

Interim statement

for the period 01.01.2022 to 31.03.2022

Key News

- Rental income of 2.3 M € (an increase of 64% compared to the rental income of the first quarter of 2021).
- Operating margin of 80% thanks to the « B to B » model and the fact that over 60% of the portfolio is rented to Social Rental Agencies (SRA).
- Increase in the fair value of the real estate portfolio: +3.2 M€ (i.e. +1,6% on existing portfolio)
- Debt ratio remains very low at 24.1% as of 31 March 2022 and consequently the investment capacity stands at 120 M€
- NAV per share of 22.90 € as of 31 March 2022 after dividend allocation to debt (vs 22.59 € as of 31 December 2021).
- Gross dividend for calendar year 2022 is projected to reach a minimum of 60 cents per share (+20% when compared to the 2021 dividend that will be paid this 25 May 2022)

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1. Operational activities

- The Affordable Housing category represents approximately 80% of the value of Inclusio's real estate portfolio. As of 31 March 2022, Inclusio owns 1.019 housing units and the 2 bedrooms apartments represent more than 35% of the portfolio. The geographic spread of the portfolio is as follows: 521 units in the Brussels region, 245 units in Flanders and 253 units in Wallonia.
- Since a large portion of the housing units are leased to Social Rental Agencies (SRA), we can be sure that these units will be allocated to the most fragile segment of the population. The collaboration with the SRA guarantees that Inclusio obtains prompt payment of the monthly rental income. In addition, since SRAs are responsible for the day-to-day management of the housing units (rental contract with the tenants, turnover of existing tenants, rent collections, management of small repairs, ...), Inclusio can operate its portfolio with a reduced team of Property Managers and Project Managers.
- Over 50% of the real estate portfolio is less than 5 years old. Inclusio owns a sustainable portfolio with energy performance measures better than the average recorded for the Belgian residential real estate market.
- In the category of « Facilities for people with disabilities », the partnership with Villa VIP and Thmashuis could lead to new acquisitions as the segment of small scale care facilities looks promising in Flanders.
- Finally, the building leased to Samusocial since November 2021 in Brussels is undergoing some improvement works with the installation of additional showers for the comfort of homeless people.



VillaVip Bruges



Antares - Woluwe

2. Financial results as of 31 March 2022

2.1. Income statement

In €	31/03/2022	31/03/2021
Rental income	2.342.924	1.429.631
Rental-related expenses	-2.142	11.978
NET RENTAL INCOME	2.340.782	1.441.609
Recovery of property charges	234.768	149.426
Charges and taxes normally payable by the tenant on let properties	-519.414	-321.211
PROPERTY RESULT	2.056.136	1.269.823
Technical and commercial costs	-82.458	-24.264
Property management costs	-92.893	-74.149
Corporate management costs and other operating charges	-735.538	-385.474
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	1.145.247	785.936
Result on sale of investment properties	0	19.840
Changes in fair value of investment properties	3.231.334	1.615.394
Other result on the portfolio	-5.714	12.917
OPERATING RESULT	4.370.867	2.434.088
Financial result excluding change in fair value	-180.377	-2.637
Changes in fair value of financial assets and liabilities	1.786.879	357.839
Share in the result of associated companies and joint ventures	49.213	147.802
Corporate income tax	0	11.592
NET RESULT	6.026.582	2.948.684
NET RESULT OF KEY ACTIVITIES	964.870	794.891
per share	0,13	0,11

Analysis of the results of the first quarter 2022

The results of the first quarter of the 2022 calendar year are confirming the significant growth of Inclusio's real estate in 2021. Rental income increased by 64% compared to the first quarter of 2021 and with the high level of inflation recorded over the last months, this upward trend should continue as the rental contracts are indexed with the Health Index.

With the application of the IFRIC 21 norm, the real estate taxes as well as regional or city taxes on office space as well as the membership tax due to Euronext have to be accounted for the full calendar year, in the first quarter of the year.

Property charges amounted to 175 k€ and represent 7.5% of the rental income. They include technical costs as well as management fees paid to the SRA and the salaries of the two internal property managers.

The operating result (before corporate overheads) reached 1,880 k€ (an increase of 60% over the first quarter of 2021) and the operating margin remains stable at 80%.

The corporate costs amounted to 736 k€. The increase in comparison to 2021 is primarily due to the fact that the subscription tax due to Euronext (155 k€) was recorded in the first quarter this year while it was recorded in the second quarter last year. In addition, payroll costs were slightly higher as the number of employees raised from 10 to 12.

The operating result increased by 46% to reach 1.145 k€.

The net interest charges amounted to 178 k€ for the first quarter 2022.

The change in fair value of investment properties reflects an unrealized capital gain of 3,231 k€ (+1.6% on a like-for-like basis) resulting primarily from the rent increase due to their indexation.

Another significant unrealized capital gain of 1,787 k€ was also recorded on the fair value of the financial instruments due to the general increase of interest rates observed on the financial markets since the beginning of the year.

The net result for the first quarter reached 6,027 k€ (+104% over the same period last year).



Rute - Gentbrugge



Dorpsstraat 53 - Oudenburg

2.2. Balance Sheet

In €		31/03/2022	31/03/2021
I	Non-current assets	226.634.059	162.640.882
I B.	Intangible assets	45.369	77.485
I C.	Investment properties	223.455.928	161.737.229
<i>I C. a.</i>	<i>Buildings available for rent</i>	<i>217.595.183</i>	<i>139.565.478</i>
<i>I C. b.</i>	<i>Development projects</i>	<i>5.860.745</i>	<i>22.171.752</i>
I D.	Other tangible assets	68.245	20.989
I E.	Non-current financial assets	2.471.975	197.913
I I.	Participations in associated companies and joint ventures	592.542	607.266
II	Current assets	1.740.356	5.791.122
II D.	Trade receivables	176.615	236.260
II E.	Tax receivables and other current assets	100.315	212.292
II F.	Cash and cash equivalents	1.020.102	4.810.413
II G.	Accrued charges and deferred income	443.324	532.158
	TOTAL ASSETS	228.374.415	168.432.005
	SHAREHOLDER EQUITY	170.083.669	150.914.765
A	Capital	142.916.788	139.077.347
B	Share premium account	8.750.150	8.381.743
C	Reserves	12.390.149	506.990
D	Net result of the financial year	6.026.582	2.948.684
	LIABILITIES	58.290.746	17.517.240
I	Non-current liabilities	52.376.469	10.000.000
I B	Non-current financial debts	52.376.469	10.000.000
II	Current liabilities	5.914.277	7.517.240
II B	Current financial debts	341.809	388.461
II C	Other current debts	3.714.174	0
II D	Trade payables and other current debts	1.716.939	6.975.206
II E	Other current liabilities	141.355	153.573
	TOTAL EQUITY AND LIABILITIES	228.374.415	168.432.005
	Number of shares	7.428.347	7.187.558
	Net asset value per share	22,90	21,00
	RREC debt	54.435.218	17.363.667
	Debt ratio (Royal Decree - RREC) ¹	24,09%	10,32%

¹ This debt ratio is calculated in accordance with the RREC Royal Decree.

Equity and net asset value

As of 31 March 2022, the consolidated shareholder equity reached 170 M€ . The Net Asset Value (NAV) per share (shareholder equity / number of shares) amounted to 22.90 EUR (an increase of 1.38% over NAV on 31 December 2021 and 9.05% over NAV on 31 March 2021) despite the fact that the dividend payable on 25 May 2022 is already recorded as debt on 31 March 2022.

When comparing the Net Asset Value with the share price on 31 March 2022 (16.72 EUR), it can be concluded that the Inclusio share was trading with a 27% discount at the end of the first quarter 2022.



3. Financial position

Inclusio presents a strong balance sheet with a reduced debt ratio of 24.1% as of 31 March 2022 (compared to 10.3% as of 31 March 2021).

No new financing contracts have been concluded during the first quarter of 2022. Since the expiration of the first credit line is only foreseen for 30 September 2023, it is still too early to negotiate with the banks a long term refinancing of the existing credit lines.

As of 31 March 2022, Inclusio had 29 m€ of undrawn credit facilities (on a total of 80 M€ of confirmed credit lines). This leaves an investment capacity of around 120 m€ before reaching a debt ratio of 50%.

The average annual cost of debt for the first quarter of 2022 amounted to 1.55% (lower than last year because the commissions for reservations have significantly decreased as Inclusio has been drawing on its existing credit lines to finance the portfolio expansion).

4. ESG

The table below illustrates how the different Sustainable Development Goals selected by the United Nations are relating to Inclusio’s strategy and actions :

	<p>Good health and Well-being</p>	<p>Through its investments in facilities for people with disabilities and social infrastructure, Inclusio is providing quality amenities for asylum seekers, homeless people and people with complex care needs.</p>
	<p>Gender equality</p>	<p>For its employees and board members, Inclusio strives for Gender Equality</p>
	<p>Sustainable Cities And Communities</p>	<p>Affordable housing represents the largest investment category within Inclusio’s real estate portfolio</p>
	<p>Responsible consumption and production</p>	<p>For its development projects Inclusio is paying special attention to the efficient use of material and energy. Two projects delivered in 2021 obtained a special prize from the Brussels Region for their « circular economy » qualities.</p>
	<p>Climate action</p>	<p>In the investment analysis, Inclusio is paying attention to the sustainable character of the building because energy efficient buildings help mitigate CO2 emissions and at the same time ensure lower utility bills for the tenants.</p>
	<p>Peace, justice and strong institutions</p>	<p>Inclusio relies on a well-shaped governance charter where the integrity policy is clearly highlighted. The ambition is also to ensure a healthy diversity within the company’s employees and the Board of Directors.</p>

5. Transaction realized after the closing of 31 March 2022

On 26 April 2022, Inclusio acquired the Nonceveux reception centre for asylum seekers in Aywaille (in the province of Liege). This center has been managed by the Red Cross of Belgium since 1997 and can host 200 residents. A major refurbishment program will take place over the next two years.



Nonceveux reception centre for asylum seekers

6. Forecast

Results during the first quarter of 2022 are in line with the forecast. The projects under construction (Thomashuis Keerbergen, Borgerstein et Middelweg Haren) are even progressing slightly more quickly than foreseen and the delivery of these projects should take place in the third and fourth quarter of 2022.

In addition, inflation is higher than anticipated and this will lead to a rental income above budget. On the other end, the very high inflation is also impacting the real estate charges and the corporate costs of Inclusio.

The Board of Directors is pleased to confirm that based on the current knowledge and barring unforeseen events (such as the impact of changing interest rates and the war in Ukraine) Inclusio should be paying a gross dividend of at least 60 cents per share in May 2023.

7. Shareholders Agenda

Payment date 2021 dividend	25 May 2022
Publication of half year 2022 results	1 September 2022
Publication of Q3 2022 results	1 December 2022
Publication of 2022 Annual Results	23 February 2023

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 obtained the REIT status in December 2020 and is listed on Euronext Brussels. Combining shareholders equity and bank financing, Inclusio has developed a real estate portfolio of more than 220 M€ as of 31 March 2022 spread among 3 segments: 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 :

