



The Stellar Martineau Place LP ("the Fund")

The hotel has experienced a difficult trading year and fell short of its budget EBITDA: £1.329m vs £1.509m.

As reported previously, the hotel has corporate long-stay business as one of its main revenue drivers. The hotel's ability to implement its long stay strategy has been impacted by both increased competition in the local market and some temporary staffing challenges during the year in the sales and marketing team as a result of the delay in the ongoing sale process.

As a result, the Fund generated revenue behind both the prior year and budget but as can be seen from the table below was able to reduce costs to mitigate the revenue shortfall at EBITDA level.

Market Commentary

The UK hotel market in Q1 2025 exhibited turbulent performance in line with wider macro trends, with regional markets demonstrating resilience amidst broader economic challenges. According to Knight Frank, regional UK hotels achieved an average occupancy rate of 76%, marking a one percent increase year-on-year. Average Daily Rate in these regions grew by 2.3% to £105, aligning with 2019 levels. This performance was bolstered by the recovery of the meetings and events sector, particularly benefiting full-service hotels.

Investment activity in the UK hotel sector remained robust in 2024. Savills reported that hotel investment totalled £6.3 billion in 2024, the highest full-year total since 2018, with a 157% year-on-year increase. This surge was driven by strong demand from UK investors and the return of European funds, with a notable increase in individual sales.

However, the market faced operational pressures. CoStar indicated a downward trend in hotel performance during Q1 2025, with March posting the weakest trading performance. Rising costs, including increased labour expenses and business rates, further strained profitability. PwC highlighted that these cost pressures necessitate strategic responses from industry stakeholders to maintain growth.

Looking ahead, the UK hotel market is navigating a landscape of both opportunities and challenges. While investment and certain segments show promise, operational pressures and market dynamics require strategic responses to ensure sustained growth and resilience

Executive Summary

Year end 31 March 2025

Executive Summary	YE Mar 24	Budget	BudVar	LastYear	PYVar
Occupancy	68.4%	75.5%	(7.1%)	71.3%	(2.9%)
ADR	£95.79	£96.23	(£0.437)	£94.84	£1.0
RevPAR	£65.49	£72.62	(£7.13)	£67.59	(£2.10)
Total Revenue	£4,354,322	£4,813,554	(£459,231)	£4,510,604	(£156,282)
GOP	£1,580,645	£1,789,820	(£209,176)	£1,693,695	(£113,050)
EBITDA	£1,329,106	£1,509,753	(£180,647)	£1,371,298	(£42,193)



Performance for the period was strong despite falling short of budget. As previously stated, performance has been negatively impacted by the ongoing sale process with staffing challenges in the sales and marketing department hindering the hotel's ability to capture long stay business.

Demand for long stay business has been subdued across the market and was compounded in the local area by the opening of a new long-stay hotel in the last trading year.

Hotel Revenues

Year end to 31 March 2025

Hotel Revenues	Actual	Budget	BudVar	% Var	LastYear	PYVar
Room Revenue	£4,278,646	£4,744,683	(£466,037)	(9.8%)	£4,427,833	(£149,187)
F&B Revenue	£35,745	£34,271	£1,474	4.3%	£33,305	£2,440
Other	£39,931	£34,600	£5,331	15.4%	£49,467	(£9,536)
Total Revenue	£4,354,322	£4,813,554	(£459,231)	(9.5%)	£4,510,604	(£156,282)

A strategy geared towards driving long-stay business has been active since Q2 2021. Securing such business is key to the continued performance of the hotel. However, vacant positions within the sales and marketing team over the course of the trading year have subdued performance. Following the decision not to extend exclusivity with the original buyer, recruitment within the Sales and Marketing team has taken place.

We are pleased with the performance of the hotel considering the local market conditions and staffing challenges faced during the sale process with a Net Profit of £1.33m for the full trading year.

Hotel Profitability

Year end to 31 March 2025

Hotel Profitability	Actual	Budget	BudVar	% Var	LastYear	PYVar
GOI	£4,354,322	£ 4,813,554	(£459,231)	(9.5%)	£4,510,604	(£156,282)
GOP	£1,580,645	£ 1,789,820	(£209,176)	(11.7%)	£1,693,695	(£113,050)
NOP	£1,486,191	£ 1,685,924	(£199,733)	(11.8%)	£1,537,275	(£51,083)
EBITDA	£1,329,106	£ 1,509,753	(£180,647)	(12.0%)	£1,371,298	(£42,193)

As is evident in the table above, it is pleasing to see a strong EBITDA for the 2024/25 trading year albeit, behind expectation.

Exit

Incremental progress has been made, following our initial meeting between Balfour Beatty and other vested parties in May 2024. We continue to work towards a resolution on all outstanding fire safety matters with weekly meetings held between our team and Balfour Beatty.

As previously reported we took the decision not to extend exclusivity for the buyer beyond October 2024 as we seek a resolution to the works detailed in our December 2023 investor update ([Sale update](#)).

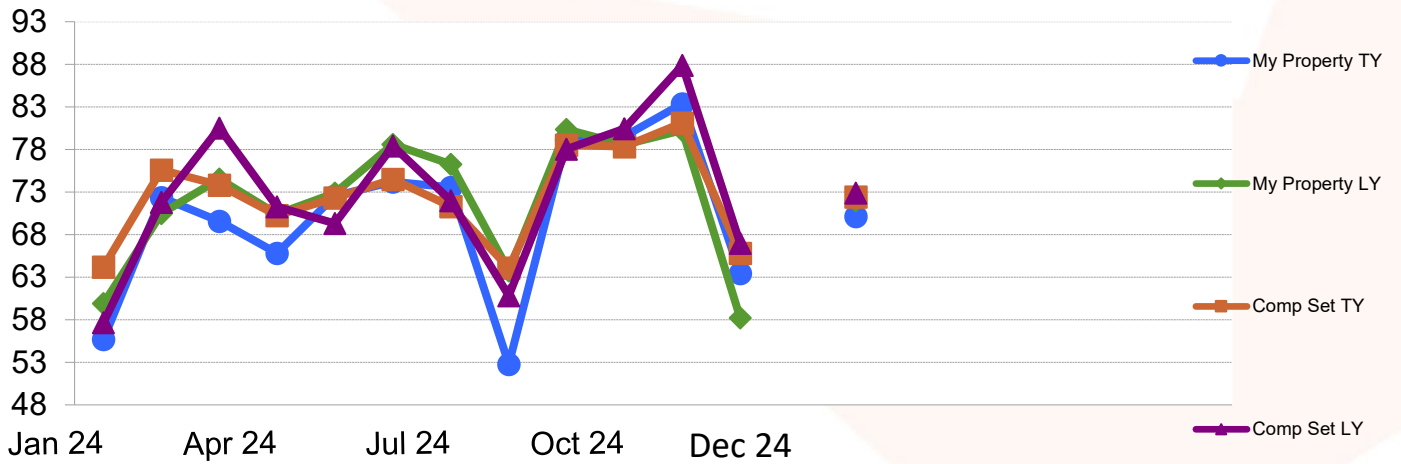


We remain in contact with the initial purchaser and intend to keep them apprised of the progress. However, our priority is addressing the outstanding fire safety points which will require a resolution before any buyer can complete their due diligence.

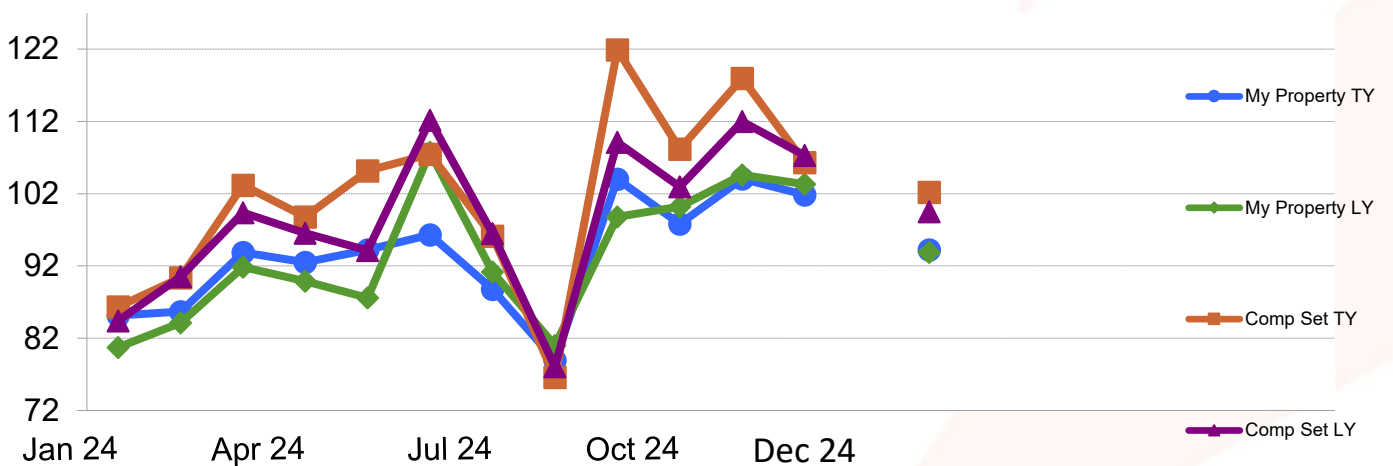
Due to the rate of progress in remedying the fire safety matters we now anticipate an exit for investors in Q4 2025.

Performance vs Competitor Set

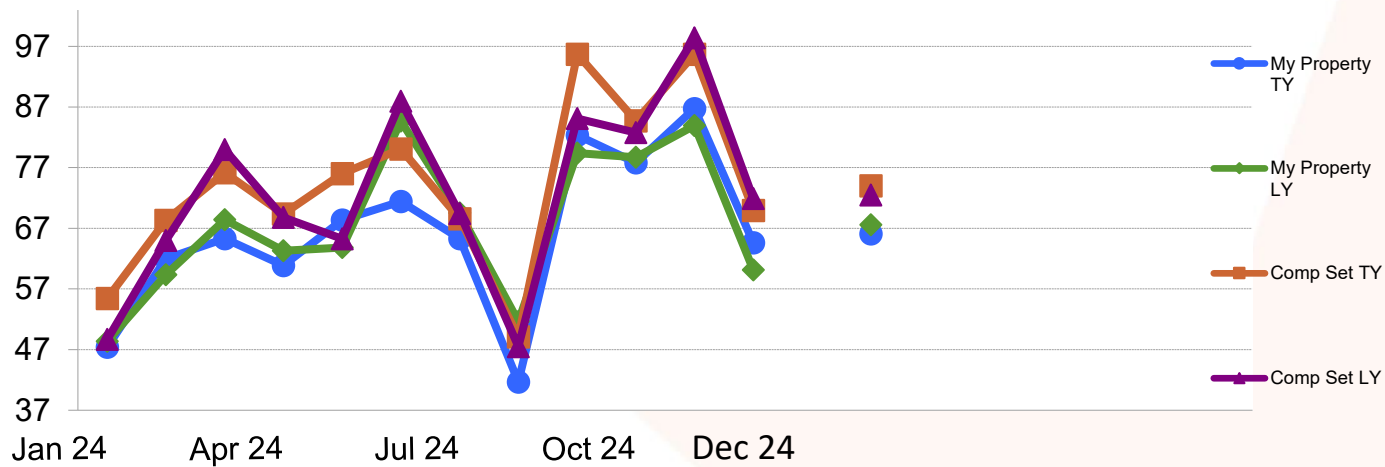
Monthly Occupancy (%) – Jan 2024 to Dec 2024



Monthly ADR – Jan 2024 to Dec 2025



Monthly RevPAR – Jan 2024 to Dec 2024





Frequently Asked Questions (FAQs)

To assist investors and their advisers, we have collated the most frequently asked questions that our client service team receive and have included our answers below.

Should you have any queries relating to the Fund or your investment, our client services team are readily available to assist and can be contacted on 020 3195 3500 or via email at enquiries@stellar-am.com.

How often are performance updates provided to investors?

Performance updates are issued on a half yearly basis by email. Once published, they can also be accessed at any point via our online portal: <https://www.stellar-am.com/portal/>.

What is the latest market valuation of my investment?

For an update on the current value of your investment, please contact our client services team on 020 3195 3500 or via email enquiries@stellar-am.com.

What is the taxation treatment of the Fund?

Income of the Partnership

Income arising to the Partnership will be treated for UK tax purposes as income arising directly to each Limited Partner in the proportion in which income is shared by the Limited Partners in accordance with the provisions of the Partnership Agreement. It is anticipated that rental income received by the Partnership will be fully used to pay the interest on the Loan Facilities and the balance of the rental income to amortise the Loan Facility balance. This will mean that there will be no distribution of profits to the Limited Partners. Interest payable on the Loan Facilities by the Partnership can be offset against the rental income of the Partnership for income tax purposes. Limited Partners should be aware that even though they will receive no distribution of net profits that they will still be liable to pay their share of the income tax due on those net profits at their marginal rate of tax direct to HMRC.

Capital Gains Tax

Each Limited Partner will be treated for the purpose of UK tax on chargeable gains as having a direct share in the Partnership Assets. The share of each Limited Partner will be equivalent to their interest in the Partnership Assets determined in accordance with the provisions of the Partnership Agreement. Upon the Partnership disposing of an asset to a third party, each Limited Partner will be treated as disposing of their share in the underlying asset. To the extent that any gain or loss arising on a disposal is treated for UK tax purposes as a capital gain or loss, each Limited Partner's share of any proceeds realised on disposal will be determined in accordance with the provisions of the Partnership Agreement. Any such capital gain will be based on the difference between the sale proceeds allocated to a Limited Partner's share in the Partnership Assets and the cost of the Limited Partner's Capital Contribution made to the Partnership before BPRA is taken into account.



What is the process for surrender and how long should it take to receive the proceeds?

At the time of investment, it was stated that the transferability of an interest in the Partnership would be restricted. We are currently unaware of any potential buyers for interests in Martineau Place so unfortunately would not be able to facilitate a sale at this time.

When will my tax certificate be available for tax year end April 2025?

Your tax certificate will be available in December 2025. These will be made available via our portal and can be emailed to you on request. Please contact enquiries@stellar-am.com.

Please can you offer an update in relation to HMRC and the Upper Tier tax tribunal?

As reported in our communication on 8 September 2023, Downing LLP (Downing) has been advised that the Supreme Court has unfortunately decided to refuse permission to appeal.

By way of a reminder, Downing sought to appeal the Court of Appeal's decision on three grounds:

1. Ground 1: the Court of Appeal erred in deciding the appeal by reference to the developer's expenditure and not the expenditure incurred by the LLP;
2. Ground 2: the Court of Appeal erred in deciding that the words "in connection with" should be construed narrowly and, in particular, required a strong and close nexus the physical works;
3. Ground 3: the Court of Appeal erred in remitting the treatment of the residual amount to First Tier Tribunal (predicated on the success of Grounds 1 and/or 2).

The Supreme Court has decided that:

1. Ground 1 is not arguable. No mention is made of Grounds 2 and 3 although permission on these is refused because point 2 below.
2. None of the grounds raise a point of law of general public importance.

There is no further route of appeal or option to ask the Supreme Court to reconsider its decision.

This means that the allowable costs are limited to 63% of those incurred, which is marginally better than the original closure notice.

We await direct correspondence from HMRC as to the next steps and will write again once the position has been determined. However please note we are not tax advisers, and you should take independent advice as to the potential impact on your tax affairs.

Is there any news on the CBILS (Coronavirus Business Interruption Loan) loan from NatWest for £1,000,000?

This was drawn down in May 2021 and is repayable over 6 years after this date.



Are there any exit fees?

There are no set fees stated in the agreement, fees would be agreed at the time of a potential exit on an individual basis.

What is the exit date for the partnership and when am I likely to see a return on my investment?

The BPRA (Business Premises Renovation Allowance) holding period expired in December 2020.

Please see the main report for an update on the sale of the hotel.