

Hercules (Eclipse 2006-4) Plc
Quarterly Surveillance Report for the
Collection Period
26 October 2021 – 25 January 2022
Issue Date: 2nd March 2022

Content

INDEX

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

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.

BCMGlobal 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: £53,666,098.42

Special Servicing

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

| <u>Date</u> | |
|------------------|--|
| 16 February 2022 | hercules-eclipse-2006-4-2022-02-16.pdf (bcmglobal.com) |
| | |

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

Update on the Strategy for the Portfolio

To date, since the launch of the piecemeal disposal strategy for the portfolio, sixteen properties marketed as trading care homes have now been sold.

In addition, fourteen properties marketed as closed care 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 during 2020/21, resulted in any non-essential visits being prohibited.

This in turn meant that no visits by buyers' advisors (e.g. valuers) were permitted and hence, the anticipated timeframes for progressing the sales were elongated as a consequence.

As the restrictions have eased, this has enabled the Operators to permit more widespread, third-party access to the properties and this easing supports the continued intention to market further care homes for sale in the next 12 months.

UK-mainland portfolio

Closed properties

Currently, there are five 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 was completed and an offer accepted. Subsequently, the proximity of Japanese knotweed close to the boundary of the site (& the neighbouring property) precluded the buyer from progressing matters and they withdrew their offer.

Whilst the presence of the knotweed has historically been managed by a specialist contractor, it is now to be aggressively treated and where possible removed, such that it will permit the re-marketing of the site to commence within the next 3 months.

- a closed care home located in Droitwich that was deemed uneconomic to continue operating and has potential “alternative use” opportunities that could provide enhanced recoveries in a future sale process.

This property is currently being reviewed for possible residential redevelopment options, in advance of being marketed for sale.

- a closed care home located in Huddersfield that was deemed uneconomic to continue operating and which is now being marketed for sale.

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 | 5 | 1 | 20% | 0 | 0 | 0 |
| | | | | | | | |

Once the marketing processes have been launched and the sale of the 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 are thirteen care homes that having been marketed for sale, are 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 | 26 | 9 | 35% | 5 | 5 | 1 |
| " | Scotland | 6 | 1 | 17% | 1 | 1 | 0 |
| " | NI | 7 | 7 | 100% | 7 | 7 | 0 |
| | Total | 39 | 17 | 44% | 13 | 13 | 1 |

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 taking up to 26 weeks to conclude.

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

Going forward, the Special Servicer in conjunction with the Asset Manager and the Operator, will continue to select further batches of care homes to be assessed for possible disposal and thereafter placed with a sales agent for marketing.

Northern Ireland portfolio

Following the conclusion of the marketing process, the primary bidders completed visits to the care homes, to enable them to refine and ultimately finalise their bids.

Following receipt of best & final bids, a preferred bidder was selected to proceed to the second phase of due diligence, toward eventually completing the acquisition of the portfolio.

As the sale 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 | 5 | 1 | 20% | 0 | 0 | 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 | 26 | 9 | 35% | 5 | 5 | 1 |
| " | Scotland | 6 | 1 | 17% | 1 | 1 | 0 |
| " | NI | 7 | 7 | 100% | 7 | 7 | 0 |
| | Total | 39 | 17 | 44% | 13 | 13 | 1 |
| | | | | | | | |
| | Total | 44 | 18 | 41% | 13 | 13 | 1 |

Contact Details

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:

Rob Hook
Senior Asset Manager
BCMGlobal
6th Floor, 65 Gresham Street,
London EC2V 7NQ

rob.hook@bcmglobal.com

Link to the Deal Summary Report
[Investor relations \(bcmglobal.com\)](#)

Disclaimer

Unless otherwise noted, this document has been prepared by BCMGlobal trading as BCMGlobal ASI Limited or one of its affiliated companies (collectively referred to as "BCMGlobal"), acting as Primary Servicer and/or Special Servicer (collectively referred to as "the Servicer") in relation to Hercules (Eclipse 2006-4) PLC.

With respect to documents that have been issued as a RIS Notice, such documents have been issued by the issuer of the notes and have not necessarily been prepared by the Servicer. Deal Summary, CMSA and Asset Surveillance reports will not generally be issued as RIS Notices.

This document is provided for information purposes to holders of the relevant notes from time to time and prospective investors who may lawfully receive, and have read, the prospectus for such notes. The information contained herein must be read in conjunction with, and is qualified by, such prospectus. This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, country, state or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

The document does not constitute any form of commitment, advice or recommendation on the part of BCMGlobal or its officers, affiliates, advisors, agents or representatives in relation to any transaction. Nothing in any of the documents on this site constitutes any promotion in respect of any invitation, endorsement or offer to invest in any securities in any jurisdiction. The document is not intended to represent an offer of securities for sale in the United States or to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act").

BCMGlobal does not offer or purports to offer investment, tax, regulatory, accounting or legal advice and these documents should not and cannot be relied upon as such.

Neither BCMGlobal, nor any officer or employee thereof of BCMGlobal or any affiliate accepts any liability whatsoever for any direct or consequential losses arising from any use of information contained herein, including, without limitation, the reliance on any information, data or model, or the use of the documents in the preparation of your financial books and records. You must rely solely on your own examinations of the prospectus for the relevant notes, and consult your own investment, tax, regulatory, accounting or legal advisors prior to making any investment decisions or taking any other action relating to the information contained on this document.

Certain information contained in this document is derived from information provided to or obtained by the Servicer from third parties, including the relevant cash managers. BCMGlobal has not independently verified any of such information. Accordingly, BCMGlobal does not guarantee or provide any warranties as to their accuracy or completeness and they should not be relied upon as such.

BCMGlobal does not purport that the information contained in this document is all-inclusive or contains all of the information that an investor may require to make a full analysis of the relevant notes. Each recipient of this document must make its own independent investigation and analysis of the information and the notes and its own determination of the suitability of any investment in the relevant notes, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment and on such other information and advice from its own legal, accounting and tax advisers as it deems relevant and without reliance on the document.

Any modelling or back-testing included is not an indication as to future performance of the applicable notes. No representation is made by BCMGlobal as to the reasonableness of the assumptions made within or the accuracy or completeness of any modelling or back-testing contained herein.

BCMGlobal ASI Limited trading as BCMGlobal is regulated by the Central Bank of Ireland under the Investment Intermediaries Act, 1995. It is registered in Ireland with Company Registration number 315348.

The document or information contained herein (whether in whole or in part) may not be reproduced, distributed or transmitted to any other person or incorporated into another document or other material without the prior written permission of BCMGlobal.