

DEXIA

Director of Finance & Resources
 Croydon London Borough Council
 Finance Department
 Taberner House
 Park Lane
 Croydon
 CR9 3JS

21 September 2007

Attention: Derick Fernandes

Dear Sir,

We write to confirm details of the loan arranged today:

Borrower:	Croydon London Borough Council
Amount:	£10,000,000 (Ten Million Pounds)
Loan Start Date:	26 September 2007
Period:	70 Years
Repayment:	26 September 2077
Interest Rate:	4.15%pa until 26 September 2009 and 4.15% pa thereafter, Subject to (b) below.
Interest Payable on:	26 March, 26 September semi annually.

- 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 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 September 2009 (and on any anniversary of such date falling at one yearly periods thereafter), (each an 'effective date') by means of notice to Croydon London Borough 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.
- c. Breakage costs and associated funding costs, if applicable, will be due and payable both before (if drawdown does not occur as envisaged) and after drawdown.

NB. 26th September 2009 is a Saturday therefore the effective date will be 28th September 2009.

Date of First Payment:	26 March 2008
Amount of First Payment:	£206,931.51
Security/Documentation:	Loan Instrument <u>in the form appended</u>. (Original for execution to follow by post)

Dexia Public Finance Bank
 Shackleton House
 4 Battle Bridge Lane
 LONDON
 SE1 2RB - UK

Tel: +44 (0)20 7378 7757
 Fax: +44 (0)20 7378 7188
 www.dexia.com
 www.uk-dexia.com

Trade name of Dexia Crédit Local
 Incorporated in France with
 limited liability - registered in
 England & Wales Reg No: BR5713

Your Bank Details:

Bank: Natwest Bank PLC
Sort Code: 56-00-46 A/c Number: 01000489

Our Bank Details:

Bank: Citibank NA, Citigroup Centre, Canary Wharf, London
Sort Code: 18-50-08 A/c Number: 08553475

The address and facsimile number for each party for all notices under or in connection with this Loan are as set out below or any other notified by that party for this purpose to the other party by not less than five business days notice:

The Registered Holder: Dexia Credit Local - London Branch
Shackleton House
4 Battle Bridge Lane
London SE1 2RB
Fax: 020 7378 7188
Attention: Justin Wyatt - Senior Manager - Operations

The Borrower: Croydon London Borough Council
Address: Finance Department
Taberner House
Park Lane
Croydon
CR9 3JS
Fax: 020 8686 7405
Attention: Derek Fernandez

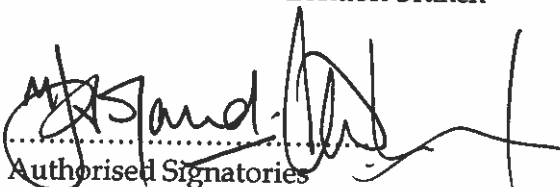
Please confirm by return to fax No 020 7378 7188 your concurrence that the above loan details as set out above are correct. When replying please confirm that the details we hold for (1), (2) and (3) below remain unchanged:

- (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 and the copy of our Loan Instrument have been received by ourselves duly signed by an authorised person 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
Croydon London Borough Council


.....
Authorised Signatories


.....
Authorised Signatory

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

LOAN INSTRUMENT NO.

Croydon London Borough 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: £10,000,000 (Ten Million Pounds)
DATE ACCEPTED: 21 September 2007 **DATE OF DRAWDOWN:** 26 September 2007

INTEREST:

(a) 4.15% per annum from 26 September 2007 until 26 September 2009 and thereafter at 4.15% per annum, with interest payable on 26 March and 26 September.

(b) The Registered Holder has the right on the 26 September 2009 (and on any anniversary of such date falling at one yearly periods thereafter), (each an 'effective date') by means of notice to Croydon London Borough 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.

(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 September 2077
AMOUNT OF REPAYMENT OF PRINCIPAL: £10,000,000 (Ten Million Pounds)

CONDITIONS:

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by Croydon London Borough 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. Croydon London Borough 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 Croydon London Borough 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 Croydon London Borough 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 Croydon London Borough 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.

Duly executed on behalf of Croydon London Borough Council in accordance with "Standing Order No[....] / Financial Regulation No[....].

Examined by:

Director of Finance and Registrar of Loan Instruments

X  X

DEXIA

Director of Finance & Resources
Croydon London Borough Council
Finance Department
Taberner House
Park Lane
Croydon
CR9 3JS

21 September 2007

Attention: Derick Fernandes

Dear Sir,

We write to confirm details of the loan arranged today:

Borrower:	Croydon London Borough Council
Amount:	£10,000,000 (Ten Million Pounds)
Loan Start Date:	26 September 2007
Period:	70 Years
Repayment:	26 September 2077
Interest Rate:	4.15%pa until 26 September 2009 and 4.15% pa thereafter, <u>Subject to (b) below.</u>
Interest Payable on:	26 March, 26 September semi annually.

- 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.
- The Registered Holder has the right on 26 September 2009 (and on any anniversary of such date falling at one yearly periods thereafter), (each an 'effective date') by means of notice to Croydon London Borough 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.
- Breakage costs and associated funding costs, if applicable, will be due and payable both before (if drawdown does not occur as envisaged) and after drawdown.

NB. 26th September 2009 is a Saturday therefore the effective date will be 28th September 2009.

Date of First Payment:	26 March 2008
Amount of First Payment:	£206,931.51
Security/Documentation:	<u>Loan Instrument in the form appended.</u> (Original for execution to follow by post)

Dexia Public Finance Bank
Shackleton House
4 Battle Bridge Lane
LONDON
SE1 2RB - UK

Tel: +44 (0)20 7378 7757
Fax: +44 (0)20 7378 7188
www.dexia.com
www.uk-dexia.com

Trade name of Dexia Crédit Local
Incorporated in France with
limited liability - registered in
England & Wales Reg No: BR5713

Your Bank Details:

Bank: Natwest Bank PLC
Sort Code: 56-00-46 **A/c Number:** 01000489

Our Bank Details:

Bank: Citibank NA, Citigroup Centre, Canary Wharf, London
Sort Code: 18-50-08 **A/c Number:** 08553475

The address and facsimile number for each party for all notices under or in connection with this Loan are as set out below or any other notified by that party for this purpose to the other party by not less than five business days notice:

The Registered Holder: Dexia Credit Local - London Branch
Shackleton House
4 Battle Bridge Lane
London SE1 2RB
Fax: 020 7378 7188
Attention: Justin Wyatt - Senior Manager - Operations

The Borrower: Croydon London Borough Council
Address: Finance Department
Taberner House
Park Lane
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CR9 3JS
Fax: 020 8686 7405
Attention: Derek Fernandez

Please confirm by return to fax No 020 7378 7188 your concurrence that the above loan details as set out above are correct. When replying please confirm that the details we hold for (1), (2) and (3) below remain unchanged:

- (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 and the copy of our Loan Instrument have been received by ourselves duly signed by an authorised person by 12.00 Noon on the loan start date.

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

Date: 25/9/07
Agreed for and on behalf of
Croydon London Borough Council


.....
Authorised Signatories


.....
Authorised Signatory

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

LOAN INSTRUMENT NO.

Croydon London Borough 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: £10,000,000 (Ten Million Pounds)
DATE ACCEPTED: 21 September 2007 **DATE OF DRAWDOWN:** 26 September 2007

INTEREST:

(a) 4.16% per annum from 26 September 2007 until 26 September 2009 and thereafter at 4.16% per annum, with interest payable on 26 March and 26 September.

(b) The Registered Holder has the right on the 26 September 2009 (and on any anniversary of such date falling at one yearly periods thereafter), (each an 'effective date') by means of notice to Croydon London Borough 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.

(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 September 2077
AMOUNT OF REPAYMENT OF PRINCIPAL: £10,000,000 (Ten Million Pounds)

CONDITIONS:

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by Croydon London Borough 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. Croydon London Borough 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 Croydon London Borough 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 Croydon London Borough 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 Croydon London Borough 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.

Duly executed on behalf of Croydon London Borough Council in accordance with *Standing Order No[....] / Financial Regulation No[....].
 Examined by: Director of Finance and Registrar of Loan Instruments