



Affordable housing through private funding

Se loger : crise et solutions - Novembre 2016

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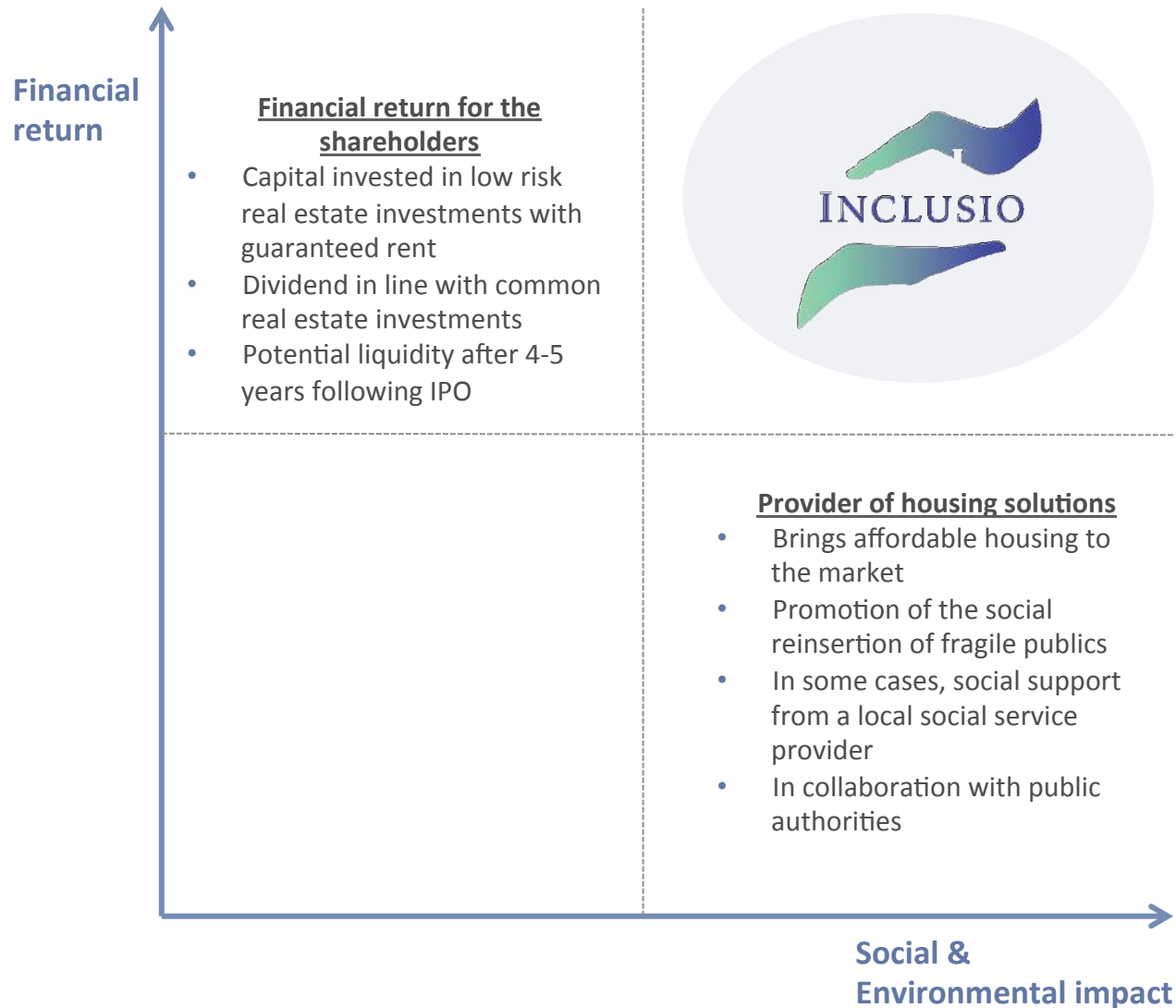
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Shouldn't everyone have a home, the support of caring neighbors, and opportunities for a healthy, promising future?



Inclusio is an impact investing vehicle established to respond to this need



I. Social housing market in Belgium

- II. Mission statement and business model
- III. Portfolio and pipeline
- IV. Corporate structure & governance
- V. Conclusion



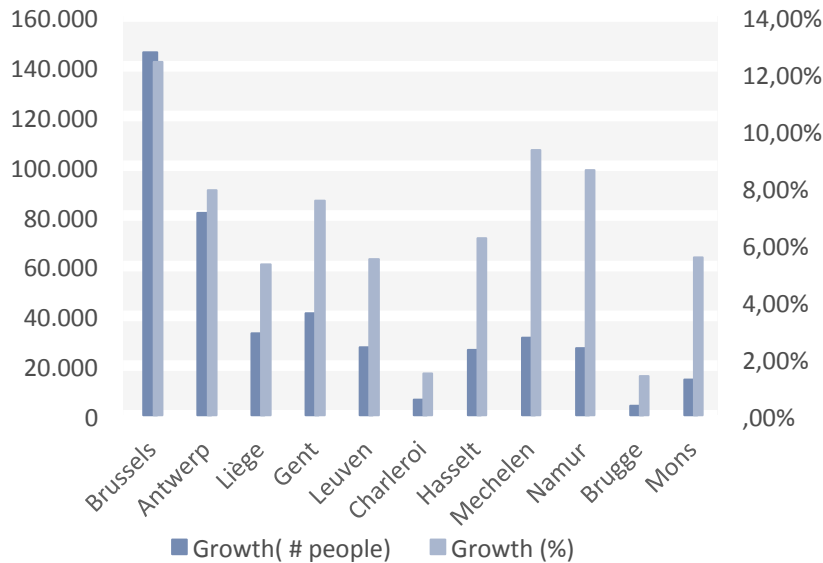
Rising demand for affordable housing



Increasing demand in housing ...

Belgian population is expected to grow by 780,000 inhabitants (+7.0%) by 2030 with higher growth in Brussels (+12.4%)

Expected population growth (2016 – 2030) in key cities (per arrondissement)

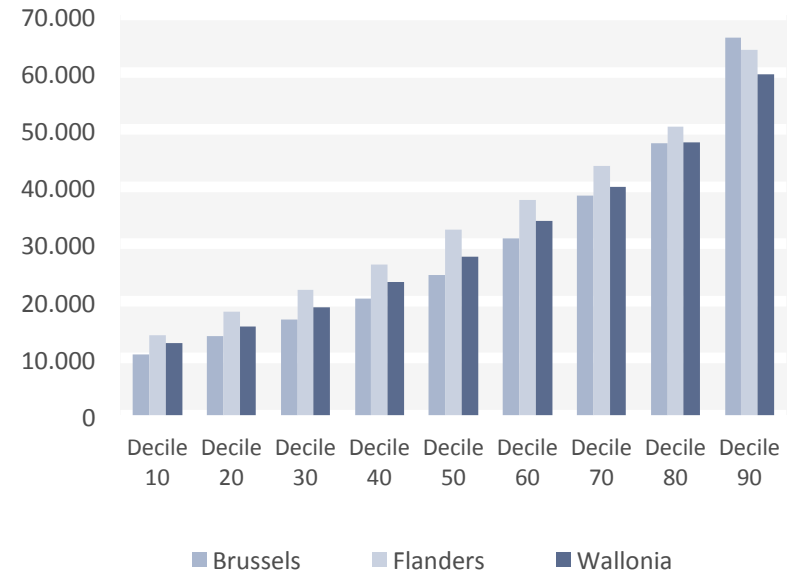


- General demographic pressure (increasing population and higher number of households) which should increase demand for housing in general, and across all regions

... although people face difficulties to meet current prices.

30% of Belgian households have less than € 20,000 disposable income

Disposable income of households (2010*)



- Average rent has increased by 20% (2004-2013)
- A large portion of Belgian households cannot afford a rent of 500€
- Sustained demand for affordable housing

Source: FPS Economy (19 March 2014), S.M.E., Self-Employed and Energy

Source: Statbel.fgov.be household budget research, no update since 2010

Social housing solutions in Belgium are unable to cope with demand

- Social housing in Belgium represents about 310.000 housing units across all 3 regions, providing accommodation to about 7% of Belgian households (and more in large cities such as Brussels and Antwerp)
- Social housing is a very significant portion of the Belgian rental housing market: approximately 23% of rental units are social housing units

Entity	% of tenants in total population	Stock of social housing units (units)	% of social housing on total stock	% of social housing on total rental stock	Number of households on "waiting list"
Brussels	60%	39.492	7%	14%	44.000
Flanders	29%	150.903	7%	21%	120.436
Wallonia	34%	117.200	9%	25%	39.000
BELGIUM	32%	307.595	8%	23%	203.436



- Social housing is predominantly provided by regional institutions:
 - Société du Logement de la Région de Bruxelles Capitale / Sociétés Immobilières de Service Public (Brussels)
 - Société Wallonne du Logement / Sociétés de Logement de Service Public (Wallonia)
 - Vlaamse Maatschappij voor Sociaal Wonen / Sociale Huisvestingsmaatschappijen (Flanders)
 - These institutions are overwhelmed by demand and must allocate their available resources to the renovation of existing housing
 - Political awareness but lack of public resources to increase stock of housing and meet demand
- ***“Social Real Estate agencies” (AIS/SVK) could contribute to meet demand, through partnerships with private owners***

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The mission of Inclusio is to promote social reinsertion through housing solutions and effective support



Enriching housing solution



- Renovated/newly built building
- Selected location
- Proximity to public transport and social facilities

Fragile segments

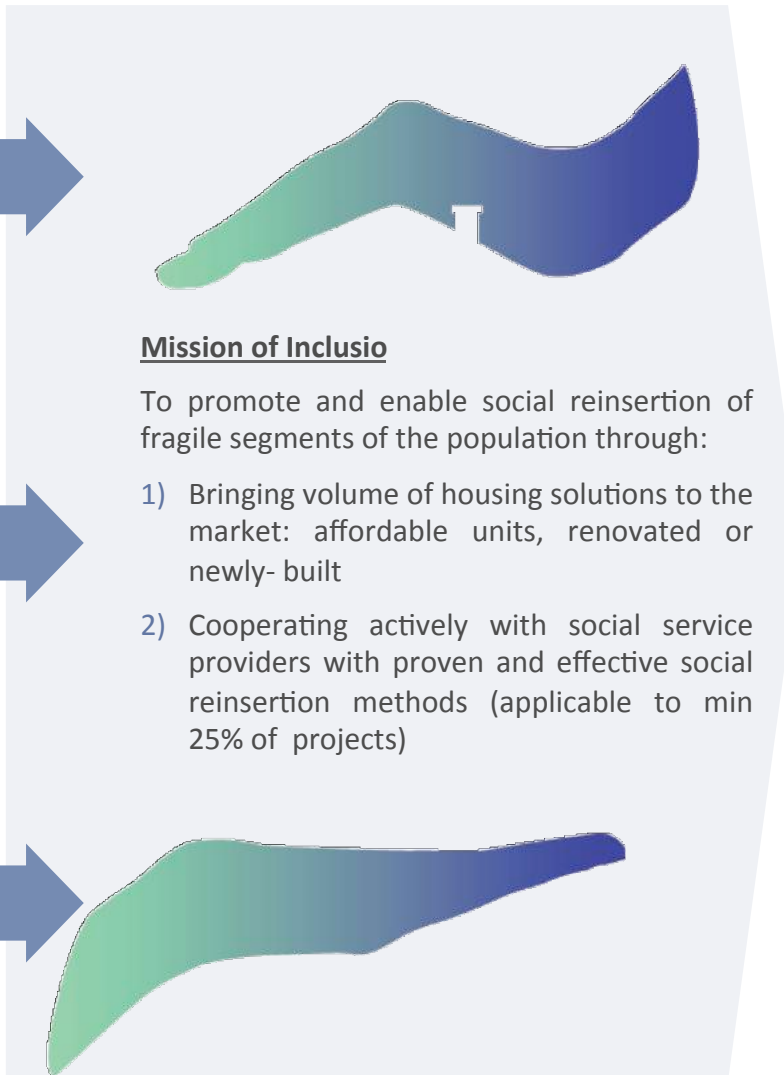


- People or communities who cannot afford market prices
- People who need social support besides housing
- Non-profit organisations

Effective social service



- From AIS/SVK or ASBL/ VZW or other type
- Provide multidimensional innovative services for social reinsertion that are effective and proven



Social reinsertion dimensions impact

- Education
- Childcare
- Healthcare
- Access to housing
- Personal finance
- Mobility
- Professional insertion
- Autonomy

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13 assets under management

1

Bon Pasteur (Evere)

- Newly built in 2013
- 38 units in 2,480 m² (net)
- 2 buildings with a common garden in-between
- 15-year single lease and management contract with AIS Hector Denis
- Diversified mix of tenants from different origins and income



2

Sermon (Ganshoren)

- Acquired in 2015, refurbished in 2014
- 10 units in 578 m² (net)
- 9-year renewable single lease and management contract with AIS Baita
- 6 units aimed at the reinsertion of homeless people with ASBL/VZW Infirmiers de Rue
- 4 units aimed to be rented to a mix of tenants in need of affordable housing
- Winner of the Prix Convergences Europe 2014



13 assets under management

3

Palai/Verboekhoven (Schaerbeek)

- Acquired in August 2016, built in 2002
- Long lease (emphytéose) with the Schaerbeek municipality until 2030
- 13 apartments, 1325 m² (net)
- large apartments to be occupied by families



4

Citydev Portfolio (Jette, Bruxelles-Ville and Molenbeek-Saint-Jean)

- Acquired in August 2016
- 35 housing units + 1 retail unit
- Multiple buildings/houses across multiple locations in Brussels



Acquisition pipeline: a few examples



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The founders brought together their individual social housing initiatives and complementary skills into a unique project



Financial expertise

Bank Degroof Petercam is the largest independent private and investment bank in Belgium. For more than 140 years it has offered its private and institutional clients, along with business enterprises, a complete range of tailored solutions and services.

Expertise: Finance, Real Estate, Impact Investing

- Jean-Baptiste Van Ex, *Head of Real Estate*
- Adeline Simont, *Managing Director*
- Antoni Slawecki, *Senior Manager*

- François de Borchgrave, *Managing Director*
- Charles-Antoine Janssen, *Managing Director*

- Nicolas Bearelle, *Managing Director*
- Piet Colruyt, *Social entrepreneur*



KOIS INVEST

Social investments expertise

KOIS INVEST is specialized entirely on placing capital in impact ventures and funds that generate a competitive financial return as well as a positive impact on society and environment. In this field, it is an active investor as well as an experienced advisor.

Expertise: Social impact, Investments, Real Estate

RIE-VIVE

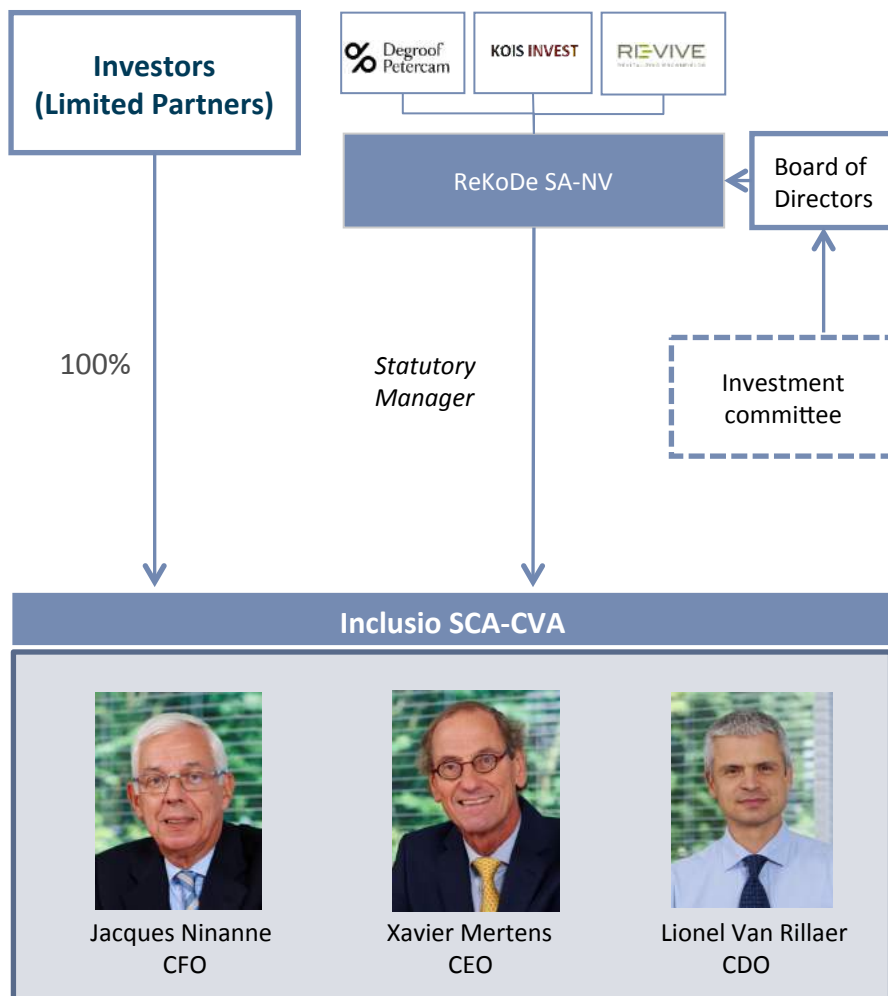
REVITALIZING BROWNFIELDS

Sustainable building expertise

Re-Vive invests in the sustainable redevelopment of polluted brownfields. Re-Vive addresses the lack of public spaces by investing responsibly in view of favoring the community while preserving green areas.

Expertise: Sustainable real estate development and investments, Social Impact

Corporate structure & governance set up to ensure appropriate decision making



CORPORATE GOVERNANCE

- **Inclusio** is a partnership limited by shares (société en commandite par actions/commanditaire vennootschap op aandelen) managed by its statutory manager (commandité/beherende vennoot) ReKoDe SA-NV
 - Legal/corporate form well suited for future IPO and switch to SIR/GVV (8 out of 16 Belgian SIR/GVV are managed under SCA-CVA)
- **ReKoDe** as Managing Agent, with Board of Directors including
 - 10 members
 - of which 5 represent the founding partners
 - and 2 are independent
- **Daily management of Inclusio:**
 - In-house executive team: CEO, CFO and CDO
- **Investment committee** as an informal committee gathering 7 experienced individuals enabling Inclusio to leverage their social, real estate and network capabilities

Key people: adequate staffing in place



Inclusio Management team	<ul style="list-style-type: none">• Mr Xavier Mertens (CEO)<ul style="list-style-type: none">– Previously CEO at XIOR Group– 2002-2014: CEO at Home Invest Belgium (#1 Belgian residential SIR/GVV)– Head of Retail & Housing at AG Real Estate• Mr Jacques Ninanne (CFO)<ul style="list-style-type: none">– Previously Financial Director at CFE– Long-standing finance experience at CFE• Mr Lionel Van Rillaer (CDO)<ul style="list-style-type: none">– 2011-2016: Chief Operating Officer of the PPP (Private-Public Partnerships) pool of CFE– Long-standing experience at CFE, Jan De Nul, Dredging International, Besix
Board of Directors of ReKoDe	<ul style="list-style-type: none">• Mr André Bosmans, chairman and independent member• Mrs Sandrine Nelissen Grade, independent member• Mr Jean-Baptiste Van Ex (Head of Real Estate at Degroof Petercam Corporate Finance)• Mr Nicolas Bearelle (representing RE-VIVE)• Mr Piet Colruyt (representing RE-VIVE)• Mr François de Borchgrave (representing KOIS)• Mr Arnoud de Pret (representing KOIS)• Mrs Véronique Tai (investor representative)• Mr Christophe Demain (investor representative)• Mr Patrice Beaupain (investor representative)
Investment committee	<ul style="list-style-type: none">• Mr André Bosmans• Mr François de Borchgrave• Mr Jean-Baptiste Van Ex• Mr Nicolas Bearelle• Mr Patrice Beaupain• Mr Xavier Mertens• Mr Michel Balon

Note: names presented hereabove refer to individuals which may represent a company appointed as board member/consultant/investor

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Conclusion

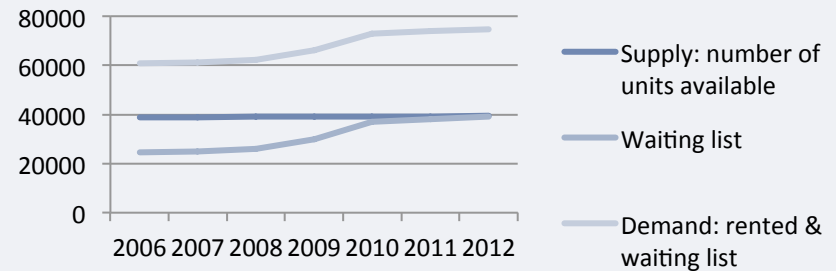


Brussels : Social housing market



- Brussels faces a big lack of social housing with a waiting list (39,000 in 2012) that represents 98% of the current supply → only 48% of the demands are satisfied
- In Brussels, 34% of the population lives with a salary below the risk of poverty line and 20% of the population is unemployed (30% for the under 25)
- There is however an objective of having 15% of social housing by 2020 (Belgian av. of 7% in 2011)

Brussels Social Housing market



MAJOR ACTORS

Municipalities and CPAS/OCMW

- Municipalities own a (small) range of social housings
- *Centre Public pour l'Action Sociale (CPAS)/ Openbaar Centrum voor Maatschappelijk Welzijn (OCMW)*, acts on a municipal scale to deliver social services to people that cannot afford them, like finding and financing housing

SISP/OVM

- *Sociétés Immobilières de Service Public (SISP)/ Openbare Vastgoedmaatschappijen (OVM)*
- 31 commercial public companies that aim at buying, managing and renting the social housings of Brussels Capital Region
- Accounts for ~39,000 social housings

AIS/SVK

- *Agences Immobilières Sociales (AIS)/Sociale Verhuurkantoren (SVK)*
- Recognized, certified and subsidized by the Region
- Rents on the real estate market in order to sub-lease to people in need (~3,200 housings in 2012)

SLRB/BGHM

- *Société du Logement de la Région de Bruxelles-Capitale (SLRB)/Brusselse Gewestelijke Huisvestingsmaatschappij (BGHM)*
- Manages, certifies, controls and organizes the cooperation between the SISP/OVM in accordance with the regional housing policy

Fonds du logement/ Woningfonds

- Cooperative subsidized and controlled by the regional government
- Buys, renovates or builds housing to be rented to households with financial or housing difficulties

SDRB/GOMB Citydev. Brussels

- *Société de Développement pour la Région de Bruxelles-Capitale (SDRB)/Gewestelijk Ontwikkelingsmaatschappij voor het Brusselse Hoofdstedelijk Gewest (GOMB)*
- In charge of the urban development of Brussels with the mission to create spaces for companies and housings affordable for everyone and to make these spaces live with each other

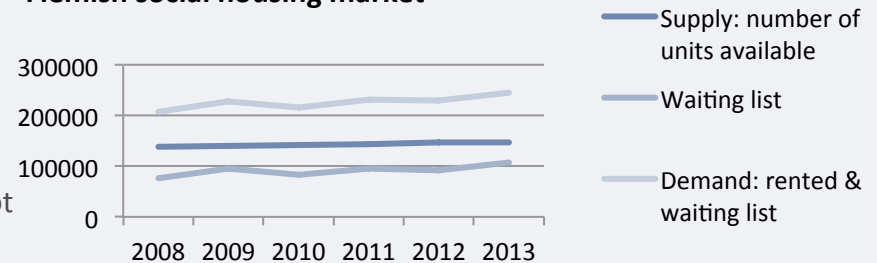
Source: Service de lutte contre la pauvreté, la précarité et l'exclusion sociale 2011, 2012, 2013; Observatoire de la Santé du Social de Bruxelles-Capitale 2013; Logement.irisnet.be

Flanders : Social housing market



- The lack of social housing in Flanders is strong, with a waiting list (~107 000 in 2013) that represents 73% of the supply of social housing
- Still, ~180 000 households are eligible for a social housing
- There is a project of building additional 43 000 social housings in Flanders by 2020, with constraints for municipalities that would not be able to respect it

Flemish social housing market



MAJOR ACTORS

Municipalities and OCMW

- Municipalities own a (small) range of social housings
- *Openbaar Centrum voor Maatschappelijk Welzijn (OCMW)*, acts on a municipal scale to deliver social services to people that cannot afford them like finding and financing a housing

SHM

- *Sociale Huisvestingsmaatschappij (SHM)*
- 100 commercial public companies that aim at buying, managing and renting the social housings of Brussels Capital Region
- Accounts for ~140 000 social housings

SVK

- *Sociale Verhuurkantoren (SVK)*
- Recognized, certified and subsidized by the Region
- Rents on the real estate market in order to sub-lease to people in need (~6 400 housings in 2012)

VMSW

- *Vlaamse Maatschappij voor Sociale Wonen (VMSW)*
- Plans, finances and subsidizes construction of social housings
- Lends mortgage through **Vlaamse Woonlening**

Vlaamse Woningfond

- Lends mortgage to people with limited income
- Rents social housings for 5< people
- Around Brussels, an additional fund, **Vlabinvest**, fulfils the same role

Wonen-Vlaanderen

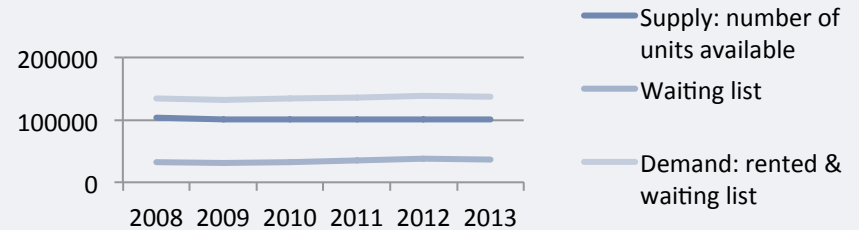
- Supports the minister in the drafting and implementation of housings policies
- Reinforces coherence between various policies
- Cares for the respect of the quality norms of housings

Wallonia : Social housing market



- The lack of social housing in Wallonia is smaller than in the rest of Belgium, with a waiting list (~36 000 in 2013) that represents 36% of the supply of social housing
- There is a project of having 20% of housing dedicated to social housing in each municipality by 2016 (Belgian av. of 7% in 2011), however there are no constraints for municipalities which do not success in it

Walloon social housing market



MAJOR ACTORS

Municipalities and CPAS

- Municipalities own a (small) range of social housings
- *Centre Public pour l'Action Sociale (CPAS)*, acts on a municipal scale to deliver social services to people that cannot afford them like finding and financing a housing

SLSP

- *Société de Logement de Service Public (SLSP)*
- 64 commercial public companies that aim at buying, managing and renting the social housings of Brussels Capital Region
- Accounts for ~101 000 social housings

AIS

- *Agences Immobilières Sociales (AIS)*
- Recognized, certified and subsidized by the Region
- Rents on the real estate market in order to sub-lease to people in need (~3 400 housings)

SWL

- *Société wallonne du Logement (SWL)*
- Coordinates various tasks regarding social housing:
 - The development and the renting management of housings rented by SLSP
 - The creation of housings aimed to be sold with social conditions

SWCS and FLW

- *Société wallonne du credit social (SWCS)* and *Fonds du Logement des familles nombreuses de Wallonie (FLW)*
- Lend mortgage with advantageous conditions to people with limited income

DGO4

- *Direction générale opérationnelle Aménagement du territoire, Logement, Patrimoine et Energie (DGO4)*
- Coordinates administration and government efforts for land settlement, housing, property and energy

The model implemented by Inclusio has already been effective abroad



1

COMMUNITY SOLUTIONS (US)



- Started in 2010 in the USA
- Started the “100 000 Homes Campaign” with the aim of housing 100 000 vulnerable homeless people by July 2014 in 186 cities, counties and states through the Housing First principles

Impact

- Succeeded to house more than 105 000 homeless people by July 2014 with the help of local partners and 230 communities

2

FÖRDERVEREIN FÜR WOHNHILFEN (DE)



- Started in Münster in 2012
- Started initially with the creation of 34 housings in a former church
- Project was developed with the implication of the future inhabitants
- Continuous social support is given to the inhabitants

Impact

- 8-12 housing units for homeless people

3

HOUSING FIRST FINLAND (FI)



- In 2008 Finland decided to eradicate long-term homelessness by 2015
- Convinced by the high success rates of Housing First experiments, Finnish government decided to transform all temporary housing into permanent housing solutions

Impact

- Housing First in Finland has shown success rates of 90%+, doubling the usual success rate of 40% for the common ways of housing reinsertion

4

HABITAT ET HUMANISME (FR) **habitat et humanisme**



- Founded in 1985, the association Habitat et Humanisme aims to help low-income families to find an adapted housing
- It proposes an integrated follow-up of the families with helping families to find a housing, help them with their reinsertion to their autonomy and finally help them to save money to face future potential problems

Impact

- 17 500 families housed since 1985 (1 400 in 2013)