

RNS ANNOUNCEMENT – SECURITISATION ISSUE

The Paragon Group of Companies PLC

20th July 2006

PARAGON COMPLETES LARGEST SECURITISATION AT BEST EVER PRICING

The Paragon Group of Companies PLC has today completed its largest securitisation to date totalling £1.5 billion. The transaction, Paragon Mortgages (No.12) PLC, is backed by prime buy-to-let mortgages and is Paragon's 49th securitisation, bringing total issuance to over £15.5 billion.

PM12 has achieved the best ever pricing for the Group, and reflects the quality of the Paragon Mortgages and Mortgage Trust buy-to-let mortgage books. This is the 3rd securitisation of buy-to-let assets during this financial year and brings the total issuance to £3.5 billion.

Nick Keen, Finance Director said "This is a record deal for us both in terms of size and low cost of funding, further supporting the development of our lending business. Once again, we have been able to achieve a lower average coupon than on our previous transactions which, given the softer tone to the current market, is significant. It reflects both Paragon's status as an issuer in this market, and the exceptionally high credit quality of our buy-to-let products."

PM12 notes, issued in three tranches, rated by Standard & Poor's, Moody's and Fitch were offered in multi-currencies; Sterling, Euros and US Dollars.

The details of the transaction are as follows:

- The £1,500,000,000 (sterling equivalent) of Notes are issued by Paragon Mortgages (No.12) PLC in 8 classes and in three currencies.
 - The Class A1 senior notes are issued in US Dollars \$1,500,000,000
 - The A2 senior notes in three currencies: Sterling £145,000,000 Euro €245,000,000 and US Dollars \$311,000,000
 - The Class B Notes are issued in two currencies: Sterling £25,000,000 and Euro €126,000,000

- The Class C Notes are issued in two currencies: Sterling £17,000,000 and Euro €106,000,000
- The Class A1 remarketable 2a-7 have been assigned a rating of P-1, A-1+, F-1+ by Moody's, Standard & Poor's and Fitch respectively. The ratings agencies have assigned ratings of Aaa, AAA and AAA respectively to the Class A2 notes
- Although all classes of Notes share the same security, the Class A1 Notes rank pari passu with the Class A2 notes, which have priority over the Class B Notes and the Class B Notes have priority over the Class C Notes as to quarterly payments of interest and as to principal in the event of enforcement
- The margins over the relevant currency reference rate for each of the tranches of the Notes are: -2bp for the Class A1; 12bp for the Class A2a and A2b; 11bp for the Class A2c; 24bp for the Class Ba and Bb notes; and 46bp for the Class Ca and Cb notes.
- The Notes are secured by a pool of prime buy-to-let mortgages, as well as a cash fund of 1.90% of the aggregate current balances of the Notes.
- Paragon Finance PLC and Mortgage Trust Services PLC are the administrators for the issue.

For further information, please contact:

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