

THIS NOTICE CONTAINS IMPORTANT INFORMATION OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE NOTES (AS DEFINED BELOW). 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.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (if you are in the United Kingdom), or from another appropriately authorised independent financial adviser and such other professional advice from your own professional advisors as you deem necessary.

This Notice is addressed only to holders of the Notes (as defined below) and persons to whom it may otherwise be lawful to distribute it ("relevant persons"). It is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Notice relates is available only to relevant persons and will be engaged in only with relevant persons.

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.

THIS NOTICE DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER FOR SALE, EXCHANGE OR SUBSCRIPTION OF, OR A SOLICITATION OF ANY OFFER TO BUY, EXCHANGE OR SUBSCRIBE FOR, ANY SECURITIES OF THE ISSUER OR ANY OTHER ENTITY IN ANY JURISDICTION.

In accordance with normal practice, none of the Issuer, the Solicitation Agent, the Note Trustee, the Security Trustee, the Agents or their affiliates (or their respective directors, employees, officers, consultants or agents) expresses any view or opinion whatsoever as to the Proposed Base Rate Modification, the Proposed Amendments, the Amended Documents (each as defined below) or the information set out in this Notice; and none of the Solicitation Agent, the Note Trustee nor the Security Trustee makes any representation or recommendation whatsoever as to any action to be taken or not taken by Noteholders in relation to the Proposed Base Rate Modification, the Proposed Amendments, the Amended Documents or this Notice, or any document prepared in connection with any of them. Accordingly, the Issuer, the Solicitation Agent, the Note Trustee and the Security Trustee urge Noteholders who are in doubt as to the impact of the implementation of the Proposed Base Rate Modification, the Proposed Amendments, the Amended Documents or this Notice or any document prepared in connection with any of them (including any tax or other consequences), to seek their own independent financial, tax and legal advice. Each of the Issuer, the Note Trustee, the Security Trustee and the Solicitation Agent has not made, nor will they make, any assessment of the merits of the Proposed Base Rate Modification, the Proposed Amendments, the Amended Documents or this Notice or of the impact of the Proposed Base Rate Modification, the Proposed Amendments, the Amended Documents or this Notice on the interests of the Noteholders either as a class or as individuals.

PENARTH MASTER ISSUER PLC

35 Great St. Helen's
EC3A 6AP London
United Kingdom
(the "**Issuer**")

NOTICE OF BASE RATE MODIFICATION

to the holders of the following notes of the Issuer presently outstanding

£300,000,000 Series 2018-1 A2 Class A Asset-Backed Floating Rate Notes due 2023

Reg S ISIN: XS1779703013; Rule 144A ISIN: XS1779703286

(the "**Noteholders**" and the "**Notes**", respectively)

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS.

NOTICE IS HEREBY GIVEN by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) that the Issuer intends to amend the Notes and supporting loan notes on 18 November 2019, by amending the documents specified in this notice in order to effect the Proposed Base Rate Modification (as defined below).

1. We refer to the note trust deed dated 26 March 2018 between the Issuer and Deutsche Bank Trust Company Americas as note trustee (as amended, supplemented and restated from time to time, the "**Note Trust Deed**"), including the terms and conditions of the Notes set out at Schedule 1 thereto (the "**Conditions**"), pursuant to which the Notes were constituted on the terms and subject to the conditions contained therein.
2. Pursuant to Condition 14(c)(i) (*Additional right of Modification*), the Issuer may make any modifications to the Transaction Documents in order to change the Screen Rate **provided that** such modification is undertaken due to the circumstances set out in Condition 14(c)(i)(A), the Alternative Base Rate is a rate that satisfies Condition 14(c)(i)(B) and the other procedural formalities of Condition 14 (*Additional right of Modification*) have been met.
3. The Issuer intends to amend the Series 2018-1 A2 Final Terms, the Series 2018-1 A2 Loan Note Supplement, the Series 2018-1 A2 Class A Regulation S Global Note Certificate and the Series 2018-1 A2 Class A Rule 144A Global Note Certificate (the "**Amended Documents**") as prescribed below to:
 - (a) remove references to "LIBOR";
 - (b) change the Screen Rate to refer to a "SONIA" based rate; and
 - (c) change the interest rate calculation provisions to refer to a "SONIA" based rate,(the "**Proposed Base Rate Modification**").

The Amended Documents in blackline format can be viewed at the following link <https://www.lloydsbankinggroup.com/investors/fixed-income-investors/consent-solicitation/>, and the changes set out therein being the "**Proposed Amendments**".

4. The Proposed Base Rate Modification is being undertaken due to:
 - (a) a public statement by the Financial Conduct Authority of the UK (the "FCA") as supervisor of the administrator of LIBOR that LIBOR will be permanently or indefinitely discontinued; and
 - (b) a public statement by the FCA as supervisor of the administrator of LIBOR that LIBOR might no longer be used and that its usage might be subject to restrictions or adverse consequences.
5. If the Proposed Amendments are passed in accordance with this Notice, the Issuer will execute a Written Resolution authorising the Proposed Amendments which relate to the Series 2018-1 A2 Loan Note Supplement to which the Security Trustee is a party and the Security Trustee will enter into such Amended Documents in reliance on such Written Resolution.
6. In connection with the Proposed Base Rate Modification, prior to the first Interest Payment Date on which such modification is effective, an adjustment to the Margin on the Notes will be calculated to reflect the spread differential between LIBOR and SONIA by reference to such rates on a specified date. The intended method of calculation and intended date of calculation is set out in Appendix 1 (*Pricing Steps Paper*) hereto (the "**Pricing Steps Paper**").
7. Pursuant to Condition 14(d) (*Conditions to additional right of Modification*) the Note 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 Note Trustee that it has not been notified that Noteholders representing at least 10 per cent. of the aggregate Outstanding Principal Amount of the Most Senior Class of Notes in Series 2018-1 A2 do not consent to the Proposed Base Rate Modification within 30 calendar days of the date of this notice; and
 - (b) all other conditions set out in Condition 14(d)(i) (*Conditions to additional right of Modification*) have been satisfied.
8. Copies of the Note Trust Deed, drafts of the Amended Documents and related documents may be inspected in electronic or physical form during usual business hours at the registered office of the Issuer or the Principal Paying Agent. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the documents specified in this notice, as applicable.
9. The Noteholders should note that Lloyds Bank plc has notified its Series 2018-3 covered bondholders in relation to a similar proposal to change the interest basis in respect of the Series 2018-3 covered bonds (the "**Covered Bond Proposal**"). Noteholders who are also holders of those covered bonds should note that the consent process applicable to the covered bond programme differs from that set out in this notice. For the avoidance of doubt, the implementation of the Proposed Base Rate Modification is not conditional on the approval of the Covered Bond Proposal and does not approve or affect the Covered Bond Proposal.

10. Noteholders who wish to notify the Issuer that they object to the Proposed Base Rate Modification must do so by 4 p.m. (London time) on 14 October 2019 (the "**Deadline**"). No physical meetings of Noteholders will be held.
 11. **NO ACTION IS REQUIRED TO BE TAKEN BY ANY NOTEHOLDER WHO DOES NOT WISH TO OBJECT TO THE PROPOSED BASE RATE MODIFICATION.**
 12. Each Noteholder that wishes to vote to object to the Proposed Base Rate Modification must ensure that:
 - (a) it gives electronic voting instructions to the relevant clearing system (in accordance with that clearing system's procedures):
 - (i) TO REJECT the Proposed Base Rate Modification; and
 - (ii) specifying the full name of the direct participant submitting the voting instruction and the account number(s) for the party making the voting submission(s),

such that the Tabulation Agent will receive that Noteholder's voting instructions on or before the Deadline; and
 - (b) the relevant clearing system has received irrevocable instructions (with which they have complied) to block the Notes held by such holder in the securities account to which they are credited with effect from and including the day on which the electronic voting instruction is delivered to the relevant clearing system so that no transfers may be effected in relation to the Notes held by such holder at any time after such date until the Deadline. Votes will only apply to the Outstanding Principal Amount of Notes blocked in the relevant clearing system.
- Notes should be blocked in accordance with the procedures of the relevant clearing system and the deadlines required by the relevant clearing system. Noteholders should note that clearing system deadlines may be different to the Deadline set out herein, and as such Noteholders who wish to object should check the relevant clearing system's procedures and deadlines ahead of the Deadline.
13. Any beneficial owner of Notes who is not a direct participant in the clearing systems must contact its broker, dealer, bank, custodian, trust company or other nominee to arrange for the accountholder in Euroclear or Clearstream, Luxembourg, as the case may be, through which it holds Notes to deliver an electronic voting instruction in accordance with the requirements of the relevant clearing system and procure that the Notes are blocked in accordance with the normal procedures of the relevant clearing system and the deadlines imposed by such clearing system.
 14. Each Noteholder that wishes to object to the Proposed Base Rate Modification should ensure that the relevant blocking instructions to the relevant clearing system can be allocated to the relevant electronic voting instruction. For the avoidance of doubt, each electronic objection instruction must have an individual matching blocking instruction.

15. By providing instructions as described above, each beneficial owner of the Notes authorises the clearing systems at which their account is maintained to disclose to the Tabulation Agent, the Principal Paying Agent, the Note Trustee and the Issuer, confirmation that they are the beneficial owner of such Notes and the Principal Amount Outstanding of such Notes.
16. If "No" votes are received from Noteholders equal to at least 10 per cent. of the aggregate Outstanding Principal Amount of the Most Senior Class of Notes in Series 2018-1 A2 by the Deadline, the Issuer will not be entitled to enter into the Proposed Amendments unless an Extraordinary Resolution of the Most Senior Class of Notes in Series 2018-1 A2 is subsequently passed approving the Proposed Amendments. Following expiry of the Deadline, the Tabulation Agent will calculate the number of objection instructions received and notify each of the Issuer, the Note Trustee and the Security Trustee. If the 10 per cent. threshold is not reached, the Issuer, the Note Trustee, the Security Trustee and the other parties to the Amended Documents will enter into the Amended Documents on the Interest Payment Date falling in November 2019 and Noteholders will be bound by such Proposed Amendments. Votes delivered in favour of the Proposed Amendments will not be counted.
17. Additional notifications will be made to Noteholders in accordance with Condition 16 (*Notices*) as soon as reasonably practicable following:
 - (a) the Deadline, notifying Noteholders of the voting results; and
 - (b) the Pricing Date (as defined in the Pricing Steps Paper), notifying Noteholders of the Adjusted Margin (as defined in the Pricing Steps Paper).
18. Noteholders with queries concerning the content of this Notice are kindly requested to contact the Issuer, Lloyds Bank Corporate Markets plc in its capacity as the solicitation agent (the "**Solicitation Agent**") or Lucid Issuer Services Limited as tabulation agent (the "**Tabulation Agent**") using the details set out below.

Contact Details:

Issuer:

Penarth Master Issuer plc

35 Great St. Helen's

London

EC3A 6AP

Facsimile: +44 (0)20 7398 6325

Email: directors-uk@intertrustgroup.com

Attention: the Directors

Solicitation Agent:

Lloyds Bank Corporate Markets plc

10 Gresham Street

London EC2V 7AE

United Kingdom

Tel: +44 20 7158 1726 / 1721

Email: liability.management@lloydsbanking.com

Attention: Liability Management

Tabulation Agent:

Lucid Issuer Services Limited

Tankerton Works

12 Argyle Walk

London WC1H 8HA

United Kingdom

Tel: +44 20 7704 0880

Attention: David Shilson

Email: penarth@lucid-is.com

This Notice is given by

PENARTH MASTER ISSUER PLC

as **Issuer**

Dated 11 September 2019

APPENDIX 1 PRICING STEPS PAPER

The Proposal

Conversion of the Interest Basis for the Series 2018-1 Class A2 Asset-Backed Floating Rate Notes due 2023 (XS1779703286 (144A) / XS1779703013 (RegS)) issued by Penarth Master Issuer plc (the "**Notes**") from LIBOR to SONIA, with a consequential adjustment to the current Margin (as defined below).

Rationale for the Proposal

The pricing methodology proposed for the amendment of the Margin on conversion of the Interest Basis from LIBOR to SONIA uses only market observable screen spot rates.

The Pricing Date has been defined as a date relative to the relevant Interest Payment Date from which the change in reference rate from LIBOR to SONIA is proposed to occur. For these purposes such Interest Payment Date will be the Interest Payment Date falling in November 2019, being 18 November 2019 (the "**Effective Date**").

The determination of the relevant market observable screen spot rates will take place at 2 p.m. London time (the "**Pricing Time**") on the day that is 6 London Business Day(s) prior to the Effective Date, being 8 November 2019 (the "**Pricing Date**"). This is to ensure that the Pricing Date is as close as possible to the Effective Date whilst allowing sufficient time for the necessary changes to be implemented following the determination of the Margin.

For the avoidance of doubt, the reference rate applicable to the Notes up to but excluding the Effective Date will continue to be LIBOR.

The Margin Adjustment

The Rate of Interest for the Notes to be determined on the Pricing Date and effective on the Effective Date will be equal to Compounded Daily SONIA plus the Margin as adjusted as follows (the "**Adjusted Margin**"):

- A. the sum of 0.45 per cent. (the "**Margin**"); *plus*
- B. the LIBOR vs SONIA Interpolated Basis; *less*
- C. the 3 month vs 1 month LIBOR Interpolated Basis

where:

B. "LIBOR vs SONIA Interpolated Basis" is a number of basis points rounded to the nearest 0.1 basis points (with 0.05 basis points rounded upwards) as calculated by the Solicitation Agent on the Pricing Date as follows:

On the Pricing Date the Solicitation Agent will determine:

- a) the 3 Year LIBOR vs SONIA Basis (as quoted on the Bloomberg page ICAB21 at or around the Pricing Time), or such other page as may replace it on that information service, or on such similar or replacement service as may be determined by the Solicitation Agent; and

- b) the 4 Year LIBOR vs SONIA Basis (as quoted on the Bloomberg page ICAB21 at or around the Pricing Time) or such other page as may replace it on that information service, or on such similar or replacement service as may be determined by the Solicitation Agent.

Thereafter the Solicitation Agent will calculate the linear interpolation to the Scheduled Redemption Date of the Notes by:

- i. subtracting (a) above from (b) above and multiplying the result of such subtraction by the Maturity Weight (and rounding the result of such multiplication to the nearest 0.1 basis points, with 0.05 basis points rounded upwards); and
- ii. adding (a) to the result calculated in accordance with sub-paragraph (i),

and where:

C. "3 month vs 1 month LIBOR Interpolated Basis" is a number of basis points rounded to the nearest 0.1 basis points (with 0.05 basis points rounded upwards) as calculated by the Solicitation Agent on the Pricing Date as follows:

On the Pricing Date the Solicitation Agent will determine:

(x) the 3 Year 3 month vs 1 month LIBOR Basis (as quoted on the Bloomberg page ICAB21 at or around the Pricing Time) or such other page as may replace it on that information service, or on such similar or replacement service as may be determined by the Solicitation Agent; and

(y) the 4 Year 3 month vs 1 month LIBOR Basis (as quoted on the Bloomberg page ICAB21 at or around the Pricing Time) or such other page as may replace it on that information service, or on such similar or replacement service as may be determined by the Solicitation Agent.

Thereafter the Solicitation Agent will calculate the linear interpolation to the Scheduled Redemption Date of the Notes by:

- (aa) subtracting (x) above from (y) above and multiplying the result of such subtraction by the Maturity Weight (and rounding the result of such multiplication to the nearest 0.1 basis points, with 0.05 basis points rounded upwards); and
- (bb) adding (x) to the result calculated in accordance with sub-paragraph (aa),

For the purposes of these calculations:

"Maturity Weight" means the amount, expressed as a percentage, calculated by dividing the actual number of days from (and including) the date falling exactly 3 years after the Pricing Date to (but excluding) the Scheduled Redemption Date of the Notes by 365.

Each of the Adjusted Margin, LIBOR vs SONIA Interpolated Basis and the 3 month vs 1 month LIBOR Interpolated Basis will be announced to Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable following the Pricing Time on the Pricing Date).

The detailed provisions relating to the calculation of Compounded Daily SONIA are set out in the Amendment Documents appended to this Notice as changed pages page pulls.