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RMBS Presale

First Flexible No.6 PLC

£425 million (equivalent) mortgage-backed floating-rate notes

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Class	Prelim. rating*	Prelim. Amount (Mil.)	Recommended credit support (%)	Margin	Step-up margin	Optional call date	Legal final maturity
A1	AAA	£382.5 equivalent**	12.9	TBD	TBD	March 2008	December 2035
A2	AAA	€TBD	12.9	TBD	TBD	March 2008	December 2035
A3	AAA	\$TBD	12.9	TBD	TBD	March 2008	December 2035
M1	A	£42.5 equivalent**	2.9	TBD	TBD	March 2008	December 2035
M2	A	€TBD	2.9	TBD	TBD	March 2008	December 2035

*The rating on each class of securities is preliminary and subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. The ratings assigned to all classes of notes in this transaction address timely payment of interest and ultimate payment of principal.

**The total amount for the class A and M tranches will be split among currencies in amounts to be determined.

TBD-To be determined.

Transaction Profile

Expected closing date	January 2003
Originator	Mortgage Trust Ltd.
Arranger	JPMorgan
Lead managers	JPMorgan, Deutsche Bank AG
Seller	Arianty No.1 PLC
Servicer	Mortgage Trust Services PLC
Standby servicer	GHL Mortgage Services Ltd.
Security trustee	Citicorp Trustee Co. Ltd.
Redraw facility provider	Barclays Bank PLC
Interest swap counterparties	JPMorganChase Bank and Barclays Bank PLC
Currency swap counterparty	TBD
GIC provider	Barclays Bank PLC
Transaction account provider	Barclays Bank PLC
Collection account	Barclays Bank PLC
TBD-To be determined.	

Supporting ratings

Institution/role	Ratings
Barclays Bank PLC as account bank, interest swap counterparty, GIC provider and redraw facility provider	AA/Stable/A-1+
JPMorganChase Bank as interest swap counterparty	AA-/Stable/A-1
Royal Bank of Scotland PLC as trust account bank	AA/Stable/A-1+

Transaction Key Features

Collateral	A pool of first-ranking mortgages over freehold and leasehold "investment home loans" and owner-occupied properties located in the U.K.
Principal outstanding (£)	329,095,847
Country of origination	U.K.
Concentration (%)	Southeast including London 59.01
Weighted-average LTV ratio (%)	78.8
Average loan size balance (£)	104,774
Largest loan size (£)	2,876,530
Weighted-average seasoning (months)	6.6
Weighted-average asset life remaining (years)	21.83
Weighted-average mortgage interest rate (%)	4.99
Arrears (one month)	0.61%
Redemption profile	Sequential – can redeem on a pro rata basis subject to certain conditions being satisfied
Excess spread at closing (%)	Approximately 0.75
Cash reserve	At close 2.9% of note balance
Redraw facility size (£)	21,250,000
Substitution period (years)	None
Prefunding period (months)	4
Prefunding amount (£)	96,032,250
Mortgage priority	First-ranking
Maximum LTV ratio (%)	99.32
Principal deficiency ledger	Yes
Tap provision	Subject to RAC
Jumbo loan > £250,000	11.95%

Strengths, Concerns, and Mitigating Factors

Strengths

- All five of Mortgage Trust Ltd., the originator's securitizations to date are performing.
- The mortgage portfolio is nearly fully performing.
- Mortgage Trust is a specialist "buy-to-let" mortgage originator focusing on professional and emerging-professional landlords. Standard & Poor's considers investment home loans to professional and emerging-professional borrowers that are underwritten on the basis of rental incomes a potentially lower risk compared to the amateur borrower, whose loan is typically underwritten on income multiples. The professional and emerging-professional landlords will usually have a better understanding of the property rental market and will usually be better positioned to reduce vacancies.
- The credit quality of the portfolio is less likely to change during the life of the transaction as there is no substitution period.
- The cash reserve will be fully funded at close, although it can amortize under certain conditions after the step-up date. There are also provisions in place to limit the amount of cash that is made available from the cash reserve to the junior notes while the senior notes are outstanding.

Concerns

- The nature of flexible mortgages allows borrowers to prepay their mortgages, with amounts prepaid redrawable. These redraws are the obligation of the issuer. There is a concern that under certain severe circumstances the issuer will have insufficient available funds to meet these obligations. For the provisional pool, the starting potential redraw amount is about 1.08% of the drawn amount.
- Payment of interest can be deferred on the class M1 and M2 notes in the event that the principal deficiency ledger for those classes is greater than the respective note size.
- There is a potential mismatch between the interest rates on the mortgages and the LIBOR rate paid on the notes.
- Product conversions may cause the notional of the swaps to be reduced, thus causing termination payments that may be payable by the issuer. Conversions may also cause a hedging mismatch.

Mitigating Factors

- The potential redraw risk is covered through the redraw facility and additional amounts being conservatively sized in the cash flow analysis to cover any potential shortfall in the available issuer funds. The amounts sized and the redraw facilities in previous transactions originated by Mortgage Trust have never been used, as redraw amounts have been minimal.
- Even when applying rating level stresses, deferral of interest is not triggered in the relevant note.
- The mismatch between base rate and note LIBOR has been addressed in the cash flow analysis by (i) setting a base rate in the analysis 15 basis points (bps) below note LIBOR, (ii) through the introduction of a base rate LIBOR shock that is based on historical experiences, and (iii) by including in sizing of the reserve fund a base rate reserve.
- To discourage them from switching products, borrowers are obliged to make termination payments. Potential termination payments on the swaps have been taken into account in the cash flow analysis, while a further condition to conversions is that suitable hedging is in place.

Transaction Summary

Preliminary credit ratings are assigned to the classes of mortgage-backed notes to be issued by First Flexible No.6 PLC.

This is the sixth securitization of mortgages sponsored by Mortgage Trust under the First Flexible brand, but the first under the new ownership of the Paragon Group.

Unique Features

Constitution of Pool

Approximately 95.49% of the pool consists of investment home loan mortgages, in which most of the obligors manage portfolios of between two and five properties. This is the market that Mortgage Trust continues to focus on. The structure of the transaction is similar to previous Mortgage Trust securitizations but without a substitution period, so the quality of the mortgage pool is less subject to change.

Redraw Risk

Substantially, all of the mortgages to be acquired by the issuer from Arianty No.1 PLC are flexible mortgages. The terms of the flexible mortgages allow borrowers to redraw amounts that have been paid in excess of the scheduled mortgage payments. To the extent that a borrower prepays more than 20% (or lower as agreed at origination) of the scheduled principal balance at any point in time, the borrower is required to pay a commitment fee of 1% of the amount by which the prepayment exceeds 20%. Where redraw requests are validly made and funded, borrowers ultimately have the obligation to repay all amounts borrowed by the maturity dates of their mortgages.

Standard & Poor's has access to historical data and behavioral patterns with respect to the redraw component of the mortgages, which illustrates that the issuer should have sufficient available funds from prepayments and redemptions to enable it to fund potential redraws assuming that the behavioral patterns remain unchanged. Standard & Poor's notes, however, that past behavioral patterns may not necessarily be an accurate predictor of future trends in borrower behavior. Consequently, conservative estimates have been made as to the levels of potential redraw requests throughout the life of the mortgages.

A redraw facility in an amount equal to £21.25 million initially (reducing over time under certain conditions) will be available to the issuer to fund potential redraw requests in the event that the issuer has insufficient funds to do so. Standard & Poor's views this level as adequate to cover any redraw requests that could arise, based on conservative assumptions.

In circumstances where the redraw requests cannot be funded, borrowers might bring claims for damages, which may ultimately affect the issuer's obligations to noteholders. As yet there exists no legal precedent to give clear guidance on how courts would treat potential claims against Mortgage Trust for redraw requests that are validly made but cannot be funded.

Reserve Fund

Part of the credit support available to the noteholders at closing will be a cash reserve fund, which will represent 2.9% of the initial note balance. This will build up to 3.4% of the initial note balance if two-month arrears exceed 3.0% of the principal balance. After the coupon step-up date, provided that two-month arrears are less than 3.0%, the cash reserve will be allowed to amortize with a floor of the higher of (i) 5.8% of the current note balance, (ii) £2 million, (iii) twice the amount of the largest outstanding loan, (iv) the sum of the five largest mortgage balances, and (v) two periods of interest coverage.

Key Performance Indicators

The collection accounts and the transaction account must each be held in a bank that is rated at least 'A-1+'. If the short-term corporate rating on the bank is lowered below 'A-1+' the accounts will either be transferred or guaranteed by a counterparty with a rating of at least 'A-1+'.

To capture the risk of conversions that may alter the hedging and yield dynamics of the mortgage pool Standard & Poor's will monitor the level of conversions.

Transaction Structure

First Flexible No.6 PLC (Issuer)

The issuer is a public limited company incorporated in England and Wales on Nov. 1, 2002. It conforms to Standard & Poor's SPE criteria and its principal objectives are to acquire the equitable title to a mortgage

portfolio, to issue the notes, and to manage and administer the mortgages. The issuer has an independent director.

Mortgage Trust Ltd. (Originator) and Mortgage Trust Services PLC (Servicer)

Mortgage Trust was incorporated under the name Mortgage Trust Ltd. and registered in England and Wales under the Companies Act 1985 with private company limited liability status on Aug. 21, 1986. Mortgage Trust was acquired by First National Building Society in 1995, which subsequently purchased The Mortgage Corp. in 1996. Mortgage Trust and The Mortgage Corp. merged business operations in 1997, and rebranded as First Active Financial in line with the rebrand of First National Building Society to First Active in 1998. In 2000, Britannic Assurance acquired a 60% stake from First Active, and in February 2001 changed the name of First Active Financial to Britannic Money before acquiring the remaining 40% from First Active in 2002. In June 2003, Paragon Group bought Britannic Money from Britannic and rebranded it as Mortgage Trust on Sept. 26, 2003. Subsequently, Mortgage Trust transferred the business, assets, and operations to Mortgage Trust Services on Sept. 30, 2003, while remaining lender of record for present and future business.

As servicer, Mortgage Trust Services will be responsible for the day-to-day administration and ongoing servicing of the underlying portfolio of mortgages. It is responsible for producing all reports and accounts for the trustee and Standard & Poor's in connection with the performance of the mortgages.

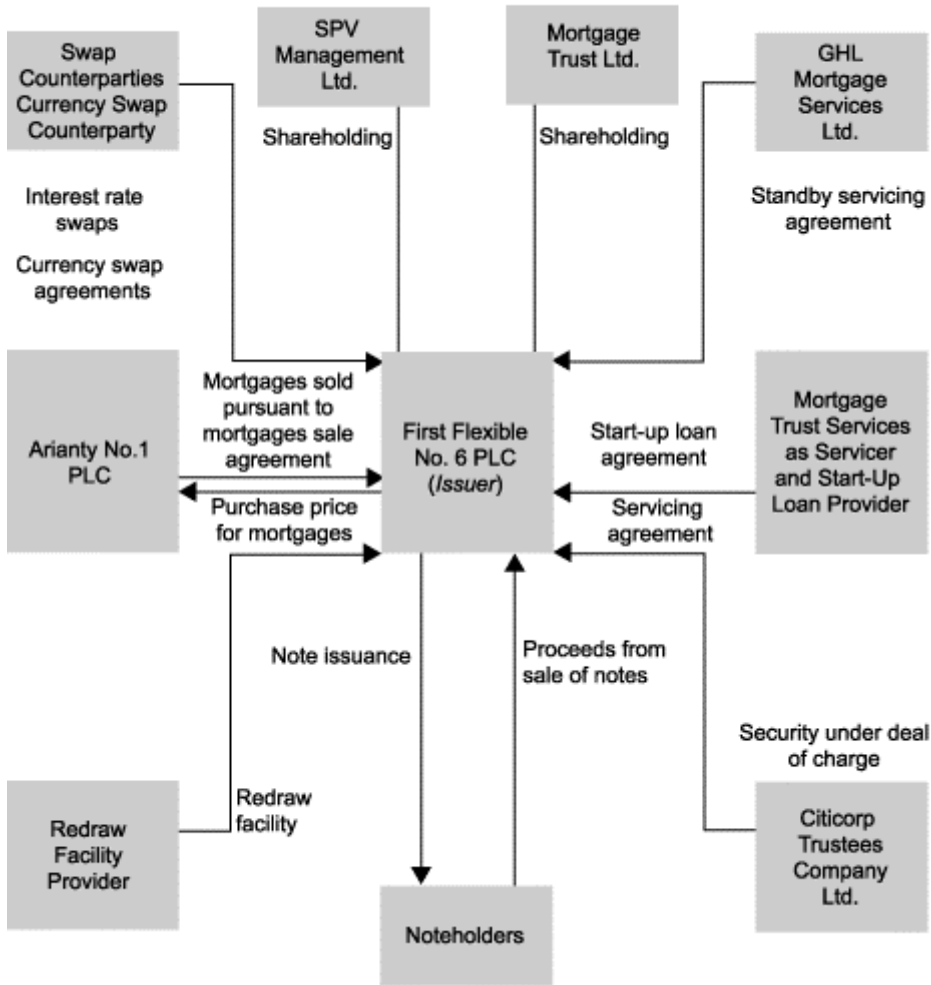
The origination, underwriting, and valuation processes of Mortgage Trust Services were reviewed as well as its collection and default management procedures. Such a review is an integral part of the corporate overview undertaken during the rating process of any transaction and is maintained throughout the transaction's life. Standard & Poor's is satisfied that Mortgage Trust Services is capable of performing the functions necessary to ensure the collection of borrower payments and management of the arrears and repossession cases.

GHL Mortgage Services Ltd. will act as standby servicer in the event that Mortgage Trust Services cannot fulfill its obligations as servicer.

Overview

On the closing date, and in accordance with the terms of a mortgage sale agreement, the issuer will acquire from Arianty No.1 the beneficial interest in the pool of mortgages. The beneficial interest will have been transferred to Arianty No.1 either by Mortgage Trust directly or by Mortgage Trust to Arianty No. 1 by way of Mortgage Trust Services. The issuer will fund this purchase through the issuance of the class A1, A2, A3, M1, and M2 notes and it will charge its interest in the mortgages and the collateral security to the trustee for the benefit of the noteholders in accordance with the deed of charge (see chart).

First Flexible No. 6 PLC Structure



The issuer will enter into an interest rate swap with appropriately rated counterparties to mitigate interest risk associated with fixed-rate loans. The potential interest rate risk between the three-month LIBOR payable on the notes and the base rate payable on some of the mortgage loans has been addressed in the cash flow analysis. The issuer will establish a reserve (funded by the originator) to cover the impact of discount mortgages in the structure.

The issuer will enter into a balance-guaranteed currency swap with an appropriately rated counterparty with appropriate downgrade language for replacement. Under this agreement, the issuer will swap the British pound sterling amounts received for U.S. dollars and euros to pay interest and repay principal on the U.S. dollar- and euro-denominated notes.

Collateral Description

Chart 2 shows the distribution of the LTV ratios of the mortgages in the pool.

Chart 2

Distribution of the Portfolio by LTV Ratio

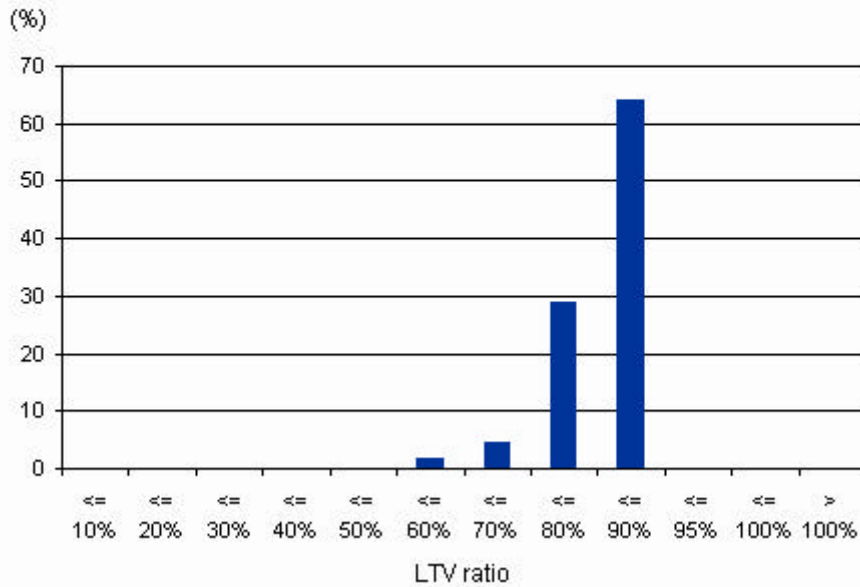
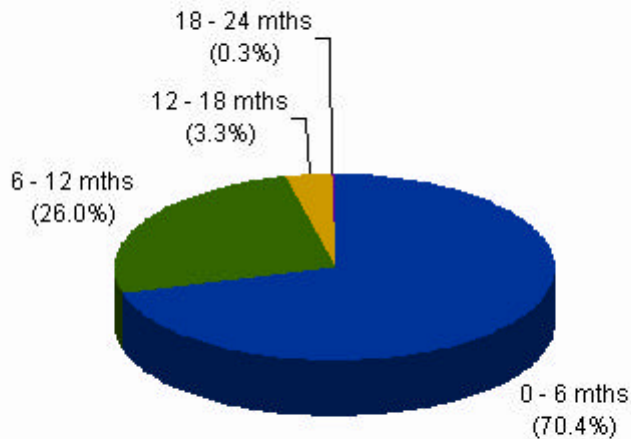


Chart 3 shows the distribution of the pool by seasoning.

Chart 3

Distribution of the Portfolio by Seasoning



Credit Structure

The issuer is expected to issue two classes of notes, the class A and M notes. Interest on the notes will be payable at three-month pound sterling LIBOR, EURIBOR, or U.S. dollar LIBOR (only for the class A notes) plus a yearly margin yet to be determined, stepping up in March 2009. Interest on the notes will be payable quarterly in arrears on the first business day of March, June, September, and December, with the exception of the first interest payment.

Interest on the class M notes will be deferred and paid after maintaining the reserve fund if there are class A notes outstanding and the balance of the principal deficiency ledger exceeds the size of the class M note

principal amount outstanding.

The servicer will, on behalf of the issuer and trustee, set the rates of interest applicable on the standard variable-rate mortgages. The administrator must ensure that the weighted-average contractual rate of interest applicable to the mortgages, after taking into account any hedging arrangements and income received from the investment of funds in the transaction account, is not less than the threshold margin (1.00% for residential mortgages, 1.4% for investment home loans and estimated to be 1.38% at closing) on the pool before the coupon step-up date, and 1.90% thereafter over the relevant three-month note LIBOR. Alternatively, it can set the rate at a lower level and deposit the cash difference for the next quarter with the issuer.

Collections received in respect of payments from borrowers under the mortgages will be paid into the collection accounts held at Barclays Bank PLC in the name of the originator. These amounts will be transferred to the transaction account held at Barclays Bank in the name of the issuer

Mortgage Trust will execute a declaration of trust in favor of the issuer declaring a trust over amounts relating to the mortgages standing to the credit of the collection accounts.

Mandatory Redemption

The notes will be subject to mandatory redemption in part on each interest payment date from available funds. There will be no mandatory redemption of the class while the class M notes are still outstanding until five years after the closing date. Thereafter, the notes may be redeemed pro rata subject to certain conditions.

The conditions for pro rata redemption of the class M notes are that:

- The initial credit enhancement for the class A notes must have doubled;
- The principal deficiency ledger must be zero;
- The arrears test must be met; and
- The size of the class M notes must be at least 2x the principal amount of the largest loan outstanding.

Optional Redemption

The issuer may redeem all of the notes at their outstanding principal amount, together with accrued interest, under the following circumstances:

- If the notes become subject to a withholding tax;
- On the interest payment date falling in March 2008 or on any payment date thereafter;
- If at any time the principal amount outstanding of the notes is 10% or less of the initial aggregate principal amount outstanding of the notes at the closing date; and
- On the second interest payment date after any determination date on which it is determined that the redraws made by borrowers on the collection period then ending exceed the sum of principal collections, the credit balance in the redraw fund, and the available facility under the redraw facility.

Final Redemption

The notes will be redeemed in full no later than the interest payment date falling in December 2035, which is at least two years after the last maturing loan.

Credit and Liquidity Support

Credit support for the class A notes will be provided by a combination of the subordinate class M notes, excess spread on the mortgages, and the cash reserve fund. Support for the class M notes will be provided by the excess spread on the mortgages and the cash reserve fund.

Liquidity support for the notes is provided through the mechanism that allows principal receipts to fund interest on the notes.

Standard & Poor's Stress Test

The analysis includes a conservative assessment of the credit risk inherent in the transaction. The credit enhancement levels have been sized after analyzing the impact that severe stress scenarios would have on the collateral. In determining the credit quality of a mortgage pool, an estimate must be made of a worst case of potential losses that could occur because of foreclosures. In this instance this has been sized using the maximum potential balance in respect of the flexible mortgages as opposed to the current outstanding balance. This estimate of potential losses is the amount of loss protection needed.

A feature of the portfolio is the investment home loans, which make up 95.49% of the portfolio (by drawn balance). Most of these are professional lettings. The levels of underwriting by the originator are considered to be conservative, but the characteristics of the buy-to-let market create additional risks relative to a typical prime mortgage portfolio, notwithstanding the weighted-average LTV ratio of this portfolio.

The cash flows simulate the performance of this portfolio within the transaction's documented structure under certain stressful scenarios. In addition, the issuer will make use of the swaps and cash reserves to prevent the interest rate mismatch. Any bank accounts of the issuer are required to be with suitably rated providers.

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