
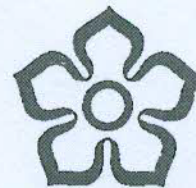


Original letter:   
25. Aug. 2005



Leicester  
City Council

Resources, Access  
& Diversity

New Walk Centre  
Welford Place,  
Leicester LE1 6ZG  
East Midlands

[www.leicester.gov.uk/resources](http://www.leicester.gov.uk/resources)

Corporate Director & Town Clerk:  
Tom Stephenson

**LEICESTER CITY COUNCIL**

**LOAN INSTRUMENT NO: 7000000003**

Leicester City Council acknowledges the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

**SCHEDULE**

REGISTERED HOLDER:  
EUROHYPO Europäische Hypotheken SA

~~DRESDNER BANK AG LONDON BRANCH~~

~~Dresdner Bank AG London Branch~~

~~DEPFA BANK plc~~

AMOUNT OF PRINCIPAL:

£21,000,000 (Twenty-one Million Pounds)

ADVANCE DATE:

26th February, 2004

INTEREST:

(a) 3.58 % per annum until 10th April, 2007 and thereafter 4.60 % per annum, with interest payable on 10th April and 10th October in each year. For the avoidance of doubt, the first and final interest periods shall be short periods. (In the event that such interest payment date falls on a day which is not a London business day, the interest payment date will be on the next London business day unless that day is in the following month in which case it shall be the preceding London business day). Interest to be computed on an Actual 365 (Fixed) basis. Interest will be calculated on

the actual number of days elapsed in each interest period;

(b) the Registered Holder has the right on 10th April, 2007 and on every interest rate payment date thereafter, by means of notice three London business days prior to the effective date, to alter the Interest (to a rate calculated by Registered Holder) and, if notice is given, Clause 6 will apply. All dates are subject to the adjusted modified following business day rule.

**DATE OF REPAYMENT OF PRINCIPAL:**

26th February, 2052

**AMOUNT OF REPAYMENT OF PRINCIPAL:**

£21,000,000 (Twenty-one Million Pounds)

This Loan Instrument is in compliance with Section 43 (4) and (5) of the Local Government and Housing Act 1989.

By:...

Stock Transfer Form registered this 6th day of April 2004

Name

Register entry - 5305

Title:

Loan Instrument 7000000003 transferred to :-

Registered by

Name:

Examined by:

Name

Date of Issue: 26th February, 2004

Stock Transfer Form registered this 28th day of June 2005

Register entry - 5308

Loan Instrument 7000000003 transferred to :-

**DRESDNER BANK AG LONDON BRANCH**

Stock Transfer Form registered this 23rd day of August 2005

Register entry - 5311

Loan Instrument 7000000003 transferred to :-

**EUROHYPO Europaische Hypotheken SA**

**CONDITIONS:**

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest is payable from the Advance Date specified in the above Schedule and shall be remitted in cleared funds on the dates specified in the above Schedule to the Registered Holder's nominated bank account.
3. The Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt other than UK Taxes. The Council will at all times take all steps and make all such payments to the Registered Holder as may be necessary from time to time to ensure that the gross amount of all payments due in respect of the Loan is paid to the Registered Holder, free and clear of UK Taxes, subject to the Registered Holder procuring evidence from the UK Inland Revenue that the Registered Holder is entitled to receive such payments gross.
4. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
5. The debt acknowledged by this Loan Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Registrar of Loan Instruments of the Council, who shall acknowledge and register any such transfer.
6. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule and, save as mentioned below in this paragraph, not on any earlier date. If the Registered Holder exercises the right to alter the Interest then the Council may prepay the amount of Principal and all accrued interest thereon on the date the Interest is altered without penalty, subject to receipt of notice by the Registered Holder no later than 5.00 p.m. on the London business day prior to the date on which the Interest is due to be altered. The amount payable to redeem this Loan Instrument on a date on which the Interest is altered is the Principal and all accrued interest thereon. All notices regarding alteration to the Interest from the Registered Holder will be issued no later than 12.00 noon, three London business days prior to the effective date.

Original Deed:  
25. Aug. 2005



**Leicester  
City Council**

**Resources, Access  
& Diversity**

New Walk Centre  
Wellford Place,  
Leicester LE1 6ZG  
East Midlands

[www.leicester.gov.uk/resources](http://www.leicester.gov.uk/resources)

Corporate Director & Town Clerk:  
Tom Stephenson

## LEICESTER CITY COUNCIL

**LOAN INSTRUMENT NO: 7000000004**

Leicester City Council acknowledges the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

### THE SCHEDULE

REGISTERED HOLDER:  
EUROHYPO Europäische Hypotheken S

AMOUNT OF PRINCIPAL:

ADVANCE DATE:

INTEREST:

~~DRESDNER BANK AG LONDON BRANCH~~

~~Dresdner Bank AG London Branch~~

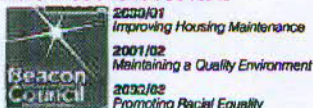
~~DEPFA BANK plc~~

£8,000,000 (Eight Million Pounds)

26th February, 2004

(a) 4.09% per annum until 26th January, 2008 and thereafter 4.60 % per annum, with interest payable on 26th January and 26th July in each year. For the avoidance of doubt, the first and final interest periods shall be short periods. (In the event that such interest payment date falls on a day which is not a London business day, the interest payment date will be on the next London business day unless that day is in the following month in which case it shall be the preceding London business day). Interest to be computed on an Actual 365 (Fixed) basis. Interest will be calculated on

10023-16956 ICM:788469.1



INVESTOR IN PEOPLE

the actual number of days elapsed in each interest period;

(b) the Registered Holder has the right on 26th January, 2008 and on every interest rate payment date falling on the date that is 48 months after the preceding LOBO Date thereafter, by means of notice three London business days prior to the effective date, to alter the Interest (to a rate calculated by Registered Holder) and, if notice is given, Clause 6 will apply. All dates are subject to the adjusted modified following business day rule.

**DATE OF REPAYMENT OF PRINCIPAL:**

26th February, 2054

**AMOUNT OF REPAYMENT OF PRINCIPAL:**

£8,000,000 (Eight Million Pounds)

This Loan Instrument is in compliance with Section 43 (4) and (5) of the Local Government and Housing Act 1989.

By:...

Name

Title:

Registered by

Name

Examined by:

Name

Date of Issue: 26th February, 2004

Stock Transfer Form registered this 6th day of April 2004

Register entry - 5306

Loan Instrument 7000000004 transferred to :-

**DERFA BANK plc**

Stock Transfer Form registered this 28th day of June 2005

Register entry - 5309

Loan Instrument 7000000004 transferred to :-

**DRESDNER BANK AG LONDON BRANCH**

Stock Transfer Form registered this 23rd day of August 2005

Register entry - 5312

Loan Instrument 7000000004 transferred to :-

**EUROHYPO Europaische Hypotheken SA**

## CONDITIONS:

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest is payable from the Advance Date specified in the above Schedule and shall be remitted in cleared funds on the dates specified in the above Schedule to the Registered Holder's nominated bank account.
3. The Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt other than UK Taxes. The Council will at all times take all steps and make all such payments to the Registered Holder as may be necessary from time to time to ensure that the gross amount of all payments due in respect of the Loan is paid to the Registered Holder, free and clear of UK Taxes, subject to the Registered Holder procuring evidence from the UK Inland Revenue that the Registered Holder is entitled to receive such payments gross.
4. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
5. The debt acknowledged by this Loan Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Registrar of Loan Instruments of the Council, who shall acknowledge and register any such transfer.
6. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule and, save as mentioned below in this paragraph, not on any earlier date. If the Registered Holder exercises the right to alter the Interest then the Council may prepay the amount of Principal and all accrued interest thereon on the date the Interest is altered without penalty, subject to receipt of notice by the Registered Holder no later than 5.00 p.m. on the London business day prior to the date on which the Interest is due to be altered. The amount payable to redeem this Loan Instrument on a date on which the Interest is altered is the Principal and all accrued interest thereon. All notices regarding alteration to the Interest from the Registered Holder will be issued no later than 12.00 noon, three London business days prior to the effective date.



Original Draft  
25. Aug. 2005



Leicester  
City Council

Resources, Access  
& Diversity

New Walk Centre  
Welford Place,  
Leicester LE1 6ZG  
East Midlands

[www.leicester.gov.uk/resources](http://www.leicester.gov.uk/resources)

Corporate Director & Town Clerk:  
Tom Stephenson

## LEICESTER CITY COUNCIL

**LOAN INSTRUMENT NO: 7000000005**

Leicester City Council acknowledges the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

### THE SCHEDULE

REGISTERED HOLDER:

EUROHYPO Europäische Hypotheken SA

~~DRESDNER BANK AG LONDON BRANCH~~

~~Dresdner Bank AG London Branch~~

~~DEPFA BANK plc~~

AMOUNT OF PRINCIPAL:

£22,300,000 (Twenty-two Million and  
Three Hundred Thousand Pounds)

ADVANCE DATE:

26th February, 2004

INTEREST:

(a) 3.92 % per annum until 26th August, 2007 and thereafter 4.60 % per annum, with interest payable on 26th February and 26th August in each year (in the event that such interest payment date falls on a day which is not a London business day, the interest payment date will be on the next London business day unless that day is in the following month in which case it shall be the preceding London business day). Interest to be computed on an Actual 365 (Fixed) basis. Interest will be calculated on the actual number of days elapsed in each interest period;

10023-16956 ICM:788468.1



2003/01  
Improving Housing Maintenance  
2001/02  
Maintaining a Quality Environment  
2002/03  
Promoting Racial Equality



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(b) the Registered Holder has the right on 26th August, 2007 and on every interest rate payment date falling on the date that is 42 months after the preceding LOBO Date thereafter, by means of notice three London business days prior to the effective date, to alter the Interest (to a rate calculated by Registered Holder) and, if notice is given, Clause 6 will apply. All dates are subject to the adjusted modified following business day rule.

DATE OF REPAYMENT OF PRINCIPAL: 26th February, 2053

AMOUNT OF REPAYMENT OF PRINCIPAL: £22,300,000 (Twenty-two Million and Three Hundred Thousand Pounds)

## CONDITIONS:

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest is payable from the Advance Date specified in the above Schedule and shall be remitted in cleared funds on the dates specified in the above Schedule to the Registered Holder's nominated bank account.
3. The Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt other than UK Taxes. The Council will at all times take all steps and make all such payments to the Registered Holder as may be necessary from time to time to ensure that the gross amount of all payments due in respect of the Loan is paid to the Registered Holder, free and clear of UK Taxes, subject to the Registered Holder procuring evidence from the UK Inland Revenue that the Registered Holder is entitled to receive such payments gross.
4. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
5. The debt acknowledged by this Loan Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Registrar of Loan Instruments of the Council, who shall acknowledge and register any such transfer.
6. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule and, save as mentioned below in this paragraph, not on any earlier date. If the Registered Holder exercises the right to alter the Interest then the Council may prepay the amount of Principal and all accrued interest thereon on the date the Interest is altered without penalty, subject to receipt of notice by the Registered Holder no later than 5.00 p.m. on the London business day prior to the date on which the Interest is due to be altered. The amount payable to redeem this Loan Instrument on a date on which the Interest is altered is the Principal and all accrued interest thereon. All notices regarding alteration to the Interest from the Registered Holder will be issued no later than 12.00 noon, three London business days prior to the effective date.

This Loan Instrument is in compliance with Section 43 (4) and (5) of the Local Government and Housing Act 1989.

Stock Transfer Form registered this 6th day of April 2004

Register entry - 5307

Loan Instrument 7000000005 transferred to :-

**DEPFA BANK plc**

Stock Transfer Form registered this 28th day of June 2005

Register entry - 5310

Loan Instrument 7000000005 transferred to :-

**DRESDNER BANK AG LONDON BRANCH**

Stock Transfer Form registered this 23rd day of August 2005

Register entry - 5313

Loan Instrument 7000000005 transferred to :-

**EUROHYPO Europäische Hypotheken SA**

Deal 295

LOAN INSTRUMENT NO. 7 0000 0000 6

Leicester City Council acknowledge the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

**THE SCHEDULE**

**REGISTERED HOLDER:** Dexia Credit Local – London Branch  
**AMOUNT OF PRINCIPAL:** £15,000,000 (Fifteen Million Pounds)  
**DATE ACCEPTED:** 26 February 2004 **DATE OF DRAWDOWN** 26 February 2004

**INTEREST:**

(a) 3.35% per annum from 26 February 2004 until 26 January 2007 and thereafter at 4.60% per annum, with interest payable on 26 January and 26 July.

(b) The Registered Holder has the right on the 26 January 2007 (and on any anniversary of such date falling at three yearly periods thereafter), (each an 'effective date') by means of notice to Leicester City Council to be delivered no later than 12 noon three business days prior to the relevant effective date, to alter the interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified but Clause 8 below will apply.

(c) In the event that any such interest payment date or any other payment date or interest rate change date falls on either a weekend or a Bank Holiday any such date will be on the next business day unless that day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day. Interest will be calculated on the actual number of days elapsed in each interest period.

**DATE OF REPAYMENT OF PRINCIPAL:** 26 February 2054  
**AMOUNT OF REPAYMENT OF PRINCIPAL:** £15,000,000 (Fifteen Million Pounds)

**CONDITIONS:**

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by Leicester City Council
2. Interest is payable from the date of drawdown on the face of this Loan Instrument and shall be remitted in cleared funds on the dates specified in the above schedule to the Registered Holder's nominated bank account.
3. Payment default of any part of the debt under this Loan Instrument shall entitle the Registered Holder to call for immediate repayment of the amount of Principal together with all interest accrued and together with any broken funding costs and associated financing costs thereby incurred.
4. Leicester City Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt.
5. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
6. The debt acknowledged by this Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Registrar of Loan Instruments of Leicester City Council, who shall acknowledge and register any such transfer.
7. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule or on the date for prepayment in accordance with Clause 8 below.
8. If the Registered Holder exercised the right to alter the interest then Leicester City Council may prepay the amount of Principal and all accrued interest thereon on the date the interest is altered without penalty, subject to receipt of notice by the Registered Holder at the office specified from time to time from Leicester City Council no later than 5.00pm one business day prior to the relevant effective date. The amount payable to redeem this Loan Instrument on any date other than the date of Repayment of Principal or a date in which interest is altered is the Principal and all accrued interest thereon together with all broken funding and associated financing costs (if any) incurred by the Registered Holder (on such date) arising from early termination of the funding and associated financing arrangements for this loan.

Duly executed on behalf of Leicester City Council in accordance with ~~Standing Order No. ....~~ / Financial Regulation

~~No. ....~~

Examined by:

actor of Finance and Registrar of Loan Instruments

27/4/03

*el*

*John Norrish 2006*

Date of First Payment: 26 July 2004  
Amount of First Payment: £70,742.47  
Security/Documentation: Loan Instrument as detailed in the Local Government and Housing Act 1989, in the form appended. (Original for execution to follow by post)

Your Bank Details: Bank: Co operative Bank plc  
Sort Code:

Our Bank Details: Bank: Citibank NA  
Sort Code:

**Please confirm by return fax** your concurrence that the above loan details as set out above are correct. When replying please also provide us with,

- (1) a list of those persons authorised to "deal" on behalf of the authority;
- (2) a copy of the Standing Order relating to the execution of loan instruments
- (3) specimen signatures of those persons authorised a) to deal and b) to sign loan instruments on behalf of the Council
- (4) a copy of our Loan Instrument duly completed.

**Please note that we shall be unable to disburse funds unless this confirmation has been received by ourselves duly signed by an authorised person together with (1), (2), (3) and (4) by 12.00 Noon on the loan start date.**

Yours faithfully  
For and on Behalf of  
Dexia Credit Local - London Branch

Date:  
Agreed for and on behalf of  
Leicester City Council

Please note that all telephone conversations are taped as per the Inter-Professional Conduct rules.

**DEXIA****Public Finance Bank**

Chief Financial Officer  
Leicester City Council  
New Walk Centre  
Welford Place  
Leicester  
LE1 6ZG

23rd February 2004

Dear Sir,

Re: Transaction via: Martin Brokers (UK) plc

We write to confirm details of the loan arranged today:

Borrower:	<b>Leicester City Council</b>
Amount:	<b>£5,000,000.00 (Five Million Pounds)</b>
Loan Start Date:	<b>26 February 2004</b>
Period:	<b>49 Years and 11 months</b>
Repayment:	<b>26 January 2054</b>
Interest Rate:	<b>3.42%pa until 26 January 2007 then 4.60% pa</b>
Interest Payable on:	<b>26 July, 26 January annually</b>

- a. In the event that such payment date falls on either a weekend or a Bank Holiday the interest payment date will be on the next business day unless that the day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day. Interest will be calculated on the actual number of days elapsed in each interest period.
- b. The Registered Holder has the right on 26 January 2007 (and on any subsequent third anniversary interest payment date thereafter), (each an 'effective date') by means of notice to Leicester City Council to be delivered no later than 11.00am four business days prior to the relevant effective date, to alter the interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified, but subject to the conditions set out in clause 8 of the Loan Instrument.

**LOAN INSTRUMENT NO. 7000000007**

Leicester City Council acknowledge the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

**THE SCHEDULE**

**REGISTERED HOLDER:** Dexia Credit Local – London Branch

**AMOUNT OF PRINCIPAL:** £5,000,000.00 (Five Million Pounds)

**DATE ACCEPTED:** 26 February 2004

**INTEREST:**

(a) 3.42% per annum until 26 January 2007 and thereafter at 4.60% per annum, with interest payable on 26 July and 26 January (In the event that such payment date falls on either a weekend or a Bank Holiday the interest payment date will be on the next business day unless that day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day). Interest will be calculated on the actual number of days elapsed in each interest period.

(b) The Registered Holder has the right on the 26 January 2007 (and on any subsequent third anniversary interest payment date thereafter), (each an 'effective date') by means of notice to Leicester City Council to be delivered no later than 11.00am four business days prior to the relevant effective date, to alter the Interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified but Clause 8 below will apply.

**DATE OF REPAYMENT OF PRINCIPAL:** 26 January 2054

**AMOUNT OF REPAYMENT OF PRINCIPAL:** £5,000,000.00 (Five Million Pounds)

**CONDITIONS:**

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by Leicester City Council.
2. Interest is payable from the acceptance date on the face of this Loan Instrument and shall be remitted in cleared funds on the dates specified in the above schedule to the Registered Holder's nominated bank account.
3. Payment default of any part of the debt under this Loan Instrument shall entitle the Registered Holder to call for immediate repayment of the amount of Principal together with all interest accrued and together with any broken funding costs thereby incurred.
4. Leicester City Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt.
5. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
6. The debt acknowledged by this Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Registrar of Loan Instruments of Leicester City Council, who shall acknowledge and register any such transfer.
7. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule or on the date for prepayment in accordance with Clause 8 below.
8. If the Registered Holder exercised the right to alter the Interest then Leicester City Council may prepay the amount of Principal and all accrued interest thereon on the date the Interest is altered without penalty, subject to receipt of notice by the Registered Holder from Leicester City Council no later than 11.00am two business days prior to the relevant effective date. The amount payable to redeem this Loan Instrument on any date other than the date of Repayment of Principal or a date in which Interest is altered is the Principal and all accrued interest thereon together with all broken funding and associated financing costs (if any) incurred by the Registered Holder (on such date) arising from early termination of the funding and associated financing arrangements for this loan.

This Loan Instrument is in compliance with Section 43 (4) and (5) of the Local Government and Housing Act 1989.

Duly executed on behalf of Leicester City Council in accordance with *Its Treasury Policy dated 27/11/2003* Standing Order No[.....] / Financial Regulation No[.....]

Director of Finance and Registrar of Loan Instruments



(E3M / E2M)

**Loan Instrument**

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER 1000000008

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).

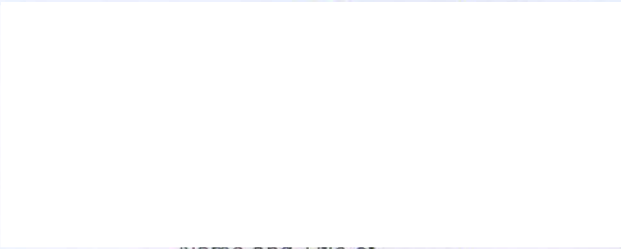
5. All payments required to be made by the Council under this Loan Instrument shall be calculated without reference to any set-off or counterclaim, shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim and shall be remitted in cleared funds on the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

6. The Loan is fully transferable in whole or in part by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Council who shall acknowledge and register any such transfer. In the event of a transfer of part of the debt acknowledged by this Loan Instrument, the Council will issue a Loan Instrument to the Registered Holder for the debt under this Loan Instrument as reduced by the amount transferred and will issue a new Loan Instrument to the transferee on the same terms set out in this Loan Instrument for an amount equal to the debt transferred by the Registered Holder. Further, the Council will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the Registered Holder with any relevant documentation within the time period imposed by the statute, practice or otherwise.
7. If the Registered Holder notifies the Council by not less than two business days prior notice that an increase in the rate of interest will occur on a Lender's Option Date, then the Council may, if it has given the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding such proposed increase, prepay the Loan on the date of such proposed increase together with accrued interest thereon to the day of prepayment.
8. The Council may also, if it has given to the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding the proposed day of prepayment, prepay the Loan on the next interest payment date together with (i) accrued interest thereon to the day of prepayment and (ii) any amount payable pursuant to Condition 4 above.
9. The Council shall not be entitled to prepay the Loan except at the times and in the manner expressly provided in this Loan Instrument.
10. In this Loan Instrument, the following terms shall have the following meanings:-

"**Business Day**" means a day (excluding Saturdays) on which the Registered Holder is ordinarily open to effect transactions of the kind contemplated in this Loan Instrument.

"**Lender's Option Date**" means 12<sup>th</sup> March 2009 and thereafter, the last Business Day of each successive period of six months.

EXECUTED on behalf of Leicester City Council on the 12<sup>th</sup> day of March, 2009



~~Authorized Signatory~~

Name and Title of  
Authorized Signatory

~~Name and Title of  
Authorized Signatory~~

28