

We are pleased to present this May 2026 edition of the Stellar Sustainability Spotlight. This edition will showcase the steps taken to bolster internal processes and drive sustainability within The Stellar ITS and The Stellar Family Trading Companies Service (the “AB Services”).

Why?

We recognise the importance of our position as stewards of clients’ capital. As owners of each business within our AB Services, we also recognise that we have both the direct opportunity and responsibility to drive improvements for the betterment of the environment and wider stakeholders without compromising.

Our AB Services commit capital to businesses across a breadth of sectors, all of which are underpinned by tangible assets. According to the Chartered Institute of Building, approximately 40% of carbon emissions derive from the construction, operation, or maintenance of buildings. As this encapsulates the key activity undertaken across businesses within our AB Services, we are striving for practices, including the management of forestry assets as natural carbon sinks, that benefit society.

Our activities continue to reflect the prevailing trends within the UK real estate sector. Recent insights from Knight Frank confirm that ESG considerations remain prevalent to corporate real estate strategies, with sustainability transitioning from ethical preference to business imperative.

Furthermore, the Royal Institution of Chartered Surveyors emphasises the growing significance of sustainability and ESG factors in property valuations, noting that properties with strong ESG credentials are more likely to retain value and attract investment.

As long-term investors, we recognise ESG as a fundamental shift reshaping the UK real estate landscape. Integrating sustainability practices into our investment approach is crucial not only to align with market expectations but also to preserve and enhance the value of our assets. Neglecting ESG considerations could limit acquisition opportunities and diminish the appeal of our properties to environmentally conscious buyers upon exit. By prioritising sustainability now, we position ourselves for resilience and success in the medium and long term.

How?

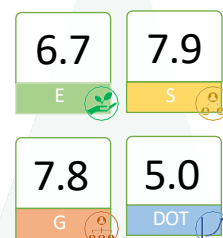
Unfortunately, there is no one size fits all approach to ESG assessment. The guidance from regulators is inconsistent and often open to interpretation.

This is further compounded by ESG rating agencies using different methodologies, leading to often contradictory outcomes, where the same company can be deemed “good” or “bad” depending on how the rating agency weights each of the E, S, and G.

When designing our ESG approach we were clear that it had to be simple, flexible and pragmatic. Quantitative data is important, but so are the more intangible qualitative elements.

Each of our asset backed businesses are scored out of a total of 40 points, with 10 points on offer for each of the E, S, G, as well as their direction of travel (DOT). The scoring is subjective and material factors across the different sectors we operate can vary. We have established bespoke questionnaires for each sector which aim to get to the heart of what good practice looks like across each respective industry. Businesses are required to maintain a score of at least 24. As we own each business, divestment is not our first port of call. If a business is tracking behind expectations, it will be subject to enhanced scrutiny with progress against performance plans monitored at our monthly investment committee meetings.

Our first full round of scoring was completed in December 2023, with the third iteration taking place in December 2025.

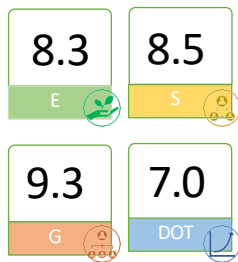


Implementation

We underpin our assessments with established benchmarks, including the UN Sustainable Development Goals. As owners of the businesses within our AB Services, we can drive positive impact directly. We do this by engaging with each of the counterparties that we work with across these businesses (typically, developers, operating partners, or management teams) to ensure that all parties are aligned driving the improvements contained in the action plans that we establish.

ESG Excellence in Forestry: A Case Study

The Stellar ACD Forestry Partnership comprises three commercial forests: Allergarth (Cumbria, 191.67ha), Craignavie (Perthshire, 69.48ha) and Dolgadfan (Powys, 47.10ha) totalling 308.25 hectares. Acquired off-market, the portfolio balances near-term timber income with long-term capital growth.



Environmental Benefits

Commercial forestry delivers measurable environmental impact. The three estates sequester carbon continuously, with timber acting as a long-term carbon store when felled. Open ground corridors, riparian buffers and mixed native species across all three estates support biodiversity well beyond standard monoculture. Felling licence obligations ensure mandatory replanting, maintaining the carbon and biodiversity cycle across successive rotations.

Social Benefits

Each estate sits in a rural community where forestry plays an important economic role, generating employment through harvesting, haulage and maintenance across Cumbria, Perthshire, and Powys. Craignavie is located in the Trossachs National Park, providing landscape amenity and public access under Scotland's Right to Roam. Allergarth and Dolgadfan supply domestic timber processors, supporting UK housebuilding and reducing import reliance.

Governance

Legal Framework: Each asset was acquired following an independent RICS Red Book valuation by Bidwells LLP

(September 2025), with full title due diligence, felling licence verification and statutory enquiries completed across all three devolved jurisdictions. Freehold title is held with vacant possession and no onerous covenants.

Goldcrest Land & Forestry Group act as joint venture partner for Stellar ACD Forestry Partnership. Goldcrest provide strategic oversight, crop management and timber marketing across the portfolio.

ESG Performance

The partnership was scored under Stellar's proprietary ESG framework at acquisition. The environmental score reflects carbon sequestration and biodiversity credentials. Social scores reflect rural employment and community access. Governance reflects the robust legal and management framework.

The ACD Partnership demonstrates how commercial forestry naturally aligns with Stellar's ESG objectives: measurable environmental impact, positive rural social outcomes and robust governance from acquisition through to operation. Notably based on typical forestry benchmarks, Sitka spruce is estimated to sequester approximately 10–15 tonnes of CO₂ per hectare per year, depending on factors such as age profile, growth conditions, and forest management practices.

Daniel Edwards Investment Analyst

The Stellar ACD Forestry Partnership is exactly the kind of investment we look for when applying our ESG framework. Forestry is one of the few asset classes where strong financial returns and genuine environmental benefit are structurally aligned. The carbon sequestration is real and measurable, the social contribution to rural communities is tangible and the governance framework anchored by an independent RICS valuation and managed day-to-day by Goldcrest gives us confidence the portfolio will be responsibly managed throughout.

Important Information

Your capital is at risk and may not get back the full amount invested. Investments in smaller companies will normally involve greater risk or volatility than investments in larger, more established companies. Tax treatment depends on the individual circumstances of each Investor and may be subject to change. This document is dated **May 2026** and is intended for retail investors and their advisers and has been issued by Stellar Asset Management Limited ('Stellar'). This document is for information purposes only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities and no reliance should be placed on it. You should only invest based on the relevant Product Literature available from Stellar and your attention is drawn to the charges and risk factors contained therein. Stellar does not provide investment or tax advice or make recommendations regarding investments. Stellar of 20 Chapel Street, Liverpool, L3 9AG is authorised and regulated by the Financial Conduct Authority. All information in this document is sourced from Oxford Metrics and publicly available information unless otherwise stated.