

# QUARTERLY REPORT

Quarter ended 30 December 2020

## FINANCE DIRECTOR'S UPDATE

**Happy New Year – we hope you are safe and well. In this quarterly report we look at how to make our buildings more accessible, our plans for a Net Zero carbon strategy, as well as the company's financial performance in the first quarter of this year.**

Accessibility for all our building users is very important to us and to our tenants. Not all of our buildings can be adapted to high levels of accessibility, but it is something we try to improve wherever possible. On page 3, Sarah Campbell and David Fells explain how they incorporated accessibility into Streamline, our purpose-built centre in Bristol.

Reducing our environmental impact has always been a key objective for Ethical Property. We are working on a Net Zero carbon strategy to outline our plans for the next few years. In this quarterly report, we discuss our progress so far and our desired outcomes.

Financially we had a good result this quarter, making a profit despite the ongoing restrictions. Our financial performance continues to be better than last year, but we face challenges this year as the pandemic continues to impact our business.

Our Annual General Meeting will be held on Zoom again this year on Wednesday 24 March. We very much hope you will be able to join us. You will shortly receive the Annual Report 2019/20 and the agenda for the AGM. Please let us know if you have any questions in advance of the meeting so we can make sure these are addressed.

We look forward to seeing many of you at the AGM.

**Cate Teideman**  
*Finance Director*



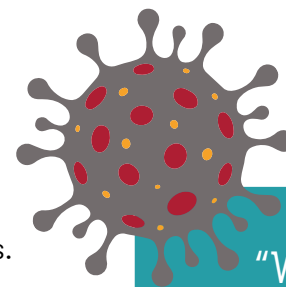
### ANNUAL GENERAL MEETING

Wednesday 24th March, 1pm

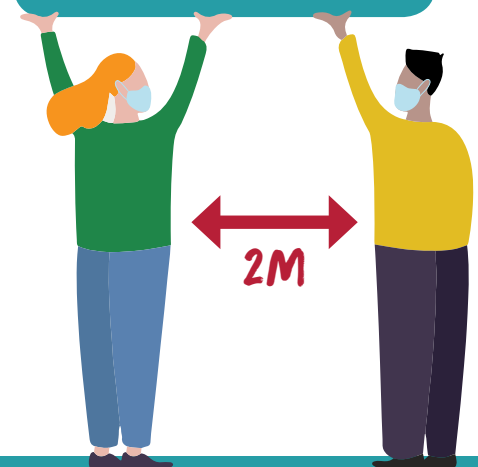
Via Zoom:

<https://us02web.zoom.us/j/3326956475>

Details will be sent to you shortly...



"We had a good result this quarter, but the pandemic continues to impact our business."



# THE JOURNEY TOWARDS NET ZERO

**As a company we continue to focus on our goal of Net Zero, so I would like to use this opportunity to document our progress and reflect on the challenges ahead.**

Our last environmental update was about the ethical dilemmas of creating a Covid-safe environment while limiting the use of potentially unsuitable materials – and this leads nicely on to the challenge of how to eliminate carbon emissions in buildings that are fully functioning but not fully occupied. The reality of recurring lockdowns has presented risks to energy efficiency that need to be considered, mitigated and minimised.



GOC/istockphoto

“We must put building users at the heart of our Net Zero strategy.”

Alongside developing our Net Zero strategy, we are carrying out a complete assessment of our buildings, including their energy consumption over the last five years. Because we operate a policy of 24/7 access for tenants, we need to strike a balance between comfort and practicality. We are in the fortunate position of having achieved our goal of all our procured energy being ‘green’, and we continue to increase our own energy generation, but this is offset by how that energy is used.

Increasing our use of technologies such as PIRs (passive infrared sensors, which detect movement), zoned heating systems and more intuitive building management will help us increase efficiency. We then need to consider building users – the less quantifiable element of the process, and the crux on which our success or failure hinges. For this reason, we must put building users, and not the buildings themselves, at the heart of our Net Zero strategy.

Education, explanation and reinforcement of messages on energy use are vital.

We must take time to consider how our tenants work, so that we can design systems around their reality and needs, rather than superimposing alien systems that work at cross-purposes. Our eclectic property portfolio, ranging from offices to cafés and retail or creative space, allows for a wide range of activities through which our tenants serve their communities. This means we can’t conform to a single standard of building operation and may have to consider 18 different ways of working – but if this helps us achieve our goal, then 18 ways of working it is!

So, where are we now? The strategy framework has been completed and assessment of our buildings is well underway. In terms of the indirect emissions caused by our suppliers (companies we work with but don’t have direct control over), we need to ask: who or what will affect our outcomes? How can we minimise any negative environmental impacts while accepting that we can only influence rather than dictate? Each stage cannot be rushed, and must be given due consideration if we are to achieve the success we are capable of.

**Astrid Hayles**

*Head of Assets*



# INVESTING IN INCLUSIVE WORKSPACES

**A recent survey\* showed that 27% of offices don't have sufficient access for people who use wheelchairs. And it isn't only wheelchair users who have problems finding space that is fully accessible. As a workspace provider, we want our spaces to be truly inclusive. We asked Sarah Campbell and David Fells how they made this a reality at our Streamline centre in Bristol.**

Sarah, who is South West Regional Manager, and David, who manages several of our Bristol centres, wanted to make sure Streamline went above the legal recommendations and provided a space that works for everyone. It is testament to their efforts that one of Streamline's tenants is a leading UK sight loss charity.

"I think it's easy to take for granted the ease with which we can carry out day-to-day tasks such as coming and going from a building, turning on the lights or making a cup of tea," says David. "These everyday tasks can be extremely challenging for people with additional accessibility requirements if the building they work in has been poorly designed. This is not only discriminatory but also unnecessary, as most modifications are so easy so make with just a little forethought."

Sarah adds: "Accessibility is fundamentally important because we want all our tenants and their visitors to feel welcome and comfortable in the spaces. We want everyone to be able to move around and use the buildings with ease. It shouldn't be that building users need to adapt to the building – the building should be adapted for the users."

We asked Sarah and David how easy it was to find the information they needed to make Streamline accessible. "We used the RIBA (Royal Institute of British Architects) *Designing for Accessibility* as our main guide, as well as consulting with WECIL (West of England Centre for Inclusive Living)," explains David.

"There is a lot of information out there that is easy to find, but there is an element of debate around what constitutes best practice. For example, some organisations advise putting all signage in capitals, whereas others believe the signs are easier to read if lower case is used. So there is a certain amount of interpretation of the various guidelines available."



Anna Stills/istockphoto

"We want all our tenants and their visitors to feel welcome and comfortable."

Were there any surprises? "It still amazes me how far building regulations are lagging behind the best practice guidelines," says David. "Until the government improves the regulations, it is far too easy for developers to make inaccessible buildings." For Sarah, it came as a revelation "what is possible when you consider accessibility fully and don't just treat it as a tick-box exercise." She adds: "We will continue to ensure that wherever possible we consider all of those who want to use our spaces."



# FINANCIAL RESULTS

For the quarter ended 30 December 2020

£'000	Prior year to date (30 December 2019)			
	Year to date	Prior year to date	Variance £'000	Variance %
Turnover	1,475	1,390	85	6%
Cost of sales	(751)	(868)	117	13%
<b>Gross profit</b>	<b>724</b>	<b>522</b>	<b>202</b>	<b>39%</b>
Administrative expenses	(456)	(517)	61	12%
<b>Operating profit</b>	<b>268</b>	<b>5</b>	<b>263</b>	<b>5,260%</b>
Income from shares in group interests	-	-	-	-
Interest payable	(250)	(277)	27	10%
Other	-	-	3	-100%
<b>Profit/(loss) before tax</b>	<b>18</b>	<b>(269)</b>	<b>287</b>	<b>107%</b>
Occupancy (average)	77%	77%		

## COMMENTARY ON FINANCIAL PERFORMANCE

This quarter we made a profit of £18k, which is a good result considering the economic environment. However, we are expecting more challenging conditions in the next few quarters. Several staff members are on flexible furlough, so planned maintenance on buildings will begin later this year. We received income from the Job Retention Scheme of £71k during the quarter.

Occupancy is at 77%, which is the same level as this time last year. We are expecting some downward pressure over the next quarter, as some leases end and there is a delay before new tenants move in. This is directly related to Covid-19. We are still receiving enquires from prospective tenants and have been able to facilitate some viewings. We expect this activity to increase when the current lockdown eases.

Expenditure is lower than last year as we continue to carefully control costs. Interest payable is lower due to lower interest rates. We have put a recruitment freeze in place, and spending is focused on our key objectives of keeping our buildings safe and protecting the future of Ethical Property.

If you are interested in buying or selling shares in Ethical Property, please contact Ethex:  
**ethex.org.uk • help@ethex.org.uk • 01865 403304**

**We are grateful for our shareholders' continued support during this challenging time.**

Thank you



**ethicalproperty**

The Old Music Hall, Oxford, OX4 1JE  
info@ethicalproperty.co.uk



**www.ethicalproperty.co.uk**