

NOTICE OF EARLY REDEMPTION

Paragon Mortgages (No.18) PLC

(Registered in England and Wales under number 8494688) (the "Issuer")

Class A Mortgage Backed Floating Rate Notes Due 2041

ISIN: XS0943177542

Common Code: 094317754

(the "**Class A Notes**")

Class B Mortgage Backed Floating Rate Notes Due 2041

ISIN: XS0943186964

Common Code: 094318696

(the "**Class B Notes**")

Class C Mortgage Backed Floating Rate Notes Due 2041

ISIN: XS0943189984

Common Code: 094318998

(the "**Class C Notes**")

Class D Mortgage Backed Floating Rate Notes Due 2041

ISIN: XS0943192855

Common Code: 094319285

(the "**Class D Notes**" and together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Notes**")

NOTICE IS HEREBY GIVEN that all of the outstanding Notes will be redeemed by the Issuer on 15 December 2016 (the "**Optional Redemption Date**"), pursuant to Condition 5(d) of the Terms and Conditions of the Notes. The Notes will be redeemed at their Principal Liability Outstanding together with accrued interest to the Optional Redemption Date.

Payment of principal and interest will be made through Euroclear Bank S.A/N.V and Clearstream Banking S.A.

Paragon Mortgages (No.18) PLC

51 Homer Road

Solihull

West Midlands

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Dated 24 November 2016