

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 2008



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

1. Security Level Information

| Issuer Name | Magellan Mortgage No. 2 plc | | | |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|
| | Class A | Class B | Class C | Class D |
| 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 | 434,820,570.00 | 40,000,000.00 | 25,000,000.00 | 5,000,000.00 |
| Total Ending Balance Subsequent to Distribution | 394,716,180.00 | 40,000,000.00 | 25,000,000.00 | 5,000,000.00 |
| Total Principal Distribution | 40,104,390.00 | 0.00 | 0.00 | 0.00 |
| Pool Factor | 42.442600% | 100.000000% | 100.000000% | 100.000000% |
| Principal Deficiency Ledger | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Interest Distributions | 5,488,860.00 | 538,320.00 | 374,375.00 | 81,825.00 |
| Payment Date | 18/Jul/08 | 18/Jul/08 | 18/Jul/08 | 18/Jul/08 |
| Quarterly Collection Date | 30/Jun/08 | 30/Jun/08 | 30/Jun/08 | 30/Jun/08 |
| Calculation Period | 19 | 19 | 19 | 19 |
| Accrual Beginning Date | 18/Apr/08 | 18/Apr/08 | 18/Apr/08 | 18/Apr/08 |
| Accrual Ending Date | 18/Jul/08 | 18/Jul/08 | 18/Jul/08 | 18/Jul/08 |
| Accrual Period | 91 days | 91 days | 91 days | 91 days |
| Accrual Rate | 4.994 % | 5.324 % | 5.924 % | 6.474 % |
| Euro Reference Rate | 4.774 % | 4.774 % | 4.774 % | 4.774 % |
| Spread (bps) | 22 | 55 | 115 | 170 |
| Denomination | 4,675.49 | 10,000.00 | 10,000.00 | 10,000.00 |
| Day Basis | Act/360 | Act/360 | Act/360 | Act/360 |
| Reset Rate Effective Date | 16/Jul/08 | 16/Jul/08 | 16/Jul/08 | 16/Jul/08 |
| New Denomination for the next period | 4,244.26 | 10,000.00 | 10,000.00 | 10,000.00 |

(Amounts in Euro)

2. Collateral Level Information

CP ending 30 June 2008

Mortgage Asset Portfolio

| | Amount | Nr of Loans |
|---|------------------|--------------------|
| Beginning Principal Outstanding Balance | 504,843,549.61 | 13,625 |
| Principal Redemption | 39,754,803.68 | 839 |
| Scheduled Principal Redemption | 5,453,084.01 | |
| Prepayments | 12,472,305.28 | |
| Retired Mortgages Assets for non-permitted variations | 21,829,414.39 | |
| CPR | 10.04% | |
| Deemed Principal Losses | 813,925.06 | |
| Principal Recoveries (to the extent of a debit balance recorded on the PDL) | 464,859.81 | |
| Realised Losses | 0.00 | |
| Retired Mortgages Assets in excess of substitute loans | 0.00 | 0 |
| Principal Adjustments | 0.00 | 0 |
| Ending Principal Outstanding Balance | 464,739,680.68 | 12,786 |
| Principal Outstanding Balance at the Closing Date | 996,756,587.44 | 21,640 |
| | 31 Mar 08 | 30 Jun 08 |
| WA Interest Rate | 5.85634 % | 6.04744 % |
| Current LTV (Outstanding Loan Amount/Initial Valuation) | 55.9% | 48.0% |
| Original LTV (Initial Loan Amount/Initial Valuation) | 70.4% | 61.6% |

Delinquent Mortgage Loans

| | Amount | Nr of Loans |
|-----------------|----------------------|--------------------|
| 30 - 60 days | 4,036,517.52 | 94 |
| 61 - 90 days | 2,233,340.82 | 50 |
| 91 - 180 days | 5,740,618.01 | 131 |
| 181 - 270 days | 3,975,260.54 | 94 |
| 271 - 360 days | 2,253,652.05 | 52 |
| 361 - 720days | 5,886,067.99 | 118 |
| 720 - 1080 days | 2,522,412.99 | 55 |
| > 1081 days | 1,446,054.01 | 31 |
| | <u>28,093,923.93</u> | <u>625</u> |

Number of loans in Legal Proceedings
(of which the mortgage loan is current*) 3,376,653.46 67

* proceedings initiated by other creditors

Portfolio Trigger Event

| | |
|---|---------------|
| Mortgage Loans in arrears (90 - 365 days) | 11,969,530.60 |
| Maximum | 45,000,000.00 |
| Result | Pass |

Retired Mortgages Asset Pool (Current Period)

| | Amount | Nr of Loans |
|-------------------------------|---------------|--------------------|
| Breach of Reprs. & Warranties | 0.00 | 0 |
| Non Permitted Variations | 21,829,414.39 | 471 |

Substitute Mortgage Asset Pool

| | Amount | Trigger | Result |
|--|---------------|----------------|---------------|
| Current Period | 0.00 | 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 | 99,933,359.41 | 100,002,785.26 | Pass |

Permitted Variations

| | Amount | Trigger | Result |
|-------------------------------|----------------|----------------|---------------|
| Cumulative since Closing Date | 149,264,670.08 | 149,513,488.12 | Pass |

Provisioning

| | Loans in arrear | % | Amount |
|---|------------------------|----------|---------------|
| Principal Outstanding Balance to be provisioned | n/a | n/a | 813,925.06 |
| Amount to be provisioned | > 12 months | 25% | 438,515.29 |
| Amount to be provisioned | > 24 months | 50% | 197,681.99 |
| Amount to be provisioned | > 36 months | 100% | 177,727.78 |

(Amounts in Euro)

2. Collateral Level Information (Continued)

CP ending 30 June 2008

Cash Reserve Account

| | |
|---|--------------|
| Initial Balance | 9,000,000.00 |
| Interest on Issuer Cash Reserve Account | 87,968.52 |
| Reserve Fund Drawing | 87,968.52 |
| 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 | 23,235,809.00 |
| Available Liquidity Facility | 23,235,809.00 |

(Amounts in Euro)

3. Unit Waterfall

| Unit Interest Waterfall | IPD |
|---|----------------------|
| | 18 Jul 08 |
| Opening Balance | <u>0.00</u> |
| Additions to Interest Waterfall | |
| Interest Collections Proceeds | 7,092,776.69 |
| Interest on Fund Operating Account | <u>316,453.87</u> |
| | <u>7,409,230.56</u> |
| Deductions from Interest Waterfall | |
| Incorrect Payments to Originators | 0.00 |
| Fund Expenses (see detail below) | 207,738.05 |
| Unit Interest Distribution Amount | <u>7,201,492.51</u> |
| | <u>7,409,230.56</u> |
| Closing Balance | <u>0.00</u> |
| Unit Principal Waterfall | IPD |
| | 18 Jul 08 |
| Opening Balance | <u>0.00</u> |
| Additions to Principal Waterfall | |
| Principal Collections Proceeds | 39,754,803.68 |
| Consideration for retired mortgages assets | <u>0.00</u> |
| | <u>39,754,803.68</u> |
| Deductions from Principal Waterfall | |
| Unit Principal Distribution Amount | <u>39,754,803.68</u> |
| | <u>39,754,803.68</u> |
| Closing Balance | <u>0.00</u> |
| Fund Expenses: | |
| Supervision Fee due and payable by the Fund to the C.M.V.M. | 10,538.13 |
| Fund Manager's Fees and Liabilities | 55,744.32 |
| Custodian Fees and Liabilities | 12,859.60 |
| Servicer Fees and Expenses | <u>128,596.00</u> |
| | <u>207,738.05</u> |

(Amounts in Euro)

| 4. Revenue Ledger | IPD |
|---|----------------------|
| | <u>18 Jul 08</u> |
| Opening Balance | 0.00 |
| Additions to Revenue Ledger | |
| Unit Revenue Distributions | 7,201,492.51 |
| Principal Recoveries (to the extent of a debit balance recorded on the PDL) | 464,859.81 |
| Receipts under Swap Agreement | 234,808.35 |
| Gains on Authorised Investments | 0.00 |
| Cash Reserve Account Balance | 9,087,968.52 |
| LF Revolving Drawing and Liquidity Revolving Drawing | 0.00 |
| Reserve Fund Release Amount | 0.00 |
| Interest Credited to the Issuer Account | 6,470.85 |
| Subordinated Loan proceeds to the extent not used to fund initial up-front transaction expenses | 0.00 |
| | <u>16,995,600.04</u> |
| Payments from Revenue Ledger | |
| (1st) Issuer's Liability to tax | 0.00 |
| (2nd) Trustee fees and Liabilities - Exchange rate adjustment | -50.01 |
| (3rd) Issuer Expenses (not exceeding the expenses cap - See detail below) | 16,562.38 |
| (4th) Interest and commitment fees related to the Liquidity Facility Agreement | 12,620.51 |
| (5th) Repayment of LF/Liquidity Revolving Drawing | 0.00 |
| (6th) Payments under Swap Agreement. (except for an Early Termination of Swap Agreement.) | 0.00 |
| (7th i) Class A Notes unpaid interest | 5,488,860.00 |
| (7th ii) Payments under Swap Agreement. (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 | 538,320.00 |
| (10th) Class B Interest Addition Amount to the Principal Deficiency Ledger | 0.00 |
| (11th) Class C Notes unpaid interest | 374,375.00 |
| (12th) Class C Interest Addition Amount to the Principal Deficiency Ledger | 0.00 |
| (13th) Class D Notes unpaid interest | 81,825.00 |
| (14th) Class D Interest Addition Amount to the Principal Deficiency Ledger | 813,925.06 |
| (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 Agreement. (in case of default by Swap Count.) | 0.00 |
| (18th) Interest and commitment fees related to the Subordinated Loan Agreement | 28,742.46 |
| (19th) Subordinated Loan Facility principal repayment | 167,857.14 |
| (20th) Class E Notes Residual Entitlement Amount | 472,562.50 |
| (21th) Release of the Balance to the Issuer or to its order | 0.00 |
| | <u>16,995,600.04</u> |
| Closing Balance | <u>0.00</u> |
| Expenses to be deducted from Revenue Ledger: | |
| Agent Bank and Paying Agents | 0.00 |
| Transaction Manager fees and Liabilities | 6,380.66 |
| Account Bank fees | 5,000.00 |
| Corporate Services Provider fees and liabilities | 5,181.72 |
| 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 |
| | <u>16,562.38</u> |
| Expenses Cap per annum (*) | 263,288.50 |
| Principal Amount Outstanding as at 18 January 2008 | 526,576,990.00 |
| Acumulated Issuer Expenses in the 5th year: | |
| 1st Quarter (payable on 18 January 2008) | 66,321.97 |
| 2nd Quarter (payable on 18 April 2008) | 19,884.27 |
| 3rd Quarter (payable on 18 July 2008) | 29,875.31 |
| 4th Quarter (payable on 18 October 2008) | 16,562.38 |
| | 0.00 |
| 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 period or (ii) EUR 200,000 per annum.

(Amounts in Euro)

| 5. Principal Ledger | IPD |
|---|----------------------|
| | 18 Jul 08 |
| Opening Balance | <u>756.52</u> |
| 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 | 39,754,803.68 |
| Interest Addition Amount | 813,925.06 |
| Proceeds of sale of Units | 0.00 |
| | <u>40,568,728.74</u> |
| 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) | 464,859.81 |
| Class A Notes Principal Payment | 40,104,390.00 |
| 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 |
| | <u>40,569,249.81</u> |
| Closing Balance | <u>235.45</u> |
| Principal Distribution | 40,104,625.45 |
| Number of outstanding Class A Notes | 93,000 |
| Class A Notes Principal Payment - per Note | 431.23 |
| Class A Notes Principal Payment | 40,104,390.00 |

(Amounts in Euro)

| 6. Reserve Ledger | |
|---|---------------------|
| | IPD |
| | 18 Jul 08 |
| Opening Balance | <u>9,000,000.00</u> |
| 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 | 87,968.52 |
| | <u>9,087,968.52</u> |
| Deductions from Cash Reserve Account Ledger | |
| Addition to the Interest Waterfall | 9,087,968.52 |
| | <u>9,087,968.52</u> |
| Closing Balance | <u>9,000,000.00</u> |

Portfolio Trigger Event NO

(Amounts in Euro)

7. Contacts

Transaction Manager, Custodian and Servicer

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