

DATED25 August..... 2021

PARAGON MORTGAGES (NO.25) PLC

as Issuer

and

CITICORP TRUSTEE COMPANY LIMITED

as Trustee

SUPPLEMENTAL TRUST DEED

Modifying the Trust Deed dated 26 April 2018 in respect of the £600,000,000 Class A Mortgage Backed Floating Rate Notes due May 2050, £33,500,000 Class B Mortgage Backed Floating Rate Notes due May 2050, £30,000,000 Class C Mortgage Backed Floating Rate Notes due May 2050, £24,700,000 Class D Mortgage Backed Floating Rate Notes due May 2050, £17,648,000 Class Z Mortgage Backed Floating Rate Notes due May 2050, £10,923,000 Class S Mortgage Backed Floating Rate Notes due May 2050, £7,952,955 Class S Mortgage Backed Variable Funding Notes due May 2050 and 400 Residual Certificates

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(GO/JUM/SXUS)

THIS DEED is dated 25 August 2021 and made between:

BETWEEN:

- (1) **PARAGON MORTGAGES (NO.25) PLC** (registered Number: 09777963) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ, United Kingdom (the "**Issuer**"); and
- (2) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of this Trust Deed) whose principal London office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

BACKGROUND:

- (A) This Supplemental Trust Deed is supplemental to the Trust Deed dated 26 April 2018 made between the Issuer and the Trustee and constituting the £600,000,000 Class A Mortgage Backed Floating Rate Notes due May 2050, £33,500,000 Class B Mortgage Backed Floating Rate Notes due May 2050, £30,000,000 Class C Mortgage Backed Floating Rate Notes due May 2050, £24,700,000 Class D Mortgage Backed Floating Rate Notes due May 2050, £17,648,000 Class Z Mortgage Backed Floating Rate Notes due May 2050, £10,923,000 Class S Mortgage Backed Floating Rate Notes due May 2050, £7,952,955 Class S Mortgage Backed Variable Funding Notes due May 2050 and 400 Residual Certificates (the "**Original Trust Deed**");
- (B) On 19 July 2021 the Issuer gave notice (the "**Notice**") to the Noteholders that, pursuant to Clause 22 (*Base Rate Modification*) of the Original Trust Deed, it intended to amend certain documents, including the Original Trust Deed, in order to change the base rate of the Notes from LIBOR to an alternative base rate (the "**Proposed Base Rate Modification**").
- (C) A period of 30 calendar days (commencing at least 35 calendar days prior to the date of this Deed) for Noteholders of the Most Senior Class of Notes (being the Class A Notes) then outstanding (the "**Class A Noteholders**") to object to the Proposed Base Rate Modification has elapsed without at least 10 per cent. of the Class A Noteholders contacting the Issuer or the Principal Paying Agent to notify them that such Class A Noteholders do not consent to the Proposed Base Rate Modification. As such, the conditions to implementation of the Proposed Base Rate Modification in relation to the Class A Noteholders were satisfied. All other conditions to implementation of the Proposed Base Rate Modification were also satisfied.
- (D) The Issuer and Trustee (being obliged to concur with the Issuer) are entering into this Supplemental Trust Deed to give effect to the modifications to the Original Trust Deed hereinafter contained and thereby give effect to the matters referred to in the Notice. The modifications to the Original Trust Deed contained herein will be effective on the Effective Date (as defined below).

NOW THIS SUPPLEMENTAL TRUST DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED as follows:

1. Definitions and interpretation

Unless otherwise defined herein, all words and expressions defined in the Original Trust Deed shall, where the context so requires and admits, have the same meanings in this Supplemental Trust Deed.

Effective Date means the Interest Payment Date falling in February 2022.

2. Amendments

2.1 With effect from the Effective Date, the Original Trust Deed shall be modified by making the following amendments to the Conditions as set out in Schedule 4 (*Terms and Conditions of the Notes*) of the Original Trust Deed:

(A) Condition 4(c) (*Rate of Interest*) shall be deleted and replaced by:

(c) **Rate of Interest**

The rate of interest applicable from time to time to each class of Notes (the "**Rate of Interest**") will be determined as follows:

- (i) On each Interest Determination Date (as defined below), Citibank, N.A., London Branch acting as reference agent (the "**Reference Agent**", which expression shall include its successors as Reference Agent under the Agency Agreement) will determine Compounded Daily SONIA (as defined below) at approximately 11.00 a.m. (London time) on the Interest Determination Date.
- (ii) The Rate of Interest for the Interest Period in respect of each class of the Notes shall be the Compounded Daily SONIA plus the Margin (as defined below).
- (iii) Subject to paragraph (ii) above, in the event that the Rate of Interest cannot be determined in accordance with the provisions of these Conditions by the Reference Agent (or such other party responsible for the calculation of the Rate of Interest), the Rate of Interest shall be:
 - (1) that determined as at the last preceding Interest Determination Date where the Rate of Interest was determined using Compounded Daily SONIA (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the

relevant Interest Period in place of the Margin relating to that last preceding Interest Period); or

(2) if there is no such preceding Interest Determination Date, the Rate of Interest which would have been applicable to such Notes for a period equal in duration to the first Interest Period in relation to which the Rate of Interest is to be determined using Compounded Daily SONIA but ending on (and excluding) the Interest Payment Date falling in February 2022 (but applying the Note Interest Rate Margin applicable to the first Interest Period in relation to which the Rate of Interest is to be determined using Compounded Daily SONIA) plus the Margin Adjustment.

(iv) The minimum Rate of Interest shall be zero. There will be no maximum Rate of Interest.

(v) In these Conditions:

"Banking Day" means, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

"Compounded Daily SONIA" means the rate of return of a daily compound interest investment (with the daily sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Reference Agent (or such other party responsible for the calculation of the Rate of Interest) as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SONIA}_{t-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"d" is the number of calendar days in the relevant Interest Period;

"d₀" is the number of Banking Days in the relevant Interest Period;

"i" is a series of whole numbers from one to d₀, each representing the relevant Banking Day in chronological order from, and including, the first Banking Day in the relevant interest period;

"ni", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following Banking Day;

"Observation Period" means the period from and including the date falling five Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Banking Days prior to any other date on which a payment of interest is to be made in respect of the Notes);

"Reference Index" means Compounded Daily SONIA;

"Reference Rate" means, in respect of any Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Reference Screen or, if the Reference Screen is unavailable, as otherwise published by such authorised distributors (on the Banking Day immediately following such Banking Day);

If, in respect of any Banking Day in the relevant Observation Period, the Reference Agent (or such other party responsible for the calculation of the Rate of Interest) determines that the Reference Rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Banking Day, plus the mean of the spread of the Reference Rate to the Bank Rate over the previous five days on which a Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate;

"Reference Screen" means the Reuters Screen SONIA Page (or such replacement page on that service which displays the relevant information) or, if that service ceases to display the information, such other screen

service as may be determined by the Issuer (with the approval of the Trustee, in its sole discretion);

"SONIA_{i-5LBD}" means, in respect of any Banking Day falling in the relevant Observation Period, the Reference Rate for the Banking Day falling five Banking Days prior to the relevant Banking Day "i".

"Interest Commencement Date" means the Interest Payment Date falling on 15 February 2022;

"Interest Determination Date" means the fifth Banking Day before the Interest Payment Date for which the Rate of Interest to be determined on such date will apply;

"Margin" means the aggregate of (i) the applicable Note Interest Rate Margin and (ii) the Margin Adjustment;

"Margin Adjustment" means 0.1193 per cent. per annum;

"Note Interest Rate Margin" means in relation to:

- (A) each Class A Note, 0.65 per cent. per annum up to and excluding the Step-Up Date and thereafter 0.975 per cent. per annum;
- (B) each Class B Note, 0.95 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.425 per cent. per annum;
- (C) each Class C Note, 1.30 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.95 per cent. per annum;
- (D) each Class D Note, 1.60 per cent. per annum up to and excluding the Step-Up Date and thereafter 2.40 per cent. per annum;
- (E) each Class Z Note, 2.60 per cent. per annum;
- (F) each Class S Note, 4.0 per cent. per annum; and
- (G) each Class S VFN, 4.0 per cent. per annum;

"Step-Up Date" means the Interest Payment Date falling in May 2023;

- (B) Condition 4(d)(ii) (*Determination of Rate of Interest and Calculation of Interest Payments and Other Interest Amounts*) shall be amended by:
- a. replacing “the Quotation Time” with “11 a.m. (London time)”; and
 - b. in sub-paragraph (B) thereof, deleting “: (1) in the case of the first Interest Determination Date for that class, using the aggregate of the Initial Principal Amount of that class of Notes as the Calculation Agent; and (2) in the case of each other Interest Determination Date for that class”.
- (C) The introductory paragraph of Condition 4(d)(iii) (*Determination of Rate of Interest and Calculation of Interest Payments and Other Interest Amounts*) shall be amended by inserting “and no later than one Business Day from the Interest Determination Date,” immediately following “in which an Interest Payment Date falls,”;
- (D) In Condition 4(e) (*Publication of Rate of Interest and Interest Payments*), the reference to “the date of commencement of the relevant Interest Period” shall be deleted and replaced by “the relevant Interest Determination Date”.
- (E) Condition 4(g) (*Reference Banks and Reference Agent*) shall be amended as follows:

~~Reference Banks and Reference Agent~~

The Issuer will procure that, so long as any of the Notes remains outstanding, there will at all times be a Reference Agent ~~and the Issuer shall use reasonable endeavours to appoint Reference Banks or, as the case may be, additional or other Reference Banks pursuant to Conditions 4(c)(ii)(C) or 4(c)(ii)(D), in each case if the Reference Screen is not available.~~ The Issuer reserves the right at any time to terminate the appointment of the Reference Agent ~~or of any Reference Bank.~~ Notice of any such termination will be given to Noteholders. If any person shall be unable or unwilling to continue to act as ~~a Reference Bank or the Reference Agent (as the case may be),~~ or if the appointment of ~~any Reference Bank or the Reference Agent~~ shall be terminated, the Issuer will, with the approval of the Trustee, appoint a successor ~~Reference Bank or Reference Agent (as the case may be)~~ **provided that** neither the resignation nor removal of the Reference Agent shall take effect until a successor Reference Agent approved by the Trustee has been appointed.

- (F) Conditions 5(a)(i) to (vii) inclusive (*Mandatory Redemption in Part from Available Redemption Funds*) shall be amended by inserting “and no later than one Business Day from the Interest Determination Date” immediately following the first reference to the “Principal Determination Date” in each sub-paragraph;

(G) The definitions in Condition 5(a) (*Mandatory Redemption in Part from Available Redemption Funds*) shall be amended as follows:

- a. in the definition of “**Additional Available Redemption Funds**”, by inserting “(and determined no later than one Business Day from the Interest Determination Date)” immediately following “each Principal Determination Date thereafter”,
- b. by inserting “(and determined no later than one Business Day from the Interest Determination Date)” immediately after each reference to the “Principal Determination Date” in the following definitions:
 - i. “**Class A Available Redemption Funds**”;
 - ii. “**Class A Retained Principal Release Amount**”;
 - iii. “**Class B Available Redemption Funds**”;
 - iv. “**Class B Retained Principal Release Amount**”;
 - v. “**Class C Available Redemption Funds**”;
 - vi. “**Class D Available Redemption Funds**”;
 - vii. “**Class Z Available Redemption Funds**”;
 - viii. “**Maximum Principal Retained Amount**”; and
 - ix. “**Retained Principal Release Amount**”.

(H) In Condition 5(b)(i) (*Calculation of Principal Payments, Principal Amount Outstanding, Principal Liability Outstanding and Pool Factor*), “and no later than one Business Day from the Interest Determination Date” shall be inserted immediately after the first reference to “Principal Determination Date” and before “the Issuer shall determine”.

(I) Condition 15(a) (*Base Rate Modification*) shall be amended as follows (for the avoidance of doubt, the remainder of Condition 15 (*Base Rate Modification*) shall not be changed):

Notwithstanding the provisions of Condition 13 (*Meetings of Noteholders and Residual Certificateholders; Modifications; Consents; Waiver*), the Trustee shall be obliged, without any consent or sanction of the Noteholders or any of the other Secured Creditors, to concur with the Issuer in making any modification to these Conditions or any other Relevant Document to which it is a party or in relation to which it holds security or entering into any new, supplemental or additional documents that the Issuer considers necessary for the purpose of changing the base

rate from ~~LIBOR~~ SONIA in respect of all Classes of Notes but not only some Classes of Notes to which SONIA applies (the "**Applicable Base Rate**") to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, an "**Alternative Base Rate**") and making such other amendments to these Conditions or any other Relevant Document as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the changes envisaged pursuant to this Condition 15 (*Base Rate Modification*) (for the avoidance of doubt, this may include changing the base rate referred to in any interest rate hedging agreement, for the purpose of aligning any such hedging agreement with the proposed Base Rate Modification pursuant to paragraph (c)(D) below, the Mortgage Margin Reserve Fund, the Conversion Margin Reserve Fund and the Rate of Interest Maintenance Adjustment) (a "**Base Rate Modification**"), **provided that** the Issuer, or, as the case may be, PML as Administrator on behalf of the Issuer certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:

- (i) the Issuer has provided written notice of the proposed Base Rate Modification to the Noteholders of each Class including all the details required by Condition 15(c) below and that Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer 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 the prescribed notification period notifying the Issuer or Principal Paying Agent that such Noteholders do not consent to the Base Rate Modification; and
- (ii) the Issuer has obtained the consent of any of the other Secured Creditors whose consent is required to be obtained in order to make the Base Rate Modification; and
- (iii) the Sellers or PML as Administrator have agreed to pay, or to put the Issuer in funds to pay, all fees, costs and expenses (including legal fees and costs associated with any amendments to hedging agreements) incurred by the Issuer and the Trustee or any other party to any Relevant Documents in connection with the Base Rate Modification; and
- (iv) the Base Rate Modification is being undertaken due to any one or more of the following (and not for any other reason):
 - (1) where the Applicable Base Rate is SONIA, an alternative manner of calculating a SONIA-based base rate is introduced and becomes the standard means of calculating interest for similar transactions;

- (2) a material disruption to the Applicable Base Rate, a material change in the methodology of calculating the Applicable Base Rate or the Applicable Base Rate ceasing to exist or be published; or
- (3) the insolvency or cessation of business of the administrator of the Applicable Base Rate (in circumstances where no successor administrator has been appointed); or
- (4) a public statement by the administrator of the Applicable Base Rate that it will cease publishing the Applicable Base Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Applicable Base Rate) with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification; or
- (5) a public statement by the supervisor of the administrator of the Applicable Base Rate that the Applicable Base Rate has been or will be permanently or indefinitely discontinued (or there will be a material change in the methodology of calculating the Applicable Base Rate) with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification; or
- (6) a public statement by the supervisor of the administrator of the Applicable Base Rate that means the Applicable Base Rate will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification; or
- (7) it becomes unlawful for any Paying Agent, the Issuer or the Administrators to calculate any payments due to be made to any Noteholder using the Applicable Base Rate; or
- (8) the reasonable expectation of PML as Administrator that any of the events specified in sub-paragraphs (42), (23) or (67) will occur or exist within six months of the proposed effective date of such Base Rate Modification; or

(9) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a base rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Rates, despite the continued existence of the Applicable Base Rate; and

(v) the Alternative Base Rate is any one or more of the following:

(1) a base rate published, endorsed, approved or recognised by (the administrator of the Applicable Base Rate, the supervisor of the administrator of the Alternative Base Rate or other relevant authority) or any stock exchange on which the Notes (other than the Class S VFN) are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or

(2) SONIA, where an alternative manner of calculating a SONIA-based rate is introduced and becomes a standard means of calculating interest for similar transactions; or

(3) ~~the Sterling Overnight Index Average or the Broad Treasuries Repo Financing Rate~~ (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or

(4) a base rate utilised in a material number of publicly listed new issues of ~~£~~sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification; or

(5) a base rate utilised in a publicly-listed new issue of ~~£~~sterling- denominated asset backed floating rate notes where the originator of the relevant assets is one of the Sellers or an affiliate of the Sellers; or

(6) such other base rate as PML as Administrator reasonably determines.

(J) In Condition 21 (*Notifications and Other Matters to be Final*), the following references shall be deleted: (i) “the Reference Banks (or any of them),”, (ii) “the Reference Banks,” immediately following “be binding on the Issuer,” and (iii) “the Reference Banks,” immediately following “shall attach to”.

2.2 With effect from the Effective Deed, the Original Trust Deed shall be modified by making the following amendments:

- (A) the definition of “**Initial Basis Hedge Provider**” in clause 1.1 (*Definitions*) shall be amended as follows:

“**Initial Basis Hedge Provider**” means Lloyds Bank Corporate Markets plc”;

- (B) the definition of “**Reference Banks**” in clause 1.1 (*Definitions*) shall be deleted;
- (C) clause 13(i) (*Covenants by the Issuer*) shall be amended as follows:

at all times maintain a Registrar, Class S VFN Registrar, Reference Agent and Paying Agents and use reasonable endeavours to appoint ~~Reference Banks~~ ~~a Reference Agent (including any replacement) pursuant to Condition 4(g) or, as the case may be, additional or other Reference Banks pursuant to Conditions 4(d)(ii)(C) or 4(d)(ii)(D)~~, in each case if the Reference Screen is not available, in accordance with Conditions 4 and 6 or use reasonable endeavours to replace the Applicable Base Rate with an Alternative Base Rate in accordance with Clause 22 (*Base Rate Modification*);

- (D) clause 13(m) (*Covenants by the Issuer*) shall be amended by deleting “Reference Bank or”;
- (E) clause 15(cc) (*Terms of Appointment*) shall be amended by deleting “the Reference Banks or any of them,”;
- (F) Clause 22.1 (*Base Rate Modification*) shall be amended as follows (for the avoidance of doubt, the remainder of Clause 22 (*Base Rate Modification*) shall not be changed):

Notwithstanding any of the provisions of Clause 20 (*Waiver; Authorisation; Determination; Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, Residual Certificateholders or any of the other Secured Creditors, to concur with the Issuer in making any modification to the Conditions or any other Relevant Document to which it is a party or in relation to which it holds security or entering into any new, supplemental or additional documents that the Issuer considers necessary for the purpose of changing the base rate from ~~LIBOR~~ ~~SONIA~~ in respect of all Classes of Notes but not only some Classes of Notes to which SONIA applies (the “**Applicable Base Rate**”) to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, an “**Alternative Base Rate**”) and making such other amendments to the Conditions or any other Relevant Document as are necessary or advisable in the reasonable judgment of the Issuer to

facilitate the changes envisaged pursuant to this Clause 22 (*Base Rate Modification*) (for the avoidance of doubt, this may include changing the base rate referred to in any interest rate hedging agreement, for the purpose of aligning any such hedging agreement with the proposed Base Rate Modification pursuant to Clause 22.3(d) below, the Mortgage Margin Reserve Fund, the Conversion Margin Reserve Fund and the Rate of Interest Maintenance Adjustment) (a “**Base Rate Modification**”), **provided that** the Issuer, or, as the case may be, PML as Administrator on behalf of the Issuer, certifies to the Trustee in writing (such certificate, a “**Base Rate Modification Certificate**”) that:

- (a) the Issuer has provided written notice of the proposed Base Rate Modification to the Noteholders of each Class including all the details required by Clause 22.3 below and that Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer 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 the prescribed notification period notifying the Issuer or Principal Paying Agent that such Noteholders do not consent to the Base Rate Modification; and
- (b) the Issuer has obtained the consent of any of the other Secured Creditors whose consent is required to be obtained in order to make the Base Rate Modification; and
- (c) the Sellers or PML as Administrator have agreed to pay, or to put the Issuer in funds to pay, all fees, costs and expenses (including legal fees and costs associated with any amendments to hedging agreements) incurred by the Issuer and the Trustee or any other party to any Relevant Documents in connection with the Base Rate Modification; and
- (d) the Base Rate Modification is being undertaken due to any one or more of the following (and not for any other reason):
 - (i) where the Applicable Base Rate is SONIA, an alternative manner of calculating a SONIA-based base rate is introduced and becomes the standard means of calculating interest for similar transactions;
 - (ii) a material disruption to the Applicable Base Rate, a material change in the methodology of calculating the Applicable Base Rate or the Applicable Base Rate ceasing to exist or be published; or

- (iii) the insolvency or cessation of business of the administrator of the Applicable Base Rate (in circumstances where no successor administrator has been appointed); or
 - (iv) a public statement by the administrator of the Applicable Base Rate that it will cease publishing the Applicable Base Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Applicable Base Rate) with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification; or
 - (v) a public statement by the supervisor of the administrator of the Applicable Base Rate that the Applicable Base Rate has been or will be permanently or indefinitely discontinued (or there will be a material change in the methodology of calculating the Applicable Base Rate) with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification; or
 - (vi) a public statement by the supervisor of the administrator of the Applicable Base Rate that means the Applicable Base Rate will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification; or
 - (vii) it becomes unlawful for any Paying Agent, the Issuer or the Administrators to calculate any payments due to be made to any Noteholder using the Applicable Base Rate; or
 - (viii) the reasonable expectation of PML as Administrator that any of the events specified in sub-paragraphs (i), (iii) or (v) will occur or exist within six months of the proposed effective date of such Base Rate Modification; or
 - (ix) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a base rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Rates, despite the continued existence of the Applicable Base Rate; and
- (e) the Alternative Base Rate is any one or more of the following:

- (i) a base rate published, endorsed, approved or recognised by (the administrator of the Applicable Base Rate, the supervisor of the administrator of the Alternative Base Rate or other relevant authority) or any stock exchange on which the Notes (other than the Class S VFN) are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
- (ii) SONIA, where an alternative manner of calculating a SONIA-based rate is introduced and becomes a standard means of calculating interest for similar transactions; or
- (iii) ~~the Sterling Over Night Index Average or~~ the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or
- (iv) a base rate utilised in a material number of publicly listed new issues of ~~S~~sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification; or
- (v) a base rate utilised in a publicly-listed new issue of ~~S~~sterling-denominated asset backed floating rate notes where the originator of the relevant assets is one of the Sellers or an affiliate of the Sellers; or
- (vi) such other base rate as PML as Administrator reasonably determines.

3. Miscellaneous

- 3.1 The provisions of the Original Trust Deed as modified by this Supplemental Trust Deed from the Effective Date shall continue in full force and effect and shall be valid and binding obligations of the Issuer and the Trustee.
- 3.2 The Original Trust Deed shall from the Effective Date henceforth be read and construed as one document with this Supplemental Trust Deed.
- 3.3 This Supplemental Trust Deed may be executed in counterparts, each of which, taken together, shall constitute one and the same Supplemental Trust Deed and each party may enter into this Supplemental Trust Deed by executing a counterpart.
- 3.4 A person who is not a party to this Supplemental Trust Deed has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Supplemental

Trust Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

4. Governing Law

This Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

IN WITNESS whereof this Supplemental Trust Deed has been executed as a deed by the Issuer and the Trustee and delivered on the date first stated on page 1.

SIGNATURES

Issuer

EXECUTED as a **DEED** by
PARAGON MORTGAGES (NO.25) PLC
acting by two directors

)

Mheadi

)

Intertrust Directors 1 Limited

)

Director

)

Mheadi

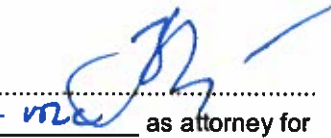
)

Intertrust Directors 2 Limited

Director

Trustee

EXECUTED as a **DEED** by **CITICORP**)
TRUSTEE COMPANY LIMITED acting)
by its attorney acting under the authority)
of that company, in the presence of:)


.....
CRISTINA VELEZ as attorney for
CITICORP TRUSTEE COMPANY
LIMITED

Witness's signature:


.....

Name (print):

VANESSA EVANS
.....

Occupation:

SOLICITOR
.....

Address:

Citi
Citigroup Centre
.....
25 Canada Square
Canary Wharf
London E14 5LB