

FINANCE DIRECTOR'S UPDATE

The summer's record high temperatures and the declaration of drought in parts of England and Wales is a topic very much on our minds at the moment. We welcome increased discussion of climate change in the media and hope that this becomes a higher priority for governments and businesses in the near future.

Many of our tenants are working hard in this area. For example, Global Witness, a tenant at The Green House in London, works to hold companies and governments to account for their destruction of the environment, their disregard for the planet and their failure to protect human rights. In this short [web feature](#), Global Witness Operations Support Manager Fiona Lese explains why it was so important to the organisation to find an office and a landlord that matched its values, and why working in The Green House has been revelatory.

As well as hosting tenants who are responding to the climate crisis and working hard to achieve our own sustainability targets, we support green initiatives and outreach work in our centres. In this update you can read how staff and tenants at The Foundry in London are helping to promote sustainable urban beekeeping among the wider community, including by offering outdoor learning experiences to pupils from local schools.

It's been a busy summer all round. At the St Pauls Learning Centre in Bristol, our tenants The Real Photography Company have published a photobook, *The Pioneers: Portraits of the Bristol Windrush Generation*. The book was launched at an event bringing together artists, activists and members of the community, who enjoyed music from Bristol Reggae Orchestra and a Caribbean buffet from Glen's Kitchen. You can read all about it on our [website](#).

The financial performance for this year so far has benefited from a gradual recovery in occupancy. It will take time to return to pre-pandemic trading conditions and we remain focused on the goal of returning to profitability. You can find further details in the financial results section below.

We welcome all feedback from our investors and look forward to hearing from you.

Cate Teideman
Finance Director



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SUPPORTING MENTAL HEALTH AT WORK

As most adults spend at least a third of their time at work, the importance of a healthy workplace can't be overstated. We believe that a healthy workplace needs to support health and wellbeing proactively, and to offer a safe environment for those who may be affected by poor mental health.

Promoting good mental health is part of our values and our social impact. Ethical Property wants to be part of a society where everyone can thrive. Better mental health is good for everyone – and recognising this is good for society. We believe there should be zero stigma surrounding mental health, so that it can be openly discussed and supported.

Following on from our Ex(Change)rs event last year introducing first aid for mental health, we've been working closely with Mental Health First Aid (MHFA) England – a social enterprise which aims

to improve the mental health of the nation – to develop a workplace strategy. Alongside a package of employee assistance, we're rolling out a comprehensive mental health training programme. This started with staff who line manage as part of their role, and we have now moved on to training some staff as qualified Mental Health First Aiders.



MHFA England

We asked two of our recent Mental Health First Aid graduates what impact they felt the training had.

Esmee Quinton, Property Manager at The Old Music Hall, says:

"As working practices change and more people than ever are working alone or in smaller teams, I've noticed the opportunities for daily interaction are shrinking, along with chances to notice when colleagues are in need of mental health help or even just a chat. Many people will experience some form of mental health issues in their lives, or know someone who has, and it's essential not to miss opportunities to spot warning signs and help to encourage people towards the right kind of help."

"As the Property Manager, I am required to be trained in physical first aid. Mental health first aid must also be a priority, especially for those who live and work in isolation – which many Ethical Property tenants do – and who may be overwhelmed or not know where to turn."

Supporting mental health makes business sense too. Poor mental health costs UK employers up to £56 billion each year. But for every £1 spent by employers on mental health interventions, they get back £5.30 in reduced absence, presenteeism and staff turnover.

Deloitte, 2022



Melissa Bain, Senior Sales Executive, says:

“Mental health is something we all possess. When it is good, we have a sense of purpose and direction and feel that we can cope with whatever life and work throw at us. But just as our physical health fluctuates, so too our mental health goes through ups and downs. Raising awareness of mental health issues in the workplace is part of fostering an inclusive workplace, where people feel able to bring their whole selves to work.

“It is crucial that businesses are open and transparent about mental health, and that this starts at the top. Leaders and managers must lead by example in approaching difficult conversations with compassion and openness. Simple things like leaving the office on time and taking a lunch break can send a powerful message to staff about the importance of their wellbeing. Having trained Mental Health First Aiders will help with mental health awareness, make people feel more confident around the subject, and highlight the policies and mechanisms in place to support them.”



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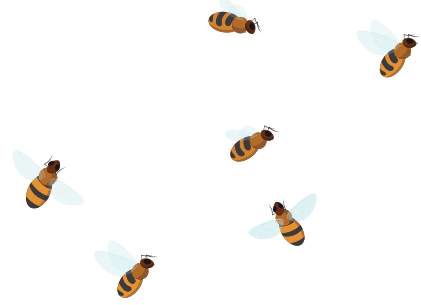
Would you like to join our Board?



The Board currently consists of six members with a range of property, finance and governance experience, together with knowledge of the social sector and a commitment to environmental sustainability. We are seeking a new Non-Executive Director who will help set the direction of the company and balance the interests of tenants, shareholders and staff. Commitment to the company’s values is essential. Previous non-executive experience is not required, and a full induction programme will be provided to the successful candidate.

To find out more please visit www.ethicalproperty.co.uk/work-with-us, or if you would like to discuss the position with the Chair of the Board, please contact Juliana Otalora (our HR Manager) who will arrange a meeting. Inquiries should be sent to Juliana at: juliana.otalora@ethicalproperty.co.uk. **Completed applications should be sent by Friday 30 September, with interviews taking place in October 2022.**

CREATING A BUZZ AT THE FOUNDRY



Our environmental impact isn't just about making sure we reach targets and work towards achieving our sustainability goals; it's also about the impact we have on the wider community in which we work.

There's a good example of this at The Foundry in Vauxhall, which recently welcomed some rather special new residents. We spoke with **Andreea Virginia Ciobanica** who works within our marketing team – and just happens to be a qualified apiarist – about these important guests.

→ **How did the idea of having bees at The Foundry come about?**

The vision came to me the moment I entered The Foundry, strongly inspired by the building's hexagonal logo, the architectural features which resemble a beehive, and its social ecosystem. I then learned, through a [Guardian article](#), that The Foundry was designed to host a community beekeeping project.

→ **What preparation/research did you have to do?**

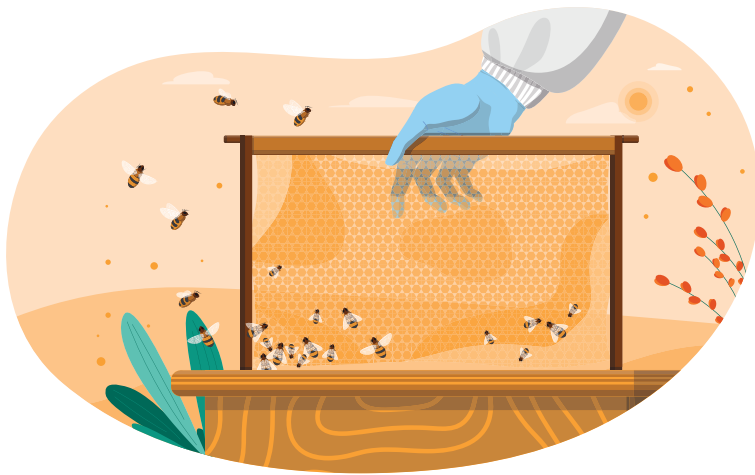
To start, we had to find the right space to install the hives. We all agreed that the bike shed was a good and safe space due to its low-wind and sunny position, where the bee flight path was sufficiently out of the way of residents and close enough to food sources. It was a space that we could rewild to feed and house the bees by developing an orchard and meadow garden. I then had to research a local beekeeping community project to partner with, and I was driven by the ethical principles of The London Beekeepers' Association.

→ **When did the bees arrive?**

The bees arrived on 5 May 2022, a natural swarm from a local community project.

"The beehives will help to raise awareness among The Foundry's staff, tenants and the local community about the importance of protecting urban biodiversity."





→ **What benefits do the bees have for the tenants and the local neighbourhood?**

The beehives will help to raise awareness among The Foundry's staff, tenants and the local community about the importance of protecting urban biodiversity, especially pollinators.

→ **What outreach work do you do with the bees?**

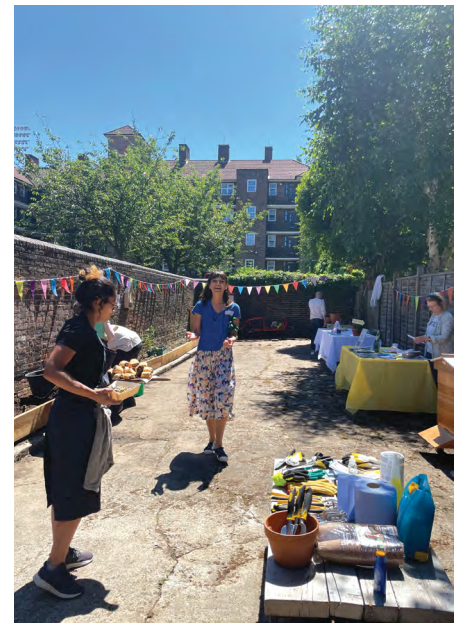
Primarily school outreach. We believe that outdoor learning can have a positive impact on behaviour and can stimulate, motivate and offer learning experiences that no classroom can offer. For those who are otherwise disengaged in the classroom, being outdoors can often help them flourish in an environment they feel comfortable in.

→ **What is the impact on the environment?**

We keep honeybees at The Foundry primarily as an educational resource and a way to demonstrate and promote sustainable beekeeping in the London context. We also provide nesting sites for solitary bees and adopt a relaxed attitude to gardening to encourage bumblebees to nest. Encouraging all bees in this way is part of an integrated approach to wildlife-friendly gardening. This also helps us to educate tenants and the community about bees, provide pollination services for the garden and beyond, and create opportunities for volunteers to get involved on a regular basis.

In managing the apiary, we aim to be as 'sustainable' and 'low intervention' as possible, given the fact that we are in a densely populated area where there are a lot of other honeybee colonies. We have a social duty to minimise swarms and to keep healthy and friendly bees. In being sustainable, we aim to:

- Practise 'collective' beekeeping, where a group of volunteers manage the hives, rather than everyone keeping bees separately, thereby reducing the number of honeybee colonies in the area.
- Maintain only a small number of hives – two or three on an ongoing basis.
- Take a honey harvest only when there is a surplus above and beyond what the bees need for winter.
- Use as few chemicals as possible, and intervene only when necessary – for swarms, varroa (parasitic mites) or disease.



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FINANCIAL RESULTS

For the six months ended 30 June 2022

£'000			Prior year to date (30 June 2021)		
	Quarter	Year to date	Prior year to date	Variance £'000	Variance %
Turnover	1,405	4,037	3,965	72	2%
Cost of sales	(802)	(2,271)	(2,197)	(74)	-3%
Gross profit	603	1,766	1,768	(2)	-0%
Administrative expenses	(411)	(1,468)	(1,422)	(46)	-3%
Operating profit	192	298	346	(48)	-14%
Interest payable	(260)	(751)	(739)	(12)	-2%
Other income	0	0	224	(224)	-100%
Loss before tax	(68)	(453)	(169)	(284)	-168%
Occupancy (average)	77%	75%	75%		0%

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

Enquiries and viewings of spaces continue at strong levels. Fewer tenants are downsizing, and we are seeing some tenants take more space.

Average occupancy in the quarter was 77%, which is an improvement of 1% on the previous quarter. This has increased the average year-to-date occupancy to 75%, which is similar to the same period last year. Turnover is higher due to price increases implemented to recover higher cost of sales due to inflation.

Administrative expenses are higher than last year due to higher spend on marketing, recruitment and salary costs. These costs were partially offset with savings in professional costs and IT costs. Interest payable has increased due to higher interest rates. 75% of the lending is hedged with an interest rate swap so exposure to interest rate increases is limited.

Other income last year relates to furlough receipts. Overall, the loss for the year so far is £453k.

Thank you for your continuing support.



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