

Periodic Report re Holmes Trustees Limited and Holmes Funding Limited

For Period 11 July 2006 to 08 August 2006

All values are in thousands of pounds sterling unless otherwise stated

Mortgage Asset Analysis

Analysis of Mortgage Trust Movements

	Current Period	
	Number	£000's
Brought Forward	386,810	29,979,409
Replenishment	13,480	1,374,792
Repurchased	(4,851)	(422,125)
Redemptions	(10,276)	(932,239)
Losses	(39)	(78)
Capitalised Interest	0	4,215 (* see below)
Other Movements	0	0
Carried Forward	385,124	30,003,974

* Capitalised interest refers to interest due met from amounts standing to the credit of overpayment facilities on flexible loans

	Cumulative	
	Number	£000's
Brought Forward	115,191	6,399,214
Replenishment	1,227,625	98,406,425
Repurchased	(392,432)	(29,881,251)
Redemptions	(564,174)	(45,079,551)
Losses	(1,086)	(2,598)
Capitalised Interest	0	161,735 (* see above)
Other Movements	0	0
Carried Forward	385,124	30,003,974

	Trust Payment Rate (CPR)	Annualised Trust Payment Rate (CPR)	
1 Month	4.52%	42.58%	(including redemptions and repurchases)
3 Month	13.67%	44.46%	
12 Month	46.87%	46.87%	

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Asset Profiles

Weighted Average Seasoning	38.08	months
Weighted Average Loan size	£77,907.31	
Weighted Average LTV	65.67%	*** (see below)
Weighted Average Indexed LTV	54.81%	using Halifax House Price Index
Weighted Average Indexed LTV	53.46%	using Nationwide House Price Index
Weighted Average Remaining Term	17.75	Years

Product Type Analysis

	£000's	%
Variable Rate	10,216,353	34.05%
Fixed Rate	7,362,975	24.54%
Tracker Rate	12,424,646	41.41%
	30,003,974	100.00%

As at 08 August 2006 approximately 13.49% of the loans were flexible loans

Repayment Method Analysis

	£000's	%
Endowment	4,605,610	15.35%
Interest Only	6,333,839	21.11%
Repayment	19,064,525	63.54%
	30,003,974	100.00%

As at 08 August 2006 approximately 16.36% of the loans were written under Abbey's policy of non-income verification

Loan Purpose Analysis

	£000's	%
Purchase	20,417,704	68.05%
Remortgage	9,586,270	31.95%
	30,003,974	100.00%

Mortgage Standard Variable Rate

<u>Effective Date</u>	<u>Rate</u>
01 September 2005	6.50%
01 September 2004	6.75%
01 July 2004	6.50%
01 June 2004	6.25%

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Geographic Analysis

Region	Number	£000's	%
East Anglia	15,414	1,120,245	3.73%
East Midlands	20,655	1,408,206	4.69%
Greater London	66,977	6,599,183	21.99%
North	16,109	927,519	3.09%
North West	43,238	2,705,945	9.02%
Scotland	24,988	1,447,025	4.82%
South East	101,097	9,269,592	30.89%
South West	29,932	2,322,473	7.74%
Wales	17,612	1,066,928	3.56%
West Midlands	25,182	1,684,803	5.62%
Yorkshire and Humberside	23,643	1,432,103	4.77%
Unknown	277	19,952	0.07%
Total	385,124	30,003,974	100.00%

Original LTV Bands

Range	Number	£000's	%	Average Seasoning
0.00 - 25.00	23,368	983,463	3.28%	30.77
25.01 - 50.00	96,662	6,076,197	20.25%	32.63
50.01 - 75.00	149,984	13,028,271	43.42%	34.13
75.01 - 80.00	17,361	1,583,017	5.28%	41.01
80.01 - 85.00	21,189	2,065,540	6.88%	39.62
85.01 - 90.00	36,143	3,553,670	11.84%	39.67
90.01 - 95.00	40,417	2,713,817	9.04%	59.80
Total	385,124	30,003,974	100.00%	37.44

*** The balance is the current outstanding balance on the account including accrued interest. The LTV is that at origination and excludes any capitalised high loan to value fees, valuation fees or booking fees.

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Arrears

Band	Number	Principal	Overdue	%
Current	374,141	29,132,028	(2,943)	97.13%
1.00 - 1.99 months	5,935	468,101	3,847	1.56%
2.00 - 2.99 months	2,176	166,792	2,610	0.56%
3.00 - 3.99 months	1,071	82,848	1,837	0.28%
4.00 - 4.99 months	490	39,306	1,100	0.13%
5.00 - 5.99 months	334	27,061	941	0.09%
6.00 - 11.99 months	655	52,756	2,660	0.18%
12 months and over	86	6,871	742	0.02%
Properties in Possession	236	15,641	1,776	0.05%
Total	385,124	29,991,404	12,570	100.00%

Definition of Arrears

This arrears multiplier is calculated as the arrears amount (which is the difference between the expected monthly repayments and the amount that has actually been paid, i.e. a total of under and/or over payments) divided by the monthly amount repayable. It is recalculated every time the arrears amount changes, i.e. on the date when a payment is due.

Movement in Shares of Trust

	Funding	Seller
	£000's	£000's
Balance Brought Forward	10,906,604	19,072,805
Replenishment of Assets	0	1,374,792
Acquisition by Funding	3,929,390	(3,929,390)
Distribution of Principal Receipts	(93,911)	(1,260,453)
Allocation of Losses	(29)	(49)
Share of Capitalised Interest	1,534	2,681
Payment Re Capitalised Interest	(1,534)	1,534
Balance Carried Forward	14,742,054	15,261,920

Carried Forward Percentage	49.13367%	50.86633%
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Minimum Seller Share	1,551,546	5.17%
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Cash Accumulation Ledger

	£000's	
Brought Forward	3,615,525	
Additional Amounts Accumulated	94,315	
Payment of Notes	(2,126,775)	
Carried Forward	1,583,065	
Target Balance	769,000	payable on 16th October 2006
	763,426	payable on 15th December 2006
	1,532,426	

Excess Spread *

Quarter to 17/07/06	0.4492%
Quarter to 15/04/06	0.2602%
Quarter to 15/01/06	0.5407%
Quarter to 15/10/05	0.4882%

*Excess spread is calculated by reference to deferred consideration (determined according to relevant accounting policies) for the period, adjusted for non-cash related items and items relating to amounts falling due after transfers to the first and second reserve funds in the Funding Revenue Priority of Payments, expressed as a percentage of the average note balance over that period.

Reserve Funds

	First Reserve	Second Reserve	Funding Reserve
Balance as at 08/08/2006	£272,000,000.00	£0.00	£0.00
Required Amount as at 08/08/2006	£272,000,000.00	£0.00	£0.00
Percentage of Notes	1.67%	0.00%	0.00%

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Properties in Possession

Stock

	Current Period	
	Number	£000's
Brought Forward	213	15,894
Repossessed in Period	50	7,518
Sold in Period	(27)	(5,995)
Carried Forward	236	17,417

	Cumulative	
	Number	£000's
Repossessed to date	1,311	152,594
Sold to date	(1,075)	(135,177)
Carried Forward	236	17,417

Repossession Sales Information

Average time Possession to Sale	98 Days
Average arrears at time of Sale	£5,070

MIG Claim Status **

	Number	£000's
MIG Claims made	199	1,396

**On the 14th October 2005, Abbey exercised its right to cancel all relevant MIG policies and therefore, none of the mortgage loans in the portfolio are currently covered by a MIG policy.

Note

On 17th July Holmes Financing 3 exercised its option to redeem all of the remaining notes outstanding in accordance with Condition 5(D) of the notes

Trigger Events

There has been no debit to the AAA Principal Deficiency Ledger

The Seller has not suffered an Insolvency Event

The Seller is still the Servicer

The Outstanding Principal balance is in excess of £25 billion

Holmes Financing No 1 plc, Holmes Financing No 2 plc, Holmes Financing No 3 plc, Holmes Financing No 4 plc, Holmes Financing No 5 plc, Holmes Financing No 6 plc, Holmes Financing No 7 plc, Holmes Financing No 8 plc, Holmes Financing No 9 plc, Holmes Financing No 10 plc

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Contact Details

If you have any queries regarding this report please contact the Securitisation Team via

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Holmes Financing No 1 plc, Holmes Financing No 2 plc, Holmes Financing No 3 plc, Holmes Financing No 4 plc, Holmes Financing No 5 plc, Holmes Financing No 6 plc, Holmes Financing No 7 plc, Holmes Financing No 8 plc, Holmes Financing No 9 plc, Holmes Financing No 10 plc

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<u>Notes</u>	<u>Deal</u>	<u>Rating (S&P/Moody's/Fitch)</u>	<u>Outstanding</u>	<u>Reference Rate</u>	<u>Margin</u>
Series 3 Class A1	Holmes Financing No. 1	AAA/Aaa/AAA	£375,000,000	4.69031%	0.26%
Series 3 Class A2	Holmes Financing No. 1	AAA/Aaa/AAA	€ 320,000,000	3.09000%	0.26%
Series 3 Class B	Holmes Financing No. 1	AA/Aa3/AA	£24,000,000	4.69031%	0.45%
Series 3 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£30,000,000	4.69031%	1.60%
Series 4 Class A	Holmes Financing No. 1	AAA/Aaa/AAA	£250,000,000		6.62%
Series 4 Class B	Holmes Financing No. 1	AA/Aa3/AA	£11,000,000	4.69031%	0.62%
Series 4 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£14,000,000	4.69031%	1.75%
Series 3 Class B	Holmes Financing No. 2	AA/Aa3/AA	£19,000,000	4.69031%	0.45%
Series 3 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	£25,000,000	4.69031%	1.50%
Series 4 Class A	Holmes Financing No. 2	AAA/Aaa/AAA	€ 500,000,000	3.09000%	0.27%
Series 4 Class B	Holmes Financing No. 2	AA/Aa3/AA	€ 21,000,000	3.09000%	0.50%
Series 4 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	€ 35,000,000	3.09000%	1.60%
Series 4 Class A	Holmes Financing No. 4	AAA/Aaa/AAA	CHF 850,000,000		3.50%
Series 4 Class B	Holmes Financing No. 4	AA/Aa3/AA	£11,000,000	4.69031%	0.43%
Series 4 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	£19,000,000	4.69031%	1.50%
Series 3 Class A 1	Holmes Financing No. 5	AAA/Aaa/AAA	€ 600,000,000		4.25%
Series 3 Class A 2	Holmes Financing No. 5	AAA/Aaa/AAA	£500,000,000	4.69031%	0.23%
Series 3 Class B	Holmes Financing No. 5	AA/Aa3/AA	€ 53,000,000	3.09000%	0.40%
Series 3 Class C	Holmes Financing No. 5	BBB/Baa2/BBB	€ 76,000,000	3.09000%	1.47%
Series 3 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	€ 1,000,000,000	3.09000%	0.24%
Series 3 Class B	Holmes Financing No. 6	AA/Aa3/AA	€ 34,000,000	3.09000%	0.50%
Series 3 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	€ 57,000,000	3.09000%	1.50%
Series 4 Class A 1	Holmes Financing No. 6	AAA/Aaa/AAA	\$1,000,000,000	5.50688%	0.24%
Series 4 Class A 2	Holmes Financing No. 6	AAA/Aaa/AAA	CHF 300,000,000		2.50%
Series 4 Class B	Holmes Financing No. 6	AA/Aa3/AA	\$40,000,000	5.50688%	0.52%
Series 4 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	\$69,000,000	5.50688%	1.55%
Series 5 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	£500,000,000	4.69031%	0.24%
Series 5 Class B	Holmes Financing No. 6	AA/Aa3/AA	£17,000,000	4.69031%	0.52%
Series 5 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	£29,000,000	4.69031%	1.55%
Series 3 Class A	Holmes Financing No. 7	AAA/Aaa/AAA	\$500,000,000	5.50688%	0.23%
Series 3 Class B	Holmes Financing No. 7	AA/Aa3/AA	£15,000,000	4.69031%	0.50%
Series 3 Class M	Holmes Financing No. 7	A/A2/A	£20,000,000	4.69031%	0.80%
Series 4 Class A 1	Holmes Financing No. 7	AAA/Aaa/AAA	€ 500,000,000	3.09000%	0.26%
Series 4 Class A 2	Holmes Financing No. 7	AAA/Aaa/AAA	£250,000,000	4.69031%	0.26%
Series 4 Class B	Holmes Financing No. 7	AA/Aa3/AA	€ 41,000,000	3.09000%	0.53%
Series 4 Class M	Holmes Financing No. 7	A/A2/A	€ 56,000,000	3.09000%	0.80%
Series 2 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	\$1,500,000,000	5.50688%	0.08%
Series 2 Class B	Holmes Financing No. 8	AA/Aa3/AA	\$51,000,000	5.50688%	0.17%
Series 2 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	\$87,000,000	5.50688%	0.72%
Series 3 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	€ 990,000,000	3.09000%	0.15%
Series 3 Class B	Holmes Financing No. 8	AA/Aa3/AA	€ 34,000,000	3.09000%	0.27%
Series 3 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	€ 57,500,000	3.09000%	0.85%
Series 4 Class A 1	Holmes Financing No. 8	AAA/Aaa/AAA	£900,000,000	4.69031%	0.15%
Series 4 Class A 2	Holmes Financing No. 8	AAA/Aaa/AAA	\$500,000,000	5.50688%	0.14%

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Series 4 Class B	Holmes Financing No. 8	AA/Aa3/AA	£39,900,000	4.69031%	0.30%
Series 4 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	£68,000,000	4.69031%	0.90%
Series 1 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$1,740,000,000	5.50688%	-0.03%
Series 2 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$2,175,000,000	5.50688%	0.06%
Series 3 Class A1	Holmes Financing No. 9	AAA/Aaa/AAA	€ 740,000,000	3.09000%	0.10%
Series 3 Class A2	Holmes Financing No. 9	AAA/Aaa/AAA	£400,000,000	4.69031%	0.09%
Series 4 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	£600,000,000	4.69031%	0.09%
Series 1 Class A	Holmes Financing No. 10	AAA/Aaa/AAA	\$1,260,000,000	5.46815%	-0.03%
Series 1 Class B	Holmes Financing No. 10	AA/Aa3/AA	\$47,000,000	5.46815%	0.08%
Series 1 Class C	Holmes Financing No. 10	BBB/Baa2/BBB	\$47,000,000	5.46815%	0.27%
Series 2 Class A	Holmes Financing No. 10	AAA/Aaa/AAA	\$1,440,000,000	5.46815%	0.03%
Series 2 Class B	Holmes Financing No. 10	AA/Aa3/AA	\$55,000,000	5.46815%	0.09%
Series 2 Class C	Holmes Financing No. 10	BBB/Baa2/BBB	\$55,000,000	5.46815%	0.35%
Series 3 Class A	Holmes Financing No. 10	AAA/Aaa/AAA	€ 1,000,000,000	3.13900%	0.07%
Series 3 Class B1	Holmes Financing No. 10	AA/Aa3/AA	€ 37,000,000	3.13900%	0.12%
Series 3 Class B2	Holmes Financing No. 10	AA/Aa3/AA	£27,500,000	4.93323%	0.12%
Series 3 Class M1	Holmes Financing No. 10	A/A2/A	€ 34,000,000	3.13900%	0.20%
Series 3 Class M2	Holmes Financing No. 10	A/A2/A	£20,000,000	4.93323%	0.20%
Series 3 Class C1	Holmes Financing No. 10	BBB/Baa2/BBB	€ 52,500,000	3.13900%	0.40%
Series 3 Class C2	Holmes Financing No. 10	BBB/Baa2/BBB	£22,000,000	4.93323%	0.40%
Series 4 Class A1	Holmes Financing No. 10	AAA/Aaa/AAA	\$1,440,000,000	5.46815%	0.08%
Series 4 Class A2	Holmes Financing No. 10	AAA/Aaa/AAA	£750,000,000	4.93323%	0.09%

Holmes Financing No 1 plc, Holmes Financing No 2 plc, Holmes Financing No 3 plc, Holmes Financing No 4 plc, Holmes Financing No 5 plc, Holmes Financing No 6 plc, Holmes Financing No 7 plc, Holmes Financing No 8 plc, Holmes Financing No 9 plc, Holmes Financing No 10 plc

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Retired Class A Notes

Date Retired	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8	Holmes 9	Holmes 10
02Q3	-	703	-	-	352	-	-	-	-	-
02Q4	-	-	-	-	352	-	-	-	-	-
03Q1	-	-	750	-	-	-	-	-	-	-
03Q2	-	-	-	-	-	-	-	-	-	-
03Q3	600	-	-	-	-	481	-	-	-	-
03Q4	-	176	-	191	-	481	-	-	-	-
04Q1	-	176	-	191	-	-	241	-	-	-
04Q2	-	176	-	191	-	-	241	-	-	-
04Q3	-	176	-	191	-	-	-	-	-	-
04Q4	-	-	-	-	698	-	-	-	-	-
05Q1	-	-	750	-	-	-	-	-	-	-
05Q2	-	-	-	-	-	801	-	1,001	-	-
05Q3	650	-	-	-	-	-	-	-	-	-
05Q4	-	125	-	-	-	-	-	-	-	-
06Q1	-	125	-	-	-	-	803	-	-	-
06Q2	-	125	-	-	-	-	-	-	-	-
06Q3	-	125	546	1,456	-	-	-	-	-	-

Outstanding Class A Notes

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8	Holmes 9	Holmes 10
06Q3	-	-	-	-	-	-	-	-	-	-
06Q4	-	-	-	350	875	-	-	-	-	-
07Q1	-	-	-	-	-	-	161	812	1,018	-
07Q2	-	-	-	-	-	634	161	-	-	-
07Q3	575	-	-	-	-	-	-	-	-	679
07Q4	-	300	-	-	-	770	-	-	-	-
08Q1	-	-	-	-	-	-	-	-	-	-
08Q2	-	-	-	-	-	500	592	221	-	388
08Q3	-	-	-	-	-	-	-	221	1,272	388
08Q4	-	-	-	-	-	-	-	221	-	-
09Q1	-	-	-	-	-	-	-	1,171	-	-
09Q2	-	-	-	-	-	-	-	-	-	342
09Q3	-	-	-	-	-	-	-	-	-	342
09Q4	-	-	-	-	-	-	-	-	-	-
10Q1	-	-	-	-	-	-	-	-	453	-
10Q2	-	-	-	-	-	-	-	-	453	-
10Q3	250	-	-	-	-	-	-	-	600	-
10Q4	-	-	-	-	-	-	-	-	-	1,526
11Q1	-	-	-	-	-	-	-	-	-	-

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