

Kololo lease dispute: Law firm vows to appeal High Court ruling

BY JULIET KIGONGO

KAMPALA. M/S Muwema & Co. Advocates has rejected a High Court decision ordering it to pay more than \$400,000 (about Shs1.42b) and vacate its Kololo premises, signalling it will challenge the ruling in the Court of Appeal.

In a press statement issued on February 21, the law firm said it was dissatisfied with the judgment delivered last Friday by Justice Patricia Mutesi, which awarded Downtown Investments Ltd rent arrears, damages and mesne profits, and directed the firm to hand over vacant possession of the property.

The court awarded Downtown Investments Ltd \$148,300 (about Shs529.87m) in rent arrears, Shs50m in general damages, and mesne profits of \$224,000 (about Shs800.34m), with in-

terest at 13 percent per annum, and ordered the firm to deliver vacant possession of the premises.

"We are dissatisfied with the judgment of the court due to its factual and legal inconsistencies, which contradict established precedent," the firm said, adding that it would pursue an appeal.

M/S Muwema & Co. Advocates argued that the ruling had been "negatively sensationalised" in online media reports, causing anxiety among its clients and partners, and that the broader context of the dispute had been overlooked.

According to the firm, it entered into a five-year renewable lease for the Kololo property in 2016 at an initial monthly rent of \$5,500 (about Shs19.65m).

The lease agreement also granted it a first option to purchase the property at a fixed price of \$2m (about Shs7.15b) if exercised within 12 months, and there-



Firm's position.

The evidence also proved that, despite the Plaintiff's termination of the lease agreement and demands that the 1st Defendant vacate

the leased premises, to this day, the 1st Defendant is still occupying the leased premises without paying all the due rent - M/S Muwema & Co. Advocates

after at a market-determined price. The firm said that although it did not exercise the option within the first year, the right to purchase remained intact.

It maintains that on August 2, 2021, it formally exercised that option by offering \$1.05m (about Shs3.59b) for the property, which it says reflected prevail-

ing market rates in the area at the time.

"Downtown received our offer but indicated that it was below expectation," the statement reads. "However, in breach of its promise, Downtown declined to make a formal counter-offer or enter into negotiations to agree on the market price and conclude the transaction."

Option to purchase

M/S Muwema & Co. Advocates further argued that once it exercised the option to purchase, it ceased to be a tenant and became a purchaser in waiting, and that Downtown Investments Ltd was no longer entitled to rent but to the purchase price.

The firm also faulted the court for awarding rent arrears of \$148,300 (about Shs529.87m), arguing that evidence on record showed it had paid up to \$130,000 (about Shs464.48m) to-

wards that amount during court-directed mediation.

In addition, it challenged the award of \$224,000 (about Shs800.34m) in mesne profits, arguing that Downtown Investments Ltd neither pleaded nor proved a claim for wrongful possession.

"The trial judge erred in law and fact by finding that we did not enjoy the right to purchase the property despite exercising our option," the firm said, adding that the court wrongly relied on provisions of the Land Act that it considered inapplicable.

Despite the ruling, M/S Muwema & Co. Advocates said it would continue to pursue its claim to purchase the premises through the justice system, while assuring clients and partners of uninterrupted legal services from its Kampala offices.

See statement on Page 11.

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