ethical
PROPERTY

Annual Report | 15/16

23 Centres in 9 cities across the UK. Providing space to over 1,000 charities, social enterprises and voluntary organisations. Supported by 1,332 shareholders from 24 countries.

Our Centres

Edinburgh
- Thorn House

Sheffield
- Scotia Works

Manchester
- Green Fish Resource Centre

London
- Development House
- The Green House (under construction)
- Durham Road Resource Centre
- The Grayston Centre

Managed Centres:
- Resource for London
- The Foundry

Cardiff
- Hastings House

Managed Centre:
- Cardiff Quaker Meeting House

Brighton
- Brighton Eco-centre
- Brighton Junction
- Brighton Open Market Studios

Bath
- Green Park Station

Managed Centre:
- Bath Quaker Meeting House

Bristol
- Brunswick Court
- Colston Street Centre
- Picton Street Centre
- St Pauls Learning Centre

Managed Centres:
- The Unitarian Chapel
- St Michael's Parish Hall

Oxford
- The Old Music Hall

Contents

Chair's statement

'Public Art' at The Foundry, London

I am pleased to report on another successful year for The Ethical Property Company, and on the prospects for further development of our Triple Bottom Line. Your Company is poised to deliver the significant growth to which your Board is committed, supported by a strong staff team and solid financial foundations.

The Company is distinctive in its commitment to the Triple Bottom Line. Throughout its history, your company has delivered financial returns at the same time as delivering social and environmental returns. Susan Ralphs' update gives more detail on the progress made in the year; the headlines are an impressive testament to her team's work to increase returns.

- **For people.** The sale of Development House and Archway, the purchase of The Green House and the opening of Hastings House enables us to accommodate more tenants.
- **For the planet.** There has been reduction in the carbon emissions of our existing Centres and new Centres will have greater efficiency.
- **For profit.** Levels are buoyed this year by sale proceeds, and profit is forecast to grow steadily as the new Centres come online. This will allow us to increase dividends.

I can also report that our work has had the planned impact on the liquidity and price of shares, with share prices doubling and nearly 200,000 shares being bought in the period since Development House was sold. As part of our continued focus on share price and liquidity we have invested in raising our profile and continue to review markets for shares.

The sale of Development House has enabled us to accelerate growth and invest in the capacity and skills of our staff to meet the increasing demands of a growing business, further investment is needed to fund our growth plans. We continue to seek new funds from investors to ensure that the acceleration in our growth can be sustained.

At a time when uncertainty about the future dominates the media, I believe that your Company is a living example of the fact that it is possible to achieve growth while maintaining commitment to our Quintessentials – The Triple Bottom Line, Ethical Client Criteria, Ethical Management, Ethical Governance, and Transparent Reporting.

John Whitaker
Chair
The Ethical Property Company

Managing Director's update

2015/16 was a transformational year for The Ethical Property Company as we continued to grow, while maintaining our committment to People, Planet and Profit. We are proud to demonstrate that you can be a commercially successful values led business.

Most notably, we have successfully completed the two largest property transactions in our history. The sale of Development House generated £19m in post-tax profits; and provided us with the funds to purchase and develop our newest Centre, The Green House in Bethnal Green, East London, which will offer twice the amount of space of its predecessor.

These transactions have delivered four direct benefits: firstly the balance sheet has seen a significant uplift, with the net asset value increasing by 76% to £2.85 per share; secondly, it increased our share price by 100%; thirdly, it resulted in an increase in the liquidity of our shares, with 195,800 shares sold in the four months after the sale of Development House was announced; and finally it has enabled us to invest in our internal processes, allowing us to improve the way we do business and deliver greater impact.

There have been other smaller changes in our portfolio including the opening of our first Centre in Wales – Hastings House in Cardiff – and the sale of our small Centre in Archway, London, which was no longer able to offer the quality of space to which we aspire.

I am incredibly grateful to have a strong staff team, who are dedicated to the Company and who have worked hard over the last year to ensure our underlying business continues to grow whilst also enabling us to secure new projects. Our people are key to its continued success, so I am very happy to know that we continue to have very high staff satisfaction: 97% of staff say they enjoy working for the Company.

Over the year we have supported over 1,000 diverse and valuable organisations working to deliver positive social, environmental and economic changes, through the provision of workspace, conference space and IT support. A key indicator of our success is that 84% of our tenants state that being in our Centres helps them achieve their objectives.

We are also pleased to have reduced our average carbon emissions per m^2 by 17%. As our portfolio develops, more of our Centres will be high performing green buildings; indeed The Green House is expected to achieve excellent energy standards; and that will have an impact on our overall performance.

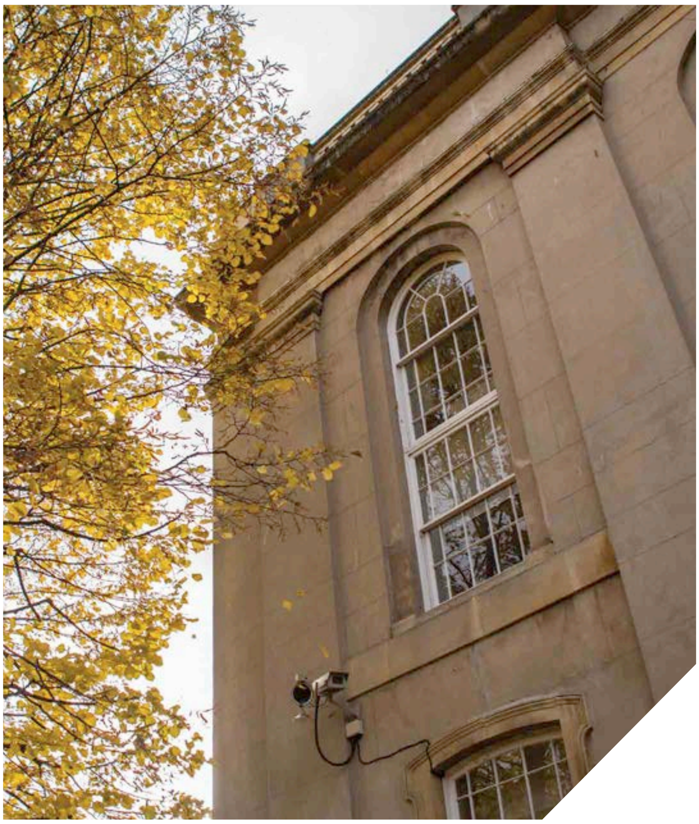
Profit from Ordinary Activities last year showed an increase of 20% on 2014/15 figures, mainly as a result of the cash injection from the sale of Development House. On a like-for-like basis the results are comparable to last year.

More information about our performance can be found on our new website, which has been refreshed and is now more intuitive and transparent. Take a look at www.ethicalproperty.co.uk.

The Ethical Property Family continues to go from strength to strength with new projects in France, Belgium and Australia. In spring 2016, I visited one of our sister organisations, Ethical Property Australia, to see their existing Centre in Melbourne and their new building in Canberra. It was great to see the enthusiasm for the Company amongst tenants, partners and investors, who value the way in which Ethical Property can help deliver impact across the globe.

Overall I am proud of our progress over the past 12 months and am confident that we have built firm foundations on which to grow; enabling us to meet rising demand for our services and those of our tenants. This work is more important than ever in a period of uncertain global change.

Susan Ralphs
Director



Images: Left The atrium of The Foundry, London
Right Brunswick Court, Bristol

Our Centres & new projects

Our five year plan commits us to at least doubling our social, environmental and financial impact, supporting more organisations, offering better facilities, and managing greener Centres while increasing our profitability. To achieve this we have been making improvements to our existing Centres, working on plans to acquire new Centres, and disposing of those Centres that don't deliver appropriate long term benefits for our tenants, the Company or our investors.

As part of our strategy, we have sold Development House and purchased The Green House (See right). We also disposed of the Archway Resource Centre and made significant improvements to existing Centres including Hastings House, Cardiff (Page 7) and Green Fish in Manchester (Page 7).

In order to improve our impact and provide our tenants with better facilities, we made the decision to sell our Development House Centre in 2016 – a process that attracted a significant number of bidders. In recent years, the Old Street area in which it is located has seen a significant rise in rental and capital values; and having purchased the Centre in 2004 for just £6m, we were aware that the site offered major redevelopment opportunities to the right buyer, as well as potentially providing us with substantial capital to purchase and develop a new, larger Centre in London.

With this in mind, we sold Development House for £37.4m, which was a great outcome for the Company, and completed the purchase of The Green House for £13.75m.

The Green House, London

The Green House is scheduled to open in November 2017; and contains twice as much space as Development House (almost 50,000ft^2/4,600m^2). The Centre will offer more flexible and appropriate office and meeting space to tenants, in addition to more modern facilities, faster connectivity and more communal space. The Centre will also significantly improve our environmental performance, while simultaneously lowering the operating costs for ourselves and our tenants.

The project is being funded by the proceeds from the sale of Development House – which is being leased-back to us until work is complete on the new Centre. We hope that once completed, the majority of organisations will remain tenants and move with us.

The Centre is being designed by leading sustainable building designers who specialise in engineered timber construction. 'The Green House' name was chosen after consultation with tenants as a 'reference' to the Centre's Bethnal Green location; as a metaphor for work of the Centres' future tenants; because of the Centre's proposed design; and in recognition of our commitment to the building achieving high levels of energy efficiency through its design, materials and use of technology.

Images: **Above** A tenant at Hastings House, Cardiff
Right An artist's impression of our newest Centre, The Green House, London

"Our office provides us with the perfect location to work alongside like-minded organisations."

Living Streets,
tenants at Thorn House, Edinburgh


FIVE STAR DRY CLEANERS

We also disposed of our smallest Centre in Archway, London. We acquired the property in 1998 and converted it from a residential property. Whilst the Centre played an important role in supporting several groups, it performed poorly in environmental terms and was unfortunately no longer economically viable or fit for our future needs.

Funds from the sale of Archway will help us to progress with other opportunities over the next 12–36 months. We have earmarked potential locations in London, Bristol, Cardiff and Manchester; as well as other areas of North-West England. This will enable us to better support the charity, social enterprise and small business communities in areas in which we have either existing demand for space, or limited or no presence.

While we continue to explore new developments, we are also very aware of the need to continue to invest in our existing Centres. We are conscious of the need to achieve consistency, in terms of the services tenants receive and the fabric of the buildings in which they are based.

All Centres have undergone some level of improvement over the past year, from the renovation of a major exterior wall in Bristol to the replacement of ageing heating systems in Bath. See below and opposite for two sites that have benefited from significant work – Green Fish Resource Centre in Manchester and Hastings House in Cardiff.

Images: Top New signage at Green Fish Resource Centre, Manchester
Bottom St Pauls Learning Centre, Bristol

> "Being able to work so closely with similar organisations is an invaluable resource and something which feeds into and inspires the work of the FSI."

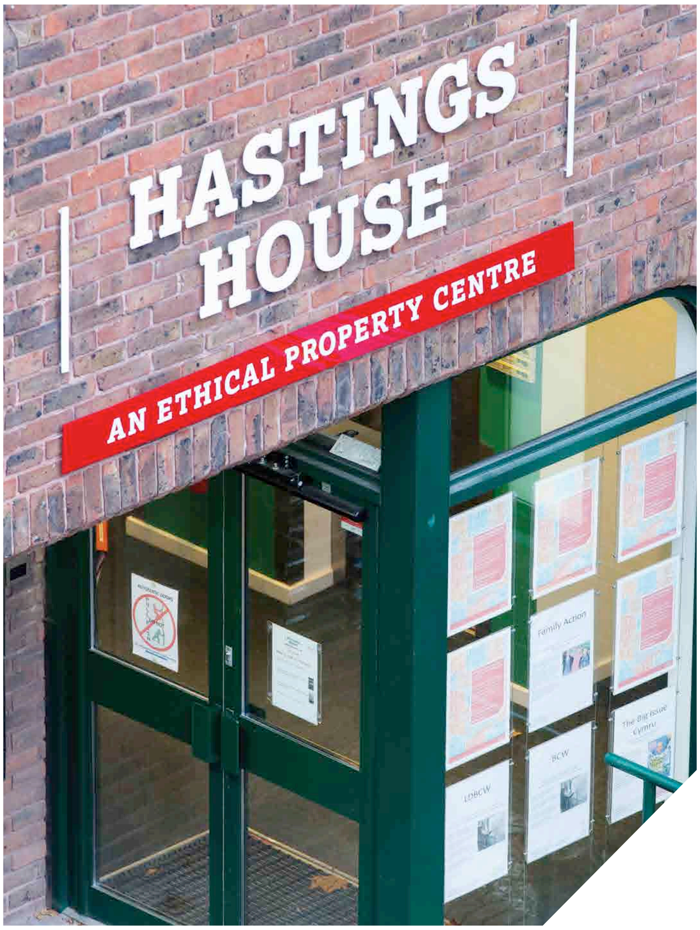
The Foundation for Social Improvement,
tenants at The Grayston Centre, London

Green Fish Resource Centre, Manchester

Our Manchester Centre has had a major facelift, increasing its profile within an area of the city that is rapidly regenerating. The improvement programme focused on three main areas: exterior, interior and rebranding.

Internal refurbishment has taken place over a two year period culminating in the installation of new showers and redecoration of all communal meeting rooms. The area that houses our single desk users has also been refurbished and extra storage has been created to support the on-going programme of recycling.

Exterior work included an eight week programme involving repairs to the roof and the building brickwork, which has brought new life to the Centre's front façade. This has been supplemented by new signage and building branding, and we are delighted by the end results!



Hastings House, Cardiff

Hastings House, Cardiff

As a new Ethical Property Centre, Hastings House required significant internal work to ensure it adhered to our general standards, as well as those required to comply with accessibility laws.

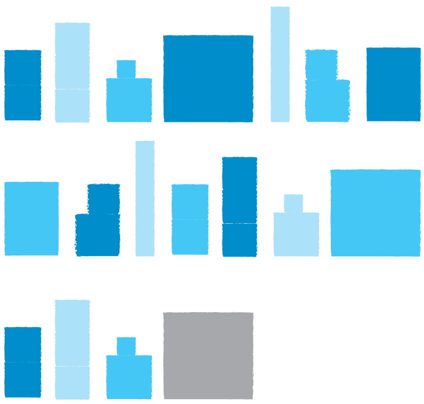
The Centre entrance is now fully automated and the access intercom has been updated alongside the installation of a CCTV system. All toilets and showers have been updated and made accessible where possible; and all the large workspaces were divided into offices of varying sizes, complete with new energy efficient LED lighting.

The second floor now houses all communal facilities, which includes a large fully fitted meeting room and high speed Wi-Fi throughout.

On a more practical note, the heating and hot water system was replaced and all water tanks removed and replaced with a system where the water is no longer stored but drawn straight from the outside mains.

Externally, the areas surrounding the building were in desperate need of work and facilities including the car park and new bike stands, installed free of charge by Cardiff City Council, are now in place.

Finally, we removed a number of steps from the entrance to make room for an accessible ramp; and all signage was also improved, increasing the profile of the Centre.

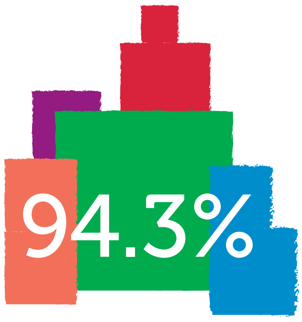


All but one of our Owned Centres are now supplied by **100% renewable energy**

Our tenants

Our 23 Centres are home to 331 tenants working in a wide variety of sectors. One of our key roles is to ensure our Centres enable tenants to concentrate on their key objectives, without the complications and distractions associated with managing their own premises. For more information about our tenants, please visit www.ethicalproperty.co.uk/about-us/our-tenants.

Tenant organisations
in our 23 Centres



Total occupancy
across all Centres

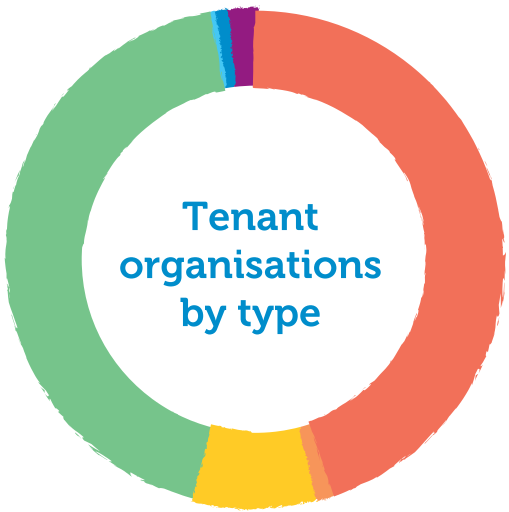
21,670m²
231,100ft²

Total workspace in our 23 Centres
at the end of September 2016

51 in | 46 out

Although 46 organisations moved out over the last year, 51 new tenants moved in

1,039 Total tenants and users



Types of tenant organisations

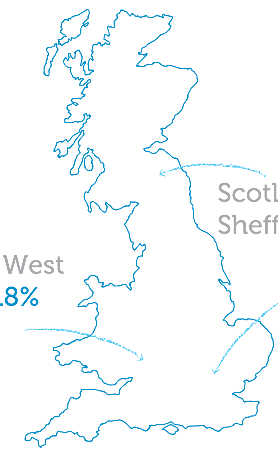
- Registered charity
- Community Interest Company
- Other not-for-profit
- Trading organisation
- Trade Union
- Political party
- Public body

Our Tenants' area of work

- Civil rights
- Community arts
- Community development in the UK
- Environment
- Ethical finance
- Global justice
- Health
- Homelessness
- Human rights
- International development
- Local business
- Mainstream business
- Organisational support
- Peace and conflict resolution
- Refugee and ethnic minority issues
- Women's rights

84% of tenants reported that being in an Ethical Property Centre had a **positive or very positive impact in terms of fulfilling their strategic objectives**

Space enquiries by region



Scotland, Manchester, Sheffield & Oxford: **20%**

The South West & Cardiff: **18%**

London & the South East: **62%**

Our social & environmental performance

We aim to manage Centres that benefit People – our tenants, our staff and the local community – while minimising their effect on the planet.

We report openly and transparently on our activities and how we treat all stakeholders. This approach also applies to the wider other Ethical Property Family.

The following pages contain an overview of our performance, and that of the other Family members. More detailed information can be found as usual in our supplement document – please see the page footer below for details.

Our social performance

Our Centres provide tenants and other users with workspace that is appropriate, cost effective and well-managed. Organisations and individuals can work alongside like-minded groups, share resources and focus upon their key objectives, while allowing us to take care of adminstration.

Images: Above Bike racks at Brunswick Court, Bristol
Left An event at The Foundry, London

The Ethical Property Family – Ethical IT

Ethical IT will be eight years old in February 2017 and now works with more than 60 social change organisations, as well as tenants within our Centres. In total, they provide IT support to approximately 3,800 users across their customer base, employing 15 full-time staff and working alongside a number of associates and external partners.

Support services that they offer include Cloud and Helpdesk Services, Cloud Backup and Disaster Recovery Services, Network Operations Control, Telephony Services, Customer Relationship Management Support and Consultancy Services. All services are provided giving appropriate consideration to the environmental and social impact of the products they use or recommend to their customers.

In the last 12 months they have secured a number of new customers, primarily requiring Office 365 supported environments, such as the Ethical Trading Initiative, Farm Africa, London's Air Ambulance, MedicAlert, Reprieve and ThinkForward. They expect this trend to continue to grow throughout 2017. For more information, please visit **www.ethicalit.net**.

"… it is important that we demonstrate our values and being a tenant of the Eco-centre provides an ideal platform for us to do so."

Brighton & Hove Energy Services Coop,
tenants at Brighton Eco-centre

For a more detailed analysis of our performance, please see our supplement document, available at **www.ethicalproperty.co.uk/investor-relations/annual-reports**. To request a printed version, please call **01865 207 810** or email **info@ethicalproperty.co.uk.**

Our social & environmental performance (continued)

Our annual Tenant Survey showed an average satisfaction rating of 3.8 (on a scale of 1 to 5, with 1 being very dissatisfied and 5 being very satisfied), which is the same average score as last year. While this is positive, there is much work to be done, particularly in terms of management of tenant meetings and synergy events, both of which scored poorly.

Tenants in certain Centres, notably Development House, The Grayston Centre, Green Fish Resource Centre and Thorn House continue to embrace the networking opportunities presented to them. 2015/16 saw activities such as gardening clubs, cycling groups, yoga sessions, free counselling services, charity cake bakes, summer BBQs and Christmas parties among other activities.

On a more practical note, we were delighted to receive the support of tenants at Scotia Works in Sheffield, who came together to fight a planning application for the property next door, which would have been entirely inappropriate. The application was rejected to everyone's relief.

82% of our tenants were very positive about how their Centre impacts their day-to-day operations and 84% reported that being located in their Centre had a positive impact on their strategic objectives.

The Ethical Property Family – Ethical Property Foundation
The Foundation made great progress in 2015/16, further expanding the independent support they offer to charities and voluntary groups. Key to this was their ongoing collaboration with The Charity Commission as the sole referral partner for land and property advice; as well as the successful launch of their property consultancy, offering property strategies, commercial publishing and training. Publications so far include an easy-to-read guide on premises management for charity customers of a major high street bank, and an online toolkit for asset transfers.

They have also been piloting workshops for voluntary groups in Sheffield, Cardiff, Birmingham, Norwich, Newcastle Middlesbrough and Hull: using our Centres where possible.

Their ethical workplace accreditation, The Fairplace Award, is also developing well with several high profile award holders including EMCOR UK and RICS. In addition, The Old Music Hall in Oxford has become the first of our Centres to receive the award! For more information, please see **www.ethicalproperty.org.uk**.

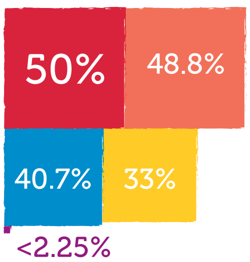
4.7:1

The pay ratio between our highest and lowest paid members of staff

"It's great to work in a building that is managed with the environment in mind and that offers lots of opportunities for networking and collaborating with like-minded organisations."

Climate Outreach,
tenants at The Old Music Hall

Our stake in The Ethical Property Family



Ethical IT LLP
Ethical Property Australia
Social Justice and Human Rights Centre Limited (The Foundry)
Ethical Property Europe sprl
ETIC (France)
Ethical Property Foundation

Occupancy levels throughout the year were an impressive 94% and we continue to invest in both digital media and more traditional communications activities. Word of mouth remains the way in which most new space enquiries are generated however, accounting for 62% of the total of 557 enquiries received.

In terms of tenant changes, 51 tenants moved out over the last year, with 46 new organisations moving in. We continue to provide single desk spaces in some of our Centres where these have proved popular as well as being as flexible as possible with existing tenants who need to increase or decrease their spaces. For more information regarding our tenants, please see pages 8 & 9.

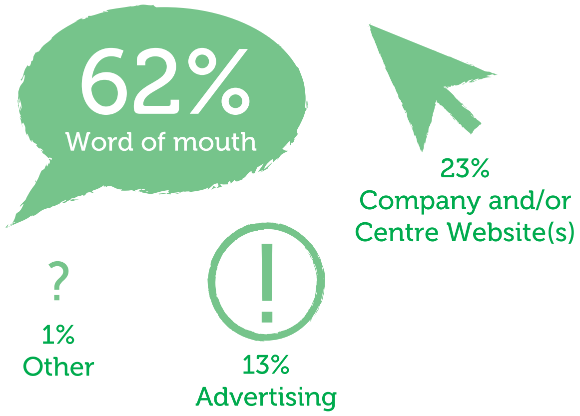
Nine of our Centres fall within the most deprived 30% of local areas in the country, according to the Indexes of Multiple Deprivation. All of our properties are in local areas classified as being among the top 50% of the most deprived local areas. We believe that having a lively, well-maintained building in such an area can contribute both to the local economy and the quality of the environment for the people who live and work there. More information on the Deprivation Index is provided in the supplement.

Our employment practices

The Company benefits from a skilled and committed staff team who really believe in the work we do. This is reflected by the Staff Survey results which confirmed that 97% of responding staff said that they enjoyed working for the Company and over 95% wholly shared our values.

We are a Living Wage employer[1] and we continue to maintain our exceptionally low pay ratio between the highest and lowest paid member of staff. We are proud that the figure of 4.7:1 compares favourably with similar organisations.

Source of space enquiries



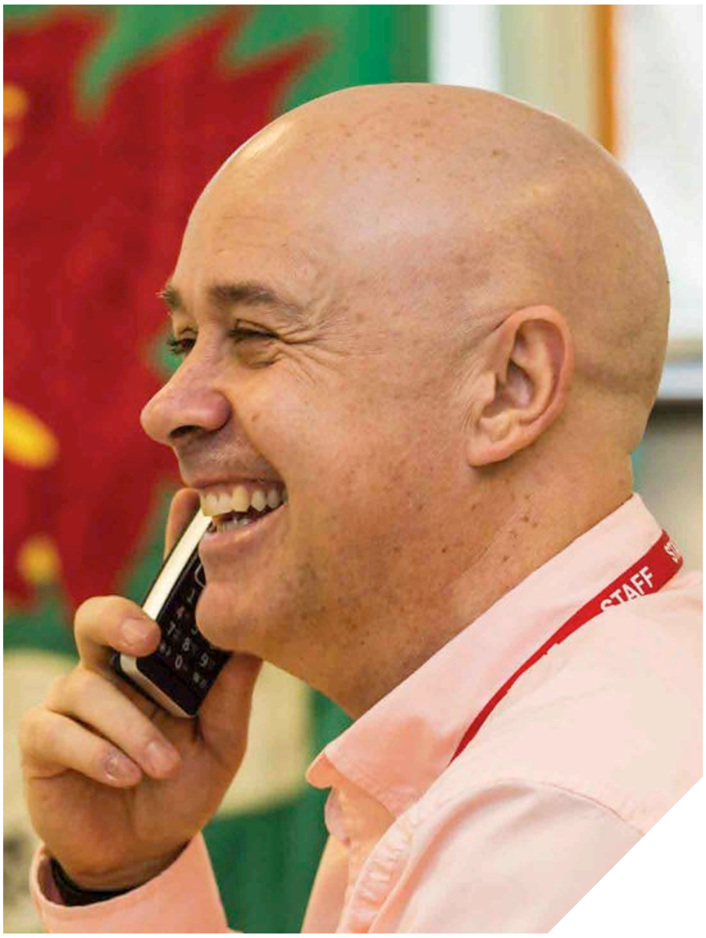
[1] www.livingwage.org.uk/employers

The Ethical Property Family – Ethical Property Europe

Ethical Property Europe has had a successful year as a result of its continuous efforts to improve the quality of their Centres and the services they provide to tenants. They have improved the look and feel of their buildings, redesigned meeting rooms and reception areas, and added artwork, comfortable meeting furniture and plants into communal areas. Their buildings have a 95% occupancy rate overall and bookings in their conference space was 10% above their expectations.

They have also significantly redesigned their website, which now acts as a platform for tenants to exchange information and publicise their own news, job offers and projects; and have introduced a new set of HR tools, appraising each staff member and putting personal development schemes in place.

In terms of future developments, construction of their new Antwerp building is due to start shortly – a Centre that will comply with the highest environmental standards and will be based around a large wooden structure. They are also working on establishing a third Mundo Centre in Brussels to address the significant demand for space – watch this space! For more information, please visit **www.ethicalproperty.eu**.



A tenant at Hastings House, Cardiff

For a more detailed analysis of our performance, please see our supplement document, available at **www.ethicalproperty.co.uk/investor-relations/annual-reports**. To request a printed version, please call **01865 207 810** or email **info@ethicalproperty.co.uk.**

The Ethical Property Family – Ethical Property Australia

The past year has been one of great progress in the development of Ethical Property Australia, establishing the Ethical Property Commercial Fund and purchasing two properties.

In September 2015 they started working with The Australia Institute (TAI), a progressive think-tank based in the country's capital, Canberra. TAI had a vision for creating a Centre for progressive lobbying, where organisations seeking to affect positive social and environmental change could engage with politicians, journalists, civil servants and others to access the corridors of power.

They had found a supportive investor and a potential property, but needed a values-aligned property expert who could carry out due diligence, raise more investment and manage the project going forward: enter Ethical Property Australia!

At the same time, Donkey Wheel Trust, one of their founding investors, was considering how best to free up some of the capital they have invested in Donkey Wheel House (Ethical Property Australia's first Centre). They therefore decided to create the Ethical Property Commercial Fund, with Donkey Wheel Trust using the Centre as a cornerstone investment.

A deal for their newest Centre (Endeavour House) was agreed, and in April 2016 they transferred both Centres into the Fund. They spent six months refurbishing Endeavour House and it was opened by Bill Shorten MP, Leader of the Opposition, on 9th November.

The Fund is now worth around $26m (£16m) and they are seeking to raise a further $40m-$60m to purchase a further Centre in Sydney and beyond! For more information, please visit www.ethicalproperty.com.au.

Our shareholders

As well as our AGM, held every year in March, we once again hosted a number of regional meetings for shareholders in Bristol, Brighton, London, Manchester and Edinburgh. Although attendance was not high in terms of numbers, the feedback from those attending was that they appreciated the opportunity to meet members of our Board and our Senior Management Team; particularly relevant if they had been unable to attend the AGM. We also continue to communicate with shareholders on a quarterly basis in both print and digital format, ensuring that we keep them updated on our progress.

Tenant and staff education

As well as the Centres themselves, it is the people within them who will determine whether or not we achieve and then exceed our environmental targets. It is crucial that we support and educate both tenants and staff in order to meet our current targets and if possible, set even more demanding targets in future. We can install energy-saving devices and systems but their impact will only be maximised with the informed co-operation of all building users.

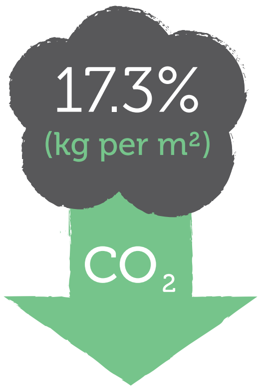
Further information on our energy and water use, waste management and transport can be found in the supplement document – see below for details.

Our environmental performance

Managing a large number of commercial buildings will have an impact on the environment. However, we work hard to minimise this impact in terms of how our existing Centres are managed, how we support and educate our staff and tenants in terms of their behaviour, and how we choose new projects.

> "with the building being just 5 minutes' walk from Sheffield's main train station … we often manage to persuade visitors to leave the car at home."

DECSY,
tenants at Scotia Works, Sheffield



Total CO_2 emissions (kg per m²)

Our energy usage

We put considerable effort into how we manage and report on the energy usage in our Centres, and we aspire to improve year on year.

In the last year, overall energy usage in our 16 owned Centres increased by less than 0.1% (over a greater floor area due to the acquisition of Hastings House in Cardiff) and the total associated carbon dioxide (CO_2) emissions decreased. This is largely explained by the reduction in the emissions associated with Grid Mix electricity – with coal being replaced by other lower emissions fuels within this mix. In addition, the emissions associated with our Brighton Junction Centre have decreased significantly due to an upgraded wood pellet boiler.

The impact of large properties

Even though we have now sold Development House in advance of moving tenants to The Green House in 2017, it remains the largest Centre in our portfolio; and is environmentally one of our poorest-performing buildings. It therefore has a high impact on the Company's average energy use and associated emissions. The obvious conclusion to draw from this is that we need to focus on the energy efficiency of our larger Centres, while still addressing other issues where we can. We are pleased to confirm that while The Green House will be much larger than Development House, it has been designed to be a far more energy efficient building.

As part of our growth strategy, we anticipate the development of more large Centres over the next few years. If we can continue to ensure that these Centres perform to the highest possible environmental standards, the effect of this growth will ultimately reduce our average energy use across our portfolio. In turn, this will enable us to meet the challenging targets we have set ourselves. Establishing the environmental performance of potential new acquisitions is therefore a vital part of the growth process.

Overall, while our environmental performance has improved in recent years, we are aware that there is a limit to what we can achieve with some of the Centres that we have, even with further investment.

4.9%

Energy consumption by floor area (kWh/m²)

Meeting rooms at The Foundry, London

The Ethical Property Family – ETIC (France)

In November 2015 the high profile COP 21 (UN Climate Change Conference) event took place close to ETIC's Mundo-M in Montreuil's – an event which engaged many of ETIC's tenants.

ETIC's Centre in Les Ateliers (Southern France) opened in early 2016, providing a further step towards a new model for ETIC. It is located in a small city of less than 50,000 inhabitants, and includes office space and commercial spaces such as a grocery store, a restaurant, a local radio station and a fair trade store.

In April, ETIC raised €1.4m through 60 investors, exceeding its initial target by 30%. The Company is now owned by a diverse group of 140 investors who own €4.6m of ETIC's capital (its largest investor owns just 12%) – a group that included 119 individuals and 21 ethical funds.

This new capital has helped finance the refurbishment of three Centres: Hevea, Le Château and La Halle. Hevea opened in Lyon at the end of 2016 and hosts social businesses in shared offices, a 'changemakers preschool', a restaurant and an event space. Le Château is a historic building, due to open in Nanterre (Paris) in April 2017 with a park, shared kitchens for sustainable food enterprises, a food court and office space. Finally, La Halle (Lyon) is due to open in September 2017 with a restaurant and a grocery store selling local, sustainable products.

This progress further emphasises ETIC's growth (from two Centres in 2015 to five in 2017), and the scope of its impact – great news all round! For more information, please visit **www.etic.co**.

For a more detailed analysis of our performance, please see our supplement document, available at **www.ethicalproperty.co.uk/investor-relations/annual-reports**. To request a printed version, please call **01865 207 810** or email **info@ethicalproperty.co.uk**.

Auditor's Assurance Statement

The Ethical Property Company Limited, 2016

Scope and objectives

The Ethical Property Company Limited commissioned Henriques & Co. Ltd ('the Auditor') to undertake independent assurance of its 2015/16 Social Report, pages 11–15 of this Annual Report, ('the Report') together with the supplementary material available online. Henriques & Co. Ltd has no other relationships with The Ethical Property Company that might compromise its independence. This is the seventh year that the Auditor has reviewed the Ethical Property Social Report. The assurance process was conducted in line with AA1000AS (2008) and designed to provide Type 2 moderate assurance. The Global Reporting Initiative (GRI) Quality of Information Principles were used as criteria for evaluating performance information.

Responsibilities of the Directors of The Ethical Property Company Limited and of Henriques & Co. Ltd

The Directors of The Ethical Property Company have sole responsibility for the preparation of the Report. This statement represents the Auditor's independent opinion and is intended to inform all Ethical Property Company's stakeholders, including management. A balanced approach towards Ethical Property Company stakeholders was adopted. The Auditor was not involved in the preparation of the Report. A management letter was also produced. The work was performed by Adrian Henriques; see www.henriques.info for information on independence and competence.

Basis of our opinion

The Auditor's work was designed to gather evidence with the objective of providing assurance as defined in AA1000AS (2008). To prepare this statement, the Auditor reviewed the Report and supplementary information, visited Ethical Property Company Centres and interviewed staff. Feedback was provided to The Ethical Property Company on drafts of the Report and other material and where necessary, changes were made.

We are satisfied that we have been allowed unhindered access to the financial and non-financial accounts, documentation and reports covering Ethical Property Company's activities and stakeholder engagements and to its managers and staff.

Findings & opinion

On the basis of the work we have done, we believe the report fairly represents Ethical Property Company's principal stakeholder relationships, impacts on its stakeholders and its responses to their concerns.

However the Report does not cover the international activities or joint ventures of the Ethical Property Family.

Observations

Without affecting our assurance opinion, we also provide the following observations.

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

The Ethical Property Company continues to consult its key stakeholders: tenants and staff. As the organisation grows, it will be important to review the means by which tenants are consulted.

Tenants continue to report positively on their experience as tenants, but while overall this is at the same level as last year, it is somewhat below target and declining in some important areas including charges and synergy between tenants. It would be helpful if The Ethical Property Company could disclose more about the charges review process.

Although there are some conflicting responses, overall staff continue to be strongly committed to The Ethical Property Company and its aims.

Material issues are those which are necessary for stakeholders to make informed judgments concerning The Ethical Property Company and its impacts.

The Report deals with the main issues specified in the Quintessentials and of concern to stakeholders and the environment.

It is welcome to see more balanced coverage of owned properties and those that are managed on behalf of others.

Responsiveness concerns the extent to which an organisation responds to stakeholder issues

Overall there has been good performance in the last year and there is no doubt about the commitment of The Ethical Property Company and its staff to the organisation's aims and values. For the future we welcome the plans to review the approach to assessing social and environmental impact to accord better with plans for significant growth.

It is also reassuring that plans to introduce new and more robust HR systems are well advanced. However performance on environmental issues continues to be somewhat erratic and demands a more persistent approach to the management of these issues. Moreover data collection systems and processes for environmental data urgently need to be re-designed for greater simplicity and to include non-owned properties in an integrated way. At the moment these systems introduce considerable scope for error.

HENRIQUES & CO. LTD

Adrian Henriques
Social Auditor
Henriques & Co. Ltd
London, November 2016

The Dividend Waiver Fund

Our Dividend Waiver Fund is designed to improve our social and environmental impact. Thanks to the generosity of our shareholders who can choose to waive their annual dividends at any time, this fund continues to help to a variety of worthy recipients each year, including tenants, start-up organisations and external projects.

One element of the Dividend Waiver Fund is the The Rent Hardship Fund, which supports tenants who are experiencing short-term funding problems.

It is a vital way for us to support small, more vulnerable organisations. In the 2015/16 financial year we offered support to four tenants, some of whom were smaller, start-up organisations, which allowed them to continue to operate through periods of short-term financial hardship. The number of requests for support was lower than in 2014/15 however and we are therefore committed to increasing the scope of the support we offer over the next 12 months and becoming more proactive in identifying organisations we may be able to help, and ways in which we can contribute to associated projects and development initiatives.

Part of the Dividend Waiver Fund also allows us to offer additional support to our sister charity, the Ethical Property Foundation, who offer independent advice and training to a host of charities and voluntary groups looking manage their properties.

22
organisations supported by the Dividend Waiver Fund over the last five years

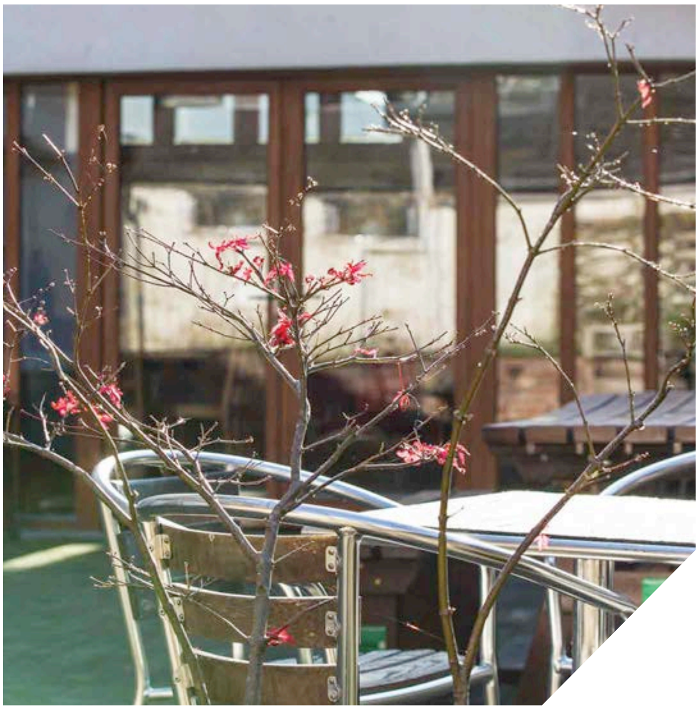
£56k
the amount the Company had contributed to these organisations over the last five years

Case study

Since its inception in 1987, the Eritrean Community Association (ECA) has been supporting the most excluded and disadvantaged groups of the Eritrean community. This work extends from improving their living conditions through to encouraging their successful integration into society and ensuring they have access to main-stream welfare services.

"We applied for the fund due to the financial situation we found ourselves in, in early 2016. Our application was accepted... and as Chairperson of the ECA, I would like to thank The Ethical Property Company for their generosity and thoughtfulness in helping us at a time when such assistance was vital for the continuation of our programmes".

Chefena Hailemariam
Chairperson
Eritrean Community Association
Green Fish Resource Centre, Manchester



The garden at The Old Music Hall, Oxford

Our financial performance

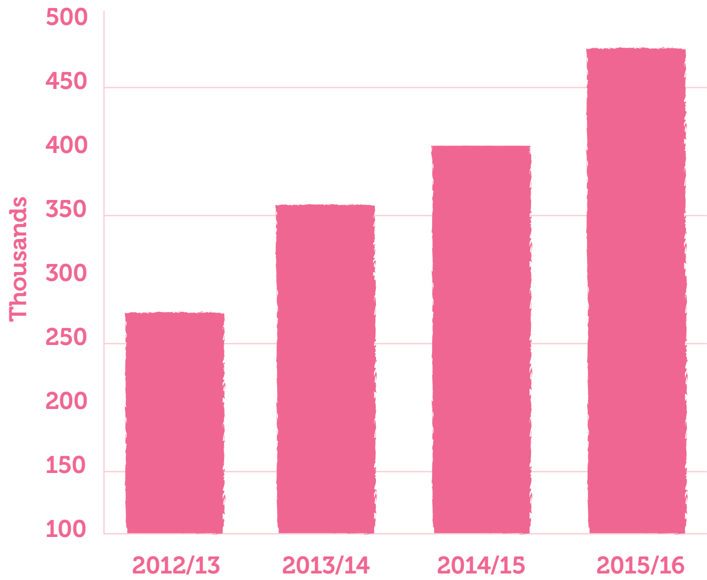
We are pleased to report on a very successful year as the shape of the Company's accounts was transformed by the impact of the sale of Development House. Having crystallised the value of our largest asset, our Net Asset Value (NAV) has increased from £21.3 million to £42.5 million.

At the same time, we continue to carefully monitor the underlying performance of ongoing operations; and we are pleased to report consistent and improving results across the regions.

This year, we have taken a fresh look at key Financial Performance Indicators, looking at the Company as a whole and our portfolio of Centres.

Profit from Ordinary Activities

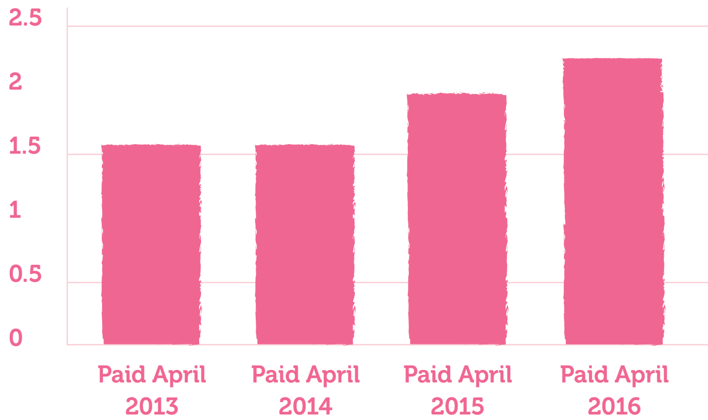
Profit from Ordinary Activities (see graph below) increased by 20%, while our underlying operating profit was similar to the previous year on a like-for-like basis. Interest costs were £132k lower than in the previous year as debt was paid down following the sale of Development House and interest costs of £122k were capitalised against the redevelopment of The Green House.

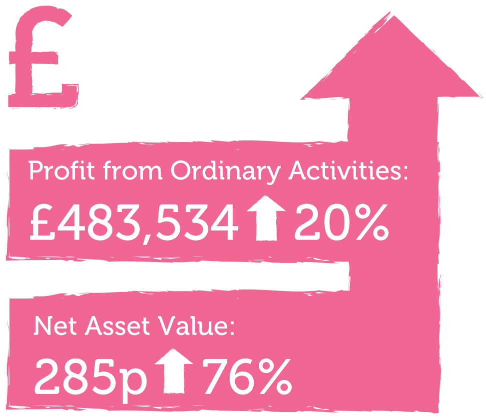


Dividends

In April 2016, we paid a dividend of 2.2 pence per share, in line with our forecast in the 2015 Share Issue Offer document, and we plan to increase the dividend each year. In October 2016 we also paid an interim dividend of 1.0 pence per share, ahead of the full year's results, given the profit on the sale of Development House.

Dividend – pence per share

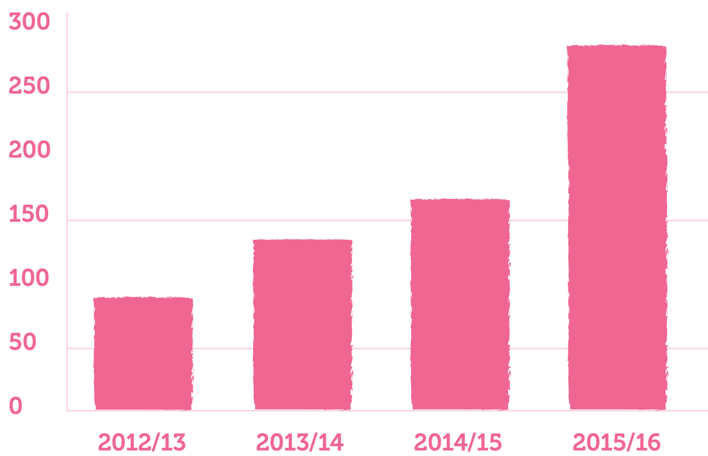




Net Asset Value

Having achieved a net profit on the sale of Development House at the upper end of the forecast range, Net Asset Value per share rose significantly, from 162p to 285p.

NAV – pence per share



Property values

By the end of the financial year, we had realised the value of our largest asset, Development House and replaced it with The Green House, which is shown in our accounts at the cost of acquisition plus early-stage development costs.

We chose not to commission a full external valuation of the rest of our portfolio this year and kept the valuation unchanged on the advice of our valuers. All the Centres charged to Triodos were valued in March 2016 as part of re-financing our loans. This exercise confirmed the value in our Centres in terms of total vacant possession value being higher than in-use value by £7.4 million. This is consistent with our principle of charging affordable rents and delivering a social return.

Empty space

We have reported that empty space for the year averaged 5.7%. The results for any one year can be affected by one-off events and so this year we have looked at longer term trends and five-year averages as well. The occupancy of our Centres is consistently high and we are proud of our track record, with five-year average occupancy at 95% or higher throughout the past decade.

Performance of our Centres

This new performance indicator looks at the Net Contribution, after all direct operating costs, from our Centres expressed as a percentage of their in-use valuation:

Net yield by region

London

2015 5.2%

2016 5.5%

South-East

2015 5.5%

2016 5.1%

South-West

2015 5.9%

2016 6.0%

Rest of UK

2015 8.2%

2016 7.2%

Total Company

2015 6.0%

2016 5.9%

The higher than usual empty space in our Oxford Centre temporarily reduced the net yield for the rest of UK in 2015/16. We expect 2016/17 yields to improve.

We monitor this measure to ensure that our portfolio continues to generate good returns. It is worth noting that yields in London and the South-East are lower than elsewhere in the UK given that inherent property values are higher.

Tenants at Green Fish, Manchester

95%

5-year average occupancy

Liquidity

Over the past year the secondary market for shares has been stimulated first by the Share Offer in quarter one and again following the sale of Development House which delivered a step change to the Net Asset Value per share.

Last year sell orders for 385,149 shares were placed and 347,956, (90%), were sold by the end of the year. In addition 101,441 shares from previous orders were sold and at the end of the year there were fewer than 40,000 shares for sale. This is a significant advance on the previous year when 107,115 shares were sold and there were 143,641 shares left untraded at the year-end.

The share price on the secondary market has subsequently increased to £1.30 per share. Although still a very large discount to Net Asset Value, this represents a 100% increase from the position at the end of September 2015, which saw trades at £0.65 per share.

For more details on the figures behind our positive financial performance over the last year, please see pages 20–37.

Financial statements

Strategic Report

For the year ended 30th September 2016

The Directors present their Strategic Report for the year ended 30th September 2016.

Business review

Operating profit for the year was £677,241 (2015 (restated): £724,701). On a like-for-like basis, excluding discontinued property management contracts, operating profit is close to the comparative figure for 2015.

In May 2015, a major tenant moved out of The Old Music Hall in Oxford when their contract for services ended, leaving approximately 25% of the building vacant. This large amount of space has taken longer than usual to fill but is now fully occupied, from 30th September 2016. The income loss from this void was £90k in 2016 (2015: £44k) and is the main reason for no growth in profit from underlying activities this year.

In total (other than new Centres), empty space (voids) averaged 5.7%, 1.5% higher than in 2015. Excluding The Old Music Hall in Oxford, the average would be 2.8%, as against 3.2% in 2015.

We continue to experience very high levels of demand for space and most of our Centres continue to have very high rates of occupancy. We were able to increase most rents by 4.2% (RPI + 3%) in April 2016.

Hastings House in Cardiff, acquired in August 2015, underwent refurbishment and is now 74% occupied. We report occupancy on new Centres separately for the first year of ownership.

In May 2016 we sold Development House in Old Street for £37.4 million. The proceeds from this sale are all being reinvested in the purchase and redevelopment of our new Centre in Bethnal Green, which will provide double the amount of space. We have taken a leaseback on Development House so that tenants can stay on until the first phase of the new Centre is ready to occupy.

The sale of Development House has crystallised a net gain on disposal of £24.2 million, £19 million after accounting for corporation tax. This sale has increased the Net Asset Vale (NAV) per share by 129p.

Due to the Company's continued operation of the building, the cash flows associated with the sale are spread over two years. The table below summarises the position and references the relevant notes:

		within 1 year	after 1 year	Total	Notes
£ million	**2016**	**2017**	**2018**		
Sales proceeds	21.4	-	16	37.4	14
Less: cost of sale	11.3	1.1	0.8	13.2	16, 17
Profit on disposal				24.2	

We re-financed our loans with Triodos in May 2016. The updated facility provides £8 million of 25 year term loans and £7 million of revolving credit.

Following the sale of Development House, we paid down loans to £8 million. Loans will be re-drawn to fund the redevelopment of our new Centres in Bethnal Green and to support further growth.

The capital gain on the sale of Development House means that corporation tax for the year has to be paid within the tax year rather than in the following year. Two of four instalments were paid by 30th September 2016.

After much consideration, given the volatility in the property market, Directors did not commission a full property valuation as at 30th September 2016. On the advice of our valuers, properties have been kept at September 2015 values in the accounts, given the ongoing high occupancy levels.

Results and dividends

The profit on Ordinary Activities before taxation, property disposals and exceptional items amounted to £483,534 (2015: £402,674).

On 4th February 2016 the Directors declared a dividend of 2.2 pence per share, which was paid in April 2016. The dividend was £289,407 of which £14,190 was waived. On 13th September 2016 the Directors approved an interim dividend of 1.0 pence per share, which was paid in October 2016. The dividend was £149,107 of which £6,124 was waived.

The Company also uses an extensive range of non-financial indicators to measure its environmental and social performance. It sets targets for this and reports on them in its published Annual Report.

Principal risks and uncertainties

The Company's management has a key objective to reduce the risks the Company faces. We do this through a number of specific policies and close management of the day-to-day operations in order to avoid, for example, bad debts. We have sought to diversify the Company's sources of income through the development of new business areas based on the Company's existing operations.

The principal risks the Company faces are:

Reduction in the value of property

The Company is exposed to movements in the value of the property against which its bank loan is secured. We monitor the property indices monthly and keep in contact with Triodos Bank. Continued diminutions in the value of our properties could compromise the Company's ability to pay dividends.

Price risk, credit risk, liquidity risk and cash flow risk

The Company's principal financial instruments comprise bank balances, bank loans, trade debtors and trade creditors. The main purpose of these instruments is to finance the business operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest where required. All of the business's cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Approved by the Board on 8th December 2016 and signed on its behalf by:

Susan Ralphs
Director

Directors Report

For the year ended 30th September 2016

The Directors present their Report and the financial statements for the year ended 30th September 2016.

Directors of the Company

The Directors who held office during the year were as follows:

John Whitaker (Chair)
Paul Bellack
Tim Farazmand
Mark Luntley
Susan Ralphs
Lisa Tennant

Principal activity

The principal activity of the Company is to support charities, co-operatives, community and campaign groups and ethical businesses by developing and running Centres that are focal points for social change. At these Centres the tenant organisations benefit from reasonable rents, flexible tenancy terms and office space facilities designed to meet their needs. They also become part of a working community where they can exchange skills and ideas under one roof. The Ethical Property Company offers investors the opportunity to make an ethical investment in property that supports groups working for social change.

Directors and their interests

The Directors who served during the year and their beneficial interest in the Company are as follows:

	Ordinary shares of 50p each	
	At 30th September 2016	**At 1st October 2015**
John Whitaker (Chair)	Nil	Nil
Paul Bellack	50,000	50,000
Tim Farazmand	30,000	Nil
Mark Luntley	2,112	1,408
Susan Ralphs	24,562	8,685
Lisa Tennant	6,500	Nil

Shareholdings

As at 30th September 2016, the composition of shareholdings of ordinary shares in the Company was as follows:

Number of shares held	Number of shareholders	Total shares	% of all shareholders	% of all shares
500 or less	308	120,061	23%	1%
501 to 1,000	257	239,658	19%	2%
1,001 to 2,000	199	334,942	15%	2%
2,001 to 5,000	248	929,511	19%	6%
5,001 to 10,000	147	1,181,810	11%	8%
10,001 to 50,000	138	2,973,347	10%	20%
50,001 to 100,000	15	990,494	1%	7%
100,001 to 500,000	16	3,681,383	1%	25%
500,001 to 1,000,000	3	1,803,626	less than 1%	12%
1,000,001 to 5,000,000	2	2,655,876	less than 1%	18%
Total	**1,333**	**14,910,708**	**100%**	**100%**

Share Issue
During the year, the Company issued 1,755,845 Ordinary Shares at a nominal value of £877,922.50.

Disclosure of information to the auditor
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 8th December 2016 and signed on its behalf by:

Susan Ralphs
Director

Statement of Directors' Responsibilities
For the year ended 30th September 2016

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions; and disclose with reasonable accuracy at any time, the financial position of the Company; and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

For the year ended 30th September 2016

We have audited the financial statements of The Ethical Property Company Limited for the year ended 30th September 2016, set out on pages 26–37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 23), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2016 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Anthony Harris
Senior Statutory Auditor
For and on behalf of Critchleys LLP, Statutory Auditor

Greyfriars Court
Paradise Square
Oxford, OX1 1BE

Date: 27th January 2017

Financial statements

For the year ended 30th September 2016

Statement of Comprehensive Income for the year ended 30th September 2016

	Note	2016 £	2015 (restated) £
Turnover	3	**4,371,968**	4,119,543
Cost of sales		**(2,571,696)**	(2,330,960)
Gross profit		**1,800,272**	1,788,583
Administrative expenses		**(1,200,753)**	(1,151,233)
Other operating income	4	**77,722**	87,351
Operating profit	4	**677,241**	724,701
Income from participating interest		**23,511**	29,524
Other interest receivable and similar income	7	**56,147**	54,058
Interest payable and similar charges	9	**(273,365)**	(405,609)
Profit on Ordinary Activities before exceptional items, taxation and property disposals		**483,534**	402,674
Profit/(loss) on disposal of fixed assets		**24,265,812**	(15,657)
Profit on Ordinary Activities before movements on investments		**24,749,346**	387,017
Amounts recovered investment properties		**-**	391,769
Exceptional cost – non recoverable VAT prior years		**(23,263)**	-
Tax on profit on Ordinary Activities	10	**(5,080,829)**	(24,737)
Profit for the financial year		**19,645,254**	754,049
Foreign currency translation movements		**(213,456)**	67,472
Movement on unrealised surplus on revaluation of properties		**-**	3,494,884
Movement on revaluation of investments		**450,786**	363,098
Total comprehensive income for the financial year		**19,882,584**	4,679,503
Earnings per share (pence)	21	**2.97**	2.85
Earnings per share including exceptional items (pence)	21	**135.24**	5.63

Turnover and operating profit derive wholly from continuing operations.

Notes on pages 30 to 36 form an integral part of these financial statements.

Financial statements

For the year ended 30th September 2016

Statement of Financial Position as at 30th September 2016

	Note	2016 £	2015 (restated) £
Fixed assets			
Intangible fixed assets	11	**-**	5,667
Tangible fixed assets	12	**32,822,910**	28,147,516
Investments	13	**5,771,464**	5,370,628
		38,594,374	33,523,811
Non current assets	14	**16,107,692**	-
Current assets			
Debtors	15	**610,358**	556,464
Cash at bank and in hand		**638,105**	605,030
		1,248,463	1,161,494
Creditors: amounts due within one year	16	**(4,564,135)**	(1,117,578)
Net current (liabilities)/assets		**(3,315,672)**	43,916
Total assets less current liabilities		**51,386,394**	33,567,727
Creditors: amounts falling due in more than one year	17	**(8,917,054)**	(12,219,325)
Net assets		**42,469,340**	21,348,402
Capital and reserves			
Called up share capital	19	**7,455,354**	6,577,432
Share premium account	22	**2,864,895**	2,086,262
Capital redemption reserve	22	**530,947**	530,947
Revaluation reserve	22	**4,668,534**	8,856,952
Other reserves	22	**21,933**	10,521
Profit and loss account	22	**26,927,677**	3,286,288
Shareholders' funds		**42,469,340**	21,348,402

Details of the prior year adjustment are given in note 28.

Approved by the Board on 8th December 2016 and signed on their behalf by:

Susan Ralphs
Director

Notes on pages 30 to 36 form an integral part of these financial statements.

For the year ended 30th September 2016

Statement of Changes in Equity for the year ended 30th September 2016

	Notes	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Balance at 1st October 2014		6,820,128	2,086,262	5,242,625	3,177,645	17,326,660
Profit for the financial year		-	-	-	754,049	754,049
Gain on revaluation of properties		-	-	3,494,884	-	3,494,884
Other comprehensive income for the year		-	-	-	430,570	430,570
Total comprehensive income for the year		-	-	3,494,884	1,184,619	4,679,503
Purchase of own share capital	19	(242,696)	-	242,696	(156,757)	(156,757)
Dividends	20	-	-	-	(272,805)	(272,805)
Other reserve movement	22	-	-	418,215	(646,414)	(228,199)
Balance at 1st October 2015		6,577,432	2,086,262	9,398,420	3,286,288	21,348,402
Profit for the financial year		-	-	-	19,645,254	19,645,254
Other comprehensive income for the year		-		450,786	(213,456)	237,330
Total comprehensive income for the year		-	-	450,786	19,431,798	19,882,584
New shares issued in the year	19	877,922	778,633	-	-	1,656,555
Dividends	20	-	-	-	(438,514)	(438,514)
Other reserve movement	22	-	-	(4,627,792)	4,648,105	20,313
Balance at 30th September 2016		**7,455,354**	**2,864,895**	**5,221,414**	**26,927,677**	**42,469,340**

Notes on pages 30 to 36 form an integral part of these financial statements.

Statement of cash flow for the year ended 30th September 2016

Cash flows from operating activities	2016 £	2015 (restated) £
Operating profit	**677,241**	724,701
Adjustments for:		
Amortisation for intangible assets	**5,667**	17,000
Depreciation of tangible assets	**16,691**	26,457
Exchange rate differences on loans	**132,066**	(68,940)
Exceptional item	**(23,263)**	-
(Increase)/decrease in debtors	**(211,586)**	45,944
(Decrease)/ increase in creditors	**(64,315)**	150,657
Payment of tax	**(55,549)**	-
Net cash generated from operating activities	**476,952**	895,819

Cash flows from investing activities	2016 £	2015 (restated) £
Proceeds from sale of tangible assets	**21,274,408**	(15,657)
Payment of tax from sale of tangible assets	**(2,734,087)**	-
Purchase of tangible assets	**(15,790,209)**	(1,079,073)
Repayment of loan	**50,000**	-
Acquisition of investments in associates and joint ventures	**-**	(27,033)
Sale of investments in associates and joint ventures	**-**	13,788
Dividends received	**24,672**	29,524
Interest received	**56,147**	54,058
Net cash from investing activities	**2,880,931**	(1,024,393)

Cash flows from financing activities	2016 £	2015 (restated) £
Issue of share capital	**1,656,555**	-
Purchase of own shares	**-**	(399,453)
Cash(outflow)/inflow from loans and borrowings	**(4,219,325)**	935,000
Interest paid	**(273,365)**	(405,609)
Equity dividends paid	**(289,407)**	(272,805)
Dividends waived	**14,190**	14,497
Net cash used in financing activities	**(3,111,352)**	(128,370)
Net increase/(decrease) in cash and cash equivalents	**246,531**	(256,944)
Foreign exchange translation adjustment	**(213,456)**	67,472
Cash and cash equivalents at the beginning of the year	**605,030**	794,502
Cash and cash equivalents at the end of the year	**638,105**	605,030

Notes on pages 30 to 36 form an integral part of these financial statements.

1. Company information

The Ethical Property Company Limited was incorporated in England on 23 August 1994. The registered address is The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1NE. It is a Private Limited Company.

2. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 28 for an explanation of the transition.

b) Turnover

Turnover comprises rents, service charges, management fees and consultancy fees receivable by the Company, exclusive of value added tax.

c) Grants

Revenue grants are recognised in the profit and loss account on a systematic basis over the period in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

d) Goodwill

Goodwill is capitalised at cost, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of five years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

e) Amortisation

Goodwill is stated at cost less amortisation. Goodwill is amortised on a straight line basis over the depreciation period of the assets to which it predominantly relates.

Asset class	Amortisation method and rate
Goodwill	Over 5 years

f) Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight line basis over their expected useful lives as follows:

Asset class	Amortisation method and rate
Furniture, fittings and equipment	3–5 years
Computer equipment	4–5 years

g) Investment properties

Historically, the valuations of investment properties were reduced by the value of plant and machinery and this was shown separately in the accounts, and depreciated over its useful life. Most of the plant and machinery items are integral features of the building and it is therefore more appropriate to include them as part of the investment property valuation. The accounting policy has been changed to adopt this approach, which is more aligned to standard accounting treatment for investment properties.

Any expenditure on replacement plant and machinery is therefore re-classified as repairs and maintenance; and expenditure on a building is only treated as a capital addition if it increases the value. Prior year accounts have been restated and the impact of the change in accounting policy is shown in note 28.

Investment properties are stated at valuation. Any surplus or deficit on revaluation is transferred to the revaluation reserve and shown in unrealised surplus in the statement of comprehensive income unless a deficit below original cost, or its reversal, is expected to be permanent. If permanent, it is recognised in the statement of comprehensive income as amounts written off investment properties. When considering whether a fall in value is permanent or not, the Directors will consider the likely change in value over the subsequent five years. No depreciation is provided in respect of leasehold investment properties where the lease has over twenty years to run. Although the Companies Act would normally require the systematic depreciation of fixed assets, the Directors believe that the policy of not providing for depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to the current value, are of prime importance rather than a calculation of annual depreciation.

When an investment property is sold, the difference between the most recent valuation reflected in the accounts and the net sale proceeds is shown as profit in the profit and loss account.

h) Investments, associated companies and joint ventures

Associated companies are those in which the Company holds between 20% and 50% of the share capital, over which it has significant influence but not control. Investments in associated companies are stated at the underlying Net Asset Value where this is materially different from cost. Material investments are revalued for exchange rate movements.

i) Deferred tax

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised; based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity. In those cases, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred taxation on capital gains relating to unrealised losses is greater than deferred taxation on capital gains relating to unrealised profits, resulting in a net asset position. This has not been provided for in the accounts, but has been disclosed in note 18.

j) Foreign currency

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date; and the exchange differences are transferred to reserves.

k) Operating leases agreements

Rentals applicable to operating leases where subsequently all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

l) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

m) Pensions

The Company operates two defined contribution pension schemes and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

n) Grant aided renovation

The cost of qualifying investment properties enhanced with the benefit of Government Grant Aid is stated at purchase price less grants receivable, upon confirmation of successful application. The Company fully intends to comply with the conditions of each grant, thus negating any requirement to provide potential repayment of the grant or interest. When such properties are revalued, then the revalued amount is shown in the financial statements, denominations in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are transferred to reserves.

o) Dividends

Dividends on ordinary shares are treated as a distribution from profit and loss reserves, rather than being treated as a distribution out of the results for the year.

3. Turnover

Turnover is attributable to the letting and managing of property to tenants and others. All arose within the United Kingdom.

4. Operating profit

	2016 £	2015 (restated) £
The operating profit is stated after charging:		
Auditor's remuneration – the audit of the Company's annual accounts	**10,200**	8,153
Payments to the auditor for other services	**18,390**	6,570
Depreciation of owned assets	**16,691**	26,457
Amortisation	**5,667**	17,000

5. Particulars of employees

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration staff	**57**	50
Management staff	**4**	4
	61	54

The aggregate payroll costs were as follows:

	2016 £	2015 £
Wages and salaries	**1,725,543**	1,544,991
Social security costs	**148,739**	129,397
Staff pensions	**83,726**	74,888
	1,958,008	1,749,276

6. Directors' remuneration

	2016 £	2015 £
Highest paid Director		
Remuneration	**61,162**	59,805
Company contributions paid to money purchase schemes	**4,280**	4,186

During the year salaries were being paid, and retirement benefits in respect of a money purchase pension scheme, were accruing to 1 (2015: 1) Director.

In addition to the above remuneration, fees of £24,240 (2015: £24,375) were paid to Non-executive Directors.

	2016 £	2015 £
Key management compensation		
Remuneration	**259,815**	245,045
Company contributions paid to money purchase schemes	**16,831**	15,532

Key management includes Directors and members of the senior management.

7. Other interest receivable and similar income

	2016 £	2015 £
Bank interest receivable	**2,207**	-
Other interest receivable	**53,940**	54,058
	56,147	54,058

8. Amounts recovered/(written off) investment properties

Last year there was a write-back of £391,769 on the permanent diminution written off in previous years on investment properties.

9. Interest payable and similar charges

	2016 £	2015 £
Interest on bank borrowings	**273,365**	405,609

10. Taxation

Factors affecting current tax charge for the year

Tax on profit on Ordinary Activities for the year is lower than (2015 – lower than) the standard rate of corporation tax in the UK of 20% (2015 – 20%).

The differences are reconciled below:

	2016 £	2015 (restated) £
Profit on Ordinary Activities and exceptional item before taxation	**460,271**	402,674
Corporation tax at standard rate	**92,054**	80,535
Depreciation and other expenses not allowable for tax purposes	**25,668**	-
Dividend income and revenue in capital	**(16,319)**	-
Capital allowances for the year	**(54,532)**	(51,882)
Effect of capital gain/(loss)	**5,032,116**	(3,131)
Adjustment to prior year tax	**1,842**	(785)
	5,080,829	24,737

11. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1st October 2015	85,000	**85,000**
At 30th September 2016	85,000	**85,000**
Amortisation		
At 1st October 2015	79,333	79,333
Charge for the year	5,667	5,667
At 30th September 2016	85,000	85,000
Net book value		
At 30th September 2016	-	**-**
At 30th September 2015	5,667	**5,667**

Goodwill relates to the purchase of intangible fixed assets on the formation of Ethical IT LLP.

12. Tangible fixed assets

	Investment properties in the course of development £	Investment properties £	Furniture, fittings and equipment £	Total £
Cost or valuation				
At 1st October 2015 (restated)	-	28,103,625	631,279	28,734,904
Additions	15,442,591	269,538	78,080	15,790,209
Disposals	-	(11,091,271)	(41,725)	(11,132,996)
At 30th September 2016	15,442,591	17,281,892	667,634	33,392,117
Depreciation				
At 1st October 2015 (restated)	-	-	587,388	587,388
Charge for the year	-	-	16,691	16,691
Disposals	-	-	(34,872)	(34,872)
At 30th September 2016	-	-	569,207	569,207
Net book value				
At 30th September 2016	15,442,591	17,281,892	98,427	32,822,910
At 30th September 2015	-	28,103,625	43,891	28,147,516

Directors have not undertaken a full external valuation this year given the current volatility of the property market, and on the advice of Bilfinger GVA independent valuers, have held property values at September 2015 levels, underpinned by the properties continuing to benefit from high levels of occupancy. Two buildings are stated at cost as they were purchased after the most recent valuation (31st July 2015).

	2016 £	2015 £
The historical cost of investment properties	**31,288,455**	22,027,780
Value of long leasehold properties included within investment properties	**4,793,403**	4,940,999
Historical cost of long leasehold properties	**2,949,880**	3,041,610

The Company received no grants during the year or the prior year.

Finance costs have been capitalised as follows:

	2016 £	2015 £
Finance costs included within additions in the year	**121,557**	Nil
Aggregate amount of finance costs capitalised at the year end	**428,853**	307,296
Rate used for capitalisation of finance costs	**3.1%**	3.5%

13. Investments held as fixed assets

	2016 £	2015 £
Shares in group undertakings and participating interests	**5,771,464**	5,370,628

Shares in group undertakings and participating interests

	Joint Ventures and Associates £	Total £
Cost or valuation		
At 1st October 2015	**5,370,628**	5,370,628
Revaluation	**450,786**	450,786
Additions	**50**	50
Disposals	**(50,000)**	(50,000)
At 30th September 2016	**5,771,464**	5,771,464
Net book value		
At 30th September 2016	**5,771,464**	5,771,464
At 30th September 2015	**5,370,628**	5,370,628

Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Country of incorporation or residence	Principal activity
Joint ventures				
Ethical IT LLP		50%	England	IT solutions for organisations
Social Justice and Human Rights Centre Limited	Ordinary	40.7%	England	Letting and management of property
Associates				
Ethical Property Europe	Ordinary	33%	Belgium	Letting and management of property
Ethical Property Australia	Ordinary	48.78%	Australia	Letting and management of property

The profit for the financial period of Ethical IT LLP was £107,162 and the aggregate amount of capital and reserves at the end of the period was £431,920.

Social Justice and Human Rights Centre Limited

Included within investments is a loan of £800,000 (2015: £800,000), the terms of the loan are interest-only for five years to August 2018 at 6.25% per annum. The profit for the financial period was £256,478 and reserves at the end of the period was £7,713,747.

The profit for the financial period of Ethical Property Europe Group was £263,675 and the aggregate amount of capital and reserves at the end of the period was £7,156,766.

The financial period end of Ethical Property Australia is 30th June. The loss for the financial period of Ethical Property Australia was £26,977 and the aggregate amount of capital and reserves at the end of the period was £86,861.

14. Non current assets

	2016 £	2015 £
Debtor due within two years relating to the sale of property	**16,000,000**	-
Prepaid expenses on loan facility to May 2019	**35,394**	-
Prepaid expenses on loan facility to May 2041	**72,298**	-
	16,107,692	-

15. Debtors

	2016 £	2015 £
Trade debtors	**109,651**	119,584
Other tax and social security	**1,826**	-
Other debtors	**76,615**	59,043
Prepayments and accrued income	**422,266**	377,837
	610,358	556,464

Included within other debtors is a £50,000 loan to Brighton Open Market CIC. Interest is payable monthly in arrears at a rate of 7% above the Bank of England base rate.

16. Creditors: amounts falling due within one year

	2016 £	2015 (restated) £
Trade creditors	**475,251**	304,116
Corporation tax	**2,315,931**	24,737
Other tax and social security	**41,846**	132,153
Other creditors	**1,663,976**	504,010
Deferred Income	**67,131**	152,562
	4,564,135	1,117,578

Deferred income	£
Brought forward at 1st October 2015	152,562
Received during the year	73,457
Release of deferred income in the year	(158,888)
Carried forward at 30th September 2016	67,131

On 1st May 2015 Bristol City Council transferred St Pauls Learning Centre to the Company on a 15-year lease and provided a grant of £165,335 towards operating costs over the first three years. £149,154 has been used to support the Centre's activities up to 30th September 2016.

17. Creditors: amounts falling due after more than one year

	2016 £	2015 (restated) £
Bank loans	**8,132,066**	12,219,325
Other creditors	**784,988**	-
	8,917,054	12,219,325

Amounts payable falling due after five years and repayable by instalments	7,332,647	-
Amounts payable falling due after five years and not repayable by instalments	-	-

The bank loans to the Company are secured by a charge over certain properties of the Company. The Company has a loan agreement with Triodos Bank NV. An updated loan agreement was entered into on 16th May 2016. The loans were taken out to finance the purchase of property.

The rates of interest applicable on the loans as at the year end are as follows:

Revolving credit agreement	2.5% above Bank of England base rate subject to a minimum rate of 3.0%
Sterling fixed loan	2.5% above Bank of England base rate subject to a minimum rate of 3.0%
Euro denominated loan	2.5% above Bank of England base rate subject to a minimum rate of 3.0%

18. Deferred taxation

Deferred tax provided and unprovided for in the financial statements is set out below:

Unprovided deferred tax would crystallise on the sale of assets at their balance sheet value.

	2016 £	2015 (restated) £
Provided for:		
Unrealised capital gains	**-**	-
Unprovided for:		
Asset in respect of unrealised capital losses	**1,047,914**	960,589
Liability in respect of unrealised capital gains	**(413,322)**	(838,788)
Net unprovided asset	**634,592**	121,801

19. Share capital

Allotted, called up and fully paid shares

	No.	£
Ordinary shares of £0.50 each	13,154,863	6,577,432
At 1st October 2015	1,755,845	877,922
Shares issued in the year		
At 30th September 2016	**14,910,708**	**7,455,354**

20. Dividends

	2016 £	2015 £
Prior year final dividends paid	**289,407**	272,805
Interim dividend declared	**149,107**	-
Dividends	**438,514**	272,805

During the year, dividends totalling £20,313 (2015: £14,497) were waived.

In February 2016 the Directors declared a dividend of 2.2 pence per share (2015: 2 pence per share) which was paid in April 2016 and included in these financial statements.

In September 2016 the Directors declared an interim dividend of 1 pence per share, which was paid in October 2016 and included in these financial statements.

21. Earnings per share

The calculations of basic and diluted earnings per share is based on earnings as calculated below and on 14,525,776 (2015: 13,391,575) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

	2016 £	2015 (restated) £
Profit on Ordinary Activities before property disposals, exceptional items and taxation	**483,534**	402,674
less: corporation tax	**(51,523)**	(21,606)
Profit after tax on Ordinary Activities excluding property disposals and exceptional items	**432,011**	381,068

The calculations of basic and diluted earnings per share after accounting for property disposals, exceptional items and taxation is based on profits of £19,645,254 (2015: £754,049) and on 14,525,776 (2015: 13,391,575) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

In the opinion of the Directors the earnings per share excluding property disposals and exceptional items is a more suitable measure of the underlying performance of the Company.

22. Reserves

	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Dividend waiver reserve £	Profit and loss account £	Total £
At 1st October 2015 (restated)	2,086,262	530,947	8,856,952	10,521	3,286,288	14,770,970
Profit for the year	-	-	-	-	19,645,254	19,645,254
Dividends	-	-	-	-	(438,514)	(438,514)
Additional share capital	778,633	-	-	-	-	778,633
Revaluation of investments	-	-	450,786	-	-	450,786
Disposal of property	-	-	(4,639,204)	-	4,639,204	-
Foreign currency translation gains	-	-	-	-	(213,456)	(213,456)
Other reserve movements	-	-	-	(8,901)	8,901	-
Dividends waived	-	-	-	20,313	-	20,313
At 30th September 2016	2,864,895	530,947	4,668,534	21,933	26,927,677	35,013,986

23. Pension schemes

Defined contribution pension scheme

The Company operates two defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £83,726 (2015: £74,888).

Contributions totalling £3,693 (2015: £4,811) were payable to the fund at the balance sheet date and are included in other creditors.

24. Commitments

Operating lease commitments

As at 30th September 2016 the Company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2016 £	2015 (restated) £
Within one year	**569,439**	11,408
Within two and five years	**17,320**	23,633
	586,759	35,041

Lease payments are recognised as an expense. During the year, the Company entered into a sale and lease back arrangement for a property which has a twelve month non-cancellable period.

25. Analysis of net debt

	At 1st October 2015 £	Cashflow £	Exchange movement £	As at 30th September 2016 £
Cash at bank and in hand	605,030	33,075	-	**638,105**
Net debt due after more than one year	(12,219,325)	4,219,325	(132,066)	**(8,132,066)**
Net debt	(11,614,295)	4,252,400	(132,066)	**(7,493,961)**

26. Related party transactions

During the year the Company made the following related party transactions:

Ethical IT LLP
(Joint venture (50/50) Limited Liability Partnership with Joint Application Development Enterprises Limited)

During the year, the Company received purchase invoices from Ethical IT LLP amounting to £210,137 plus VAT (2015: £118,746 plus VAT) for IT services. The Company raised invoices to Ethical IT LLP during the year amounting to £25,900 plus VAT (2015: £25,900 plus VAT) for management fees and £22,292 plus VAT (2015: £24,225 plus VAT) for rent and related services. The amount owed by Ethical Property Limited to Ethical IT LLP at the end of the year was £46,787 (2015: £4,181). At the year end there was an intercompany balance of £Nil (2015: £Nil).The transactions were carried out in the normal course of business. At the balance sheet date the amount due from Ethical IT LLP was £5,040 (2015: £5,389).

Social Justice and Human Rights Centre Limited
(Joint venture with Trust for London, Joseph Rowntree Charitable Trust, The Barrow Cadbury Trust and Lankelly Chase Foundation)

The Ethical Property Company manages the Company and all its transactions, including payment of management fees. At the year end, the Company's investment in the share capital of Social Justice and Human Rights Centre Limited was £2,934,750 (2015: £2,934,750). In addition, at the end of the year, the balance of the loan made to Social Justice and Human Rights Centre Limited was £800,000 (2015: £800,000); interest of £50,000 (2015: £50,000) was received in respect of the loan. The terms of the loan are interest-only over five years at 6.25% per annum. The loan is secured by a legal charge over the freehold interest in the building. At the balance sheet date the amount due from Social Justice and Human Rights Centre Limited was £30,062 (2015: £31,442).

Etic
The Ethical Property Company Ltd had given a loan £50,000 to Etic which was repaid within the financial year. Mark Luntley, one of the Directors of The Ethical Property Company Limited, owns 2,000 shares with a nominal value of €2,000 in Etic. At the balance sheet date the amount due to Etic was £nil (2015: £nil).

27. Control

There was no overall controlling shareholder.

28. Adoption of FRS102 and change in accounting policy for investment property

The Company has adopted FRS 102 for the year ended 30th September 2015 and has restated the comparative prior year amounts. This change in to include a provision for unused holiday leave at the end of the financial year. This is included in profit on Ordinary Activities before taxation.

Historically, the valuations of investment properties were reduced by the value of plant and machinery and this was shown separately in the accounts, and depreciated over its useful life. Most of the plant and machinery items are integral features of the building and it therefore more appropriate to include them as part of the investment property valuation. The accounting policy has been adopted to this approach, which is more aligned to standard accounting treatment for investment properties.

Any expenditure on replacement plant and machinery is therefore re-classified as repairs and maintenance, and expenditure on a building is only treated as a capital addition if it increases the value.

Adoption of FRS 102 and change in accounting policy for investment property reconciliation

Restated statement of financial position	1st October 2015 £
Original shareholders' funds	21,441,054
Holiday pay accrual	(29,948)
Reclassification of plant and machinery	(62,704)
Restated shareholders' funds	21,348,402

Restated statement of comprehensive income	1st October 2015 £
Original operating profit for the financial year	736,436
Add movement on holiday pay provision (FRS102 adjustment)	305
Add reduction in depreciation (change in accounting policy for investment property)	116,658
Less increase in repairs and maintenance (change in accounting policy for investment property)	(128,698)
Restated operating profit for the financial year	724,701

Our Centres

Owned

London and the South East

Brighton Eco-centre, Brighton

Brighton Junction, Brighton

Brighton Open Market Studios, Brighton

Development House, London

Durham Road Resource Centre, London

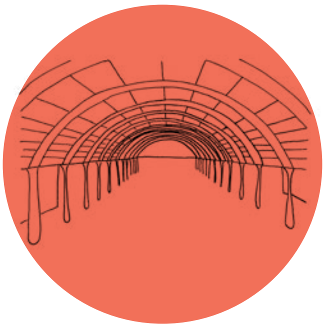
The Grayston Centre, London

The Green House, London (under construction)

The South West

Brunswick Court, Bristol

Colston Street Centre, Bristol



Green Park Station, Bath

Picton Street Centre, Bristol

St Pauls Learning Centre, Bristol

Owned

Oxford and the Midlands

The Old Music Hall, Oxford

Scotland

Thorn House, Edinburgh

Wales

Hastings House, Cardiff

South Pennines

Green Fish Resource Centre, Manchester

Scotia Works, Sheffield

Managed

London and the South East

Resource for London, London

The Foundry, London

The South West

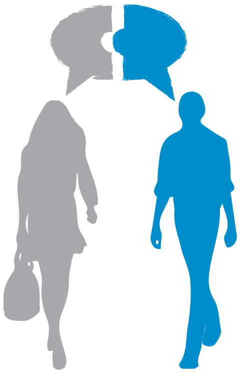
St Michael's Parish Hall, Bristol

The Unitarian Chapel, Bristol

Bath Quaker Meeting House

Wales

Cardiff Quaker Meeting House



85% of responding tenants reported that the presence of like-minded organisations in their Centre had a positive or very positive impact on fulfilling their strategic objectives

97%
of staff enjoy working for the Company

95%
of staff share the Company's values

A
98%
of all staff business travel is undertaken on public transport
B

Most frequent size of space request by City

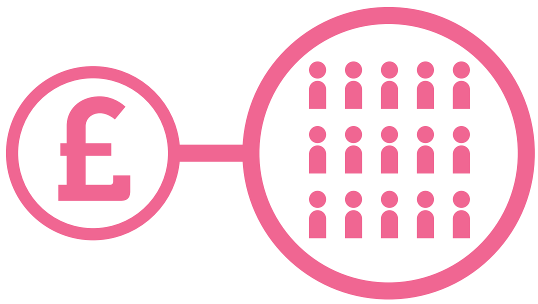
London	50 sqm
Edinburgh	25 sqm
Brighton	20 sqm
Cardiff	20 sqm
Sheffield	15 sqm
Bristol	10 sqm
Manchester	10 sqm
Oxford	10 sqm
Bath	7 sqm

Annual income (turnover) of tenants (based upon those who responded to our Tenant Survey)

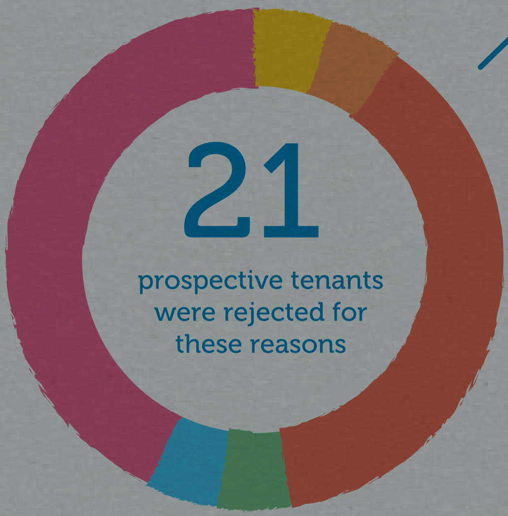
Company turnover

2014/15
£4,119,543

2015/16
£4,371,968

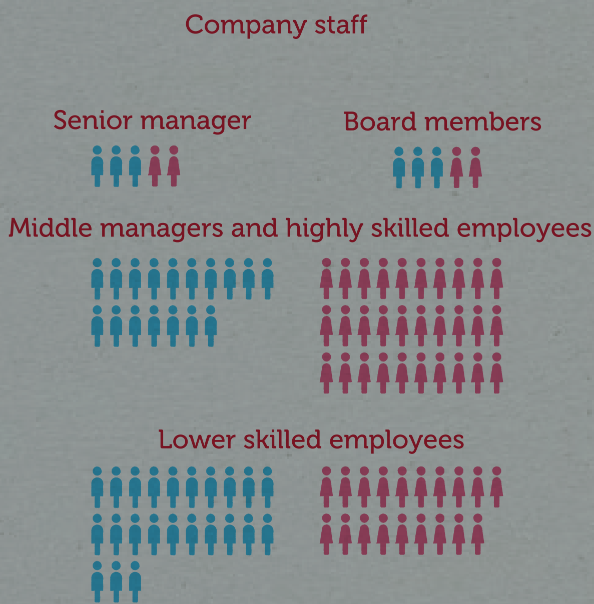


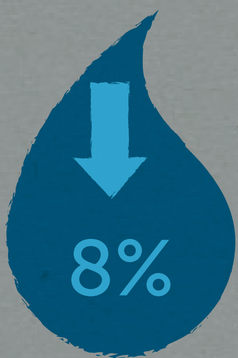
Dividends paid every year since they were first offered, in 2001



- missionary religious group – 1
- political group – 1
- outside the Centre-specific criteria of RfL and The Foundry – 8
- Outside the criteria/ compatibility for Brighton Eco Centre – 1
- Tobacco/Firearms/Pornography – 1
- Other – chiefly businesses with no ethical criteria – 9

1332 shareholders at the end of September 2016





Annual water consumption (m^3) in our Owned Centres

For more information on the Ethical Property Family, please visit the appropriate websites below:

United Kingdom
www.ethicalproperty.co.uk
Australia
www.ethicalproperty.com.au
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