Magellan Mortgages No. 2 plc

Euro 930,000,000 Class A Mortgage Backed Floating Rate Notes due 2036
Euro 40,000,000 Class B Mortgage Backed Floating Rate Notes due 2036
Euro 25,000,000 Class C Mortgage Backed Floating Rate Notes due 2036
Euro 5,000,000 Class D Mortgage Backed Floating Rate Notes due 2036
Euro 14,000,000 Class E Mortgage Backed Notes due 2036

Investor Report July 2006

Banco Comercial Português, S.A
Transaction Manager, Custodian and Servicer

1. Security Level Information

Issuer Name	Magellan Mortgage No. 2 plc			
Security Class Name	Class A	Class B	Class C	Class D
ISIN	XS0177944690	XS0177945077	XS0177945234	XS0177945408
Bloomberg Ticker	MAGEL 2 A	MAGEL 2 B	MAGEL 2 C	MAGEL 2 D
Issue Date	24 Oct 2003	24 Oct 2003	24 Oct 2003	24 Oct 2003
Maturity Date	18 Jul 2036	18 Jul 2036	18 Jul 2036	18 Jul 2036
Subordination Level	Senior	Subord. to Class A Notes	Subord. to Class B Notes	Subord. to Class C Notes
S&P Rating	AAA	AA	BBB+	BBB
Moodys Rating	Aaa	A1	Baa2	No rating
Fitch Rating	AAA	AA	A-	BBB
Currency	Euro	Euro	Euro	Euro
Total Original Balance	930,000,000.00	40,000,000.00	25,000,000.00	5,000,000.00
Total Beginning Balance Prior to Distribution	698,549,040.00	40,000,000.00	25,000,000.00	5,000,000.00
Total Ending Balance Subsequent to Distribution	676,785,180.00	40,000,000.00	25,000,000.00	5,000,000.00
Total Principal Distribution	21,763,860.00	0.00	0.00	0.00
Pool Factor	72.772600%	100.000000%	100.000000%	100.000000%
Principal Deficiency Ledger	0.00	0.00	0.00	0.00
Total Interest Distributions	5,269,380.00	335,080.00	247,350.00	56,420.00
Payment Date	18/Jul/06	18/Jul/06	18/Jul/06	18/Jul/06
Quarterly Collection Date	30/Jun/06	30/Jun/06	30/Jun/06	30/Jun/06
Calculation Period	11	11	11	11
Accrual Beginning Date	18/Apr/06	18/Apr/06	18/Apr/06	18/Apr/06
Accrual Ending Date	18/Jul/06	18/Jul/06	18/Jul/06	18/Jul/06
Accrual Period	91 days	91 days	91 days	91 days
Accrual Rate	2.984 %	3.314 %	3.914 %	4.464 %
Euro Reference Rate	2.764 %	2.764 %	2.764 %	2.764 %
Spread (bps)	22	55	115	170
Denomination	7,511.28	10,000.00	10,000.00	10,000.00
Day Basis	Act/360	Act/360	Act/360	Act/360
Reset Rate Effective Date	14/Jul/06	14/Jul/06	14/Jul/06	14/Jul/06
New Denomination for the next period	7,277.26	10,000.00	10,000.00	10,000.00

(Amounts in Euro)

2. Collateral Level Information

CP ending 30 June 2006

Mortgage Asset Portfolio	**Amount**	**Nr of Loans**
Beginning Principal Outstanding Balance	768,970,328.42	18,382
Principal Redemption	21,578,777.52	348
Scheduled Principal Redemption	8,358,334.49	
Prepayments	13,220,443.03	
CPR	6.77%	
Deemed Principal Losses	303,684.46	
Principal Recoveries (to the extent of a debit balance recorded on the PDL)	118,220.66	
Realised Losses	0.00	
Retired Mortgages Assets in excess of substitute loans	0.00	
Principal Adjustments	53,147.68	-18
Ending Principal Outstanding Balance	747,259,234.78	18,016
Principal Outstanding Balance at the Closing Date	996,756,587.44	21,640

	31 Mar 06	**30 Jun 06**
WA Interest Rate	4.01400 %	4.28000 %
Current LTV (Outstanding Loan Amount / Initial Valuation)	60.5%	60.0%
Original LTV (Initial Loan Amount / Initial Valuation)	71.3%	71.3%

Delinquent Mortgage Loans	**Amount**	**Nr of Loans**
30 - 60 days	3,466,279.98	79
61 - 90 days	2,481,645.98	46
91 - 180 days	3,622,009.25	78
181 - 270 days	2,142,496.26	41
271 - 360 days	1,029,709.26	24
361 - 720days	1,816,708.90	40
> 720 days	1,631,740.93	32
	16,190,590.56	340

Number of loans in Legal Proceedings	51
(of which the mortgage loan is current*)	0

* proceedings initiated by other creditors

Portfolio Trigger Event	
Mortgage Loans in arrears (90 - 365 days)	6,794,214.77
Maximum	45,000,000.00
Result	Pass

Retired Mortgages Asset Pool (Current Period)	**Amount**	**Nr of Loans**
Breach of Reps. & Waranties	0.00	0
Non Permitted Variations	14,906,723.41	279

Substitute Mortgage Asset Pool	**Amount**	**Trigger**	**Result**
Current Period	14,959,871.09	n/a	n/a
Cumulative during 1 year from the Closing Date	20,170,797.67	50,001,392.63	Pass
Cumulative since Closing Date	62,640,803.29	100,002,785.26	Pass
Current WA Spread for the Pool	1.31%	1.27%	Pass

Permited Variations	**Amount**	**Trigger**	**Result**
Reduction in Spread of Loans	98,795,056.84	149,513,488.12	Pass

Provisioning			
Principal Oustanding Balance to be provisioned	**Loans in arrear**	**%**	**Amount**
Amount to be provisioned	n/a	n/a	303,684.46
Amount to be provisioned	> 12 months	25%	214,374.77
	> 24 months	50%	89,309.69
	> 36 months	100%	0.00

(Amounts in Euro)

2. Collateral Level Information (Continued)

	CP ending 30 June 2006
Cash Reserve Account	
Initial Balance	9,000,000.00
Interest on Issuer Cash Reserve Account	55,857.16
Reserve Fund Drawing	55,857.16
Cash Reserve Account Required Reserve	9,000,000.00
Reserve Fund at end of CP	9,000,000.00
Liquidity Ledger	
Liquidity Ledger opening balance	0.00
Additions to Liquidity Ledger	0.00
Deductions from Liquidity Ledger	0.00
Liquidity Ledger closing balance	0.00
Liquidity Facility Amount	30,000,000
Available Liquidity Facility	30,000,000

(Amounts in Euro)

3. Unit Waterfall

Unit Interest Waterfall	**IPD 18 Jul 06**
Opening Balance	0.00
Additions to Interest Waterfall	
Interest Collections Proceeds	7,937,260.61
Interest on Fund Operating Account	116,338.78
	8,053,599.39
Deductions from Interest Waterfall	
Incorrect Payments to Originators	0.00
Fund Expenses (see detail below)	278,554.15
Unit Interest Distribution Amount	7,775,045.24
	8,053,599.39
Closing Balance	0.00

Unit Principal Waterfall	**IPD 18 Jul 06**
Opening Balance	0.00
Additions to Principal Waterfall	
Principal Collections Proceeds	21,578,777.52
Consideration for retired mortgages assets	0.00
	21,578,777.52
Deductions from Principal Waterfall	
Unit Principal Distribution Amount	21,578,777.52
	21,578,777.52
Closing Balance	0.00

Fund Expenses:	
Supervision Fee due and payable by the Fund to the C.M.V.M.	15,834.05
Fund Manager's Fees and Liabilities	48,651.87
Custodian Fees and Liabilities	19,460.75
Servicer Fees and Expenses	194,607.48
	278,554.15

(Amounts in Euro)

4. Revenue Ledger

		CP ending 30 Jun 06
Opening Balance		0.00
Additions to Revenue Ledger		
	Unit Revenue Distributions	7,775,045.24
	Principal Recoveries (to the extent of a debit balance recorded on the PDL)	118,220.66
	Receipts under Swap Agreement	0.00
	Gains on Authorised Investments	0.00
	Cash Reserve Account Balance	9,055,857.16
	LF Revolving Drawing and Liquity Revolving Drawing	0.00
	Reserve Fund Release Amount	0.00
	Interest Credited to the Issuer Account	13,700.52
	Subordinated Loan proceeds to the extent not used to fund initial up-front transaction expenses	0.00
		16,962,823.58
Payments from Revenue Ledger		
(1st)	Issuer's Liability to tax	0.00
(2nd)	Trustee fees and Liabilities - Exchange rate adjustment	0.00
(3rd)	Issuer Expenses (not exceeding the expenses cap - See detail below)	33,987.60
(4th)	Interest and commitment fees related to the Liquidity Facility Agreement	15,000.00
(5th)	Repayment of LF/Liquidity Revolving Drawing	0.00
(6th)	Payments under Swap Agreem. (except for an Early Termination of Swap Agreem.)	68,032.52
(7th i)	Class A Notes unpaid interest	5,269,380.00
(7th ii)	Payments under Swap Agreem. (except for a default by the Swap Counterparty)	0.00
(8th)	Class A Interest Addition Amount to the Principal Deficiency Ledger	0.00
(9th)	Class B Notes unpaid interest	335,080.00
(10th)	Class B Interest Addition Amount to the Principal Deficiency Ledger	0.00
(11th)	Class C Notes unpaid interest	247,350.00
(12th)	Class C Interest Addition Amount to the Principal Deficiency Ledger	0.00
(13th)	Class D Notes unpaid interest	56,420.00
(14th)	Class D Interest Addition Amount to the Principal Deficiency Ledger	303,684.46
(15th)	Cash Reserve Account Required Reserve	9,000,000.00
(16th)	Issuer Expenses (not paid above - See detail below)	0.00
(17th)	Payments under Swap Agreem. (in case of default by Swap Count.)	0.00
(18th)	Interest and commitment fees related to the Subordinated Loan Agreement	36,385.05
(19th)	Subordinated Loan Facility principal repayment	167,857.14
(20th)	Class E Notes Residual Entitlement Amount	1,429,646.81
(21th)	Release of the Balance to the Issuer or to its order	0.00
		16,962,823.58
Closing Balance		0.00

Expenses to be deducted from Revenue Ledger:		
	Agent Bank and Paying Agents	0.00
	Transaction Manager fees and Liabilities	9,718.93
	Account Bank fees	0.00
	Corporate Services Provider fees and liabilities	24,268.67
	Liquidity Facility Provider Fees	0.00
	Subordinated Loan Facility Provider Fees	0.00
	Rating Agencies Fees	0.00
	Audit and taxation fees	0.00
	Third Party Expenses	0.00
		33,987.60
	Expenses Cap per annum (*)	396,914.62
		793,829,230.00
	1st Quarter (payable on 18 January 2006)	49,591.16
	2nd Quarter (payable on 18 April 2006)	9,937.63
	3rd Quarter (payable on 18 July 2006)	33,987.60
	4th Quarter (payable on 18 October 2006)	
	Result	Pass

* Expenses Cap means, with respect to the Issuer Expenses, in any period of 12 months, an amount not exceeding the greater of (i) 0,05% of the Principal Amount Outstanding of the Notes on the earliest interest payment date falling in such periodf or (ii) EUR 200,000 per annum.

(Amounts in Euro)

5. Principal Ledger

	CP ending 30 Jun 06
Opening Balance	400.51
Additions to Principal Ledger	
Note Proceeds on the Closing Date	0.00
Class E Notes - Unit Purchase Amount	0.00
Subordinated Loan Facility - Unit Purchase Amount	0.00
Unit Principal Distribution	21,578,777.52
Interest Addition Amount	303,684.46
Proceeds of sale of Units	0.00
	21,882,461.98
Deductions from Principal Ledger	
Unit Purchase Price	0.00
Principal Addition Amount	0.00
Principal Recoveries (to the extent of a debit balance recorded on the PDL)	118,220.66
Class A Notes Principal Payment	21,763,860.00
Class B Notes Principal Payment	0.00
Class C Notes Principal Payment	0.00
Class D Notes Principal Payment	0.00
Class E Notes Principal Payment	0.00
	21,882,080.66
Closing Balance	781.83

Principal Distribution	21,764,641.83
Number of outstanding Class A Notes	93,000
Class A Notes Principal Payment - per Note	234.02
Class A Notes Principal Payment	21,763,860.00

(Amounts in Euro)

7. Reserve Ledger

	CP ending 30 Jun 06
Opening Balance	9,000,000.00
Additions to Cash Reserve Account Ledger	
Class E Notes Proceeds (excl. Unit Purchase Amount)	0.00
Cash Reserve Account Required Reserve	9,000,000.00
Interest on Issuer Cash Reserve Account	55,857.16
	9,055,857.16
Deductions from Cash Reserve Account Ledger	
Addition to the Interest Waterfall	9,055,857.16
	9,055,857.16
Closing Balance	9,000,000.00

Portfolio Trigger Event NO

(Amounts in Euro)

3. Contacts

Transaction Manager, Custodian and Servicer

Banco Comercial Português, S.A.
TAGUS PARK, EDIF. 7, PISO 1, ALA B - Oeiras-2744-002 Porto Salvo

Carlos Ferreira / Manuel Virtuoso / Sonia Capucho
Phone: +351 21 423 8170 / 71 / 72
Fax: +351 21 4238179

carlos.araujoferreira@millenniumbcp.pt
manuel.virtuoso@millenniumbcp.pt
sonia.capucho@millenniumbcp.pt

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