

**Equinox (Eclipse 2006-1) Plc
Quarterly Surveillance Report for the
Collection Period
26 January 2020 – 25 April 2020
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Deal Overview

Deal Overview

The transaction originally consisted of thirteen loans totalling £401.36m, secured by one hundred and thirty six properties and originated by Barclays Bank PLC.

The loans varied in size from £3.89m to £83.18m with a weighted average of £52.72m and they similarly varied from single asset/single tenant to multi asset/multi-tenant. All but one of the loans have since been prepaid or liquidated.

The one remaining loan (the Ashbourne Portfolio A loan), originally of £79.94m, is a super-senior portion of the senior tranche of the Ashbourne Portfolio Whole Loan that also has two further senior tranches, a mezzanine tranche and a junior tranche.

Link Asset Services acts as both Primary and Special Servicer to the Issuer.

Special Servicing

Ashbourne Portfolio A Loan
Loan balance at cut-off £79,944,421
Current loan balance: £66,981,084

Special Servicing

Investors will find the most recent update to noteholders via the links in the table below:

<u>Date</u>	
20 May 2020	https://direct.euronext.com/AnnouncementRNSDetails.aspx?id=14547984

The contents of the most recent update are substantially as follows:

Update on the Strategy for the Portfolio

Of the trading care homes initially marketed in the Summer of 2019, five homes have now been sold, with a further four homes currently in legal documentation.

The marketing process for the sale of the further fifteen trading care homes which commenced in Autumn 2019 has been concluded and the Propcos and the Special Servicer have reviewed the final offers in conjunction with the agent.

Prior to the Covid-19 pandemic, offers had been accepted on twelve of the fifteen care homes.

Subsequently, three of these offers were withdrawn, with the remainder in various states of progress, as the buyers have had to focus on their existing care homes, in light of the on-going challenges within the care home sector.

As these offers progress, the Special Servicer will update noteholders accordingly.

Ultimately, it is the intention of the Special Servicer, working with the Asset Manager and the Operator to continue preparing batches of trading homes for future marketing for sale so that eventually the entire portfolio is sold and recoveries made for the Lenders.

Covid-19

An update on the effects the current Coronavirus outbreak is having on the UK-mainland and Northern Ireland operations is included in the respective trading updates set out in Schedule 1 of the notice.

In terms of the effects on the disposal strategy, the lock-down of the care home sector and specifically the Larchwood Care business, has resulted in any non-essential visits being prohibited.

This in turn means that no visits by buyers advisors (e.g. valuers) are currently permitted and hence, the anticipated timeframes for progressing the current offers are expected to be elongated as a consequence.

In addition, it is unclear as to the effect the current pandemic will have on the various regulators and their ability to respond to applications from buyers to change the registration of the care homes.

UK-mainland portfolio

Closed properties

Currently, there are 5 closed properties remaining of which:

- one exchanged contracts on a conditional basis, subject to the purchaser obtaining a satisfactory planning consent (Warren Park), which has now been satisfied. A period of c.5 months has to elapse from exchange to allow for any form of judicial review and for certain ground investigations to be concluded, in advance of completion occurring.
- three (Copper Beeches, Heathmount and Silver Birches, situated on the same site); and
- one Mountwood situated on a separate site

are currently being evaluated for possible alternative use including residential redevelopment.

A “pre-app” request has been submitted to the local planning authority in relation to the redevelopment of the site upon which the Copper Beeches, Heathmount and Silver Birches properties are situated, the outcome of which is awaited.

A “pre-app” request has also been submitted to the local planning authority for the residential redevelopment of the Mountwood site and a meeting has been arranged with the planners to hear of their response.

Below is a summary of the number of closed care homes remaining in the Ashbourne portfolio.

<u>Status</u>	<u>Location</u>	<u>No of homes</u>	<u>For sale</u>	<u>%age for sale</u>	<u>Offer Accepted</u>	<u>In the legal process</u>	<u>Contracts Exchanged</u>
Closed	England	4	0	0%	0	0	0

“	Scotland	<u>1</u>	<u>1</u>	<u>100%</u>	<u>1</u>	<u>0</u>	<u>1</u>
		<u>5</u>	<u>1</u>	<u>20%</u>	<u>1</u>	<u>0</u>	<u>1</u>

As the sales processes for the remaining closed properties develop toward a conclusion, the Special Servicer will update noteholders accordingly.

Trading care homes

Following the sale of five care homes, currently there are twenty two homes being marketed for sale or are in legal documentation following a marketing process.

Of these twenty two, twelve homes are currently in the legal process.

Below is a summary of the number of trading care homes remaining in the Ashbourne portfolio.

<u>Status</u>	<u>Location</u>	<u>No of homes</u>	<u>For sale</u>	<u>%age for sale</u>	<u>Offer Accepted</u>	<u>In the legal process</u>	<u>Contracts Exchanged</u>
Trading	England	<u>37</u>	<u>12</u>	<u>32%</u>	<u>10</u>	<u>9</u>	<u>2</u>
“	Scotland	<u>6</u>	<u>1</u>	<u>17%</u>	<u>1</u>	<u>1</u>	<u>0</u>
“	Wales	<u>2</u>	<u>2</u>	<u>100%</u>	<u>2</u>	<u>2</u>	<u>0</u>
“	NI	<u>7</u>	<u>7</u>	<u>100%</u>	<u>7</u>	<u>0</u>	<u>0</u>
	Total	<u>52</u>	<u>22</u>	<u>42%</u>	<u>20</u>	<u>12</u>	<u>2</u>

The Special Servicer has chosen not to identify such assets so as not to detract from the future trading and marketing for sale of such businesses, however it will update noteholders as the various disposal processes develop.

For those trading homes that are in the course of legal documentation, approval will be required from the relevant regulator for the proposed change of registration to the proposed new owner, with the latter typically taking between 12 - 24 weeks to conclude.

As the sales processes for the remaining trading care homes develop toward a conclusion, the Special Servicer will update noteholders accordingly.

Northern Ireland portfolio

As previously disclosed, the sale of the Northern Ireland business has been placed on hold, pending the resolution of the issue that arose last year.

Currently it is unclear how long the suspension of the sale will be, however progress is being made to resolve the issue and the Special Servicer will update noteholders further in due course as matters develop.

For the avoidance of doubt (and as outlined in the latest trading statement in Schedule 1), the Northern Ireland business performance continues to be positive and all stakeholders including the preferred bidder remain committed to concluding a transaction as soon as practicable.

As the sale develops, the Special Servicer will update noteholders accordingly.

Larchwood portfolio summary

Below is a summary of the number of care homes remaining in the Ashbourne portfolio, their status (e.g. Closed or Trading) and the number of properties currently being marketed for sale.

<u>Status</u>	<u>Location</u>	<u>No of homes</u>	<u>For sale</u>	<u>%age for sale</u>	<u>Offer Accepted</u>	<u>In the legal process</u>	<u>Contracts Exchanged</u>
Closed	England	4	0	0%	0	0	0
“	Scotland	1	1	100%	1	1	1
		5	1	20%	1	1	1
<p>NB – the 4 remaining closed homes in England (3 of which are situated on the same site) are currently the subject of “pre-app” planning proposals, to maximise recoveries from a future sale of them, as they provide residential and commercial redevelopment opportunities.</p>							
<u>Status</u>	<u>Location</u>	<u>No of homes</u>	<u>For sale</u>	<u>%age for sale</u>	<u>Offer Accepted</u>	<u>In the legal process</u>	<u>Contracts Exchanged</u>
Trading	England	37	12	32%	10	9	2
“	Scotland	6	1	17%	1	1	0
“	Wales	2	2	100%	2	2	0
“	NI	7	7	100%	7	0	0
	Total	52	22	42%	20	12	2
	Total	57	23	40%	21	13	3

FURTHER UPDATES

The Special Servicer continues to evaluate various options in relation to maximising recoveries under the Priority A Loan. The Special Servicer will continue to update the Issuer as the process develops.

Contact Details

For any questions, please contact:

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Link to the Deal Summary Report

<http://loans.linkassetservices.com>

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