

Hercules (Eclipse 2006-4) Plc
Quarterly Surveillance Report for the
Collection Period
26 April 2023 – 25 July 2023
Issue Date: 12th September 2023

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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: £45,786,485.86

Special Servicing

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

Date	
11 August 2023	BCMGlobal.com/Hercules-Eclipse-2006-4-RIS-notice-2023-08-11.pdf

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, twenty-seven properties marketed as trading care homes have now been sold.

In addition, sixteen properties marketed as closed care homes have now been sold.

Currently, eighteen trading care homes and five closed care homes are being marketed for sale.

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.

Based on the disposal process to date and the currently prevailing market and investor sentiment, the availability of debt and the regulatory approval timeframes being seen, it is estimated that the portfolio will be exited in full by November 2024.

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 coming 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 which are currently under offer and in the legal process
- a closed care home located in Huddersfield that was deemed uneconomic to continue operating and which having been marketed for sale, is currently under offer and in the legal process.
- a closed care home located near Glasgow that was deemed uneconomic to continue operating and which having been marketed for sale, is currently under offer and in the legal process.

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	4	100%	4	4	0
"	Scotland	<u>1</u>	<u>1</u>	<u>100%</u>	<u>1</u>	<u>1</u>	<u>0</u>
	Total	5	5	100%	5	5	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 two 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	15	6	47%	4	4	0
"	Scotland	4	0	100%	0	0	0
"	NI	<u>7</u>	<u>7</u>	<u>100%</u>	<u>7</u>	<u>7</u>	<u>0</u>
	Total	26	18	69%	11	11	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 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.

UK portfolio

In light of the progress made to date with the existing marketing processes, 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, two trading care homes located in England and the four trading care homes located in Scotland have been selected for disposal and a sales agent has been engaged to undertake the marketing for sale of the homes, which commenced in July 2023.

Ahead of the end of the summer period, the Special Servicer together with the Asset Manager and the Operator, will identify the next batch of care homes for disposal, toward launching such sales process in Q4.

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

Northern Ireland portfolio

Following on from the previous aborted sale process in 2021 (disclosed in previous updates) and upon review with the Operator, the Special Servicer and Asset Manager engaged a sales agent to market the portfolio for sale and marketing commenced in January 2023.

As part of the marketing process, the sales agent pursued some interest that had previously been expressed in the portfolio and a preferred bidder has been selected to purchase the portfolio, with the transaction in the legal process

The Northern Ireland portfolio continues to operate at consistently high levels of occupancy and EBITDARM generation, as evidenced by the most recent quarterly trading update herein.

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	4	100%	4	4	0
"	Scotland	<u>1</u>	<u>1</u>	<u>100%</u>	<u>1</u>	<u>1</u>	<u>0</u>
		5	5	100%	5	5	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	15	7	47%	4	4	01
"	Scotland	4	4	100%	0	0	0
"	NI	<u>7</u>	<u>7</u>	<u>100%</u>	<u>7</u>	<u>7</u>	<u>0</u>
	Total	26	18	69%	11	11	0

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 \(bcmglobal.com\)](https://www.bcmglobal.com)

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