



Press Information

22 March 2007

BUY-TO-LET SHOWS ITS STRENGTH AS PARAGON ACHIEVES PRICING AT PRIME LEVELS

International investors demonstrate their confidence in the UK buy-to-let market and in Paragon, as the Group achieves its lowest ever average coupon on its latest securitisation.

Paragon's 52nd Asset Backed Securitisation, which closed today, raised £1.5 billion, with the deal significantly oversubscribed. Paragon Mortgages (No.14) PLC is backed by prime buy-to-let mortgages and brings the Group's total issuance to £18.5 billion.

Nigel Terrington, chief executive of Paragon, said: "It is very encouraging that investors in the UK, Europe and the US understand that buy-to-let differentiates itself by its superior credit quality. There is no question of investor appetite being affected by any nervousness in the US mortgage market. On the contrary, we are seeing a flight to quality – bond investors clearly understand the strengths of buy-to-let mortgage lending and are confident in Paragon as an originator."

Paragon has built up a steady following of international investors who understand buy-to-let and the low risk profile that it offers. Nigel Terrington continues: "Our latest transaction was heavily oversubscribed and the deal achieved record pricing in line with prime owner-occupied mortgage securitisations, which demonstrates the quality of buy-to-let assets originated by Paragon."

The AAA rated term tranches were two times oversubscribed and the mezzanine and subordinated nearly three times oversubscribed.

PM14 notes were issued in three tranches, rated by Standard & Poor's, Moody's and Fitch, and offered in Sterling, Euro 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.14) 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 £125,000,000 Euro €246,000,000 and US Dollars \$400,000,000
 - The Class B Notes are issued in two currencies: Sterling £51,900,000 and Euro €88,800,000
 - The Class C Notes are issued in two currencies: Sterling £20,000,000 and Euro €135,500,000
 - The Class A1 remarketable 2a-7 Notes 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, and 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: 0bp for the Class A1; 10bp for the Class A2; 18bp for the Class B; and 38bp for the Class C 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 principal balance of the Notes.
- Paragon Finance PLC and Mortgage Trust Services PLC are the administrators for the issue.

- ENDS -

For further information, please contact:

Nigel Terrington

Chief Executive

The Paragon Group of Companies PLC

Tel: 0121 712 2024

Brian Thorn

Director

The Wriglesworth Consultancy

020 7845 7900 / 07712 188812

NOTES TO EDITORS

1. The Paragon Group of Companies PLC is one of the UK's largest independent specialist lenders offering buy-to-let mortgages, personal loans, retail and vehicle finance, with over £8 billion of assets under management.
2. In its final results for the year ended 30 September 2006, pre-tax profits rose 15.3% to £82.8 million (2005: £71.8 million), with buy-to-let mortgages outstanding up 42.5% to £7.2 billion (2005: £5.1 billion).