





Q3 2024

Asset Update



Strategy Overview

Strategy	Definition	Typical Return Profile	Showcase NAV
Core	<ul style="list-style-type: none"> High quality properties. Very little capital expenditure on property improvements. Typically occupied with credit tenants on long-term leases. 	Regular income	
Core Plus	<ul style="list-style-type: none"> Property owners typically have the ability to increase cashflows through light property improvements, management efficiencies or by increasing quality of tenants. Similar to core assets, these assets tend to be of high quality and well occupied. 	Income + Growth	
Value-add	<ul style="list-style-type: none"> Little to no cash flow at acquisition. Potential to generate strong cashflow once value has been added. 	Growth	
Strategic	<ul style="list-style-type: none"> Projects which may not see a return on their investment for three or more years. This includes developments where new or additional planning is required and change of use opportunities with less predictable cashflows. 	Growth	

Progress Overview

Category 1: In line with or ahead of target expectations.

Assets in this category remain on track with the original investment plan.

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Category 2: Marginally below target expectations.

Action plans to drive performance improvement are in place for assets in this category.

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Category 3: Below target expectations.

Intensive action plans to drive performance improvement are in place for assets in this category.

Partnership	Slide
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Stellar Bramshaw LLP

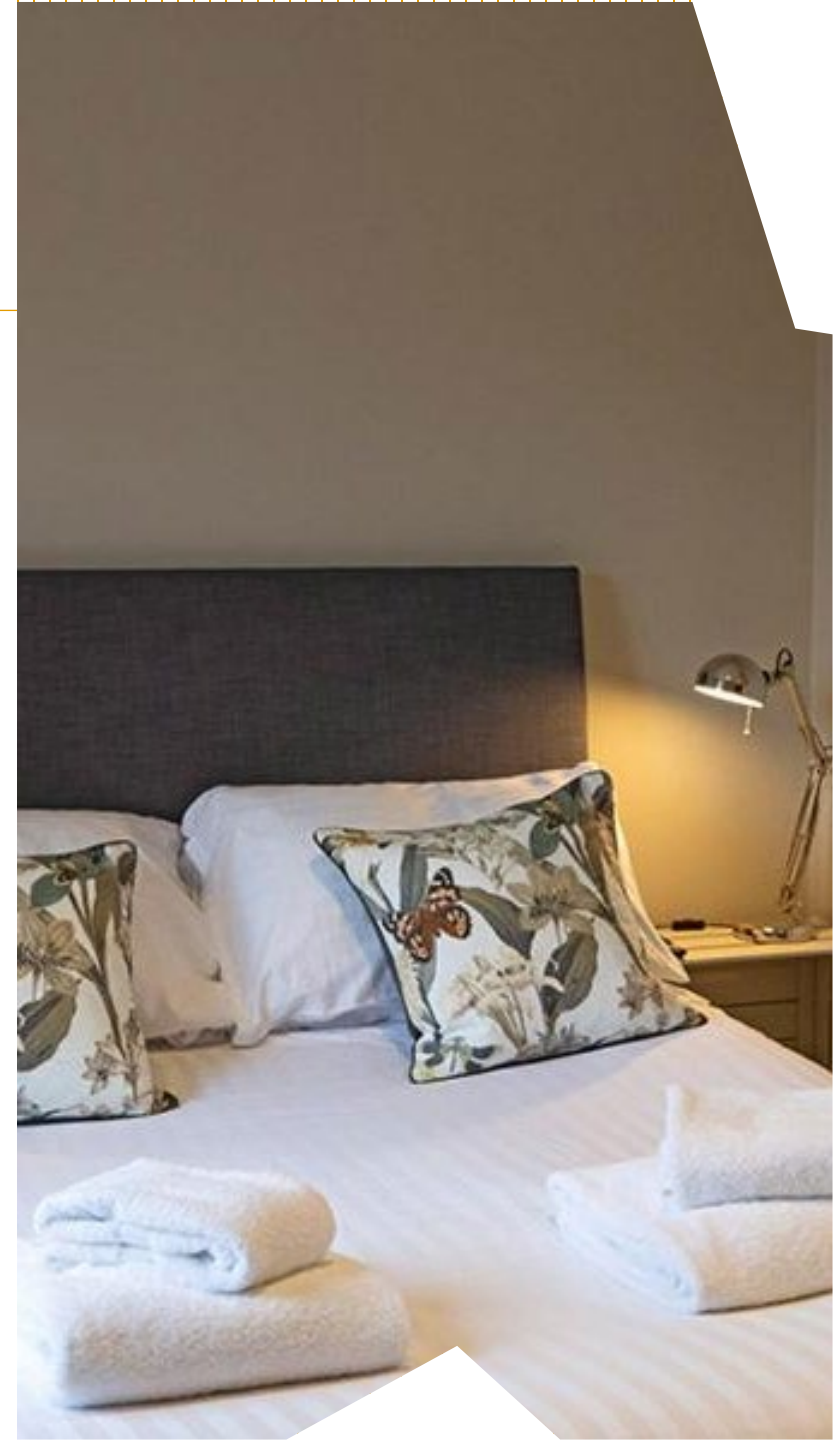
NAV: 1.1536 | Strategy: Value-add | Progress: Category 2

Operational Update

- ★ **The business comprises The Bell Inn and Bramshaw Golf Club. Both businesses are trading profitably but have fallen short of budget expectation this year.**
- ★ The business has produced a combined net profit of £226k YTD as at 30 September 2024.
- ★ A slow start to the trading year was experienced due to the persistence of extreme weather seen throughout the winter of 2023/24.
- ★ The main shortfalls to budget across the site remain F&B and retail. A heightened focus has been placed on these areas in an attempt to return to budget for the full trading year.

Actions / Direction of Travel

- ★ Business on the books is strong for the Christmas period.
- ★ Having experienced delays in planning for the clubhouse balcony extension, we are hopeful that works will be complete for the start of the new golf year in April 2025.
- ★ The Bell Inn was recently awarded 4 stars by the AA hotel and hospitality services accreditation following an impromptu inspection.
- ★ We are working with Golf Now as an additional tool to drive green fee revenues. As a result, we have seen positive growth in green fee revenue YTD.
- ★ **We remain confident in the LLP's ability to achieve target return expectations for investors. With a strong management team and stability from a staffing perspective, we are well positioned to drive improved trading performance in this financial year and beyond.**



Stellar Paultons LP

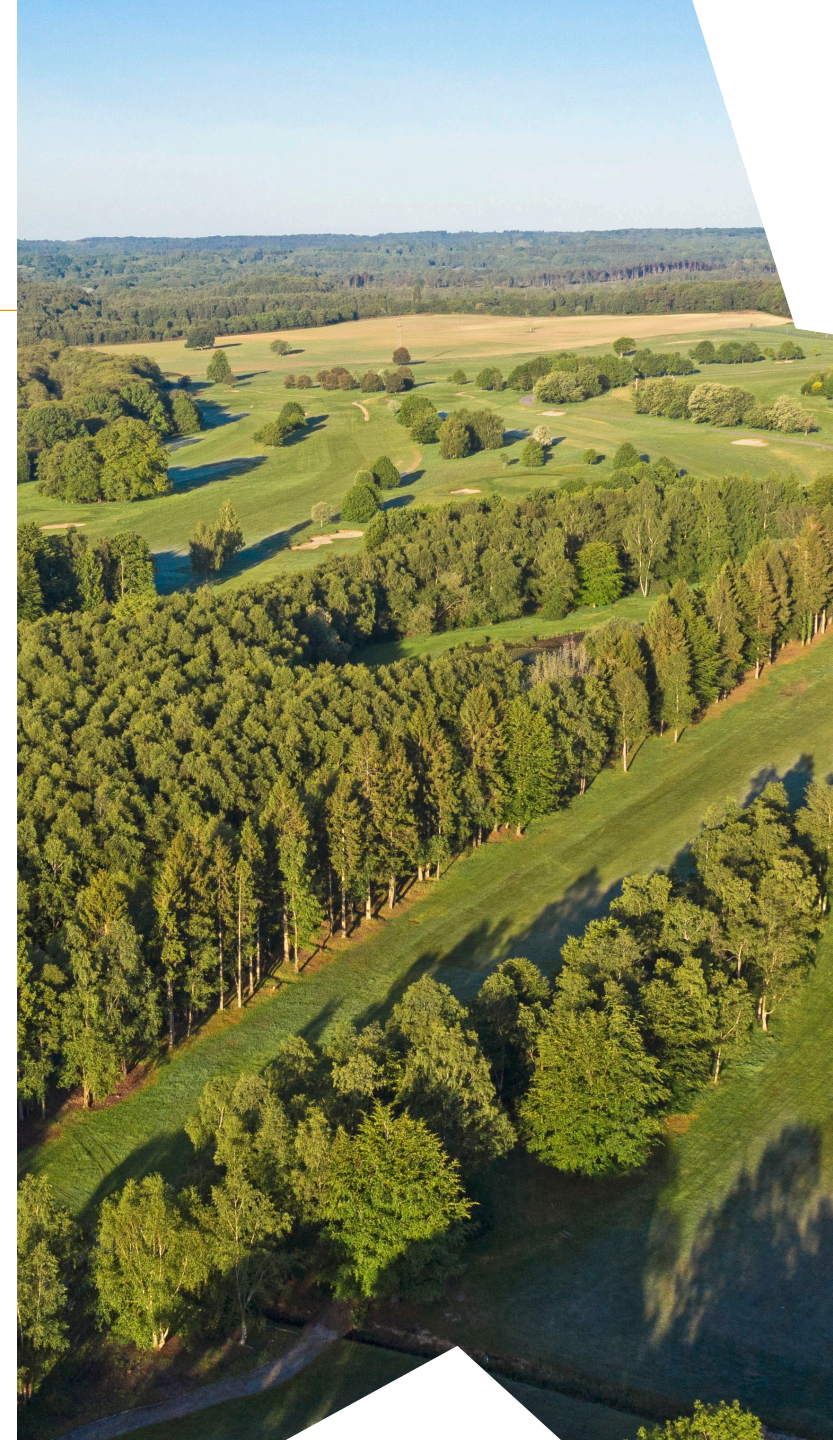
NAV: 1.0140 | Strategy: Value-add | Progress: Category 2

Operational Update

- ★ **Positive NAV growth this quarter reflects the fact that trading has improved on that seen throughout the winter months.**
- ★ The business produced a net profit of £71k YTD as at 30 September 2024.
- ★ A slow start to the trading year was experienced due to the persistence of extreme weather seen throughout the winter of 2023/24.
- ★ Social engagement around the driving range has remained strong throughout the year. Engagement from a new audience has allowed this department to exceed budget by £16k YTD.
- ★ Membership numbers remain strong in line with a stable projections for industry wide membership renewals. Flexi-membership options being explored to diversify the service offering.

Actions / Direction of Travel

- ★ Key focuses this year have been on bolstering the management team and driving spend per head of visitors. Having appointed several new personnel in Q1 2024, a positive uptick in performance has been seen.
- ★ Engagement with platforms such as Golf Now has allowed us to secure green fee revenue on short notice for off peak tee times. Green fees across the industry have risen c.5% since 2022 signifying the strength of demand.
- ★ We continue to explore other avenues of extracting value from the site, such as the development of land that is currently not utilised.
- ★ **Having seen a positive direction of travel throughout the summer months we remain confident in the asset's ability to not only recover the shortfall but also to meet target return expectations on behalf of investors in the medium term.**



Stellar Newark LP

NAV: 1.1251 | Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **Positive NAV growth symbolises the positive direction of travel for the club under our ownership.**
- ★ Having seen green fees across the industry have risen c.5% since 2022 signifying the strength of demand, we have introduced Golf Now to enhance footfall.
- ★ An operating profit of £79k was generated in Q3 2024. We are pleased to report that we successfully completed on the acquisition of Newark Golf Club on 17 July 2024.

Actions / Direction of Travel

- ★ Newark Golf Club was historically a private members club. As it was not traded commercially, significant opportunities to enhance revenue streams were available to us post-acquisition.
- ★ The club was purchased out of administration and below market value
- ★ Renovations to the course have taken place with positive feedback from the membership base.
- ★ The driving range has been converted into a grass range with Trackman technology, similar to that at Paultons set to be installed in October 2024.
- ★ Focus has been on enhancing existing revenue streams in the near term as well as unlocking revenue streams that have not been captured by previous ownership



Panmure Forestry Partnership

NAV:1.4564 | Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **Operations at Panmure forest continue to be managed in accordance with our investment strategy.**
- ★ Having completed phase one of our harvesting operations, we have the requisite permission for the next block of felling. Having experienced a subdued period in the timber market we will wait until the market picks up before harvesting the timber - this is estimated to be in H1 2025.

Actions / Direction of Travel

- ★ New forestry planting of seven hectares of former farmland on the site has been undertaken and is establishing well.
- ★ We continue to monitor the timber market, which has been subdued year-to-date, to ensure our next phase of harvesting is undertaken when there is opportunity to sell into a strong market.
- ★ **We are pleased with progress at Panmure to date and expect target expectations to continue to be met.**



Duchrae Forestry LLP

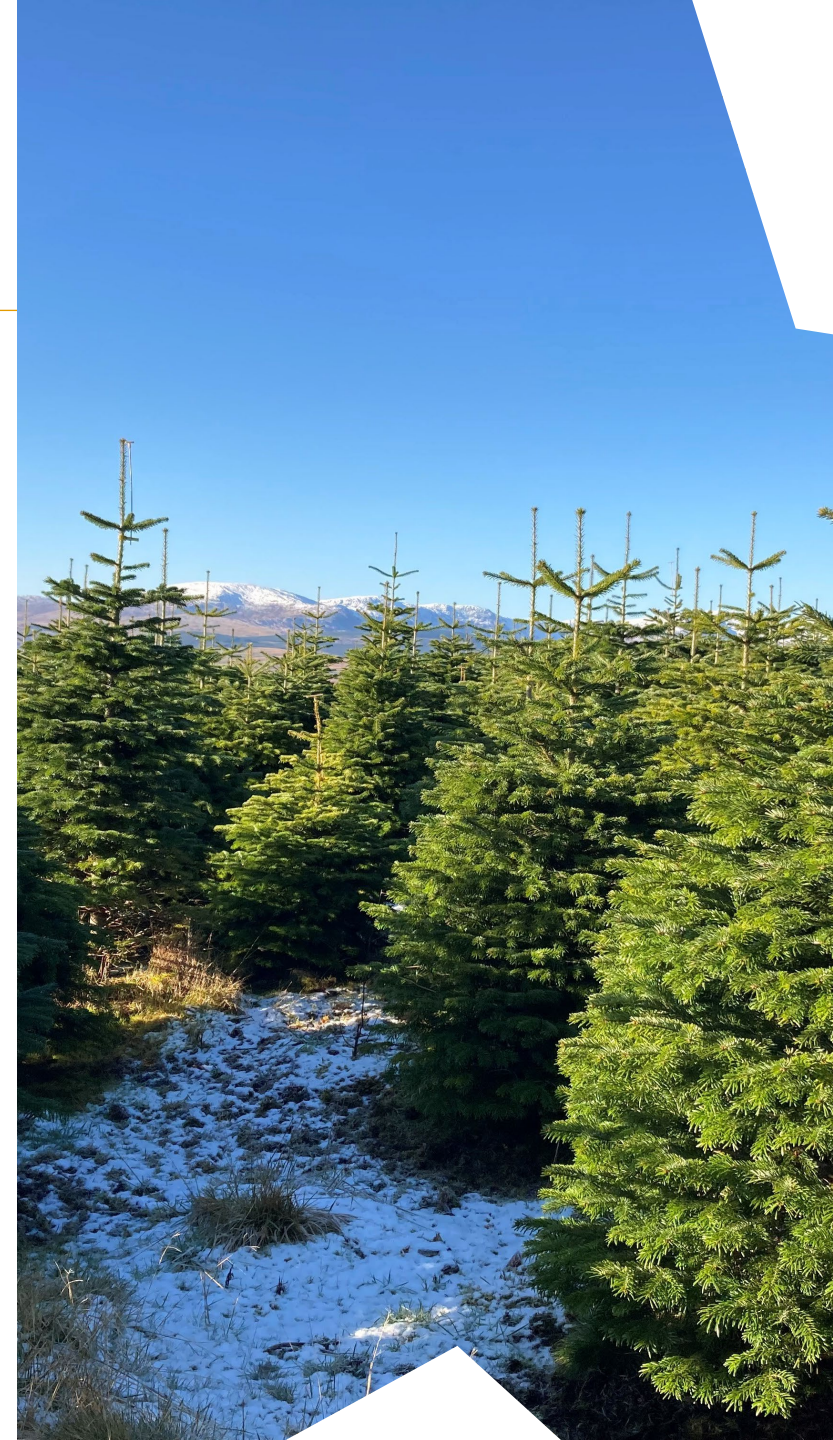
NAV:1.0873 | Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **We have continued to make positive progress with our investment strategy at Duchrae Forest in the quarter.**
- ★ Planting on the c.170 hectares of land approved for afforestation is complete.
- ★ Positive growth from recent planting activities is evident and the crops continue to be managed well by our forestry partner.

Actions / Direction of Travel

- ★ We have made further progress towards attaining planting permission for the remainder of the estate, with our application to be heard in November 2024.
- ★ Should a positive outcome be achieved, we envisage that planting will commence in H1 2025.
- ★ We continue to explore other avenues of extracting additional value from the site. This includes negotiations to provide access to facilitate the development of renewable energy on neighbouring plots of land. Heads of Terms have now been signed with regards to this and we will update investors as to any further material progress.
- ★ **Progress to date at Duchrae remains in line with our long-term strategy.**



Stellar Murrayshall Hotel LLP

Nav: 0.3460 | Strategy: Value-add | Progress: Category 3

Operational Update

- ★ **Cumulative trading underperformance and a negative valuation by the bank has contributed to the partnership's NAV trading considerably below expectations.**
- ★ Trading performance has fallen short of expectations YTD.
- ★ Our investment team holds weekly meetings with the management team to monitor progress against the recovery plan.
- ★ Following the installation of a new CRM system and changes to the hotel's sales and marketing team, a renewed focus on securing the right customer at the required volume has been set for the remainder of the trading year.

Actions / Direction of Travel

- ★ Whilst trading has been below expectations, we have made progress in our endeavours to add value to the site by unlocking additional development opportunity.
- ★ Following approval of our master plan for the site in Q4 2023, a detailed planning application for glamping pods has been approved. The installation of these pods should enable the asset to diversify traditional revenue streams.
- ★ A detailed planning application for holiday lodges on the site will be heard in November 2024. Should they be approved, this will unlock further opportunities on the site as part of our long-term development strategy.
- ★ **This business is subject to intensive oversight and a recovery plan. All parties are committed to achieving long-term performance.**



Strathclyde Hotel LLP

Nav:1.5403 | Strategy: Core | Progress: Category1

Operational Update

- ★ **A positive uptick in the partnership's NAV represents the strong trade seen throughout the summer months. The asset has performed in line with target expectations since inception and remains on track with its investment strategy.**
- ★ The hotel has continued to perform well independent of any government contracts this year.
- ★ Occupancy and ADR YTD as at 30 September 2024 are both tracking above budget, resulting in net profit YTD of £348k.
- ★ We anticipate a return of capital to investors in Q4 2024 using surplus profits from strong trade over the summer months.

Actions / Direction of Travel

- ★ An EBITDA of £600k is forecast in the 2024/25 budget. YTD we are tracking 5% above budget.
- ★ **We are pleased with the hotel's performance to date. We will continue to focus on driving trading performance and expect to review marketability once we have another full trading year without COVID or refugee impact.**



Stellar Tavis House (Tunbridge Wells) LP

SNAV: 1.1471 | Strategy: Core plus | Progress: Category 1

Operational Update

- ★ **Construction works are progressing in line with expectation and practical completion is scheduled for Q4 2024.**
- ★ We experienced a delay to commencing construction which means extended finance costs have been incurred. We anticipate that these can be recovered during the disposal process.

Actions / Direction of Travel

- ★ The units are being developed under a fixed price construction contract.
- ★ We have a strong development management team in place to oversee the project.
- ★ We have instructed multiple agents to market the units to attract as broad a range of occupiers/buyers as possible. We have had strong interest in the site. However, no offers have been accepted to date.
- ★ Activity in this sector is expected to pick up in Q4 2024 as the units achieve practical completion.
- ★ **We remain confident that target expectations can be achieved on disposal of the units.**



Stellar Tavis House (Poole) LP

NAV:1.0096 | Strategy: Core plus | Progress: Category 1

Operational Update

- ★ **Construction works are progressing in line with expectation and practical completion is scheduled for Q1 2025.**
- ★ We have a tenant lined up for one of the units and continue to market the vacant unit.
- ★ Extended finance costs have been incurred due to delays in construction. We anticipate that these will be recovered during the disposal process.

Actions / Direction of Travel

- ★ The units are being developed under a fixed price construction contract.
- ★ We have a strong development management team in place to oversee the project.
- ★ We have instructed multiple agents to market the units to attract as broad a range of occupiers/buyers as possible. There has been strong interest in the site to date with one unit securing a tenant upon completion.
- ★ Activity in this sector is expected to pick up in Q4 2024 as the units achieve practical completion.
- ★ **We remain confident that target expectations can be achieved on disposal of the units.**



Northampton Development Partnership

NAV: 0.5476 | Strategy: Core plus | Progress: Category 3

Operational Update

- ★ **This development experienced a number of challenges which has resulted in a negative outcome for investors.**
- ★ The challenges experienced at this development include:
 - Construction delay – the build term was impacted by the pandemic;
 - Cost overrun - supply chain cost inflation experienced in the backdrop of Brexit and the pandemic;
 - Sales delay and sale price revisions – heightened mortgage rates and the cost-of-living crisis resulted in a subdued and stagnant residential sales market.

Actions / Direction of Travel

- ★ Since we last reported, all units at the site have now been sold.
- ★ The remaining avenue to recoup value is the sale of the freehold land. We have an agreement for the sale of the freehold with a developer but it is conditional on planning permission for the development of the surrounding site being achieved. This process is expected to take up to 18 months.
- ★ Having previously reported that value may be reclaimed through a priority return for the partnership on any proceeds received via settlement of a legal claim against the solicitors. We have since been advised that this claim would not be successful and so we will not be pursuing this any further.
- ★ **The NAV is reflective of the position today. Whilst there is a strategy in place to improve the outcome for investors, this will not be accounted for until there is certainty attached. We will continue to report to investors on progress.**

Nayland Development Partnership

NAV: 1.2753 | Strategy: Core plus | Progress: Category 2

Operational Update

- ★ **Although built on time and on budget, we have experienced sales delay at this development. The NAV has remained flat for the quarter.**
- ★ To date, 66% of units have been sold.
- ★ The remaining three units are all under offer, with a conclusion to this partnership expected in Q1 2025.

Actions / Direction of Travel

- ★ After a dip in Q1, the housing market saw an increase in transactions in Q2 and Q3. Mortgage applications rose by 23% compared to the previous year, signalling a partial recovery in market sentiment and activity as families and first-time buyers returned to the market. However, transaction prices remained below prior periods.
- ★ **The partnership is expected to generate a positive return for investors, albeit below target. This is the result of us having to reduce the asking price of the units currently under offer to stimulate activity in a subdued market.**

Formby Development Partnership

NAV:1.4783 | Strategy: Strategic | Progress: Category 1

Operational Update

- ★ **Positive progress has been made with agreements in place to crystallise land value uplift for parts of the land on receipt of planning.**
- ★ Discussions with the council are ongoing. The first phase of the application will seek permission to develop the sports facility and a leisure club.
- ★ This proposal will align with local authority requirements to provide the best opportunity for a successful outcome.

Actions / Direction of Travel

- ★ We have agreed terms to sell a parcel of land for a leisure club post planning. The purchaser intends to develop the property themselves.
- ★ This sale would enable a significant return of capital with over 80% of land still available afterwards to be utilised for additional opportunities.
- ★ **This remains a long-term, multi-phase strategy. We have worked closely with the local authority to get to this point and dialogue continues to be positive. We expect to be able to provide a definitive update on phase one by the end of the year.**



SSC Bradford Care Home

NAV: 0.7734 | Strategy: Value-add | Progress: Category 1

Operational Update

- ★ **Positive NAV movement signifies the upwards trajectory the home has been on in recent months.**
- ★ There has been significant progress made at the home under the day-to-day management of our operating partner, Harbour Healthcare Limited whom we appointed in September 2023.
- ★ We have expanded our dementia care offering. Dementia care is in high demand in Bradford and generates stronger revenues than residential care or general nursing.
- ★ Top-up fees are now also being collected at the home which will further enhance trading revenues. As a result, the average weekly fee is up c.37% since Harbour Healthcare was appointed.

Actions / Direction of Travel

- ★ Occupancy is increasing with the average for September sitting at 90%.
- ★ The home's reputation amongst those responsible for admitting residents has improved significantly.
- ★ With a new operator in place and a renovated property, the home is well positioned as a superior offering to local competitors. The home is now profitable and having generated an EBITDARM, (from which it will be valued upon disposal) of £281k for the trading year, £142k of which was generated in the final three months as occupancy rose.
- ★ **We are confident in recouping value and meeting target expectations in the medium term.**



Sky Delta Partnership

NAV: 1.0217 | Strategy: Core | Progress: Category 1

Operational Update

- ★ **This partnership is a bridging finance partnership which was created in Q1 2024.**
- ★ Four loans have been provided to date.
- ★ We will continue to prioritise quality over quantity, ensuring all loans are subject to our robust due diligence process.

Actions / Direction of Travel

- ★ Whilst the Bridging Finance market remains robust, there has been a noticeable shift toward unregulated bridging loans, which are typically used for investment properties rather than personal residences. This shift complements our investment strategy and therefore, we expect increased deal flow in the coming months.
- ★ **We have a number of deals in due diligence at present and expect further capital to be deployed in the coming months.**

Sky Amber Partnership

NAV: 0.0305 | Strategy: Core | Progress: Category 3

Operational Update

- ★ **Only 10% of the original capital remains in the partnership, the rest has been returned to investors. Performance of this partnership has been negatively impacted by two instances whereby borrowers defaulted on their obligations and failed to repay their loan.**
- ★ In both instances, we enforced our security through the courts and sold the security properties on the market. However, the state of repair and market conditions meant that we did not reclaim full value from the sales.

Actions / Direction of Travel

- ★ We continue to seek recompense of the shortfall on behalf of investors.
- ★ One of the borrowers has since declared bankruptcy. Mercer & Hole have been appointed as trustees of the bankruptcy to manage proceedings to reclaim funds from the borrower on behalf of creditors. We are working through this process to reclaim value via the sale of the borrower's property.
- ★ **At this stage in the process, we are unable to directly influence the outcome. Our projection is that a loss will be crystallised for investors but a successful outcome via the bankruptcy proceedings could reduce this loss. We will continue to update investors as this progresses.**

ESG and Sustainability

Our Process

Initial questionnaire

- ★ Datapoints across E, S and G.
- ★ Simple, quantitative, unambiguous and repeatable.
- ★ Allows us to measure and track progress
- ★ Underpinned by the PRI and UN SDGs.

SWOTDOT

- ★ SWOT analysis on E, S and G considerations.
- ★ Also assess a partnership's overall direction of travel (DOT).
- ★ Generates score out of 40 (ESG = 30 + DOT = 10).

Action Plans: Unique plans are formed to ensure continual improvement

- ★ Action plans are reviewed quarterly with updates provided monthly by JV Partners

Ongoing review

- ★ Scores are updated annually with improvement the key focus for assets where we feel they are falling short.



SWOTDOT Scoring



Service Average January 2024



For further information please access our [Sustainable and Responsible Investment Policy](#)
Our Asset Backed Spotlight can be found [here](#)

Get in touch

We're here to help

Investors

We recommend you speak to a Financial Adviser in the first instance, as we cannot offer investment or tax advice.

If you have any other questions please contact us on 020 3195 3500 or email us at enquiries@stellar-am.com

For further information, please visit
www.stellar-am.com