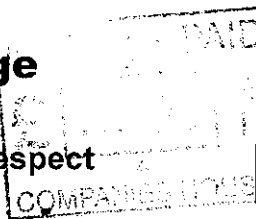


M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.



395

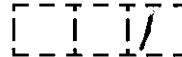
223350/13

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



5595906

Name of company

* PREFERRED RESIDENTIAL SECURITIES 06-1 PLC ("ISSUER")

Date of creation of the charge

23 FEBRUARY 2006

Description of the instrument (if any) creating or evidencing the charge (note 2)

A deed of charge (the "Deed of Charge") signed between, among others, the Issuer, J.P. Morgan Corporate Trustee Services Limited (the "Trustee") and Preferred Mortgages Limited ("PML")

Amount secured by the mortgage or charge

- (a) All moneys and liabilities whatsoever which from time to time become due, owing or payable by the Issuer:
- (i) to the order of the Trustee and/or any Receiver under the Deed of Charge, the Trust Deed or the Conditions at the time and in the manner provided therein;
 - (ii) under or in respect of the Notes (including, without limitation, the Detachable A2c Coupons); and
 - (iii) to the Trustee on any account whatsoever, whether as principal or surety and whether or not directly with another; and
- (b) all monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer to each of the other Secured Creditors in accordance respectively with each of the other Charged Obligation Documents.

For definitions please see Schedule 2.

Names and addresses of the mortgagees or persons entitled to the charge

J.P. Morgan Corporate Trustee Services Limited, whose registered office is at 125 London Wall, London

Postcode EC2Y 5AJ

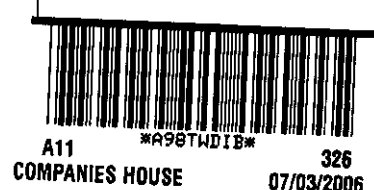
Presentor's name address and reference (if any):

Weil, Gotshal & Manges
One South Place
London
EC2M 2WG
Ref: BM.58381.0053
Doc No. 575286

Time critical reference

For official Use (02/00)
Mortgage Section

Post room



See Schedule 1 attached hereto.

Please do not
write in
this margin

*Please complete
legibly, preferably
in black type, or
bold block
lettering*

Particulars as to commission allowance or discount (note 3)

NIL

Signed

N. J. Gokshaj & Manges

Date

06/03/06

On behalf of [company] ~~XXXXXXXXXXXX~~ †

*A fee is payable
to Companies
House in
respect of each
register entry
for a mortgage
or charge.
(See Note 5)*

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

SCHEDULE 1

SHORT PARTICULARS OF ALL PROPERTY MORTGAGED OR CHARGED

1 ENGLISH AND NORTHERN IRISH MORTGAGES

Subject to Clause 3.11 of the Deed of Charge (*No Transfer of Obligations*), the Issuer, by way of first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee (and as beneficial owner where appropriate) and subject in each case to the proviso for redemption hereinafter contained and to the provisos for redemption or cesser contained in the Mortgage Conditions, CHARGED to the Trustee by way of first fixed charge all the Issuer's right, title, interest and benefit present and future in, to and under the English Loans and Northern Irish Loans and the English Mortgages and the Northern Irish Mortgages in the Mortgage Pool and all monies assured by or to become payable under the same and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same and the title deeds and documents relating to the Properties situated in England and Wales and Northern Ireland and the English Mortgages and the Northern Irish Mortgages in the Mortgage Pool including (without prejudice to the generality of the foregoing) any consents, postponements, reports, valuations, opinions, certificates and other statements of fact or opinion or both given in connection with the English Mortgages and the Northern Irish Mortgages in the Mortgage Pool (and all causes and rights of action of the Issuer against any person in connection with the same) and any other contractual documents or any security documents in either case setting out the terms of the Loans TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.

2 ENGLISH AND NORTHERN IRISH CHARGES

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee (and as beneficial owner where appropriate) and subject to the proviso for redemption hereinafter contained, ASSIGNED to the Trustee all the Issuer's right, title, benefit and interest present and future in, to and under the English Charges and Northern Irish Charges and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.

3 INSURANCE CONTRACTS

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee (and as beneficial owner where appropriate) and subject to the proviso for redemption hereinafter contained, ASSIGNED to the Trustee all the Issuer's right, title, interest and benefit present and future in, to and under the Insurance Contracts (including, for the avoidance of doubt, those Insurance Contracts governed by English law but relating to the Scottish Mortgages and Northern Irish Mortgages and all returns of premium and proceeds in respect of such Insurance Contracts), to the extent that the Insurance Contracts have been assigned to the Issuer pursuant to the Mortgage Sale Agreement, and all monies assured by or to become payable under the same and the benefit of all covenants and rights relating thereto and all powers and remedies for enforcing the same TO HOLD

the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.

4 THE SCOTTISH MORTGAGES AND SCOTTISH CHARGES

4.1 The Issuer subject to the proviso for redemption contained in Clause 4 of the Deed of Charge, undertook to the Trustee and bound and obliged itself:

- (a) upon the delivery to it of any SLR Transfer pursuant to the Mortgage Sale Agreement forthwith to execute and deliver to the Trustee in security for the discharge and payment of the Secured Amounts a standard security substantially in the form set out in Schedule 1 of the Deed of Charge in respect of those Scottish Mortgages detailed in the schedule to the relevant SLR Transfer, title to which is registered or is in the course of registration in the Land Register of Scotland;
- (b) upon the delivery to it of any Sasine Transfer pursuant to the Mortgage Sale Agreement forthwith to execute and deliver to the Trustee in security for the discharge and payment of the Secured Amounts a standard security substantially in the form set out in Schedule 2 of the Deed of Charge in respect of those Scottish Mortgages detailed in the schedule to the relevant Sasine Transfer, title to which is recorded or is in the course of being recorded in the General Register of Sasines;
- (c) upon the delivery to it of any Assignment of the Scottish Charges pursuant to the Mortgage Sale Agreement forthwith to execute and deliver to the Trustee in security for the discharge and payment of the Secured Amounts an Assignment in Security substantially in the form set out in Schedule 3 of the Deed of Charge in respect of the Issuer's whole right title and interest in and to all of the Scottish Charges and in and to the Life Policies relative to such Scottish Charges;
- (d) at the time of delivery of any Scottish Sub-Securities in accordance with the preceding provisions of this Clause 4 simultaneously to deliver to the Trustee the relevant SLR Transfer and the Sasine Transfer and/or Assignment of Scottish Charges respectively pertaining to the Scottish Mortgages and Scottish Charges specified in the said Scottish Sub-Securities;
- (e) if and when called upon to do so by the Trustee (but subject to the provisions of the Mortgage Sale Agreement) to take all such steps as are necessary to perfect the Issuer's title to the Scottish Mortgages and the Scottish Charges relative thereto, including without limitation, registration and recording of the Issuer as heritable creditor relative to such Scottish Mortgages in either the Land Register of Scotland or the General Register of Sasines (as appropriate) and giving intimation of any assignment of the Scottish Charges to the relevant assurance companies; and
- (f) to execute and deliver such documents, and in such form, and to take such other steps as the Trustee shall reasonably consider necessary to enable the Trustee to perfect a first ranking heritable security over the Scottish Mortgages

and to effect the assignation in security to the Trustee of the Scottish Charges relative thereto and the Life Policies thereby assigned.

5 SCOTTISH TRUST SECURITY

- 5.1** The Issuer as holder of the beneficial interest therein, and subject to Clause 4 of the Deed of Charge, ASSIGNED to and in favour of the Trustee for the benefit of the Secured Creditors in security for the discharge and payment of the Secured Amounts the Issuer's whole right, title and interest present and future in and to the Scottish Trust Property and in and to the Scottish Declaration of Trust, surrogating and substituting the Trustee in its full right and place therein and thereto.
- 5.2** The Issuer intimated to PML as trustee under the Scottish Declaration of Trust the assignation in security made in terms of Clause 5.1 above and PML by its execution of this Deed immediately subsequent to the execution of this Deed by the Issuer consents to such assignation and acknowledges such intimation thereof and confirms that as at the date hereof it has received no intimation of any other dealing with the Scottish Trust Property or any part thereof.

6 CONTRACTUAL AND OTHER RIGHTS

- 6.1** The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as beneficial owner where appropriate and subject to the proviso for redemption hereinafter contained, ASSIGNED to the Trustee all its right, title, interest and benefit present and future in, to and under the Charged Obligation Documents (in the case of the Swap Agreements, subject to any netting and set off provisions in the Swap Agreements) and all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party, (other than the Trust Deed and any deed expressed to be supplemental thereto, and this Deed) including without limitation all rights to receive payment of any amounts which may become payable to the Issuer thereunder, all payments received by the Issuer thereunder, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and subject to the terms of these presents, for the other Secured Creditors.
- 6.2** Notwithstanding such assignment each of the parties hereto (other than the Issuer) agreed with the Issuer that the Charged Obligors may continue to make all payments becoming due to the Issuer under any of the Charged Obligation Documents direct to the Issuer in the manner envisaged by such agreements (which payment shall constitute a good discharge by the person making the payment) until receipt of express written notice from the Trustee or the Receiver requiring such payments to be made elsewhere, which notice shall not be given at any time prior to the Security having become enforceable.

7 BANK ACCOUNTS

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as beneficial owner where appropriate

and subject to the proviso for redemption hereinafter contained, CHARGED, by way of first fixed charge to the Trustee all the Issuer's right, title, benefit and interest present and future in, to and under each of the Bank Accounts and all sums of money which may now be or hereafter are from time to time standing to the credit of each of the Bank Accounts together with all interest accruing from time to time thereon and the debts represented thereby and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and, subject to the terms of these presents, for the other Secured Creditors.

8 AUTHORISED INVESTMENTS

The Issuer, by way of further first fixed security for the payment or discharge of the Secured Amounts, with full title guarantee and as beneficial owner where appropriate and subject to the proviso for redemption hereinafter contained, CHARGED, by way of first fixed charge to the Trustee, all its right, title, interest and benefit present and future in, to and under the Authorised Investments and all moneys, income and proceeds to become payable thereunder or thereon and the benefits of all covenants relating thereto and all powers and remedies for enforcing the same TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and, subject to the terms of these presents, for the other Secured Creditors.

9 FLOATING CHARGE

- 9.1** The Issuer, by way of further security for the payment or discharge of the Secured Amounts, with full title guarantee as the registered owner or as the person entitled to be registered as owner (or, with respect to the Northern Irish Mortgages, as beneficial owner) and subject to the proviso for redemption contained in Clause 4 of the Deed of Charge and subject where relevant to the provisos for redemption or cesser contained in any Mortgage which forms part of the Mortgage Pool and the rights of reassignment, retrocession and re-transfer contained in the Charges, CHARGED by way of first floating charge to the Trustee, the whole of its undertaking and all its property and assets, except for the assets specifically secured by means of fixed charges above or otherwise assigned as security by this Schedule 1 (but excepting from the foregoing exclusion all of the Issuer's property, assets, rights and interests situated in and governed by the law of Scotland which are charged by the floating charge created) present and future, TO HOLD the same unto the Trustee absolutely for the Trustee on trust for itself and, subject to the terms of these presents, for the other Secured Creditors.
- 9.2** The floating charge created by Clause 3.9(a) of the Deed of Charge and referred to in Clause 9.1 above shall be deferred in point of priority to the mortgages, fixed charges, standard securities, assignments and assignations in security validly and effectively created by the Issuer pursuant to this Deed in favour of the Trustee as security for the Secured Amounts.
- 9.3** The floating charge created by Clause 3.9(a) of the Deed of Charge and referred to at Clause 9.1 above is a qualifying floating charge for the purposes of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

- 9.4** The Trustee may, at any time when it may appear to the Trustee that the Charged Property may be under threat of being taken under any process of law by any creditor of the Issuer or otherwise endangered for whatever reason (and in the absence of actual notice to the contrary the Trustee shall be entitled to assume that the Charged Property is not under such threat or otherwise endangered), by notice in writing to the Issuer convert in so far as it is able to the floating charge to a specific charge with reference to any assets specified in such notice and by way of further assurance of such specific charge the Issuer will promptly execute over such assets a fixed charge or security in favour of the Trustee in such form as the Trustee shall reasonably require.
- 9.5** The floating charge created by Clause 3.9(a) of the Deed of Charge and referred to at Clause 9.1 above may not be converted into a fixed charge solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 except with the leave of the court.

10 DEFINITIONS AND INTERPRETATION

- 10.1** All capitalised terms used in this Schedule 1 shall have the meanings attributed to them in Schedule 2 to this Form 395.
- 10.2** Reference in this Schedule 1 to Loans, Mortgages, Charges, Insurance Contracts and related items include those which are assigned or transferred to or otherwise acquired by the Issuer subsequent to the date of the Deed of Charge (whether pursuant to the Mortgage Sale Agreement and/or the Mortgage Administration Agreement or otherwise) and that the security created by or pursuant to Clauses 3.1 to 3.9 (both inclusive) of the Deed of Charge are, and are intended to be, specified and fixed assignments and assignations by way of security of, or specific and fixed charges or standard securities over (as the case may be), the items to which they relate, both present and future acquired.
- 10.3** References in this Form 395 to the Issuer, the Trustee, the Mortgage Administrator, PML, the Subordinated Loan Provider, the Liquidity Facility Provider, the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Noteholders, the Detachable A2c Couponholders, any Receiver (in its capacity as a creditor secured by the Deed of Charge), the GIC Provider, the Principal Paying Agent, the U.S. Paying Agent, the Agent Bank, the Registrar, the Swap Counterparty, the Interest Rate Cap 1 Counterparty, the Interest Rate Cap 2/3 Counterparty, the Depository, the Exchange Rate Agent, the Account Banks, the Standby Mortgage Administrator and PMCL include references to their successors and persons deriving title under or through them respectively.

SCHEDULE 2

"A1b Global Notes" means, as the context requires, the A1b Reg S Global Note and/or the A1b Rule 144A Global Note;

"A1b Note Swap Agreement" means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the A1b Notes;

"A1b Noteholders" means (i) the persons who are for the time being the holder of the A1b Global Notes and (ii) if and to the extent that the A1b Notes are represented by Definitive A1b Notes, the persons in whose names such Definitive A1b Notes are registered, subject as provided in Condition 6(b) and references to the **"holder"** or **"holders"** of A1b Notes shall (where appropriate) be construed accordingly;

"A1b Notes" means the \$125,000,000 Class A1b Mortgage Backed Floating Rate Notes due 2028 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A1b Reg S Global Note (or any part thereof) and the A1b Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A1b Notes (or any of them) representing the same, as the case may be, and references to the A1b Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

"A1b Reg S Global Note" means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A1b Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

"A1b Rule 144A Global Note" means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A1b Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

"A1c Global Notes" means, as the context requires, the A1c Reg S Global Note and/or the A1c Rule 144A Global Note;

"A1c Noteholders" means (i) the persons who are for the time being the holder of the A1c Global Notes and (ii) if and to the extent that the A1c Notes are represented by Definitive A1c Notes, the persons in whose names such Definitive A1c Notes are registered, subject as provided in Condition 6(b) and references to the **"holder"** or **"holders"** of A1c Notes shall (where appropriate) be construed accordingly;

"A1c Notes" means the £57,100,000 Class A1c Mortgage Backed Floating Rate Notes due 2028 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A1c Reg S Global Note (or any part thereof) and the A1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A1c Notes (or any of them) representing the same, as the case may be, and references to the A1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“A1c Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“A1c Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“A2a Global Notes” means, as the context requires, the A2a Reg S Global Note and/or the A2a Rule 144A Global Note;

“A2a Note Swap Agreement” means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the A2a Notes;

“A2a Noteholders” means (i) the persons who are for the time being the holder of the A2a Global Notes and (ii) if and to the extent that the A2a Notes are represented by Definitive A2a Notes, the persons in whose names such Definitive A2a Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of A2a Notes shall (where appropriate) be construed accordingly;

“A2a Notes” means the €70,000,000 Class A2a Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A2a Reg S Global Note (or any part thereof) and the A2a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A2a Notes (or any of them) representing the same, as the case may be, and references to the A2a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“A2a Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A2a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“A2a Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A2a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“A2b Dollar Swap Rate” means the sterling/dollar exchange rate of £1.00 = \$1.739130435 in respect of payments under the A2b Notes and the A2b Note Swap Agreement;

“A2b Global Notes” means, as the context requires, the A2b Reg S Global Note and/or the A2b Rule 144A Global Note;

“A2b Note Swap Agreement” means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the A2b Notes;

“A2b Noteholders” means (i) the persons who are for the time being the holder of the A2b Global Notes and (ii) if and to the extent that the A2b Notes are represented by Definitive A2b Notes, the persons in whose names such Definitive A2b Notes are registered, subject as

provided in Condition 6(b) and references to the **“holder”** or **“holders”** of A2b Notes shall (where appropriate) be construed accordingly;

“A2b Notes” means the \$20,000,000 Class A2b Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A2b Reg S Global Note (or any part thereof) and the A2b Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A2b Notes (or any of them) representing the same, as the case may be, and references to the A2b Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“A2b Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A2b Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“A2b Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A2b Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“A2c Global Notes” means, as the context requires, the A2c Reg S Global Note and/or the A2c Rule 144A Global Note;

“A2c Noteholders” means (i) the persons who are for the time being the holder of the A2c Global Notes and (ii) if and to the extent that the A2c Notes are represented by Definitive A2c Notes, the persons in whose names such Definitive A2c Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of A2c Notes shall (where appropriate) be construed accordingly;

“A2c Notes” means the £167,100,000 Class A2c Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the A2c Reg S Global Note (or any part thereof) and the A2c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive A2c Notes (or any of them) representing the same, as the case may be, and references to the A2c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“A2c Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A2c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“A2c Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the A2c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“A2 Global Notes” means the A2a Global Notes, the A2b Global Notes and the A2c Global Notes;

“A2 Notes” means the A2a Notes, the A2b Notes and the A2c Notes;

“A Global Notes” means the A1 Global Notes and the A2 Global Notes;

"A Noteholders" means A1b Noteholders, the A1c Noteholders, the A2a Noteholders, the A2b Noteholders and the A2c Noteholders, and references to the **"holder"** or **"holders"** of A Notes shall, where appropriate, be construed accordingly;

"A Notes" means the A1b Notes, the A1c Notes, the A2a Notes, the A2b Notes and the A2c Notes;

"Account Banks" means Barclays and Alliance & Leicester respectively;

"Agent Bank" means JPMorgan Chase Bank, N.A. or such other agent bank in relation thereto as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer and (except in the case of the initial Agent Bank) notice of whose appointment has been given to the Noteholders pursuant to Clause 15.13 (*Change of Agent Bank, Depositary, Registrar, Reference Banks and Paying Agents*) of the Trust Deed in accordance with Condition 14 of the Notes;

"Alliance & Leicester" means Alliance & Leicester Commercial Bank plc acting through its Corporate Accounts branch at 8 West Bridle Road, Bootle, Merseyside;

"Alliance & Leicester Declaration of Trust" means the declaration of trust dated 9 November 2005 over the Alliance & Leicester Collection Accounts (together with a Deed in Respect of a Future Purchase relating thereto);

"Alliance & Leicester Collection Accounts" means the bank accounts in the name of PMCL at Alliance & Leicester, sort code 72-00-00 account numbers 1732528 and 1406019;

"Assignment of Scottish Charges" means an assignment of the Scottish Charges in the form set out in Schedule 4 to the Mortgage Sale Agreement;

"Authorised Investment" means a short-term unsecured, unguaranteed and unsubordinated debt instrument which:

- (a) is denominated in sterling;
- (b) is discounted rather than interest bearing;
- (c) is issued by an entity with a short term unsecured, unguaranteed and unsubordinated rating of at least A-1+ from S&P, P-1 from Moody's and F1+ from Fitch; and
- (d) matures on or before the Interest Payment Date on which the cash used by the Issuer to acquire such instrument is required by the Issuer;

"Available Commitment" has the meaning given to it in the Liquidity Facility Agreement;

"Available Revenue Funds" has the meaning given to it in Condition 2;

"B1a Global Notes" means, as the context requires, the B1a Reg S Global Note and/or the B1a Rule 144A Global Note;

"B1a Noteholders" means (i) the persons who are for the time being the holder of the B1a Global Notes and (ii) if and to the extent that the B1a Notes are represented by Definitive

B1a Notes, the persons in whose names such Definitive B1a Notes are registered, subject as provided in Condition 6(b) and references to the “**holder**” or “**holders**” of B1a Notes shall (where appropriate) be construed accordingly;

“**B1a Notes**” means the €5,500,000 Class B1a Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the B1a Reg S Global Note (or any part thereof) and the B1a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive B1a Notes (or any of them) representing the same, as the case may be, and references to the B1a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“**B1a Reg S Global Note**” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the B1a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“**B1a Rule 144A Global Note**” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the B1a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“**B1c Global Notes**” means, as the context requires, the B1c Reg S Global Note and/or the B1c Rule 144A Global Note;

“**B1c Noteholders**” means (i) the persons who are for the time being the holder of the B1c Global Notes and (ii) if and to the extent that the B1c Notes are represented by Definitive B1c Notes, the persons in whose names such Definitive B1c Notes are registered, subject as provided in Condition 6(b) and references to the “**holder**” or “**holders**” of B1c Notes shall (where appropriate) be construed accordingly;

“**B1c Notes**” means the £26,000,000 Class B1c Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the B1c Reg S Global Note (or any part thereof) and the B1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive B1c Notes (or any of them) representing the same, as the case may be, and references to the B1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“**B1c Reg S Global Note**” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the B1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“**B1c Rule 144A Global Note**” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the B1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“**B Noteholders**” means the B1a Noteholders and the B1c Noteholders;

“**B Notes**” means the B1a Notes and the B1c Notes;

“Bank Accounts” means the Transaction Account, the Dollar Account and the Euro Account, the Collection Accounts and the GIC Account (or any replacement accounts for such accounts) and references to Bank Accounts shall include any or all of them;

“Bank Agreement” means the bank agreement dated on or about the date hereof between the Issuer, PML, the Cash/Bond Administrator, the Account Banks and the Trustee in relation to the operation of the Collection Accounts, the Euro Account, the Dollar Account and the Transaction Account;

“Barclays” means Barclays Bank PLC whose registered office is at 1 Churchill Place, London E14 5HP;

“Barclays Collection Accounts” means the Barclays General Collection Account and the Barclays Unallocated Proceeds Account;

“Barclays Collection Accounts Declaration of Trust” means, together, the Barclays General Collection Account Declaration of Trust and the Barclays Unallocated Proceeds Account Declaration of Trust;

“Barclays General Collection Account” means the collection account in the name of PMCL, sort code number 20-19-90, account number 10617849;

“Barclays General Collection Account Declaration of Trust” means the declaration of trust dated 9 November 2005 over the Barclays General Collection Account (together with a Deed in Respect of Future Purchase relating thereto);

“Barclays Unallocated Proceeds Account” means the collection account in the name of PMCL, sort code number 20-19-90, account number 00292850;

“Barclays Unallocated Proceeds Account Declaration of Trust” means the declaration of trust dated 30 September 2005 by PMCL over the Barclays Unallocated Proceeds Account (together with a Deed in Respect of a Future Purchase relating thereto);

“Block Buildings Policy” means the insurance policy described in Schedule 7 to the Mortgage Sale Agreement and any other insurance contracts in replacement, addition or substitution therefor from time to time;

“Borrower” means in relation to each Loan, the borrower specified in such Loan;

“Buildings Policies” means the buildings insurances over the Properties (including the Block Buildings Policy) or any of them;

“Business Day” means (i) a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business in London and New York and (ii) a day on which the TARGET System is operating;

“C1a Global Notes” means, as the context requires, the C1a Reg S Global Note and/or the C1a Rule 144A Global Note;

“C1a Note Swap Agreement” means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the C1a Notes;

“C1a Noteholders” means (i) the persons who are for the time being the holder of the C1a Global Notes and (ii) if and to the extent that the C1a Notes are represented by Definitive C1a Notes, the persons in whose names such Definitive C1a Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of C1a Notes shall (where appropriate) be construed accordingly;

“C1a Notes” means the €17,000,000 Class C1a Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the C1a Reg S Global Note (or any part thereof) and the C1a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive C1a Notes (or any of them) representing the same, as the case may be, and references to the C1a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“C1a Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the C1a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“C1a Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the C1a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“C1c Noteholders” means (i) the persons who are for the time being the holder of the C1c Global Notes and (ii) if and to the extent that the C1c Notes are represented by Definitive C1c Notes, the persons in whose names such Definitive C1c Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of C1c Notes shall (where appropriate) be construed accordingly;

“C1c Notes” means the £6,500,000 Class C1c Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the C1c Reg S Global Note (or any part thereof) and the C1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive C1c Notes (or any of them) representing the same, as the case may be, and references to the C1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“C1c Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the C1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“C1c Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the C1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“C Noteholders” means the C1a Noteholders and the C1c Noteholders;

“C Notes” means the C1a Notes and the C1c Notes;

“Capstone” means Capstone Mortgage Services Limited, whose registered office is at 25 Bank Street, Canary Wharf, London E14 5LE;

“Charged Obligation Documents” means the documents set out at Clause 1.2(c) of the Deed of Charge and Condition 2(e)(iv);

“Charged Obligors” means all parties to the Charged Obligation Documents having obligations whether present, future, actual or contingent to the Issuer, pursuant to such documents;

“Charged Property” means the property, assets, rights and undertaking for the time being comprised in or subject to the Security Interest contained in or granted pursuant to the Deed of Charge and references to the Charged Property shall include references to any part of it;

“Charges” means the English Charges, the Northern Irish Charges and the Scottish Charges;

“Collateral Security” has the meaning given to such expression in Condition 2(e)(iii);

“Collection Accounts” means the Barclays Collection Accounts, the Alliance & Leicester Collection Accounts and the PRS 06-1 Collection Account;

“Collection Accounts Declarations of Trust” means the Barclays Collection Accounts Declaration of Trust, the Alliance & Leicester Declaration of Trust and the PRS 06-1 Collection Account Declaration of Trust;

“Completion Mortgage Pool” means the Loans listed in Annexure A to the Mortgage Sale Agreement and composed of Loans selected from the Provisional Mortgage Pool in accordance with Clause 4 (*Completion Mortgage Pool*) of the Mortgage Sale Agreement;

“Corporate Services Provider” means Wilmington Trust SP Services (London) Limited;

“Coupon Stripping” means the procedure by which the Detachable A2c Coupons may be detached from the A2c Notes in accordance with the Conditions;

“D1a Global Notes” means, as the context requires, the D1a Reg S Global Note and/or the D1a Rule 144A Global Note;

“D1a Note Swap Agreement” means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Swap Counterparty in connection with the D1a Notes;

“D1a Noteholders” means (i) the persons who are for the time being the holder of the D1a Global Notes and (ii) if and to the extent that the D1a Notes are represented by Definitive D1a Notes, the persons in whose names such Definitive D1a Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of D1a Notes shall (where appropriate) be construed accordingly;

“D1a Notes” means the €15,100,000 Class D1a Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the D1a Reg S Global Note (or any part thereof) and the D1a Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive D1a

Notes (or any of them) representing the same, as the case may be, and references to the D1a Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

"D1a Reg S Global Note" means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the D1a Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

"D1a Rule 144A Global Note" means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the D1a Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

"D1c Global Notes" means, as the context requires, the D1c Reg S Global Note and/or the D1c Rule 144A Global Note;

"D1c Noteholders" means (i) the persons who are for the time being the holder of the D1c Global Notes and (ii) if and to the extent that the D1c Notes are represented by Definitive D1c Notes, the persons in whose names such Definitive D1c Notes are registered, subject as provided in Condition 6(b) and references to the **"holder"** or **"holders"** of D1c Notes shall (where appropriate) be construed accordingly;

"D1c Notes" means the £10,000,000 Class D1c Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the D1c Reg S Global Note (or any part thereof) and the D1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive D1c Notes (or any of them) representing the same, as the case may be, and references to the D1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

"D1c Reg S Global Note" means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the D1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

"D1c Rule 144A Global Note" means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the D1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

"Definitive A1b Notes" means the definitive notes in registered form to be issued in respect of the A1b Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of A1b Notes;

"Definitive A1c Notes" means the definitive notes in registered form to be issued in respect of the A1c Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of A1c Notes;

"Definitive A2a Notes" means the definitive notes in registered form to be issued in respect of the A2a Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of A2a Notes;

“Definitive A2b Notes” means the definitive Notes in registered form to be issued in respect of the A2b Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of A2b Notes;

“Definitive A2c Notes” means the definitive notes in registered form to be issued in respect of the A2c Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of A2c Notes;

“Definitive A Notes” means the Definitive A1b Notes, the Definitive A1c Notes, the Definitive A2a Notes, the Definitive A2b Notes and the Definitive A2c Notes;

“Definitive B1a Notes” means the definitive notes in registered form to be issued in respect of the B1a Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of B1a Notes;

“Definitive B1c Notes” means the definitive notes in registered form to be issued in respect of the B1c Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of B1c Notes;

“Definitive B Notes” means the Definitive B1a Notes and the Definitive B1c Notes;

“Definitive C1a Notes” means the definitive notes in registered form to be issued in respect of the C1a Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of C1a Notes;

“Definitive C1c Notes” means the definitive notes in registered form to be issued in respect of the C1c Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of C1c Notes;

“Definitive C Notes” means the Definitive C1a Notes and the Definitive C1c Notes;

“Definitive D1a Notes” means the definitive notes in registered form to be issued in respect of the D1a Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of D1a Notes;

“Definitive D1c Notes” means the definitive notes in registered form to be issued in respect of the D1c Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of D1c Notes;

“Definitive DTc Notes” means the definitive notes in registered form to be issued in respect of the DTc Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of DTc Notes;

“Definitive D Notes” means the Definitive D1a Notes, the Definitive D1c Notes and the Definitive DTc Notes;

“Definitive E1c Notes” means the definitive notes in registered form to be issued in respect of the E1c Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of E1c Notes;

“Definitive E Notes” means the Definitive E1c Notes and the Definitive ETc Notes;

“Definitive ETc Notes” means the definitive notes in registered form to be issued in respect of the ETc Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of ETc Notes;

“Definitive FTc Notes” means the definitive notes in registered form to be issued in respect of the FTc Notes pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed and in relation to any series of FTc Notes;

“Definitive Notes” means, to the extent that the same are issued, all or any of the Definitive A Notes, the Definitive B Notes, the Definitive C Notes, the Definitive D Notes, the Definitive E Notes and the Definitive FTc Notes, pursuant to, and in the circumstances specified in, Clause 3 (*The Notes*) of the Trust Deed;

“Deposit Date” means the date from which the balance on the GIC Account earns interest under the Guaranteed Investment Contract;

“Depository Agreement” means the depository agreement dated on or about the date hereof between the Issuer, the Trustee and the Depository;

“Depository” means JPMorgan Chase Bank, N.A. acting through its office at 4 New York Plaza, 15th Floor, New York, New York 10004, or such other depository in relation thereto as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer and (except in the case of the initial Depository) notice of whose appointment has been given to the Noteholders pursuant to Clause 15.13 (*Change of Agent Bank, Depository, Registrar, Reference Banks and Paying Agents*) of the Trust Deed in accordance with Condition 14 of the Notes;

“Detachable A2c Coupon” means the detachable interest relating to the A2c Notes whether attached thereto or, following Coupon Stripping, detached therefrom;

“Detachable A2c Couponholders” means the holders from time to time of the Detachable A2c Coupons;

“Dollar Account” means the account in the name of the Issuer at Barclays acting through its operation at 1 Churchill Place, London E14 5HP, sort code: 20-19-90, account number 44589277 denominated in dollars;

“Dollar Notes” means the A1b Notes and the A2b Notes;

“DTc Global Notes” means, as the context requires, the DTc Reg S Global Note and/or the DTc Rule 144A Global Note;

“DTc Noteholders” means (i) the persons who are for the time being the holder of the DTc Global Notes and (ii) if and to the extent that the DTc Notes are represented by Definitive DTc Notes, the persons in whose names such Definitive DTc Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of DTc Notes shall (where appropriate) be construed accordingly;

“DTc Notes” means the £4,750,000 Class DTc Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the DTc Reg S Global Note (or any part thereof) and the DTc Rule 144A

Global Note (or any part thereof) representing the same and, if issued, the Definitive DTc Notes (or any of them) representing the same, as the case may be, and references to the DTc Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“DTc Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the DTc Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“DTc Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the DTc Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“E1c Noteholders” means (i) the persons who are for the time being the holder of the E1c Global Notes and (ii) if and to the extent that the E1c Notes are represented by Definitive E1c Notes, the persons in whose names such Definitive E1c Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of E1c Notes shall (where appropriate) be construed accordingly;

“E1c Notes” means the £8,120,000 Class E1c Mortgage Backed Floating Rate Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the E1c Reg S Global Note (or any part thereof) and the E1c Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive E1c Notes (or any of them) representing the same, as the case may be, and references to the E1c Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“E1c Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the E1c Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“E1c Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the E1c Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“Endowment Loan” means a Loan under the terms of which no payment of principal is required until maturity of the Loan in accordance with the Mortgage Conditions and in respect of which collateral security in the form of an endowment policy may or may not be required;

“English Charge” means a legal or equitable charge granted (whether by way of assignment or deposit) by a Borrower in favour of PML, in respect of a Life Policy or Life Policies by way of collateral security for the payment of the moneys secured by an English Mortgage;

“English Loan” means a Loan secured by an English Mortgage;

“English Mortgage” means a legal mortgage secured over English Property;

“English Property” means property situated in England and Wales;

“Euro Account” means the account in the name of the Issuer at Barclays acting through its operation at 1 Churchill Place, London E14 5HP, sort code: 20-19-90, account number 88952855, denominated in Euro;

“Euro Notes” means the A2a Notes, the B1a Notes, the C1a Notes and the D1a Notes or any of them;

“Exchange Rate Agent” means JPMorgan Chase Bank, N.A., acting through its London branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT;

“FTc Global Notes” means, as the context requires, the FTc Reg S Global Note and/or the FTc Rule 144A Global Note;

“FTc Noteholders” means (i) the persons who are for the time being the holder of the FTc Global Notes and (ii) if and to the extent that the FTc Notes are represented by Definitive FTc Notes, the persons in whose names such Definitive FTc Notes are registered, subject as provided in Condition 6(b) and references to the **“holder”** or **“holders”** of FTc Notes shall (where appropriate) be construed accordingly;

“FTc Notes” means the £4,320,000 Class FTc Mortgage Backed Floating Rate Deferrable Interest Notes due 2043 issued by the Issuer which are constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the FTc Reg S Global Note (or any part thereof) and the FTc Rule 144A Global Note (or any part thereof) representing the same and, if issued, the Definitive FTc Notes (or any of them) representing the same, as the case may be, and references to the FTc Notes shall, except where the context otherwise requires, include the relevant Conditions applicable thereto;

“FTc Reg S Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the FTc Notes, substantially in the form set out in Schedule 1 to the Trust Deed;

“FTc Rule 144A Global Note” means the global note to be issued by the Issuer pursuant to Clause 3 (*The Notes*) of the Trust Deed representing certain of the FTc Notes, substantially in the form set out in Schedule 2 to the Trust Deed;

“First Loans” means Loans secured (in England and Northern Ireland) by a first ranking mortgage or (in Scotland) by a first ranking standard security on the relevant Property;

“Fully Verified” means, in respect of a Loan, that there has been a verified receipt of 50 per cent. of the first Monthly Payment due in respect of such Loan;

“GIC” means the Guaranteed Investment Contract;

“GIC Account” means the account in the name of the Issuer at Barclays, sort code: 20-19-90; account number: 30096644;

“Guaranteed Investment Contract” or **“GIC”** means, the agreement dated on or about the date hereof between, *inter alios*, the Issuer, Barclays, PML and the Trustee;

“Homeloan” means Homeloan Management Limited, a company incorporated under the laws of England and Wales with registered number 2214839 and whose registered office is at 1 Providence Place, Skipton, North Yorkshire BD23 2HL;

“Insurance Contracts” means the Buildings Policy, the Title Insurance Policies and the Commercial Combined Insurance Policy and any insurance contracts in replacement, addition or substitution therefor from time to time which relate to the Loans;

“Interest Only Loan” means an Endowment Loan, a Pension Loan or any other Loan under the terms of which no payment of principal is required until maturity of the Loan in accordance with the Mortgage Conditions;

“Interest Payment Date” means 15 June 2006 and thereafter the 15th day of September, December, March and June in each year (or if such day is not a Business Day, the next succeeding Business Day);

“Interest Rate Cap 1 Agreement” means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Interest Rate Cap 1 Counterparty;

“Interest Rate Cap 1 Counterparty” means Barclays;

“Interest Rate Cap 2” means the interest rate cap transaction under the Interest Rate Cap 2/3 Agreement with an initial notional amount of £103,723,200 and a strike rate of 4.86 per cent.;

“Interest Rate Cap 2/3 Agreement” means the ISDA Master Agreement (including the Schedule and each confirmation) dated on or about the date hereof between the Issuer and the Interest Rate Cap 2/3 Counterparty;

“Interest Rate Cap 2/3 Counterparty” means Lehman Brother Special Financing Inc.;

“Interest Rate Cap 2/3 Guarantee” means the guarantee dated on or about the date hereof executed by the Interest Rate Cap 2/3 Guarantor in favour of the Issuer in relation to the obligations of the Interest Rate Cap 2/3 Counterparty under the Interest Rate Cap 2/3 Agreement;

“Interest Rate Cap 2/3 Guarantor” means Lehman Brothers Holding Inc. and any other guarantor from time to time of the Interest Rate Cap 2/3 Agreement;

“Interest Rate Cap 3” means the interest rate cap transaction under the Interest Rate Cap 2/3 Agreement as set out in the Interest Rate Cap 2/3 Agreement;

“Interest Rate Cap Agreements” means the Interest Rate Cap 1 Agreement and the Interest Rate Cap 2/3 Agreement;

“Irish Paying Agent” means J.P. Morgan Bank (Ireland) plc acting through its office at J.P. Morgan House, IFSC, Dublin 1, Ireland;

“Issue Date” means 23 February 2006 or such later date as the Issuer, the Managers, the Trustee and PML may agree;

"Life Policies" means such policies of life assurance or endowment policies in respect of Endowment Loans, Repayment Loans or Interest Only Loans which may have been deposited or assigned by way of collateral security for the payment of the sums advanced under such Loans which includes any Substitute Life Policies;

"Liquidity Facility" means the revolving 364 day facility renewable at the option of the Liquidity Facility Provider granted to the Issuer by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;

"Liquidity Facility Agreement" means the liquidity facility agreement dated on or about the date hereof between the Issuer and the Liquidity Facility Provider;

"Liquidity Facility Provider" means Barclays in its capacity as provider of the Liquidity Facility;

"Loans" means the loans comprised in the Completion Mortgage Pool, the Substitute Loans, the Non-Verified Loans and the Prefunded Loans or any of them as the context may require and **"Loan"** means any one of them;

"Managers" means the managers so named in the Subscription Agreement;

"Monthly Payment" means a monthly instalment due from a Borrower under a Loan;

"Mortgage Administration Agreement" means the agreement dated on or about the date hereof between, *inter alios*, the Issuer, the Trustee and PML;

"Mortgage Administrator" means the mortgage administrator under the terms of the Mortgage Administration Agreement (which term shall include any such company and all other persons or companies for the time being acting as the mortgage administrator under the terms of the Mortgage Administration Agreement, including its successors and assigns) which is, at the date of this Schedule, PML;

"Mortgage Conditions" means the mortgage and lending conditions forming part of the Standard Documentation;

"Mortgage Pool" means, as at any particular time:

- (a) the Loans comprising the Completion Mortgage Pool;
- (b) any Substitute Loans acquired by the Issuer;
- (c) any Non-Verified Loans acquired by the Issuer; and
- (d) any Prefunded Loans acquired by the Issuer,

and, in each case, their related Collateral Security, other than such Loans as shall then have been repaid or repurchased from the Issuer pursuant to Clause 7 (*Warranties and Representations*) of the Mortgage Sale Agreement.

"Mortgage Sale Agreement" means the mortgage sale agreement dated on or about the date hereof between, *inter alios*, the Issuer, the Trustee and PML;

"Mortgages" means the Scottish Mortgages, the Northern Irish Mortgages and the English Mortgages and **"Mortgage"** means any of them;

"Non-Verified Loans" means Loans in the Provisional Mortgage Pool which are not, on the Issue Date, Fully Verified, but which are subsequently Fully Verified and included in the Mortgage Pool on any Non-Verified Loans Acquisition Date;

"Non-Verified Loans Acquisition Date" means any Business Day from and including the Issue Date to and including the first Interest Payment Date;

"Northern Irish Charge" means a legal or equitable charge granted (whether by way of assignment or deposit) by a Borrower in favour of PML, in respect of a Life Policy or Life Policies by way of collateral security for the payment of the moneys secured by a Northern Irish Mortgage;

"Northern Irish Property" means property located in Northern Ireland;

"Noteholders" means the A Noteholders and/or the B Noteholders and/or the C Noteholders and/or the D Noteholders and/or the E Noteholders and or the FTc Noteholders and **"Noteholder"** means any of them;

"Notes" means the Euro Notes, the Dollar Notes and the Sterling Notes;

"Origination Date" means 6 January 2006;

"Pension Loan" means a Loan under the terms of which no payment of principal is required until maturity of the Loan in accordance with the Mortgage Conditions and in respect of which a tax free lump sum at retirement under a pension policy should provide sums to repay the original amount of the Loan (excluding any administration or other fee added to the Loan), but it is acknowledged that no benefit under such pension policy can be assigned or charged to a lender;

"PMCL" means Preferred Mortgages Collections Limited, a company incorporated under the laws of England and Wales with registered number 2993061 and whose registered office is at Oakfield House, 35 Perrymount Road, Haywards Heath, West Sussex RH16 3BX;

"Prefunded Loans" means the further Loans (excluding Non-Verified Loans) originated by the Issuer and included in the Mortgage Pool on any Prefunding Acquisition Date;

"Prefunding Acquisition Date" means any Business Day from and including the Issue Date to and including the first Interest Payment Date;

"Principal Paying Agent" means JPMorgan Chase Bank, N.A. acting by its office at Trinity Tower, 9 Thomas More Street, London, E1W 1YT or such other Principal Paying Agent in respect of the Notes for the time being as may have been appointed as such by the Issuer with the prior written approval of, and on terms previously approved by, the Trustee in writing and (except in the case of the initial Principal Paying Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 15.13 (*Change of Agent Bank, Depositary, Registrar, Reference Banks and Paying Agents*) of the Trust Deed in accordance with Condition 14;

“Property” means English Property, Northern Irish Property or Scottish Property, as appropriate;

“Provisional Mortgage Pool” means the Loans and their related Collateral Security contained in a provisional portfolio of Loans selected by PML as at the Origination Date;

“PRS 06-1 Collection Account” means the account in the name of PMCL with Barclays, sort code 20-19-90, account number 10188387;

“PRS 06-1 Collection Account Declaration of Trust” means the declaration of trust dated 23 February 2006 by PMCL over the PRS 06-1 Collection Account;

“Receiver” means a receiver appointed under the Deed of Charge or pursuant to statutory powers, and includes more than one such receiver and any substituted receiver;

“Registrar” means J.P. Morgan Bank Luxembourg S.A. acting through its principal office in Luxembourg at 5 Rue Plaetis, L2338 Luxembourg, or such other registrar in relation thereto as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer and (except in the case of the initial Registrar) notice of whose appointment has been given to the Noteholders pursuant to Clause 15.13 (*Change of Agent Bank, Depositary, Registrar, Reference Banks and Paying Agents*) of the Trust Deed in accordance with Condition 14 of the Notes;

“Repayment Loan” means a Loan under the terms of which monthly instalments covering both interest and principal are paid by the Borrower until the Loan is fully repaid by its maturity in accordance with the relevant Mortgage Conditions;

“Sasine Transfer” means, in relation to Scottish Properties title to which is recorded in the General Register of Sasines, assignments of the relevant Loans and their related Mortgages in the form set out in Part 3 of Schedule 2 of the Mortgage Sale Agreement;

“Scottish Charge” means an assignment in security of a Life Policy or Life Policies granted by a Borrower by way of collateral security for the payment of monies secured by a Scottish Mortgage;

“Scottish Declaration of Trust” means a declaration of trust in the form set out in Schedule 9 of the Mortgage Sale Agreement;

“Scottish Loan” means a Loan secured by a Scottish Mortgage;

“Scottish Mortgage” means a standard security over Scottish Property;

“Scottish Property” means property located in Scotland;

“Scottish Sub-Securities” means the standard securities and the assignment in security to be executed pursuant to Clause 3.4 (*The Scottish Mortgages and Scottish Charges*) of the Deed of Charge;

“Scottish Transfers” means the Sasine Transfer and the SLR Transfer;

“Scottish Trust” means the trust declared by PML pursuant to the Scottish Declaration of Trust;

“Scottish Trust Property” has the meaning ascribed to it in the Scottish Declaration of Trust;

“Second Loans” means Loans (other than Scottish Loans and Northern Irish Loans) which are intended for Borrowers’ general personal use, secured by a second ranking mortgage on the relevant Property where a single lender holds the first ranking mortgage in respect of the relevant Property;

“Secured Creditors” means the Trustee, the Noteholders, any Receiver, the Mortgage Administrator, the Cash/Bond Administrator, PML, the Standby Mortgage Administrator, the Standby Cash/Bond Administrator, the Corporate Services Provider, the GIC Provider, the Liquidity Facility Provider, the Subordinated Loan Provider, the Principal Paying Agent, the U.S. Paying Agent, the Irish Paying Agent, the Swap Counterparty, the Interest Rate 1 Counterparty, the Interest Rate 2/3 Counterparty, the Depository, the Exchange Rate Agent, the Registrar, the Agent Bank and the Account Banks and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor;

“Security” means the Security Interests created in favour of the Trustee by, and contained in or created pursuant to, the Deed of Charge;

“Security Interest” means any mortgage, standard security, sub-mortgage, charge, sub-charge, assignment or assignation in security, pledge, lien, right of set-off or other encumbrance or security interest whatsoever, howsoever created or arising;

“SLR Transfer” means, in relation to Scottish Properties title to which is registered or is in the course of being registered in the Land Register of Scotland, assignments of the relevant Scottish Loans and their related Mortgages in the form set out in Part 2 of Schedule 2 to the Mortgage Sale Agreement;

“Standard Documentation” means the documents used by PML in connection with its activities as a residential mortgage lender in relation to the Mortgage Pool listed in Schedule 10 of the Mortgage Sale Agreement, initialled for identification on behalf of the parties hereto and such other documents as may from time to time be substituted therefor or added thereto with the prior written approval of the Trustee or as required to comply with any applicable law or regulation;

“Standby Cash/Bond Administrator” means Homeloan;

“Standby Mortgage Administrator” means Homeloan;

“Sterling Notes” means the A1c Notes, the A2c Notes, the B1c Notes, the C1c Notes, the D1c Notes, the DTc Notes, the E1c Notes, the ETc Notes and the FTc Notes or any of them;

“Subordinated Loan Agreement” means the subordinated loan agreement dated on or about the date hereof between PML, the Trustee and the Issuer relating to the provision of the Subordinated Loan by PML to the Issuer;

“Subscription Agreement” means the subscription agreement dated 21 February 2006 between the Issuer, PML and the Managers;

“Substitute Life Policy” means any substitute policies of life assurance taken out by any Borrowers and the Charges in respect of which are charged to the benefit of the Trustee;

"Substitute Loans" means the Loans transferred or assigned on an Interest Payment Date by PML to the Issuer pursuant to Clause 7 (*Warranties and Representations*) of the Mortgage Sale Agreement in replacement for Loans which are subject to breaches of warranty;

"Swap Agreement" means any of the A1b Note Swap Agreement, the A2a Note Swap Agreement, the A2b Note Swap Agreement, the B1a Note Swap Agreement, the C1a Note Swap Agreement, and the D1a Note Swap Agreement and **"Swap Agreements"** means all of them;

"Swap Counterparty" means Barclays;

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer system;

"Title Insurance Policies" means the title insurance policies detailed in item 2 of Schedule 7 to the Mortgage Sale Agreement;

"Transaction Account" means the account in the name of the Issuer at Barclays, sort code: 20-19-90, account number: 10528145;

"Trust Deed" means the Trust Deed dated on or about the date hereof between the Issuer and the Trustee constituting the Notes and the Schedules thereto;

"U.S. Paying Agent" means JPMorgan Chase Bank, N.A. acting by its office at 4 New York Plaza, 15th Floor, New York, New York 10004 or such other U.S. Paying Agent in respect of the Notes for the time being as may have been appointed as such by the Issuer with the prior written approval of, and on terms previously approved by, the Trustee in writing and (except in the case of the initial U.S. Paying Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 15.13 (*Change of Agent Bank, Depositary, Registrar, Reference Banks and Paying Agents*) of the Trust Deed in accordance with Condition 14;

"Wilmington Trust SP Services (London) Limited" means Wilmington Trust SP Services (London) Limited (registered number 2548079) whose registered office is at Tower 42 (Level 11), International Financial Centre, 25 Old Broad Street, London EC2N 1HQ.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 05595906

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A CHARGE DATED THE 23rd FEBRUARY 2006 AND CREATED BY PREFERRED RESIDENTIAL SECURITIES 06-1 PLC FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO J.P. MORGAN CORPORATE TRUSTEE SERVICES LIMITED AND/OR ANY RECEIVER ON ANY ACCOUNT WHATSOEVER AND ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO EACH OF THE SECURED CREDITORS UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 7th MARCH 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 9th MARCH 2006.

PDW



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES