

Paragon Mortgages (No. 12) PLC
51 Homer Road, Solihull, West Midlands, B91 3QJ
a company incorporated in England and Wales
(registered number 05386924)

NOTICE

FOR IMMEDIATE RELEASE

\$1,500,000,000 Class A1 Notes due 2038

ISIN: US69913BAA44 (Rule 144A), XS0261644941 (Reg S)

£145,000,000 Class A2a Notes due 2038

ISIN: XS0261646136

€245,000,000 Class A2b Notes due 2038

ISIN: XS0261646565

\$311,000,000 Class A2c Notes due 2038

ISIN: US69913BAB27 (Rule 144A), XS0261647027 (Reg S)

£25,000,000 Class B1a Notes due 2038

ISIN: XS0261647886

€126,000,000 Class B1b Notes due 2038

ISIN: XS0261648850

£17,000,000 Class C1a Notes due 2038

ISIN: XS0261650161

€106,000,000 Class C1b Notes due 2038

ISIN: XS0261650674

(the "Notes")

27 June 2019

1. Background

1.1 This notice refers to the Notes and the trust deed entered into between the Issuer and Trustee on 20 July 2006 as amended from time to time (the "**Trust Deed**") and the terms and conditions of the Notes (the "**Conditions**").

1.2 Capitalised terms used in this Notice that are not defined herein have the meaning given to them in the Trust Deed and the Conditions, as applicable.

2. Amendments

2.1 The Issuer hereby gives notice that it has entered into certain amendment and restatement deeds with, among others, the Trustee in relation to the Deed of Charge, the Mortgage Sale Agreement and the Subordinated Loan Agreement in order to amend such documents to provide for the assignment of the right to receive the Deferred Purchase Consideration and certain rights of the Subordinated Lenders related to the loan under the Subordinated Loan Agreement.

2.2 In particular:

- (a) the Subordinated Loan Agreement will be amended to divide the rights of the Subordinated Lenders against the Issuer between:
 - (i) their rights in respect of the initial advance, advanced to fund the First Loss Fund (the "**Reserve Advance**"); and
 - (ii) their rights in respect of any subsequent advances,and to allow their rights in respect of the Reserve Advance to be assigned; and
 - (b) the Mortgage Sale Agreement will be amended to permit the assignment of the right to receive the Deferred Purchase Consideration.
- 2.3 Certain further consequential amendments will be made, including amendments to fix the margin chargeable over LIBOR on the loan under the Subordinated Loan Agreement at four per cent.
3. **Other documents**
- 3.1 In addition, the Issuer has entered into a deed poll, whereby the Issuer will grant, to the holder of the Deferred Purchase Consideration, the right (subject to certain requirements as to such holder's tax status) to purchase the Mortgages and to require the Issuer to use the proceeds of such purchase to redeem all of the Notes in accordance with Condition 5(d) (*Optional Redemption in Full*) on any Interest Payment Date.
- 3.2 Further, the Issuer has entered into an agreement with, among others, Paragon Finance PLC in order, among other things, to limit the amount payable by the Issuer to Paragon Finance PLC as Administrator under the Services Letter, in accordance with item (r) of the priority of payments set out in clause 6.1.2 of the Deed of Charge or item (h) of the priority of payments set out in clause 8.2 of the Deed of Charge, as the case may be, to a maximum of £12,000 per annum.

The amendments and other matters set out above took effect on 26 June 2019.

Copies of the key documents associated with this Notice may be inspected in physical form at the registered office of the Issuer and during usual business hours on any day that is not a Saturday, Sunday or public holiday or upon request in electronic form from the Issuer for a period of 7 days from the date of this Notice.

For further information, please contact:

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Attention: The Directors