



Supreme Court of New Zealand

28 April 2010

MEDIA RELEASE – FOR IMMEDIATE PUBLICATION

Property Ventures Investments Ltd v Regalwood Holdings Ltd
(SC 85/2008 [2010] NZSC 47)

PRESS SUMMARY

This summary is provided to assist in the understanding of the Court's judgment. It does not comprise part of the reasons for that judgment. The full judgment with reasons is the only authoritative document. The full text of the judgment and reasons can be found at www.courtsofnz.govt.nz.

Property Ventures Investments Ltd agreed to buy a commercial building in Christchurch from Regalwood Holdings Ltd for \$1,500,000. Regalwood warranted in the contract that on the possession and settlement date the building would comply with the requirements of the Building Act 1991. Property Ventures alleges that on that date the building did not comply with the building code and that the cost of remedying the problem is likely to be in excess of \$500,000.

Regalwood demanded settlement in full, notwithstanding the alleged breach, and proceeded to cancel the contract when Property Ventures did not settle.

In the High Court Regalwood obtained a summary judgment declaring that its cancellation was valid. For the purposes of the summary judgment application, it had been assumed that Regalwood was in breach of warranty. Both the High Court and the Court of Appeal found that in the circumstances Regalwood was entitled to demand settlement in full even if there had been breach of warranty.

The Supreme Court has unanimously allowed Property Venture's appeal, holding that, if the assumed breach of warranty is proved at trial, Regalwood will not have been ready, able and willing to settle in accordance with the contract and so will not have been in a position to cancel the contract. The summary judgment order has been set aside and the case remitted to the High Court for trial.

Contact person: Gordon Thatcher, Supreme Court Registrar (04) 914 3545