

JUDGMENT SUMMARY

Neutral Citation	[2025] ADGMCFI 0026
Case Number	ADGMCFI-2024-320
Name of Case	Projeco Contracting (L.L.C) v. Ideacrate Edutainment Company - L.L.C - O.P.C
Judge	Justice Paul Heath KC
Date Issued	30 October 2025
Catchwords	Construction delay claim. Delay penalty payment. Liquidated damages. Prolongation Costs. Substantial Completion of Works. Practical Completion of Works. Applicable law and forum (lex fori). Withdrawal of admission under r. 42 of ADGM Court Procedure Rules 2016. Costs of remediation and repairs. Set-off of claims and counterclaims under ss. 181 and 182 of the ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015.
Cases Cited	<p>Cassation Court of Abu Dhabi, Session 30/3/2017 (Commercial), Principal No. 815, 818</p> <p>Cassation Court of Abu Dhabi, Session 26/12/2013, Principal No. 563</p> <p>Appeal No. 563 of the year 2013, Commercial Cassation No. 7 (26 December 2013)</p> <p>Awad v 3AM Property Investment Co LLC [2025] ADGMCFI 0003</p> <p>Cavendish Square Holding BV v Wel Makdessi [2016] 2 All ER 519 (UKSC)</p> <p>Mears Ltd v Costplan Services (South East) Ltd [2019] EWCA Civ 502</p> <p>Moore v Worcestershire NHS Trust [2015] EWHC 1209 (QB)</p> <p>Marsden v Marsden [1972] 2 All ER 1162 (Fam)</p>
Legislation and Authorities Cited	<p>UAE Federal Decree Law No. (35) of 2022 Promulgating the Law of Evidence in Civil and Commercial Transactions</p> <p>UAE Federal Law No. (5) of 1985 concerning the Issuance of the Civil Transactions Law</p> <p>Abu Dhabi Law No. (4) of 2013 as amended by Abu Dhabi Law No. (12) of 2020</p> <p>ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015</p>

	<p>ADGM Court Procedure Rules 2016</p> <p>UK Civil Procedure Rules 1998</p>
Executive Summary	<p>This judgment resolves a construction dispute between the Claimant, Projeco Contracting (L.L.C.) ("Projeco"), and the Defendant, Ideacrate Edutainment Company – L.L.C. – O.P.C ("Ideacrate"). The dispute arose from a contract for the turnkey fit-out of the Orange Hub Family Entertainment Centre.</p> <p>The Court focused on competing claims for prolongation costs (by Projeco) and liquidated damages and set-offs (by Ideacrate). The adjusted contract price was AED 6,085,211.90, of which Ideacrate had withheld AED 766,287.15.</p> <p>The Court determined that Ideacrate's liquidated damages claim succeeded, finding Projeco responsible for 97 days of critical delay. The maximum liquidated damages payable, capped at 10% of the adjusted contract price, amounted to AED 608,521.19. The Court also found Projeco liable for AED 147,265 as a contribution to the cost of installing a smoke management system, an item found to be within Projeco's contractual scope of work.</p> <p>After setting off Ideacrate's successful counterclaims against the amount withheld, the Court entered judgment in favour of Projeco for the net balance of AED 10,500.96, the principal sum.</p> <p>The Court also ordered Ideacrate to return two security cheques, totalling AED 1,547,696.37, to Projeco.</p>
Overall Summary	<p>Background</p> <p>The Contract between Ideacrate (the Defendant/Principal) and Projeco (the Claimant/Contractor) was signed by Projeco on 16 December 2022, for the turnkey interior fit-out of the Orange Hub Family Entertainment Centre in Khalifa City, Abu Dhabi. The initial contract price was AED 5,158,987, but the parties agreed to an adjusted contract price of AED 6,085,211.90 due to additional work. Ideacrate paid AED 5,318,924.75 but withheld AED 766,287.15.</p> <p>The Contract specified a presumptive completion date of 15 May 2023. This date was subsequently extended to 15 August 2023. A key procedural point involved Ideacrate's attempt to withdraw an admission made in its initial pleadings that the completion date had been further extended to 15 November 2023. The Court dismissed the application to withdraw the admission, finding as a fact that the completion time was extended until 15 November 2023. Projeco accepted that the works were not completed until the facility was handed over on 29 February 2024.</p> <p><i>Claims and Counterclaims:</i></p>

- **Projeco's Claim:** Projeco sought AED 903,287.15, including AED 137,000 for prolongation costs due to alleged delays caused by Ideacrate. Projeco also sought the return of the security cheques (total value AED 1,547,696.37).
- **Ideacrate's Counterclaim:** Ideacrate sought AED 811,122, which comprised:
 - liquidated damages ("**LDs**") in the amount of AED 608,521 for 189 days of delay, capped at 10% of the Contract Value (the adjusted contract price);
 - remediation and repair costs in the amount of AED 55,336; and
 - smoke management system contribution in the amount of AED 147,265, allegedly unpaid by Projeco under a commercial arrangement.

Procedural Context:

The Court had earlier issued an interim injunction on 10 January 2025, restraining Ideacrate from encashing the two security cheques. The substantive dispute was heard on 16 and 17 June 2025. Although the contract specified UAE law, ADGM law governed procedural and evidential matters.

Analysis

Withdrawal of Admission: Ideacrate's attempt to withdraw its admission that the completion date was extended to 15 November 2023 was addressed under Rule 42(4) of the ADGM Court Procedure Rules. The Court confirmed Rule 42 is the controlling provision for procedural matters. The application was refused due to the lateness of the application (made post-trial), the casual approach taken by Ideacrate in overseeing its pleadings, and the justified reliance by Projeco on the admission. The Court concluded that granting withdrawal would cause equal or greater prejudice to Projeco. Therefore, the baseline completion date remained 15 November 2023 for delay calculation.

Liquidated Damages Issue: The Court accepted that the maximum liquidated damages should be calculated against the adjusted contract price of AED 6,085,211.90. The applicable UAE Civil Transactions Law (Article 390) permits a judge to vary agreed compensation upon application if the amount exceeds the actual loss. However, Projeco failed to satisfy the Court that the maximum amount of AED 608,521.19 was more than Ideacrate's actual loss, so no adjustment was made.

Using the agreed critical path methodology (as-planned versus as-built windows), the Court adopted the Rev.05 programme (27 December 2022) as the baseline. The Court found that Projeco was responsible for a total critical delay of 97 days from 16 November 2023 to the handover date of 29 February 2024. Ideacrate's liquidated damages claim was thus established at the capped maximum of AED 608,521.19. The Court rejected Ideacrate's claim to extend the delay period until 10 July 2024 (the snag list completion date), finding that the handover on 29 February 2024 constituted "*substantial completion*", which determined the end date for LDs.

	<p><i>Prolongation Costs Issue:</i> Given the finding that Projeco was responsible for the delay between 15 November 2023 and 29 February 2024, Projeco's claim for prolongation costs was rejected.</p> <p><i>Remediation and Repair Issue:</i> Ideacrate's claim for AED 55,366 related to damaged screen replacement and cleaning costs was dismissed as Ideacrate failed to establish, on a balance of probabilities, that the damage was caused by Projeco's staff.</p> <p><i>Smoke Management System Contribution Issue:</i> The Court found it was more probable than not that the smoke management system, which included the smoke extract ducts and makeup air ducts, was part of Projeco's original contractual scope of works. Projeco and Ideacrate had entered a commercial arrangement to share the cost (AED 147,265) to expedite completion by a third-party contractor (Noor Al Walaa). Since the contractual obligation rested with Projeco and the commercial arrangement did not alter the LDs provisions, Projeco remained liable to pay the agreed contribution of AED 147,265 to Ideacrate.</p> <p>Conclusion</p> <p>The Court determined the net balance payable by setting off the successful counterclaims against the amount retained by Ideacrate.</p> <p>Ideacrate's successful counterclaims totalled AED 755,786.19 (AED 608,521.19 for LDs + AED 147,265 for the smoke management contribution). Since the amount Ideacrate had withheld was AED 766,287.15, the net sum payable by Ideacrate to Projeco is AED 10,500.96.</p> <p>Judgment Orders</p> <ol style="list-style-type: none"> 1. Judgment was entered in favour of Projeco for AED 10,500.96 (principal sum), plus pre-judgment interest of AED 877.48 (5% per annum from 29 February 2024). 2. Ideacrate must return the security cheques to Projeco by 6 November 2025. The pre-existing injunction remains in force until the security cheques are returned. 3. The Court issued an order <i>nisi</i> that there be no order as to costs, reflecting Projeco's success on the net claim but Ideacrate's significant reduction of the amount claimed, tempered by Ideacrate's conduct regarding the injunction and the admission withdrawal.
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This statement is not intended to be a substitute for the reasons of the Court or to be used in any later consideration of the Court's reasons.