

# QUARTERLY REPORT



Quarter ended 30 September 2020

## FINANCE DIRECTOR'S UPDATE

Welcome to our last quarterly update of the year. You may have noticed our new website, which has been redesigned to improve navigation and to reflect our recent brand refresh. The biggest improvement is for people looking for workspace – they are now able to search by size much more easily and across buildings in a city and the wider region. We have already received positive feedback and seen an increase in sales enquiries. Please do let us know if you have any comments – we'd love to hear what you think.

We will be producing and distributing our annual report early next year, which will give more detail on our environmental and social impact in 2019/20, as well as full financial results. This will be distributed along with the invitation to our AGM.

We continue to keep our centres open across the country. Our properties are located in both tier 2 and tier 3 areas, which brings a range of challenges. Our priority is to maintain Covid-secure buildings and keep providing services which our tenants rely on.

We also remain focused on the longevity of our business, ensuring sufficient cash is retained in the business to cushion the impact of Covid and the difficult economic conditions. Rent collections remain high and occupancy is stable. We are listening to and working closely with our tenants, with regard to meeting both their current and future needs.

We welcome the news of effective vaccines and hope that 2021 will be a better year for everyone. Wishing you all a safe and happy Christmas.

**Cate Teideman**  
*Finance Director*

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# SOCIAL IMPACT

Our centres are about so much more than our staff and tenants – we’re here to support the communities where we’re based.

## A SAFE SPACE FOR GARRY

In late November, we were shocked to hear that Garry Buchan, a Big Issue vendor at our centre in Bath, had been robbed and brutally attacked whilst sleeping rough. This senseless attack left Garry unconscious for over 30 minutes. He suffered a fractured cheekbone and a badly broken foot, requiring surgery, as well as severe bruising and cuts to his face and body.

For the previous six months Garry had been vending at Green Park Station in Bath and living in a tent by the river. After years of travelling, he finally found a real sense of community at Green Park and has become part of the family.

The attack on Garry was a horrible shock to Charles and Claire, who look after Green Park Station. Selling The Big Issue is Garry’s only source of income and the damage to his foot will leave him unable to vend for a considerable amount of time. With the support of the Green Park Station community and staff throughout Ethical Property, Charles set up a fundraising page with the aim of providing Garry with a safe place to recover.

Thankfully Garry is now out of hospital, although his recovery is expected to take around three months. He has been very touched by the support from Green Park

**“THE SUPPORT FROM GREEN PARK STATION HAS BEEN ABSOLUTELY AMAZING.”**

Station, saying: “It’s absolutely amazing. I’d like to say a very special thank you to everyone who has donated. It’s such a boost, and I was so moved to hear this had been set up for me in my hospital bed.”

All of us at Ethical Property have been overwhelmed by the support shown for Garry from our staff and the wider community. Charles is supporting Garry during this time and plans to continue to do so when Garry has recovered.

To read Garry’s story and make a donation, visit: <https://www.crowdfunder.co.uk/a-safe-place-to-recover-for-garry-buchan>

# ENVIRONMENTAL IMPACT

Our energy generation programme is proving extremely successful and we have made great strides with the use of photovoltaic (PV) solar panels at Streamline and The Green House, which has significantly increased our output. We have also had a full year of

operation of solar panels in Cardiff and Manchester.

We continue to focus on investing in our buildings to improve environmental performance, including through the replacement of boilers. We intend to

move away from gas-fired boilers in the long term, but in the meantime we only install equipment recommended by the Energy Technology List. This ensures that efficiency, quality and environmental impact are protected while we investigate suitable options.

	2020	2019	Increase
Solar electricity generated	92,000 kWh	58,000 kWh	59%

# FINANCIAL RESULTS

## For the quarter ended 30 September 2020

Full financial results will be presented in our annual report, including movements on the valuation of property, investments and interest rate swap. This will be distributed early in 2021.

Occupancy in our properties remains stable and higher than last year. There is a risk that this could reduce in the short term as the pandemic affects how people work. However, we received a high level of sales enquiries in November – 95% above last year.

This year we made an operating profit of £675k, which is £899k higher than last year. This is mainly due to higher levels of occupancy in the new buildings. We received £263k from the government in furlough payments; 40% of the furlough relates to staff employed on property contracts who mainly work in conferencing activity. We passed this and other savings

on to tenants in the form of discounts, to help retain tenants and encourage rent payments. This strategy has been successful and rent collection remains above 95%.

Interest payable is higher than last year; this is due to costs relating to extending loan arrangements with Lloyds Bank until 2023.

Loss before tax is £414k, which is an improvement on last year. We continue to focus on profitability in the medium term, but accept that the current challenging economic environment will impact short-term profitability.



rent collection remains above 95%

£'000			Prior year to date (30 September 2019)		
	Quarter	Year to date	Prior year to date	Variance £'000	Variance %
<b>Turnover</b>	1,261	5,219	4,843	376	8%
<b>Cost of sales</b>	(805)	(2,883)	(2,964)	81	3%
<b>Gross profit</b>	456	2,336	1,879	457	24%
<b>Administrative expenses</b>	(419)	(1,924)	(2,066)	142	7%
<b>Other</b>	263	263	(37)	300	811%
<b>Operating profit/(loss)</b>	300	675	(224)	899	401%
<b>Income from shares in group interests</b>	-	-	212	(212)	-100%
<b>Interest payable</b>	(323)	(1,125)	(979)	(146)	-15%
<b>Other income</b>	0	36	4	32	125%
<b>Loss before tax</b>	(23)	(414)	(987)	573	58%
<b>Occupancy (average)%</b>	80%	81%	71%		

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.**