

Hercules (Eclipse 2006-4) Plc
Quarterly Surveillance Report for the
Collection Period
26 April 2021 – 25 July 2021
Issue Date: 13 August 2021

Content

INDEX

1. Deal Overview	3
2. Special Servicing	4
3. Contact Details	7
4. Link to Deal Summary Report	7
5. Disclaimer	8

Special Servicing

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.

BCMGlobal acts as both Primary and Special Servicer to the Issuer.

Ashbourne Portfolio A Loan
Loan balance at cut-off £79,944,421
Current loan balance: £56,098,030

Special Servicing

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

<u>Date</u>	
12 August 2021	hercules-eclipse-2006-4-ris-notice-2021-08-12.pdf (bcmglobal.com)

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 2019, fourteen homes have now been sold.

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) have been permitted and hence, the anticipated timeframes for progressing the current offers were elongated as a consequence.

As the restrictions ease further to permit more widespread, third-party access to the properties, it is the intention to market further care homes for sale during this year.

UK-mainland portfolio

Closed properties

Currently, there are three closed properties remaining namely:

- three (Copper Beeches, Heathmount and Silver Birches, situated on the same site) and following the receipt of the "pre-app" response from the planners on the site, a data-room has been established for use in the sale of the properties and a sales agent has been engaged to undertake the marketing for sale of the site.

Marketing of the three-property site has now been completed and an offer has been accepted.

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	<u>3</u>	3	100%	3	3	0

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 completion of the various sales, currently there is one care homes that having been marketed for sale, is now in legal documentation.

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>29</u>	7	24%	2	1	0
"	Scotland	<u>6</u>	1	17%	0	0	0
"	NI	<u>7</u>	7	100%	<u>0</u>	<u>0</u>	<u>0</u>
	Total	42	15	36%	2	1	0

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 up to 26 weeks to conclude.

In light of a material easing of the restrictions of entry into care homes more generally, the Special Servicer discussed with the Asset Manager and the Operator, the possibility of commencing the marketing of a further batch of care homes.

Following this review, six homes located in England have been selected for disposal and a sales agent has been engaged to undertake the marketing for sale of the six homes, with initially five being marketed, as one of the homes is first to be closed.

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

Northern Ireland portfolio

A sales agent is currently engaged in the marketing for sale of the seven homes.

Contact Details

As the marketing process 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	3	3	100%	3	3	0
<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	29	7	24%	2	1	0
"	Scotland	6	1	17%	0	0	0
"	NI	7	7	100%	0	0	0
	Total	42	15	36%	2	1	0
	Total	45	18	40%	5	4	0

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.

For any questions, please contact:

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Link to the Deal Summary Report
[Investor relations \(bcmglobal.com\)](https://www.bcmglobal.com)

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