

The Stellar ITS

# Q2 2025 Asset Update



# The Stellar ITS

## Asset Update Overview

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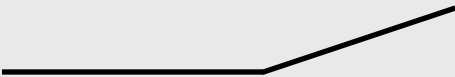
The Stellar ITS is a discretionary managed service which is designed for investors who wish to leave a legacy that is free from inheritance tax. It provides access to a range of qualifying business activities that offer security and diversification, whilst seeking capital growth, in addition to qualifying for Business Relief.

Our investment strategy offers a unique, style-diversified approach built on an unconstrained, bottom-up process. We partner with incentivised experts through joint ventures, leveraging specialist knowledge to uncover off-market opportunities. With a strong focus on buying off-market and selling on-market, we aim to deliver equity participation and real returns for clients. Disciplined selling and extensive experience underpin our commitment to consistent capital recycling and value creation for investors.

The objective of this report is to provide existing investors with greater insight as to:

- ★ The key **investment strategies** that are deployed by Stellar's investment team. The strategy for each underlying project can vary depending on the sector, a project's characteristics and its return profile;
- ★ The **performance** of the Service since inception;
- ★ The **activity** of each the underlying projects that the Service is currently invested in, including an update on operational activity as well as strategic future plans for the respective projects; and
- ★ An overview of the Service's **ESG credentials** following assessment by Stellar's investment team.

# Strategy Overview

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

# Progress Overview

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

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

Partnership	Slide
Stellar Newark LP	<a href="#"><u>7</u></a>
Panmure Forestry Partnership	<a href="#"><u>8</u></a>
Duchrae Forestry LLP	<a href="#"><u>9</u></a>
Strathclyde Hotel LLP	<a href="#"><u>11</u></a>
Stellar Tavis House (Tunbridge Wells) LP	<a href="#"><u>12</u></a>
Stellar Tavis House (Poole) LP	<a href="#"><u>13</u></a>
Stellar Tavis House (Hoddesdon) LP	<a href="#"><u>14</u></a>
Sky Delta Partnership	<a href="#"><u>16</u></a>
Sky Chrome Partnership	<a href="#"><u>17</u></a>
Sky WestBridge Partnership	<a href="#"><u>18</u></a>
Sky Homewise Partnership	<a href="#"><u>19</u></a>

## **Category 2:** Marginally below target expectations.

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

Partnership	Slide
Stellar Bramshaw LLP	<a href="#"><u>5</u></a>
Stellar Paultons LP	<a href="#"><u>6</u></a>
Sky Brandon Partnership	<a href="#"><u>20</u></a>

## **Category 3:** Below target expectations.

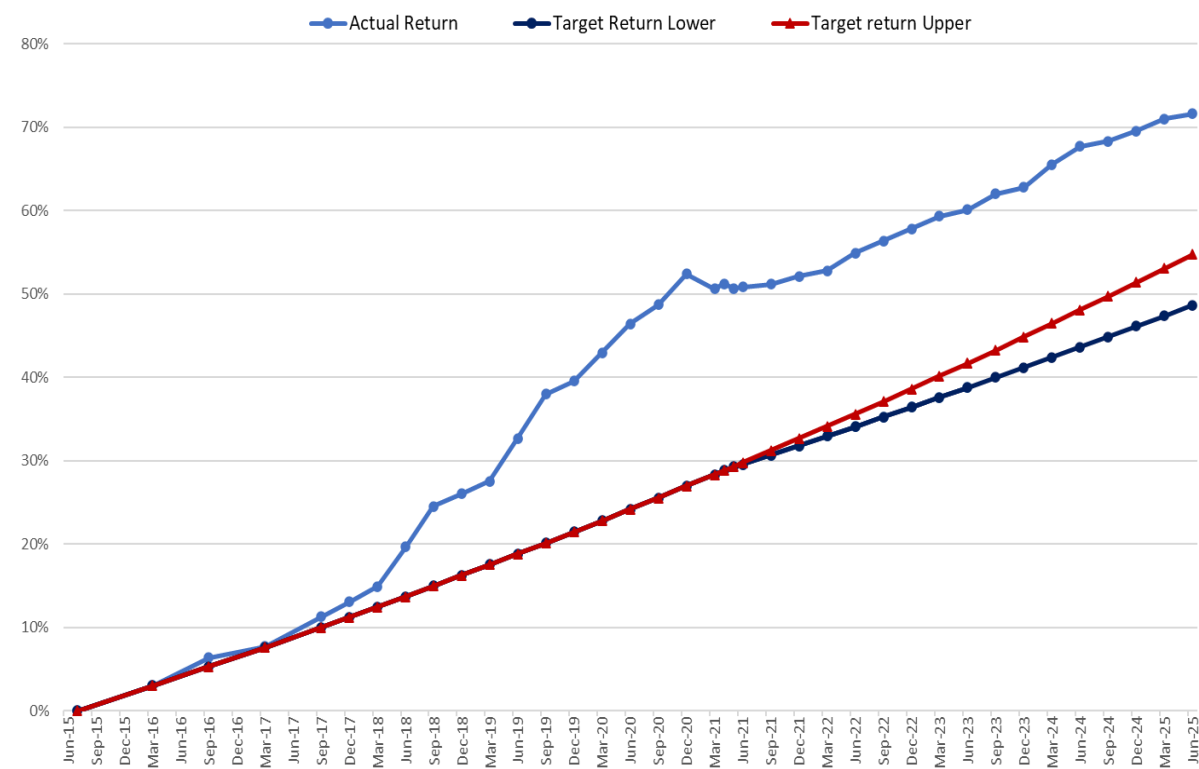
Intensive action plans to drive performance improvement are in place for assets in this category.

Partnership	Slide
Stellar Murrayshall Hotel LLP	<a href="#"><u>10</u></a>
SSC Bradford Care Home	<a href="#"><u>15</u></a>

# Performance Update

The Stellar ITS NAV 30 June 2025 : 1.3220

The Stellar ITS Cumulative Performance



The Stellar ITS returns to 30 June 2025

	1 Year	2 Years	3 Years	Since Launch (June 2015)
Actual Total	2.3%	7.2%	10.8%	71.6%
Lower Target Total	3.0%	6.0%	9.0%	45.7%
Higher Target Total	4.5%	9.0%	13.5%	54.7%
Actual Annualised	2.3%	3.5%	3.5%	5.6%

Please note that the past performance is calculated on the basis of a Stellar service that was repositioned on 1 May 2021 as The Stellar ITS.

# Stellar Bramshaw LLP

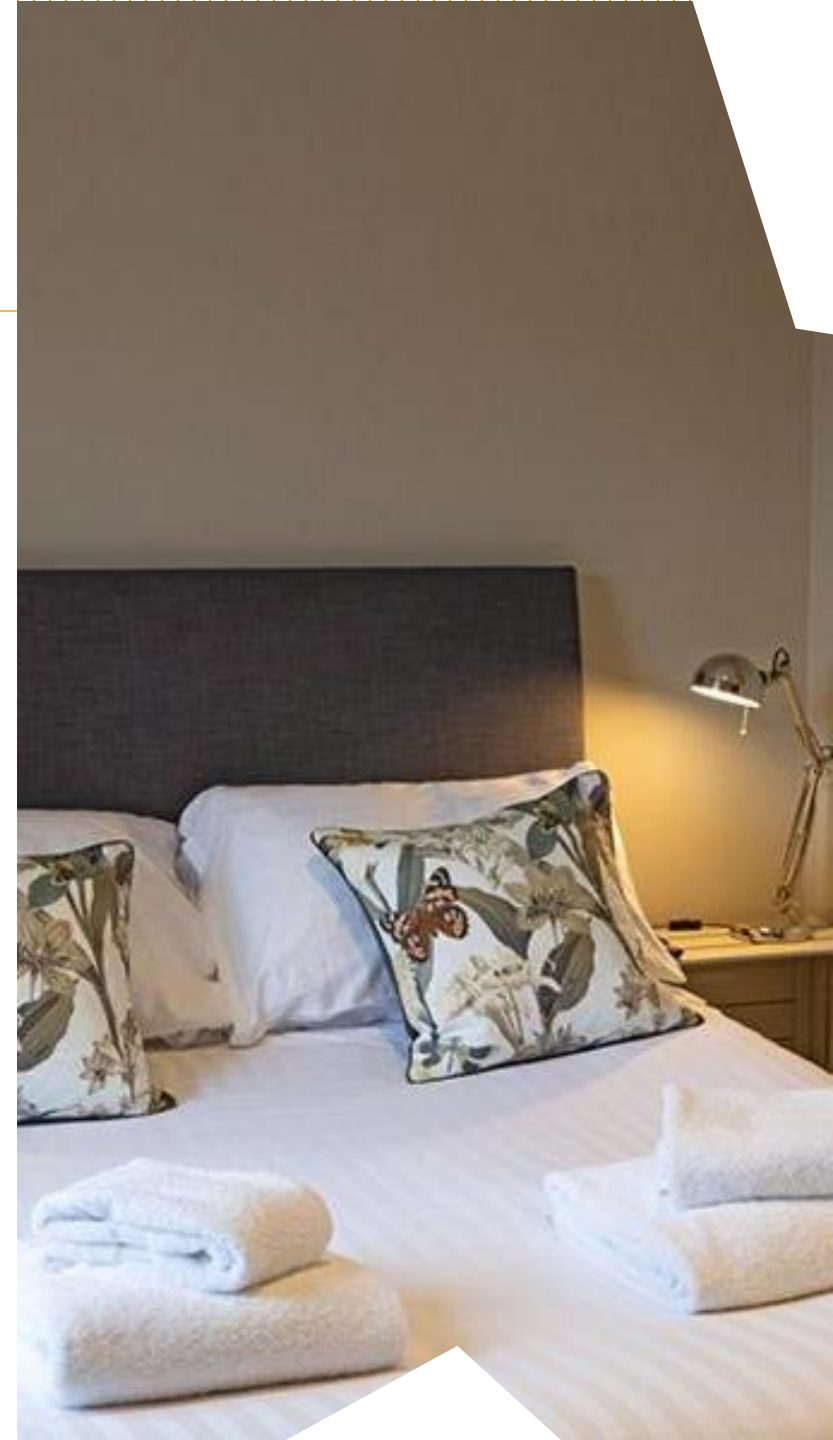
Strategy: Value-add | Progress: Category 2

## Operational Update

- ★ **The business comprises Bramshaw Golf Club and The Bell Inn.**
- ★ The Golf club saw an increase of 18% in Profit after tax in the financial year (YTD) as at 30 June 2025 when compared to profit for the same time in the last financial year.
- ★ We have partnered with Golf Now as a strategic channel to further drive green fee revenue. This collaboration has already delivered encouraging results, with Golf now green fee income for the Manor Course increasing year on year.
- ★ The Bell Inn has fallen short of budget expectations YTD. The key shortfalls have been occupancy and F&B revenue.

## Actions / Direction of Travel

- ★ Having fallen short of budget expectations, a new sales and marketing plan is underway to drive revenue at The Bell Inn.
- ★ We have received planning approval to extend the clubhouse balcony at the Golf club, which will provide opportunities to enhance F&B and events revenue once complete.
- ★ **We remain confident in the LLP's ability to achieve target return expectations for investors. Costs are being managed well across both businesses. We have a strong management team in place with a clear focus on driving revenue throughout this trading year.**





# Stellar Paultons LP

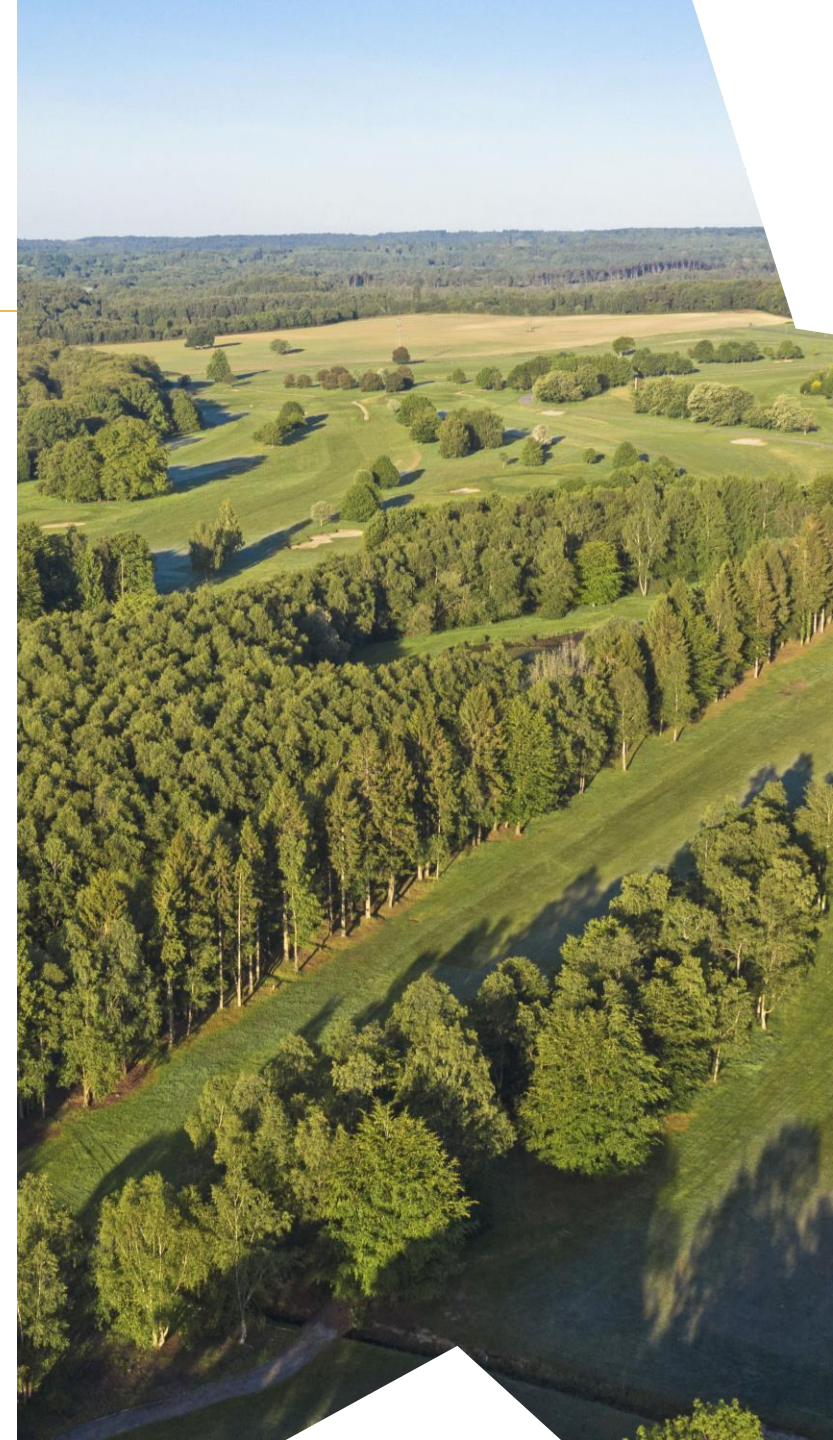
Strategy: Value-add | Progress: Category 2

## Operational Update

- ★ **The business is trading profitably YTD. It is tracking slightly behind budget expectations, but we are expecting to recover throughout the summer months.**
- ★ The segments contributing to the shortfall to budget YTD are F&B and retail. These areas are therefore a key focus for the management team.
- ★ Positive social engagement around the driving range has continued with revenue from this segment exceeding budget expectations YTD.
- ★ Engagement with platforms such as Golf Now has allowed us to secure green fee revenue on short notice for off peak tee times. As a result, Paultons has exceeded green fee budget expectations YTD.

## Actions / Direction of Travel

- ★ The site is currently in the hiring process for a new General Manager to oversee the day-to-day operations, this should improve the customer experience and increase the on-site spend per visitor.
- ★ We continue to explore other avenues of extracting value from the site, such as the development of land that is currently not utilised.
- ★ **Driven by sustained growth in Green Fee revenues and consistently strong feedback from the range, we remain confident in the club's ability to deliver against our performance targets, particularly with key trading months of the summer still ahead.**



# Stellar Newark LP

Strategy: Core Plus | Progress: Category 1

## Operational Update

- ★ **Positive revenue growth since acquisition last year symbolises a positive direction of travel for the club.**
- ★ Green fee revenue was an untapped revenue stream prior to our acquisition. We have introduced Golf Now to enhance footfall.
- ★ Since acquisition, we have made a number of immediate improvements to the facilities.
- ★ We presented our renovation plans to the members at the start of the year and received positive feedback.
- ★ Winter course work affected the condition of the greens at the start of the Golf season, leading to some negative visitor feedback. These issues are now resolved, with a renewed focus on marketing to boost local reputation.

## Actions / Direction of Travel

- ★ In the immediate term, we will conclude our renovations on site and market the asset as a much-improved, attractive destination for golf, functions and events.
- ★ **The site offers several additional value-add development opportunities that can be pursued without compromising its core function as a golf business. We plan to explore their viability over the medium term, and we will continue to update investors.**





# Panmure Forestry Partnership

Strategy: Core Plus | Progress: Category 1

## Operational Update

- ★ **Operations at Panmure forest continue to be managed in accordance with our investment strategy.**
- ★ We have now completed felling activities on site which has achieved revenue in line with our expectations, generating £200k in the Financial year 2024/25.
- ★ Our focus for the remainder of the year will be to replant the areas that have been harvested. We will endeavour to plant as high a percentage of Sitka Spruce as is feasible as this is the highest yielding commercial crop and will drive asset value in the medium to long term.
- ★ New forestry planting of seven hectares of former farmland on the site has been undertaken and is establishing well, further enhancing the value of the site.

## Actions / Direction of Travel

- ★ The recent harvest concludes all on-site harvesting, as outlined in our original Forestry Plan.
- ★ The focus is now replanting harvested areas, continuing to cultivate crops that have been planted over the past five years.
- ★ As the crops continue to establish, we expect the value of the site to appreciate, and we will review the marketability of the site in the medium term.
- ★ **We are pleased with progress at Panmure to date and expect target expectations to continue to be met.**



# Duchrae Forestry LLP

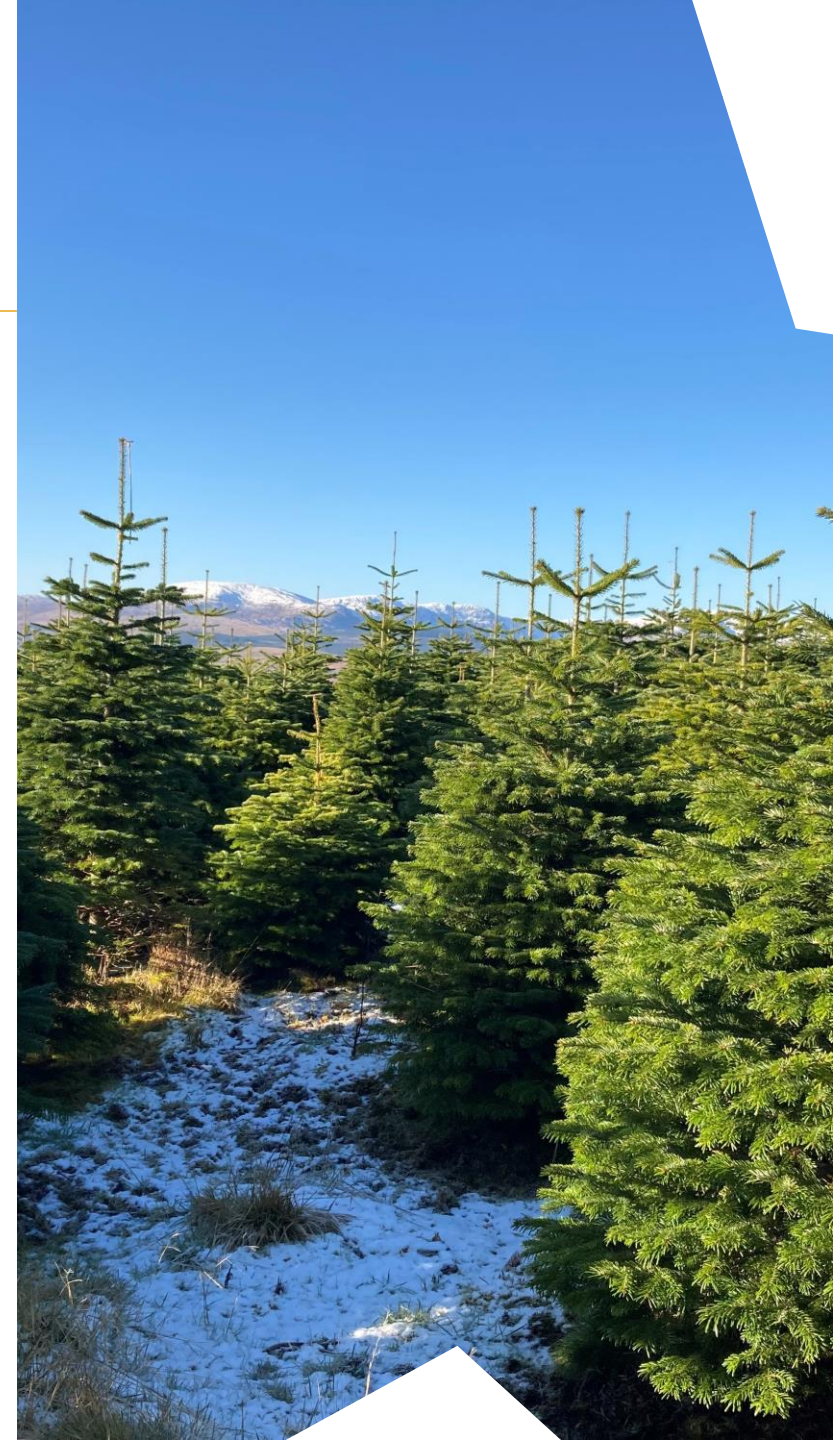
Strategy: Core Plus | Progress: Category 1

## Operational Update

- ★ **We have continued to make positive progress with our investment strategy at Duchrae Forest throughout the first half of 2025.**
- ★ Planting on the c.170 hectares of land approved for afforestation is complete.
- ★ The crops that have been planted are establishing well.

## Actions / Direction of Travel

- ★ We have made further progress towards attaining planting permission for the remainder of the estate. We have been assured by Scottish Forestry that we will receive a decision in Q3 2025.
- ★ Whilst delays to Scottish Forestry's approval process have been a cause of frustration, this should not impact our timeline for planting. Planting is expected to commence in Q1 2026.
- ★ We continue to explore other avenues of extracting additional value from the site. We have agreed terms with a renewable energy developer for future use of our land to provide access to neighbouring plots for wind development.
- ★ **Progress to date at Duchrae remains in line with both our expectations and our long-term strategy.**





# Stellar Murrayshall Hotel LLP

Strategy: Value-add | Progress: Category 3

## Operational Update

- ★ Our investment team holds weekly meetings with the management team to monitor progress against the recovery plan.
- ★ 7Hospitality has been appointed by the Hotel to spearhead Sales and Marketing since Q1 2025. They have landed a significant corporate contract that will ensure a stable business base for the hotel for at least the next two years.
- ★ This contract supports the hotel midweek and through the winter which have both historically been two of the hotel's biggest challenges.
- ★ It is not an exclusive use contract and there remains significant opportunity to drive weekend room revenue as well as all other revenue segments throughout the 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 opportunities.
- ★ We have achieved planning permission for the installation of 22 luxury pods (the Pods), as well as holiday lodges and a spa.
- ★ We have commenced work on installing the Pods in the first instance, with all units expected to be fully installed and operational by the end of August 2025.
- ★ **This business continues to be subject to intensive oversight and a recovery plan. With the room offering expanded and a commercial contract underpinning base business, we are in an improved position. Our focus is driving revenue across all segments of the business.**



# Strathclyde Hotel LLP

Strategy: Core | Progress: Category 1

## Operational Update

- ★ **The asset has performed in line with target expectations since inception and remains on track with its investment strategy.**
- ★ A capital repayment of £500k to investors took place in Q1 2025.
- ★ The hotel has continued to perform well YTD, and EBITDA is tracking ahead of where we were at the same point last year.

## Actions / Direction of Travel

- ★ **We are pleased with the hotel's performance to date. We will continue to focus on driving trading performance and expect to review a disposal once we have another full trading year and market conditions improve.**





# Stellar Tavis House (Tunbridge Wells) LP

Strategy: Core plus | Progress: Category 1

## Operational Update

- ★ **Practical completion of the site took place in Q1 2025.**
- ★ We experienced a delay to commencing construction, therefore extended finance costs were incurred. We anticipate that these costs can be recovered during the disposal process.

## Actions / Direction of Travel

- ★ Strong interest in the site has been seen to date with negotiations over several units progressing well.
- ★ We have terms agreed with the tenants for the largest unit. We are working through the legal process and expect this to be complete in Q3 2025 which will mark a positive step forward and may stimulate momentum.
- ★ We have appointed a new local agent to refresh the sales and marketing approach.
- ★ **Letting activity in this sector has been subdued of late. However, we remain confident that target expectations can be achieved on disposal of the units.**



# Stellar Tavis House (Poole) LP

Strategy: Core plus | Progress: Category 1

## Operational Update

- ★ Construction works are now complete on both the main site and site entrance.
- ★ Tenancy has been secured for both units, which will be fully let on a 10-year lease at the budgeted rental values.
- ★ The strength of covenant of the secured tenant and the rental values achieved provides an attractive proposition for investment purchasers.

## Actions / Direction of Travel

- ★ We have been in discussion with a number of interested parties to date.
- ★ **Now that we have secured strong tenants for the units, our focus is on securing an exit. We expect to formalise the sale process in Q3 2025.**



# Stellar Tavis House (Hoddesdon) LP

Strategy: Core plus | Progress: Category 1

## Operational Update

- ★ **We achieved practical completion in Q1 2025.**
- ★ The strategy at Hoddesdon has been to sell the two smaller units on a freehold basis.
- ★ For the larger units, we seek to secure tenants first and then proceed to sell the units tenanted to an institutional buyer. To date, we have one unit tenanted while one remains vacant.

## Actions / Direction of Travel

- ★ To date, we have sold 50% of the units, we have the two larger units remaining.
- ★ There has been strong interest in the remaining units, and we have secured a tenancy for a tenant to occupy one of the two larger units.
- ★ For the unit tenanted, we were pleased to achieve a record £/square foot rental value for Hoddesdon.
- ★ **We remain confident that target expectations can be achieved on disposal of the final two units.**





# SSC Bradford Care Home

Strategy: Value-add | Progress: Category 3

## Operational Update

- ★ **The reduction in NAV is as a result of declining occupancy following an inadequate CQC rating and local authority admissions embargo.**
- ★ Following the local authority embargo on new admissions to the home and a CQC inspection rating of inadequate, occupancy at the home has fallen.
- ★ Due to occupancy levels, one wing of the home has been closed to manage staffing costs.

## Actions / Direction of Travel

- ★ The CQC has been back on site, and their inspection is ongoing. The outcome of this latest inspection will have a significant impact on performance in the near to medium term.
- ★ **We will update investors once we are in receipt of the CQC's decision.**





# Sky Delta Partnership

Strategy: Core | Progress: Category 1

## Operational Update

- ★ **This partnership is a bridging finance partnership which was created in Q1 2024.**
- ★ Eight loans have been provided to date, totalling 73% of the partnership's capital commitment.
- ★ Three loans have redeemed to date. Loans have either redeemed on time or with full default interest rate if late.
- ★ A further two loans are scheduled to redeem in the next 12 months.
- ★ We will continue to prioritise quality over quantity, ensuring all loans are subject to our robust due diligence process.

## Actions / Direction of Travel

- ★ We expect to deploy the remaining capital over the next 6-12 months.
- ★ **We are actively appraising a pipeline of opportunities and anticipate committing to new deals over the coming quarter.**



# Sky Chrome Partnership

Strategy: Core | Progress: Category 1

## Operational Update

- ★ **One loan remains outstanding in this partnership.**
- ★ We have committed the agreed facility for this partnership with no further loans to be funded.

## Actions / Direction of Travel

- ★ Performance across all other loans has either met or exceeded expectations, meaning the partnership is tracking ahead of its target.
- ★ **We continue to work with the remaining borrower's advisers to achieve redemption of the outstanding loan with interest expeditiously and will update investors as soon as we can provide a definitive timeline.**





# WestBridge Partnership

Strategy: Core | Progress: Category 1

## Operational Update

- ★ The loan redeemed in full in Q1 2025.
- ★ This marked an early redemption. The redemption proceeds will be redeployed to new and existing projects.

## Actions / Direction of Travel

- ★ **Following early redemption of this loan, this partnership has now concluded, and we are pleased to report that it exceeded target expectations.**



# Homewise Partnership

Strategy: Core | Progress: Category 1

## Operational Update

- ★ Whilst the borrower has made progress with their business plan, a subdued property market has meant that the business has fallen short of cash-flow projections.
- ★ An amendment to our facility agreement has therefore been agreed. This involves an extended loan term but with a higher interest rate and increased capital repayments.
- ★ We are in regular dialogue with the borrower and are consistently appraised of business performance.
- ★ We remain confident in their strategy and expect redemption in full by Q2 2026.

## Actions / Direction of Travel

- ★ In amending our facility agreement, we have secured improved terms for investors.
- ★ No further extensions or amendments will be provided.
- ★ **On redemption of the loan, we envisage an above target return.**





# Brandon Partnership

Strategy: Core | Progress: Category 2

## Operational Update

- ★ Stellar Trading Limited provided a loan to support this development project.
- ★ The Brandon Project is pursuing planning for development around the Suffolk market town of Brandon.
- ★ The first phase involves a commercial scheme which has completed a pre-app process, and we expect a full application will be submitted later this year.

## Actions / Direction of Travel

- ★ The planning statements made by the Government and the implementation of a new National Planning Policy framework are encouraging and should help this project achieve its objectives.
- ★ **Whilst this remains a long-term development opportunity with many phases, we remain confident in full repayment of the loan with interest.**



# 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.

## Ongoing review

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



## SWOTDOT Scoring



## Service Average January 2025



For further information please access our [Sustainable and Responsible Investment Policy](#)  
View our latest Asset Backed IHT Service Sustainability Spotlight [here](#).

# Get in touch

We're here to help

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## 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](mailto:enquiries@stellar-am.com)

For further information, please visit  
[www.stellar-am.com](http://www.stellar-am.com)