



The Stellar Martineau Place LP (“the Fund”)

Six-Monthly Performance Update

The hotel has continued to make solid progress in the six months to 30 September 2025, delivering EBITDA of £600k against a robust budget of £678k and achieving a clear uplift on prior-year performance.

Corporate long-stay business remains a core strength and an important revenue driver. While delivery of the long-stay strategy has been impacted by increased local competition and short-term resourcing challenges within the sales and marketing team, stemming from delays associated with the historic sales process, these issues have now been fully resolved. The commercial team is fully resourced and well-positioned to accelerate growth.

Intrusive fire surveys also reduced room availability at points during the period, creating a short-term constraint driving underperformance.

Although revenue was marginally behind budget, the Fund has significantly outperformed the prior year, demonstrating positive momentum and improved trading fundamentals as the business continues to move in the right direction.

	YTD Actual	YTD Budget	Variance	YTD Actual	Prior Year	Variance
Total Revenue	2,190,918	2,323,466	(132,548)	2,190,918	2,165,599	25,319
Total Costs	(1,590,616)	(1,645,419)	54,803	(1,590,616)	(1,649,465)	58,849
EBITDA	600,302	678,047	(77,745)	600,302	516,134	84,168

Market Commentary

The UK hotel market in the third quarter of 2025 reflected a period of stability following a softer first half of the year. Trading conditions have steadied as inflationary pressures eased and consumer confidence began to recover, supported by recent interest rate cuts and a modest rebound in corporate and leisure travel. However, performance across the sector remains uneven, with London and key regional cities showing resilience while secondary markets continue to face headwinds.

Occupancy levels have largely plateaued at around mid-70% levels, consistent with recent quarters but slightly below 2024 averages. Average Daily Rates continued to edge higher, underpinned by sustained demand from international visitors. Despite this, RevPAR growth has moderated as weaker domestic spending and competitive supply have constrained overall trading performance. The meetings and events segment continues to provide a stable source of demand, although the pace of growth has slowed compared to earlier in the sector’s recovery.

Operationally, hotels are facing persistent cost pressures. Wage growth, insurance premiums and business rates remain elevated and while energy costs have eased from prior peaks, they continue to exceed pre-pandemic benchmarks. These factors have placed pressure on profit margins, with gross operating profit per available room trending slightly lower year-on-year. Operators are increasingly focused on efficiency initiatives, including technology adoption, workforce optimisation and energy management, to offset these challenges.

Investment activity strengthened through Q3, following a subdued start to the year. Transaction volumes rebounded, driven primarily by single-asset sales and continued appetite for high-quality assets in London



and select regional hubs. Institutional and overseas investors remain active, with improved financing conditions and expectations of further monetary easing in 2026 supporting renewed confidence.

Looking ahead, the UK hotel market is expected to experience gradual but uneven growth. London and major urban centres are well-positioned to benefit from sustained international demand and corporate travel recovery, while provincial markets may continue to face softer domestic dynamics. Operators and investors alike are prioritising disciplined cost management, strategic capital investment and diversified revenue strategies to safeguard performance in what remains a competitive and evolving market environment.

Exit

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. This quarter they engaged with us specifically to explore the possibility of entering a conditional contract. Given the time that has passed since we have been in the sale process, we invited them to set out their proposal. In doing so, they put forward a revised sale figure at a level that was not palatable. Whilst we will keep them apprised of progress, our priority is addressing the outstanding fire safety points which require resolution before any buyer can complete their due diligence. At this stage, we will be in a much stronger position to recommence a sale process.

Fire Safety Defects Remediation

The fire safety defects identified at the hotel remain in detailed dialogue with the original contractor, (the “**Contractor**”) to provide a remedial solution for those defects. To date, discussions with the Contractor have been focused on three key areas: passive fire protection (“PFP”), the fire suppression system and the fire dampers. These discussions are taking place regularly supported by both the Fund’s and the Contractor’s respective appointed fire engineers with a view to achieving a resolution across the three categories.

However, last month, a further intrusive survey was undertaken with the intention of clarifying the position regarding PFP in certain areas of the hotel. The outcome of this survey has been that new, previously unidentified, defects have come to light, which have the capacity to significantly alter the remedial solution required. These findings have also resulted in a selection of rooms being taken out of action. Expert analysis continues, as does dialogue with the Contractor.

A summary of the position that had been reached prior to the recent intrusive survey is as follows:

Fire Dampers

It will not be possible to achieve an agreed outcome with the Contractor until we have reached a satisfactory conclusion on what needs to be rectified in relation to PFP in case any further damper work is uncovered as part of this process.

Passive Fire Protection

An extensive amount of investigatory work has been undertaken to categorise defects to PFP. This work has been overseen by fire engineers. The Fund’s fire engineer advised that there were a select few areas in the hotel for which an intrusive survey would be required in order to accurately ascertain the PFP position, as



visual inspection and review of the building's plans had not been conclusive. This survey commenced in August and concluded very recently. Unfortunately, this survey revealed further, previously unidentified, defects. In light of this, an updated operational safety review was undertaken by our fire engineer and the conclusion reached was that certain rooms affected by the findings had to be decommissioned until remedial work had been undertaken. As such, 16 rooms are currently not being sold by the hotel. We have a quote from a third-party contractor to undertake the remedial work, and we are just finalising the scope and timeline of these works (the "Near-Term Works"). The intention is for this work to be undertaken urgently, to ensure we can return the rooms to operation as soon as possible. In the interim period, we have noted all rooms affected by the surveys and are tracking the nightly revenue impact of the 16 rooms being out of commission, all of which will be factored into the claim against the Contractor.

Suppression system

The Contractor has undertaken protracted investigation of the as built system, which included further third-party surveys. The Contractor has engaged with the issues and that will be helpful as we hope to move towards an agreed outcome.

All investigatory work of the suppression system is now believed to be complete, and the fire engineers' opinions are not expected to be controversial. The intention is to seek the support for a proposed remedial solution from key stakeholders, being IHG, QBE (our insurer) and Building Control. However, following the outcome of the most recent intrusive PFP survey, the defects identified have the potential to alter this proposed remedial solution and the standard that this is aligned with. We must now engage further with the Contractor with a view to seeking a holistic remedial solution that is compliant. This proposal will need to be agreed by fire engineers.

Summary

In summary, our immediate action is to ascertain the scope and timeline of remedial work associated with the Near-Term Works. Once we have done so, we expect to instruct this work immediately to bring the rooms back into action and for this to be factored into the ultimate claim against the Contractor.

Once the Fund's fire engineer has ascertained the extent of the identified defects, the Contractor will be required to put forward a suitable proposal. We will then re-engage with key stakeholders accordingly.

Legal Position

We have been working with CMS to ensure that our legal position is reserved whilst we seek to reach a satisfactory conclusion with the Contractor. We are pleased to have entered into a Standstill Agreement with the Contractor in advance of the expiration of a limitation date which sufficiently protects our legal position under the main building contract and a supplementary building contract. Work is well advanced regarding entering into a similar standstill agreement to protect our legal position in relation to a further limitation date.

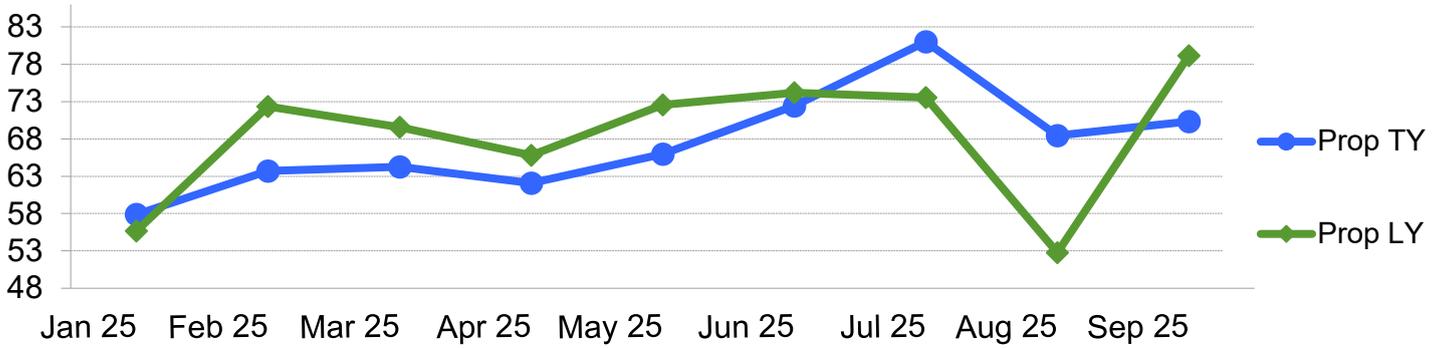
Performance vs Competitor Set

Prop TY = Property This Year

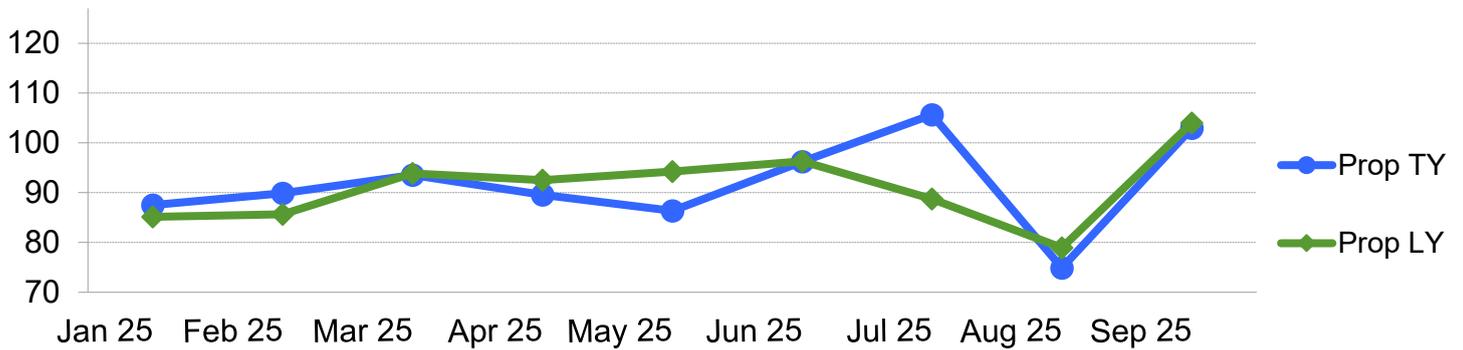
Prop LY = Property Last Year



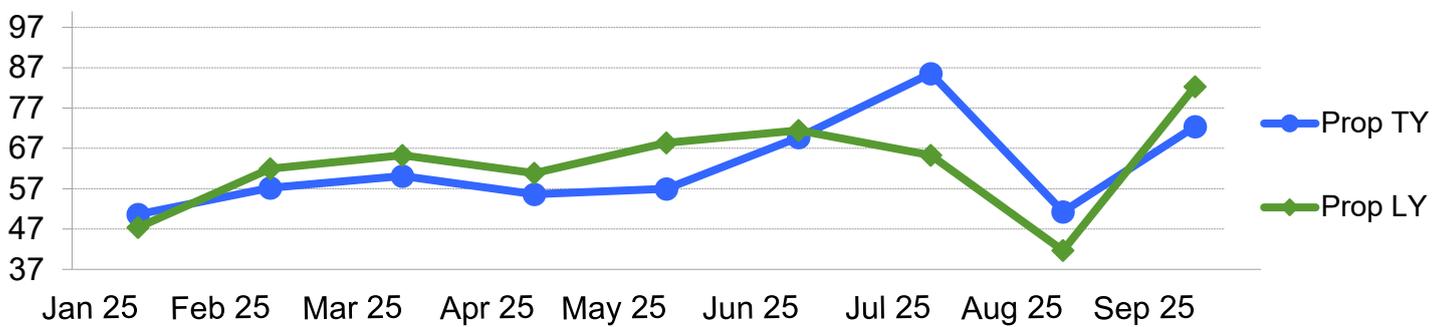
Monthly Occupancy (%) – Jan 2025 to Sep 2025



Monthly ADR – Jan 2025 to Sep 2025



Monthly RevPAR – Jan 2025 to Sep 2025





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 BPPA 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 BPR (Business Premises Renovation Allowance) holding period expired in December 2020.

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