

Interim statement from the Board of Directors

3rd Quarter 2021

Key take-aways

- Inclusio is ahead of its original expansion plan with the delivery of 94 new apartments during the 3rd quarter (79 in the Antares building and 15 in the last phase of the Auflette project) and the acquisition of the company Schoolstraat NV, owner of 7 housing units and 2 common meeting spaces in Wijnegem (Antwerp).
- This brings to close to 3.000 the total number of residents living in Inclusio's properties : 2.600 in the 995 affordable housing units, 130 in the facilities for people with complex care needs and 140 in the social infrastructure buildings (asylum seekers).
- Net rental income reached 4.86 M € (i.e. 7,3% above the budget communicated at the time of the IPO) as of 30 September 2021.
- General and administrative expenses remain well under control at 1.48 M €.
- Operation margin (before result on the portfolio) stands at 58,3%.
- Large positive revaluation of the fair value of the real estate portfolio : +6.3 M€ since January 1, 2021 (i.e. +3% for comparable portfolio). More than 50% of that growth results from the completion of projects developed by our internal team.
- Debt ratio has been increasing over the last quarter but remains below 20%.
- Nice increase of the Net Asset Value (NAV) to 21.93 EUR as of 30 September 2021 (i.e. +6,5% in comparison to the NAV of 31 December 2020).
- Confirmation of the dividend guidance for the 2021 financial year of 44 cents per share (gross).

1. Operating activities

In **Brussels**, the Antares building was delivered during the 3rd quarter. This obsolete 8.000 sqm office building has been transformed into 79 affordable housing units. They have all been leased to the Social Rental Agency (SRA) of Woluwe-Saint-Lambert for a period of 27 years.

The project was completed at a remarkable speed. Inclusio bought the building in April 2019. The building permit was delivered by the Brussels Capital authorities in April 2020 (at the beginning of the COVID crisis). Renovation works started in August 2020 and the provisional delivery took place at the end of July 2021. The annual rent will amount to close to 600 k€ after a step-up period.



Antares - Bruxelles



Auflette – Mons

In **Wallonia**, the fourth (and last) phase of the Auflette project was delivered at the end of September. It consisted of 15 affordable housing units and the entire project (68 apartments) has been let to the SRA Mons Logement for a fixed term of 9 years. This project will generate a yearly rent of 370 k€ in 2022.

In **Flanders**, Inclusio bought at the end of September the company Schoolstraat NV, owner of a real estate complex including 5 small houses, 2 apartments and 2 large common spaces. The entire building is let for 88 k€/ year to VZW Astor Thefor a period of 15 years. VZW Astor looks after people suffering from dementia.



Schoolstraat – Wijnegem

Several other projects are under construction in the 3 different regions of Belgium (Haren, Keerbergen, Sint-Katelijne-Waver, Stekene, Tournai, Mouscron).

2. Financial results as of 30 September 2021

2.1. Profit and loss statement

In €	30-09-2021
Rental income	4.853.537
Rental-related charges	-9.764
NET RENTAL INCOME	4.863.301
Recovery of property and rental charges	258.763
Charges and taxes normally paid by the tenant	-462.343
PROPERTY RESULT	4.659.721
Technical and commercial costs and charges on unlet properties	-154.484
Property management costs	-191.536
OPERATING RESULT ON PORTFOLIO	4.313.701
Corporate overheads	-1.479.975
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	2.833.727
Result on sale of investment properties	19.840
Changes in fair value of investment properties	6.304.919
Other result on portfolio	-183.385
OPERATING RESULT	8.975.101
Financial result excluding change in fair value	-153.163
Changes in fair value of financial assets and liabilities	399.611
Share in the result of associated companies and joint ventures	566.514
Corporate tax	2.109
NET RESULT	9.790.172
NET RESULT OF OPERATING ACTIVITIES	2.682.672
Per share	0,36

Comments about the results

The net rental income for the first nine months of 2021 reached 4,86 M€ (or 7,3% above the original budget announced at IPO time).

The operating result stands at 4.31 M€. The property margin is at 88,7%, perfectly conform with the estimated budget. The operating result before result on portfolio reached 2.83 M€. This translates into an operating margin of 58.3% (in comparison with the projected margin of 52.9% in the budget).

Since January 1, 2021, the positive change in fair value of the investment properties stands at 6.3 M€ (close to 3% of the portfolio value). The completion of the projects Antares and Pavillon 7-9 have by themselves generated an improvement of more than 3.2 M€ and the rest is the result of a yield compression determined by the independent valuers.

2.2. Balance Sheet

In €	30-09-2021	31-12-2020
I Non-current assets	198.809.349	151.370.428
I B. Intangible assets	55.391	83.300
I C. Investment properties	197.227.568	150.766.582
<i>I C. a. Investments properties in operation</i>	<i>194.698.787</i>	<i>129.244.698</i>
<i>I C. b. Development projects</i>	<i>2.528.780</i>	<i>21.521.885</i>
I D. Other tangible assets	55.849	19.341
I E. Non-current financial assets	272.951	49.456
I I. Participations in associated companies and joint ventures	1.197.590	451.747
II Current assets	2.168.232	11.902.876
II D. Trade receivables	202.256	96.873
II E. Tax receivables and other current assets	284.541	250.016
II F. Cash and cash equivalents	1.315.577	11.059.315
II G. Accrued charges and deferred income	365.859	496.672
TOTAL ASSETS	200.977.581	163.273.304
SHAREHOLDER EQUITY	162.909.823	147.966.767
A Capital	142.916.788	139.077.347
B Share premium account	8.750.150	8.381.743
C Reserves	1.452.713	474.128
D Net result of the financial year	9.790.172	33.549
LIABILITIES	38.067.758	15.306.537
I Non-current liabilities	32.917.268	10.221.779
I B Non-current financial debts	32.883.969	10.000.000
I C Other non-current liabilities	33.299	221.779
II Current liabilities	5.150.490	5.084.758
II B Current financial debts	423.867	154.696
II D Trade debts and other current debts	4.609.101	4.871.730
II E Other current liabilities	117.521	58.332
TOTAL EQUITY AND LIABILITIES	200.977.581	163.273.304
Number of shares	7.428.347	7.187.558
NAV	21,93	20,59
Debt RREC	37.916.938	15.026.426
Debt ratio (Royal Decree-RREC) ¹	18,89%	9,20%

Comments about the balance sheet

The increase in the fair value of the investment properties is explained by the delivery of several projects which were under construction, the different acquisitions realized by Inclusio since the beginning of the year and the positive change in the fair value of the portfolio determined by the independent real estate valuator at the end of the quarter.

The cash and cash equivalents decreased significantly as most of the acquisitions were paid with the cash available at the end of 2020 and by drawing on the different existing bank credit lines. Over the first 9 months of 2021, the average cost of debt stood at 1,96% (including the cost of hedging instruments and commitment fees). By excluding the commitment fees, the cost of debt would drop to 1,41%.

¹ This debt ratio is calculated according to the required method of the Belgian REIT Royal Decree

The total equity as of 30 September 2021 amounts to 162.9 M€, resulting in a Net Asset Value (IFRS) of 21.93 € per share (an increase of 6,5% in comparison with the NAV of 20,59 € per share as of 31 December 2020).

The debt ratio remains fairly low at 18,89% as of 30 September 2021.

2.3. Outlook for the end of 2021

Thanks to the numerous projects that were completed during the third quarter and its recent acquisitions, the quarterly rental income should exceed 2 M€ in the fourth quarter. Barring unforeseen events, the distributable result should exceed by close to 10% the estimated amount projected in the budget for the IPO and the gross dividend should be at least equal to the 44 cents previously announced.

3. ESG Approach



Inclusio's strategy clearly focuses on the social character of the real estate projects considered for investments (whether in affordable housing or in the buildings for people with complex care needs or social infrastructure).

Besides, all recently completed buildings are meeting the required norms imposed by the different regions for energy efficiency. Inclusio is continuously investing in the improvement of the energy performance of its portfolio (isolation of roofs and façades, replacement of old boilers by condensing boilers, cogeneration installations and ventilation systems and solar panels).

Among the Sustainable Development Goals of the United Nations, Inclusio chose to concentrate on the most meaningful based on the realization of its social mission.

Inclusio is currently gathering all factual information from its tenants in order to communicate on some key metrics that have been selected.

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About Inclusio

Inclusio is a Belgian REIT specialising in the field of social real estate investing in 3 different sectors:

- Affordable housing
- Housing facilities for disabled persons
- Social infrastructure: schools, daycare centres, buildings for asylum seekers, offices for non-profit organizations

Inclusio is listed under the name **INCLU** on **Euronext Brussels** since 10 December 2020.

Its equity capital combined with the use of its credit lines has enabled Inclusio to grow its real estate portfolio to **197 million EUR as of 30 September 2021**. The rental revenues are expected to reach **7 million EUR** for 2021.

All further information regarding the Company can be found on our website: www.inclusio.be

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