

SUPPLEMENT DATED 8 JANUARY 2014 TO THE BASE PROSPECTUS DATED 11 FEBRUARY 2013



THE PARAGON GROUP OF COMPANIES PLC

(incorporated with limited liability in the United Kingdom)

£1,000,000,000

Euro Medium Term Note Programme

This supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the Base Prospectus dated 11 February 2013 (the "**Base Prospectus**") prepared by The Paragon Group of Companies PLC (the "**Issuer**") in connection with its Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to £1,000,000,000 in aggregate principal amount of notes (the "**Notes**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

Neither the Dealer nor its affiliates have authorised the whole or any part of the Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in the Base Prospectus. Neither the delivery of the Base Prospectus, this Supplement or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in the Base Prospectus or this Supplement is true subsequent to the date hereof or the date upon which the Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which the Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Base Prospectus, this Supplement nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealer, the Trustee, or any of them that any recipient of the Base Prospectus, this Supplement or any Final Terms should subscribe for or purchase any Notes. Each recipient of the Base Prospectus, this Supplement or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The distribution of the Base Prospectus, this Supplement and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus, this Supplement or any Final Terms comes are required by the Issuer and the Dealer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Base Prospectus, this Supplement or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*" in the Base Prospectus. In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to

certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Investors should be aware of their rights under section 87Q(4) of the Financial Services and Markets Act 2000, which allows them to withdraw their agreement to buy or subscribe for Notes issued under the Programme within 2 working days after the publication of this Supplementary Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The purpose of this supplement is to incorporate by reference in the Base Prospectus the annual report and accounts of the Issuer in respect of the year ended 30 September 2013 (the "**2013 Annual Report and Accounts**") which has been filed with the FCA and shall be deemed to be incorporated by reference in, and form part of, this Supplement and the Base Prospectus. The Summary of the Programme is also hereby updated as described below.

UPDATE OF THE SUMMARY OF THE PROGRAMME

The Summary of the Programme included in the Base Prospectus is made up of disclosure requirements known as 'Elements'. These elements are numbered in Section A-E (A.1 – E.7).

Following the release of the 2013 Annual Report and Accounts, Element B.12 of the Summary of the Programme is updated as set out in the Appendix to this Supplement.

If the 2013 Annual Report and Accounts incorporated by reference in this Supplement itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement.

A copy of the 2013 Annual Report and Accounts has been filed with the National Storage Mechanism (and will be available for inspection at <http://www.morningstar.co.uk/uk/nsm>) and can be obtained, free of charge, from the registered office of the Issuer (51 Homer Road, Solihull, West Midlands B91 3QJ) or the Issuer's website (www.paragon-group.co.uk).

APPENDIX

B.12	Key Financial Information:	<p><u>The Issuer – selected key financial information</u></p> <p>The selected financial information regarding the Issuer as of, and for each of the years ended, 30 September 2013, 2012 and 2011 has been extracted, without any adjustment, from the Issuer's audited consolidated financial statements in respect of those dates and periods.</p> <p>Consolidated Balance Sheet as at 30 September 2013, 2012 and 2011</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">30 Sept 2013</th> <th style="text-align: center; border-bottom: 1px solid black;">30 Sept 2012</th> <th style="text-align: center; border-bottom: 1px solid black;">30 Sept 2011</th> </tr> <tr> <th></th> <th style="text-align: center;"><i>(audited)</i></th> <th style="text-align: center;"><i>(audited)</i></th> <th style="text-align: center;"><i>(audited)</i></th> </tr> <tr> <th></th> <th style="text-align: center;"><i>(£m)</i></th> <th style="text-align: center;"><i>(£m)</i></th> <th style="text-align: center;"><i>(£m)</i></th> </tr> </thead> <tbody> <tr> <td colspan="4">Assets employed</td> </tr> <tr> <td colspan="4">Non-current assets</td> </tr> <tr> <td>Intangible assets</td> <td style="text-align: right;">8.5</td> <td style="text-align: right;">9.1</td> <td style="text-align: right;">9.3</td> </tr> <tr> <td>Property, plant and equipment.....</td> <td style="text-align: right;">9.6</td> <td style="text-align: right;">10.7</td> <td style="text-align: right;">11.4</td> </tr> <tr> <td>Financial assets</td> <td style="text-align: right;">9,715.3</td> <td style="text-align: right;">9,505.2</td> <td style="text-align: right;">9,891.2</td> </tr> <tr> <td></td> <td style="text-align: right; 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(47.6)	(48.5)	(48.4)	Total equity	873.3	803.5	742.0	Current liabilities				Financial liabilities.....	3.0	2.0	1.8	Current tax liabilities	5.9	13.3	10.7	Other liabilities.....	36.2	36.7	38.3		45.1	52.0	50.8	Non-current liabilities				Financial liabilities.....	9,383.4	9,159.0	9,674.5	Retirement benefit obligations.....	15.7	13.9	14.4	Deferred tax	9.9	7.6	5.0	Other liabilities.....	0.9	1.1	1.5		9,409.9	9,181.6	9,695.4	Total liabilities	9,455.0	9,233.6	9,746.2		10,328.3	10,037.1	10,488.2
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Consolidated Income Statement for the years ended 30 September 2013, 2012 and 2011

	Year to 30 Sept 2013	Year to 30 Sept 2012	Year to 30 Sept 2011
	<i>(audited)</i> <i>(£m)</i>	<i>(audited)</i> <i>(£m)</i>	<i>(audited)</i> <i>(£m)</i>
Interest receivable	272.6	293.8	258.0
Interest payable and similar charges	(111.3)	(136.0)	(122.2)
Net interest income	161.3	157.8	135.8
Other operating income.....	16.6	12.4	15.1
Total operating income	177.9	170.2	150.9
Operating expenses	(58.6)	(51.9)	(45.4)
Provisions for losses.....	(15.2)	(24.1)	(24.4)
Operating profit before fair value items	104.1	94.2	81.1
Fair value net gains / (losses).....	1.3	1.3	(0.3)
Operating profit being profit on ordinary activities before taxation	105.4	95.5	80.8
Tax charge on profit on ordinary activities.....	(20.2)	(23.3)	(21.2)
Profit on ordinary activities after taxation ...	85.2	72.2	59.6
Dividend – Rate per share for the period.....	7.20p	6.00p	4.00p
Basic earnings per share.....	28.4p	24.2p	20.2p
Diluted earnings per share.....	27.5p	23.5p	19.6p

Consolidated cash flow statement for the years ended 30 September 2013, 2012 and 2011

	Year to 30 Sept 2013	Year to 30 Sept 2012	Year to 30 Sept 2011
	<i>(audited)</i> <i>(£m)</i>	<i>(audited)</i> <i>(£m)</i>	<i>(audited)</i> <i>(£m)</i>
Net cash (utilised) / generated by operating activities.....	(31.9)	117.3	246.1
Net cash (utilised) by investing activities.....	(1.6)	(2.2)	(2.1)
Net cash generated / (utilised) by financing activities.....	115.2	(181.9)	(209.6)
Net increase / (decrease) in cash and cash equivalents	81.7	(66.8)	34.4
Opening cash and cash equivalents	504.2	571.0	536.6
Closing cash and cash equivalents	585.9	504.2	571.0
Represented by balances within:.....			
Cash and cash equivalents	587.3	504.8	571.6
Financial liabilities	(1.4)	(0.6)	(0.6)
	585.9	504.2	571.0

Since 30 September 2013, there has been no significant change in the financial or trading position of the Issuer or the Group and there has been no material adverse change in the prospects of the Issuer or the Group.

