ethicalproperty

Annual Report

2025/26

Contents

Acknowledgements

We would like to extend our sincere thanks to Bounce Design for the design of this publication and for their valued support throughout the process, and Fineprint for printing this document. We would also like to thank Jane Garton for editing this publication and for her ongoing support.

Welcome

Despite a difficult operating environment, we have remained committed to our founding principles of responsibility and purpose. You can read about this in our 2025-26 Impact Report. Our commitment to reducing our environmental footprint remains a central priority. The report shines a light on how collaboration and people coming together—both tenant organisations and staff—deliver a tangible impact.

It is encouraging to see our placed-based approach is showing through. Wider adoption of impact pledges has enabled staff to participate in community impact activities, and we are now taking the trouble to recognise and report these.

Staff and tenant survey results underpin this. A high level of staff engagement, staff satisfaction, and positive feedback scores regarding line managers, communication, and new training initiatives demonstrate how dedicated and motivated our people are at a time when resources are tight. Tenant survey scores were once again positive, particularly in the areas of value for money and net promoter scores (92% said they would recommend us). Values alignment also scored strongly in both surveys.

When I took on the role of Interim Managing Director in July 2025, I recognised the challenge I was taking on. I could only do this with the full support of my new Senior Management Team, our Chair, and our Board.

We have taken steps to return Ethical Property to a stronger position of financial sustainability. But as we reduce the heavy burden of debt through the sale of selected assets, we face the future realities of continuing as a smaller company.

We know we must do this to protect the future of our company. We also realise that our investors and shareholders are once again having to be patient, as it will take time for us to resize, regroup, and repurpose our company.

Once the debt is reduced, we will need to create and navigate a runway to refinance the company towards a more sustainable future.

Over the last 12 months, we have sold two properties: Durham Road, through auction in August 2025, and Hastings House in February 2026. Since then, we have completed the sale of Thorn House in May 2026.

In the interests of financial sustainability, this year we chose not to enter into leaseback arrangements, and all transactions achieved sales prices that exceeded recent property valuations.

I would like to personally thank all the team involved in achieving this. It has certainly taken patience, persistence, and, at times, resilience to secure strong offer prices and then protect the value of these sales all the way through to completion.

> In the coming year, we will be forming new partnerships, creating new income streams, and developing our business

Also on a positive note, in each outcome, the purchasers of these properties have chosen to keep on their occupying tenants. That said, it was very sad for us to say goodbye to valuable staff and tenants in North London, Cardiff, and Edinburgh.

These three successful transactions reduced our debt from £21.2m to £17.7m. With good traction, we are hoping to complete another property sale in the coming quarter, which should help us progress towards a more sustainable future.

After a review in 2024, Trust for London decided to sell their Resource for London property located on Holloway Road. Ethical Property managed the closure process, and in doing so, supported tenants as they moved to new premises. Vacant possession was successfully achieved, on schedule, over the 2025 summer. I am very grateful for the hard work and energy demonstrated by our staff team, ensuring a smooth completion of this project. Like many tenants, we will miss the spirit and support that over many years defined Resource for London.

2025 also saw us celebrate The Foundry's 10th birthday. It was a proud moment sharing this special occasion with our brilliant centre team, inspiring tenants, and special guests and performers from the local community. It is always a dynamic environment, where people naturally make human connections—a place that offers a variety of opportunities to share knowledge, collaborate, and have a positive impact.

We should particularly thank Trust for London for continuing our special relationship and thank them for their own support during challenging times.

In the coming year, we will be forming new partnerships, creating new income streams, and developing our business—building on and extending the services we offer.

We will take further steps to regain control and move towards becoming debt-free. This will require us to face a new future, committed to returning Ethical Property to a stronger position of financial sustainability. We remain dedicated to the purpose-driven work, our progressive values, and delivering meaningful impact that makes Ethical Property so vital in today's challenging world.

Jonathan Davies
Ethical Property
Managing Director

The Year in Focus

The past 12 months have been a defining period for Ethical Property, one marked by challenge, change, and a renewed commitment to our purpose. In a world shaped by economic uncertainty and global instability, our role as a provider of mission-driven workspace has never been more important, nor more tested.

Across the UK, the charities and social enterprises we support are operating in increasingly complex conditions. Rising costs, heightened demand for services and ongoing funding pressures have combined to create a difficult environment. Many of our tenants are seeing firsthand the impact of global events – from geopolitical tensions to economic volatility – translating into greater need within the communities they serve. These organisations are at the frontline of social change, and their resilience in the face of sustained pressure continues to be both humbling and inspiring.

Against this backdrop, Ethical Property has had to take several significant and, at times, difficult decisions to ensure our long-term sustainability.

Chief among these was the sale of several buildings, including Thorn House in Edinburgh. Thorn House exemplifies the kind of vibrant, collaborative space we are proud to create, and the decision to sell was not taken lightly. It required careful consideration of our financial position, our obligations, and our responsibility to ensure the continued strength of the wider organisation.

These decisions were made within the broader context of a challenging financial landscape, including complex and sometimes demanding engagement with our banking partners. This process required resilience, discipline and clarity of purpose. While not without its difficulties, it strengthened our financial footing and sharpened our strategic focus.

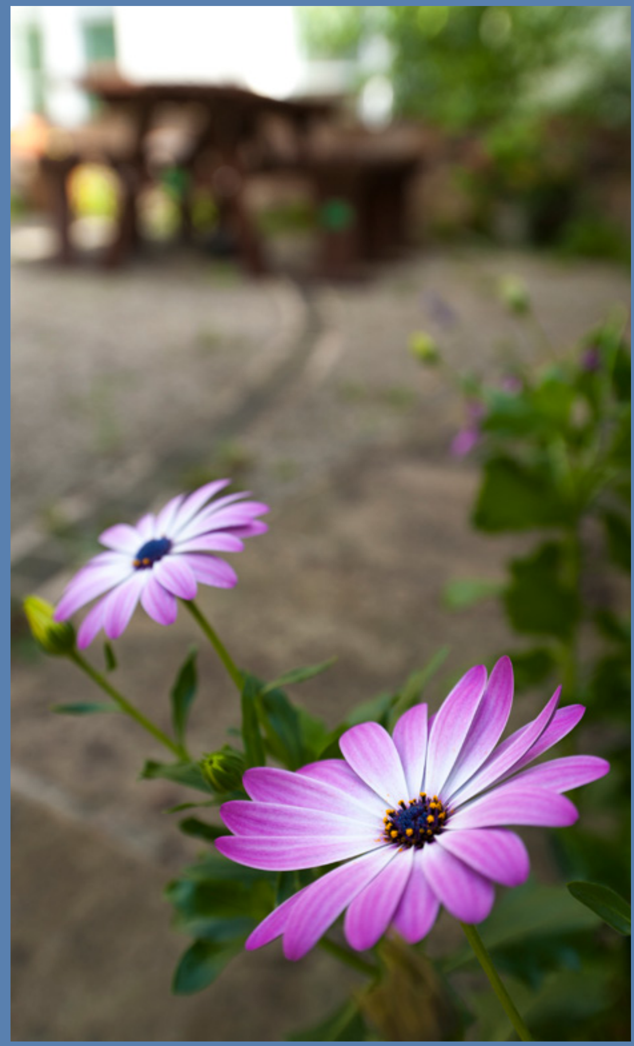
Throughout the year, our priority has remained clear: to stabilise the business while staying true to our principles. We have taken decisive steps to strengthen our balance sheet, improve operational efficiency, and ensure that we can continue to support our tenants effectively. This balance – between financial responsibility and social mission – is central to who we are as an organisation.

Our people have been at the heart of our response. Across every part of Ethical Property, our teams have demonstrated extraordinary dedication and professionalism. From supporting tenants facing mounting challenges to maintaining high-quality, welcoming spaces, their work has been instrumental in navigating this period. Their commitment reflects the values that define Ethical Property and underpins everything we do.

At the leadership level, we have also evolved. This year we welcomed Sarah Campbell and Ed Carter to the Senior Management Team, bringing fresh perspectives and valuable expertise. Their contributions are already strengthening our ability to respond to a rapidly changing external environment, while ensuring we remain grounded in our purpose.

Central to that purpose is our ongoing commitment to creating positive social impact. Through our Adherence Framework, we continue to measure and enhance the difference we make. Our buildings are not simply places to work; they are ecosystems that enable collaboration, amplify impact and support organisations delivering vital services across society. At a time when social need is increasing, this role has never been more critical.

This year has reinforced the importance of what we do and the responsibility we carry. While the external environment remains uncertain, we are moving forward with a clearer sense of focus. We are building a more resilient organisation, one that is better equipped to withstand future challenges, while continuing to deliver for our tenants and investors alike.



For our investors, our commitment is straightforward: to combine financial discipline with meaningful, measurable social impact. The steps we have taken this year, however difficult, reflect our determination to safeguard both.

Looking ahead, we remain confident in the future of Ethical Property. Not because the path will be easy, but because our purpose is clear, our values are strong, and our people are deeply committed to making a difference.

Together, we continue to create spaces where good organisations can do great work.

> Our commitment is straightforward: to combine financial discipline with meaningful, measurable social impact

Our People

Building an inclusive culture, creating opportunity

In 2025, we took an important step in strengthening our social impact credentials with the launch of our Equality, Diversity and Inclusion (EDI) Working Group. Established in Q4, the group reflects our commitment to fostering a workplace where everyone feels valued, heard and able to thrive – an essential foundation for delivering long-term, sustainable impact.

In the coming year, the focus is on building momentum. Drawing on the strong results of our 2025 EDI survey, we are identifying practical ways to deepen inclusion and sustain high levels of belonging and engagement across our teams. This is not a static agenda; it is a continuous process of listening, learning and improving.

Central to this is greater visibility and shared understanding. Our new EDI calendar highlights key cultural moments throughout the year, celebrating the diversity of our people and communities, while reinforcing inclusion as a lived, everyday value. Alongside this, we are encouraging open dialogue and employee-led contributions, ensuring that progress is shaped collectively, not centrally dictated.

This work is fundamental to how we deliver impact. A more inclusive organisation is a stronger, more resilient one – better able to support our tenants, attract talent and create spaces where social change can flourish.

Creating pathways to opportunity

Alongside cultural inclusion, we are expanding access to employment through our Apprenticeship Scheme, an initiative designed to support young people into meaningful careers.

In October 2025, we were proud to welcome our first apprentice, Viktorija Juhnevica. Joining as a Sales Ledger Assistant, Viktorija has quickly become a valued member of the Finance Team, demonstrating strong capability, commitment, and attention to detail.

Her journey reflects the intent behind the programme: creating accessible pathways into skilled employment while strengthening our own organisational capacity. For Viktorija, the apprenticeship is a step towards a long-held ambition to build a career in finance, turning potential into tangible progress.

Beyond individual development, initiatives like this contribute to wider social value – opening doors, building skills and supporting economic participation. For Ethical Property, they represent a practical expression of our mission by embedding opportunity and inclusion into how we operate, not just what we say.

Together, these initiatives illustrate how we are investing in people as well as places, reinforcing our belief that social impact and organisational performance go hand in hand.

We recognise that it is the people we work with who make our offering truly exceptional. In this Annual Report, we aim to shine a spotlight on a selection of them, offering a glimpse into the talent, dedication and character that define our organisation.

Building Connection Beyond Co-location

Insights from Luiza Costescu
Interim Head of Operations (Customer & Impact)

For Luiza Costescu, a successful shared workspace goes far beyond occupancy levels or operational efficiency. While these remain important indicators, the true measure of success lies in the strength of relationships formed within the space.

Luiza points out that collaboration doesn't happen by accident – it is something that must be carefully designed, nurtured and sustained.

"Collaboration is most effectively enabled when it is intentionally built into the culture of a space," she explains. For organisations entering a shared workspace for the first time, the priority should be creating opportunities for structured relationship-building. Understanding who else occupies the space, their missions, strengths and shared interests, lays the foundation for meaningful connection.

From there, consistent and accessible touchpoints play a vital role. Regular networking breakfasts, tenant forums, shared learning sessions and informal gatherings all contribute to creating synergy between organisations. Over time, these moments of connection help build trust and make collaboration feel organic rather than forced.

"A successful shared workspace consistently enables connection, collaboration and mutual support," Luiza says. In this model, the building functions as a dynamic ecosystem where value is created through interaction. Organisations in close proximity benefit from actively engaging with one another in ways that strengthen resilience and amplify impact.

Luiza emphasises that meaningful outcomes arise when organisations actively connect – sharing ideas, resources and expertise. These relationships can spark unexpected collaborations and promote more effective, cross-sector problem-solving. Equally important is the cultural shift that occurs when a building moves from being a collection of tenants to a genuine community. This sense of belonging has a direct impact on staff morale, motivation and overall satisfaction, contributing to a more positive and productive working environment.

Luiza also highlights the importance of offering both practical and purposeful reasons for people to come together, particularly as hybrid working becomes more established. This includes providing high-quality, flexible environments that accommodate different ways of working, alongside curated programming that encourages interaction. Crucially, there must be a clear "purpose to presence", whether through collaboration, knowledge exchange or shared activities, so that attendance is seen as valuable rather than optional.

Understanding the value of collaboration requires both data and insight. Quantitative metrics such as cross-organisation activity, event participation, referrals and retention rates all offer tangible indicators of success. However, they only tell part of the story. Qualitative measures, such as sense of belonging, stakeholder feedback and perceived value, provide essential context. Capturing and sharing impact narratives is particularly powerful, helping to illustrate how collaboration leads to real-world outcomes, from innovation and funding opportunities to improved services.

Technology is increasingly central to building connected workplace communities. Digital platforms and tools allow organisations to stay informed, engaged and visible, regardless of whether they are working on-site or remotely. Shared calendars, directories, messaging systems and booking platforms make it easier for people to connect with purpose. Crucially, technology helps bridge the gap between in-person and remote engagement, ensuring that community is inclusive and accessible. When used effectively, it enhances rather than replaces face-to-face interaction.

Reflecting on how collaboration could be further strengthened, Luiza identifies one change that could make an immediate difference: broadening communication across organisations.

Moving away from a single tenant representative model to a more open, organisation-wide approach would allow more individuals to engage directly with community opportunities. By increasing visibility and access, this shift would foster a more inclusive and dynamic environment – one where collaboration is not dependent on a single point of contact but is embraced by the wider community.

Ultimately, Luiza's perspective reinforces a simple but powerful idea: shared workspaces realise their full potential when they bring people together with intention. By prioritising connection, building trust and creating opportunities for collaboration, these environments can drive both organisational success and collective impact.

Moving away from a single tenant representative model to a more open, organisation-wide approach would allow more individuals to engage directly with community opportunities

Q&A with Melissa Bain

Senior Sales Executive

Can you tell us about your current role and what a typical day looks like for you?
In my role as a Senior Sales Executive, I manage the full sales cycle from initial enquiry through to completion. This includes conducting viewings across three of our London centres while building and maintaining strong relationships with prospective tenants and partner agents.

My role is highly varied and fast-paced. I regularly follow up on leads, qualify enquiries and match clients with the most suitable centres based on their requirements. I gather and act on feedback, progress offers, and ensure all parties are kept informed throughout the process.

I also lead negotiations and play a key role in driving deals through to completion. Overall, the position combines sales expertise, customer service excellence and relationship management to deliver successful outcomes.

Where are you based, and how long have you been part of the organisation?
I am London-based and have been at Ethical Property for over four years.

I see my role as a bridge between commercial success and responsible business practices

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What inspired you to join the company, and what keeps you here?
I was drawn to the company because of its strong values around collaboration, inclusivity and community impact. I was particularly inspired by its commitment to supporting charities and creating purposeful spaces that bring people together. The diverse mix of tenants – from startups and creative businesses to social enterprises and community groups – also really stood out to me.

What has kept me here is seeing those values come to life. It's clear that the focus goes beyond simply providing space; there's genuine effort to support tenants and foster a strong, connected community.

How do you see your work contributing to the organisation's wider social and environmental impact?
I see my role as a bridge between commercial success and responsible business practices. It's not just about generating revenue; it's about influencing customer behaviour and representing the organisation's values in every interaction.

From a social impact perspective, I contribute by ensuring that we promote solutions which genuinely add value to our customers. This means truly understanding a client's needs, providing responsible advice and building long-term, trust-based relationships.

From an environmental standpoint, I do my best to guide customers toward more sustainable choices wherever possible, while also supporting them in achieving their own sustainability goals. Internally, I align my work with the organisation's sustainability targets.

Ultimately, my contribution goes beyond achieving targets. It's about ensuring that the way we achieve them creates a positive impact for our customers, our communities and the environment.

Can you share a moment or example where you felt proud of the difference our organisation makes?
A moment I felt proud was when we delivered on our social impact pledges by donating toiletries, food and other essentials to a charity in Oxford. It showed how we can come together to make a real, practical difference in our community, supporting people who genuinely need it.

92%

of tenants who responded to our tenant survey said that we offer value for money.

97%

of tenants who responded to our tenant survey said they would recommend us to other organisations.

94%

of staff who responded to our staff survey said they enjoy working for Ethical Property.

98%

of staff who responded to our staff survey said that they share our values.

Building Synergy Through Connection and Shared Purpose

Creating meaningful connections across organisations is central to amplifying impact. Drawing on his experience delivering events and now leading the Ex(change)rs programme, Tuomas Jokiniemi shares practical insights into how synergy can be cultivated, both in-person and online, to strengthen collaboration and drive collective change.

For Tuomas, synergy in the workplace begins with perspective. Rather than focusing solely on individual organisational goals, it requires stepping back to consider the wider ecosystem.

"Synergy at the workplace means looking at the bigger picture; looking outside your own mission and asking whether there is a way to make a stronger, more meaningful impact."

This mindset encourages organisations to actively seek partnerships with others addressing similar challenges. By combining resources, knowledge and networks, organisations can achieve outcomes that would be difficult to reach alone. It is this willingness to collaborate, rather than compete, that underpins a thriving community.

Face-to-face interaction remains one of the most effective ways to build these connections. Tuomas highlights the importance of starting with common ground.

Bringing together professionals from different organisations but with similar roles, such as HR or fundraising, creates an immediate sense of relevance and shared purpose. These gatherings enable participants to exchange practical knowledge, learn from one another's experiences, and identify opportunities to collaborate.

Such focused interactions not only strengthen relationships between individuals but also help organisations align their efforts, ultimately increasing their collective impact.

While in-person engagement is valuable, digital spaces play a critical role in sustaining connections. However, participation in online communities can often remain passive without thoughtful design.

Tuomas emphasises the importance of creating opportunities for interaction, such as dedicated Q&A segments and smaller breakout groups during webinars. These approaches make it easier for participants to contribute, ask questions, and engage with others in a more meaningful way.

By actively facilitating dialogue, online sessions can move beyond one-way communication and become dynamic spaces for exchange.

Whether online or in person, the success of any event depends on its relevance. Content that resonates with current conversations and challenges within the community is far more likely to engage participants. A standout example from the past year was a webinar on masculinity, delivered in partnership with a tenant organisation. The session aligned with wider public discourse following the release of a popular Netflix series exploring similar themes. Its timeliness and relevance sparked strong engagement, demonstrating how connecting content to real-world conversations can significantly increase impact.

Effective community-building also requires consideration of different communication styles and personality types. Not everyone feels equally comfortable speaking up in group settings, and without careful facilitation, discussions can become dominated by more extroverted individuals. Tuomas highlights the role of skilled moderation in ensuring inclusivity. By actively inviting input from all participants and structuring discussions to give everyone space to contribute, facilitators can create a more balanced and engaging environment. This inclusive approach not only enriches the conversation but also ensures that a broader range of perspectives is heard and valued.

Through intentional design, whether in event formats, content choices or facilitation techniques, across the board, the Ex(change)rs programme is helping to unlock the power of synergy by creating opportunities for organisations to connect, learn and engage while driving a greater collective impact.

Food That Tastes Good – and Does Good

> Food is our common ground, a universal experience
>
> **James Beard, American chef**

At The Foundry in Vauxhall, this simple but powerful idea comes to life every day through the work of **The Lovage Project**, an inspiring community interest company that proves food can be so much more than what's on the plate.

If you've ever visited The Foundry, chances are you've already encountered Lovage, perhaps through a vibrant lunch, a beautifully prepared snack, or a catered event that left guests asking for seconds. But behind every meal is a deeper story: one of compassion, inclusion and community transformation.

While many know Lovage as an exceptional plant-based catering business, their impact reaches far beyond the kitchen. Founded and run by a queer, neurodivergent immigrant woman, Lovage has built a workplace that celebrates diversity, creativity and belonging. It stands as a shining example of what an inclusive organisation can look like in practice.

At its heart, Lovage is dedicated to creating spaces where people feel welcomed, valued and supported. Food is simply the starting point.

Over the years, Lovage has become an essential part of the local support network, using food as a tool to bring people together and meet urgent community needs.

Their work includes:

- Providing monthly meals for Queer Minds' trans support group in Brixton, ensuring attendees can gather over nourishing food in a safe and affirming environment.
- Delivering kitchen training opportunities for autistic students from Park College in Kennington, helping young people build practical skills, confidence, and pathways towards employment. The programme is set to return in September 2026 after a short break.
- Running a series of free annual workshops focused on nutrition, herbalism and wellbeing for people living and working in Vauxhall.
- Championing sustainable food practices and reducing waste, ensuring their work benefits both people and the planet.

Every initiative reflects Lovage's belief that access to good food, knowledge, and community should never be a privilege reserved for a few.

Lovage's commitment to caring for others was perhaps most visible during the COVID-19 pandemic.

As communities faced unprecedented challenges, Lovage provided free meals to frontline staff at King's College Hospital during the first three months of the crisis. At the same time, they supported some of the capital's most vulnerable residents.

Working alongside organisations including Streets Kitchen and The Outside Project, Lovage helped serve people staying in an emergency hotel for LGBTQ+ individuals experiencing homelessness in Clapham. Throughout the initiative, the team delivered free food drops four times a week, providing more than 2,000 hot meals to those who needed them most.

They also supplied weekend food boxes to families facing hardship in the Nine Elms area, ensuring that support extended beyond emergency accommodation and into the wider community.

These efforts were not one-off acts of generosity. They reflected Lovage's long-standing commitment to dignity, care and mutual support.

Today, Lovage continues to collaborate with local food projects and community organisations, ensuring that support reaches those who need it most. Under the leadership of co-founder Iga Strapko, the project continues to grow while staying true to its founding vision: nourishing both body and community.

In a world that can often feel disconnected, Lovage reminds us that sharing food remains one of the most powerful ways to build relationships, foster understanding, and create belonging.

As civil rights activist Maya Angelou famously said:

"When you invite someone to sit at your table, you're inviting a person into your life."

That spirit is woven into everything Lovage does.

So, the next time you enjoy a coffee, snack or catered meal at The Foundry, remember that you're experiencing far more than great food. Every dish served by Lovage carries a larger purpose: supporting communities, creating opportunities, and ensuring that everyone has a place at the table.

Food that tastes good.
Food that does good.
That's the Lovage Project.

lovageproject.org.uk

Our Impact

At the heart of our organisation is a commitment to creating lasting, positive social impact, not only through the spaces we provide, but through the communities we help to build and support.

Over the past year, we have continued to invest in initiatives that enhance the wellbeing of our tenants. Beyond delivering workspace, we have hosted a range of events designed to bring people together, reduce isolation and foster a sense of belonging. From community gatherings to practical workshops, these activities help strengthen connections and create opportunities for tenants to engage, learn and thrive.

A key area of focus has been supporting mental health and wellbeing. We have expanded access to outdoor areas, recognising the important role that nature and open environments play in improving mental health. Whether through communal gardens or organised outdoor activities, we are proud to provide spaces where people can relax, connect and recharge.

Our impact extends beyond our tenants. Our colleagues have shown incredible dedication to supporting the wider community by organising and participating in fundraising initiatives and collections for local charities. From donating essential items to volunteering time and resources, our teams continue to demonstrate a strong culture of giving and social responsibility.

Together, these efforts reflect our belief that creating positive change goes beyond workspace. It is about building resilient communities, supporting wellbeing and making a meaningful difference.

To learn more about our work and the full extent of our initiatives, please refer to our dedicated Impact Report.

Quotes from tenants

“All staff are friendly and helpful

“It’s genuinely hard to single out just one member of the management team, because every one of them is exceptional

“Each person consistently goes above and beyond to support us — proactively helping to resolve any issues

“I can give examples of every member of the team going out of their way to assist our organisation with an issue

Our Impact

Environmental Performance

Environmental performance is central to long-term impact and value creation. For Ethical Property, it safeguards assets, supports tenant communities and underpins resilient financial returns. As regulatory expectations rise in 2026, we are strengthening our approach through a clear, accountable Environmental Plan.

We see this as both risk management and opportunity: ensuring compliance, reducing operational costs, and futureproofing our portfolio against climate and policy change. Efficient, well-performing buildings lower service charges, improve tenant retention and sustain asset value – while delivering healthier, more sustainable spaces for organisations driving social change.

Our plan focuses on three practical areas:

- **Evidence:** building-level environmental audits to establish robust baselines across energy, waste, water and carbon.
- **Capability:** staff training to embed environmental decision-making in day-to-day operations.
- **Delivery:** measurable targets to reduce energy use, improve recycling, expand renewables and enhance building performance over time.

This integrated approach strengthens our triple bottom line, linking environmental outcomes directly to financial stability and social impact. It also reinforces trust among tenants, partners and investors by demonstrating disciplined execution, not just ambition.

This is a snapshot of our direction. **We invite you to explore our Impact Report for full details on our environmental targets and performance.**

// As regulatory expectations rise in 2026, we are strengthening our approach through a clear, accountable Environmental Plan //

Social impact

Focus on The Foundry

In 2025, we celebrated 10 years of The Foundry, a place where social impact is not an ambition, but a lived, collective experience. Over the past decade, the space has evolved into a vibrant hub where organisations and individuals come together to learn, connect and drive meaningful change. Through a dynamic programme of activity, The Foundry continues to unlock social value not only for our tenants, but for the wider community and the sector at large.

Building capability and strengthening organisations has remained central to our approach. During 2025/26, our thriving peer networks and targeted workshops provided practical, high-impact support to purpose-driven organisations operating in a resource-constrained environment. The Social Media Forum, in partnership with Social Firefly, equipped participants with strategies to maximise reach and resilience while enhancing crisis communications planning – an increasingly vital capability in today's landscape.

Similarly, our HR and Operations Group, led by the Learning and Work Institute, has become a trusted forum for collaboration and knowledge exchange. Covering topics from employment law and wellbeing to AI and digital transformation, its sessions are strengthening the operational foundations of organisations delivering frontline social impact. Complementing this, our partnership with JET – Just Employment Law – widened access to expert guidance for both tenants and the local community.

Leadership and strategic insight are key pillars of our work. During the year, The Foundry Leadership Network brought together sector leaders to explore

Over the past decade, the space has evolved into a vibrant hub where organisations and individuals come together to learn, connect and drive meaningful change

shared challenges and opportunities, fostering a culture of openness and innovation. Sessions such as our collaboration with Inclusive Employers, which focused on the future of equality, diversity and inclusion, are enabling leaders to embed inclusive thinking at the heart of their organisations. Alongside this, our Fundraising Group continued to champion ethical and sustainable approaches, ensuring that organisations are well positioned to secure and steward funding responsibly.

Wellbeing is deeply embedded in The Foundry experience. Recognising that social impact begins with healthy, supported people, we delivered a rich programme of activities designed to nurture physical and mental wellbeing. From Pilates and movement workshops to Reiki, chair massage and posture assessments, these sessions provided accessible ways for individuals to recharge. Awareness-raising events, including sessions with Breast Cancer Now and the Metropolitan Police, further demonstrated our commitment to equipping our community with knowledge that protects and empowers.

Creating connection and belonging is at the heart of The Foundry's social value. Our community events, from the Social Summer BBQ to our Winter Celebration, Community Gathering and 10-Year Anniversary, offered moments for tenants to come together, celebrate shared achievements and strengthen relationships. These gatherings are the foundations of a supportive and collaborative ecosystem where organisations can thrive.

Sustainability and creativity continued to shape our programme. The relaunched Gardening Club, delivered with Urban Organic, transformed our outdoor space into a living classroom, supporting biodiversity, environmental awareness and mental wellbeing. Workshops in mending, crafts and sustainable practices encouraged creativity while promoting circular thinking and resourcefulness.

Alongside this, The Foundry's everyday community services – including the Community Fridge, Dr Bike sessions, donation points and the annual Wrap Up London coat collection – provided practical, ongoing support to those who need it most, reinforcing our role as a socially responsive and responsible organisation.

Together, these initiatives demonstrate how The Foundry acts as a catalyst for social impact, strengthening organisations, empowering individuals and fostering resilient, connected communities. For social impact investors, this is evidence of a thriving hub where collaboration drives measurable, long-term change.

Our Board of Directors

Mark Hannam, Chair

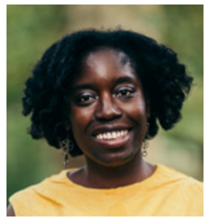
Mark joined us as Chair in 2022. He also chairs the Board of Internews Europe, supporting independent media organisations in over 100 countries. Alongside this, he serves on the Board of Gateway Housing Association. His previous roles include Chair of Fair Finance, Deputy Chair at the University of East London, senior management at the Bank of England, and Managing Director at Barclays Global Investors.

Committee: Mark attends all committee meetings.

Jennifer Ekelund

Jennifer joined the Board in 2022 and was elected at the 2023 AGM. She is Director of Green Transition at The Partnering Initiative (TPI) and sits on the Board of Soha, an Oxfordshire housing association. She was the first Head of Environmental Sustainability Estates at the University of Oxford and has extensive third-sector experience.

Committee: Chair of Governance and HR.



Abena Fairweather

Abena joined in 2024. She is Managing Director of a B Corp-certified sustainable events company and has worked across architecture, social housing and sustainability. With over 20 years' experience in social impact and the built environment, she brings deep insight across public, private and charitable sectors.

Committee: Chair of Portfolio and Investment.

Arti Bareja

Arti joined the Board in 2025. Her career spans finance, ethical investment and government advisory roles. She has worked on mergers and acquisitions, managed ethical loan portfolios, and raised investment for socially and environmentally focused organisations. Most recently, she has advised central and local government on transitioning to a low-carbon economy.

Committee: Chair of Audit and Risk.

On behalf of The Ethical Property Company

Cate Teideman, Finance Director

Cate is a chartered management accountant with a degree in Sustainable Performance Management. Her career includes roles in investment banking, business information, and the arts sector. She first joined Ethical Property in 2015 as Head of Finance and was appointed Finance Director in 2019.

Committee: Cate attends all Audit and Risk meetings.

The Ethical Property Company PLC

Annual Report and Financial Statements

For the year ended 31 March 2026

Company Registration No. 02961327 (England and Wales)

Directors	M Hannam (Chair)
	J Ekelund
	A Fairweather
	A Bareja
	C Teideman (Appointed 1 May 2025)
Secretary	A Higson
Company number	02961327
Registered office	The Old Music Hall Oxford United Kingdom OX4 1JE
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP
Bankers	Lloyds Bank Plc 2nd Floor 125 Colmore Row Birmingham B3 3SF

Strategic Report for the year ended 31 March 2026

The Directors present their strategic report for the year ended 31 March 2026.

Business Review

Ethical Property's strategy is to reduce debt and move towards refinancing. We have made progress on this by selling two buildings during the financial year and one shortly afterwards, reducing the bank loan from £21.2m to £17.7m (May 2026). This has reduced the interest paid on the loan but has also reduced the profit generated by the business.

The buildings sold during the year were Durham Road in North London, in August 2025, and Hastings House in Cardiff, in February 2026. In both cases the new owners retained the tenants, reducing disruption for building users. Thorn House in Edinburgh was sold in May 2026; again the new owners retained the tenants. It was difficult to say goodbye to these tenants and the staff who looked after them. We would like to thank them all for their many years of loyalty and wish them all the best in their future endeavours.

The two buildings that we sold in 2024 (Green Fish in Manchester and Brick Yard in London) we leased back and continue to operate. In financial terms, this reduces the gross profit because the cost of the lease is recognised in cost of sales. The benefit of lower interest payable from the loan repayment is reflected in the loss before taxation.

Our core market of non-profit organisations has faced increasing pressure over the past year. Reductions in international development funding, including the scaling back of USAID-supported programmes, combined with a more challenging economic environment and higher costs of employing staff, have led many organisations to tighten budgets and focus on cost control. This has affected demand for office space, with some occupiers reducing their space requirements, delaying relocation decisions, or seeking greater flexibility in their accommodation arrangements. Some are moving to a work-from-home model to reduce costs.

This has impacted occupancy in our spaces, particularly in London, Edinburgh and Cardiff. We have explored options such as widening our market to attract other types of tenants, and looking at other ways to generate profit from our buildings. We need to invest in the buildings and in marketing to improve profitability; however, access to cash has been restricted, which has limited the response we are able to make as a business.

We have provided staff and property management services to Resource for London since 2011. The owner of the building decided to sell, which resulted in the end of this contract in July 2025. This has reduced property management income for Ethical Property.

We continue to develop other income streams around our skills regarding property management and support for our tenants. We are also looking to develop partnerships with other organisations who have similar goals. This will take time to develop before it makes a positive impact to the profit.

Key Performance Indicators

The KPIs most relevant to our business are net lettable area in square feet, occupancy (% of maximum income), gross profit (profit generated by the core business) and return on book cost (profit generated by the buildings as a percentage of their cost).

	2025/26	**2024/25**
Net lettable area ('000 square feet)	168	171
Occupancy (average over financial period)	74%	78%
Gross profit (£'000) (12-month average)	2,069	2,802
Return on book cost (12-month average)	3.9%	4.1%

Our net lettable area has reduced due to the sale of Durham Road and Hastings House. This will reduce further with the sale of Thorn House in May 2026, reducing overall net lettable area to 149,000 square feet.

Average occupancy has reduced from 78% to 74% due to tenant downsizing and move outs. Selling the buildings in Edinburgh and Cardiff will improve the average occupancy. We are exploring the most effective strategies to boost demand and enhancing our marketing efforts in order to drive more enquiries, viewings and occupancy.

The gross profit for the year was £2,069k, a reduction of £733k (26%) from last year. Lower occupancy over the year has reduced turnover. The higher cost of sales is from leasing the buildings that we sold last year.

The return on book cost has reduced from 4.1% to 3.9% due to the lower gross profit. This is mainly due to the impact of lower occupancy reducing the income generated by the buildings.

Results and dividends

The loss for the year was £6,608k (2024/25: £1,039k total comprehensive income). The operating profit for the year was £288k (2024/25: £1,164k).

Turnover decreased by £410k (6%) compared to last year. Of this, £122k (2%) was due to sale of properties and £226k (3%) was due to the ending of the Resource for London property management contract. Cost of sales increased by £323k (8%) due the lease costs of the two leased-back buildings, partially offset by lower costs relating to Resource for London and lower spend on building maintenance.

Administrative expenses increased by £73k (4%) compared to last year. This is mainly due to spend on legal and professional services to progress the claim for the building works at The Green House. We also incurred additional professional costs for activities relating to the lending agreement and higher costs to employ staff due to National Insurance increases.

Other operating income comprises dividends from the Social Justice and Human Rights Centre, consultancy revenue, and proceeds from a successful claim recovering income lost due to the fire at Green Park Station in Bath.

Interest payable for the year was £1,368k (2024/25: £1,752k). The decrease is due to the reduced loan balance. The interest payable on the lending is based on the three-month SONIA rate plus 2.4%.

The value of properties decreased by £4,070k, mainly due to a lower valuation of The Green House, taking into account the building works required. The properties with the highest growth are in Edinburgh, Bristol and Oxford. The valuations were assessed by Allsop LLP and produced for the balance sheet dated 31 March 2026. Where property has been marketed, the valuations have been adjusted to reflect offers received.

Loss on disposal of investments is the net proceeds of selling the investments below the value held on the balance sheet. The loss relates to the partial sale of investment in the Social Justice and Human Rights Centre, reducing our holding from 41.9% to 33.2%. The shares were held on the balance sheet at net asset value and were sold at lower than net asset value, but higher than the original cost per share.

Profit on disposal of assets is the net proceeds achieved above the valuation held on the balance sheet. The profit on disposal of assets is £221k and mainly relates to the sale of the properties.

No dividends were paid during the reporting period (2025: nil).

Movements relating to revaluation of investment properties and investments do not impact cash flows.

Balance sheet

Net assets decreased by £6,607k, mainly due to lower profits and the downward revaluation of the property portfolio. Net asset value per share is £1.04, which is £0.44 lower than last year.

Investment properties decreased by £6m due to the sale of two properties (£2m) and the decrease in value of the remaining portfolio (£4m). Investments decreased by £2,422k due to the partial sale of the Social Justice and Human Rights Centre shares of £1,133k and the valuation changes of £1,393k offset by foreign exchange movement of £103k.

Debtors have increased by £396k due to an increase in funds held by the bank and higher level of prepayments due to timing of rates invoices.

In creditors, the loan with Lloyds Bank has reduced from £21.2m to £19.7m. Tax has reduced by £497k, which relates to a VAT balance which has now been paid. Accruals has increased by £296k due to the accounting for the rent on the leased properties.

The revaluation reserve has decreased by £2,797k due to the sale of, and the reduction in value of, assets. The profit and loss reserve has decreased by £3,810k due to the loss made excluding adjustments to the revaluation reserve. The revaluation reserve is gains made by assets above the cost of those assets.

Cash flow

Cash absorbed by operating activities was £199k; this was lower than last year due to lower levels of profit and the repayment of the VAT creditor. The net cash outflow from operating activities totalled £1,610k after interest of £1,368k was paid.

The sale of two properties this year resulted in £2,347k cash inflow. Sale of part of the investments resulted in a cash inflow of £753k. Bank loans were repaid by £1,550k using these funds.

The cash balance as of 31 March 2026 was £676k. Cashflow modelling and testing have been applied to review the resilience of this balance in relation to the longer-term effects of higher interest rates.

Going concern

Ethical Property continues to hold a portfolio of quality property backed assets and retains an underlying business that the Directors believe has long-term value and future prospects. The Directors regularly assess the principal risks facing the company and take appropriate actions to manage and mitigate those risks where possible.

Ethical Property is currently engaged in addressing its financing arrangements and funding requirements. The Directors recognise that these matters give rise to material uncertainty, as described in Note 1.2 (Going Concern) to the financial statements. The successful resolution of these financing matters remains a key factor in the company's future liquidity position.

The cost of funding our bank debt remains challenging and the main priority is to sell assets to reduce the loan. Ethical Property continues to evaluate a number of funding and liquidity management options. These include ongoing cost management initiatives, careful control of capital expenditure, potential equity fundraising, selective asset realisations and sale-and-leaseback arrangements, together with the refinancing of existing debt facilities where appropriate.

In assessing the appropriateness of the going concern basis of preparation, the Directors have rigorously evaluated the company's current asset base, forecast cash flows, available mitigation measures and overall business viability. Following the successful resolution of its financing challenges, the Directors are confident that Ethical Property possesses the necessary assets, operational strength and ongoing business activity to continue trading and to realise value from its assets in the normal course of business.

During the prior financial period the company breached the financial covenants of its bank facility agreement with Lloyds Bank, although all interest has been paid when falling due. As a result the loan outstanding became payable.

As the company was unable to repay the outstanding loans on 31 January 2024, under the terms of the facility agreement it entered into a standstill agreement with the bank. This agreement was originally for the period ended 31 May 2024, but was subsequently extended until 30 September 2027. This agreement allows the company time to progress sales of properties to repay the loan.

During the year ending 31 March 2026 two properties were sold and the bank loan balance has been reduced to £19,659k as at the balance sheet date. Post year end a further property has been sold and the bank loan has been reduced by a further two million.

As at the date of approval of the financial statements the sale of other properties are in progress and planned.

Accordingly, notwithstanding the material uncertainties described in Note 1.2 and the audit opinion in respect of those uncertainties, the Directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis, as they have a reasonable expectation that the company will continue in operational existence and meet its obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

Principal risks and uncertainties

Assessing and managing risk is a fundamental part of the company's business strategy and a core competency for its staff and Directors. With the oversight of the Audit and Risk Committee, we regularly monitor and manage our risks to ensure we are aware of any key concerns. The Directors are responsible for overall risk management and determine the level of risk the business can take to meet its strategic objectives.

Risk	Mitigation
Reducing debt and refinancing the remaining loan balance.	Continue with plan to sell assets and repay the loan. Review refinancing options available.
High interest rates impacting the business model and ability to return to profit.	Review portfolio and strive for better financial performance. Increase rent and improve cost recovery where appropriate. Investigate business opportunities with lower capital outlays.
Major health and safety incident at a building.	Maintain updated risk assessments for each building and take prompt action on all identified key risks. Continuous review of policies and procedures.
Failure to properly maintain and improve properties leads to slow decline in rents, occupancy and capital values.	Regular maintenance reviews carried out, budget to improve standards increased. Annual tenant survey completed, and regular tenant meetings held where concerns are raised and addressed.
Staff wellbeing, health and retention. Rising inflation costs increase the risk of staff needing to find better-paid jobs or take on second jobs.	Governance & HR Committee providing oversight of newly developed and approved People Strategy. New Wellbeing Programme running since February 2025. Enhanced Employee Assistance Programme (EAP) launched giving all staff greater access to external advice and support, and mental wellbeing tools. New regular webinars targeting line managers are designed to raise awareness of the tools and advice now available.

Risk	Mitigation
Failure of IT support for staff and tenants.	Cloud computing implemented, firewalls and protection installed. Two-factor authentication is enabled. Penetration testing performed by external company. Staff are advised on data protection compliance.
MEES (minimum energy efficiency standards) regulations will make it difficult to let properties which have an EPC rating below C from 2027, and below B from 2030.	Portfolio Investment Committee review strategy for each property to include plans to invest in energy efficiency or to sell the property before values are negatively impacted by the deadline.
Failure to meet investor requirements.	Improved communication with investors, including regular reporting. All shareholder enquiries addressed as a high priority.
Skill mix for the Board and senior management team insufficient for changing business environment; risk of skill gaps during retirement and recruitment of Directors.	Recruitment of new non-executive Directors and independents ahead of anticipated Board retirements. Annual skills review conducted by the Chair.
Economic slowdown leading to a fall in property values nationally, labour and material supply issues, and rising costs.	Regular monitoring of property values. Careful monitoring and control of budgets, passing costs on to tenants where appropriate. No significant construction projects planned in the short term.
Changes in workspace needs in the longer term, such as a drop in customer base or reduction in supply of cheap space.	Conduct regular reviews of tenants' needs and requirements, e.g. annual Tenants Survey, and ensuring that the staff are able to give feedback on changes in the space needs of potential and existing tenants. Enhance the benefits of office working such as synergy and tenant networks.

Section 172(1) statement

The Ethical Property Company is committed to operating as a responsible and sustainable business, recognising our obligations to various stakeholders: tenants and building users, shareholders, suppliers, the environment and the local community. We understand that our success is intrinsically linked to the wellbeing and interests of these groups, and as such, we aim to fulfil our statutory duties in accordance with Section 172 of the Companies Act 2006.

Our obligations to stakeholders

Tenants and building users:

- Providing a safe, comfortable and healthy work environment which encourages collaborative working and networking to increase impact in the sector.
- Ensuring fair and transparent leasing agreements, with flexible lease terms.
- Addressing any concerns or issues promptly through the centre management team on site and the centre management group.
- Promoting community and tenant engagement with activities suitable for both groups.

Shareholders:

- Delivering sustainable financial performance.
- Regular reporting and updates, and timely responses to queries.
- Transparent communication of company objectives and performance.
- Maintaining a strong corporate governance framework.

Suppliers:

- Encouraging ethical and responsible supply chain practices, including paying staff at least the Living Wage.
- Paying suppliers fairly and on time.

The environment:

- Reducing the environmental impact of our operations.
- Implementing sustainable practices to minimise energy and resource consumption.
- Sourcing renewable energy and biogas to reduce carbon emissions.
- Maximising recycling of waste for tenants and building users.

Local community:

- Engaging with the local community through outreach programmes and events.
- Contributing to the local economy and job creation.
- Minimising any negative impacts of our business on the community.

Our approach

We uphold the following key principles and actions to demonstrate our commitment to Section 172:

- **Informed decision making:** We consider the interests of all stakeholders when making strategic decisions, taking into account their unique needs and priorities.
- **Sustainability and responsibility:** We are committed to environmental sustainability, ethical business practices and positive social impact. This includes reducing our carbon footprint, improving energy efficiency and promoting social impact activities.
- **Communication and engagement:** We actively engage with our stakeholders through open and transparent communication. We listen to their feedback and concerns, and we seek to address these appropriately.
- **Financial performance:** We aim to provide long-term value to our shareholders by maintaining a strong financial performance, while balancing this with the interests of other stakeholders.
- **Compliance:** We adhere to all relevant legal and regulatory requirements, ensuring that our actions are in compliance with the law.

Governance

The Board meets quarterly in person to assess the progress of the business against our long-term goals, and then holds additional online meetings when necessary to deal with urgent matters. Members of the Senior Management Team regularly attend Board meetings to provide information and insight that support the Board's decision making. This year, the main focus of the Board's work has been the oversight of several property disposals, and providing support to the Senior Management Team in their dealings with the bank.

The Board has three committees that meet regularly during the year. Each committee has at least two Board Directors as members, and is also able to draw on expert advice from independent committee members as required. The three committees are:

1. Audit and Risk Committee, chaired by Arti Bareja.

2. Governance and Human Resources Committee, chaired by Jenny Ekelund.

3. Portfolio Investment Committee, chaired by Abena Fairweather.

During this financial year, Conrad Peberdy, Juliet Can, and Anne-Marie O'Hara stepped down from the Board. All have provided many years of service to the company and the Board would like to extend its thanks for their energy, commitment, and expertise.

Following Conrad's departure, on 1 July 2025 Jonathan Davies became Interim Managing Director. He has reshaped the Senior Management Team, promoting from with the wider leadership group, to provide the company with strong focus on the delivery of our priorities.

Looking ahead

The Ethical Property Company will continue to work towards its key goals:

1. Returning to profitability.
- Improve income generated by the portfolio with higher occupancy and better cost recovery.
- Implement further cost reductions.
- Dispose of assets and investments which are not core to our future strategy.
- Investigate new income streams using our existing skill sets.

2. Reducing debt and securing new lending.
- Complete further asset sales and reduce debt levels.
- Refinance debt at a more sustainable cost.

3. Gradually implement our new strategy.
- Build networks with partners that have similar goals.
- Develop consultancy services around using buildings for impact.

4. Improving our investor performance.
- When resources allow, offer a share buy-back.
- Chart a path to return to regular dividend payments.

The Directors and the Senior Management Team are committed to achieving these goals, however our ability to follow our preferred course remains constrained by shortage of funds, and by loan-covenant restrictions that allow the bank significant influence over our decisions.

Approved by the Board on 10 August 2026 and signed on its behalf by:

M Hannam (Chair)
Director
Date: 10 August 2026

Directors' Report
For the year ended 31 March 2026

The Directors present their annual report and financial statements for the year ended 31 March 2026.

Principal activities

The principal activity of the company aims to be that of supporting 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.

Results and dividends

The results for the year are set out on page 39.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Can (Resigned 24 September 2025)
A O'Hara (Resigned 24 September 2025)
C Peberdy (Resigned 1 July 2025)
M Hannam (Chair)
J Ekelund
A Fairweather
A Bareja
C Teideman (Appointed 1 May 2025)

Directors' interests

The Directors who served during the period and their beneficial interests in the company are stated below:

Ordinary shares of 50p each

	2026	2025
J Can	5,000	5,000
M Hannam	5,500	5,500

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board

M Hannam (Chair)
Director
Date: 10 August 2026

Independent Auditor's Report To the Members of The Ethical Property Company PLC

Opinion

We have audited the financial statements of The Ethical Property Company Plc for the year ended 31 March 2026 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements which explains that the Company has entered into a standstill agreement with its bank as it has breached the terms of its facility agreement. The standstill agreement currently expires on 30 September 2027, or earlier where there has been a breach of the terms of the agreement. The terms of the standstill agreement require the Company to use its reasonable endeavours to sell properties and investments in order to repay bank loans totalling £17,658,781 as soon as possible. Whilst the sale of properties is progressing, the timing of the completion of the transactions are uncertain. The terms of the standstill agreement require the Company to meet minimum liquidity conditions throughout the period to 30 September 2027. The Company has prepared cash flow forecasts that indicate the minimum liquidity conditions can be met. However, the forecasts include assumptions regarding cash inflows and cash outflows which are inherently uncertain.

As stated in note 1.2 these events and conditions, along with the other matters as detailed in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit.
We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the Company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of noncompliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

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 for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Jonathan Seymour
Senior Statutory Auditor
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor
6th Floor
9 Appold Street
London
EC2A 2AP

Statement of Comprehensive Income for the year ended 31 March 2026

	Notes	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Turnover	**3**	6,282	6,692
Cost of sales		(4,213)	(3,890)
Gross profit		2,069	2,802
Administrative expenses		(1,975)	(1,902)
Other operating income		194	264
Operating profit	**4**	288	1,164
Other interest payable and similar expenses	**7**	(1,368)	(1,752)
Movement in the revaluation of investment properties	**8**	(4,070)	1,145
Profit/(loss) on sale of investment property		221	30
Profit/(loss) on sale of investments	**12**	(390)	-
Movement on revaluation on investments		(1,392)	504
(Loss)/profit before taxation		(6,711)	1,091
Tax on (loss)/profit	**9**	-	-
(Loss)/profit for the financial year		(6,711)	1,091
Other comprehensive income			
Currency translation gain/(loss) taken to retained earnings		103	(52)
Total comprehensive income for the year		(6,608)	1,039
Earnings per share (pence)		(7.7)	(4.1)
Earnings per share including valuation		(44.3)	7.0

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Balance Sheet
As at 31 March 2026

	Notes	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Fixed assets					
Tangible assets	**10**		125		186
Investment properties	**11**		29,890		36,085
Investments	**12**		5,274		7,696
			35,289		43,967
Current assets					
Debtors	**15**	1,138		742	
Cash at bank and in hand		676		719	
		1,814		1,461	
Creditors: amounts falling due within one year	**16**	(21,593)		(23,311)	
Net current liabilities			(19,779)		(21,850)
Net assets			15,510		22,117
Capital and reserves					
Called up share capital	**19**		7,455		7,455
Share premium account			2,859		2,859
Revaluation reserve			3,983		6,780
Capital redemption reserve			531		531
Profit and loss reserves			682		4,492
Total equity			15,510		22,117

The financial statements were approved by the Board of Directors and authorised for issue on 10 August 2026 and are signed on its behalf by:

M Hannam (Chair)
Director

Statement of Changes in Equity
For the year ended 31 March 2026

	Share capital reserves £'000	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2024	7,455	2,859	7,191	531	3,043	21,079
Year ended 31 March 2025:						
Profit	-	-	-	-	1,091	1,091
Other comprehensive income:						
Currency translation differences	-	-	-	-	(52)	(52)
Total comprehensive income	-	-	-	-	1,039	1,039
Transfers	-	-	(411)	-	411	-
Balance at 31 March 2025	7,455	2,859	6,780	531	4,492	22,117
Year ended 31 March 2026:						
Loss	-	-	-	-	(6,711)	(6,711)
Other comprehensive income:						
Currency translation differences	-	-	-	-	103	103
Total comprehensive income	-	-	-	-	(6,608)	(6,608)
Transfers	-	-	(2,796)	-	2,796	-
Balance at 31 March 2026	7,455	2,859	3,983	531	682	15,510

Statement of Cash Flows
For the year ended 31 March 2026

	Notes	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**26**		(199)		1,644
Dividends received			(43)		(26)
Interest paid			(1,368)		(1,752)
Net cash outflow from operating activities			(1,610)		(134)
Investing activities					
Purchase of tangible fixed assets		(26)		(41)	
Proceeds from disposal of tangible fixed assets		-		1	
Improvements to investment property		-		(50)	
Proceeds from disposal of investment property		2,347		5,010	
Proceeds from disposal of associates		753		-	
Dividends received		43		26	
Net cash generated from investing activities			3,117		4,946
Financing activities					
Repayment of bank loans		(1,550)		(5,041)	
Net cash used in financing activities			(1,550)		(5,041)
Net decrease in cash and cash equivalents			(43)		(229)
Cash and cash equivalents at beginning of year			719		948
Cash and cash equivalents at end of year			676		719

Notes to the Financial Statements
For the year ended 31 March 2026

1 Accounting policies

Company information

The Ethical Property Company PLC is a public company limited by shares incorporated in England and Wales. The registered office is The Old Music Hall, Oxford, United Kingdom, OX4 1JE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

Ethical Property continues to hold a portfolio of quality property backed assets and retains an underlying business that the Directors believe has long-term value and future prospects. The Directors regularly assess the principal risks facing the company and take appropriate actions to manage and mitigate those risks where possible.

Ethical Property is currently engaged in addressing its financing arrangements and funding requirements. The Directors recognise that these matters give rise to material uncertainty, to Going Concern in the financial statements. The successful resolution of these financing matters remains a key factor in the company's future liquidity position.

The cost of funding our bank debt remains challenging and the main priority is to sell assets to reduce the loan. Ethical Property continues to evaluate a number of funding and liquidity management options. These include ongoing cost management initiatives, careful control of capital expenditure, potential equity fundraising, selective asset realisations and sale-and-leaseback arrangements, together with the refinancing of existing debt facilities where appropriate.

In assessing the appropriateness of the going concern basis of preparation, the Directors have rigorously evaluated the company's current asset base, forecast cash flows, available mitigation measures and overall business viability. Following the successful resolution of its financing challenges, the Directors are confident that Ethical Property possesses the necessary assets, operational strength and ongoing business activity to continue trading and to realise value from its assets in the normal course of business.

During the prior financial period the company breached the financial covenants of its bank facility agreement with Lloyds Bank, although all interest has been paid when falling due. As a result the loan outstanding became payable.

As the Company was unable to repay the outstanding loans on 31 January 2024, under the terms of the facility agreement it entered into a standstill agreement with the bank. This agreement was originally for the period ended 31 May 2024, but was subsequently extended until 30 September 2027. The agreement provides further time for the Company to use its reasonable endeavours to progress the sale of properties and investments to reduce the bank indebtedness as soon as possible. This agreement terminates on 30 September 2027, subject to the banks entitlement to terminate the agreement earlier in the event of a breach of any terms or event of default of the agreement.

The standstill agreement provides additional bank support but contains a minimum liquidity requirement for the Company over the period to 30 September 2027. The Company has prepared cash flow forecasts that indicate the minimum liquidity requirement can be met. However, the cash flow forecasts make assumptions regarding cash inflows and cash outflows that are inherently uncertain. Should the minimum liquidity requirements not be met by the Company this would constitute a default event under the standstill agreement and the bank will be entitled to terminate the standstill agreement.

During the year ending 31 March 2026 two properties were sold and the bank loan balance has been reduced to £19,659k as at the balance sheet date. Post year end a further property has been sold and the bank loan has been reduced by a further two million.

As at the date of approval of the financial statements the sale of other properties are in progress and planned.

Accordingly, notwithstanding the material uncertainties described and the audit opinion in respect of those uncertainties, the Directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis, as they have a reasonable expectation that the company will continue in operational existence and meet its obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

1.3 Turnover

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

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	three to five years
Computer equipment	four to five years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Capitalisation of finance costs

Interest is capitalised on investment properties where refurbishment/redevelopment expenditure is required before the asset can be brought into use. Borrowing costs capitalised are calculated by reference to the actual interest rate payable on property-specific borrowings, or if financed out of general borrowings by reference to the average rate payable on funding the assets employed by the company and applied to the expenditure on the property undergoing redevelopment.

Interest is capitalised from the date of acquisition of the property under refurbishment or redevelopment until the date when substantially all the activities necessary to prepare the asset for its intended use are complete. For a phased completion, capitalisation of interest costs is reduced by the proportion of Net Lettable Area of the whole building made available at each stage.

If the total amounts calculated to be capitalised exceed total interest costs then only an amount equal to actual interest costs incurred is capitalised, and general borrowing costs are allocated to multiple projects pro-rata to their use of general borrowings.

1.6 Investment properties

Investment properties are stated at market value, with independent valuations taking place at least every three years. The properties were last independently valued in March 2026. The Directors reviewed the valuation calculations and updated the assumptions as 31 March 2026, as described in notes 2 and 11.

Any surplus or deficit on revaluation is reported in the statement of comprehensive income and is transferred to the revaluation reserve unless a deficit below original cost, or its reversal.

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 current value of investment properties, and changes to the current value, are of prime importance rather than a calculation of annual depreciation.

Properties undergoing refurbishment or redevelopment are valued by deducting the costs to complete the works from the open market value of the completed building.

1.7 Fixed asset investments

Investments in entities over which the Company has significant influence, but not control, are classified as investments in associates. Significant influence is assessed by the Directors based on the Company's ability to participate in the financial and operating policy decisions of the investee, having regard to all relevant facts and circumstances and not solely to the percentage shareholding held.

Investments in associates are stated at the Directors' estimate of fair value where this is materially different from cost. Fair value is determined with reference to the Company's share of the investee's net assets, the latest available financial statements, and other information available from the investee's board or management. Where an investment is denominated in a foreign currency, the valuation is translated into sterling at the reporting date.

Movements in fair value, including impairment losses and reversals of previous impairment losses, are recognised in profit or loss within movement on revaluation of investments. Gains or losses arising on disposal of investments are recognised in profit or loss when the disposal occurs. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Where the Company does not have significant influence over entities these are treated as fixed asset investments and are stated at the Director's estimate of fair value with reference to the share of the investee's net assets with reference to the latest available financial statements.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments
Share capital issued by the company is recorded at the proceeds received, net of direct issue costs. Dividends payable on share capital are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of investment properties in the course of construction.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits
The company operates two defined contribution retirement benefit schemes and the pension charge represents the amounts payable by the company to the funds in respect of the year.

1.14 Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government 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.

1.16 Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

2 Judgements and key sources of estimation uncertainty
In the application of the company's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The measurement of fair value and carrying investments at fair value through profit and loss constitutes the principal areas of estimates and judgement exercised by the Directors in the preparation of these financial statements.

2.1 Investment property valuations
The valuations of properties are carried out by the Directors with reference to external advisers who the Directors consider to be suitably qualified to carry out such valuations. The primary source of evidence for the property valuations is recent, comparable market transactions on arm's length terms. However, the valuation of properties is inherently subjective, and may not prove to be accurate, particularly where there are few comparable transactions for the nature of the properties held. Key assumptions, which are also the major sources of uncertainty used in the valuation, include the value of future rental income, rental yields, the outcome of rent reviews and the rate and length of voids.

2.2 Joint venture and associate valuations
Investments in joint ventures and associates are valued with reference to the Company's share of net assets, translated to sterling for foreign currency amounts. The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.3 Going concern
In preparing the financial statements, the Directors have exercised significant judgement in concluding that the going concern basis of preparation remains appropriate. This judgement takes into account the Company's asset base, forecast cash flows, available mitigation measures, planned asset disposals, the standstill agreement with the bank, and the Company's ability to meet minimum liquidity requirements during the forecast period. The cash flow forecasts include assumptions regarding cash inflows and cash outflows which are inherently uncertain. Further details, including the material uncertainty relating to going concern, are disclosed in Note 1.2.

3 Turnover and other revenue

	2026	2025
	£'000	£'000
Turnover analysed by class of business		
Rental and recharges income	6,282	6,692

4 Operating profit

	2026	2025
Operating profit for the year is stated after charging:	£'000	£'000
Auditor's remuneration - the audit of the company's annual accounts	46	51
Payments to auditor for corporation tax and other services	10	5
Depreciation of owned tangible fixed assets	77	114

5 Employees

The average monthly number of persons (including Directors) employed by the company during the year was:

	2026	2025
	Number	Number
Administration staff	57	69
Management staff	27	30
Total	84	99
Full-time equivalent head count of operation staff	52	61

	2026	2025
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	2,165	2,296
Social security costs	249	205
Pension costs	130	131
	2,544	2,632

6 Directors' remuneration

	2026	2025
	£'000	£'000
Remuneration for qualifying services	130	134
Company pension contributions to defined contribution schemes	7	7
Total	137	141

During the period, retirement benefits in respect of a money purchase scheme were accruing to one (2025: one) Director.

Fees of £38k (2025: £40k) were paid to Non-Executive Directors. Key management compensation during the period totalled £372k (2025: £324k). Key management includes the Executive Director and the senior managers.

7 Interest payable and similar expenses

	2026	2025
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,368	1,752
Disclosed on the profit and loss account as follows:		
Other interest payable and similar expenses	1,368	1,752

8 Fair value gains and losses

	2026	2025
	£'000	£'000
Changes in the fair value of investment properties	(4,070)	1,145

9 Taxation

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2025	2024
	£'000	£'000
(Loss)/profit before taxation	(6,711)	1,091
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 25.00% (2025: 25.00%)	(1,678)	273
Tax effect of expenses that are not deductible in determining taxable profit	1,386	2
Tax effect of income not taxable in determining taxable profit	-	(413)
Other non-reversing timing differences	40	(7)
Dividend income	(10)	(7)
Effect of capital gain/(loss)	180	478
Movement in deferred tax not recognised	82	(326)
Taxation charge in the financial statements	-	-

As at 31 March 2026 the company had estimated property tax losses of £3,434k (2025: £3,434k) and non-trade loan relationship deficit of £7,135k (2025: £5,069k) available to carry forward against income arising in future years.

Deferred tax timing differences mainly arise from temporary differences between the carrying amount and tax base of investment properties, investments, computer equipment and fixtures.

Ethical Property tax policy

Ethical Property is committed to paying all the taxes owed in accordance with the spirit of all tax laws that apply to our operations. Paying our taxes in this way is the clearest indication the Company can give of being responsible participants in society. The Company will fulfil the commitment to paying the appropriate taxes owed by seeking to pay the right amount of tax, in the right place, and at the right time. Doing this by ensuring that our tax affairs are reported in ways that reflect the economic reality of the transactions that are undertaken during the course of our business.

The company is committed to not seek out options made available in tax law, or the allowances and reliefs that it provides, in ways that are contrary to the spirit of the law. Nor undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that is undertaken. Transactions will never be undertaken that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonably anticipated that the UK's General Anti-Abuse Rule might apply.

The Company believes tax havens undermine the UK's tax system. We aim not to trade with customers and suppliers located in places considered to be tax havens, but if some customers and suppliers are genuinely located in places considered to be tax havens, no attempt will be made to use of those places to secure a tax advantage, and nor take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. The company's accounts will be prepared in compliance with this policy and will seek to provide all the information that users, including HM Revenue & Customs, might need to properly appraise our tax position.

10 Tangible fixed assets

	Fixtures and Fittings £'000	Computer equipment £'000	Total £'000
Cost or valuation			
At 1 April 2025	404	1,095	1,499
Additions	7	19	26
Disposals	(33)	(38)	(71)
At 31 March 2026	378	1,076	1,454
Depreciation and impairment			
At 1 April 2025	350	963	1,313
Depreciation charged in the year	21	56	77
Eliminated in respect of disposals	(27)	(34)	(61)
At 31 March 2026	344	985	1,329
Carrying amount			
At 31 March 2026	34	91	125
At 31 March 2025	54	132	186

11 Investment property

	2026 £'000
Fair value	
At 1 April 2025	36,085
Additions	-
Disposals	(2,125)
Net gains or losses through fair value adjustments	(4,070)
At 31 March 2026	29,890

The Company's freehold properties and long leasehold properties comprising of office spaces were valued on 31 March 2026 by Allsop LLP, an independent valuer with experience in the location and class of the investment properties being valued. Where property has been marketed during the period, valuations have been based on offers received less cost of sale.

The valuation of the properties was on the basis of Market Value and that any investment properties would be sold subject to any existing leases and tenancies.

The Market Value of the properties as at 31 March 2026 was £29,890k (2025: £36,085k). In the Directors' opinion, the fair value of the investment properties undertaken by the independent valuer does not materially differ from the carrying value as at the balance sheet date.

The original cost of the investment properties was £52,763k (2025: £54,727k). The value of long leasehold properties included within investment properties was £5,345k (2024: £5,505k).

During the year nil (2025: £nil) of interest costs directly attributable to the financing of freehold property developments were capitalised at the weighted average cost of the related borrowings. The total capitalised interest at 31 March 2026 was £1,380k (2025: £1,380k).

12 Joint ventures and associates

	Notes	2026 £'000	2025 £'000
Investments in joint ventures and associates	**13**	5,274	7,696

Movements in fixed asset investments	**Shares in associates and fixed asset investments £'000**
Cost or valuation	
At 1 April 2025	7,696
Valuation changes	(1,393)
Foreign exchange movements	103
Disposals	(1,132)
At 31 March 2026	5,274
Carrying amount	
At 31 March 2026	5,274
At 31 March 2025	7,696

At the year end the Directors reviewed the valuation of the investments and impaired their value by £1,393k based on their assessment of the recoverable amount of the investments.

13 Joint ventures and associates

Details of the company's joint ventures and associates at 31 March 2026 are as follows:

Name of undertaking	Registered office	Interest held	% Held Direct
Social Justice and Human Rights Centre	The Old Music Hall, 106-108 Cowley Road, Oxford, Oxfordshire, OX4 1JE	Ordinary	33.20
Mundo Lab SA (formerly Ethical Property Europe)	Avenue des Arts 7-8, 1210 Brussels, Belgium	Ordinary	17.81

The investment in Social Justice and Human Rights Centre is a significant holding given the shareholding exceeds 20%. The profit of the company for the year ended 30 September 2025 was £263,908, and its capital and reserves at 30 September 2025 were £12,982,192.

14 Financial instruments

	2026 £'000	2025 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	397	163
Carrying amount of financial liabilities		
Measured at amortised cost	21,425	22,646

Debt instruments comprise trade debtors, derivative financial instruments and other debtors (note 15).

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, deferred and bank loans income (note 16).

15 Debtors

Amounts falling due within one year:	2026 £'000	2025 £'000
Trade debtors	98	60
Other debtors	299	103
Prepayments and accrued income	741	579
	1,138	742

16 Creditors

Amounts falling due within one year:	Notes	2026 £'000	2025 £'000
Bank loans	**17**	19,659	21,209
Trade creditors		513	478
Taxation and social security		168	665
Other creditors		449	451
Accruals and deferred income		804	508
		21,593	23,311

During 2024, the existing loans were refinanced into a new loan facility and the loan became repayable on demand by 30 September 2024. This is covered by an existing standstill agreement which ends on the 30 September 2027.

The rate of interest applicable on the loans as at the year- end is as follows:
Loan facility 2.4% above 3-month SONIA

The bank loan is sustainability linked with a reduction on the margin linked with the achievement of environmental KPIs. The loan is secured under a fixed charge over the properties.

17 Loans and overdrafts

	2026 £'000	2025 £'000
Bank loans	19,659	21,209
Payable within one year	19,659	21,209

18 Retirement benefit schemes

Defined contribution schemes	2026 £'000	2025 £'000
Charge to profit or loss in respect of defined contribution schemes	130	131

The company operates two defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

19 Share capital

	2026 Number	2025 Number	2026 £'000	2025 £'000
Ordinary share capital issued and fully paid of 50p each	14,910,708	14,910,708	7,455	7,455

20 Earnings per share

The calculations of basic and diluted earnings per share are based on earnings as set out below and on 14,910,708 (2025: 14,910,708) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Loss on ordinary activities before exceptional items, taxation, fair value interest swap and investment movements was £1,145k (2025: £610k).

The calculations of basic and diluted earnings per share after accounting for exceptional items, taxation and investment movements is based on loss of £6,608k (2025: total comprehensive income of £1,039k) and on 14,910,708 (2025: 14,910,708) 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 exceptional items, taxation, fair value interest swap and investment movements is a more suitable measure of the underlying performance of the Company.

21 Operating lease commitments

As lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2026 £'000	2025 £'000
Within 1 year	450	343
Years 2-5	1,230	1,614
After 5 years	245	315
	1,925	2,272

As lessor
Standard leases to third parties have a break clause of less than one year. Ten leases with break clauses over one year have been identified. These leases have end dates spread between 31 March 2027 and 30 April 2029. All of the leases include a provision for upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

Future amounts recievable under operating leases	2026 £'000	2025 £'000
Within 1 year	265	138
Years 2-5	159	46
	424	184

22 Related party transactions

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

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 of its transactions, including payment of management fees. At the period end the value of the company's investment in the share capital of Social Justice and Human Rights Centre Limited was £4,310k (2025: £5,354k). The company raised invoices to Social Justice and Human Rights Centre Limited during the period amounting to £635k (2025: £506k) for management fees. At the balance sheet date included within debtors, the amount due from Social Justice and Humans Rights Centre Limited was £54k (2025: £nil). At the balance sheet date included within creditors, the amount due to Social Justice and Human Rights Centre Limited was £nil (2025: £nil). Also during the period, The Ethical Property Company purchased services totalling £nil (2025: £2k). All transactions were carried out in the normal course of business. The company paid a dividend of £43k (2025: £22k) to The Ethical Property Company in the period.

23 Events after the reporting date

On 4 May 2026, a property was sold for £2.7m. On 7 August 2026 a standstill agreement was signed by the bank as referred to in Note 1.2 to the Financial Statements.

24 Ultimate controlling party

There was no overall controlling shareholder.

25 Analysis of changes in net debt

	1 April 2025 £'000	Cash flows £'000	31 March 2026 £'000
Cash at bank and in hand	719	(43)	676
Borrowings excluding overdrafts	(21,209)	1,550	(19,659)
	(20,490)	1,507	(18,983)

26 Cash (absorbed by)/generated from operations

	2026 £'000	2025 £'000
(Loss)/profit after taxation	(6,711)	1,091
Adjustments for:		
Finance costs	1,368	1,752
Loss/(gain) on revaluation of investments	1,392	(504)
Movement on revaluation of investment properties	4,070	(1,145)
Depreciation and impairment of tangible fixed assets	77	114
(Profit)/loss on sale of investment property	(221)	(30)
(Profit)/loss on sale of investments	390	-
Movements in working capital:		
Increase in debtors	(396)	(352)
(Decrease)/increase in creditors	(168)	718
Cash (absorbed by)/generated from operations	(199)	1,644

ethicalproperty

2025/26

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