

Hercules (Eclipse 2006-4) Plc
Quarterly Surveillance Report for the
Collection Period
26 October 2023 – 25 January 2024
Issue Date: 13th March 2024



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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: £36,860,162.36

Special Servicing

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

Date	
06 th February 2024	

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, thirty-six properties marketed as trading care homes have now been sold.

In addition, twenty-one properties marketed as closed care homes have now been sold.

Currently, nine trading care homes are being marketed for sale.

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 December 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 update 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.

Trading care homes

Following the completion of the various sales, currently there are eight 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	13	5	38%	5	5	1
"	Scotland	4	4	100%	3	3	0
	Total	17	9	53%	8	8	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, with prolonged re-registration periods likely to be experienced in the Scotland portfolio.

In light of the progress made to date with the existing marketing processes, the Special Servicer discussed with the Asset Manager and sales agent, the possibility of commencing the marketing of the remaining eight trading care homes located in England.

Following this review, the remaining eight trading care homes have been selected for disposal and a sales agent has been engaged to undertake the marketing for sale of the homes which is likely to commence in March 2024

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

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

<https://www.bcmglobal.com/investor-information/>

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