

**PARAGON MORTGAGES (NO.25) PLC**  
**51 Homer Road, Solihull, West Midlands B91 3QJ, United Kingdom**  
(the "Issuer")

**THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE BENEFICIAL OWNERS OF THE NOTES. IF APPLICABLE, ALL DEPOSITARIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO PASS THIS NOTICE TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER**

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (IF YOU ARE IN THE UNITED KINGDOM) OR ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER (IF YOU ARE NOT)**

**IF YOU HAVE RECENTLY SOLD OR OTHERWISE TRANSFERRED YOUR ENTIRE HOLDING(S) OF NOTES REFERRED TO BELOW, YOU SHOULD IMMEDIATELY FORWARD THIS DOCUMENT TO THE PURCHASER OR TRANSFEREE OR TO THE STOCKBROKER, BANK OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED FOR TRANSMISSION TO THE PURCHASER OR TRANSFEREE.**

20 August 2021

**NOTICE OF BASE RATE MODIFICATION**  
(the "Notice")

to the holders of the following notes of the Issuer:

£600,000,000 Class A Mortgage Backed  
Floating Rate Notes due 2050  
ISIN: XS1785818649; Common Code: 178581864

£33,500,000 Class B Mortgage Backed  
Floating Rate Notes due 2050  
ISIN: XS1785821437; Common Code: 178582143

£30,000,000 Class C Mortgage Backed  
Floating Rate Notes due 2050  
ISIN: XS1785821940; Common Code: 178582194

£24,700,000 Class D Mortgage Backed  
Floating Rate Notes due 2050  
ISIN: XS1785822088; Common Code: 178582208

£17,648,000 Class Z Mortgage Backed  
Floating Rate Notes due 2050  
ISIN: XS1785822245; Common Code: 178582224

£10,923,000 Class S Mortgage Backed  
Floating Rate Notes due 2050  
ISIN: XS1785822328; Common Code: 178582232

£7,952,955 Class S Mortgage Backed  
Variable Funding Note due 2050  
(no amounts being presently outstanding under such note),

(together, the “**Noteholders**” and the “**Notes**”, respectively).

This Notice is also provided for information purposes only to the holders of the following certificates:

100 RC1a Residual Certificates  
ISIN: XS1786079878; Common Code: 178607987

100 RC1b Residual Certificates  
ISIN: XS1786082740; Common Code: 178608274

100 RC2a Residual Certificates  
ISIN: XS1786082823; Common Code: 178608282

100 RC2b Residual Certificates  
ISIN: XS1786083128; Common Code: 178608312.

1. Pursuant to a negative consent notice dated 19 July 2021 (the “**Negative Consent Notice**”), the Issuer announced its intention to amend the Documents in order to:
  - (a) remove references to “LIBOR”;
  - (b) change the Reference Screen in relation to the Notes to refer to a “SONIA”-based rate;
  - (c) change the interest rate calculation provisions to refer to a “SONIA”-based rate;
  - (d) in relation to the PM25 Swap Confirmations, (i) change the “Floating Rate Option” from a “LIBOR”-based rate to a “SONIA”-based rate and (ii) reduce the Fixed Rate by 0.102%; and
  - (e) make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such changes,

such amendments, together with all amendments made to the Documents by the Supplemental Trust Deed and the Amendment Deed, the “**Proposed Base Rate Modification**”.

2. Unless otherwise indicated, capitalised terms used but not defined in this notice shall have the meaning given to them in the Negative Consent Notice.
3. Pursuant to Condition 15(a) (*Base Rate Modification*), the Trustee is required to concur with the Issuer in making the Proposed Base Rate Modification if:
  - (a) the Issuer has certified in writing to the Trustee that, after providing at least 35 calendar days’ notice to the Noteholders of each Class of the Proposed Base Rate Modification in accordance with Condition 12 (*Notices*) and Condition 15(c) (*Base Rate Modification*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, Eligible Class A Noteholders representing at least 10 per cent. of the aggregate Eligible Principal Amount Outstanding of the Most Senior Class of Notes outstanding (being the Class A Notes) have not contacted the Issuer, Tabulation Agent or the Principal Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Eligible Class A Noteholders do not consent to the Proposed Base Rate Modification within not less than 30 calendar days of the date of the Negative Consent Notice; and
  - (b) all other conditions set out in Condition 15 (*Base Rate Modification*) have been satisfied,

(the “**Negative Consent Process**”).

4. Eligible Class A Noteholders who wished to notify the Issuer that they objected to the Proposed Base Rate Modification must have done so in accordance with the procedures set out in the Negative Consent Notice by 4:00 p.m. (London time) on 19 August 2021 (the “**Deadline**”). No physical or virtual meeting of the Eligible Class A Noteholders has been or will be held in connection with the Negative Consent Process.
5. The Deadline has now passed and the Issuer now announces the results of the Negative Consent Process.

#### **Results of the Negative Consent Process**

6. NOTICE IS HEREBY GIVEN to the Noteholders that:
  - (a) Eligible Class A Noteholders representing at least 10 per cent. of the aggregate Eligible Principal Amount Outstanding of the Class A Notes did not contact the Issuer, the Tabulation Agent or the Principal Paying Agent by the Deadline notifying the Issuer that such Eligible Class A Noteholders did not consent to the Proposed Base Rate Modification;

- (b) all other conditions set out in Condition 15 (*Base Rate Modification*) will be satisfied by the Amendment Date (as defined below); and
  - (c) the Amendment Deed and Supplemental Trust Deed will be executed by the Issuer on or around 25 August 2021 (the “**Amendment Date**”) and the Proposed Base Rate Modification will be implemented with effect from the Interest Payment Date falling on 15 February 2022.
7. From the Amendment Date, copies of the executed Amendment Deed and Supplemental Trust Deed (together with blackline documents illustrating the Proposed Base Rate Modification and EONIA Amendments (save for the amendments to the PM25 Swap Confirmations)) will be available at the following link:

[https://investorreporting.paragonbankinggroup.co.uk/bondinvestor\\_viewer/bondinvestor/investorreporting/paragon\\_group/bondinvestor\\_pm25/PM25\\_Libor\\_Transition\\_to\\_SONIA](https://investorreporting.paragonbankinggroup.co.uk/bondinvestor_viewer/bondinvestor/investorreporting/paragon_group/bondinvestor_pm25/PM25_Libor_Transition_to_SONIA).

8. For further information, please contact:

***Solicitation Agent***

**LLOYDS BANK CORPORATE MARKETS PLC**

25 Gresham Street  
London EC2V 7HN  
Tel: + 44 (0) 20 7158 1719/2720  
Email: liability.management@lloydsbanking.com  
Attention: Liability Management Team

***Tabulation Agent***

**CITIBANK, N.A.**

Citigroup Centre  
Canada Square  
London E14 5LB  
Tel: +44 (0)20 7508 3867  
Attention: Exchange Team  
Email: citiexchanges@citi.com

9. For the avoidance of doubt, nothing in this Notice constitutes or should be construed as constituting an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction or an offer to modify the terms and conditions of any securities, including the Notes.
10. This Notice is released by the Issuer and contains information in relation to the Notes that qualifies as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of United Kingdom domestic law by virtue of the European

Union (Withdrawal) Act 2018 (“**EUWA**”) (“**UK MAR**”). For the purposes of UK MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055 (as it forms part of United Kingdom domestic law by virtue of the EUWA), this Notice is made by Helena Whitaker, for and on behalf of Intertrust Directors 1 Limited, Director.

For and on behalf of

**PARAGON MORTGAGES (NO.25) LIMITED**