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 January 2006

Millennium bcp

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	748.518.870,00	40.000.000,00	25.000.000,00	5.000.000,00
Total Ending Balance Subsequent to Distribution	723.983.610,00	40.000.000,00	25.000.000,00	5.000.000,00
Total Principal Distribution	24.535.260,00	0,00	0,00	0,00
Pool Factor	77,847700%	100,000000%	100,000000%	100,000000%
Principal Deficiency Ledger	0,00	0,00	0,00	0,00
Total Interest Distributions	4.600.710,00	279.560,00	213.075,00	49.640,00
Payment Date	18-Jan-06	18-Jan-06	18-Jan-06	18-Jan-06
Quarterly Collection Date	30-Dez-05	30-Dez-05	30-Dez-05	30-Dez-05
Calculation Period	9	9	9	9
Accrual Beginning Date	18-Out-05	18-Out-05	18-Out-05	18-Out-05
Accrual Ending Date	18-Jan-06	18-Jan-06	18-Jan-06	18-Jan-06
Accrual Period	92 days	92 days	92 days	92 days
Accrual Rate	2,405 %	2,735 %	3,335 %	3,885 %
Euro Reference Rate	2,185 %	2,185 %	2,185 %	2,185 %
Spread (bps)	22	55	115	170
Denomination	8.048,59	10.000,00	10.000,00	10.000,00
Day Basis	Act/360	Act/360	Act/360	Act/360
Reset Rate Effective Date	16-Jan-06	16-Jan-06	16-Jan-06	16-Jan-06
New Denomination for the next period	7.784,77	10.000,00	10.000,00	10.000,00

(Amounts in Euro)

2. Collateral Level Information

CP ending 30 December 2005

Mortgage Asset Portfolio	**Amount**	**Nr of Loans**
Beginning Principal Outstanding Balance	819.482.074,19	19.101
Principal Redemption	24.853.811,08	374
Scheduled Principal Redemption	9.333.126,96	
Prepayments	15.520.684,12	
CPR	7,45%	
Deemed Principal Losses	258.183,96	
Principal Recoveries (to the extent of a debit balance recorded on the PDL)	154.260,56	
Realised Losses	0,00	
Retired Mortgages Assets in excess of substitute loans	143.169,13	-10
Principal Adjustments	0,00	
Ending Principal Outstanding Balance	794.381.170,58	18.737
Principal Outstanding Balance at the Closing Date	996.756.587,44	21.640

	30 Sep 05	**30 Dec 05**
WA Interest Rate	3,56243 %	3,73400 %
Current LTV (Outstanding Loan Amount / Initial Valuation)	61,6%	63,2%
Original LTV (Initial Loan Amount / Initial Valuation)	71,5%	74,4%

Delinquent Mortgage Loans	**Amount**	**Nr of Loans**
30 - 60 days	3.620.478,28	75
61 - 90 days	1.709.375,79	35
91 - 180 days	3.488.182,09	72
181 - 270 days	1.901.101,40	43
271 - 360 days	967.262,11	20
361 - 720days	2.257.952,32	46
> 720 days	129.806,51	2
	13.944.351,99	293

Number of loans in Legal Proceedings	47
(of which the mortgage loan is current*)	0

* proceedings initiated by other creditors

Portfolio Trigger Event	
Mortgage Loans in arrears (90 - 365 days)	6.356.545,60
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	7.394.094,56	143

Substitute Mortgage Asset Pool	**Amount**	**Trigger**	**Result**
Current Period	7.250.925,43	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	54.931.857,63	100.002.785,26	Pass
Current WA Spread for the Pool	1,32%	1,27%	Pass

Permited Variations	**Amount**	**Trigger**	**Result**
Cumulative since Closing Date	76.419.345,09	149.513.488,12	Pass

Provisioning	**Loans in arrear**	**%**	**Amount**
Principal Oustanding Balance to be provisioned	n/a	n/a	258.183,96
Amount to be provisioned	> 12 months	25%	225.732,33
Amount to be provisioned	> 24 months	50%	32.451,63
	> 36 months	100%	0,00

(Amounts in Euro)

2. Collateral Level Information (Continued) **CP ending 30 December 2005**

Cash Reserve Account	
Initial Balance	9.000.000,00
Interest on Issuer Cash Reserve Account	45.282,39
Reserve Fund Drawing	45.282,39
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 Jan 06**
Opening Balance	0,00
Additions to Interest Waterfall	
Interest Collections Proceeds	7.565.270,05
Interest on Fund Operating Account	104.523,04
	7.669.793,09
Deductions from Interest Waterfall	
Incorrect Payments to Originators	0,00
Fund Expenses (see detail below)	319.576,44
Unit Interest Distribution Amount	7.350.216,65
	7.669.793,09
Closing Balance	0,00

Unit Principal Waterfall	**IPD 18 Jan 06**
Opening Balance	0,00
Additions to Principal Waterfall	
Principal Collections Proceeds	24.277.087,27
Consideration for retired mortgages assets	0,00
	24.277.087,27
Deductions from Principal Waterfall	
Unit Principal Distribution Amount	24.277.087,27
	24.277.087,27
Closing Balance	0,00

Fund Expenses:	
Supervision Fee due and payable by the Fund to the C.M.V.M.	16.819,68
Fund Manager's Fees and Liabilities	72.362,36
Custodian Fees and Liabilities	20.944,95
Servicer Fees and Expenses	209.449,45
	319.576,44

(Amounts in Euro)

4. Revenue Ledger

		CP ending 31 December 06
Opening Balance		0,00
Additions to Revenue Ledger		
	Unit Revenue Distributions	7.350.216,65
	Receipts under Swap Agreement	0,00
	Gains on Authorised Investments	0,00
	Cash Reserve Account Balance	9.045.282,39
	LF Revolving Drawing and Liquity Revolving Drawing	0,00
	Reserve Fund Release Amount	0,00
	Interest Credited to the Issuer Account	8.890,91
		16.404.389,95
Payments from Revenue Ledger		
(1st)	Issuer's Liability to tax	0,00
(2nd)	Trustee fees and Liabilities - Exchange rate adjustment	7.307,04
(3rd)	Issuer Expenses (not exceeding the expenses cap - See detail below)	49.591,16
(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.)	234.553,98
(7th i)	Class A Notes unpaid interest	4.600.710,00
(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	279.560,00
(10th)	Class B Interest Addition Amount to the Principal Deficiency Ledger	0,00
(11th)	Class C Notes unpaid interest	213.075,00
(12th)	Class C Interest Addition Amount to the Principal Deficiency Ledger	0,00
(13th)	Class D Notes unpaid interest	49.640,00
(14th)	Class D Interest Addition Amount to the Principal Deficiency Ledger	258.183,96
(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	35.904,64
(19th)	Subordinated Loan Facility principal repayment	167.857,14
(20th)	Class E Notes Residual Entitlement Amount	1.493.007,03
(21th)	Release of the Balance to the Issuer or to its order	0,00
		16.404.389,95
Closing Balance		0,00

Expenses to be deducted from Revenue Ledger:		
	Agent Bank and Paying Agents	0,00
	Transaction Manager fees and Liabilities	10.471,16
	Account Bank fees	0,00
	Corporate Services Provider fees and liabilities	0,00
	Liquidity Facility Provider Fees	0,00
	Subordinated Loan Facility Provider Fees	0,00
	Rating Agencies Fees	12.500,00
	Audit and taxation fees	26.620,00
	Third Party Expenses	0,00
		49.591,16
	Expenses Cap per annum (*)	396.914,62
	Principal Amount Outstanding as at 18 January 2005	793.829.230,00
	Acumulated Issuer Expenses in the 3rd year:	49.591,16
	1st Quarter (payable on 18 January 2006)	49.591,16
	2nd Quarter (payable on 18 April 2006)	
	3rd Quarter (payable on 18 July 2006)	
	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 31 December 06
Opening Balance	447,84
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	24.277.087,27
Interest Addition Amount	258.183,96
Proceeds of sale of Units	0,00
	24.535.271,23
Deductions from Principal Ledger	
Unit Purchase Price	0,00
Principal Addition Amount	0,00
Class A Notes Principal Payment	24.535.260,00
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
	24.535.260,00
Closing Balance	459,07

Unit Principal Distribution	24.277.535,11
Interest Addition Amount	258.183,96
Number of outstanding Class A Notes	93.000
Class A Notes Principal Payment - per Note	263,82
Class A Notes Principal Payment	24.535.260,00

(Amounts in Euro)

7. Reserve Ledger

	CP ending 31 December 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	45.282,39
	9.045.282,39
Deductions from Cash Reserve Account Ledger	
Addition to the Interest Waterfall	9.045.282,39
	9.045.282,39
Closing Balance	9.000.000,00
Portfolio Trigger Event	NO

(Amounts in Euro)

3. Contacts

Transaction Manager, Custodian and Servicer

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