

RNS ANNOUNCEMENT

To the holders of the Outstanding

£131,700,000 Class A mortgage backed floating rate notes due 2039
(Reg S Common Code: 069377980; Reg S ISIN: XS0693779802)

£32,100,000 Class Z mortgage backed floating rate notes due 2039
(Reg S Common Code: 069378048; Reg S ISIN: XS0693780487)

issued by Paragon Mortgages (No. 16) PLC

NOTICE IS HEREBY GIVEN to the holders of the above Notes that, Paragon Mortgages (No.16) PLC has elected United Kingdom as its "home Member State" for the purposes of Article 2.1(i)(ii) of the Transparency Directive. This notice is being issued in accordance with Paragraph 6.4 of the Disclosure and Transparency Rules of the UK Financial Services Authority.

A notice to this effect will also be issued through the Clearing Systems on the date hereof.

For further queries, please contact the Issuer at:

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Paragon Mortgages (No. 16) PLC

26 July 2012