

17 May 2024

Notice to Shareholders – First NZ Properties Limited – High Court judgment.

- 1 Judgment has issued for First NZ Properties Limited's High Court claim against Michael Millar, Investment Services Limited (**ISL**) and Paul Mephan. A high-level summary for shareholders is set out below.
- 2 The Court has entered judgment in favour of First NZ. Justice Gwyn recorded:

[240] Mr Millar was in a situation of irreconcilable conflict of interest — it was favourable for ISL to continue to provide services to First NZ, regardless of whether that was in the best interests of First NZ.
- 3 First NZ's legal team are reviewing the judgment. As a pinpoint summary, the Court has held:
 - 3.1 ISL breached its written and subsequently oral management agreement with First NZ;
 - 3.2 ISL had no entitlement to claim gain fees on the sale of the Kilmore St and Symonds St properties;
 - 3.3 ISL was negligent;
 - 3.4 Mr Millar breached his fiduciary and statutory duties owed to First NZ;
 - 3.5 Mr Mephan breached his fiduciary and statutory duties owed to First NZ.
- 4 The Court has entered judgment against each of Mr Millar, ISL and Mr Mephan in summary as follows:
 - 4.1 Against each of ISL and Mr Millar in the amount of **\$1,420,692.23 plus GST**.
 - 4.2 Against Mr Mephan in the amount of **\$450,000 plus GST**.
- 5 The Court has also awarded interest on these judgment sums in favour of First NZ. First NZ will also seek costs against ISL, Mr Millar and Mr Mephan in amounts to be fixed by the Court. Those sums will be significant.
- 6 ISL's counterclaim against First NZ (including our alleged repudiation) failed, as did all affirmative defences pleaded by ISL and Mr Millar.

The full High Court decision will be posted on the FSS Management website under FSSManagement/About/Shareholder Information/Current Communications.

If you have any queries, please contact info@fssmanagement.co.nz.

Yours faithfully



Director

John Murray
Chair



Director

Damien Prendergast