

Company Name: **Ulysses (European Loan Conduit No. 27) PLC**

Headline: **Notice**

RNS Number:  
Ulysses (European Loan Conduit No. 27) PLC

22 May 2012

**Ulysses (European Loan Conduit No. 27) plc (the "Issuer")**

**£249,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017**  
**£76,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017**  
**£48,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017**  
**£45,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017**  
**£11,000,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2017**

Being together, the **"Notes"**

The Notes are admitted to the official list of the Irish Stock Exchange Limited and to trading on its regulated market.

Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation together with Implementing Directive 2003/124/EC (as implemented in Ireland by the Market Abuse (Directive 2003/6/EC) Regulations 2005) requires disclosure of inside information relating to the Notes.

Defined terms used and not otherwise defined herein have the meaning ascribed to them in the Ulysses (European Loan Conduit No. 27) PLC Offering Circular dated 5 July 2007.

**Termination of Restructuring Discussions**

The RIS notification published by the Issuer dated 19 October 2011 stated that the loan sponsor, the Servicer and their respective advisers had entered into initial discussions in relation to a potential restructuring proposal. A further RIS notification published by the Issuer dated 23 January 2012 stated that the Servicer had entered into a standstill agreement and that the restructuring discussions remained ongoing. Other participants who subsequently joined these discussions included certain Noteholders, representing in excess of 75% of each Class of the Notes, who each agreed to be restricted from trading for a period of time, (the **"Restricted Noteholders"**) and the holder of the Subordinated Tranches of the Whole Loan.

On 18 May 2012 the Borrower confirmed to the Special Servicer that it is no longer in discussions with any party to restructure the Whole Loan and certain relevant information should be released to the market.

The Special Servicer has therefore informed the Issuer that it will continue to consider all options to maximise value on behalf of the secured creditors in accordance with the Servicing Standard. The Borrower has indicated its willingness to continue to work with the Special Servicer in this context and continues to manage the Property in the immediate term. Further updates will be communicated in due course.

**Disclosure of non-public information**

Accordingly certain relevant information provided to the Restricted Noteholders is available on Bloomberg at "EURO 27X A mtge CF <GO>" and is contained in the appendix to this notice.

**Further Information**

For queries relating to the above please contact: [msms-investors@morganstanley.com](mailto:msms-investors@morganstanley.com)

This Notice is issued by

Ulysses (European Loan Conduit No. 27) PLC  
35 Great St. Helen's  
London EC3A 6AP

## APPENDIX

### Information



## **Ulysses (ELoC No. 27) PLC**

Disclosure of certain non-public  
information

21 May 2012

# Disclaimer

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This document sets out certain information in relation to the £429 million senior loan (the “**Securitised Loan**”), the £33 million senior B loan (the “**Senior B Loan**”) and the £76 million junior loan (the “**Junior Loan**” and together with the Senior B Loan and the Securitised Loan, the “**Whole Loan**”) made to CityPoint Holdings I Limited (the “**Borrower**”) secured by CityPoint, 1 Ropemaker Street, London EC2V 0HR (the “**Property**”) in the context of a proposal received by Beacon Capital Partners LLC (“**Beacon**” and together with MetLife Property Ventures LLC (the “**Sponsors**”)) to restructure the Whole Loan and the £429 million commercial mortgage backed floating rate notes due 2017 issued by Ulysses (European Loan Conduit No. 27) PLC. Unless otherwise defined herein, all capitalised terms used in this presentation shall have the meaning ascribed to them in the Ulysses (European Loan Conduit No. 27) PLC offering circular dated 5 July 2007 (the “**Offering Circular**” or “**OC**”).

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The Borrower and Beacon have provided certain financial information in relation to the Property and the Leases (the “**Borrower Information**”) used in certain illustrative scenarios herein. Under the terms of the Loan Agreement, it is a Loan Default if any statement made in any document delivered by the Borrower under or in connection with the Loan Agreement is incorrect in any material respect (subject to a remedy period as set out in the Loan Agreement). Certain information has been provided by Knight Frank LLP (the “**Knight Frank Information**”).

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# Disclaimer

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All Knight Frank LLP slides were prepared 11 January 2012 and have not been updated in the interim.



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# **Knight Frank LLP Property Information**

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# Illustrative Asset Management Strategy

## Illustrative Asset Management Strategy

- I. Refurbish and re-let currently vacant space (current)**
- II. Capex to maintain / improve property value (pre 2014)**
  - Entrance Hall & Plaza refurbishment (c.£3 million)
  - Building services and common areas (c.£ 3 million)
- III. Income / lease management (post 2015)**
  - Re-gear or extend key leases with material breaks
  - Refurbish and re-let vacated space where breaks are exercised or maturities occur
  - Capture rent uplifts in rent reviews

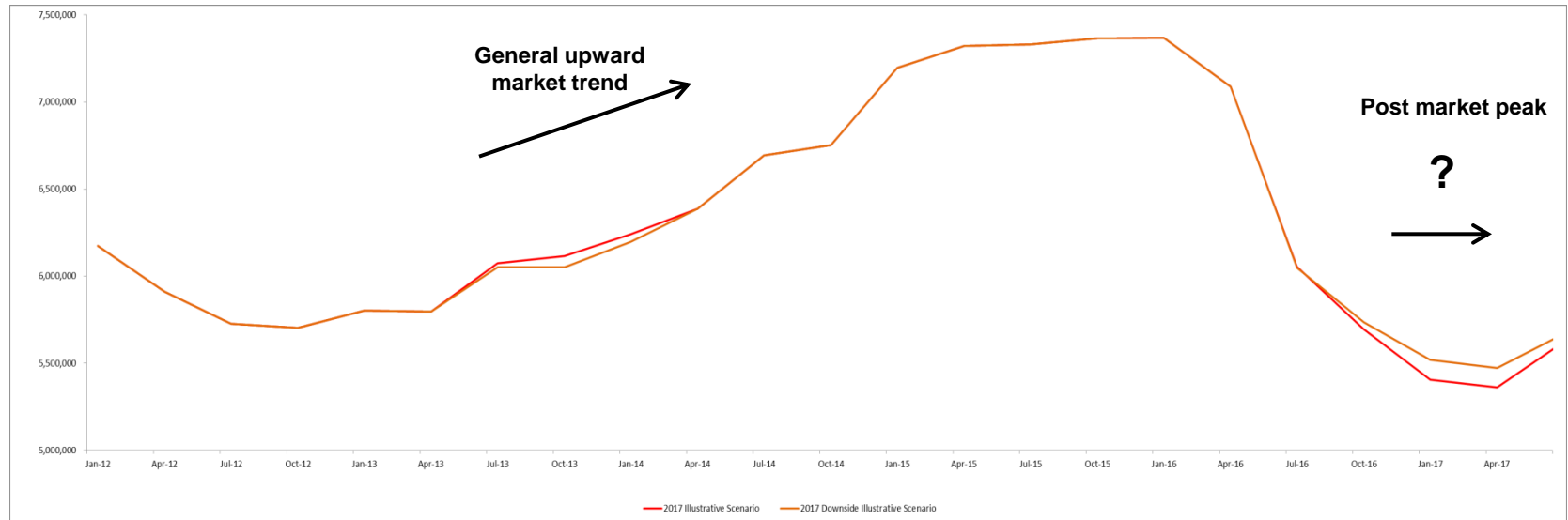
## Capital Expenditure Plan

Expenditure	2012	2013	2014	2015	2016	2017	TOTAL
Building Improvements - Entrance	3.0m	-	-	-	-	-	3.0m
Building Improvements - Remainder	1.1m	1.2m	0.7m	-	-	-	3.0m
Tenant Improvements, Regears and Commissions	3.7m	0.4m	0.7m	-	7.6m	2.5m	14.9m
<b>Annual Capital Expenditure</b>	<b>7.8m</b>	<b>1.6m</b>	<b>1.4m</b>	<b>-</b>	<b>7.6m</b>	<b>2.5m</b>	<b>20.9m</b>

# Illustrative NOI



## Net Operating Income Comparison



### July 2014:

- A sale during this period is selling into what Knight Frank expect to be a rising market, and in the expectation that a number of key asset management initiatives (i.e. re-letting upper floors, implementing capital expenditure and improvement programmes and some smaller re-gears) have been undertaken.

### Post July 2014:

- Some increased market risk as the sale is expected to take place when Knight Frank project most rental growth to have already happened, but does allow further time to complete the key outstanding asset management initiatives.



# Exit assumptions

EXIT ASSUMPTIONS	Knight Frank 2017 Scenario	Knight Frank 2017 Scenario (downside)	Knight Frank Recommended Scenario
Exit Date	20/07/2017	20/07/2017	20/07/2014
Net Initial Yield on Exit	5.81%	6.57%	5.81%
Net Proceeds	£511,013,024	£386,816,772	£491,684,076
(per sq ft)	£726	£550	£699

## Commentary

- Market risks consistent with Illustrative Business Plan
- Again value very dependent on achieving tenant re-gears
- Paired back exit assumptions and therefore price achieved
- Weaker exit yield to reflect lack of tenant re-gears
- Assumes other re-gears have been completed
- Lower price reflects reduced lease profile at exit
- Price not dependent on tenant re-gears – maximise existing income and carry out re-letting of tower floors
- Captures the most positive market sentiment
- Lower capital expenditure and asset management required



# Hedging Information

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# Hedging Information

## Hedging Mark to Market

- The Securitised Loan and the Subordinated Tranches are hedged by long dated interest rate swaps maturing in July 2017 (3 years after loan maturity), with a fixed rate of 5.385%
- Swap payments rank senior to payments of interest and principal on both the Securitised Loan and Subordinated Tranches
- Swap valuations are as follows:

Swap mark to market	6 January 2012	19 April 2012
Securitised Loan	£(95.0)m	£(89.4)m
Subordinated Tranches	£(23.5)m	£(22.1)m
<b>Total Swap mark to market</b>	<b>£(118.5)m</b>	<b>£(111.5)m</b>

Source: Morgan Stanley & Co International plc

## Citypoint Disclosure – 21<sup>st</sup> May 2012

Since November 2011 CityPoint Holdings I Limited (the “**Borrower**”) and certain of its affiliates and advisers have been in discussions with certain investors (the “**Restricted Noteholders**”) in notes issued by Ulysses (European Loan Conduit No. 27) PLC (the “**Issuer**”) and with the junior lender in relation to the potential restructuring of the financing currently securing the CityPoint property at 1 Ropemaker Street, London.

The proposed restructuring included, *inter alia*, the following amendments and concepts:

- An extension of the maturity of the underlying loan and the notes issued by the Issuer
- Certain margin step-ups to in-the-money noteholders
- The provision of a partially-subordinated capex facility by affiliates of the Borrower
- The provision of a new interest shortfall facility to cover shortfalls in debt service on the loan
- The recovery of certain upfront restructuring expenses and a return thereon by the Borrower’s affiliates via a performance-related exit fee arrangement
- An asset management plan focused on significant capex investment (including to the entrance hall and common areas), together with the active asset management of current vacancy and lease rollover of key tenants

Following the expiry of the standstill agreement on the financing, the Borrower and its affiliates confirm that there are no active conversations ongoing with the Restricted Noteholders and the junior lender, and the information below is being made public in light of those circumstances.

### Information previously provided to Restricted Noteholders

All figures in GBP unless otherwise stated

#### Lease Rollover as at 14<sup>th</sup> November 2011

Current Vacant Space	Floor	SF	Comments	
	Part 31 <sup>st</sup>	6,406		
	30 <sup>th</sup>	12,851		
	29 <sup>th</sup>	12,842		
	28 <sup>th</sup>	12,790	Howrey LLP Floor (tenant dissolved LLP)	
	27 <sup>th</sup>	12,783	Stemcor Floor (Surrender 12/11/11)	
	<b>Total</b>	<b>57,672</b>	<b>(8% of Building)</b>	
Current Sublease Availability	Floor	SF	Comments	
	Part 31 <sup>st</sup>	6,400	Macquarie (not in occupancy)	
	25 <sup>th</sup>	12,500	Whitbread (not in occupancy)	
	6 <sup>th</sup> and 8 <sup>th</sup>	62,000	Simmons & Simmons (not in occupancy)	
	<b>Total</b>	<b>80,900</b>	<b>(11.5% of Building)</b>	
Material Lease Expirations	Year	Floor	Tenant	SF
	2016	32 <sup>nd</sup> and 33 <sup>rd</sup>	V & E	25,932
		Part 31 <sup>st</sup>	Macquarie	6,396
		16 <sup>th</sup> -18 <sup>th</sup>	NYK Lines	36,483
		11 <sup>th</sup>	Macquarie	15,999
		<b>Total</b>		<b>84,810</b>
				<b>(12% of Building)</b>
Tenant Break Clauses (2011-2018)	Year	Floor	Tenant	SF
	2016	25 <sup>th</sup>	Whitbread	12,566
		23 <sup>rd</sup> and 24 <sup>th</sup>	Cravath	25,181
	2017	19 <sup>th</sup> -22 <sup>nd</sup>	Simpson Thatcher	49,900
		<b>Total</b>		<b>87,647</b>
				<b>(13% of Building)</b>

#### Capex identified by Sponsor through to 2018 as per 4<sup>th</sup> January 2012 Model

Entrance hall/plaza works: £3MM in 2012/2013

Building services and common areas: £3MM in 2012/2013

Tenant Improvements, Leasing Commissions and Re-gearing and Capital Reserves: £15.7MM (through to 2018)

## Tenancy Schedule provided to Restricted Noteholders as per January 2012

Rentroll as at October 2011						
Level	Lease Tenant	Office Area (sqft)	Ancillary Area (Sqft)	Total Passing Rent	Lease Expiry	Next Break (on any part)
34-36	Stemcor Holdings Ltd	28,918	1,459	1,680,359	26/06/2026	
33-32	V&E (Nominees) Ltd	25,932	1,530	1,786,740	10/05/2016	
31 East	MacQuarie Group Services Australia Pty Ltd (UK)	6,396	0	339,000	23/06/2016	
29-31 West	VACANT	32,099	918	0		
28	Howrey	12,790	1,700	806,450	31/03/2011	
27	VACANT	12,783	1,447	0		
26	Janus Capital International Ltd	12,389		705,784	17/12/2025	18/06/2018
25	Whitbread plc	12,566	1,130	633,663	24/06/2025	15/08/2016
23-24	Cravath Swaine & Moore LLP	25,181	944	1,379,383	23/06/2025	06/10/2016
19-22	Simpson Thacher & Bartlett LLP	49,900	3,369	2,561,868	28/09/2020	29/03/2017
16-18	NYK Group Europe Limited	36,483	1,812	1,273,571	31/05/2016	
12-15	London CityPoint Centre Limited t/a Regus	28,750	0	1,032,500	27/09/2020	13/04/2013
11	MacQuarie Group Services Australia Pty Ltd (UK)	15,999		999,937	31/07/2016	
9-10	London CityPoint Centre Limited t/a Regus	34,750		1,238,750	27/09/2020	
1-8	Sands Services Company (No2) t/a Simmons & Simmons	255,321	28,073	11,129,167	24/03/2025	25/03/2020
Mgmt Office	City Point( Jersey) Unit Trust	1,466		23,000		
Subtotal		591,723	42,382	25,590,172		
Retail				1,276,025		
Total Rent		591,723	42,382	26,866,197		
Less:	Howrey rent			(806,450)		
	Stemcor Rent Free			(1,680,359)		
	Irrecoverable Operating Expenses			(1,926,260)		
Estimated 2012 NOI				22,453,128		

Note: Total Passing Rent includes contribution from ancillary space and office space and circa 66,307 Sqft of retail space

## Other Miscellaneous Information provided

Estimated whole loan swap MTM at 10<sup>th</sup> November 2011: £104,189,000

Estimated whole loan swap MTM as at 27<sup>th</sup> January 2012: £115,051,438

Running JPUT Structure Costs: ca £400,000 per annum

Post-restructuring Net Disposal Proceeds assuming an exit in 2017: £570MM