

NOTICE OF EARLY REDEMPTION

Paragon Mortgages (No.5) PLC

(Registered in England and Wales under number 3696169)
(the "Issuer")

**Class A Mortgage Backed Floating Rate Notes
Due 2033**

(the "Class A Notes")

**Class B Mortgage Backed Floating Rate Notes
Due 2041**

(the Class B Notes and together with the Class A Notes, the "Notes")

NOTICE IS HEREBY GIVEN that all of the outstanding Notes will be redeemed by the Issuer on 7 June 2006 (the "Optional Redemption Date"), pursuant to Condition 5(d) of the Terms and Conditions of the Class A Notes and Condition 5(d) of the Terms and Conditions of the Class B Notes. The Notes will be redeemed at their Principal Amount Outstanding together with accrued interest to the Optional Redemption Date.

Payment of principal and interest will be made against presentation and surrender of the Notes relating thereto at the principal office of Citibank, N.A.

Paragon Mortgages (No.5) PLC

By: **Citibank, N.A.**, London Branch
as *Principal Paying Agent*

Dated: 7 April 2006



corporate and
investment banking