



Wellard

ASX Announcement

TOTAL PAGES: 2

5 January 2022

Wellard is successful in international arbitration

Wellard Limited (**Wellard**) advises that it has successfully resolved its arbitration proceedings in London, against the Croatian Bank for Reconstruction and Development (Hrvatska banka za obnovu i razvitak, or **HBOR**), and is entitled to receive payments plus interest amounting to approx. US\$ 12.0M within 14 days.

HBOR issued Wellard's subsidiary, Wellard Ships Pte Ltd refund guarantees supporting Wellard's terminated 2015 contract for the building of the planned livestock vessel to have been known as the M/V Ocean Kelpie with the Uljanik d.d shipyard (**Uljanik**).

When HBOR disputed payment under the refund guarantees, Wellard was forced to commence arbitration to recover the funds.

Wellard's Executive Chairman, Mr. John Klepec, said *"Wellard is pleased to have been able to recover these monies after two long and complex arbitrations conducted over several years. This is a fair and appropriate outcome in the circumstances, demonstrating the importance of effective risk mitigation that refund guarantees provide in the ship building industry."*

"The Wellard board will consider the most appropriate application of the funds and make any requisite announcement in due course. We extend our thanks to our insurers and legal teams in Australia, Croatia, Singapore and London for their extremely detailed and persistent efforts over the last few years".

DETAILS

As previously announced¹, following termination of a shipbuilding contract in 2018, Wellard had taken successful arbitral proceedings against the original Croatian shipbuilders, Uljanik in

¹ Refer to Note 31 of Wellard's FY2021 audited financial accounts (p.82).

2020, for a refund of all monies paid by Wellard in respect of the shipbuilding contract, plus costs and interest.

In 2019, however, the Uljanik d.d. shipyard had been placed into interim receivership, which in due course has proceeded to full insolvency, with the result that the refund was not able to be paid to Wellard, which is an unsecured creditor.

Arbitral proceedings were subsequently commenced against HBOR seeking to enforce the two Refund Guarantees which secure the advance payments made by Wellard to Uljanik.

The Refund Guarantees were for advance payments of US\$8.0M and €1.6M made by Wellard, plus interest accruing until full refund is made. The precise amount received will be reported by Wellard in its statutory financial reports. Costs in the matter have been reserved, and Wellard will be assessing and claiming its reasonable costs.

The dispute with HBOR was subject to London arbitration with English law applying. Payment must be made within 14 days.

M/V Ocean Ute repurchase deferred to January 2022

In an unrelated matter, the Company has agreed with Ruchira Ships Limited to defer the repurchase of the M/V Ocean Ute from the previously announced date of 24 December 2021 to 25 January 2022. There is no substantive economic or operational change to the transaction.

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