

# 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 October 2009**



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                      | ord. to Class A Notes | ord. to Class B Notes | ord. 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   | 316,949,580.00              | 40,000,000.00         | 25,000,000.00         | 5,000,000.00          |
| Total Ending Balance Subsequent to Distribution | 304,256,940.00              | 40,000,000.00         | 25,000,000.00         | 5,000,000.00          |
| Total Principal Distribution                    | 12,692,640.00               | 0.00                  | 0.00                  | 0.00                  |
| Pool Factor                                     | 32.715800%                  | 100.000000%           | 100.000000%           | 100.000000%           |
| Principal Deficiency Ledger                     | 0.00                        | 0.00                  | 0.00                  | 0.00                  |
| Total Interest Distributions                    | 952,320.00                  | 153,600.00            | 133,900.00            | 33,735.00             |
| Payment Date                                    | 19/Oct/09                   | 19/Oct/09             | 19/Oct/09             | 19/Oct/09             |
| Quarterly Collection Date                       | 30/Sep/09                   | 30/Sep/09             | 30/Sep/09             | 30/Sep/09             |
| Calculation Period                              | 24                          | 24                    | 24                    | 24                    |
| Accrual Beginning Date                          | 20/Jul/09                   | 20/Jul/09             | 20/Jul/09             | 20/Jul/09             |
| Accrual Ending Date                             | 19/Oct/09                   | 19/Oct/09             | 19/Oct/09             | 19/Oct/09             |
| Accrual Period                                  | 91 days                     | 91 days               | 91 days               | 91 days               |
| Accrual Rate                                    | 1.189 %                     | 1.519 %               | 2.119 %               | 2.669 %               |
| Euro Reference Rate                             | 0.969 %                     | 0.969 %               | 0.969 %               | 0.969 %               |
| Spread (bps)                                    | 22                          | 55                    | 115                   | 170                   |
| Denomination                                    | 3,408.06                    | 10,000.00             | 10,000.00             | 10,000.00             |
| Day Basis                                       | Act/360                     | Act/360               | Act/360               | Act/360               |
| Reset Rate Effective Date                       | 15/Oct/09                   | 15/Oct/09             | 15/Oct/09             | 15/Oct/09             |
| New Denomination for the next period            | 3,271.58                    | 10,000.00             | 10,000.00             | 10,000.00             |

(Amounts in Euro)

## 2. Collateral Level Information

CP ending 30 September 2009

**Mortgage Asset Portfolio**

|   | <b>Amount</b>    | <b>Nr of Loans</b> |
|---|------------------|--------------------|
| Beginning Principal Outstanding Balance   | 386,972,935.11   | 11,220             |
| Principal Redemption  | 11,681,171.28    | 233                |
| Scheduled Principal Redemption  | 5,813,857.02     |                    |
| Prepayments   | 4,655,166.98     |                    |
| Retired Mortgages Assets for non-permitted variations                                     | 1,212,147.28     |                    |
| CPR   | 4.81%            |                    |
| Deemed Principal Losses   | 1,186,109.58     |                    |
| Principal Recoveries (to the extent of a debit balance recorded on the PDI)               | 174,142.73       |                    |
| Principal Recoveries adjustment ( to the extent of a debit balance recorded on the PDI's) | 0.00             |                    |
| Realised Losses   | 0.00             |                    |
| Retired Mortgages Assets in excess of substitute loans                                    | 0.00             |                    |
| Principal Adjustments   | 0.00             |                    |
| Ending Principal Outstanding Balance  | 374,279,796.98   | 10,987             |
| Principal Outstanding Balance at the Closing Date   | 996,756,587.44   | 21,640             |
|   | <b>30 Jun 09</b> | <b>30 Sep 09</b>   |
| WA Interest Rate  | 2.74843 %        | 2.28452 %          |
| Current LTV (Outstanding Loan Amount/Initial Valuation)                                   | 53.4%            | 52.9%              |
| Original LTV (Initial Loan Amount/Initial Valuation)                                      | 70.0%            | 70.0%              |

**Delinquent Mortgage Loans**

|                | <b>Amount</b>        | <b>Nr of Loans</b> |
|----------------|----------------------|--------------------|
| 30 - 60 days   | 1,414,765.93         | 41                 |
| 61 - 90 days   | 1,273,249.91         | 33                 |
| 91 - 180 days  | 3,505,269.00         | 77                 |
| 181 - 270 days | 2,423,314.31         | 58                 |
| 271 - 360 days | 2,437,650.89         | 65                 |
| 361 - 720days  | 8,051,378.20         | 166                |
| > 720 days     | 7,237,165.91         | 153                |
|                | <u>26,654,025.11</u> | <u>599</u>         |

|   |               |     |
|---|---------------|-----|
| Number of loans in Legal Proceedings<br>( of which the mortgage loan is current*) | 11,227,915.05 | 234 |
|---|---------------|-----|

\* proceedings initiated by other creditors

**Portfolio Trigger Event**

|   |               |
|---|---------------|
| Mortgage Loans in arrears (90 - 365 days) | 8,366,234.20  |
| Maximum                                   | 45,000,000.00 |
| Result                                    | Pass          |

**Retired Mortgages Asset Pool (Current Period)**

|                              | <b>Amount</b> | <b>Nr of Loans</b> |
|------------------------------|---------------|--------------------|
| Breach of Reps. & Warranties | 0.00          | 0                  |
| Non Permitted Variations     | 1,212,147.28  | 29                 |

**Substitute Mortgage Asset Pool**

|  | <b>Amount</b> | <b>Trigger</b> | <b>Result</b> |
|--|---------------|----------------|---------------|
| 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**

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

**Provisioning**

|   | <b>Loans in arrear</b> | <b>%</b> | <b>Amount</b> |
|---|------------------------|----------|---------------|
| Principal Outstanding Balance to be provisioned | n/a                    | n/a      | 1,186,109.58  |
| Amount to be provisioned                        | > 12 months            | 25%      | 535,035.03    |
| Amount to be provisioned                        | > 24 months            | 50%      | 280,080.70    |
| Amount to be provisioned                        | > 36 months            | 100%     | 370,993.85    |

(Amounts in Euro)

## 2. Collateral Level Information (Continued)

CP ending 30 September 2009

**Cash Reserve Account**

|   |              |
|---|--------------|
| Initial Balance                             | 9,000,000.00 |
| (+) Interest on Issuer Cash Reserve Account | 4,664.72     |
| (-) Reserve Fund Drawing                    | 135,347.85   |
| Reserve Fund at end of CP                   | 8,869,316.87 |

**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    | 18,712,847.00 |
| Available Liquidity Facility | 18,712,847.00 |

**(Amounts in Euro)**

**3. Unit Waterfall**

| <b>Unit Interest Waterfall</b>                              | <b>IPD 19 Oct 09</b> |
|---|----------------------|
| Opening Balance   | <u>0.00</u>          |
| Additions to Interest Waterfall                             |                      |
| Interest Collections Proceeds                               | 2,600,801.60         |
| Interest on Fund Operating Account                          | <u>6,571.12</u>      |
|   | <u>2,607,372.72</u>  |
| Deductions from Interest Waterfall                          |                      |
| Incorrect Payments to Originators                           | 0.00                 |
| Fund Expenses (see detail below)                            | 145,221.46           |
| Unit Interest Distribution Amount                           | <u>2,462,151.26</u>  |
|   | <u>2,607,372.72</u>  |
| Closing Balance   | <u>0.00</u>          |
| <b>Unit Principal Waterfall</b>                             | <b>IPD 19 Oct 09</b> |
| Opening Balance   | <u>0.00</u>          |
| Additions to Principal Waterfall                            |                      |
| Principal Collections Proceeds                              | 11,681,171.28        |
| Consideration for retired mortgages assets                  | <u>0.00</u>          |
|   | <u>11,681,171.28</u> |
| Deductions from Principal Waterfall                         |                      |
| Unit Principal Distribution Amount                          | <u>11,681,171.28</u> |
|   | <u>11,681,171.28</u> |
| Closing Balance   | <u>0.00</u>          |
| Fund Expenses:  |                      |
| Supervision Fee due and payable by the Fund to the C.M.V.M. | 8,180.98             |
| Fund Manager's Fees and Liabilities                         | 26,198.91            |
| Custodian Fees and Liabilities                              | 10,076.51            |
| Servicer Fees and Expenses                                  | <u>100,765.06</u>    |
|   | <u>145,221.46</u>    |

**(Amounts in Euro)**

| 4. Revenue Ledger   | <u>IPD 19 Oct 09</u> |
|---|----------------------|
| Opening Balance   | <u>0.00</u>          |
| Additions to Revenue Ledger   |                      |
| Unit Revenue Distributions  | 2,462,151.26         |
| Principal Recoveries (to the extent of a debit balance recorded on the PDL)               | 174,142.73           |
| Principal Recoveries adjustment ( to the extent of a debit balance recorded on the PDL's) |                      |
| Receipts under Swap Agreement   | 0.00                 |
| Gains on Authorised Investments   | 0.00                 |
| Cash Reserve Account Balance  | 9,004,664.72         |
| LF Revolving Drawing and Liquity Revolving Drawing  | 0.00                 |
| Reserve Fund Release Amount   | 0.00                 |
| Interest Credited to the Issuer Account   | 711.63               |
|   | <u>11,641,670.34</u> |
| Payments from Revenue Ledger  |                      |
| (1st) Issuer's Liability to tax   | 0.00                 |
| (2nd) Trustee fees and Liabilities - Exchange rate adjustment                             | 204.93               |
| (3rd) Issuer Expenses (not exceeding the expenses cap - See detail below)                 | 29,789.48            |
| (4th) Interest and commitment fees related to the Liquidity Facility Agreement            | 0.00                 |
| (5th) Repayment of LF/Liquidity Revolving Drawing   | 0.00                 |
| (6th) Payments under Swap Agreem. (except for an Early Termination of Swap Agreem.)       | 282,694.48           |
| (7th i) Class A Notes unpaid interest   | 952,320.00           |
| (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   | 153,600.00           |
| (10th) Class B Interest Addition Amount to the Principal Deficiency Ledger                | 0.00                 |
| (11th) Class C Notes unpaid interest  | 133,900.00           |
| (12th) Class C Interest Addition Amount to the Principal Deficiency Ledger                | 0.00                 |
| (13th) Class D Notes unpaid interest  | 33,735.00            |
| (14th) Class D Interest Addition Amount to the Principal Deficiency Ledger                | 1,186,109.58         |
| (15th) Cash Reserve Account Required Reserve  | 8,869,316.87         |
| (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            | 0.00                 |
| (19th) Subordinated Loan Facility principal repayment                                     | 0.00                 |
| (20th) Class E Notes Residual Entitlement Amount  | 0.00                 |
| (21th) Release of the Balance to the Issuer or to its order                               | 0.00                 |
|   | <u>11,641,670.34</u> |
| Closing Balance   | <u>0.00</u>          |
| Expenses to be deducted from Revenue Ledger:  |                      |
| Transaction Manager fees and Liabilities  | 4,944.65             |
| Corporate Services Provider fees and liabilities  | 4,678.95             |
| Liquidity Facility Provider Fees  | 9,698.38             |
| Rating Agencies Fees  | 5,000.00             |
| Audit and taxation fees   | 5,467.50             |
|   | <u>29,789.48</u>     |
| Expenses Cap per annum (*)  | 214,765.75           |
| Principal Amount Outstanding as at 19 January 2009  | 429,531,490.00       |
| Acumulated Issuer Expenses in the 5th year:   | 108,840.58           |
| 1st Quarter (payable on 19 January 2009)  | 28,389.85            |
| 2nd Quarter (payable on 20 April 2009)  | 13,963.26            |
| 3rd Quarter (payable on 20 July 2009)   | 36,697.99            |
| 4th Quarter (payable on 19 October 2009)  | 29,789.48            |
| 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)**

| <b>5. Principal Ledger</b>  | <b>IPD 19 Oct 09</b> |
|---|----------------------|
| Opening Balance   | <u>381.02</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   | 11,681,171.28        |
| Interest Addition Amount  | 1,186,109.58         |
| Proceeds of sale of Units   | <u>0.00</u>          |
|   | <u>12,867,280.86</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)               | 174,142.73           |
| Principal Recoveries adjustment ( to the extent of a debit balance recorded on the PDL's) | 0.00                 |
| Class A Notes Principal Payment   | 12,692,640.00        |
| 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   | <u>0.00</u>          |
|   | <u>12,866,782.73</u> |
| Closing Balance   | <u>879.15</u>        |
| Unit Principal Distribution   | 12,693,519.15        |
| Number of outstanding Class A Notes   | 93,000               |
| Class A Notes Principal Payment - per Note  | 136.48               |
| Class A Notes Principal Payment   | 12,692,640.00        |

**(Amounts in Euro)**

| <b>6. Reserve Ledger</b>                    | <b>IPD 19 Oct 09</b> |
|---|----------------------|
| Opening Balance                             | <u>9,000,000.00</u>  |
| Additions to Cash Reserve Account Ledger    |                      |
| Cash Reserve Account Required Reserve       | 9,000,000.00         |
| Interest on Issuer Cash Reserve Account     | 4,664.72             |
|   | <u>9,004,664.72</u>  |
| Deductions from Cash Reserve Account Ledger |                      |
| Addition to the Interest Waterfall          | 9,004,664.72         |
| Interest Shortfall                          | 130,683.13           |
|   | <u>9,135,347.85</u>  |
| Closing Balance                             | <u>8,869,316.87</u>  |
| Cash Reserve Account Required Reserve       | 9,000,000.00         |
| Portfolio Trigger Event                     | NO                   |
| <b>(Amounts in Euro)</b>                    |                      |



**7. Contacts**

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