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Ethical Property Company Ltd



## Business Overview

**ESTABLISHED:** 1998

**LOCATION:** Oxford

**LISTING:** Unlisted

**TYPE OF COMPANY:** For profit

**NUMBER OF EMPLOYEES:** 51 - 200

**BUSINESS AREA:**

Affordable Offices;  
Environmental Sustainability

**COMPANY WEBSITE:**

[www.ethicalproperty.co.uk](http://www.ethicalproperty.co.uk)

**BUSINESS OVERVIEW**

Established in 1998, Ethical Property Company Ltd (The Ethical Property Company) is one of the largest social businesses in the UK, owning and managing a total of 23 Centres across England, Scotland and Wales, and providing office, meeting, event and retail space to over 1,000 organisations, small businesses and social enterprises each year. Tenants benefit from reasonable rents, flexible tenancy terms and being part of a working community where they can exchange skills and ideas.

The UK company is part of a wider international family of organisations providing similar services in Australia, Belgium and France. Each company is committed to a set of five management principles, referred as 'Quintessentials'. These are designed to ensure that all members conform to common aims, values and the Triple Bottom Line approach. Thus, investment in The Ethical Property Company offers investors a financial, social and environmental return.

**SOCIAL MISSION**

The Ethical Property Company is committed to providing property and services to organisations that meet certain ethical criteria. Tenants must demonstrate that they provide social benefit to society, whether that be delivered via services, support or products.

The company promotes a more just, equitable and sustainable society through: the provision of property and support services to organisations, communities and individuals who share the same objectives; the demonstration and advocacy of a Triple Bottom Line model; and the provision of an investment vehicle for ethical investors.

The company's vision is to become a worldwide exemplar for how property can be used in the best interests of society which is considered fairer for the planet, employees, users and investors.

**WHO BENEFITS?**

**TENANTS (CHARITIES, SOCIAL ENTERPRISES, COMMUNITY AND CAMPAIGN GROUPS):** Increased access to affordable and efficient services and facilities on flexible terms alongside other like-minded individuals and organisations.

**LOCAL ECONOMIES:** Centres are located in areas of deprivation and their presence can contribute to the local economy, as well as providing premises for local support groups.

**THE ENVIRONMENT:** The company supports physical and social structures that lead to a sustainable lifestyle with a positive environmental impact that uses only a fair share of the planet's resources.

## Commercial and Financial Summary

### CAPITAL STRUCTURE

The company is financed by equity and bank loans. The Ethical Property Company shares are available to purchase on the secondary market, subject to availability.

The largest shareholders include Alliance Trust (10.7%), Rathbone Nominees Ltd (7.36%) and Esmée Fairbairn Foundation (3.83%).

Total number of shares in issue amounted to 14,910,708 as at 30th September 2016, including 1,755,845 shares issued in January 2016. The company raised £1.75m last year at £1.00 per Ordinary Share.

Net debt as at 30th September 2016 amounted to £8.1m.

### FINANCIAL PERFORMANCE<sup>1</sup>

In £m	2013/2014	2014/2015
Revenue	3.89	4.12
Gross profit	1.94	1.92
Operating profit	0.70	0.74
Fixed assets	28.31	33.59
Net assets	17.44	21.44
Cash at bank	0.79	0.61
Net cash from operations	0.91	1.09
EPS	2.79p	2.78p
NAV	128p	163p

### BUSINESS HIGHLIGHTS

2015 saw EPC purchase its first property in Cardiff, Hastings House which is situated on the fringe of the city centre. This will be a stepping stone to more activity in Wales.

For the year ended 30th September 2015, revenues amounted to £4.1m. Operating profit for the year was £736,436, an increase of 6% compared to the prior year. Results for 2016 will be published in February 2017 with operating performance comparable to 2015 on a like-for-like basis.

The Board approved a new five-year strategy in September 2015. Given the growing demand for the Ethical Property Company's services the aim of the strategy is to at least double available workspace by 2020.

In May 2016 the company sold Development House in Old Street for £37.4m, and completed the purchase of a new centre in Bethnal Green that will offer twice as much space as its predecessor, meeting rising demand for space and significantly improving environmental performance. The profit on the sale of Development House has driven a step change in NAV to an estimated 282p per share.

<sup>1</sup> Source: Annual report 2014/2015

## Impact Assessment Matrix<sup>2</sup>

### ECONOMIC IMPACT

	MEASUREMENT	REPORTED DATA
<b>Local Economy</b>	% of investment in government defined deprived areas	All buildings in most deprived 50% of areas

### SOCIAL IMPACT

	MEASUREMENT	REPORTED DATA
<b>Affordable Offices</b>	Number of tenants	279
	% of tenants that are charities	45%
	% of tenants that are not-for-profit organisations	13%

### ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED DATA
<b>Electricity Consumption</b>	Total electricity consumed	1,212,848 kwh
<b>Renewable Energy</b>	Solar electricity as % of total electricity used (kWh)	1.84%
<b>Energy Consumption</b>	Total energy consumed (all fuel sources)	2,637,037 kwh
	Average energy consumed by floor area	151.0 kwh/m <sup>2</sup>
<b>Carbon Emissions</b>	Average in carbon dioxide emissions	50.3kg CO <sub>2</sub> /m <sup>2</sup>
<b>Nuclear Power</b>	Total high-level nuclear waste produced	728 g
<b>Water Consumption</b>	Total annual water consumption	11,089 cubic meters

### GOVERNANCE

	MEASUREMENT	REPORTED DATA
<b>Board</b>	Executive v. Non-executive members	Non-executive >50%
	Independent members	Independent >50%
	Female board members	33%

<sup>2</sup>Data for 2015

## MUST READ

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