

Periodic Report re Holmes Trustees Limited and Holmes Funding Limited

For Period 09 June 2006 to 10 July 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	388,744		30,011,822
Replenishment	12,840		1,326,453
Repurchased	(5,400)		(478,593)
Redemptions	(9,342)		(884,706)
Losses	(32)		(224)
Capitalised Interest	0		4,657 (* see below)
Other Movements	0		0
Carried Forward	386,810		29,979,409

* 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	1,214,145		97,031,633
Repurchased	(387,581)		(29,459,126)
Redemptions	(553,898)		(44,147,312)
Losses	(1,047)		(2,520)
Capitalised Interest	0		157,520 (* see above)
Other Movements	0		0
Carried Forward	386,810		29,979,409

	Trust Payment Rate (CPR)	Annualised Trust Payment Rate (CPR)	
1 Month	4.54%	42.76%	(including redemptions and repurchases)
3 Month	13.26%	43.40%	
12 Month	47.39%	47.39%	

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Asset Profiles

Weighted Average Seasoning	37.93	months
Weighted Average Loan size	£77,504.22	
Weighted Average LTV	65.86%	*** (see below)
Weighted Average Indexed LTV	54.62%	using Halifax House Price Index
Weighted Average Indexed LTV	53.24%	using Nationwide House Price Index
Weighted Average Remaining Term	17.77	Years

Product Type Analysis

	£000's	%
Variable Rate	10,118,051	33.75%
Fixed Rate	7,383,928	24.63%
Tracker Rate	12,477,430	41.62%
	29,979,409	100.00%

As at 10 July 2006 approximately 13.31% of the loans were flexible loans

Repayment Method Analysis

	£000's	%
Endowment	4,679,786	15.61%
Interest Only	6,226,723	20.77%
Repayment	19,072,900	63.62%
	29,979,409	100.00%

Loan Purpose Analysis

	£000's	%
Purchase	20,592,856	68.69%
Remortgage	9,386,553	31.31%
	29,979,409	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	15,534	1,121,365	3.74%
East Midlands	20,734	1,408,643	4.70%
Greater London	67,064	6,585,745	21.97%
North	16,240	930,325	3.10%
North West	43,450	2,705,303	9.02%
Scotland	25,164	1,448,815	4.83%
South East	101,409	9,256,400	30.88%
South West	30,106	2,324,290	7.75%
Wales	17,697	1,066,298	3.56%
West Midlands	25,383	1,692,832	5.65%
Yorkshire and Humberside	23,740	1,426,553	4.76%
Unknown	289	12,840	0.04%
Total	386,810	29,979,409	100.00%

Original LTV Bands

Range	Number	£000's	%	Average Seasoning
0.00 - 25.00	23,138	972,658	3.24%	30.47
25.01 - 50.00	96,067	6,018,792	20.08%	32.32
50.01 - 75.00	150,143	12,939,706	43.16%	33.98
75.01 - 80.00	17,576	1,593,267	5.31%	40.62
80.01 - 85.00	21,452	2,072,347	6.91%	39.48
85.01 - 90.00	36,803	3,595,715	11.99%	39.48
90.01 - 95.00	41,631	2,786,925	9.30%	59.44
Total	386,810	29,979,409	100.00%	37.29

*** 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	376,613	29,130,082	(3,139)	97.21%
1.00 - 1.99 months	5,113	438,917	3,647	1.46%
2.00 - 2.99 months	2,200	172,333	2,693	0.58%
3.00 - 3.99 months	1,063	83,468	1,845	0.28%
4.00 - 4.99 months	515	39,001	1,109	0.13%
5.00 - 5.99 months	313	25,915	914	0.09%
6.00 -11.99 months	697	56,307	2,822	0.19%
12 months and over	83	6,873	728	0.02%
Properties in Possession	213	14,279	1,615	0.05%
Total	386,810	29,967,175	12,234	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	11,886,143	18,125,679
Replenishment of Assets	0	1,326,453
Acquisition by Funding	0	0
Distribution of Principal Receipts	(979,450)	(383,849)
Allocation of Losses	(89)	(135)
Share of Capitalised Interest	1,845	2,812
Payment Re Capitalised Interest	(1,845)	1,845
Balance Carried Forward	10,906,604	19,072,805

Carried Forward Percentage	36.38032%	63.61968%
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Minimum Seller Share	1,539,850	5.14%
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Cash Accumulation Ledger

	£000's
Brought Forward	2,635,986
Additional Amounts Accumulated	979,539
Payment of Notes	0
Carried Forward	3,615,525

Target Balance	2,126,775	payable on 17th July 2006
	725,093	payable on 16th October 2006
	763,071	payable on 15th December 2006
	3,614,939	

Excess Spread *

Quarter to 15/04/06	0.2602%
Quarter to 15/01/06	0.5407%
Quarter to 15/10/05	0.4882%
Quarter to 15/07/05	0.2536%

*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 18/04/2006	£264,000,000.00	£0.00	£0.00
Required Amount as at 18/04/2006	£264,000,000.00	£0.00	£0.00
Percentage of Notes	1.82%	0.00%	0.00%

Properties in Possession

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Stock

	Current Period	
	Number	£000's
Brought Forward	215	16,351
Reposessed in Period	39	8,273
Sold in Period	(41)	(8,730)
Carried Forward	213	15,894

	Cumulative	
	Number	£000's
Reposessed to date	1,261	145,076
Sold to date	(1,048)	(129,182)
Carried Forward	213	15,894

Repossession Sales Information

Average time Possession to Sale	97 Days
Average arrears at time of Sale	£5,008

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.

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

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

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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	4.59625%	0.26%
Series 3 Class A2	Holmes Financing No. 1	AAA/Aaa/AAA	€ 320,000,000	2.50700%	0.26%
Series 3 Class B	Holmes Financing No. 1	AA/Aa3/AA	£24,000,000	4.59625%	0.45%
Series 3 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£30,000,000	4.59625%	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	4.59625%	0.62%
Series 4 Class C	Holmes Financing No. 1	BBB/Baa2/BBB	£14,000,000	4.59625%	1.75%
Series 3 Class A	Holmes Financing No. 2	AAA/Aaa/AAA	£250,000,000	4.59625%	0.24%
Series 3 Class B	Holmes Financing No. 2	AA/Aa3/AA	£19,000,000	4.59625%	0.45%
Series 3 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	£25,000,000	4.59625%	1.50%
Series 4 Class A	Holmes Financing No. 2	AAA/Aaa/AAA	€ 500,000,000	2.50700%	0.27%
Series 4 Class B	Holmes Financing No. 2	AA/Aa3/AA	€ 21,000,000	2.50700%	0.50%
Series 4 Class C	Holmes Financing No. 2	BBB/Baa2/BBB	€ 35,000,000	2.50700%	1.60%
Series 3 Class A	Holmes Financing No. 3	AAA/Aaa/AAA	€ 805,000,000	2.50700%	0.24%
Series 3 Class B	Holmes Financing No. 3	AA/Aa3/AA	€ 24,000,000	2.50700%	0.40%
Series 3 Class C	Holmes Financing No. 3	BBB/Baa2/BBB	€ 50,000,000	2.50700%	1.50%
Series 2 Class A	Holmes Financing No. 4	AAA/Aaa/AAA	€ 800,000,000		5.05%
Series 2 Class B	Holmes Financing No. 4	AA/Aa3/AA	€ 35,800,000	2.50700%	0.40%
Series 2 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	€ 53,800,000	2.50700%	1.45%
Series 3 Class A1	Holmes Financing No. 4	AAA/Aaa/AAA	£550,000,000	4.59625%	0.23%
Series 3 Class A2	Holmes Financing No. 4	AAA/Aaa/AAA	\$410,000,000	4.60000%	0.23%
Series 3 Class B	Holmes Financing No. 4	AA/Aa3/AA	\$34,500,000	4.60000%	0.44%
Series 3 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	\$49,500,000	4.60000%	1.30%
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	4.59625%	0.43%
Series 4 Class C	Holmes Financing No. 4	BBB/Baa2/BBB	£19,000,000	4.59625%	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	4.59625%	0.23%
Series 3 Class B	Holmes Financing No. 5	AA/Aa3/AA	€ 53,000,000	2.50700%	0.40%
Series 3 Class C	Holmes Financing No. 5	BBB/Baa2/BBB	€ 76,000,000	2.50700%	1.47%
Series 3 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	€ 1,000,000,000	2.50700%	0.24%
Series 3 Class B	Holmes Financing No. 6	AA/Aa3/AA	€ 34,000,000	2.50700%	0.50%
Series 3 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	€ 57,000,000	2.50700%	1.50%
Series 4 Class A 1	Holmes Financing No. 6	AAA/Aaa/AAA	\$1,000,000,000	4.60000%	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	4.60000%	0.52%
Series 4 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	\$69,000,000	4.60000%	1.55%
Series 5 Class A	Holmes Financing No. 6	AAA/Aaa/AAA	£500,000,000	4.59625%	0.24%
Series 5 Class B	Holmes Financing No. 6	AA/Aa3/AA	£17,000,000	4.59625%	0.52%
Series 5 Class C	Holmes Financing No. 6	BBB/Baa2/BBB	£29,000,000	4.59625%	1.55%
Series 2 Class B	Holmes Financing No. 7	AA/Aa3/AA	\$37,500,000	4.60000%	0.35%
Series 2 Class C	Holmes Financing No. 7	BBB/Baa2/BBB	\$63,750,000	4.60000%	0.80%
Series 3 Class A	Holmes Financing No. 7	AAA/Aaa/AAA	\$500,000,000	4.60000%	0.23%
Series 3 Class B	Holmes Financing No. 7	AA/Aa3/AA	£15,000,000	4.59625%	0.50%

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

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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 M	Holmes Financing No. 7	A/A2/A	£20,000,000	4.59625%	0.80%
Series 4 Class A 1	Holmes Financing No. 7	AAA/Aaa/AAA	€ 500,000,000	2.50700%	0.26%
Series 4 Class A 2	Holmes Financing No. 7	AAA/Aaa/AAA	£250,000,000	4.59625%	0.26%
Series 4 Class B	Holmes Financing No. 7	AA/Aa3/AA	€ 41,000,000	2.50700%	0.53%
Series 4 Class M	Holmes Financing No. 7	A/A2/A	€ 56,000,000	2.50700%	0.80%
Series 2 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	\$1,500,000,000	4.60000%	0.08%
Series 2 Class B	Holmes Financing No. 8	AA/Aa3/AA	\$51,000,000	4.60000%	0.17%
Series 2 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	\$87,000,000	4.60000%	0.72%
Series 3 Class A	Holmes Financing No. 8	AAA/Aaa/AAA	€ 990,000,000	2.50700%	0.15%
Series 3 Class B	Holmes Financing No. 8	AA/Aa3/AA	€ 34,000,000	2.50700%	0.27%
Series 3 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	€ 57,500,000	2.50700%	0.85%
Series 4 Class A 1	Holmes Financing No. 8	AAA/Aaa/AAA	£900,000,000	4.59625%	0.15%
Series 4 Class A 2	Holmes Financing No. 8	AAA/Aaa/AAA	\$500,000,000	4.60000%	0.14%
Series 4 Class B	Holmes Financing No. 8	AA/Aa3/AA	£39,900,000	4.59625%	0.30%
Series 4 Class C	Holmes Financing No. 8	BBB/Baa2/BBB	£68,000,000	4.59625%	0.90%
Series 1 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$1,740,000,000	4.53599%	-0.03%
Series 2 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	\$2,175,000,000	4.53599%	0.06%
Series 3 Class A1	Holmes Financing No. 9	AAA/Aaa/AAA	€ 740,000,000	2.50100%	0.10%
Series 3 Class A2	Holmes Financing No. 9	AAA/Aaa/AAA	£400,000,000	4.64000%	0.09%
Series 4 Class A	Holmes Financing No. 9	AAA/Aaa/AAA	£600,000,000	4.64000%	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

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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
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	-	-	-	-	-	-	-

Outstanding Class A Notes

Expected Redemption	Holmes 1	Holmes 2	Holmes 3	Holmes 4	Holmes 5	Holmes 6	Holmes 7	Holmes 8	Holmes 9
06Q2	-	-	-	-	-	-	-	-	-
06Q3	-	125	500	1,340	-	-	-	-	-
06Q4	-	-	-	350	875	-	-	-	-
07Q1	-	-	-	-	-	-	161	812	1,018
07Q2	-	-	-	-	-	634	161	-	-
07Q3	575	-	-	-	-	-	-	-	-
07Q4	-	300	-	-	-	770	-	-	-
08Q1	-	-	-	-	-	-	-	-	-
08Q2	-	-	-	-	-	500	592	221	-
08Q3	-	-	-	-	-	-	-	221	1,272
08Q4	-	-	-	-	-	-	-	221	-
09Q1	-	-	-	-	-	-	-	1,171	-
09Q2	-	-	-	-	-	-	-	-	-
09Q3	-	-	-	-	-	-	-	-	-
09Q4	-	-	-	-	-	-	-	-	-
10Q1	-	-	-	-	-	-	-	-	453
10Q2	-	-	-	-	-	-	-	-	453
10Q3	250	-	-	-	-	-	-	-	600
10Q4	-	-	-	-	-	-	-	-	-

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