

# INVESTOR UPDATE

SPRING 26

## FINANCE DIRECTOR'S UPDATE

**The current global outlook is extremely concerning and looks likely to add to the pressures at home. Against this backdrop, the work our tenants do is both humbling and heartening, and reminds us of the power of people to make a positive impact in society. This work covers so many important areas such as poverty, food insecurity, social justice, homelessness, displacement and climate change. Bringing these changemakers together in our buildings creates greater momentum to address the big issues.**

In this update, you can find out how teams across our centres embraced a call to connect with their communities – with colleagues, tenants and local organisations acting together on collections of clothing and other items to support people in need. It's a timely reminder of the generosity and solidarity that exist when people come together for a shared purpose.

At the AGM last September, we outlined the challenges to selling our Bethnal Green building, The Green House. We continue to work to resolve these issues and are looking into partnerships to improve the profitability of the building. We will provide an update at our AGM later this year. We continue to progress plans to reduce our bank loan and sold our Cardiff building, Hastings House, in February this year. The bank loan now stands at £19.7 million, down from the original £26.9 million loan. We aim to sell a couple more assets to return to our lending covenants and explore options for a longer-term lending facility.

You'll find an overview of our financial performance so far this year in this update. You can also read more about our plans to enable centres to self-audit their environmental impact, encouraging a stronger sense of ownership and a unified approach to improving our environmental performance.

Thanks once again for your continuing support. If you would like to get in touch or request any more information, please email us: [invest@ethicalproperty.co.uk](mailto:invest@ethicalproperty.co.uk).

**Cate Teideman**  
*Finance Director*



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# EVERYDAY ACTIONS, EXTRAORDINARY IMPACT

## How our teams are strengthening their communities

**At Ethical Property, our impact isn't defined solely by formal company policies – it's brought to life through the countless small, thoughtful actions our staff take every day. These are often spontaneous responses to needs they see around them, and together they create a powerful force for good.**

We do our best to capture this energy through our Impact Pledges, and we have recently begun encouraging more shared initiatives across our centres. The first of these was the introduction of dignity boxes, as reported in the last update. Our second national call to action invited teams to find a local organisation to support through a collection of any kind, be it food, clothing, toiletries, books – anything that connected their centre with a specific need in their community.

The response was extraordinary. Many teams had already been organising local collections for years, while for others it was the first time stepping into this kind of initiative. We wish we could highlight every single effort in this update; what follows are just two centre-based examples that showcase the compassion, ingenuity and commitment our staff and tenants bring to the communities they serve, on top of already demanding workloads.

### **188 coats and countless warm winters**

At The Foundry, the team once again partnered with Hands On London as part of the renowned Wrap Up London campaign. They set up a bright, welcoming and carefully organised donation station, making it as easy as possible for people to contribute. For days they encouraged tenants, visitors, colleagues and members of the wider community to bring in warm winter coats they no longer needed – items that may otherwise have stayed forgotten at the back of a wardrobe, but could instead make a life-changing difference to someone facing the winter chill.



Across all our centres, teams embraced the call to connect with their communities.

These efforts paid off in the most inspiring way: an astonishing 188 winter coats were collected. Each coat donated is a gesture of warmth, dignity and humanity, something that can help someone stay safe during the coldest months of the year. For many of the people who receive them, the coats are a lifeline.

This is local impact in its purest form: immediate, heartfelt and deeply meaningful. It highlights not only the commitment of those who donated, but the determination and compassion of The Foundry team who made it possible. Their hard work embodies the spirit that runs through Ethical Property – seeing a need, responding to it, and making a real difference, one action at a time.

## Supporting families and people facing homelessness

At The Old Music Hall, the team rose to the challenge twice this year with two community collections.

During the school summer holidays, many families who rely on free school meals face serious hardship. Parents often skip meals to make sure their children have enough to eat. Although some financial support exists, barriers to accessing it mean that many families still go without. Recognising this need, the team organised a collection of non-perishable food items in partnership with Oxford Mutual Aid. The donations supported local families during a time when help is urgently needed but not always easy to obtain.

Later in the year, the team launched a 'reverse advent calendar' collection for The Gatehouse, a local organisation supporting people sleeping rough or living in temporary accommodation. The range of items donated included warm clothing, hygiene essentials, and even paperback books – small comforts that can provide people with dignity, warmth and moments of calm in incredibly difficult circumstances. For the team, the collection created a powerful sense of connection to those experiencing homelessness. It deepened their understanding of the challenges people face and strengthened their commitment to supporting the community around them.



These examples showcase the compassion, ingenuity and commitment our staff and tenants bring to the communities they serve.

### A national effort, a shared purpose

Across all our centres, teams embraced the call to connect with their communities. They brought colleagues, tenants and local organisations together, demonstrating compassion, creativity and a remarkable willingness to act. Every contribution, every coat, every tin of food, every donated book, reflects the character of Ethical Property: people who care, people who act, and people who understand that impact is something we create together.



# BUILDING THE FOUNDATION FOR ENVIRONMENTAL IMPROVEMENT

**Improving our environmental performance begins long before we change a process, install new equipment or adjust our operational strategy. It starts with understanding. When we deepen our awareness of how our buildings consume energy and interact with the environment, we create the conditions for meaningful and measurable improvement. By ensuring our teams are informed about the important role each of us plays, we empower colleagues to take ownership of their actions and contribute directly to positive environmental change.**

Our Environmental Action Plan highlights that awareness and training are the first steps toward stronger engagement and better outcomes. As part of this plan, staff will take part in training on topics such as what sustainability means and why it's important, energy efficiency, environmental compliance and sustainable procurement. This will build capability across all levels of the organisation, create a consistent understanding of our goals and responsibilities, and enable a more unified approach to improving performance.

Alongside knowledge-building, we continue to strengthen our auditing and monitoring practices. External audits already play a critical role in ensuring compliance, identifying risks and driving cost efficiency. To enhance this work and ensure continual improvement, we are introducing centre-led internal audits, developed in collaboration with our external auditors. Rather than relying solely on external audits every few years, teams will now be able to track and evaluate their own environmental performance from year to year. This includes monitoring energy consumption, water use, waste management, emissions, and compliance with relevant regulations and internal standards.

By decentralising the process, we aim to make environmental awareness a daily practice rather than an arbitrary review. The insights gathered through self audits will feed directly into our wider environmental strategy, shaping future policies



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and helping us target areas where support, training or investment is needed most. This real-time visibility also strengthens our ability to develop timely remedial actions, prioritise high-impact improvements, and maintain the accuracy of our centralised environmental data systems.

Equipping colleagues with clear information, structured tools and the confidence to act will enable every centre and individual to contribute meaningfully to our sustainability goals. Through shared responsibility and informed decision-making, we can improve our environmental output and make a positive, measurable impact across all our properties.

# FINANCIAL RESULTS

For the quarter ended 31 December 2025

£'000	Current year		Prior year (31 December 2024)		
	Quarter 3	Year to date	Prior year to date	Variance £'000	Variance %
Turnover	1,542	4,946	5,153	(207)	-4%
Cost of sales	(952)	(3,286)	(2,875)	(411)	-14%
<b>Gross profit</b>	<b>590</b>	<b>1,660</b>	<b>2,278</b>	<b>(618)</b>	<b>-27%</b>
Administrative expenses	(482)	(1,387)	(1,311)	(76)	-6%
<b>Operating profit</b>	<b>108</b>	<b>273</b>	<b>967</b>	<b>(694)</b>	<b>-72%</b>
Interest payable	(290)	(1,051)	(1,384)	333	24%
Income from investments	43	43	23	20	87%
<b>(Loss)/profit before tax</b>	<b>(182)</b>	<b>(735)</b>	<b>(394)</b>	<b>(341)</b>	<b>-87%</b>
Occupancy (average)	74%	75%	79%		-4%
Earnings per share excluding interest payable (pence)	0.72	2.12	6.64	(4.52)	-68%

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.

## Portfolio occupancy has continued to be challenging this year as several tenants have reduced their space requirements, exited leases, or wound down operations.

This reflects the wider slowdown in support for development and impact-related activity – particularly among organisations previously supported by USAID and other government funding, which has affected a significant portion of our tenant base. Average occupancy for the current financial year is 75%, a decline of 4% compared with the same period last year. The reduction has been most notable in London, while Oxford, Manchester and Edinburgh continue to demonstrate resilience in demand.

Since the start of 2026, we have experienced an increase in enquiries and viewings of space, which is converting to new lettings from spring onwards. Occupancy is expected to improve in London and Bristol in future quarters. Some feedback we have received reflects that organisations are now moving back to offices after trying fully working-from-home models.

Turnover has reduced partly due to the lower occupancy and the end of one of our large property management contracts. Associated direct costs have also decreased; however, this is offset with higher costs of the two properties that we sold and leased back last year. This is why the cost of sale is 14% higher than the prior year.

Administrative costs have increased due to the legal and professional costs incurred while working to resolve the issues with The Green House building, which was a barrier to selling it last year. The higher cost of employing staff as a result of increased National Insurance contributions has also raised administrative costs.

Operating profit for the year was £273k, representing a £694k (72%) decrease compared to the same period last year. The higher costs attributed to the leaseback of the two buildings is related to lower interest payable, at £1,051k, which is £333k lower than the prior year. Dividends received from investments totalled £43k so far this year. The overall loss before tax was £(735)k compared to £(394)k for the prior year.

We continue to monitor our core performance using Earnings Per Share (EPS) excluding interest payable, which removes the impact of financing costs. EPS on this basis was 2.12, compared to 6.64 last year. This metric underscores the strength of our core operations, independent of debt servicing.

**Thank you for your continuing support.**



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