



The Stellar Dundee Hotel LP “the Fund” - Sale update

We are able to confirm that we have exchanged contracts in respect of the sale of the Holiday Inn Express, Dundee, owned by the Fund. Completion will take place in around two weeks’ time to facilitate the transfer of staff, licences, and various statutory permissions.

As we have sold an operational hotel business, the transaction will complete based on a fixed price for the asset plus the net assets/liabilities of the business as at the date of completion. The transaction is therefore subject to a true up process whereby the trade between exchange and completion will be accounted for.

Background

As you know the performance of the hotel and therefore the Fund has been substantially affected by increased competition and the general economic challenges over the last few years. In our last report, we advised that we had taken advice on how the Fund could continue to meet its obligations over the quieter winter months and we engaged in dialogue with the Fund’s lender, NatWest.

NatWest recommended a disposal of the property, and a sales agent was duly appointed, Enterprise Hospitality. The Fund received good interest to its marketing campaign and proceeded with its highest bidder, which was an all-cash offer.

Outcome

The sales proceeds will be sufficient to repay NatWest in full but after the payment of trade creditors, there will be no value ascribed to the Fund’s equity holders. We will report separately on amounts (where applicable) to the Fund’s 2013 and 2019 Loan Note holders.

Whilst this is a disappointing outcome, the situation could have been worse whenever NatWest enforced its security and potentially sold as a distressed asset.

In addition, investors are reminded that they have received monies during the life of the Fund which amount to the following.

Equity holders	23p in the pound
Original Loan Note holders	40p in the pound
2019 Loan Note holders	Nil

Timetable

Both parties are committed to having final completion accounts signed off in June 2025 and we are working to expedite this process. If the final position notes a value that is less than what has been paid by the buyer, then we will need to pay the buyer the difference. Likewise, if the final position as of completion is higher than what has been paid to us, the buyer will pay us the difference.

The contract provides for completion of the transaction by the end of May 2025 and is conditional on a small number of factors. One, the transfer of the premises licence, is out of our hands and is with the local council and therefore this date may not be met. We will continue to manage this process.



Once we have final completion accounts signed off, we will write to you again to confirm final return numbers and amounts due (where applicable) to the Fund's 2013 and 2019 Loan Note holders.

Next Steps

Our team will continue to ensure that you are kept updated with developments. In the meantime, if you have any queries or require any further assistance, please do not hesitate to contact our Client Services team at 020 3195 3500 or email enquiries@stellar-am.com.

Yours sincerely

Glen Halley

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