

**MURRAY & ROBERTS HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)

Registration number 1948/029826/06

JSE Share Code: MUR

ADR Code: MURZY

ISIN: ZAE000073441

(“Murray & Roberts” the “Group” or the “Company”)

**AL MAFRAQ HOSPITAL PROJECT BONDS DRAWN DOWN AGAINST HLMR JOINT VENTURE
– MURRAY & ROBERTS LIMITED PURSUING LEGAL DEFENCES**

Stakeholders are referred to the Group’s FY2020 annual results announcement released on SENS on 26 August 2020. Murray & Roberts reported that its final four projects in the Middle East had been completed during FY2020, following on the Group’s FY2016 decision to close the business in the Middle East. The Company reported that post the reporting period, notice to draw down on two surety bonds for a single project was issued by a client in the Middle East and that the Company’s legal team was vigorously defending its position.

Al Mafraq Hospital project completion and claim process

The Habtoor Leighton Group/Murray & Roberts Contractors (Abu Dhabi) LLC (“HLMR”) joint venture constructed, fitted out, equipped and handed over the Al Mafraq Hospital in Abu Dhabi to its client circa 18 months ago. The final taking-over certificate was dated 31 July 2019. Murray & Roberts Contractors (Abu Dhabi) LLC is a 30% participant in the joint venture.

Early in 2020, HLMR submitted a claim against its client for the balance of the contract amount in the Abu Dhabi court. This claim has been stayed on two occasions by mutual agreement, while the parties engaged in amicable negotiations to settle the claim. These amicable negotiations included having a third-party expert evaluate the amounts in dispute, which expert issued its report today, 18 January 2021, and found substantially in favour of HLMR on matters of principle and entitlement.

Draw down of project Performance Security and Loan Guarantee

In 2011 and 2016 respectively, a Performance Security and a Loan Guarantee were issued by a Dubai-based bank (“the Bank”) to the client on behalf of the joint venture. Murray & Roberts Limited supported Murray & Roberts Contractors (Abu Dhabi) LLC by issuing parent guarantees to the Bank for 33% of the two security instruments, which at current exchange rates amounts to circa R650 million.

On 21 July 2020, notwithstanding the process of amicable negotiations, the client instructed the Bank to pay out on the Performance Security of AED221 million (notwithstanding that the project has been completed and handed over in July 2019) and a Loan Guarantee of AED253 million (notwithstanding that the client owes HLMR the balance of the contract price, which is still under negotiation).

While the client over the past six months continued to demand that a pay-out be effected, a number of actions and initiatives on the part of both HLMR and the Bank resulted in such being averted. HLMR has consistently maintained there is no basis for the pay-out to be made, as the project had been completed to specification and the fully functioning hospital has been in use for over a year; and HLMR had (and has) a reasonable expectation that HLMR’s claim against the client would be resolved through amicable negotiation, assisted substantially by the input of the third-party expert.

On 16 January 2021, without formal notice, the Bank debited the joint venture bank account with AED474 million, placing the joint venture account into overdraft of an equivalent amount, and paid the

funds over to the client. HLMR considers this instruction by the client to have been issued in utmost bad faith.

Murray & Roberts pursuing legal defences

The Bank has no direct access to the funds of Murray & Roberts Limited, and will have to pursue a claim under the parent guarantees in the normal course. The pay-out under these bond securities is not expected to have any income statement impact, nor any direct cash flow implications for the Group.

Murray & Roberts Limited has already placed the Bank on formal notice that it will resist a call against the parent guarantees, as the bank was fully aware and on notice that the claim by the client against the Performance Security and Loan Guarantee was without cause.

To this end, to protect the parent guarantees it has issued, Murray & Roberts Limited will pursue its defences in both the offshore courts in Dubai, as well as the courts in South Africa. The Group will continue to provide further updates to stakeholders as appropriate.

The information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Bedfordview

18 January 2021

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