

## FINANCE DIRECTOR'S UPDATE

**This autumn we are starting to see more people coming back into the office, bringing a buzz to our buildings. We are delighted to see familiar faces and new ones. We continue to have tailored guidelines in place to encourage tenants to keep safe and return to work with confidence. Since April, 32 new tenants have moved into our buildings.**

Over the summer we have been improving the buildings and planning how to embrace the new opportunities offered by flexible and hybrid working. Our building closest to central London, Grayston Centre, was starting to look tired and wasn't performing as well as it could on our bottom lines (financial, environmental and social). We have invested in the centre to refresh the offices and communal areas, installed better lighting to reduce energy consumption, and created a new image for the building. To reflect this new era, we have renamed the centre the Brick Yard. The project will be completed by the end of September and is already attracting interest from potential tenants.

Another success this summer was our Ex(Change)rs programme – a series of live webinars exclusively for Ethical Property tenants, staff and investors, which has been very well received. So far the webinars have covered how to travel with minimal environmental impact, led by sustainable travel expert Anna Richards; how to improve and protect mental wellbeing, run by Elisha Goldstein; and workplace safety, delivered by experts (and tenant) the Suzy Lamplugh Trust.

In this latest quarterly update, we talk about how we incorporate social and environmental values in our supply chain, starting with the way we insure our buildings. We also discuss how we're continuing to develop the Net Zero strategy for Ethical Property. We believe stakeholder engagement is both the starting point of the strategy and the key to its long-term success.

Please [follow us on social media](#) for more regular updates on Ethical Property, and we hope you can join us at the upcoming Ex(Change)rs webinars.

**Cate Teideman**  
*Finance Director*

"We believe stakeholder engagement is both the starting point of our Net Zero strategy and the key to its long-term success"



# NET ZERO: PUTTING PEOPLE INTO THE PLAN

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“We will decrease our carbon footprint not only by reducing waste and energy use, but also by taking positive action to protect the planet”



**In our first quarterly report back in the New Year, I documented our Net Zero journey so far. Progress has been steady, and we are now running a series of workshops with staff, tenants and suppliers to put people at the heart of our strategy while ensuring that the course we’ve set ourselves is the right one for our organisation.**

### THE ONLY WAY TO GET THERE IS TOGETHER

We have brought consultants from OnePlanet on board to make sure our strategy not only aligns with our goal of Net Zero but also incorporates a sustainable future. OnePlanet have extensive experience in creating sustainable environments. They specialise in developing robust environmental, social and governance (ESG) strategies, which will help us gain greater commitment from staff, tenants, investors and our supply chain. This commitment is vital if we hope to reach our goal, as all elements impact our end result but more importantly, the only way to get there is together.

The workshops focus on sustainable futures with a Net Zero base – this means we will decrease our carbon footprint not only by reducing waste and energy use, but also by taking positive action to protect the planet (such as using the centre’s outdoor spaces to promote biodiversity) and building partnerships. Before the workshop, participants were asked to bring along something that represents sustainability to them. While the choices have been varied, the common theme is transformation rather than elimination.

### 2030 VISION

The commitment to building partnerships has resonated with our staff, who work tirelessly with their local communities. They are passionate about expanding our reach, and some of their suggestions were really ambitious. One of the workshop exercises involved visualising ourselves in 2030, having already reached our goal of Net Zero. Several people envisaged a future where their local areas are regenerated and self-sustaining; this relies on increased community interactions, leading to greater wellbeing, without losing the wider connections that result in national and global change.

The workshops are providing a great foundation on which to continue developing our Net Zero strategy. When they’ve been completed, we will have the people, the purpose and the way forward.

**Astrid Hayles**  
*Head of Assets*

# ETHICAL INSURANCE FOR ETHICAL PROPERTY



**At Ethical Property we consider environmental impact in every aspect of running the organisation – and our choice of insurer is no exception. Naturesave Insurance aims to use the insurance industry as a vehicle for sustainable development. Here's how.**

Naturesave Insurance has been insuring Ethical Property since 2019. The company operates across the UK. Naturesave offers cover for businesses, individuals and charities, and is a specialist in renewable energy insurance.

The company's charitable arm – the Naturesave Trust – provides grants of between £500 and £5,000 to grassroots organisations and charities for environmental and conservation projects. Since it was founded, the Trust has awarded over £1million for 500+ diverse projects UK-wide including renewable energy, low carbon transport, nature conservation, community agriculture, recycling and repair, and eco-education.

## Projects funded by the Naturesave Trust include:

- The Solar Bee Project, whose innovative beehive design can eradicate the deadly Varroa mite without using toxic pesticides;
- Trials by the Marine Conservation Society of a boat-mooring system that protects the seabed from the damage caused by conventional moorings and allows areas of seagrass to regenerate;
- A start-up grant for low-emission light rail transport using flywheel technology;
- Grants to open 'repair cafés', in a project that enables prisoners to refurbish bikes;
- A land restoration project in West Wales that uses pigs to return areas overrun with bracken to their original, biodiverse-rich state.

The Trust also provides professional advice and bespoke recommendations to small and medium-sized companies that want to make their trading practices more sustainable. As an insurance broker, Naturesave uses its influence to lobby its insurance underwriters and the wider industry as part of its Campaign for Insurance Divestment. The campaign seeks to highlight the issue of insurance companies investing in and insuring fossil fuel assets.

Naturesave won a Queen's Award for Enterprise in Sustainable Development in 2011 and pioneered a no-fly staff holiday policy, where staff are awarded additional paid holiday for choosing low carbon travel. This has recently been developed into the Climate Perks initiative and has been adopted by numerous UK organisations.



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For more details about Naturesave Insurance, visit: [www.naturesave.co.uk](http://www.naturesave.co.uk), call 01803 864390 or email: [mail@naturesave.co.uk](mailto:mail@naturesave.co.uk)

# FINANCIAL RESULTS

For the nine months ended 30 June 2021

£'000	Quarter	Year to date	Prior year to date (30 June 2021)		
			Prior year to date	Variance £'000	Variance %
Turnover	1,298	3,965	3,956	9	0%
Cost of sales	(678)	(2,197)	(2,187)	(10)	0%
<b>Gross profit</b>	<b>620</b>	<b>1,768</b>	<b>1,769</b>	<b>(1)</b>	<b>0%</b>
Administrative expenses	(447)	(1,422)	(1,393)	(29)	-2%
<b>Operating profit</b>	<b>173</b>	<b>346</b>	<b>376</b>	<b>(30)</b>	<b>-8%</b>
Interest payable	(243)	(739)	(802)	63	8%
Other income	64	224	42	182	443%
<b>Loss before tax</b>	<b>(6)</b>	<b>(169)</b>	<b>(384)</b>	<b>215</b>	<b>56%</b>
Occupancy (average)	73%	75%	81%		-6%

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 in the third quarter has been challenging, as expected. We are focused on attracting new tenants and are making some progress now that more organisations are returning to the office. We are starting to see an increase in enquiries, with more tenants due to move in over the coming months.

Turnover is slightly higher than the same period last year. Occupancy is lower than the comparable period but rent discounts are also lower this year. Income and expenses from our property management services are both lower than last year, as conferencing activity accounts for a large part of this service. This is expected to pick up this autumn.

Cost of sales have increased, due to higher insurance and ground rent costs at some properties. Administrative expenses are higher due to the cost of an external valuation of the properties this year, performed by Savills. We also invested in our IT systems.

Interest payable is lower, due to lower interest rates and reduced lending costs.

Other income includes furlough receipts of £222k this year.

Overall, the loss before tax is smaller than the same period last year.

**Thank you for your continuing support.**



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