

An:
Powys County Council

S40(2)

Von - From
EUROHYPO
Europäische Hypothekenbank S.A.
C/O Commerzbank House
Guild Street
International Financial Services Centre
Dublin 1
IRELAND



Zu Händen von - Attention

S40(2)

Ihr Geschäftspartner - Your Contact

S40(2)

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00-353-1-6491622

Seitenzahl inkl. Deckblatt - Total pages incl. Cover sheet

3

Telefon - Phone

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Datum

22/09/2005

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S40(2)

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*** URGENT ***

Dear John,

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: Powys County Council ("the Council")
2. Amount: Five million pounds sterling (GBP5,000,000) ("the Loan")
3. Purpose: Authorised borrowing under Section 1 of the Local Government Act 2003.
4. Lender: EUROHYPO Europäische Hypothekenbank S.A., ("the Bank")
5. Term: The Loan will be for a period of 60 years from 28th September 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
 4. a document confirming:

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EUROHYPO
Europäische Hypothekenbank S.A.
Airport Center - 5, rue Heichenhaff
L-1796 Sennelager/Luxembourg
Incorporated in Luxembourg with
limited liability
Registration no. B 30489

Board of Directors: Henning Rasche,
chairman (German), Bernd Knobloch,
vice-chairman (German), Reinolf Dibus
(German), Wolfgang Groth (German).

Telephone +353 1 649 1616

Branch registered in Ireland
Registration no. E 4350

- 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 28th September 2005.

7. Interest Rate:

From 28th September 2005 to 28th September 2065 interest will be charged at the rate of 3.77% 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 28th March and 28th September.

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 28th September 2010 and every five years 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 28th September 2065.

11. Payments:

All payments of interest in respect of this loan and the repayment of the principal will be made by to Deutsche Bank London (DEUTGB2L) CHAPS S31 for further credit to Deutsche Bank Frankfurt (DEUTDEFF) for account of S31 account number S31

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,

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EUROHYPO Europäische Hypothekenbank S.A.
5, rue Heienhaff
L - 1736 Senningerberg
Luxembourg

We, Powys County Council, hereby agree and accept the terms and conditions contained in your letter of the 22nd September 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 Powys County Council:

S40(2)

S40(2)

Title: DEPUTY CHIEF
FINANCIAL
OFFICER
Date: 22/9/05

Title: CHIEF FINANCIAL OFFICER
Date: 22/9/05