STANDARD & POOR'S STRUCTURED FINANCE

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RMBS Presale Report

Paragon Mortgages (No. 6) PLC

£650 million (equivalent) mortgage-backed floating-rate notes

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This presale report is based on information as of Sept. 11, 2003. The credit ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final credit ratings that differ from the preliminary credit ratings. Please call one of Standard & Poor's Ratings Desks for the final ratings when assigned: London (44) 20-7847-7400, Paris (33) 1-4420-6705, Frankfurt (49) 69-33-999-223, Stockholm (46) 8-440-5916.

Profile
Expected closing date: October 2003.

Collateral: A pool of first-ranking mortgage loans secured over freehold, leasehold, or feudal properties located in England, Scotland, and Wales.

Underwriter: Barclays Capital and Royal Bank of Scotland PLC.

Seller: Paragon Mortgages Ltd.

Administrator and servicer: Paragon Finance PLC.

Substitute servicer: Global Home Loans Ltd.

Trustee: Citicorp Trustee Co. Ltd.

Swap counterparty: To be determined.

Transaction account bank: National Westminster Bank PLC.

Class A1R notes subscriber: Sheffield Receivables Corp.

Supporting ratings: National Westminster Bank PLC (AA-/Positive/A-1+) as transaction account bank and Sheffield Receivables Corp.'s CP program (A-1+) as class A1R notes subscriber.

Preliminary credit ratings as of Sept. 11, 2003

Class	Preliminary credit rating*	Preliminary amount (Mil. £ equivalent)	Recommended credit support (%)
A1	A-1+	200 (issued in U.S. dollars)	12.7
A1R**	AAA	200 (issued in U.S. dollars)	12.7
A2	AAA	385 (issued in three subtranches with exact split to be determined: A2a in U.S. dollars; A2b in British pounds sterling; A2c in euros)	12.7
B1	A	65 (issued in three subtranches with exact split to be determined: B1a in U.S. dollars; B1b in British pounds sterling; B1c in euros)	2.7

**The rating on each class of securities is preliminary and subject to change at any time. The ratings are based on provisional pool data as of July 31, 2003. **On the interest payment date in September 2004, Sheffield Receivables Corp. will buy the class A1R notes, with the proceeds used to redeem the class A1 notes. In this way, the purchase price of the class A1R notes is deferred. The provisional class A1R balance amortizes in line with the class A1 balance until the class A1 scheduled redemption date.*

Rationale

The preliminary credit ratings assigned to the £200 million equivalent class A1R notes, the £385 million equivalent class A2 notes, and the £65 million equivalent class B1 mortgage-backed floating-rate notes to be issued by Paragon Mortgages (No. 6) PLC reflect the transaction's sound payment structure, the ability of the servicer (Paragon Finance PLC) to perform its role, and the cash flow mechanics of the transaction. The rating assigned to the £200 million equivalent class A1 notes also reflects the rating on the CP program of Sheffield Receivables Corp., which will purchase the A1R notes on the interest payment date in September 2004.

Further key considerations include the strong protection for class A noteholders provided by a combination of the subordinate class B notes (10% of the notes issued), the first-loss fund (2.7% of the notes issued, building to 3.4% of initial note balance if loans greater than 60 days in arrears exceeds 3%), and excess spread to cover credit losses and income shortfalls. Strong protection for class B noteholders is provided by the first-loss fund and excess spread to cover credit losses and income shortfalls.

Final ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and resolution of all outstanding issues.

Strengths, Concerns, and Mitigating Factors

Strengths

The following strengths of the transaction were observed in the rating analysis:

- The average size of the loans in the portfolio is low at approximately £84,844 (considering that more than one-third of the mortgages relate to properties located in southeast England). The loans are, therefore,

considered to have a less inherent risk than larger loans, which have increased sensitivity to changes in the borrowers' financial circumstances.
- The borrowers are high quality, with no adverse credit history (e.g., no county court judgments).
- The seller and administrator have an experienced and sound understanding of the buy-to-let market (all mortgages in the initial portfolio are buy-to-let). This experience, coupled with strong underwriting standards, has kept arrears low at 0.41% over one month.
- The transaction includes an efficient payment structure for investors, which provides support to all the notes through the use of triggers when the transaction is under stress. This is made possible because the cash reserve permanently increases if arrears greater than 60 days exceed 3%. The transaction allows principal available funds to be used to make pro rata redemption payments under the class A and B notes subject to certain conditions.

Concerns and Mitigating Factors
A concern with respect to the transaction is mandatory further advances. This is mitigated by the cap on liability in the provisional pool of £5.4 million (less than 1.1% of the pool balance). In addition, Standard & Poor's stress tests confirm that the mandatory further advances can be funded through available redemption funds.

Roles of the Parties

Paragon Mortgages (No. 6) PLC (Issuer)
The issuer is a public company incorporated under the laws of England and Wales on Aug. 16, 2002, and is a subsidiary of The Paragon Group of Companies PLC, the ordinary shares of which are listed on the London Stock Exchange.

The issuer is an SPE established to issue the notes and purchase the mortgages. The issuer fully meets Standard & Poor's SPE criteria for bankruptcy remoteness. The issuer has an independent director.

Paragon Mortgages Ltd. (Originator)
Paragon Mortgages is a private company incorporated in England and is the originator of the mortgages in the portfolio, either directly or indirectly via broker intermediaries.

Paragon Mortgages has established itself as a specialist lender in the buy-to-let sector, and its operations and underwriting standards are robust. The company markets its product to two borrower types. The first comprises amateur borrowers, who will usually have limited property investment experience. Underwriting for these borrowers will primarily be based on affordability, with little or no reliance on the property rental income streams.

Most lending is made to the professional landlord, however, who will normally have had several years' experience in property investment. These borrowers will be underwritten based on rental cover, usually set at a minimum of 130% above borrowing costs. More than 80% of Paragon Mortgages' current loans are made to professional landlords.

Citicorp Trustee Co. Ltd. (Trustee)
The trustee's role is to supervise the administrator in its administration of the issuer under the terms of the transaction and generally to represent and protect the interests of noteholders. Only the trustee will be able to enforce the security under the terms and conditions of the notes and it will always have to act in the best interests of the noteholders.

Paragon Finance PLC (Administrator)
As administrator, Paragon Finance will be responsible for the day-to-day administration and ongoing servicing of the underlying portfolio of mortgages.

Paragon Finance is also responsible for producing all reports and accounts for the trustee and Standard & Poor's in connection with the performance of the mortgages.

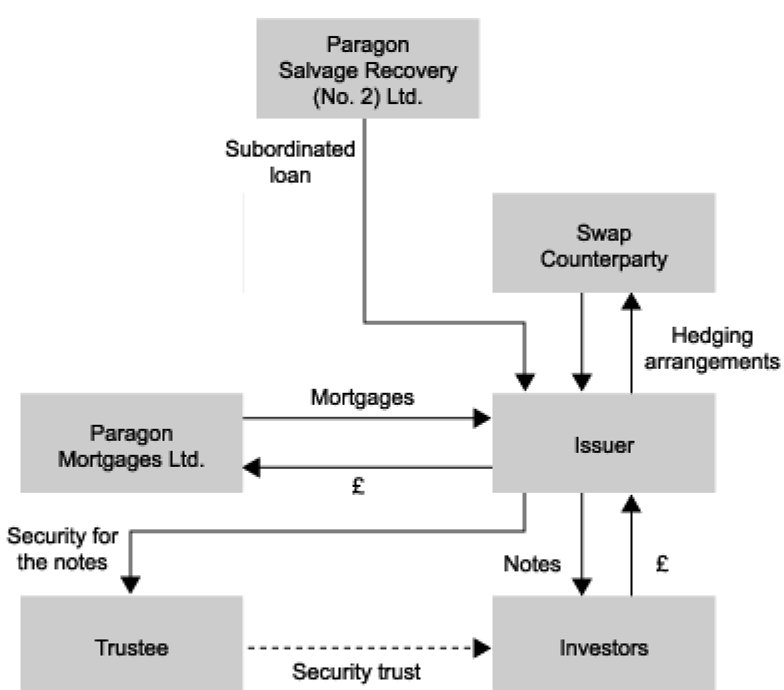
A review of Paragon Mortgages' origination, underwriting, and valuation processes, and of Paragon Finance's collection and default management procedures (as administrator) has been conducted. Such a review is an integral part of the corporate overview undertaken during the rating process of any transaction and is maintained throughout the life of the transaction. Paragon Finance is deemed capable of performing the functions necessary to ensure the collection of borrower payments and management of the arrears and repossession cases.

Paragon Salvage Recovery (No. 2) Ltd. (Subordinated Loan Provider and Shortfall Fund Provider)
Paragon Salvage Recovery (No. 2) will provide a subordinated loan to the issuer, which will fund the first-loss fund, which is a cash reserve forming part of the credit enhancement for the notes.

National Westminster Bank PLC (Transaction Account Provider)
NatWest (AA-/Positive/A-1+) will provide the transaction account. All payments from borrowers will be paid into a collection account, which is also held with NatWest, and then transferred to the transaction account.

Transaction Structure
At closing, and in accordance with the terms of a mortgage sale agreement, the issuer will acquire from Paragon Mortgages the beneficial interest in certain mortgages (issuer mortgages), which will form part of the security for the notes (see *"Security Package"* below). The borrowers in respect of the issuer mortgages are individuals or limited liability companies incorporated in England, Wales, and Scotland, guaranteed by directors (see chart).

Paragon Mortgages (No. 6) PLC Structure



Part of the note proceeds will be used to establish a prefunding reserve in an amount of approximately £100 million. Until the first principal determination date, the issuer may use the prefunding reserve to purchase further mortgages from Paragon Mortgages, subject, among other things, to Standard & Poor's being satisfied that the purchases will not adversely affect the existing ratings on the notes. Any amounts outstanding in the prefunding reserve at Nov. 28, 2003 (the first interest determination date for the class A2 and B notes) will be applied in redemption of the class A1 notes.

All classes of notes will be secured by all the mortgages in the pool and repayments to noteholders will be financed from the cash flow generated by the mortgages.

Security Package
Under the deed of charge to be entered into between the issuer and the trustee, the notes will be secured by a first-fixed charge over the issuer's interest in the mortgages, the issuer's rights under various transaction documentation, and other security such as bank accounts (covered under a floating charge ranking behind preferred creditors) and hedging agreements.

Conversion Mortgages
The administrator may (but is not obliged to) convert a borrower's mortgage into any other type of mortgage if certain conditions are met. These conditions include the following:

- No enforcement notice must have been given by the trustee.
- Conversion will not affect the ratings on the notes.
- As of the closing date of the transaction, Paragon Finance has not failed to repurchase a mortgage for breach of representations in respect of such mortgage.
- The issuer must enter into a hedging arrangement (if required) to ensure that conversion will not affect the ratings on the notes.

Mandatory and Discretionary Further Advances
If the issuer is unwilling or unable to make a discretionary further advance, Paragon Mortgages may decide to do so on the condition that such advance is secured by a second mortgage over the property in question.

The issuer may make discretionary further advances, subject to certain conditions, which include the following:

- Lending guidelines must be satisfied.
- If applicable, provisions of the Consumer Credit Act must be complied with.
- Discretionary further advances may not be made out of funds notified as being available for redemption of the notes between the principal determination date and the interest payment date.
- As a result of the discretionary further advance (and any mandatory further advance) the LTV ratio for the entire pool may not increase by more than 1% relative to the LTV ratio at closing.
- Principal available funds or drawn amounts under the subordinated loan must be sufficient to fund the discretionary further advances.
- As a result of the discretionary further advance, the final maturity of the mortgage may not extend beyond the legal final maturity of the notes.
- No more than 2% of the issuer mortgages by current balance may be more than three months in arrears.
- The first-loss fund must be at its required amount.
- The balance on the principal ledger must be zero.
- There can be no breach by the borrower of mortgage conditions.

In all cases where Paragon Mortgages makes a mandatory further advance (see below), the issuer is obliged to make funds available from the principal ledger to fund such advance. If there are insufficient funds in the principal ledger, the administrator may draw on funds under the subordinated loan agreement in an amount required to cover such deficiency.

In accordance with Standard & Poor's rating assumptions, as Paragon Salvage Recovery (No. 2) does not have a sufficient rating, no reliance was placed on the mandatory further advances being financed out of the subordinated loan facility. Standard & Poor's has performed various cash flow stresses and is comfortable that the issuer's obligations with respect to the mandatory further advances can be funded out of available redemption funds.

No mandatory further advance will be made if the borrower breaches any of the mortgage conditions. The issuer will not agree to make a discretionary further advance if the sum of the discretionary and mandatory further advances is greater than £105 million.

The maximum aggregate amount of the mandatory further advances in the provisional pool is about £5.4 million (1.1% of the pool).

Note Terms and Conditions

The issuer is expected to issue four classes of notes, the class A1, A1R, A2, and B1 notes. The class A notes will rank senior to the class B notes.

Interest on the class A1 notes will be paid monthly, at one-month U.S. dollar LIBOR plus an annual margin, beginning on Nov. 15, 2003. Interest on the class A2a and B1a notes will be payable at three-month U.S. dollar LIBOR plus an annual margin, and interest on the A1R, A2b, and B1b notes will be payable at three-month British pound sterling LIBOR plus an annual margin. Interest on the class A2c and B1c will be payable and three-month Euribor plus an annual margin. Interest on the class A1R, A2, and B1 notes will be payable quarterly in arrears on the 15th of March, June, September, and December each year, commencing on Dec. 15, 2003 for the class A2 and B1 notes, and on Dec. 15, 2004 for the class A1R notes. Note margins on all outstanding classes will double after Sept. 15, 2007.

Mandatory Redemption

The notes will be subject to mandatory redemption in part on each interest payment date, from available funds. There will be no mandatory redemption of the class B notes for the first five years from the closing date. Thereafter, while the class A and B notes remain outstanding, redemption will be applied on a pro rata basis, subject to:

- There being no class A1R notes outstanding;
- The ratio of the class B notes to the aggregate of outstanding class A and B notes being no less than twice the ratio at closing;
- There being a zero balance on the principal deficiency ledger;
- The minimum outstanding amount of the class B notes being £31 million while any class A notes remain outstanding; and
- Arrears of more than three months being less than 7.5%.

Prefunding and Nonverified Mortgages

The issuer may purchase mortgages after the closing date and on or before the first principal determination date. These mortgages are known as nonverified mortgages and must meet certain criteria, including:

- Standard & Poor's confirmation that their inclusion will not have a negative impact on the ratings on the notes;
- Satisfaction of the conditions precedent and lending criteria for mortgage purchases (e.g., the mortgages have made at least one payment); and
- No occurrence of an administrator termination event.

On closing, the difference between the proceeds from note issuance and subordinated loan drawing, and the closing mortgage portfolio and the first-loss fund will be credited to the prefunding reserve ledger.

Purchase of Preclosing Arrears

Based on the provisional pool data, the issuer will purchase mortgages with an approximate principal balance of £0.7 million that have an outstanding arrears amount in excess of one monthly payment. This outstanding arrears amount is known as "purchased preclosing accruals and arrears". The maximum principal amount of mortgages in arrears by more than one month that will be purchased by the issuer (to include mortgage purchases during the prefunded period) is £1.5 million. The increased mortgage arrears amount will not present an additional risk to the transaction, as the quality of the portfolio is required to remain similar to that of the closing mortgage pool.

Optional Redemption

The issuer may redeem all (but not part only) of the notes at their outstanding principal amount, together with accrued interest, in the following circumstances:

- A withholding tax is imposed on the notes or on payments by either party to the swap agreement; and
- The aggregate principal amount outstanding of the notes falls below £130 million.

The issuer may also redeem at its option the notes on the interest payment date in September 2006 or at any interest payment date thereafter.

Final Redemption

If not already redeemed, the class A1R and class A2 will be redeemed at their legal final maturity in March 2030 and the class B1 notes will be redeemed at their legal final maturity in September 2042.

Withholding Tax

The issuer will not be required to gross up for any withholding tax that might be imposed on the notes in future.

Protection Against Key Risks (Credit and Liquidity)

Mortgage Interest Rate Setting

The administrator will, on behalf of the issuer and trustee, set the rates of interest applicable on the relevant mortgages (other than the fixed-rate, base-rate-linked, or LIBOR-linked mortgages). The administrator must ensure that the weighted average of the rate of interest applicable to the mortgages after taking into account all hedging arrangements and income received from the investment of funds in the transaction account is not less than 1.6% until September 2007 and 2.0% thereafter above the three-month sterling LIBOR applicable.

The administrator may set a lower rate of interest to the extent that the shortfall can be provided out of amounts available in the shortfall fund.

Subordinated Loan

Before closing, Paragon Salvage Recovery (No. 2) will make available to the issuer a subordinated loan facility that will be drawn on closing. The facility will be used to establish the first-loss fund at 2.7% of the value of the outstanding notes (the "required amount") on closing.

The required amount will increase to 3.4% of the value of the outstanding notes on closing (by trapping issuer income) if arrears greater than 60 days exceed 3.0% of outstanding collateral balance, and will remain at this level thereafter.

Paragon Salvage Recovery (No. 2) may agree to make sufficient funds available to allow the issuer to make discretionary further advances to the extent that they cannot be funded out of the available redemption funds.

Additionally, Paragon Salvage Recovery (No. 2) may (at its discretion) make further amounts available under the subordinated loan agreement. It might want to do this, say, to reduce the principal deficiency ledger to zero, and to bring the first-loss fund up to the required amount, thus enabling the issuer to fund the discretionary further advances from available redemption funds.

Further amounts may also be borrowed, for example: (i) to cover swap and hedging amounts which are junior in the priority of payments; (ii) to pay the issuer any prepayment fees waived by the administrator; (iii) to pay part of the purchase price in relation to discounts on the nonverified mortgages; and (iv) to fund the purchase of additional hedging instruments to the extent they cannot be funded out of the issuer revenue ledger in accordance with the priority of payments.

Amounts borrowed under the subordinated facility will be repaid in accordance with the priority of payments.

Collateral Details

The provisional mortgage pool of £489.38 million comprises 5,768 loans and was drawn up on July 31, 2003. The loans in the provisional portfolio were originated by Paragon Mortgages during 2002 and 2003 and have been administered by Paragon Finance since origination.

Features of the provisional mortgage pool include the following:

- Each loan is secured by a first legal charge of a residential property in England, Scotland, and Wales.
- Of the total pool, 100.0% are buy-to-let mortgages.
- Of the total mortgages, 18.1% are repayment mortgages and 81.9% are interest-only mortgages.
- Of the total loans, 52.9% were used for house and flat purchases and 47.1% were used for remortgaging.
- The weighted-average LTV of the mortgage pool is 80.7% ratio.
- The average outstanding mortgage balance is £84,844.
- The largest concentration of mortgages by geographic area is in southeast England (including London) at 35.4%. There are no significant concentrations in other regions.
- The weighted-average term to maturity is approximately 22.1 years.

Standard & Poor's Stress Test

The rating analysis includes a conservative assessment of the credit risk inherent in the transaction. The credit enhancement levels have been sized after analyzing the impact that severe stress scenarios would have on the collateral. In determining the credit quality of a mortgage pool, an estimate must be made of a worst case of potential losses that could occur because of foreclosures. This estimate of potential losses is the amount of loss protection needed. All types of loans are thus eligible for inclusion in a pool, provided their credit risk can be quantified and adequate loss protection is supplied.

A feature of the portfolio is the high level of different types of buy-to-let mortgages. These include professional and amateur lettings through personal or corporate loans (usually through SPEs that are guaranteed by directors). The levels of underwriting by the originator are considered to be conservative, but the characteristics of the buy-to-let market create additional risks relative to a typical prime, owner-occupied mortgage portfolio (such as reliance on tenants to make timely rental payments), notwithstanding the weighted-average LTV of this portfolio. These risks are mitigated through Paragon Mortgages' greater understanding of the market as a specialist lender, its conservative buy-to-let underwriting policy, and its predominance in the professional landlord sector.

The cash flows simulate the performance of this portfolio in the transaction's documented structure under certain stressed scenarios. In addition, the issuer will make use of the basis swap to prevent mismatches in interest rates on any fixed-rate loans. Any bank accounts of the issuer are required to be with appropriately rated providers.

Continual Surveillance

Surveillance will be maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral will be analyzed, supporting ratings will be monitored, and regular contact will be made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

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