

Half-year financial report as at 30 June 2022

Increasing operating result

- Increase in net rental income to EUR 5.1 million compared to EUR 3.0 million at 30 June 2021 (+70%)
- The operating result from buildings totalled EUR 4.4 million.
- Operating income before portfolio result was EUR 3.1 million (margin of 61.3% on net rental income at 30 June 2022 compared to 53.8% in the first half of 2021).
- Distributable profit of EUR 2.7 million (or EUR 0.36 per share)

Real estate portfolio

- Acquisition of *Financière de Roosevelt*, owner in Aywaille of a centre for asylum seekers rented to the Belgian Red Cross
- Acquisition of *Trifax*, owner in Mouscron of two buildings totalling 33 affordable housing units, rented to AIS Mouscron Logement
- Following these acquisitions and the revaluation of EUR 6.7 million of the portfolio (+3.1%) for the first half of 2022, the real estate portfolio is approaching EUR 240 million.
- Occupancy rate of 99.8%¹ reflecting long-term commitments with Social Rental Agencies (SRA) and other partners (Red Cross, Samusocial)

Balance Sheet

- The debt ratio stood at 28.1% on 30 June 2022 (compared to 24.3% on 31 December 2021) following the acquisitions realized in the first half of 2022 and the payment of the first dividend in May 2022.
- The cost of debt was 1.52% for the first half of 2022 and 81% of debts were covered against higher interest rates up to August 2026.
- IFRS Net Asset Value (NAV) per share at 30 June 2022 reached EUR 23.77 (up 5.2% compared to 31 December 2021).

Outlook for 2022

- Based on the strong results of the first semester of 2022, Inclusio is revising upwards its estimate for the 2022 gross dividend to a minimum of EUR 0.65 per share (+30% above the dividend paid in May 2022)

Marc Brisack, CEO of Inclusio: *“Inclusio remains faithful to its strategy of investing only in social real estate assets. However, opportunities for new projects are decreasing due to the recorded increase in construction costs combined with the rise in interest rates. Nonetheless, the strong financial structure and pipeline of projects under development ensure that results will keep progressing in the coming years.”*

¹ Occupancy rate determined by the expert as of 30 June 2022.

1. The report on activities

1.1 Highlights for the real estate portfolio in the first half of 2022

- **26 April 2022** – Acquisition of *Financière de Roosevelt*, owner in Aywaille of a centre for asylum seekers rented to the Belgian Red Cross
- **17 June 2022** – Acquisition of *Trifax*, owner in Mouscron of two buildings totalling 33 affordable housing units, rented to AIS Mouscron Logement
- With these two acquisitions, Inclusio will exceed in 2022 the symbolic cap of annual rental income of more than EUR 10,000,000. Inclusio leases affordable rental properties to 20 Social Rental Agencies (SRA) across Belgium (9 in Brussels, 6 in Flanders and 5 in Wallonia).

1.2 Investment properties available for rent

This category includes all buildings in operation, whether via Inclusio or via its subsidiaries (Société d’Habitations de Tournai SA, Schoolstraat 41 SA, Financière de Roosevelt SA, Trifax SRL).

The portfolio consists of 199 buildings spread over 64 sites, with a total of 113,301 sqm, 1,052 affordable housing units, 145 housing units for people with disabilities, 8 social infrastructure buildings, 13 ancillary commercial units, and 768 parking spaces or garages.

As at 30 June 2022, buildings in this category had a fair value of 229 MEUR and generated gross rental income of 10.2 MEUR/year.

No site or tenant represents more than 9% of the fair value of the properties in operation.

- For **affordable housing**, the 1,052 units are distributed as follows:

Type	Units
Single-family houses	121
Student rooms	18
Studios	196
1-bedroom apartments	234
2-bedroom apartments	356
3-room apartments	99
4-bedroom apartments	21
5-bedroom apartments	7

- For **housing for people with disabilities**, the 145 rental units consist of 100 rooms, 39 studios and 6 houses for couples of operators.

- **The social infrastructure portfolio** includes 3 reception centres for asylum seekers (rented to the Red Cross), 1 reception centre for homeless people (rented to Samusocial), 1 school, 1 nursery, and 2 office buildings (one is rented to various associations active in the social sector and the other houses the offices of a SRA)

The distribution of the buildings and rental units by geography and purpose is as follows:

Region	Buildings [#]	Units			
		Housing [#]	Accessory [#]	Disabled [#]	Social infra [#]
Brussels	30	521	14	0	5
Flanders	38	245	1	105	2
Wallonia	131	286	0	40	1
TOTAL	199	1,052	15	145	8

As at 30 June 2022, the distribution of contractual rents was as follows:

Region	Contractual rent at 30 June 2022 [millions EUR/year]
Brussels	5.1
Flanders	2.7
Wallonia	2.4
TOTAL	10.2

At 30 June 2022, the rental vacancy totalled EUR 12,300 on an annual basis, or 0.2% of the portfolio in operation. Only a few parking spaces in affordable housing buildings and an accessory commercial area are still available.

As of 30 June 2022, the gross rental yield on the operating portfolio was:

- 4.47% on average across the entire operating portfolio;
- 4.41% in the Brussels-Capital Region, 3.97% in the Flemish Region and 5.39% in the Walloon Region;
- 4.33% for affordable housing, 4.63% for disability and 5.24% for social infrastructure.

a. Geographical distribution

As of 30 June 2022, all the buildings in operation were located in Belgium.

The operating portfolio is broken down in the three regions as follows:

Region	Based on fair value at 30 June 2022		Based on rents at 30 June 2022	
	[EUR]	[%]	[EUR/year]	[%]
Brussels	115,497,757	50.5 %	5,087,926	49.8 %
Flanders	68,426,029	29.9 %	2,714,989	26.6 %
Wallonia	44,937,822	19.6 %	2,422,255	23.7 %
Total	228,861,608	100.0 %	10,225,171	100.0 %

b. Breakdown by market

The portfolio in operation consists primarily of affordable housing units, and is broken down by market as follows:

Market	Based on fair value at 30 June 2022		Based on rents at 30 June 2022	
	[EUR]	[%]	[EUR/year]	[%]
Affordable housing	176,596,119	77.2 %	7,652,989	74.8 %
Disability Infrastructure	23,266,646	10.2 %	1,077,576	10.5 %
Social infrastructure	28,998,843	12.7 %	1,494,605	14.6 %
Total	228,861,608	100.0 %	10,225,171	100.0 %

c. Breakdown by tenant type

Inclusio's buildings are mainly rented to Social Rental Agencies:

Market	Based on rents at 30 June 2022	
	[EUR/year]	[%]
SRA	5,355,407	52.4 %
Others	4,869,763	47.6 %
Total	10,225,171	100.0 %

d. Top 5 buildings

The five largest buildings in operation are as follows (the “**Top 5 buildings**”):

Project	Based on fair value at 30 June 2022	
	[EUR]	[%]
Domaine des Etangs	20,801,951	9.1 %
Ekla	18,179,512	7.9 %
Antares	14,974,634	6.5 %
Pavillon 7-9	9,658,537	4.2 %
Auflette	8,631,220	3.8 %
Total of the Top 5 buildings	72,245,854	31.6 %

"Domaine des Etangs"

The largest asset under operation is the “Domaine des Etangs” building located on Route de Lennik in Anderlecht- (Brussels). In this ensemble, Inclusio owns:

- 106 housing units spread over 10 buildings
- 6 shops and 1 office on the ground floor
- 82 underground parking spaces

Management of the units has been turned over to three Social Rental Agencies (AIS Baita, AIS Logement pour Tous and AIS M.A.I.S) for a period of 27 years.



"Ekla"

The second largest asset under operation is the "Ekla" complex located at Gare de l'Ouest (Molenbeek-Saint-Jean). This development includes:

- 91 units spread over 3 buildings (all units are rented to AIS M.A.I.S. for a period of 27 years):
 - Chaussée de Ninove: 50 units intended for student housing supported by CPAS
 - Rue Edmond Bonehill: 21 housing units for families in a 3-story building
 - Rue Alphonse Vandenpeereboom: 20 homes for families on floors 3, 4 and 5 of an 18-story tower (the other floors were sold by the developer);
- a commercial ground floor (612 sqm, rented to a large distribution retailer for 27 years); and
- 30 underground parking spaces.



The asset concentration of the operating portfolio will become increasingly low as development projects begin to operate. The largest project under construction is Middelweg (20.5 M EUR). It will begin operation in the 4th quarter of 2022. Assuming that the portfolio in operation at 31 December 2022 will have a fair value of 250 MEUR, the Middelweg project will represent approximately 8% of the portfolio in operation.

e. Top 5 Tenants

The five largest tenants of the buildings in operation are as follows (the "Top 5 tenants "):

Tenants	Based on rents at 30 June 2022	
	[EUR/year]	[%]
AIS M.A.I.S.	996,943	9.7 %
Red Cross of Belgium	673,466	6.6 %
AIS of Woluwe-Saint-Lambert	601,780	5.9 %
AIS of Mechelen	479,816	4.7 %
New Samusocial	450,000	4.4 %
Total of Top 5 tenants	3,202,005	31.3 %

1.3 Consolidated real estate portfolio in development

This category includes all buildings owned by Inclusio and its subsidiaries as well as firm commitments that are under construction or awaiting permits. The 9 projects identified will generate revenue upon provisional acceptance of the work, which, depending on the case, should take place between 2022 and 2024.

With a total rental area of 21,548 sqm, the projects under development consist of 238 affordable housing units and 21 housing units for people with disabilities.

The total investment cost for these projects is currently estimated at 45.6 MEUR at the time of their provisional acceptance. As of 30 June 2022, 10.9 MEUR have already been invested in these projects and there is, therefore, still a balance to be invested of around 34.7 MEUR to complete all these projects.

When put into operation, projects in this category will generate gross rental income estimated at 1.95 MEUR/year.

The average starting gross rental yield on development projects is 4.3%.

Rents were determined on the basis of signed agreements or contracts.

Among the development projects at 30 June 2022, the two largest projects are the following (in descending order):

- **“Middelweg”** in Haren: this involves the conversion of a former industrial site into 123 new affordable housing units spread over 3 buildings. The project also includes a common room to be made available to the Social Rental Agencies and a level of underground parking (97 car spaces and a very large bicycle room). The 3 buildings will be rented to two SRAs with which Inclusio already collaborates: AIS Hector Denis and AIS Baita. A number of units are reserved for tenants designated by ASBL Infirmiers de Rue and Bru4Home. Provisional acceptance is planned before the end of 2022.
- **“Dragon”** in Mouscron: this new construction includes 33 affordable housing units, 2 shops on the ground floor and 34 parking spaces. The building will be rented to the Social Rental Agency of Mouscron. Provisional acceptance is planned for the 2nd quarter of 2023.



1.4 Significant changes to portfolio and development projects after 30 June 2022

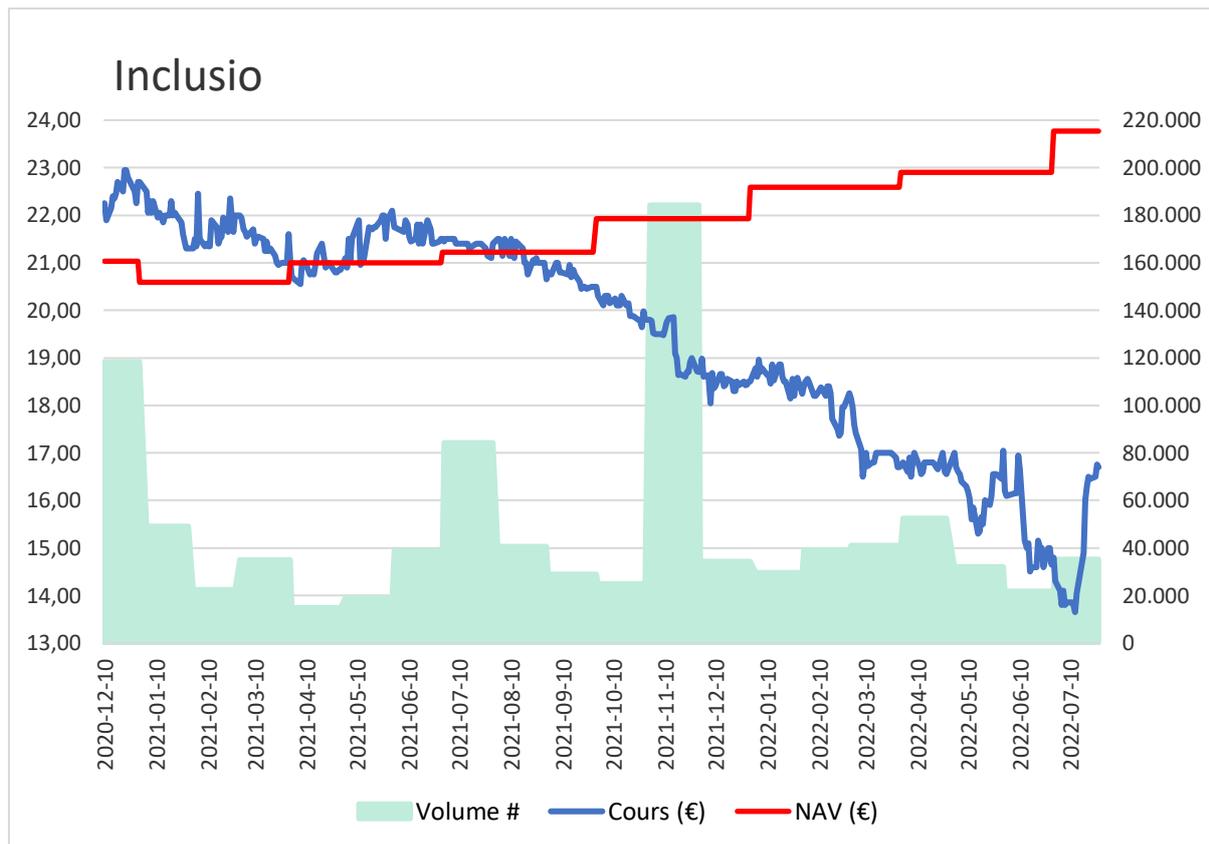
Between 30 June 2022 and the date of publication of this half-yearly report, the only change recorded in the real estate portfolio is the acquisition of a building of 10 affordable apartments in the municipality of Hamont-Achel (Limburg province) on 3 August 2022.

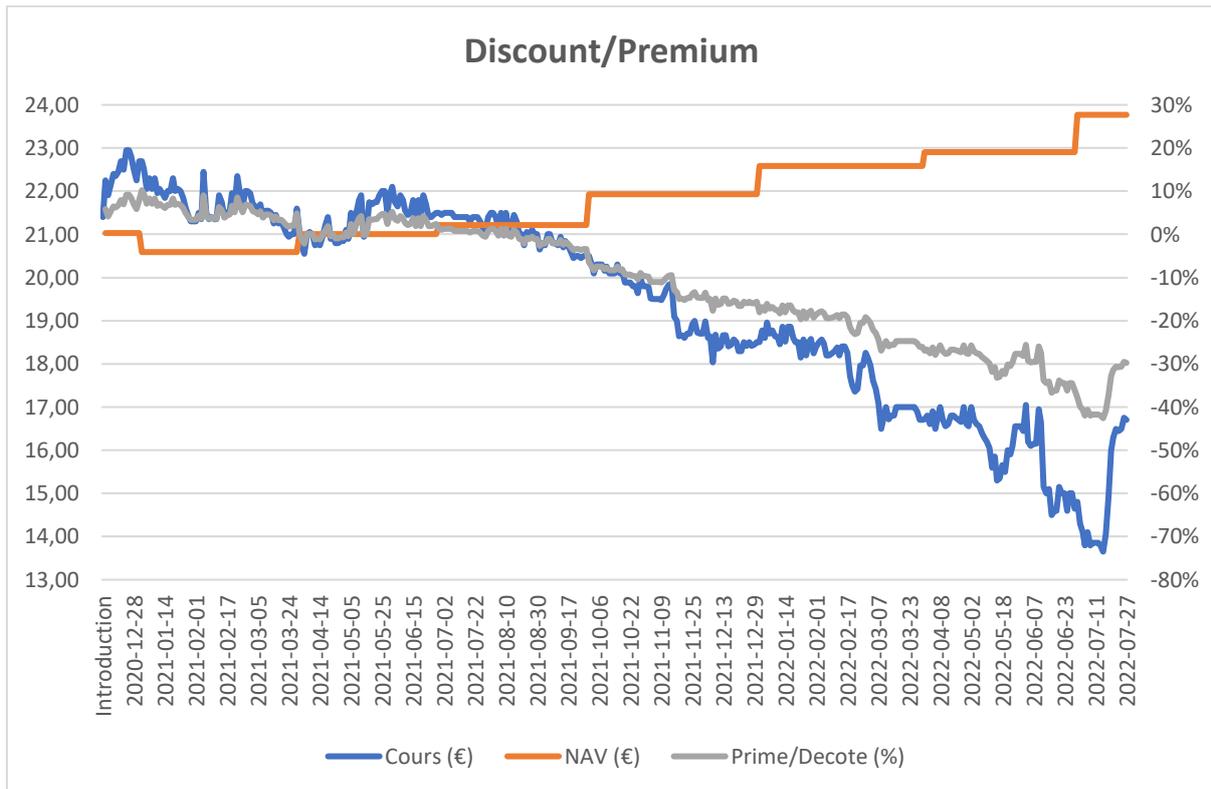


2. Inclusio on the stock market

Since the beginning of 2022, the share price of Inclusio has decreased from EUR 18.78 to EUR 14.80 on 30 June 2022. The average price during the first half of 2022 was EUR 17.12 per share.

Period from 01/01/2022 to 30/06/2022				
Average price (in EUR)	Maximum price (in EUR)	Minimum price (in EUR)	Total volume over the half year (#)	Average monthly volume (#)
17.12	18.98	14.50	216,057	36,010





The Inclusio price remained under pressure throughout this first half, as was the case for many Belgian regulated real estate companies.

Other European actors of reference in the residential sector (Vonovia in Germany and SBB Norden in Sweden) have recorded even more dramatic price falls due to fears about the consequences that the international crisis and rising interest rates could have on the price of residential housing.

Given that Inclusio’s main market is affordable housing (for almost 80% of the portfolio) and Inclusio’s long-term contracts with SRAs, the current economic environment should not lead to a significant short-, medium- or long-term value adjustment. The positive evolution of the Net Asset Value reflects the stability of the market niche specific to Inclusio.

In order to improve the liquidity of its shares on the stock exchange, Inclusio has decided to sign a Liquidity Provider contract before the end of the year.

Structure of the shareholding

Situation at 30/06/2022	Total	%
The Belgian state - Société Fédérale de Participations et d'Investissement	1,111,034	14.96 %
- SFPIM Real Estate SA	618,315	8.32 %
- Belfius Insurance SA	399,261	5.37 %
- Capline SA	93,458	1.26 %
Monument Assurance Belgium SA	1,065,160	14.34 %
FMR Invest LLC	292,861	3.94 %
Paperless shares (<3%)	3,886,857	52.32 %
Registered shares (<3%)	1,072,435	14.44 %
Total in circulation	7,428,347	100 %

3. Corporate impact

As announced at the beginning of the year, Inclusio launched a call to its tenants to finance (partially or totally) initiatives taken for the benefit of the occupants of its buildings.

As of 30 June, more than 15 requests for intervention have been submitted and a selection committee will come together in September to identify the projects selected within the overall envelope of EUR 50,000.

The main objectives of the initiatives are to improve the energy efficiency of buildings (solar panels, etc.) and to increase the inclusion of occupants in their immediate environment.

4. Forecasts

Following recent acquisitions and taking into account the delivery schedule of its main projects, Inclusio anticipates turnover of more than 10 MEUR for the financial year 2022 (compared to 7.1 MEUR for 2021).

On the basis of the information currently available and in the absence of unforeseen major events, the good results of the first half of 2022 have led the Board of Directors to raise the forecast for its next gross dividend to a minimum of 65 cents per share for the financial year 2022. This represents a 30% increase over the dividend paid in May 2022.

5. Consolidated interim financial statements as at 30/06/2022

Balance Sheet

In EUR	Note	30/06/2022	31/12/2021
I Non-current assets		242,735,829	219,870,018
I B Intangible assets		40,358	50,380
I C Investment properties	3	238,175,691	218,539,805
I C. a. Investment properties in operation	3	228,861,605	214,227,545
I C. b. Development projects	3	9,314,085	4,312,260
I D Other tangible assets		107,838	51,408
I E Non-current financial assets	5	3,781,720	685,096
I I. Participations in associated companies and joint ventures		630,223	543,329
II Current assets		1,545,245	1,659,105
II D Trade receivables		204,920	161,633
II E Tax receivables and other current assets		169,369	141,381
II F Cash and cash equivalents		695,923	944,387
II G Accrued charges and deferred income		475,033	411,704
TOTAL ASSETS		244,281,074	221,529,123
SHAREHOLDER EQUITY		176,599,951	167,771,260
To Capital		142,916,788	142,916,788
B Share premium account		8,750,150	8,750,150
C Reserves		12,390,149	1,452,350
D Net result for the financial year		12,542,864	14,651,972
LIABILITIES		67,681,123	53,757,863
I Non-current liabilities		63,500,000	51,476,469
I B Non-current financial debts	5	63,500,000	51,476,469
II Current liabilities		4,181,123	2,281,394
II B Current financial debts	5	252,640	361,478
II C Other current financial liabilities		28,984	
II D Trade payables and other current debts		3,777,449	1,842,940
II F Accrued charges and deferred income		122,051	76,975
TOTAL EQUITY AND LIABILITIES		244,281,074	221,529,123
Number of shares at the end of the period		7,428,347	7,428,347
Net Asset Value per share		23.77	22.59
Debt		67,559,072	53,680,888
Debt ratio (Royal Decree-RREC)		28.08 %	24.30 %

Consolidated results

In EUR		Grade	30-06-2022	30-06-2021
I	Rental income		5,053,408	2,970,318
III	Rental-related charges		-2,656	11,692
	NET RENTAL INCOME		5,050,752	2,982,010
IV	Recovery of charges		1,309	1,253
V	Recovery of charges and taxes payable by the tenant		344,607	191,859
VII	Charges and taxes applicable on let properties		-601,060	-374,098
	PROPERTY RESULT		4,795,605	2,801,024
IX	Technical expenses		-234,955	-95,876
X	Commercial expenses		-5,509	-7,792
XI	Charges and taxes on vacant properties		0	-782
XII	Property management costs		-172,406	-120,829
	PROPERTY CHARGES		- 412,869	-225,279
	PORTFOLIO OPERATING RESULT		4,382,736	2,575,745
XIV	Corporate overheads		-1,241,510	-970,945
XV	Other income and charges		-43,886	409
	OPERATING RESULT BEFORE PORTFOLIO RESULT		3,097,340	1,605,209
XVI	Gain on disposal of investment properties		0	19,840
XVIII	Changes in fair value of investment properties		6,723,308	2,240,690
XIX	Other result on portfolio		3,640	-189,057
	OPERATING RESULT		9,824,288	3,676,681
XX	Financial income		4	360
XXI	Net financial expenses		-379,948	-30,264
XXII	Other financial charges		-3,789	-1,583
XXIII	Changes in fair value of financial assets and liabilities	5	3,085,791	350,790
	FINANCIAL RESULT		2,702,057	319,303
XXIV	Share in the result of associated companies and joint ventures		71,302	566,514
	RESULT BEFORE INCOME TAX		12,597,647	4,562,498
XXV	Corporate income Tax		-54,783	12,434
XXVI	Exit Tax			-39,153
	TAXES		-54,783	-26,719
	NET RESULTS		12,542,864	4,535,780
	Other		0	0
	GOBAL RESULT		12,542,864	4,535,780
	Net result per share		1.69	0.61
	Net result of operating activities		2,658,823	1,547,003
	Distributable income		2,686,651	1,555,150
	Number of shares at the end of the period		7,428,347	7,428,347
	Distributable income per share		0.36	0.21

Comments on the consolidated statement of financial position as at 30 June 2022

Balance Sheet

The Company has continued to expand its real estate portfolio, going from 218.5 MEUR at the end of 2021 to almost 238.2 MEUR at 30 June 2022. Section 1 above contains details of the real estate transactions carried out.

Investment properties in operation increased from 214.2 MEUR to 228.9 MEUR compared to the situation on 31 December 2021. Development projects have also increased, going from 4.3 MEUR to 9.3 MEUR, following the continuation of construction works on different sites.

Non-current financial assets are interest rate hedging instruments with a positive value and working capital paid to co-ownerships.

A single 26% stake in joint ventures is held by Inclusio, namely S.A. Middelweg Albert.

Tax claims and other current assets total 0.2 MEUR and mainly represent tax to be recovered and advance payments on acquisitions still to be finalized.

The balance sheet total therefore totals 244.3 MEUR, an increase of 10% compared to its December 2021 level.

Apart from the net result for the financial year discussed below and allocation of the 2021 result (including payment of the dividend for the 2021 fiscal year), equity did not change compared with the situation at 31 December 2021. At 30 June 2022, they totalled 176.6 MEUR. Taking into account the 7,428,347 shares outstanding at 30 June 2022, the net asset value per share is EUR 23.77. The net asset value per share at 31 December 2021 was EUR 22.59 and, thus, increased by 5.3% in the first half of 2022.

The portfolio increase was financed by drawing on existing lines of credit. Of a total of 80 MEUR of open credit lines, Inclusio had drawn 63.5 MEUR as of 30 June 2022.

Commercial debts increased to 3.8 MEUR. They consist mainly of supplier debts of 1.8 MEUR (debts mainly from invoices received on the statement of progress of the worksites), tax debts for 0.8 MEUR and Exit Tax debts of EUR 1.1 MEUR for subsidiaries.

The debt ratio has, therefore, increased, going from 24.3% at the end of 2021 to 28.08% at 30 June 2022.

Income statement

Expansion of the real estate portfolio in operation has allowed Inclusio to significantly increase its turnover. Thus, rental income for the first half of the year was 5.1 MEUR compared to 3.0 MEUR in June 2021.

Rental charges include real estate accounts and taxes but also the common charges of certain buildings, the management of which is provisionally ensured by Inclusio (electricity, heating, lift, insurance...). After acknowledgment and recovery of these costs, the real estate result totalled 4.8 MEUR compared to 2.8 MEUR at 30 June 2021.

The real estate costs consist mainly of technical costs (0.2 MEUR) and external and internal property management costs (0.2 MEUR); the operating result of the buildings totalled 4.4 MEUR, thus creating an operating margin for buildings of 86.77%, similar to its level of 30 June 2021 of 86.38%.

Overhead costs are divided into four distinct categories:

- human resources and related expenses: this item includes the costs of members of the effective management (CEO, CFO and COO), staff, benefits to staff such as company cars, meal vouchers, group insurance, hospitalization insurance, representation expenses, but also social secretarial expenses, training and seminars, contributions to professional groups. This section totalled EUR 627,291 on 30 June 2022.
- office expenses and the infrastructure necessary for the operation of the Company: this item includes the rental and related expenses of its offices in Auderghem, the related insurance, the layouts of these offices, furniture and office supplies. It also includes all IT related charges, including hardware, software and telephony. These costs total EUR 100,628.
- the costs of external service providers relate to the services performed by the different counsels and consultants, real estate agents commissions, auditors and the independent real estate valuer. They totalled EUR 109,432 on 30 June 2022.
- the “corporate” expenses include, among others, the fees of the directors, insurance for senior management, the costs of publication and translation of the annual report and press releases, the subscription fee, fees to the FSMA, Euroclear, Euronext, etc. They total EUR 404,160.

After recognition of overhead and other operating income and expenses, the operating result before portfolio income totalled 3.1 MEUR compared to 1.6 MEUR at the end of June 2021, which is almost double.

The unrealized gains and losses recorded based on the valuation of the independent expert show an increase in the value of the real estate portfolio of 6.7 MEUR.

The financial result is composed of financial charges on outstanding bank loans and hedging instruments but also of the change in the fair value of the financial instruments concluded (latent gains) to protect the company against a future increase in interest rates.

After taking into account the share of 0.07 MEUR in the result of joint ventures (corresponding to the latent gain on the development projects taken over by the joint ventures) and the corporate tax of subsidiaries, the consolidated net result as at 30 June 2022 was 12.5 MEUR compared to 4.5 MEUR as at 30 June 2021. The net result per share is therefore EUR 1.69 based on the number of shares existing at June 30, 2022 (7,428,347 ordinary shares).

6. Shareholder calendar

Subject	Date
Publication of results as at 30 June 2022	01/09/2022
Publication of results as at 30 September 2022	01/12/2022
Publication of annual results 2022	23/02/2023
Annual General Assembly	17/05/2023

For more information, please contact:

Marc BRISACK, CEO

T: +32 2 475 20 01 94

marc.brisack@inclusio.be

Jean-Luc COLSON, CFO

T: +32 2 475 32 35 74

Jean-luc.colson@inclusio.be

About Inclusio

Inclusio S.A. is a public regulated real estate company (SIR public) under Belgian law. It specializes in social real estate and is currently active in Belgium in 3 sectors:

- **affordable housing** (980 units to date)
- **accommodation and reception of persons with disabilities** (115 units to date)
- **Social infrastructure** (schools, day care centres, reception centres for asylum seekers, offices for ASBL, etc.) (4 units to date)

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

Its own funds, combined with credit lines, allowed it to develop a real estate portfolio of **EUR 188 million as at 30 June 2021**. The expected turnover for the year 2021 is **EUR 7.0 million**.

All additional information about the company is available on our website, <https://inclusio.be/?lang=en>.