

# Care Homes

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## Strategy

Our investment strategy is grounded in a purpose-driven approach that aims to rejuvenate local communities across the UK while improving the health and welfare of older people. We target care homes with strong potential for operational and reputational improvement. We seek to combine financial performance with meaningful social impact.

A core aspect of the strategy involves partnering with experienced operators, such as Harbour Healthcare, to enhance the standard of care and management within each facility. Through collaborative efforts, the ambition is to upgrade facilities and improve service delivery, thereby supporting a higher rating from the Care Quality Commission (CQC) during future inspections. Achieving a better CQC rating not only enhances the home's credibility but also drives increased demand and higher occupancy levels, critical to the long-term viability and success of the asset.

Operational improvements are also designed to attract a greater proportion of self-funded residents, further strengthening revenue potential. However, strong relations with the Local Authority are critical to the success of any care facility. By focusing on restoring the reputation of each care home and implementing targeted upgrades across the business, we seek to unlock value for investors while positively impacting residents and their communities. This holistic strategy creates a balance between sustainable returns and societal benefit, forming the foundation of our investment philosophy in the care home sector.

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## Security

Security is provided by ownership of the freehold land that underpins the asset. For each of our Care investments, the partnership will acquire the freehold interest.

## Case study

In 2019, Stellar acquired Chestnut Lodge, then known as Shakespeare Court, an established 80-bed care facility in Bradford that had suffered from a prolonged lack of investment and was therefore underperforming relative to its true potential.

Despite the challenges and delays caused by the Covid-19 pandemic, all four wings of the home have been successfully refurbished, with the final wing becoming fully operational in 2023. During the refurbishment period, the facility was managed by Silverline Care, who oversaw the initial renovation works. Since then, management of Chestnut Lodge has transitioned to Harbour Healthcare, who have continued to enhance the environment by redecorating two of the wings ensuring suitability for dementia care, an essential service that had not been previously provided.

Since acquisition, the home has undergone significant physical and operational transformation. The standard of care and the overall offering have improved considerably over this period.

Aligned with our broader investment strategy in the care sector, we remain focused on enhancing the resident experience while simultaneously driving operational performance. This dual approach supports our objective of ultimately exiting the investment through a sale based on an EBITDARM multiple.



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## Important Information

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