

## INVESTMENT STRATEGY

Stellar Estate Planning Service intends to acquire either freehold or long leasehold interests in under-valued and under-performing hotels primarily in key strategic locations outside of London where opportunities exist to rebrand and/or reposition hotels to generate strong trading revenues and potentially significant uplift in capital value.

Our partners, Hetherley Asset Management Limited (Hetherley), have a proven track record in originating and completing hotel acquisitions in the UK and will provide a comprehensive service to include deal origination, the provision of debt finance and, post acquisition, managing the hotels. The hotels will typically benefit from a franchise agreement with a branded hotel chain and will be run day-to-day by local staff overseen by an experienced hotel management company such as Interstate Hotels and Resorts Inc.

## RETURNS FROM HOTELS

Well managed hotels will generate good levels of income which, over time, should increase through both efficient management and price inflation. We believe that these improvements should lead to increases in capital values as hotels normally change hands on multiples of profits.

### A CASE STUDY

The Holiday Inn Express, Leeds Armouries, a hotel that is typical to those that Stellar Estate Planning Service will seek to acquire, was purchased by a Stellar fund in July 2013. The table below compares the performance of the hotel both before and after our acquisition.

The performance of this hotel since acquisition has enabled income distributions to investors to be made equal to 12% p.a

	Pre Acquisition	Post Acquisition	
	12 months trading to July 2013	12 months trading to Jan 2015	Variance
Occupancy	66.7%	75.0%	12.4%
Average Room Rate	£48.35	£53.65	11.0%
Revenue per Available Room	£32.24	£40.23	24.8%
Rooms Revenue	£1,525,382	£1,894,170	24.2%
Total Revenue	£1,785,965	£2,124,587	19.0%
Gross Operating Profit	£529,571	£859,164	62.2%
Gross Operating Profit	29.7%	40.4%	36.0%
<b>Net Operating Profit</b>	<b>£385,875</b>	<b>£743,883</b>	<b>92.8%</b>
Net Operating Profit	21.6%	35.0%	62.0%

Investors should note that past performance is not a guide to future performance



**Sponsor and Manager**  
Stellar Asset Management Limited

**Tax Objective**  
Inheritance Tax exemption after two years using Business Relief

**Investment Objectives**

- Income distributions every six months
- Capital growth over medium term

**Target Return**  
4.5% per annum

**Structure**  
Discretionary Portfolio

**Minimum Investment**  
£25,000

**Subscription Dates**  
Monthly

**Initial Charge**  
2%

**Annual Management Charge**  
1%

**Reporting Period**  
Twice a year to 31 March and 30 September

**Stellar Asset Management Limited**  
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www.stellar-am.com

Authorised and Regulated  
by the Financial Conduct Authority



## HOTEL ASSET MANAGER

Stellar will appoint Hetherley to perform the asset management and performance monitoring of the hotels on its behalf.

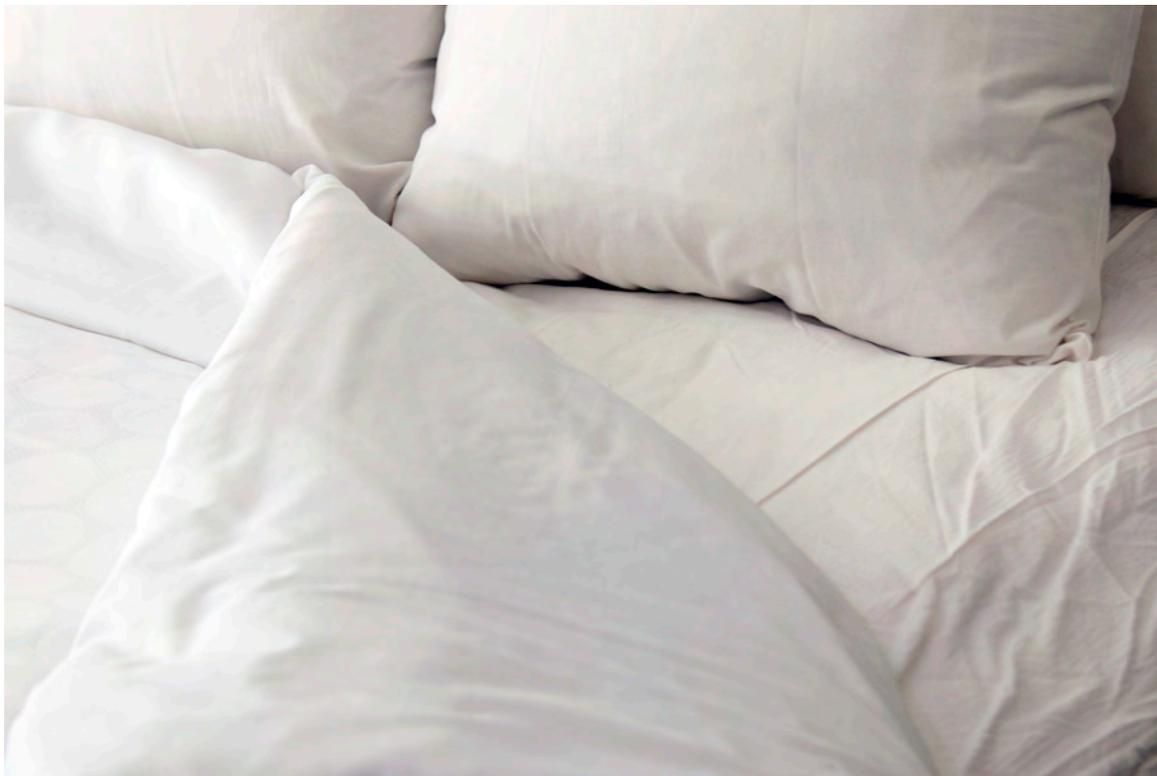
Hetherley will act as Stellar's representative in all aspects of the management of the hotel, liaising with the hotel management company on the day-to-day management of the hotel and brand standards. Hetherley will attend monthly owners' meetings and provide regular updates on the current performance of the hotels and future business strategy.

The directors of Hetherley have over twenty five years' experience in the UK hotel sector and advise developers, owners and investors.

Hetherley is currently appointed to a similar role at the Holiday Inn Express, Leeds Armouries, the Holiday Inn Express, Folkestone and the Staybridge Suites, Birmingham on behalf of other Stellar funds.

## BENEFITS TO INVESTORS

This trade intends to afford investors a good level of annual income which should rise as the asset management efficiencies are generated. This should then lead to the potential for capital growth following the increase in profitability. Freehold or long leasehold assets underpin the security of capital afforded by this trade.



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