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Ethical Property Company Releases Share Issue Document

Leading social sector property company looks to raise £3.5 million

The Ethical Property Company today launched a £3.5 million share issue with the distribution of an investment document to more than 1350 existing shareholders and to selected qualifying new investors. Priced at £1 per share, Ethical Property is seeking to issue at least 3.5 million shares.

This will be Ethical Property's fifth share issue since its foundation in 1998, and represents a significant fundraising for a social business. Ethical Property's primary mission is to acquire, manage and develop properties that provide affordable workspaces to organisations working to promote social change. Nearly half of not-for-profits see property as the greatest threat to their long-term stability.*

Susan Ralphs, Managing Director of Ethical Property, said: "This issue is being launched on the back of an outstanding period for Ethical Property. We reported strong results for the 2013/14 financial year, with an increase in operating profit of 15%. We are forecasting operating profit to grow a further 13% in the year ending 30 September 2015. This growth, accompanied by a highly competitive occupancy rate of about 95% and award-winning new developments such as The Foundry, positions Ethical Property strongly for the future."

With a property portfolio valued at more than £25 million, Ethical Property has added over £9 million to Net Assets since its last share offer in 2010. In the year to September 2014, Net Asset Value increased by 31% to £1.24 per Share, and we forecast NAV to increase by a further 26% to the estimated £1.56 per share by the end of September 2015, on the back of independent property valuations and strong profit growth. At the same time, shareholders have benefitted from the payment of a dividend every year since 2001, even during the most difficult years of recession.

Proceeds from this Share Issue will fund expansion into growth markets such as Bristol, Manchester and Cardiff. Ethical Property has ambitious plans to double in size over the next five years, bringing its unique model of investing in city fringe locations to provide social change organisations affordable yet high quality office and meeting spaces offered on flexible terms. In doing so, it often helps to safeguard properties for continued community use.

Ethical Property also considers disposals where there is an opportunity to increase its social, environmental and financial returns. It is currently exploring the sale of its Development House site in Old Street London, rather than making the substantial investment needed to upgrade the building to meet the needs of Ethical Property and its tenants. The site offers significant redevelopment opportunities in one of the fastest growing markets in the UK, and could result in a possible profit of between £10-20 million for the Company to re-invest in London, although any disposal will be complex and is dependent on uncertain market conditions.

ABOUT THE ETHICAL PROPERTY COMPANY

The Ethical Property Company is a social business that owns, develops and manages commercial property for use by charities, social enterprises, community organisations and campaign groups effecting social change. In 2013/14 the company provided space to over 1000 organisations in 24 centres across 9 cities in the UK. It is supported by over 1,350 shareholders, predominantly individuals as well as key institutions that are committed to social change and community development. Ethical Property Company shares can be acquired through ethical investment platform Ethex at www.ethex.org.uk/ethicalproperty.

The Ethical Property Company is part of the Ethical Property family, comprised of Ethical Property Europe, ETIC, Ethical Property Australia, The Ethical Property Foundation and Ethical IT. More information on the Ethical Property family of organisations can be found at www.ethicalproperty.co.uk.

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ABOUT CLEARLYSO

ClearlySo (www.clearlyso.com) is the financial adviser to the Ethical Property Company for this share offer. ClearlySo is an impact investment firm, working exclusively with businesses and funds delivering social or environmental impact as well as financial return. It supports capital raising activity through financial advisory work, and introduces businesses, charities and funds to institutional and individual investors who share their values.

* Charity Matters survey (March 2015)

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