

DATED 20 December

2011

QUEENSTOWN HOUSING BONDS LIMITED

("the Company")

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

("the Trust")

QUEENSTOWN LAKES DISTRICT COUNCIL

("the Council")

INDEMNITY

MACALISTER TODD PHILLIPS
Barristers, Solicitors, Notaries
Queenstown/Wanaka/Cromwell

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QUEENSTOWN

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INDEMNITY

THIS DEED is made the 20th day of December 2011.

BY **QUEENSTOWN HOUSING BONDS LIMITED**, a duly incorporated Company having its registered office at Queenstown its permitted successors and assigns ("the Company") and the Trustees of **QUEENSTOWN LAKES COMMUNITY HOUSING TRUST** namely **DENNIS LOUIS PEZARO** of Wanaka, Medical Practitioner, **BARRY JAMES PAUL ROBERTSON** of Queenstown, Company Director, **DAVID ALLAN COLE** of Queenstown, Company Director, **STEPHEN ROSS BRENT** of Queenstown, Solicitor and **BRIAN PATRICK DONNELLY** of Auckland, Executive Director (jointly and severally "the Trustees")

AND **QUEENSTOWN LAKES DISTRICT COUNCIL** a body corporate under the Local Government Act 2002 ("the Council")

WHEREAS:

- A. By Deed dated the 15th day of January 2007 certain Charitable trusts were declared known as the **QUEENSTOWN LAKES COMMUNITY HOUSING TRUST** ("the Trust")
- B. The Trustees are the current trustees of the Trust.
- C. The Council has entered into Memoranda of Understanding with the Trust and its permitted successors and assigns dated respectively the 16th day of January 2008 and the 28th day of June 2011 ("the MOU") wherein Council has agreed to provide financial and other support to the trust to assist the Trust in attaining its objectives including but not limited to the provision of capital and the provision of security for the Trust's borrowings and the enforcement of contracts.
- D. The Trust has formed a wholly owned Company (the Company above described) through which the Trust proposes to pursue some of its objectives.

- E. In pursuance of its objectives the Trust has procured the Company to enter into a Facility Agreement ("the Facility Agreement") with the Central Lakes Trust ("CLT") wherein CLT has agreed to provide financial accommodation to the Company up to the sum of Six Million Dollars (\$6,000,000.00) in consideration of the Council entering into and executing in favour of CLT a Guarantee and Indemnity in respect of the Company's performance of its obligations and payment of the moneys undertaken to be paid and satisfied under the Facility Agreement provided that Council's liability under the Guarantee shall be limited to the sum of Two Million Dollars (\$2,000,000.00) ("the Guarantee").
- F. The Company and Trustees have agreed to indemnify the Council against all liabilities the Council may sustain or incur directly or indirectly arising out of the discharge of its obligations under the MOU and the Guarantee or otherwise in relation to the implementation by the Company and Trust of the affordable housing programme in the Queenstown Lakes District.

AGREEMENT:

1. In pursuance of the premises and in consideration of the Council executing the MOU and the Guarantee and at the request of the Company and the Trustees providing such other assurances and support to the Trust as may be required to from time to time pursuant to the terms of the MOU the Company and the Trustees DO HEREBY JOINTLY AND EACH OF THEM DOTH SEVERALLY UNDERTAKE AND AGREE TO INDEMNIFY and to keep indemnified the Council from and against all actions, proceedings, damages, costs, claims, demands, payments, losses and expenses (including legal expenses) whatsoever that the Council may pay, suffer, incur or sustain at law or in equity as a result of the Council having entered into the MOU and the Guarantee or into any contract or relationship arising out of them.
2. Notwithstanding anything elsewhere herein contained or implied the Trustees enter into and execute this deed and hereby covenant as trustees of the Trust



solely (but not further or in the Trustee's personal capacity or otherwise) and with the intent to bind only the person or persons for the time being filling the office of trustee and in that person's or those persons capacity as trustee and not personally during that person's or those persons holding that office and not thereafter and the liabilities and obligations of the Trustees under this deed will at all times and for all purposes be construed not as an unlimited personal liability or obligation but only as a liability or obligation to pay moneys and perform and observe all covenants and conditions out of and so far as will extend the interest of the Trust in the trust assets property and funds in and belonging to the Trust and coming into the hands of the Trustees in the normal course of execution of the Trust or failing to come into the hands of the Trustees by their wilful neglect or default and properly applicable to the purpose to the intent that any suit or proceedings against the Trustees in respect of these presents and any judgment order or decree against them shall be limited to such capacity of trustee and any execution in relation to them will at all times and for all purposes be limited to the share and interest of the Trustees in the Trust property and funds in and belonging to the Trust in the ordinary course of administration.

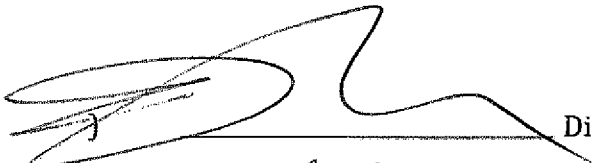

3. The Trustees will not without first obtaining the written consent of Council permit:
 - (i) the terms of the Trust to be changed;
 - (ii) any of the Trust's assets to be disposed of other than for the purposes of the Trust;
 - (iii) the Trust's capital to be distributed other than for the purposes of the Trust;
 - (iv) the Trust to be wound up;
 - (v) a new Trustee to be appointed.

4. Notwithstanding any other term of this deed, if a new trustee is to be appointed and Council has agreed to that appointment the Trustees shall ensure that the



new trustee signs such documents as Council may require so as to ensure that the indemnities herein remain on foot and fully enforceable against the Trustees and the new Trustee.

IN WITNESS WHEREOF this deed was executed on the day and year first hereinbefore appearing.

SIGNED for and on behalf of  Director
QUEENSTOWN HOUSING BONDS)
LIMITED)  Director

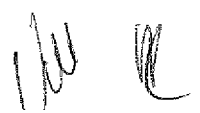
in the presence of:


.....
Witness Signature


Donald Neil Jackson
.....
Witness Full Name

Queenstown
.....
Witness Address

Chartered Accountant
.....
Witness Occupation



SIGNED by)
DENNIS LOUIS PEZARO)
In the presence of:)




.....
Witness Signature

Donald Neil Jackson
.....
Witness Full Name

Queenstown
.....
Witness Address

Chartered Accountant
.....
Witness Occupation

SIGNED by)
STEPHEN ROSS BRENT)
In the presence of:)




.....
Witness Signature

Donald Neil Jackson
.....
Witness Full Name

Queenstown
.....
Witness Address

Chartered Accountant
.....
Witness Occupation

1/11/15

SIGNED by)
BARRY JAMES PAUL ROBERTSON)

B Robertson

In the presence of:)

[Signature]
Witness Signature

Donald Jackson
Witness Full Name

Queenstown
Witness Address

Accountant
Witness Occupation

SIGNED by)
DAVID ALLAN COLE)

[Signature]

In the presence of:)

[Signature]
Witness Signature

Donald Jackson
Witness Full Name

Queenstown
Witness Address

Accountant
Witness Occupation

[Handwritten mark]

SIGNED by)
BRIAN PATRICK DONNELLY)
In the presence of:)

Brian Patrick Donnelly

[Signature]
Witness Signature

Donald Jackson
Witness Full Name

Queenstown
Witness Address

Self Assistant
Witness Occupation

The COMMON SEAL of)
QUEENSTOWN-LAKES DISTRICT COUNCIL)
was hereunto affixed in the presence of:)



Janezza van Uden
Mayor
Debra Lawson
Chief Executive Officer

[Handwritten mark]