

NOTICE

FOR IMMEDIATE RELEASE

PARAGON MORTGAGES (NO.12) PLC

51 Homer Road, Solihull, West Midlands, B91 3QJ
a company incorporated in England and Wales
(registered number 05386924)

**\$1,500,000,000 Class A1 Notes Due 2038 (Rule 144A ISIN: US69913BAA44/
Reg S ISIN: XS0261644941)**
£145,000,000 Class A2a Notes Due 2038 (Reg S ISIN: XS0261646136)
€245,000,000 Class A2b Notes Due 2038 (Reg S ISIN: XS0261646565)
**\$311,000,000 Class A2c Notes Due 2038 (Rule 144A ISIN: US69913BAB27/
Reg S ISIN: XS0261647027)**
£25,000,000 Class B1a Notes Due 2038 (Reg S ISIN: XS0261647886)
€126,000,000 Class B1b Notes Due 2038 (Reg S ISIN: XS0261648850)
£17,000,000 Class C1a Notes Due 2038 (Reg S ISIN: XS0261650161)
€106,000,000 Class C1b Notes Due 2038 (Reg S ISIN: XS0261650674)
(the "Notes")

1. BACKGROUND

- (a) Reference is made in this notice (this "Notice") to:
- (i) the \$1,500,000,000 Class A1 Notes due 2038 (ISIN: XS0261644941) (the "Class A1 Notes");
 - (ii) the A1 note conditional purchase agreement entered into between, *inter alios*, Paragon Mortgages (No.12) PLC (the "Issuer"), Barclays Bank PLC (the "Agent", the "Liquidity Provider" and the "Remarketing Agent"), Sheffield Receivables Corporation (the "A1 Note Conditional Purchaser"), Paragon Finance PLC ("PFPLC"), Mortgage Trust Services PLC ("MTS"), Paragon Mortgages Limited (as "Title Holder") and Mortgage Trust Limited (as "Title Holder") on 20 July 2006 as amended and restated from time to time (the "A1 Note Conditional Purchase Agreement");
 - (iii) the remarketing agreement entered into between, *inter alios*, the Issuer, the Remarketing Agent, Barclays Bank PLC (the "Conditional Purchaser's Agent"), Citibank N.A., London Branch (the "Tender Agent"), Citicorp Trustee Company Limited (the "Trustee") and the A1 Note Conditional Purchaser, on 20 July 2006 as amended from time to time (the "Remarketing Agreement");
 - (iv) 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 in Schedule 4 of the Trust Deed (the "Conditions") (as supplemented by the supplemental trust deed entered into by the Issuer and Trustee on 30 January 2013); and

- (v) the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated 14 July 2006 between the Issuer, Barclays Bank Plc, (the "**Currency Swap Provider**") and the Trustee, together with the schedule thereto dated 14 July 2006 between the Issuer, the Currency Swap Provider and the Trustee as amended and restated from time to time (the "**Master Agreement**") and the confirmation dated 14 July 2006 between the Issuer, the Currency Swap Provider and the Trustee as amended and restated from time to time (the "**Confirmation**" and, together with the Master Agreement, the "**Currency Swap A1 Agreement**").
- (b) Capitalised terms used in this Notice that are not defined herein have the meaning given to them in the A1 Conditional Note Purchase Agreement, the Remarketing Agreement, the Trust Deed and the Currency Swap A1 Agreement, as applicable.

2. OCCURRENCE OF A REMARKETING TERMINATION EVENT

- (a) In accordance with, clause 5.2 of the Remarketing Agreement a Remarketing Termination Event occurred on 23 April 2019 pursuant to clause 5.1.2 of the Remarketing Agreement and Barclays Bank PLC terminated its appointment as remarketing agent thereunder.

3. A1 NOTE CONDITIONAL PURCHASE

- (a) In accordance with, inter alia, the A1 Note Conditional Purchase Agreement, the Remarketing Agreement, the Trust Deed (including Condition 5(i) (A1 Note Mandatory Transfer Arrangements)) and the Currency Swap A1 Agreement, the Class A1 Notes were purchased by the A1 Note Conditional Purchaser on 15 May 2019 (the "**A1 Note Conditional Purchase**").
- (b) As a result of the occurrence of, and with effect from the date of, the A1 Note Conditional Purchase:
 - (i) the interest rate on the Class A1 Notes is 3 month GBP LIBOR plus the Maximum Reset Margin (which is 24 basis points);
 - (ii) any payments of principal or interest in respect of the Class A1 Notes will be made in sterling on each Interest Payment Date using a principal amount outstanding on the 15 May 2019 of £317,409,456.52 (being the A1 Note Mandatory Transfer Price and therefore the GBP Equivalent Principal Amount Outstanding on such date) as the reference amount for the calculation of such payments and taking into account subsequent amortisations thereof until the Class A1 Notes are redeemed;
 - (iii) following the A1 Note Mandatory Transfer Date, the Interest Determination Date for the Class A1 Notes shall be the first day of the Interest Period; and
 - (iv) the Termination Date of the Currency Swap A1 Agreement was 15 May 2019.

4. **NOTIFICATION OF AMENDMENTS MADE TO THE TRUST DEED AND A1 NOTE CONDITIONAL PURCHASE AGREEMENT**

- (i) The Issuer hereby notifies the investors that on 15 May 2019, the Issuer and the Trustee entered into an amendment deed (the "**Deed of Amendment**") in respect of the Trust Deed and the A1 Note Conditional Purchase Agreement.
- (ii) The amendments made pursuant to the Deed of Amendment became effective on 15 May 2019, and were made in order to:
 - (A) enable the redenomination of Class A1 Notes from minimum denominations of \$100,000 into minimum denominations of £50,000 and integral multiples of £1 in excess thereof. For the purposes of the definition of "Note Currency" and the calculation of GBP Equivalent, the Class A1 Notes will continue for the purposes of Condition 4(a) (Interest Payment Dates), Condition 4(b) (Deferral of Interest on Class B Notes and Class C Notes, Additional Interest, Default Interest and Allocation of Interest), Condition 4(c) (Rate of Interest), Condition 4(d) (Determination of Rate of Interest and Calculation of Interest Payments and Other Interest Amounts), Condition 5 (Redemption and Purchase), Condition 9 (Events of Default), Condition 10 (Enforcement and Post Enforcement Call Option) and Condition 13 (Meetings of Noteholders; Modifications; Consents; Waiver) to be USD Notes;
 - (B) enable the clearing systems to "re-badge" the Class A1 Notes from USD into GBP thus conforming the actual currency of payments in respect of the Class A1 Notes to the description of currency used by the clearing systems;
 - (C) remove the requirement to hold the Class A1 Notes in DTC;
 - (D) clarify the provisions on the Interest Determination Date so as to align such provisions with the convention for the other Notes which have originally been denominated in GBP, namely, that the Interest Determination Date is the first day of each Interest Period;
 - (E) remove the requirement for any subsequent transfer of the A1 Notes to be conditional on an Accession Deed being entered into prior to such transfer.

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.

Dated: 17 May 2019

For further information, please contact:

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Attention: The Directors