

FINANCE DIRECTOR'S UPDATE

Welcome to the spring edition of our quarterly report. Thank you to everyone who attended the AGM in March, which was held on Zoom for the second year running due to Covid restrictions. It was inspiring to see so many of you there and to listen to your feedback. All the resolutions were passed, and you can read the [full AGM results here](#).

We were pleased to welcome our new non-executive director, Nina Alphey, at the AGM. Nina is a Director of Westmill Solar Co-operative and has served as Communities Director of the Low Carbon Hub. She is a Fellow of the Institute of Chartered Accountants in England and Wales, and has a PhD in Theoretical Biology. Nina brings a great mix of skills to Ethical Property and shares our approach to the triple bottom line.

During the AGM we presented the financial results for last year, which are published in full in our annual report. We made an operating profit of £675k, an improvement of £899k from the prior year. However, we made a pre-tax loss of £3,375k, after reducing the value of our property portfolio by £2,809k. During the year, we received furlough payments of £263k. We have good cash reserves in preparation for a potentially turbulent economic environment. In light of this, Ethical Property did not recommend a final dividend.

Ethical Property has advocated for better ways to do business since we were founded. We are supporting the Better Business Act, which encourages all UK businesses to take a responsible approach to society and the environment – you can read more about this overleaf.

In the last quarterly report, we reported on our Net Zero strategy and progress to date. In addition to organisation-wide efforts, it's important to acknowledge the day-to-day efforts of staff and tenants at our individual centres to encourage sustainability. Overleaf, you can read about how the team at The Foundry in Vauxhall are promoting wildlife-friendly planting, among other initiatives.

Our financial results for the first half of the year show progress in comparison to last year (see back page). We aim to build on this as the country emerges from lockdown and starts to recover from the pandemic. If you have any questions or comments on this report, please do get in touch. We welcome all feedback from our shareholders, as it makes us a better business.

Cate Teideman
Finance Director

P.S. In the coming months, we are hosting a series of events which are exclusive to Ethical Property tenants, staff and shareholders – see the next page for more information.



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IT'S EASY BEING GREEN



Encouraging people to take small steps to promote biodiversity and protect the planet



The team at The Foundry in South London are passionate about the environment. Alongside bigger projects, they are using the centre's outdoor spaces to encourage people to take small steps to promote biodiversity and protect the planet. This also has benefits for the wellbeing of those who use the centre.

Edith and Andreea from the Foundry told us more: "We decided to organise our annual planting party on 22 April to coincide with Earth Day, in celebration of our beautiful planet. The main aim of the event was for tenants to enjoy our outdoor spaces and to learn more about growing and looking after plants, as well meeting and networking with fellow tenants.

"This was a great opportunity to raise awareness of environmental issues and encourage tenants to take action, but also for them to learn more about growing their own food and the importance of planting pollinator-friendly plants to help preserve biodiversity. On 20 May – World Bee Day – we will be holding another outdoor community event to celebrate the opening of a new Pollinators Garden and Apiary at The Foundry.

"Then on 15 June, we're hosting a webinar on sustainable travel, featuring travel planner Anna Richards. Anna will lead a discussion on how we impact the places we visit, and will talk about how we can responsibly travel to incredible destinations while monitoring and limiting the effects of our visits."



EXCLUSIVE EVENTS – DON'T MISS OUT

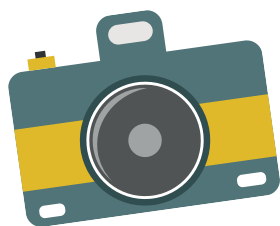


Over the next six months, we're putting together a series of events exclusively for our brilliant changemakers. If you are shareholder, tenant or a member of staff you can be part of this programme of online and (we hope) hybrid talks, training and webinars. We'll be announcing the schedule in May and sending out information via email and our website. To make sure you're in the loop, please sign up via [our website](#) to receive digital communications.

BRINGING PEOPLE TOGETHER THROUGH ART

The St Pauls Leaning Centre in Bristol is truly at the heart of the community it serves and brings people together even in the most difficult of times.

An innovative arts project has culminated in an exhibition of photos that capture the unique spirit of the area. The 'My St Pauls' project was led by the Real Photography Company, who run the darkrooms in the centre and promote community cohesion through learning and art. The centre's exterior is now home to a permanent display of 20 black-and-white photographs celebrating the creativity and diversity of St Pauls. The pictures were taken by members of various local groups involved in project workshops, including refugees, the over-50s and individuals recovering from addiction.



Last year, a vibrant mural was painted on the St Pauls Learning Centre as part of the 'Greenway Project', which is creating a bike-friendly route through the area and attractive outdoor spaces where communities can come together. The new photo exhibition is free for all to enjoy, and provided a welcome focal point during the months of lockdown.



The new photo exhibition is free for all to enjoy



Justin Quinnell and Ruth Jacobs of the Real Photography Company helped oversee the project and taught basic photography skills to groups.

John Myers

THE BETTER BUSINESS ACT

Ethical Property was founded on the principle of the social, financial and environmental 'triple bottom line', and recently we joined a coalition of like-minded businesses, the Better Business Act.

The Better Business Act aims to transform the way we all do business, so that every single company in the UK – big or small – takes ownership of its social and environmental impact. As part of the coalition, we're calling on the government to change Section 172 of the Companies Act to ensure that company directors are responsible for advancing the interests of wider society and the environment, alongside those of shareholders.

We know that UK voters and consumers want business to do better.

The Covid crisis, the climate emergency and social inequality can only be tackled if we harness the enormous potential of entrepreneurs, innovation and enterprise. We know that UK voters and consumers want business to do better. Research shows that three-quarters of people think business has a responsibility to protect the environment, and the majority favour brands that do good. In short, the world needs every business to be at its best – creating good jobs, helping to fix pressing problems and adding value to society.

The Better Business Act is driven by leaders who recognise that the law has fallen behind business culture, and have demonstrated that a better approach to business works for everyone. **To find out more, see betterbusinessact.org.**



FINANCIAL RESULTS

For the six months ended 31 March 2021

£'000			Prior year to date (31 March 2020)		
	Quarter	Year to date	Prior year to date	Variance £'000	Variance %
Turnover	1,351	2,826	2,807	19	1%
Cost of sales	(769)	(1,520)	(1,685)	165	10%
Gross profit	582	1,306	1,122	184	16%
Administrative expenses	(519)	(976)	(1,011)	35	3%
Operating profit	63	339	111	219	197%
Interest payable	(246)	(469)	(550)	54	10%
Other income	0	1	2	(1)	-50%
Loss before tax	(183)	(165)	(437)	272	62%
Occupancy (average)	77%	77%	75%		2%

Please note that these financial results are produced internally and have not been reviewed or audited. They do not include revaluation of property, investments or financial instruments. Audited financial statements are produced annually and are included in the annual report.

COMMENTARY ON FINANCIAL PERFORMANCE

Occupancy for the first two quarters remains stable and higher than last year. We are expecting a challenging third quarter, as some tenants will be reducing their space or moving out. Whilst there is a good level of enquiries and viewings from prospective tenants, it will take some time to convert these to move-ins.

Turnover is slightly higher than the same period last year. Income and expenses from our property management services are both lower, as conferencing activity is a large part of these services. This is expected to pick up as the restrictions on meetings ease.

Cost of sales and administrative expenses are lower; this is due to delayed spend and savings because of the pandemic. Interest payable has decreased due to lower rates.

Overall operating profit has improved and the loss before tax is smaller.

Thank you for your continuing support.



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

