

Hercules (Eclipse 2006-4) Plc
Quarterly Surveillance Report for the
Collection Period
26 July 2021 – 25 October 2021
Issue Date: 30 November 2021

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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.

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: £53,684,614

Special Servicing

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

<u>Date</u>	
18 November 2021	hercules-eclipse-2006-4-ris-notice-2021-11-18.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, fifteen 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 has meant that no visits by buyers' advisors (e.g. valuers) have been 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.

- two recently closed care homes located in Droitwich and Huddersfield that were deemed uneconomic to continue operating and also have potential “alternative use” opportunities that could provide enhanced recoveries in a future sale process.

These properties are currently being reviewed for possible residential redevelopment options, in advance of 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	0	0%	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 four 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	6	23%	4	3	1
“	Scotland	6	1	17%	1	1	0

“	NI	<u>7</u>	<u>7</u>	<u>100%</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	39	14	36%	5	4	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 typically 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

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

Initial interest has been constructive and the sales agent has been instructed to arrange visits to the care homes for the primary bidders, so that they may refine and finalise their bids in due course.

As the marketing process develops including with initial offers, 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	0	0%	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	6	23%	4	3	1
“	Scotland	6	1	17%	1	1	0
“	NI	<u>7</u>	<u>7</u>	<u>100%</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	39	14	36%	5	4	1
	Total	44	14	32%	5	4	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:

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

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