

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION: (A) IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA) (THE "UNITED STATES") OR TO ANY U.S. PERSON (AS DEFINED BELOW) OR (B) IN OR INTO ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH, OR DISTRIBUTE THIS DOCUMENT.**

## **PARAGON MORTGAGES (NO.12) PLC**

*(Incorporated in England and Wales with limited liability  
under registered number 5386924) (the "Issuer")*

announces invitations to all the holders (the  
"Noteholders")

of its outstanding

**U.S.\$1,500,000,000 Class A1 Notes due 2038** (ISIN: XS0261644941, the "Class A1 Notes")  
**£145,000,000 Class A2a Notes due 2038** (ISIN: XS0261646136, the "Class A2a Notes")  
**€245,000,000 Class A2b Notes due 2038** (ISIN: XS0261646565, the "Class A2b Notes")  
**U.S.\$311,000,000 Class A2c Notes due 2038** (Rule 144A Note CUSIP: US69913BAB27, Reg S Note  
ISIN: XS0261647027, the "Class A2c Notes")  
**£25,000,000 Class B1a Notes due 2038** (ISIN: XS0261647886, the "Class B1a Notes")  
**€126,000,000 Class B1b Notes due 2038** (ISIN: XS0261648850, the "Class B1b Notes")  
**£17,000,000 Class C1a Notes due 2038** (ISIN: XS0261650161, the "Class C1a Notes")  
**€106,000,000 Class C1b Notes due 2038** (ISIN: XS0261650674, the "Class C1b Notes")  
(together, the "Notes", and each a "Class" of Notes).

*7 January 2022.*

The Issuer today announces invitations (the "**Consent Solicitation**") to the Noteholders to consent to the modification of the terms and conditions of the Class A1 Notes, the Class A2a Notes, the Class B1a Notes and the Class C1a Notes (together, the "**Sterling Notes**") and consequential or related amendments to certain transaction documents relating to the Notes such that the existing Sterling LIBOR interest basis is replaced by a Compounded Daily SONIA interest basis and new fallbacks are included to address the non-availability of SONIA or the replacement of SONIA, as proposed by the Issuer (the "**Proposal**") for approval by extraordinary resolution of the Noteholders of each Class (each an "**Extraordinary Resolution**" and together, the "**Extraordinary Resolutions**").

Unless otherwise indicated, capitalised terms used but not otherwise defined in this announcement have the meanings given in the Consent Solicitation Memorandum.

The Proposal constitutes a Basic Terms Modification under the terms and conditions of the Sterling Notes, and therefore the holders of each Class are invited to approve the Proposal, even though the interest rate applicable to the Sterling Notes (and no other Notes) will be amended if the Proposal is implemented (although the sterling amounts payable by the Issuer under the cross-currency swaps in respect of the Notes that are not Sterling Notes (together, the "**Non-Sterling Notes**") will also be amended if the Proposal is implemented). If an Extraordinary Resolution in respect of any Class is not successfully passed or (in the case of any Class of the Sterling Notes) the related Eligibility Condition is not satisfied, then the Issuer will not implement the Proposal and no Class of the Sterling Notes will be amended (irrespective of whether or not the relevant Extraordinary Resolution(s) for any of the other Classes passes and/or any related Eligibility Condition(s) is satisfied).

The Issuer has convened the Meetings for the purpose of enabling the Noteholders to consider and

resolve, if they think fit, to approve the Proposal by way of a separate Extraordinary Resolution in relation to each Class, implementing:

- (i) respective changes in the interest basis specified in the Conditions of the Sterling Notes from Sterling LIBOR to SONIA and inclusion of new fallbacks to address the non-availability of SONIA or the replacement of SONIA by means of a supplemental trust deed, such that on the Interest Payment Date (as defined in the Conditions) falling in May 2022, the Rate of Interest payable in respect of the Sterling Notes will be the sum of:
  - (a) the Current Margin for the relevant Class of Notes (which are detailed in Annex 2 (*Margin Adjustment*) to the relevant Notice of Meeting and in the Summary of Principal Changes to the Conditions of the Sterling Notes in the Consent Solicitation Memorandum);
  - (b) the Margin Adjustment (which is fixed at 0.1193 per cent.); and
  - (c) the Compounded Daily SONIA rate for the relevant Interest Period (the detailed provisions relating to the calculation of which are set out in the Supplemental Trust Deed);
- (ii) respective changes in the floating rate options specified in the Swap Transactions hedging the Non-Sterling Notes from Sterling LIBOR to SONIA (including corresponding and/or consequential amendments) by means of swap amended and restated confirmations;
- (iii) corresponding and/or consequential amendments to the Administration Agreement, Subordinated Loan Agreement, Substitute Administrator Agreement and Substitute Administrator Facilitator Agreement by means of an amendment agreement to the Administration Agreement, Subordinated Loan Agreement, Substitute Administrator Agreement and Substitute Administrator Facilitator Agreement,

all as further disclosed in the consent solicitation memorandum prepared by the Issuer dated 7 January 2022 (the "**Consent Solicitation Memorandum**").

This announcement does not contain the full terms and conditions of the Consent Solicitation which are contained in the Consent Solicitation Memorandum. The Consent Solicitation and Proposal are being made on the terms and subject to the conditions contained in the Consent Solicitation Memorandum.

The Solicitation Agent is Lloyds Bank Corporate Markets plc and the Information and Tabulation Agent is Citibank, N.A., London Branch.

This announcement should be read in conjunction with the Consent Solicitation Memorandum which is available from the Information and Tabulation Agent (including on its website via the link (<https://debtportal.issuerservices.citigroup.com>)).

### **Margin Adjustment**

Due to the differences in the nature of Sterling LIBOR and SONIA, the replacement of Sterling LIBOR as the reference rate for the Sterling Notes requires a corresponding credit adjustment spread to the existing Notes Interest Rate Margin payable in respect of the relevant Class of Sterling Notes. The Proposal uses the "5-year historical median" methodology agreed by the International Swaps and Derivatives Association for determining this credit adjustment spread and recommended by the Working Group for use in cash products such as the Sterling Notes. It involves taking the median of the daily difference between Sterling LIBOR and SONIA in the 5 years leading up to the LIBOR Announcement Date. Using this methodology, the credit adjustment spread for 3-month Sterling LIBOR is 0.1193 per cent., as calculated and published by Bloomberg Index Services Limited on the LIBOR Announcement Date and as referenced on Bloomberg screen SBP0003M Index on the date of the Consent Solicitation Memorandum. The credit adjustment spread for 3-month Sterling LIBOR of 0.1193 per cent. will also be applied to the sterling amounts payable by the Issuer under the cross-currency swaps in respect of the Non-Sterling Notes.

## **Notices of Meeting in respect of the Noteholders**

Notices convening meetings (the "**Meetings**") of Noteholders, to be held via teleconference on 31 January 2022, have been given to the Noteholders in accordance with the Conditions on the date of this announcement, including by way of an announcement on the Regulatory News Service of the London Stock Exchange plc.

In light of the ongoing developments in relation to coronavirus (COVID-19), it may be impossible or inadvisable to hold the Meetings (and any adjourned Meetings) at a physical location. Therefore, in accordance with the provisions of the Trust Deed, further regulations regarding the holding of the Meetings (and any adjourned Meetings) will be prescribed to facilitate the Meetings (and any adjourned Meetings) being held via teleconference. The Meetings will not be convened at a physical location. The Trustee has agreed with the Issuer to exercise its powers under paragraph 22 of Schedule 3 (*Provisions for the Meetings of Noteholders*) to the Trust Deed to prescribe further regulations regarding the holding of meetings of the Noteholders and attendance and voting threat. The procedures regarding the Meetings and the means of voting on the Extraordinary Resolutions reflected in the Consent Solicitation Memorandum and the Notices of Meeting reflect those regulations and have been agreed by the Issuer.

## **Eligible Noteholders**

The Issuer is convening the Meetings to consider and, if thought fit, approve by way of an Extraordinary Resolution of each Class of Notes the modifications of the Conditions (and the other consequential and related modifications described in this announcement and the Consent Solicitation Memorandum).

When submitting an Electronic Voting Instruction or otherwise participating at the relevant Meeting in respect of the Sterling Notes of the relevant Class, an Eligible Noteholder is a Noteholder who is (a) located and resident outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act) and (b) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation.

The implementation of the Proposal will be conditional on:

- (a) the Consent Solicitation not having been terminated;
- (b) the passing of the Extraordinary Resolution in relation to each Class; and
- (c) in respect of each Extraordinary Resolution in respect of each Class of the Sterling Notes, that the quorum required for, and the requisite majority of votes cast at, the Meetings (including any adjournment thereof) in respect of any Class of the Sterling Notes will need to be satisfied by Eligible Noteholders of such class, irrespective of any participation at the relevant Meeting by Ineligible Noteholders (such condition in respect of each Class of the Sterling Notes, the "**Eligibility Condition**").

## Timetable

The indicative timetable is summarised below:

<b>Date</b>	<b>Action</b>
7 January 2022	<p><b><i>Announcement of Consent Solicitation</i></b></p> <p>Notices of Meeting published via RNS and delivered to Clearing Systems for communication to Direct Participants and to the Trustee by the Issuer.</p> <p>Copies of the Consent Solicitation Memorandum and the current drafts of the Supplemental Trust Deed and the Amendment Agreements available from the Consent Website.</p>
10 January 2022	<p><b><i>DTC Record Date</i></b></p> <p>Record date for the Omnibus Proxy of DTC</p>
5:00 p.m., London time, 26 January 2022	<p><b><i>Expiration Deadline</i></b></p> <p>Deadline for receipt by the Information and Tabulation Agent of all valid Electronic Voting Instructions or Forms of DTC Sub-Proxy in order for Noteholders to be able to participate in the Consent Solicitation.</p> <p>Deadline for making any other arrangements to attend or be represented (via teleconference) at the relevant Meeting.</p>
From 10.00 a.m., London time, 31 January 2022	<p><b><i>Meetings</i></b></p> <p>Meetings in respect of each Class of Notes to be held via teleconference.</p>
As soon as reasonably practicable after the Meetings (and in any event within 14 days of such result being known)	<p><b><i>Announcement of the results of each Meeting and, if applicable, satisfaction of related Eligibility Condition</i></b></p> <p>Announcement of the results of each Meeting and, if the relevant Extraordinary Resolution is passed in respect of a Class of the Sterling Notes, whether the related Eligibility Condition has been satisfied.</p> <p>Such announcement to be published via RNS and delivered to Clearing Systems for communication to Direct Participants.</p>
As soon as reasonably practicable after the announcement of the result of the Meetings	<p><b><i>Implementation Date</i></b></p> <p>If the Extraordinary Resolutions are all passed and the related Eligibility Condition is satisfied in respect of each Class of the Sterling Notes, the Supplemental Trust Deed and the Amendment Agreements (as applicable), are expected to be executed as soon as reasonably practicable after the announcement of the result of the Meetings, with the changes coming into effect from the Effective Date.</p>
The Interest Payment Date for the Sterling Notes falling in February 2022	<p><b><i>Effective Date</i></b></p> <p>Date on which the relevant changes in the Supplemental Trust Deed and the Amendment Agreements (as applicable) will come into effect. For the avoidance of doubt, the first Interest Payment Date on which the amounts of interest payable on the Sterling Notes will be determined by reference to Compounded Daily SONIA rather than LIBOR will be the Interest Payment</p>

<u>Date</u>	<u>Action</u>
	Date falling in May 2022 in respect of the Interest Period from (and including) the Interest Payment Date falling in February 2022 up to (but excluding) the Interest Payment Date falling in May 2022.

If any Meeting is not quorate on the date stated above, such Meeting will stand adjourned for such period being not less than 14 days nor more than 42 days, to be held via teleconference, and notice of any adjourned meeting will be given in the same manner as notice of the initial Meeting, save that 10 clear days' notice (containing the information required for the notice of the initial Meeting) will be given.

Unless stated otherwise, announcements in connection with the Consent Solicitation will be made via RNS and by the delivery of notices to the Clearing Systems for communication to Direct Participants. Copies of all such announcements, press releases and notices can also be obtained from the Consent Website or by contacting the Information and Tabulation Agent, the contact details for whom are below.

**Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes when such intermediary would require to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or revoke their instruction to participate in, the Consent Solicitation before the deadlines specified above. The deadlines set by any such intermediary and each Clearing System for the submission of Electronic Voting Instructions or Forms of DTC Sub-Proxy will be earlier than the relevant deadlines specified above.**

**No consent or participation fee will be payable in connection with the Consent Solicitation.**

Further information relating to the Proposal can be obtained from the Solicitation Agent:

**Lloyds Bank Corporate Markets plc**  
10 Gresham Street  
London EC2V 7AE

Telephone: +44 20 7158 1719/1726  
Attention: Liability Management Team, Commercial Banking  
Email: [liability.management@lloydsbanking.com](mailto:liability.management@lloydsbanking.com)

Requests for documentation and information in relation to the procedures for delivering Consent Instructions should be directed to the Information and Tabulation Agent at:

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
London E14 5LB

Telephone: +44 (0)20 7508 3867  
Attention: Exchange Team  
Email: [citiexchanges@citi.com](mailto:citiexchanges@citi.com)  
Consent Website: <https://debtportal.issuerservices.citigroup.com>

**DISCLAIMER:** This announcement must be read in conjunction with the Consent Solicitation Memorandum. The Consent Solicitation Memorandum contains important information which should be read carefully before any decision is made with respect to the Consent Solicitation. If any Noteholder is in any doubt as to the action it should take or is unsure of the impact of the implementation of the Consent Solicitation or the Proposal, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Consent Solicitation or otherwise participate at any meeting (including any

adjourned meeting) at which an Extraordinary Resolution referred to above is to be considered.

None of the Issuer, the Administrators, the Solicitation Agent, the Information and Tabulation Agent, the Trustee, the Principal Paying Agent, the Reference Agent or the Registrar, makes any recommendation whether Noteholders should participate in the Consent Solicitation or otherwise participate at any Meeting.

Nothing in this announcement or the Consent Solicitation Memorandum constitutes or contemplates an offer of, an offer to purchase, or the solicitation of an offer to purchase or sell, any security in any jurisdiction. The distribution of this announcement and the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law, and persons into whose possession this announcement or the Consent Solicitation Memorandum comes are requested to inform themselves about, and to observe, any such restrictions.