

NOTICE

FOR IMMEDIATE RELEASE

PARAGON MORTGAGES (NO.10) PLC

**51 Homer Road, Solihull, West Midlands, B91 3QJ
a company incorporated in England and Wales
(registered number 4514738)**

**\$1,100,000,000 Class A1 Notes Due 2041
£105,000,000 Class A2a Notes Due 2041
€222,000,000 Class A2b Notes Due 2041
£31,000,000 Class B1a Notes Due 2041
€19,500,000 Class B1b Notes Due 2041
£51,500,000 Class C1a Notes Due 2041
€27,500,000 Class C1b Notes Due 2041
(the "Notes")**

1. BACKGROUND

- (a) Reference is made in this notice (the "Notice") to:
- (i) the \$1,100,000,000 Class A1 Notes due 2041 (ISIN: XS0235419040) (the "**Class A1 Notes**");
 - (ii) the A1 note conditional purchase agreement entered into between, *inter alios*, Sheffield Receivables Corporation (the "**A1 Note Conditional Purchaser**"), Barclays Bank PLC ("**Barclays**"), Paragon Mortgages No.10 PLC (the "**Issuer**") and Citicorp Trustee Company Limited (the "**Trustee**") on 17 November 2005, as amended and restated on 2 December 2005 and as further amended on 16 April 2007 and 11 September 2008 (the "**A1 Note Conditional Purchase Agreement**");
 - (iii) the remarketing agreement entered into between, *inter alios*, Barclays, the A1 Note Conditional Purchaser, the Issuer and the Trustee on 17 November 2005, as amended on 12 September 2007 and as further amended on 11 September 2008 (the "**Remarketing Agreement**");
 - (iv) the trust deed entered into between the Issuer and Trustee on 17 November 2005 as supplemented on 6 August 2010 and on 30 January 2013 (the "**Trust Deed**") and the terms and conditions of the Notes in Schedule 4 of the Trust Deed (the "**Conditions**"); and
 - (v) the 1992 ISDA Master Agreement (Multicurrency- Cross Border) dated 17 November 2005 between the Issuer, HSBC Bank PLC, (the "**Currency Swap Provider**") and the Trustee, together with the schedule thereto dated 17 November 2005 between the Issuer, the Currency Swap Provider and the Trustee (the "**Master Agreement**") and the confirmation dated 17 November 2005 between the Issuer, the Currency Swap Provider and the Trustee (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 and the Trust

Deed and the Currency Swap A1 Agreement, as applicable.

2. 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 Conditional Purchaser on 15 September 2016.
- (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 three month GBP LIBOR plus the Maximum Reset Margin (which is 9 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 September 2016 (being the A1 Note Mandatory Transfer Date) of £45,126,442.91 (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) the currency of the Class A1 Notes continues to be expressed in a USD amount and minimum denominations continue to be \$100,000, however for the avoidance of doubt, (A) nothing in this sub-paragraph (iii) shall mean that payments of principal and interest will not be made in GBP as described in sub-paragraphs (i) and (ii) above and (B) the Issuer will have no obligation to make any payments of principal or interest under the Class A1 Notes in USD or to procure the same by entering into any FX swap or other similar arrangements; and
 - (iv) the Termination Date of the Currency Swap A1 Agreement was 15 September 2016.

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 21 September 2016

For further information, please contact:

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Attention: The Directors