or November judgments.

Claim by Nectrus against UCP in the Isle of Man

Nectrus' Isle of Man claim against UCP for payment of the withheld distribution remains stayed following UCP's successful jurisdiction challenge and pending the conclusion of actions in London.

Recovery of Deposits from SREI

As reported in the Addendum to the 2019 Annual Report, SREI's challenge to the three arbitration awards in favour of UDPL was rejected by the Kolkata High Court in September 2019. SREI subsequently challenged that decision before the Kolkata Division Bench. The challenge was heard and dismissed in December 2019. SREI then further challenged the Division Bench's decision before the Supreme Court of India, and that challenge was itself dismissed in December 2019.

UDPL is now proceeding with an enforcement action against SREI in the Kolkata High Court to recover the awarded amounts (plus costs and interest).

Conclusion

You will understand that as both the Nectrus and SREI matters remain ongoing, I cannot provide a commentary on what further actions may be taken.

I shall of course provide a further update to shareholders when there are any further significant developments.



Donald Lake
Chairman