

# INVESTOR UPDATE

WINTER/SPRING 25

## FINANCE DIRECTOR'S UPDATE

**We are now three-quarters of the way into the financial year and we've made some steady progress in improving the operating profit this year.**

This is despite the tough economic environment taking a toll on occupancy in some of our buildings – you can read more about this in the financial review below. While there have been challenges along the way, we remain focused on executing our strategy and building the business for the long term.

In this update, you can find out how we are developing the measurement of our social impact. There's also exciting news from the Foundry in Vauxhall, which has been designated a 'Living Wage Building' by the Living Wage Foundation. This is a great achievement and reflects our commitment to fair pay and ethical employment practices – a commitment that is shared by our partners and tenants.

Thanks once again for your continuing support. If you'd like to contact us, please email: [invest@ethicalproperty.co.uk](mailto:invest@ethicalproperty.co.uk).

**Cate Teideman**  
*Finance Director*



"While there have been challenges... we remain focused on executing our strategy and building the business for the long term."

### UPDATE SINCE THE AGM

At the last AGM in September 2024, we discussed our plans to sell assets to reduce the bank loan. The sale and lease back of two buildings has been completed and the proceeds used to reduce the bank loan by £5 million. We continue to market additional assets with the aim of reducing the bank loan further, and will update you on progress at the next AGM.

Our loan agreement with Lloyds Bank continues to operate under a standstill agreement with regular extensions while we work on asset sales with the objective of returning to compliance with financial covenants. Lloyds Bank maintains a positive and constructive relationship with Ethical Property, with regular communication.

### SAVE THE DATE!

**This year's AGM will be held on 24 Sept 2025.**

*Details will follow in late August.*

# CELEBRATING OUR FIRST LIVING WAGE BUILDING

**We are very proud to announce that The Foundry in South London has been accredited as a Living Wage Building. This award-winning former shoe-polish factory was brought to life with a major refurbishment ten years ago, and today is a thriving hub for social justice organisations.**

Living Wage Buildings are properties with multiple tenants, all of whom agree to pay the Real Living Wage to their employees and contractors. This now applies to all 36 organisations based at The Foundry, all of which are working towards a fairer society. By committing to the Real Living Wage, we and our tenants are ensuring that people receive decent pay – the London Living Wage or higher – and tackling inequality and in-work poverty head on by making sure employees are able to meet the needs of their families.

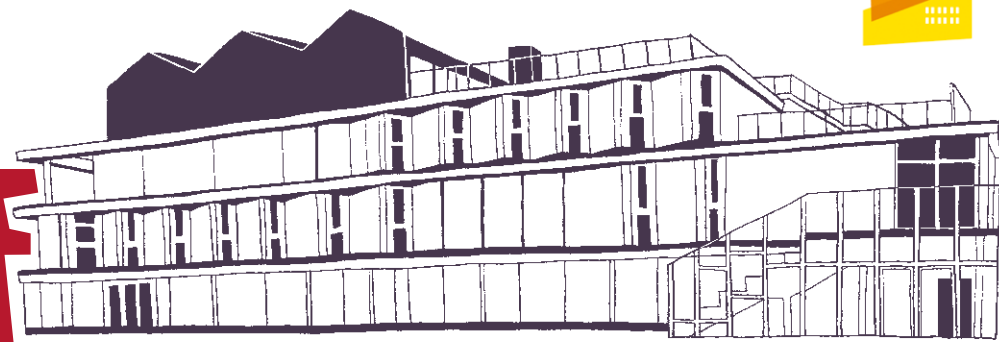
*“The Living Wage accreditation is important because it reflects our collective commitment to valuing every individual’s work,”* explains Luiza Costescu, Centre Manager. *“Being a Living Wage Building proves that The Foundry is committed to a fair, equitable work environment where all employees, including those working in services like cleaning and maintenance, are paid at least the Real Living Wage.”*

The Real Living Wage is the only UK wage rate based on the cost of living. It is voluntarily paid by over 15,000 UK businesses who believe their staff deserve a wage which meets everyday

*“The Living Wage accreditation reflects our collective commitment to valuing every individual’s work.”*

needs – such as the weekly shop, or an unexpected trip to the dentist. Over 460,000 employees have received a pay rise as a result of the Living Wage campaign, which enjoys cross-party support. A broad range of employers are accredited with the Living Wage Foundation including half of the FTSE 100, household names such as Nationwide, Google and LUSH, and thousands of SMEs, including Ethical Property and our partners at The Foundry.

Becoming a Living Wage Building marked a significant milestone for The Foundry as it celebrated its tenth birthday, and was warmly welcomed by staff and tenants.



# BRINGING OUR VALUES TO LIFE WITH 'IMPACT PLEDGES'

**As Albert Einstein once said, "Only a life lived in the service of others is worth living." At Ethical Property, our teams work hard to ensure they make a positive impact on society and enable our tenants to do the same.**

In 2023, we set up an 'Impact register' to help us better capture, evaluate and learn from our initiatives, as these often small actions can go unnoticed and unrecognised – especially as it's in our teams' DNA to try to make a positive difference. Last year we took this a step further by launching our Impact Pledges programme. We asked everyone at Ethical Property to pledge to take two additional actions for social impact, and incorporated this in our appraisal system so that it becomes fully embedded in our culture. The idea is that these actions are as simple and easy to resource as possible, and can be worked on either alone or as a team.

The results have been outstanding. Teams recognised that they could take simple steps to help others in their community, with many setting up 'reverse advent calendars' over Christmas and asking staff and tenants to bring in food and other non-perishable goods, which were then donated to local charities. At head office in Oxford, for example, the team worked with Oxford Mutual Aid and Barracks Lane Community Garden, who provided 20 local families with festive food boxes.

In Bristol, Brunswick Court and Streamline joined forces to collect items for the housing and homelessness charity, Shelter. Many of the families Shelter supports would have little, if anything, to open on Christmas morning – so the generous donations made a huge difference to many people.

Julie Kemp from Shelter said: "Thank you to everyone at Brunswick Court and Streamline for donating such an amazing selection of gifts, including books, toys, puzzles, toiletry sets, selection boxes, biscuits and much more. Our whole team were so touched by the



"All these actions add up and ensure that we are living our values, supporting wellbeing and creating positive connections."

*number of presents that were donated through the appeal. As a result, we were able to gift wrap and deliver so many presents to families that we support, and this would not be possible without the generosity of those that made a contribution."*

Other pledges included creating 'dignity boxes' filled with basic toiletries for people in need, clothes collections and other special events bringing together staff and tenants, as well as gardening clubs to help develop our green areas, forge new friendships and boost mental health. All these actions add up and ensure that we are living our values as well as supporting wellbeing and creating positive connections, both within our centres and with the wider community.



## HONEY HARVEST AT THE FOUNDRY

**A boost to bee numbers at the Foundry's beehives meant that last year staff, tenants and community members were able to harvest honey for the first time since 2022.**

Bees play a hugely important role within our ecosystem, but the UK's bee population is in severe decline. Thankfully, London is bucking the trend with urban beehives growing in popularity. Staff and tenants at The Foundry have supported a colony of bees for several years, and after increasing beehive capacity last year they were able to sustain three colonies.

This paid off in the autumn when the honey was ready to harvest.

With the support of Apiary Manager, Elaine, the team organised four hands-on honey harvesting workshops to teach tenants and local residents about the importance of bees and how to sustainably harvest from beehives. The workshops were fully booked with almost 40 people taking part, including several local schoolchildren. Having learned more about urban biodiversity and picked up some new skills, everyone took home a jar of the freshly harvested honey.



### COMING SOON...

This spring we will relaunch our Ex(change)rs series, a time for our investors, staff and tenants to get together and celebrate and learn from those making a positive change to society, and to exchange thoughts and ideas. We'll be announcing our spring and summer line-up shortly in the news section of our website: [www.ethicalproperty.co.uk/news-event-projects/news](http://www.ethicalproperty.co.uk/news-event-projects/news)

## FINANCIAL RESULTS

For the 3 quarters ended 31 December 2024

£'000	Current year		Prior year to date (31 Dec 2024)		
	Quarter 3	Year to date	Prior year to date	Variance £'000	Variance %
Turnover	1,743	5,153	4,982	171	3%
Cost of sales	(977)	(2,685)	(2,724)	(39)	1%
<b>Gross profit</b>	<b>766</b>	<b>2,468</b>	<b>2,258</b>	<b>210</b>	<b>9%</b>
Administrative expenses	(486)	(1,502)	(1,409)	(93)	-7%
<b>Operating profit</b>	<b>280</b>	<b>966</b>	<b>849</b>	<b>117</b>	<b>14%</b>
Interest payable	(393)	(1,384)	(1,648)	264	16%
Income from investments	20	22	36	(14)	-39%
<b>(Loss)/profit before tax</b>	<b>(93)</b>	<b>(396)</b>	<b>(763)</b>	<b>367</b>	<b>48%</b>
Occupancy (average)	78%	79%	85%		-6%
Earnings per share excluding interest payable (pence)	2.01	6.63	5.94	0.69	12%

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.

# FINANCIAL RESULTS (continued)

## Occupancy has been a challenge this year, with several tenants considering downsizing or working in a different way in response to the difficult economic environment.

Average occupancy for the three quarters ended 31 December 2024 was 79%, which is 6% lower than the equivalent period last year.

Demand for office space has been most affected in London, although demand in Oxford, Brighton and Edinburgh remains high.

Even though occupancy has reduced, turnover has increased by £171k from last year. This reflects the impact of better cost recovery and some modest rent increases. We also developed additional income streams, maximising the potential of our buildings and our expertise in building management.

Cost of sales is slightly lower than last year. This is due to savings on utilities and more efficient use of resources. The higher turnover and lower cost of sales has resulted in gross profit of £2,468k, which is 9% higher than last year.

Administrative expenses rose by 7%, primarily due to investments in IT systems aimed at enhancing long-term efficiency, as well as higher professional service costs. These expenditures reflect our commitment to strengthening operational infrastructure to support future growth.

Operating profit was £966k for the three quarters, which is £117k (14%) higher than last year.

Interest payable was £1,384k, which is £264k lower than last year. This is due to a reduced loan balance and lower interest rates. Loss before tax was £396k, which is £367k better than last year.

Earning per share (EPS) excluding interest payable shows the underlying performance of the company without the impact of the cost of the lending. EPS is 6.63, reflecting a 12% year-over-year improvement. This metric highlights the strength of our core operations, independent of financing costs.

**Thank you for your continuing support.**



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