

Magellan Mortgages No. 3 plc

Euro 1,413,750,000 Class A Mortgage Backed Floating Rate Notes due 2058

Euro 33,750,000 Class B Mortgage Backed Floating Rate Notes due 2058

Euro 15,750,000 Class C Mortgage Backed Floating Rate Notes due 2058

Euro 36,750,000 Class D Mortgage Backed Floating Rate Notes due 2058

Euro 19,600,000 Class E Floating Rate Notes due 2058

Euro 250,000 Class F Notes due 2058

Investor Report May 2010



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

1. Security Level Information

| Issuer Name | Magellan Mortgage No. 3 plc | | | | |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Class A | Class B | Class C | Class D | Class E |
| Security Class Name | Class A | Class B | Class C | Class D | Class E |
| ISIN | XS0222684655 | XS0222691510 | XS0222691940 | XS0222698523 | XS0222698952 |
| Bloomberg Ticker | MAGEL 3 A | MAGEL 3 B | MAGEL 3 C | MAGEL 3 D | MAGEL 3 E |
| Issue Date | 30 Jun 2005 | 30 Jun 2005 | 30 Jun 2005 | 30 Jun 2005 | 30 Jun 2005 |
| Maturity Date | 15 May 2058 | 15 May 2058 | 15 May 2058 | 15 May 2058 | 15 May 2058 |
| Subordination Level | Senior | Subord. to Class A Notes | Subord. to Class B Notes | Subord. to Class C Notes | Subord. to Class D Notes |
| S&P Rating | AAA | AA | A | BBB | BB |
| Moodys Rating | Aaa | A2 | Baa2 | Ba3 | - |
| Currency | Euro | Euro | Euro | Euro | Euro |
| Total Original Balance | 1,413,750,000.00 | 33,750,000.00 | 15,750,000.00 | 36,750,000.00 | 19,600,000.00 |
| Total Beginning Balance Prior to Distribution | 671,750,381.25 | 20,176,526.25 | 9,415,712.25 | 21,969,995.25 | 0.00 |
| Total Ending Balance Subsequent to Distribution | 655,656,251.25 | 19,693,091.25 | 9,190,109.25 | 21,443,588.25 | 0.00 |
| Total Principal Distribution | 16,094,130.00 | 483,435.00 | 225,603.00 | 526,407.00 | 0.00 |
| Pool Factor | 46.37710000% | 58.34990000% | 58.34990000% | 58.34990000% | 0.00000000% |
| Principal Deficiency Ledger | 0.00 | 0.00 | 0.00 | 3,066,675.29 | n/a |
| Total Interest Distributions | 1,344,844.26 | 43,453.51 | 22,658.39 | 66,198.04 | 0.00 |
| Payment Date | 17/May/10 | 17/May/10 | 17/May/10 | 17/May/10 | 17/May/10 |
| Quarterly Collection Date | 30/Apr/10 | 30/Apr/10 | 30/Apr/10 | 30/Apr/10 | 30/Apr/10 |
| Calculation Period | 19 | 19 | 19 | 19 | 19 |
| Accrual Beginning Date | 15/Feb/10 | 15/Feb/10 | 15/Feb/10 | 15/Feb/10 | 15/Feb/10 |
| Accrual Ending Date | 17/May/10 | 17/May/10 | 17/May/10 | 17/May/10 | 17/May/10 |
| Accrual Period | 91 days | 91 days | 91 days | 91 days | 91 days |
| Accrual Rate | 0.792 % | 0.852 % | 0.952 % | 1.192 % | 2.162 % |
| Euro Reference Rate | 0.662 % | 0.662 % | 0.662 % | 0.662 % | 0.662 % |
| Spread (bps) | 13 | 19 | 29 | 53 | 150 |
| Denomination | 4,751.55 | 5,978.23 | 5,978.23 | 5,978.23 | 0.00 |
| Day Basis | Act/360 | Act/360 | Act/360 | Act/360 | Act/360 |
| Reset Rate Effective Date | 11/Feb/10 | 11/Feb/10 | 11/Feb/10 | 11/Feb/10 | 11/Feb/10 |
| New Denomination for the next period | 4,637.71 | 5,834.99 | 5,834.99 | 5,834.99 | 0.00 |

(Amounts in Euro)

2. Collateral Level Information

CP ending 30 Apr 10

Mortgage Asset Portfolio

| | Amount | Nr of Loans |
|---|------------------|------------------|
| Beginning Principal Outstanding Balance | 735,640,045.83 | 13,873 |
| Beginning Principal Outstanding Balance (net of Deemed Losses) | 719,860,810.28 | |
| Principal Redemption | 15,271,670.37 | 168 |
| Scheduled Principal Redemption | 6,439,217.47 | |
| Prepayments | 6,746,719.93 | |
| Retired Mortgages Assets for non-permitted variations | 2,085,732.97 | |
| CPR | 3.66% | |
| Deemed Principal Losses | 2,165,898.50 | |
| Principal Recoveries (to the extent of a debit balance recorded on the PDL) | 491,735.78 | |
| Ending Principal Outstanding Balance | 720,368,375.46 | 13,705 |
| Ending Principal Outstanding Balance (net of Deemed Losses) | 702,914,977.19 | |
| Ending Principal Outstanding Balance at Closing Date | 1,495,358,931.35 | 24,378 |
| | 29-Jan-10 | 30-Apr-10 |
| WA Interest Rate | 1.74757 % | 1.69063 % |
| WA Current LTV (Outstanding Loan Amount/Initial Valuation) | 65.1 % | 64.7 % |
| WA Original LTV (Initial Loan Amount/Initial Valuation) | 73.0 % | 73.0 % |
| Average Loan Balance | 53,026.75 | 52,562.45 |
| Maximum Loan Balance | 231,925.40 | 230,676.38 |
| Minimum Loan Balance | 771.31 | 198.24 |

Delinquent Mortgage Loans

| | Amount | Nr of Loans |
|----------------|----------------------|-------------|
| 30 - 59 days | 4,333,912.60 | 92 |
| 60 - 89 days | 3,640,436.83 | 64 |
| 90 - 179 days | 3,931,960.30 | 77 |
| 180 - 269 days | 4,576,922.67 | 86 |
| 270 - 365 days | 2,955,163.08 | 60 |
| > 365 days | 31,294,218.98 | 565 |
| | <u>50,732,614.46</u> | <u>944</u> |

| | | |
|---|---------------|-----|
| Number of loans in Legal Proceedings | 25,201,015.42 | 445 |
| (of which the mortgage loan is current*) | 0 | |

* proceedings initiated by other creditors

Retired Mortgages Asset Pool

| | Amount | Nr of Loans |
|------------------------------|--------------|-------------|
| Breach of Reps. & Warranties | 0.00 | 0 |
| Non Permitted Variations | 2,085,732.97 | 43 |

Substitute Mortgage Asset Pool

| | Amount | Trigger | Result |
|--|----------------|----------------|--------|
| Current Period | 0.00 | | |
| Cumulative during 1 year from the Closing Date | 39,002,347.96 | 75,000,001.60 | Pass |
| Cumulative since Closing Date | 149,999,762.91 | 150,000,003.19 | Pass |

Permitted Variations

| | Amount | Trigger | Result |
|-------------------------------|----------------|----------------|--------|
| Cumulative since Closing Date | 299,749,804.30 | 300,000,006.38 | Pass |

Provisioning

| | Loans in arrear | % | Amount |
|---|-----------------|------|---------------------|
| Principal Outstanding Balance to be provisioned | | | 2,165,898.50 |
| Amount to be provisioned | >= 12 months | 25% | 602,931.12 |
| | >= 24 months | 50% | 678,555.57 |
| | >= 36 months | 100% | 884,411.81 |

(Amounts in Euro)

3. Triggers and Tests Determinations

Portfolio Trigger Event

| | |
|---|------------------|
| Mortgage Loans in arrears (90 - 365 days) | 11,464,046.05 |
| Aggregate Principal Outstanding Balance of the Mortgage Loans on 21 June 2005 (CDD) | 1,500,000,031.92 |
| Ratio | 0.76% |
| Trigger (maximum) | 4.50% |
| Result | PASS |

Net Cumulative Default Ratio

| | |
|--|------------------|
| Aggregate Principal Outstanding Balance of the Defaulted Mortgage Assets net of collections + repurchase proceeds + recoveries in respect of defaulted mortgage assets | 31,294,218.98 |
| Aggregate Principal Outstanding Balance of the Mortgage Assets as at the CDD | 1,500,000,031.92 |
| Ratio | 2.09% |
| Trigger (less than) | 15.00% |
| Result | PASS |

Pro-Rata Test**PASS**

| | |
|--|------------------|
| (a) Principal Amount Outstanding of the Class A Notes | 655,656,251.25 |
| Principal Amount Outstanding of the Class A Notes as at the Closing Date | 1,413,750,000.00 |
| Ratio | 46.38% |
| Trigger (less or equal) | 75.00% |
| Result | PASS |
| (b) Cash Reserve Account | 13,019,627.07 |
| Cash Reserve Account Required Balance | 13,019,627.07 |
| Result | PASS |
| (c) Principal Outstanding Balance of the Mortgage Loans in arrears (90-365 days) | 11,464,046.05 |
| Principal Outstanding Balance of the Mortgage Loans as at the CDD | 1,500,000,031.92 |
| Ratio | 0.76% |
| Trigger (less) | 1.80% |
| Result | PASS |

Cash Reserve Release Test**PASS****Contingent Liquidity Event****NO****(Amounts in Euro)**

4. Unit Waterfall

| Unit Interest Waterfall | FDD 13 May 2010 |
|---|------------------------|
| Opening Balance | 0.00 |
| Additions to Interest Waterfall | |
| Interest Collections Proceeds | 3,253,612.77 |
| Interest on Fund Account | 5,102.08 |
| | <u>3,258,714.85</u> |
| Deductions from Interest Waterfall | |
| Incorrect Payments to Originators | 0.00 |
| Fund Expenses (see detail below) | 295,938.80 |
| Unit Distribution - Interest Component | 2,962,776.05 |
| | <u>3,258,714.85</u> |
| Closing Balance | 0.00 |
| Unit Principal Waterfall | FDD 13 May 2010 |
| Opening Balance | 0.00 |
| Additions to Principal Waterfall | |
| Principal Collections Proceeds | 15,271,670.37 |
| | <u>15,271,670.37</u> |
| Deductions from Principal Waterfall | |
| Unit Distribution - Principal Component | 15,271,670.37 |
| | <u>15,271,670.37</u> |
| Closing Balance | 0.00 |
| Fund Expenses: | |
| Supervision Fee due and payable by the Fund to the C.M.V.M. | 15,047.03 |
| Fund Manager Fees and Liabilities | 76,342.96 |
| Custodian Fees and Liabilities | 18,595.35 |
| Servicer Fees and Expenses | 185,953.46 |
| | <u>295,938.80</u> |

(Amounts in Euro)

5. Interest Distribution

IPD 17 May 2010

| | |
|--|---------------------|
| Available Interest Distribution Amount | |
| Unit Distributions - Interest Component | 2,962,776.05 |
| Principal Recoveries (to the extent of a debit balance recorded on the PDL's) | 491,735.78 |
| Receipts under the Swap Agreement | 106,504.33 |
| Receipts under the Interest Rate Cap Agreement | 0.00 |
| Gains on Authorised Investments | 0.00 |
| Cash Reserve Drawing | 0.00 |
| Cash Reserve Account Release Amount | 480,372.93 |
| Principal Draw Amount | 0.00 |
| Contingent Liquidity Drawing | 0.00 |
| Interest accrued and credited to the Issuer Account | 649.34 |
| Interest accrued and credited to the Cash Reserve Account | 17,813.25 |
| Class F proceeds to the extent not used to fund initial up-front transaction expenses | 0.00 |
| Residual Interest Component re. previous period | 0.00 |
| Excess of provision for Issuer Expenses | 0.00 |
| Total Available Interest Distribution Amount | 4,059,851.68 |
| Pre-Enforcement Interest Payment Priorities | |
| (1st) Issuer's Liability to tax | 0.00 |
| (2nd) Trustee fees and Liabilities | 0.00 |
| (3rd) Issuer Expenses (See detail below) | 32,211.45 |
| (4th) Amounts due and payable to the Contingent Liquidity Facility Provider | 0.00 |
| (5th i) Payments under Swap Agreem. (except for an Early Termination of Swap Agreem.) | 0.00 |
| (5th ii) Payments under Interest Rate Cap Agreem. (except for an Early Termination of Interest Rate Cap Agreem.) | 0.00 |
| (6th i) Class A Notes unpaid interest | 1,344,844.26 |
| (6th ii) Payments under Swap Agreem. (except for a default by the Swap Counterparty) | 0.00 |
| (6th iii) Payments under Interest Rate Cap Agreem. (except for a default by the Interest Rate Cap Counterparty) | 0.00 |
| (7th) Reduction of the debit balance on the Class A Principal Deficiency Ledger | 0.00 |
| (8th) Class B Notes unpaid interest | 43,453.51 |
| (9th) Reduction of the debit balance on the Class B Principal Deficiency Ledger | 0.00 |
| (10th) Class C Notes unpaid interest | 22,658.39 |
| (11th) Reduction of the debit balance on the Class C Principal Deficiency Ledger | 0.00 |
| (12th) Class D Notes unpaid interest | 66,198.04 |
| (13th) Reduction of the debit balance on the Class D Principal Deficiency Ledger | 2,550,486.03 |
| (14th) Class E Notes unpaid interest | 0.00 |
| (15th) Payment to the Cash Reserve Account | 0.00 |
| (16th i) Payments under Swap Agreem. (in case of default by Swap Count.) | 0.00 |
| (16th ii) Payments under Interest Rate Cap Agreem. (in case of default by Interest Rate Cap Count.) | 0.00 |
| (17th) Payment of Principal Amount Outstanding on the Class E Notes (see detail below) | 0.00 |
| (18th) Class F Notes Distribution Amount | 0.00 |
| (19th) Release of the Balance (if any) to the Issuer | 0.00 |
| Total Pre-Enforcement Interest Payment Priorities | 4,059,851.68 |
| Issuer Expenses | |
| Agent Bank and Paying Agents fees and Liabilities (including Principal Paying Agent and Irish Paying Ag | 1,583.42 |
| Transaction Manager fees and Liabilities | 9,145.03 |
| Audit Fees | 5,148.00 |
| Corporate Services Provider fees and Liabilities | 16,335.00 |
| | <u>32,211.45</u> |

(Amounts in Euro)

6. Principal Distribution

IPD 17 May 2010

| | |
|--|----------------------|
| Available Principal Distribution Amount | |
| Unit Distribution - Principal Component | 15,271,670.37 |
| Available Interest Distribution Amount used to reduce PDL's | 2,550,486.03 |
| Residual Principal Component re. previous period | 573.80 |
| Less Principal Recoveries (to the extent of a debit balance recorded on the PDL) | 491,735.78 |
| Less, Principal Draw Amount | 0.00 |
| Total Available Principal Distribution Amount | 17,330,994.42 |
| Pre-Enforcement Principal Payment Priorities | |
| Pro-Rata Test Satisfied (TRUE/FALSE) | TRUE |
| Where the Pro-Rata Test has been satisfied, payment of: | |
| Principal Amount Outstanding of Class A Notes (see detail below) | 16,094,130.00 |
| Principal Amount Outstanding of Class B Notes | 483,435.00 |
| Principal Amount Outstanding of Class C Notes | 225,603.00 |
| Principal Amount Outstanding of Class D Notes | 526,407.00 |
| Total Pre-Enforcement Principal Payment Priorities | 17,329,575.00 |
| | |
| Total Available Principal Distribution Amount | 16,095,533.06 |
| Number of outstanding Class A Notes | 141,375 |
| Class A Notes Principal Payment - per Note | 113.84 |
| Class A Notes Principal Payment | 16,094,130.00 |
| Residual Principal Component due to rounding | 1,403.06 |
| | |
| Total Available Principal Distribution Amount | 483,441.40 |
| Number of outstanding Class B Notes | 3,375 |
| Class B Notes Principal Payment - per Note | 143.24 |
| Class B Notes Principal Payment | 483,435.00 |
| Residual Principal Component due to rounding | 6.40 |
| | |
| Total Available Principal Distribution Amount | 225,605.99 |
| Number of outstanding Class C Notes | 1,575 |
| Class C Notes Principal Payment - per Note | 143.24 |
| Class C Notes Principal Payment | 225,603.00 |
| Residual Principal Component due to rounding | 2.99 |
| | |
| Total Available Principal Distribution Amount | 526,413.97 |
| Number of outstanding Class D Notes | 3,675 |
| Class D Notes Principal Payment - per Note | 143.24 |
| Class D Notes Principal Payment | 526,407.00 |
| Residual Principal Component due to rounding | 6.97 |

(Amounts in Euro)

| 7. Cash Reserve Account | IPD 17 May 2010 |
|--|--------------------------|
| Opening Balance | <u>13,500,000.00</u> |
| Additions to Cash Reserve Account | |
| Class E Notes Proceeds (excl. Unit Purchase Amount) | 0.00 |
| Replenishment of the Cash Reserve Account | 0.00 |
| Interest accrued on Issuer Cash Reserve Account | <u>17,813.25</u> |
| | <u>17,813.25</u> |
| Deductions from Cash Reserve Account | |
| Cash Reserve Drawing | 0.00 |
| Cash Reserve Release Amount | 480,372.93 |
| Interest on Issuer Cash Reserve Account tansf. to Issuer Account | <u>17,813.25</u> |
| | <u>498,186.18</u> |
| Closing Balance | <u>13,019,627.07</u> |
| Cash Reserve Account Required Balance | 13,019,627.07 |

(Amounts in Euro)

8. Contacts

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