

Paragon Mortgages (No.16) PLC (“PM16”) Note Repayment for the October 2014 Interest Payment Date

PM16’s assets were sold into PM20 on 17<sup>th</sup> July 2014 and the proceeds from the sale deposited into PM16’s transaction account. On 15<sup>th</sup> October 2014 (the PM16 Call Option Date), PM16’s Class A and Z Notes, and other liabilities, will be repaid in full. This is the reason for showing the assets as NIL on the PM16 monthly pool tables posted onto the investor reporting section of the Paragon website.