

An / To:

East Sussex County Council
St. Anne's Crescent,
Lewes
East Sussex BN7 1UE

Von / From:

EUROHYPO

Bank S.A.

Zu Händen von / Attention:

Fax:

Seitenzahl inkl. Deckblatt / Total pages incl. Cover sheet:

3

Datum / Date:

07 October 2005

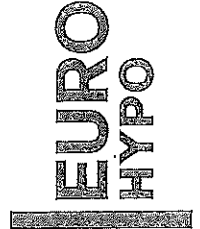
Ihr Geschäftspartner / Your Contact:

Fax:

Telefon / Phone:

E-mail:

@eurohypo.com



*** URGENT ***

Dear Mr. [REDACTED]

We are writing to confirm that we have placed at your disposal an advance facility available to you on the following terms and conditions:

1. Borrower: East Sussex County Council ("the Council")
2. Amount: Six million four hundred fifty thousand pounds sterling (GBP6,450,000) ("the Loan")
3. Purpose: Authorised borrowing under Section 1 of the Local Government Act 2003.
4. Lender: EUROHYPO Europäische Hypothekenbank S.A., Luxembourg ("the Bank")
5. Term: The Loan will be for a period of 50 years from 11th October 2005
6. Availability: Subject to the Bank having received:
 1. the acceptance copy of this letter duly signed by an authorised signatory of the Borrower,
 2. confirmation that the mortgage bond or loan certificate referred to in paragraph 12 will be executed on behalf of the Borrower (given the short timing, a faxed copy will be sufficient for drawdown),
 3. evidence that authority to sign has been delegated to the signatory on the mortgage bond or loan certificate and that he/she had the power to commit the authority to the Loan,

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4. a document confirming:
 - a) the Borrower's Prudential Borrowing Limits as set by the Council,
 - b) that the borrowing of the Loan by the Borrower will not cause the Council's Prudential Borrowing Limits be exceeded,

you will be able to drawdown the Loan on 11th October 2005.

7. Interest Rate: From 11th October 2005 to 11th October 2055 interest will be charged at the rate of 3.75% per annum calculated on the basis of a 365-day year and actual days (including in all cases 29 February) within each interest period and will be payable semi-annually in arrears on 11th April and 11th October each year.

In the event that such payment date is not a Business Day then payment will be made on the next successive Business Day, provided that if such payment date shall fall into the succeeding month, the payment date shall be the preceding business day. ("Modified Following" payment convention)

All Interest shall be paid gross of any withholding tax.

8. Business Day: London business day convention.

9. Special Features: The Lender has the option, (giving two business days notice) on 11th October 2008 and every six months thereafter to alter the Interest Rate at its discretion. If the Borrower does not accept this new rate, the Borrower can prepay the Loan without penalty. If the Lender does not alter the Interest Rate, the Borrower may not prepay the Loan.

10. Repayment: The Loan will be repaid on 11th October 2055.

11. Payments: All payments of interest in respect of this loan and the repayment of the principal will be made to Deutsche Bank London (DEUTGB2L) CHAPS [REDACTED] for further credit to Deutsche Bank Frankfurt (DEUTDEFF) account no. [REDACTED] for account of EUROHYPO Europäische Hypothekenbank S.A., account number [REDACTED] (Swift [REDACTED])

12. Security: Security for the Loan will be in the form of a mortgage bond or loan certificate issued by the Borrower in favour of the Bank, its successors and/or assignees. The security created by the mortgage

bond or loan certificate is to rank pari passu with all your other borrowings.

13. Transferability: The rights and obligations under this letter shall be transferable by means of an instrument in writing in accordance with the Stock Transfer Act, 1963 delivered to the Council's Registrar.

We shall be pleased if you will confirm your acceptance of these terms by signing and returning to us the attached copy of this letter.

Yours sincerely,

EUROHYPO Europäische Hypothekenbank S.A.

We, East Sussex County Council, hereby agree and accept the terms and conditions contained in your letter of the 07th October 2005 of which the above is a true copy. We also confirm that we will issue either the mortgage bond referred to in paragraph 12 or alternatively our own form of loan instrument before drawdown.

For and on behalf of East Sussex County Council:

Name:
Title: }
Date:

Name
Title:
Date: