

Revised / Marked  
(E13m / E12m)

**Loan Instrument**

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER 7000000008

This Loan Instrument records the terms of our agreement relating to the Loan referred to in the Schedule below.

**THE SCHEDULE**

REGISTERED HOLDER: BARCLAYS BANK PLC

COUNCIL: Leicester City Council

AMOUNT OF LOAN: £25,000,000 (Twenty Five Million Pounds)

DATE ACCEPTED: 5<sup>th</sup> March 2007

DATE OF DRAWDOWN: 12<sup>th</sup> March 2007

INTEREST: Interest on the Loan shall accrue at 4.40% per annum or (if the Registered Holder notifies the Council not less than two Business Days prior to any Lender's Option Date) at the rate so notified with effect from such Lender's Option Date, interest being payable in arrear on 12<sup>th</sup> March and 12<sup>th</sup> September in each year.

In the event that any date on which interest is due to be paid hereunder is not a Business Day, then such interest shall be paid on the next Business Day unless that Business Day is in the following month in which case such interest shall be paid on the Business Day immediately preceding such interest payment date.

DATE OF REPAYMENT OF LOAN: 12<sup>th</sup> March 2077

AMOUNT OF REPAYMENT OF LOAN: £25,000,000 (Twenty Five Million Pounds)

CONDITIONS:

1. Upon drawdown, the Loan is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest on the Loan is payable from the date of drawdown, shall accrue from day to day and shall be calculated on the basis of a year of 365 days (or on such other day count basis as the Registered Holder considers is consistent with the then applicable market practice) and the actual number of days elapsed.
3. Payment default of any part of the Loan or accrued interest thereon shall entitle the Registered Holder to demand immediate repayment of the Loan together with all interest then accrued and any amount payable pursuant to Condition 4 below whereupon on making such demand such sums shall become immediately due.
4. The Council acknowledges that the Registered Holder has agreed the rate of interest on the basis that the Loan will be outstanding until the earlier of the specified date (the "**Specified Date**") in the Schedule for repayment of the Loan and the date of any repayment made on a Lender's Option Date in accordance with Condition 7 below and if:
  - (i) the Loan is repaid by the Council (other than (i) on the Specified Date or (ii) on a Lender's Option Date in accordance with Condition 7 below); or
  - (ii) the full amount of the Loan is not drawn on the drawdown date for any reason (excluding any default by the Registered Holder); or
  - (iii) the Registered Holder makes a demand for repayment pursuant to Condition 3 above,

the Council will pay to the Registered Holder on demand the Breakage Cost and any broken funding costs.

"**Breakage Cost**" shall be the amount determined by the Registered Holder as:

its loss associated with the Loan or proposed Loan, as the case may be. This loss will be the amount that the Registered Holder would need to pay to another financial institution selected by it as consideration for an agreement by that financial institution to:

make the fixed interest payments to the Registered Holder that it would otherwise have been entitled to receive from the Council under the Loan if the Loan had been outstanding until the Specified Date in exchange for receiving LIBOR flat from the Registered Holder in accordance with the same payment profile, on the same terms and including the same features as the Loan (including the rights of the Registered Holder with respect thereto).

5. All payments required to be made by the Council under this Loan Instrument shall be calculated without reference to any set-off or counterclaim, shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim and shall be remitted in cleared funds on the due dates to the Registered Holder's nominated bank account.

