

Q4 2024

The Stellar ITS 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
Stellar Murrayshall Hotel LLP	5

Performance Update

The Stellar ITS NAV 31 December 2024: 1.3058

The Stellar ITS Cumulative Performance



The Stellar ITS returns to 31 December 2024

	1 Year	2 Years	3 Years	Since Launch (June 2015)
Actual Total	4.1%	7.4%	11.4%	69.5%
Lower Target Total	3.0%	6.0%	9.0%	43.6%
Higher Target Total	4.5%	9.0%	13.5%	51.4%
Actual Annualised	4.1%	3.6%	3.7%	5.8%



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 Murrayshall Hotel LLP

Strategy: Value-add | Progress: Category 3

Operational Update

- ★ **Cumulative trading underperformance and a weak valuation by the bank has contributed to the partnership's NAV performing below expectations.**
- ★ Trading performance remains behind budget YTD 31 December 2024.
- ★ Despite YOY increases in revenue, this has not been sufficient to offset cost increases.
- ★ Our investment team holds weekly meetings with the management team to monitor progress against the recovery plan.
- ★ A new sales and marketing function (7Hospitality) has been implemented with greater resource, infrastructure and key networks.

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.
- ★ Our local planning application for glamping pods has been approved, with a subsequent application for holiday lodges set to be heard in February 2025.
- ★ Works to install glamping pods on site has begun with all pods set to be operational by April 2025.
- ★ **The business is subject to intensive oversight and a recovery plan which all parties remain committed to. The appointment of 7Hospitality and opening of glamping pods are expected to boost performance in the medium term.**



Stellar Bramshaw LLP

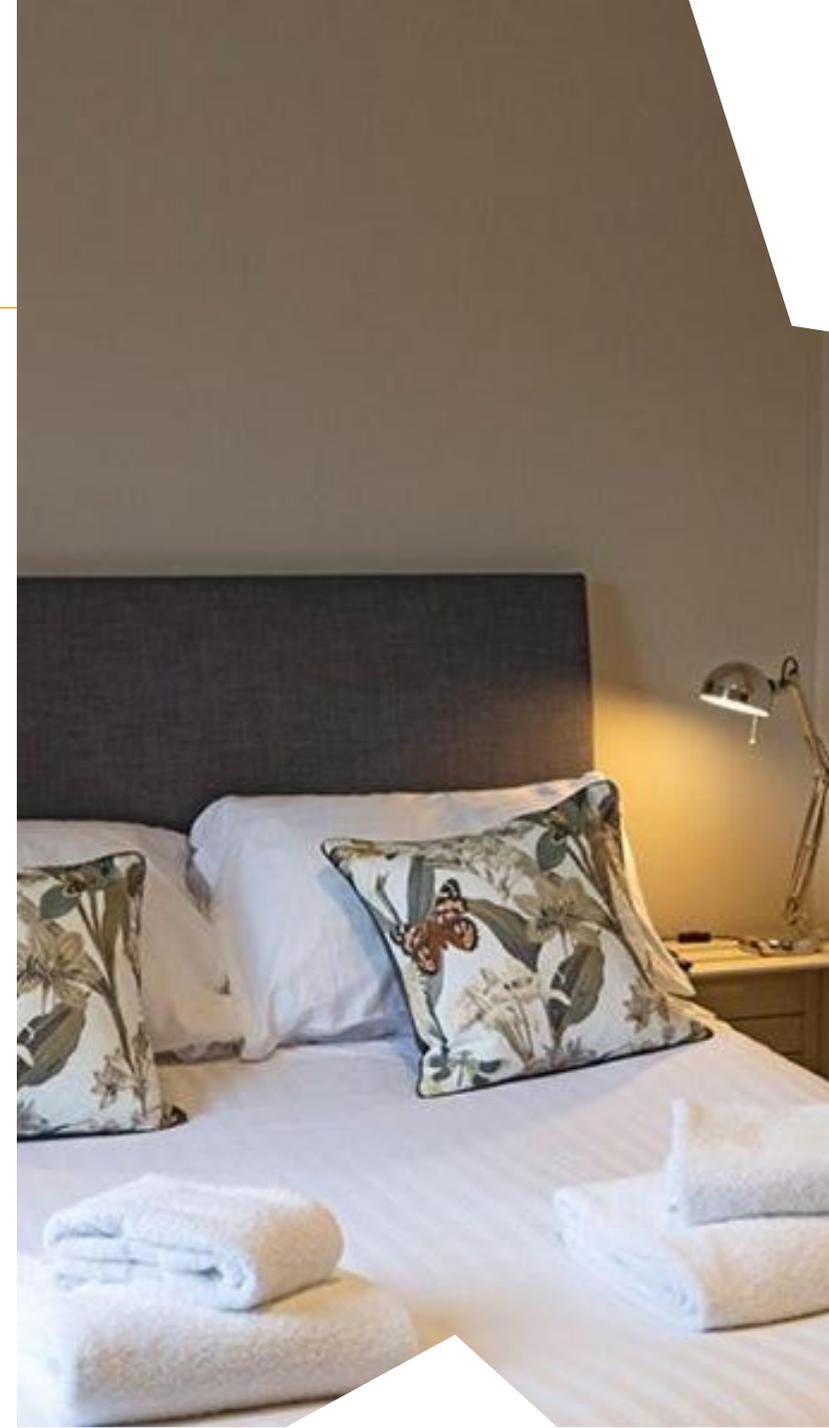
Strategy: Value-add | Progress: Category 2

Operational Update

- ★ **The business comprises The Bell Inn and Bramshaw Golf Club. Both businesses are trading profitably YTD, albeit slightly behind budget expectations.**
- ★ The business has produced a net profit of £147k YTD.
- ★ Trading has been impacted by both extreme weather and staffing challenges throughout the year.
- ★ F&B revenue YTD remains the largest shortfall to budget. Heightened focus has been placed on this area of the business.

Actions / Direction of Travel

- ★ Business on the books for The Bell Inn remains robust.
- ★ We are working with GolfNow as an additional tool to drive green fee revenues. This initiative involves marketing to a wider customer base and enabling us to fill quieter booking windows on short notice.
- ★ **We remain confident in the LLP's ability to achieve target return expectations for investors. With a strong management team, we are well positioned to drive improved trading performance in the final quarter of this financial year ending March 2025 and beyond.**



Stellar Paultons LP

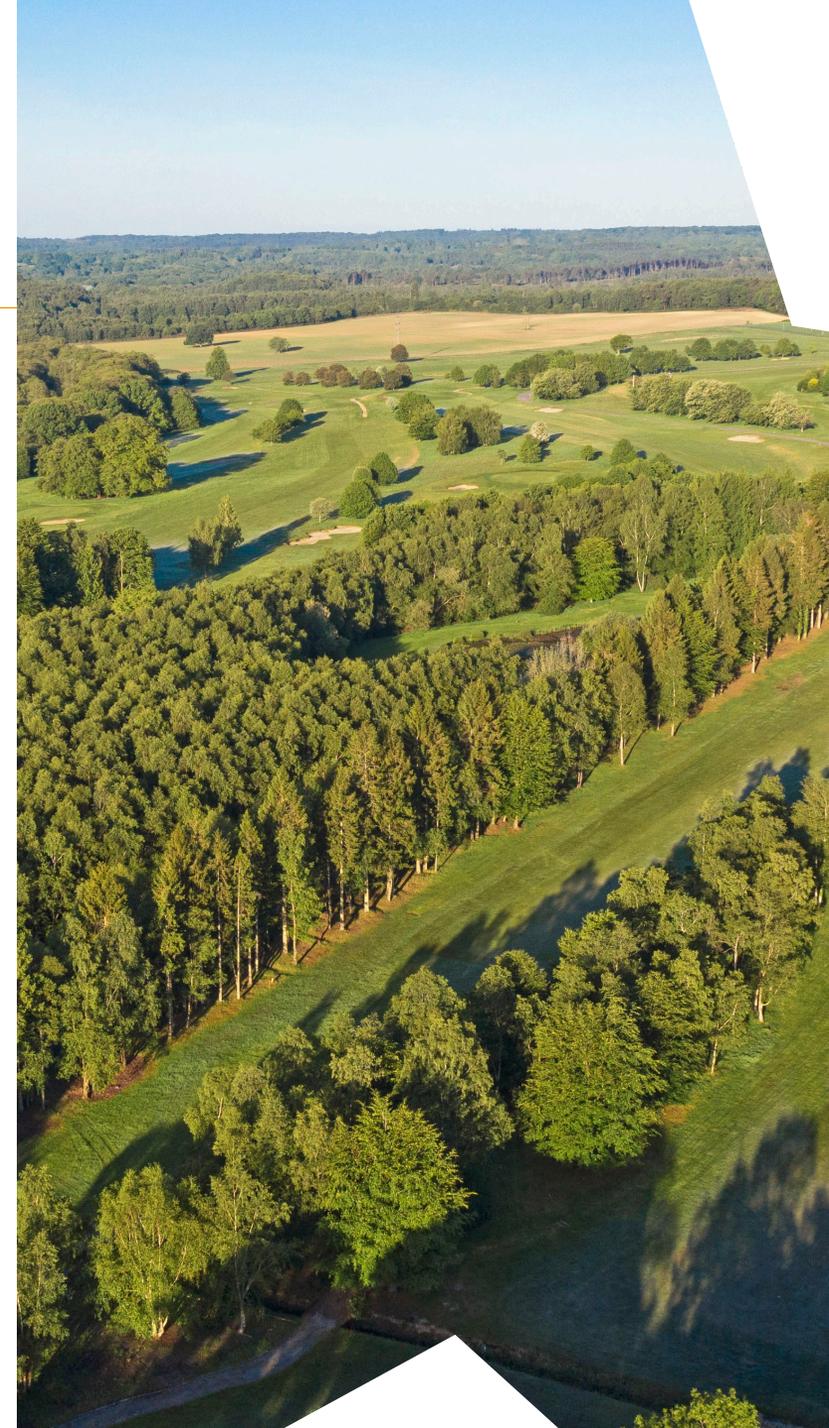
Strategy: Value-add | Progress: Category 2

Operational Update

- ★ The business has produced an operating profit of £43k YTD as at 31 December 2024.
- ★ Trading has been impacted by extreme weather both at the start of the trading year and over the Christmas period.
- ★ Revenue from the driving range has exceeded budget YTD by c.32%.

Actions / Direction of Travel

- ★ Key focuses this year have been on bolstering the management team and driving spend per head of visitors. The team are now settled, and this is starting to reflect in performance.
- ★ Engagement with platforms such as GolfNow has allowed us to secure green fee revenue on short notice for off peak tee times. We are also seeing more traction from corporate business and societies.
- ★ We continue to explore other avenues of extracting value from the site, such as the development of land that is currently not utilised.
- ★ **The asset has now formed a stable base of trade upon which performance can be driven in the latter months of this financial year and beyond. Additional opportunities to extract value from the site remain with a planning application for redevelopment of the course is under review by the council.**



Stellar Newark LP

Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **We are pleased to report that we successfully completed on the acquisition of Newark Golf Club on 17 July 2024.**
- ★ Positive performance has been seen to date with a net profit of £29,500 seen under our ownership.
- ★ A strong team is in place and are well positioned to drive performance with an engaged membership base.

Actions / Direction of Travel

- ★ We acquired this asset off-market and below its open market value.
- ★ Improvements to the course have been undertaken, with positive feedback from the membership base received.
- ★ We have inherited an existing membership base who remain engaged and support the vision for the club.
- ★ There is significant opportunity to unlock revenue streams that were not captured by previous ownership. These include green fees, F&B, retail and events revenue. The land also affords some interesting additional value-add opportunities which we are exploring.
- ★ **Works are now underway to renovate the clubhouse which will unlock several of the revenue streams noted above.**



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.**
- ★ Having completed phase one of our harvesting operations, we have the requisite permission for the next block of felling. We will wait until the market picks up before harvesting the timber, this is estimated to be before the winter of 2025.

Actions / Direction of Travel

- ★ We continue to actively manage the newly planted crop which has established well.
- ★ We continue to monitor the timber market to ensure our next phase of harvesting is undertaken when there is opportunity to sell into a stronger market.
- ★ **We are pleased with progress at Panmure to date and expect target expectations to continue to be met.**



Duchrae Forestry LLP

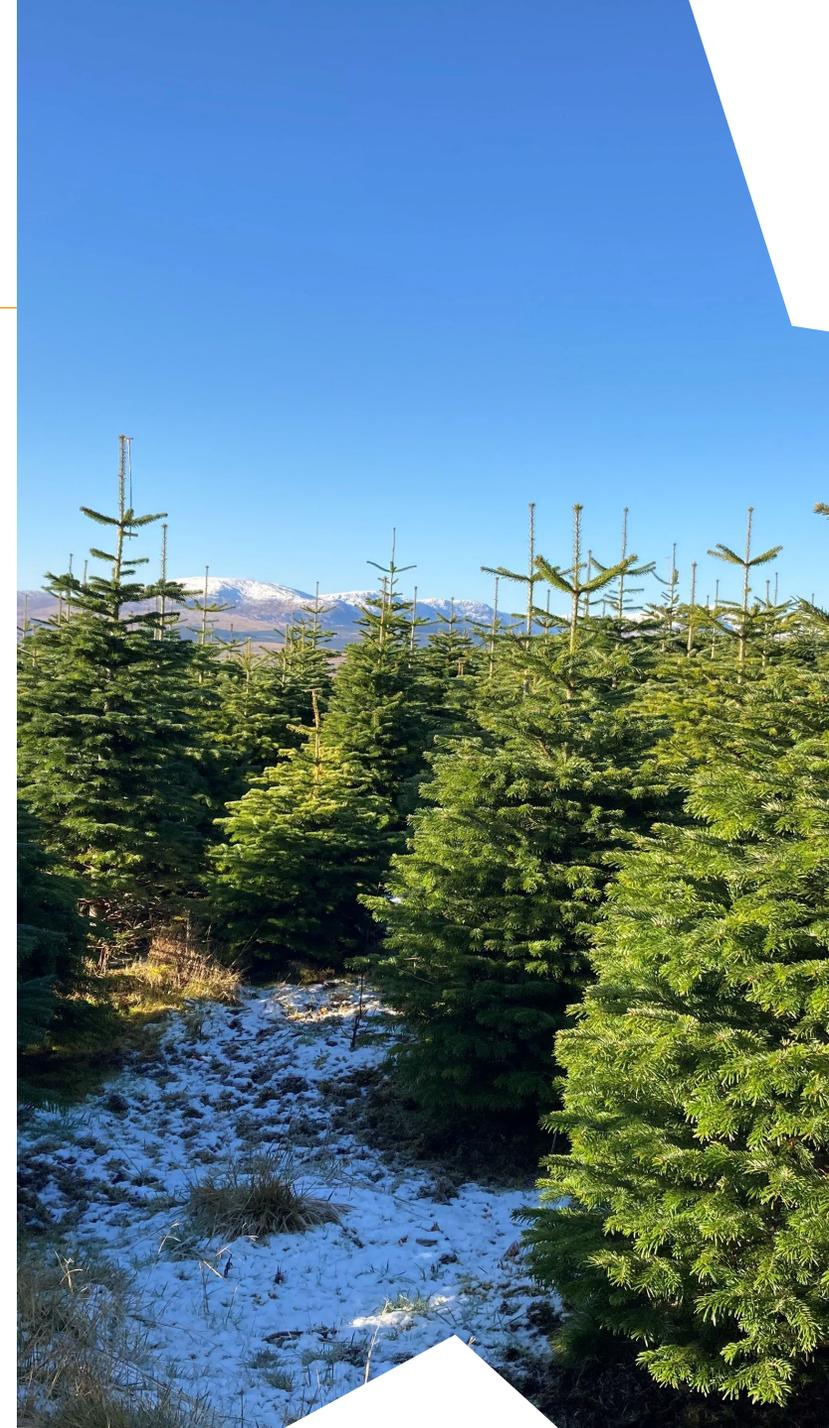
Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **We have continued to make positive progress with our investment strategy at Duchrae Forest.**
- ★ Positive growth from recent planting activities on the c.170 hectares of land approved for afforestation at acquisition 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 the requisite surveys and consultations now complete.
- ★ Our current expectation is for a decision on our planting application to be received in Q1 2025, with a positive outcome enabling planting to commence in the Spring of 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. We will update investors as to any material progress in this regard.
- ★ **Progress to date at Duchrae remains in line with our strategy.**



Stellar Tavis House (Tunbridge Wells) LP

Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **Practical completion has now been achieved for this site.**
- ★ 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.
- ★ A slight construction overspend has been experienced on water pumps and two substations. However, these remain within the contingency and are expected to result in a correlated uplift in value.

Actions / Direction of Travel

- ★ We have instructed both local and national agents to market the units to attract as broad a range of occupiers/buyers as possible. Discussions with potential buyers and tenants are ongoing.
- ★ **We remain confident that target expectations can be achieved on disposal of the units.**



Stellar Tavis House (Poole) LP

Strategy: Value-add | Progress: Category 1

Operational Update

- ★ **All major construction works were complete on time and on budget, with practical completion scheduled for February 2025.**
- ★ A delay to commencing construction means extended finance costs have been incurred. We anticipate that these can be recovered during the disposal process.

Actions / Direction of Travel

- ★ Terms have been agreed in principle to tenant both units. We will work to complete the legal process in Q1 2025 whilst pursuing avenues to dispose of the tenanted units.
- ★ **We remain confident that target expectations can be achieved on disposal of the units.**



Stellar Tavis House (Hoddesdon) LP

Strategy: Core Plus | Progress: Category 1

Operational Update

- ★ **Construction works experienced delays because of extreme weather and poor oversight by the contractor. Practical completion is expected in February 2025. We expect to be compensated for the delay by way of a reduced contract sum, which offsets the additional costs associated with the delay.**

Actions / Direction of Travel

- ★ To date two of the smaller units on the site have been sold.
- ★ There has been interest in the remaining units with terms now agreed for a tenant in one of the two remaining larger units.
- ★ **We remain confident that target expectations can be achieved on disposal of the units.**



SSC Bradford LLP

Strategy: Value-add | Progress: Category 2

Operational Update

- ★ There has been significant progress made at the home in the past six months. Notably the average weekly fee having increased c.30% under their management.
- ★ We have expanded our dementia care offering with occupancy now stable across the home. 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.

Actions / Direction of Travel

- ★ A CQC inspection was recently undertaken. However, no formal report has been received to date.
- ★ The home's reputation amongst those responsible for admitting residents has improved.
- ★ There has been a pause to admissions from the local authority until after the outcome of the CQC inspection is known, which is customary by this authority. This has resulted in a slight dip in occupancy during January 2025.
- ★ Upgrades made to the home environment on our newly renovated dementia wing have generated excellent feedback.
- ★ **With a quality operator in place and a renovated property, the home is well positioned as a superior offering to local competitors. We are confident in recouping value and meeting target expectations in the medium term.**



Sky Delta Partnership

Strategy: Core | Progress: Category 1

Operational Update

- ★ **This partnership is a new bridging finance partnership which was created in Q1 2024.**
- ★ Five 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

- ★ **We have a number of deals in due diligence and expect further capital to be deployed in H1 2025.**



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 are working with the remaining borrower's advisers to achieve redemption of the outstanding loan with interest expeditiously and will update investors further in our next report.**



Stellar WestBridge Loan

Strategy: Core | Progress: Category 1

Operational Update

- ★ **This partnership continues to perform in line with its original investment strategy.**

Actions / Direction of Travel

- ★ All repayments have been made on time and in full to date.
- ★ **The loan is due to be fully repaid in Q1 2027.**



Stellar Homewise Loan

Strategy: Core | Progress: Category 1

Operational Update

- ★ **This partnership continues to perform in line with its original investment strategy.**

Actions / Direction of Travel

- ★ **An amendment to the existing facility agreement has been agreed. Monthly repayments will now take place between January 2025-October 2025.**



Stellar Brandon Loan

Strategy: Core | Progress: Category 2

Operational Update

- ★ The Brandon project is pursuing planning opportunities around the Suffolk market town of Brandon.
- ★ The first phase involves a commercial scheme which has completed a pre-app process and expect to submit a full application later this year.

Actions / Direction of Travel

- ★ The planning statements made by the new Government are encouraging and should help this project achieve its objectives, but it remains a long-term development opportunity with many phases.



ESG and Sustainability

Our Process

Initial questionnaire

- ★ Datapoints across **E**nvironmental, **S**ocial and **G**overnance.
- ★ 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.



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

SWOTDOT Scoring



Service Average January 2024



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