

Annual results 2021

Summary

- Strong growth of the real estate portfolio in operation to reach 214 M€ as of 31/12/2021 an increase of 66% in comparison with 31 December 2020 and even 24% ahead of the projections included at the IPO.
- **Affordable rental housing** : Inclusio now owns more than 1.000 housing units let against an affordable rent.
- **Building for people with disabilities**: 5 new buildings were purchased in 2021 (a large center for 40 residents in Wallonia, two new Villa VIP and the first Thomashouse in Flanders to accommodate in each instance 10 residents with complex care needs and a facility in Wijnegem for couples where one of the partners suffers from dementia)
- **Social infrastructure**: purchase of a building rented to the Samusocial to offer shelter to 160 homeless people and opening of a nursery to accommodate 56 children in the RUTE project in Gentbrugge
- Occupancy rate stands at 99,4% and the average length of the lease contracts is now 14 years
- The development projects under construction consist of 240 additional affordable rental units and two new Thomashouses to accommodate 21 people with disabilities.
- The property operating result reached 6,4 M € (a 58% increase over 2020)
- Still limited debt ratio of 24,30% as of 31 December 2021
- IFRS NAV per share 22.59 EUR as of 31/12/2021 (a 9,7% increase over 31 December 2020)
- Gross dividend of 50 cents payable on May 25, 2022

Perspectives for 2022

Based on the scheduled delivery of the buildings under construction, the operational portfolio should reach 240 M€ by 31 December 2022 without taking into consideration new acquisitions that could be realized over the coming months. Barring unforeseen events, the gross dividend is projected to reach a minimum of 60 cents per share for the next calendar year (+20% in comparison with the dividend that will be paid in May 2022).

Table of content

1. Operational activities.....	3
1.1. Buildings in operation.....	3
1.2. Development projects	8
1.3. Summary of the real estate portfolio	8
2. Financial results	9
2.1. Consolidated income statement	9
2.2. Consolidated Balance Sheet	11
3. ESG objectives and achievements	13
4. Financial calendar	15

1. Operational activities

1.1. Buildings in operation

The operational portfolio registered a significant growth in 2021 to reach 214 M€ as of 31 December 2021 (+ 66% in comparison with 31 December 2020).

More than 53 M€ have been invested in existing buildings and new projects over the course of the year.

1.1.1. Affordable housing

Inclusio added close to 200 new units to its portfolio through either the purchase of existing buildings or the completion of some of its projects included in the pipeline.

1.1.1.1. Acquisition of existing buildings :



On 25 June 2021, acquisition of Société d’Habitations de Tournai, portfolio of 123 housing units (mainly small workers houses in the former industrial city of Tournai)



On 25 June 2021 a building complex including 27 housing units located in Péronnes. The property has been leased for a period of 15 years to the local social rental agency (SRA) ABEM



Two buildings with 22 apartments located in Oudenburg leased to the SRA Woondienst JOGI



On 12 December 2021, purchase of an existing building in Mechelen with 9 apartments



In the RUTE project in Gentbrugge, 19 apartments have been leased for a period of 27 years to Huuringent. The apartments were completed in October 2021.

1.1.1.2. Projects completed in 2021

Antares building in Woluwe-Saint-Lambert :

- Purchase of former office building : April 2019
- Start of construction : June 2020
- Completion of 79 apartments in July 2021
- Leased for 27 years to the SRA of Woluwe-Saint-Lambert



Auflette project in Cuesmes (Mons)

- Construction works started in 2019
- A first phase of 19 apartments was completed in November 2020
- The last three phases were completed between February and October 2021 and have been leased to the SRA Mons-Logement for a 9 year period



Pavillon 7 project in Schaerbeek

- Purchase of the former office building : June 2018
- Start of construction : April 2020
- Completion of 41 apartments in August 2021
- Let for a fixed term of 27 years to the SRA of Schaerbeek



Broedershof 11 à 9900 Eeklo

Construction of a new building consisting of 15 apartments let to the SRA Meetjesland. The project was completed in July 2021.



Dendermondesteenweg 201 à 9100 Sint-Niklaas

This new project includes 9 apartments leased to the SRA Waasland. The project was completed in February 2021.



1.1.2. Buildings for people with disabilities

On 24 March 2021, Inclusio purchased all shares of the company Les Jardins de Fraipont, which owned a new facility to accommodate up to 40 residents with complex care needs in Trooz (Liège)



On 19 April 2021, the first Thomashouse was inaugurated in Meldert. A maximum of 10 people with disabilities can live there under the supervision of a caring couple.



Finally on 22 December 2021, Inclusio also purchased two new Villa VIP in Brugge and Wevelgem for 10 people with disabilities



1.1.3. Social Infrastructure

Two new buildings were added to this category in 2021



On November 18, Inclusio purchased a building in Anderlecht that was immediately leased to the Samusocial. Thanks to a smooth collaboration between Inclusio and Samusocial, the center has already been put in service this winter and can accommodate up to 160 homeless people.



A nursery for 56 children has been inaugurated in September on the groundfloor of the RUTE project in Gentbrugge.

1.2. Development projects

As of 31 December 2021, the main development projects were the following :

Project	Région	City	Category	Number of units
Thomashuis	Flanders	Keerbergen	Handicap	10
Thomashuis	Flanders	Westmalle	Handicap	11
Borgerstein	Flanders	St Katelijne Waver	Logement	23
Nationale	Flanders	Stekene	Logement	18
Marvis	Wallonia	Tournai	Logement	13
Middelweg	Brussels	Haren	Logement	125
Melkerij	Flanders	Wachtebeke	Logement	28
Dragon	Wallonia	Mouscron	Logement	33

1.3. Summary of the real estate portfolio

The table below summarizes Inclusio’s real estate portfolio and the breakdown between the three different categories where Inclusio is investing (exclusively rental buildings)

Fair value of buildings in operation (in €)	31/12/2020	31/12/2021
Affordable rental housing	103.925.524	170.688.389
Facilities for disabled people	10.460.977	22.489.573
Social Infrastructure	14.858.199	21.049.582
Total	129.244.700	214.227.545

The average gross rental yield on the operational portfolio amounts to 4,43% (calculated on the fair value of the buildings) as of 31 December 2021 (4,26% as of 31 December 2020).

The occupancy rate of the portfolio stands at 99,4% as of 31 December 2021 (96,3% as of 31 December 2020). Only two small retail units in the Domaine des Etangs and a few parking places are still available for rent.

2. Financial results

2.1. Consolidated income statement

Inn €	31/12/2021	31/12/2020
I Rental income	7.044.064	4.574.075
III Rental-related expenses	14.074	-56.262
NET RENTAL INCOME	7.058.138	4.517.813
IV Recovery of property charges	1.915	0
V Recovery of charges and taxes normally payable by the tenant on let properties	357.766	240.754
VII Charges and taxes normally payable by the tenant on let properties	-504.458	-439.746
PROPERTY RESULT	6.913.361	4.318.821
IX Technical costs	-218.873	-108.482
X Commercial costs	-28.383	-21.998
XI Taxes and charges on vacant properties	-1.679	-980
XII Property management costs	-274.061	-139.584
PROPERTY CHARGES	-522.996	-271.045
PROPERTY OPERATING RESULT	6.390.365	4.047.776
XIV Corporate management costs	-1.995.456	-5.042.546
XV Other income and operating charges	3.425	88.866
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	4.398.334	-905.904
XVI Result on sale of investment properties	19.840	
XVIII Changes in fair value of investment properties	9.532.176	227.396
XIX Other result on the portfolio	100.909	89.339
OPERATING RESULT	14.051.259	-589.169
XX Financial income	423	13.518
XXI Net interest charges	-307.228	-258.966
XXII Other financial charges	-4.372	-4.462
XXIII Changes in fair value of financial assets and liabilities	840.056	-221.779
FINANCIAL RESULT	528.879	-471.690
XXIV Share in the result of associated companies	91.582	-3.770
PRE-TAX RESULT	14.671.720	-1.064.629
XXV Corporate income tax	34.534	1.461.546
XXVI Exit tax	-54.282	-363.369
TAXES	-19.748	1.098.178
NET RESULT	14.651.972	33.549

Net rental income

The net rental income improved from 4,5 M€ in 2020 to 7,1 M€ in 2021. This significant increase is the result of the multiple new acquisitions and of the completion of numerous development projects as detailed earlier in this press release.

Property result

After taking into account the property charges and taxes not recovered from the tenants, the property net result reached 6,9 M€ for 2021 (compared to 4,3 M€ for 2020).

Property charges

The property charges amounted to 523 k€ (7,4% of the net rental income or 0,24% of the fair value of the real estate portfolio in operation).

The property result is 6,4 M€, or 90,5% of the net rental income. This extremely high level can be explained by the “B to B” business model of Inclusio where the Social Rental Agencies play a major role as they are in charge of the day-to-day management of the properties (invoicing and collection of rents, state of condition upon start of rental contract, small daily repairs, etc).

Corporate overheads

Corporate overheads remained well under control to reach 2,0 M€, slightly below the projected amount announced at the time of the IPO and decreasing significantly when compared to the calendar year 2020 where they exceeded 5M€ due to the exceptional costs incurred to obtain the REIT status and to realize the IPO.

Operating result before result on portfolio

The operating result before result on the portfolio improved to 4,4 M€ for 2021 (compared to 0,9 M€ in 2020).

Changes in fair value of investment properties

The change in fair value of investment properties reflects an unrealized capital gain of 9,5 M€ for the calendar year 2021 compared to 0,2 M€ in 2020. This is primarily the result of the completion of several development projects in 2021 as well as some yield compression for some of the investment properties. The fair value of investment properties in Flanders already reflects the increase of the registration duties to 12% that came into effect on January 1, 2022. This adjustment had a negative impact of 500 k€ on the fair value of the real estate portfolio in 2021.

Financial Result

The financial result is positive (0,5 M€).

On the one hand the net interest charges increased to 0,3 M€ as a result of the increase of the financial debt during the calendar year to finance the numerous purchases realized over the last 12 months. But, on the other hand, an unrealized capital gain of 840 k€ was booked as a result of the change in the fair value of financial instruments due to the increase of interest rates.

The average cost of debt was 1,73% in 2021 (compared to 1.51% in 2020). This small increase is due to the hedging instruments that were subscribed mid 2020.

Net Result

The consolidated net result amounts to 14,7 M€ compared to 0,03 M€ for the preceding year.

2.2. Consolidated Balance Sheet

In €	31/12/2021	31/12/2020
I Non-current assets	219.870.018	151.370.428
I B Intangible assets	50.380	83.300
I C Investment properties	218.539.805	150.766.582
I D Other tangible assets	51.408	19.341
I E Non-current financial assets	685.096	49.456
II Participations in associated companies and joint ventures	543.329	451.747
II Current assets	1.659.105	11.836.501
II D Trade receivables	161.633	30.498
II E Tax receivables and other current assets	141.381	250.016
II F Cash and cash equivalents	944.387	11.059.315
II G Accrued charges and deferred income	411.704	496.672
TOTAL ASSETS	221.529.123	163.206.929
SHAREHOLDER EQUITY	167.771.260	147.966.767
A Capital	142.916.788	139.077.347
B Share premium account	8.750.150	8.381.743
C Reserves	1.452.350	474.128
D Net result of the financial year	14.651.972	33.549
LIABILITIES	53.757.863	15.240.162
I Non-current liabilities	51.476.469	10.221.779
I B Non-current financial debts	51.476.469	10.000.000
I C Other non-current liabilities	0	221.779
II Current liabilities	2.281.394	5.018.383
II B Current financial debts	361.478	154.696
II D Trade payables and other current debts	1.842.940	4.805.355
II F Accrued charges and deferred income	76.975	58.332
TOTAL EQUITY AND LIABILITIES	221.529.123	163.206.929
Number of shares at the end of the period	7.428.347	7.187.558
Net asset value per share	22,59	20,59
Debt ratio (Royal Decree – RREC) ¹	24,30%	9,17%

Fair value of investment properties

During the calendar year 2021, the fair value of investment properties increased from 150,8 M€ at the end of 2020 to 218,5 M€ at the end of 2021. This represents a 45% increase. The real estate portfolio consists of buildings in operation for 214,2 M€ and projects under construction for 4.3M€.

¹ This debt ratio is calculated in accordance with the RREC Royal Decree of 13 July 2014, as amended by the Royal Decree of 23 April 2018 on B-REITS

Participation in associated companies and joint ventures

Inclusio owns 26% of NV Middelweg Albert which is in charge of the Middelweg project under construction. This participation is accounted for by using the equity method and its value amounted to 0,5 M€.

Shareholder equity

As of 31 December 2021, the consolidated shareholder equity amounted to 167,8 M€, an increase of 13,4% over the closing balance of 2020. This increase is mostly due to the 14,7 M€ net result of this calendar year but also to the capital increase that took place in June 2021 for the contribution in kind of some of the shares of SHT and for the real estate project of Péronnes.

As of 31 December 2021, the total number of shares is 7.428.374 and the net asset value per share reached 22,59 € per share in comparison with 20,59 € per share at the end of 2020.

Debt ratio and financial debt

As a result of the numerous investments that were financed with bank debts during the calendar year, the financial debts increased from 10 M€ to 51.8 M€ as of 31 December 2021.

The undrawn credit lines represent close to 30 M€ and no current credit line will be expiring in 2022.

Despite the increase of its financial debts, the debt ratio of Inclusio according to the B REIT Royal Decree remains very low (24,3% as of 31 December 2021 compared to 9,2% as of December 2020).

It should also be noted that the company still has an investment capacity of nearly 115 M€ before reaching a debt ratio of 50%.

Dividend

It will be proposed to the shareholders meeting to approve the payment of a gross dividend of 50 cents per share (this translates into a net dividend of 35 cents per share after the applicable withholding tax of 30%). This dividend is 13% higher than the previously announced dividend at the time of the IPO. It reflects the fact that the growth of Inclusio went faster than anticipated and shows the confidence of the management in improving results for the future.

The dividend will be paid out on 25 May 2022.

3. ESG objectives and achievements

Environment

Inclusio is committed to respect the legal criterion for energy performance for all newly built properties it acquires or develops itself.

The average consumption (based on the Performance Energy certificates delivered by certified technicians) for the buildings in operation at of 31 December 2021 is 149 kWh_{EP}/sqm/year². This compares to an average of 210 kWh_{EP}/sqm/year in the Brussels Capital region in 2015, of 229 kWh_{EP}/sqm/year in Flanders in 2021, and more than 340 kWh_{EP}/sqm/year in the Walloon region in 2014. The average energy performance of the residential portfolio of Inclusio is significantly better than the average for the entire Belgian residential market.

Inclusio is also striving to improve the energy performance of its buildings in operation. For example, the following interventions took place in the building Rue d'Anderlecht 168-174 in Brussels in 2020 and 2021 : replacement of the old heater by a new condensation heater, roof isolation and replacement of the windows on the ground floor. In addition all electric heaters will be replaced by a system of central warming connected to the new condensation heater.

Social

The very clear social destination of all its real estate projects clearly differentiates Inclusio from the other Belgian REITs.

We can estimate that more than 3.000 people are living in a building belonging to Inclusio: 2.500 people are renting affordable housing units. To qualify for renting such a property their annual income cannot exceed 30 k€ and they can't own a property in Belgium or abroad.

100 people with disabilities are staying in an appropriate environment where they can benefit from the support and the care they need to enjoy a more autonomous life.

In the Social Infrastructure category, the buildings leased to the Red Cross and the Samusocial are occupied by 128 asylum seekers and 160 homeless people.

An impact study is currently being conducted to determine the social benefits of Inclusio's investments and to highlight potential means to further reinforce the social impact of our actions.

With this in mind, Inclusio decided to allocate a budget of 50 k€ in 2022 to help support initiatives from its partners for the benefit of its tenants. The projects can be submitted before 30 June 2022

² This average doesn't include the projects « Pavillon 9 » in Schaerbeek, « Antares » in Woluwe-Saint-Lambert and « Rute » à Gentbrugge, which were completed in 2021 and for which the EPC have not yet been received ; this average doesn't reflect the improvements realized in the buildings « Carton de Wiart » in Jette, « Gabrielle Petit » in Molenbeek-Saint-Jean, « Vekemans » in Neder-over-Heembeek and « Anderlecht 168/174 » in Bruxelles, where the certificates have not been updated after the completion of the works. This average doesn't include the buildings of the subsidiary Société d'Habitations de Tournai.

and an independent jury will choose in September which projects will be subsidized and how much each project will receive.

To realize its social ambitions Inclusio is relying on the enthusiastic engagement of its 12 employees.

Governance

Inclusio's culture is based on a strong and qualitative governance where the diversity and independence of all stakeholders is privileged at the board level as well as within the team of employees.

A safe and pleasant working environment as well as a compact salary range assure the alignment with the social values promoted by Inclusio.

B Corp Certification



Inclusio has been awarded the « B-Corp » label since 2015 and had its certification renewed in December 2020.

This certification is granted to commercial (profit-oriented) companies that meet standards of verified environmental, social and governance performance, as well as a public transparency. The name is an abbreviation of « Benefit Corporation ».

Companies benefiting from this label are invited to integrate their social and environmental objectives directly in their articles of association.

For more information about the different scores obtained by Inclusio, you can consult the following address : : <https://www.bcorporation.net/en-us/find-a-b-corp/company/inclusio/>

4. Financial calendar

Subject	Date
Publication of the 2021 annual financial report	18 April 2022
Shareholders meeting	18 May 2022
Publication of the results as of 31 March 2022	19 May 2022
Payment of the 2021 dividend	25 May 2022
Publication of the results as of 30 June 2022	1 September 2022
Publication of the results as of 30 September 2022	1 December 2022
Publication of the 2022 annual results	23 February 2022

For more information, please contact us :

Marc BRISACK, CEO

T : +32 475 20 01 94

marc.brisack@inclusio.be

Jean-Luc COLSON, CFO

T : +32 475 32 35 74

Jean-luc.colson@inclusio.be

About Inclusio

Inclusio is a Belgian REIT specialized in social real estate in Belgium and has been listed on Euronext Brussels since 10 December 2020.

Its investment activities are broken down in three categories : Affordable Housing, Facilities for people with disabilities and Social Infrastructure..

www.inclusio.be

Avenue Herrmann-Debroux 40, 1160 Bruxelles - BE 0840.020.295

Suivez-nous sur :

