



## **Half-yearly results show strong growth:**

**Revenue up +7%**

**Net income up +34%**

**The dilutive effect following recent capital increase (€107.3m) is already absorbed**

*Paris, 27 July 2022*

At its meeting of 26 July 2022, the Board of Directors of INEA (ISIN: FR0010341032), a real estate company that invests in new office buildings in the main regional towns in France and a leader in sustainable green buildings, approved the consolidated half-yearly results as at 30 June 2022<sup>1</sup>.

The results were marked, in particular:

- At an operational level, by two new acquisitions amounting to €70m, two disposals for €15.7m and an increase in the signature of leases (+30%)
- At the financial level, by a capital increase of €107.3m and the implementation of an initial Sustainability-Linked Loan of €170m;
- Lastly, on an asset level, by an increase in the value of the portfolio (up +€32m, or +3.3%).

**Thus, the dilutive effect following the recent capital increase carried out at the end of the half-year has been absorbed, as of the closing of the period RNA NDV / share stable at €54.1 despite the 28% increase in the number of issued.**

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<sup>1</sup> The statutory auditors conducted a limited review of the accounts, in line with the professional accounting standards in force in France.

## **EPRA Consolidated income statement**

<b><i>In € millions</i></b>	<b>S1 2022</b>	<b>S1 2021</b>	<b>Var</b>
Revenue	<b>27.9</b>	25.9	+7%
EBIT	<b>14.7</b>	14.7	0%
Operating income before fair value variation	<b>16.6</b>	14.3	+16%
Net balance of value adjustments on buildings	<b>21.3</b>	14.5	+47%
Net operating income	<b>37.9</b>	28.8	+32%
Net income	<b>33.3</b>	24.8	+34%

## **Sustained operating activities**

INEA had a very dynamic first half year.

In terms of investments, it acquired two new office buildings, taking advantage of opportunities while managing its rental risk:

- One recently built building offering 12,700 m<sup>2</sup> of office space, fully rented to EDF and located in the Basso Combo business region of Toulouse for €40m (immediate return on investment 5.50%);
- And a forward funding investment for 8,533 m<sup>2</sup>-offices for €30m, located in Montpellier, to be completed at the end of 2024 (potential return on investment 6.20%).

Seeking to balance its exposure in some towns, INEA disposed of a new 3,813 m<sup>2</sup> building equally located in the Basso Cambo office sector of Toulouse, for a 20% premium on the last value appraisal.

Together with the disposal of a smaller property for a total of €15.7m, INEA recorded an exceptional result of nearly €2m in its consolidated income statement.

In terms of rental activity, nearly 30,000 m<sup>2</sup> of leases were signed up this half-year, up 30% than in the first half of 2021. INEA's properties are very flexible and therefore adapted to a wide scope of tenant requirements, notably for medium size leases, which in recent months have dominated the bulk of take up in the regional markets. Demand for larger areas remains slow in the light of an uncertain macroeconomic environment. This high level of rental activity accounts for an occupancy rate above 90%. A slowdown in the rate of letting the recently delivered forward funding acquisitions explains the slight decrease over the past 6 months (-0.8%)

	<b>30/06/2022</b>	<b>30/06/2021</b>
Occupancy rate of EPRA assets	90.2%	91.0%
Occupancy rate excluding the most recently completed forward funding acquisitions	94.5%	94.1%

Consolidated revenues stood at €27.9m, up by 7.4% over the same period in the previous financial year. The growth rate was 1.9%, like for like, with an indexation rate that is limited (1.2%) compared to its expected increase over the year.

<b><i>In € thousands</i></b>	<b>30/06/22</b>	<b>30/06/21</b>	<b>Var</b>
Deliveries 2021-2022	3 950	2 033	
Disposals 2021-2022	74	608	
<b>Existent base</b>	<b>4 023</b>	<b>2 641</b>	<b>5.3%</b>
<b>Like to like</b>	<b>23 679</b>	<b>23 193</b>	<b>1.9%</b>
<b>Impact of IFRS 16 (deferral of rent concessions)</b>	<b>174</b>	<b>110</b>	<b>0.2%</b>
<b>Consolidated revenues</b>	<b>27 876</b>	<b>25 944</b>	<b>7.4%</b>

The growth in revenue was stalled this half-year by a shortfall of €3.4m accounted for by letting the slowing down of the latest delivered forward funding acquisitions together with the renovation works carried out on two existent properties. These two factors explain the fall in net recurrent income over the past 12 months (-7%).

The impact of the disposals has led to an increase in cash flow by 66% over 12 months.

### **Optimisation and reinforcement of resources**

Despite an uncertain macroeconomic context, the company implemented two structural financing sources at favourable financial terms during the first half-year:

- In March, a corporate Sustainability-Linked Loan for €120m (with the possibility of an hike to €170m) was put into place for a period of 5 years, extendable to 7 years;
- At the end of June, a reinforcement of the company's equity by means of a capital increase of €107.3m, was achieved without any loss of its stock market share value.

The equity capital raised was immediately used to reimburse the company's revolving lines of credit, thus reducing its debt level to €412m as at 30 June 2022 (as compared to €429m at 31 December 2021).

The average rate of debt remains stable at 2% over the 6-month period (1.66% excluding bonds). The average residual life of loans increased as a result of the implementation of the Sustainability-Linked Loan in March 2022, rising to 4.4 years (as compared to 3.3 years at 31/12/21).

INEA's debt continues to be covered largely against the risk of rate fluctuation (at 80% as compared to 77% as at 31 December 2021), for a period of over 3 years.

The covenants applicable to INEA's debt have been totally respected as at 30 June 2022. The capital increase, combined with the increase in value of the assets, substantially reduced the company's level of debt :

Financial ratios	30/06/22	31/12/21	Covenant
LTV (excluding fees)	40.5%	47.1%	< 55%
Interest coverage ratio of financial fees (ICR)	4.7	5.4	> 2.0

INEA also benefits from €191m in not drawn down lines of credit, bringing the maturity of its total debt to over 5 years and guarantees that it can finance its future growth at a reasonable cost.

### **Pursuit of value creation on assets**

INEA recorded strong value creation on its portfolio this half-year (up +€32m), in line with past half-years. This reappraisal of value reflects the maturity of the markets on which INEA is present (new offices in the French regions and urban logistics) and the quality of its assets.

The average capitalisation rate of the portfolio as given by the valuation experts is 5.75%, compared to 5.87% on 31 December 2021.

At 30 June 2022, the total value of INEA's assets – including properties in the pipeline at their initial acquisition value and not at valuation value – stood at €1,149m (fees included), up by 5.4% over the past 6 months.

Value, fees included, in € millions	30/06/22	31/12/21
Buildings up and running	981	891
Buildings under construction	168	199
<b>Total assets</b>	<b>1 149</b>	<b>1 090</b>

### **Dilution effect of the capital increase absorbed in a half-year**

The Company's half-yearly results, up due to the growth in asset value, enabled it to absorb by 30 June the dilutive effect of the capital increase carried out on 24 June 2022.

Thus, the revalued net assets (NDV), taking into account the fair value of the debt, amounted to €54.1 per share, which was its level at 31 December 2021.

Revalued net assets per share	30/06/22	31/12/21	Var	30/06/21	Var
<b>RNA EPRA disposal (NDV)</b>	<b>€54.1</b>	<b>€54.1</b>	<b>0.1%</b>	<b>€50.1</b>	<b>8.0%</b>
RNA EPRA continuation (NTA)	€52.7	€53.7	-1.9%	€50.2%	4.9%
RNA EPRA reconstitution (NRV)	€56.9	€58.5	-2.7%	€54.8	3.9%
Number of shares to date*	10 815 530	8 455 505	28%	8 455 499	28%

\*excluding treasury shares

### **A resilient share price**

The share price rose by 8% over 12 months, closing at €43.9 on 30 June 2022.

During the first half of 2022, in a particularly uncertain market environment, INEA's share price saw the lowest financial volatility in the sector, with a decrease limited to 5%.

This resilience can be seen in the relatively limited fall in share value as compared to the revalued net asset (RNA): 23% fees included (NRA NRV) and 19% excluding fees (NRA NDV), as compared to 22% and 15% respectively at 31 December 2021.

Philippe Rosio, CEO of INEA, made the following comments on the results for the first half-year:

*"The absorption in one half-year of the dilutive effect of a capital increase that equals a 30% reinforcement of our equity once again attests to the effectiveness of the company's investment strategy.*

*The stock market performance, in terms of both its resilience and its low volatility, is further evidence of this. The quality of our shareholdership is also worth emphasising.*

*We hope to benefit from market opportunities during the coming months of economic and geopolitical uncertainty"*

The Half-Year Financial Report as of June 30, 2022 can be viewed or downloaded (in French) from the website (<https://fonciere-inea.com/investisseurs/>).

### **Financial agenda :**

Q3 financial data : October 6, 2022

## About INEA ([www.fonciere-inea.com](http://www.fonciere-inea.com))

Created in March 2005, INEA is a SIIC that invests in new or recent office buildings located in the main French regional cities. INEA has a high-quality portfolio that meets the needs of its tenants, mainly subsidiaries of large private or public groups, together with the latest environmental requirements.

As at 30 June 2022, its portfolio consists of 75 real estate sites accounting for a total rental area of more than 434,000 sqm for a value of €1,149 million, offering a potential yield of 6.9%. INEA's objective is to reach a portfolio of €2 billions assets by 2026.

More information : [www.fonciere-inea.com](http://www.fonciere-inea.com)

Compartiment B **Euronext Paris** - ISIN : FR0010341032

Reuters : INEA.PA - Bloomberg : INEA FP

Member of IEIF Foncières and IEIF Immobilier France index

Membre des indices CAC® Small, CAC® Mid & Small, CAC® All-Tradable at CAC® All-share

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## APPENDICES

### 1. EPRA Consolidated income statement

<i>In M€</i>	S1 2022	S1 2021	var
Revenue	27,9	25,9	+7%
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### 2. Loan-To-Value

<i>In k€</i>	30/06/22
Investment properties (1)	977 355
Participations in associated companies	-
Other financial assets	11 318
<b>Re-evaluation of the consolidated portfolio</b>	<b>988 673</b>
Remaining financial capital (2)	408 320
- Cash & cash equivalents (3)	(7 588)
<b>Net debt</b>	<b>400 732</b>
<b>LTV (loan-to-value)</b>	<b>40,5%</b>

(1) Including non-current assets held for sale

(2) See note 12 of the appendix to the consolidated financial statements of 30/06/22

(3) Cash and cash equivalents less current bank overdraft facilities

## 1. Reporting EPRA

In accordance with the recommendations of the European Public Real Estate Association (EPRA), of which it is a member, INEA publishes below the main performance indicators that promote the transparency and comparability of the financial results of listed real estate companies in Europe.

### a) EPRA recurrent net income

The calculation of RNR has been modified for the first half of the year compared with the EPRA standard in order to neutralize the impact of IFRIC 21 (which results in the recognition as of June 30 of all annual taxes that cannot be rebilled to tenants).

M€	30/06/2022	30/06/2021	var
<b>Gross rental income</b>	<b>27,9</b>	<b>25,9</b>	
<b>Net rental income*</b>	<b>19,8</b>	<b>19,2</b>	
Other income	0,2	0,3	
Operating expenses*	-4,5	-4,0	
<b>Gross operating surplus</b>	<b>15,5</b>	<b>15,5</b>	
Depreciation and amortisation excluding properties	-0,1	-0,1	
Net financial expenses	-4,6	-4,0	
Change in value of financial instruments	-0,1	0,0	
Income from equity-accounted companies (EA)	0,0	0,0	
<b>Recurrent net income</b>	<b>10,6</b>	<b>11,4</b>	<b>-6,5%</b>
Weighted average number of shares** (in millions)	8,5	8,5	
<b>Recurrent net income per share (€)</b>	<b>1,25</b>	<b>1,34</b>	<b>-6,5%</b>

\* excluding impact of IFRS 21

\*\* excluding treasury shares

### Reconciliation of recurrent net income published to EPRA recurrent net income

M€	30/06/2022	30/06/2021	var (%)
<b>Recurrent net income published</b>	<b>10,6</b>	<b>11,4</b>	
- IFRIC 21	-0,7	-0,6	
<b>EPRA recurrent net income</b>	<b>10,0</b>	<b>10,7</b>	<b>-6,5%</b>
Weighted average number of shares * (in millions)	8,5	8,5	
<b>EPRA recurrent net income per share (€)</b>	<b>1,18</b>	<b>1,27</b>	<b>-6,5%</b>

\* excluding treasury shares

## b) EPRA Net Asset Value

30/06/22 M€	EPRA NRV (Net Reinstatement Value)	EPRA NTA (Net Tangible Assets)	EPRA NDV (Net Disposal Value)
IFRS equity attributable to shareholders	578	578	578
<i>Include / exclude:</i>			
Hybrid instruments			
<b>Diluted NAV</b>	<b>578</b>	<b>578</b>	<b>578</b>
<i>Include:</i>			
Revaluation of investment property			
Revaluation of assets under development			
Revaluation of other non-current investments			
Revaluation of tenants leases held as finance leases			
Revaluation of trading properties			
<b>Diluted NAV at fair value</b>	<b>578</b>	<b>578</b>	<b>578</b>
<i>Exclude:</i>			
Deferred tax			
Fair value of financial instruments	-8,2	-8,2	
Goodwill as a result of deferred tax			
Goodwill as per the IFRS balance sheet			
Intangibles as per the IFRS balance sheet		-0,7	
<i>Include:</i>			
Fair value of debt			7,0
Revaluation of intangibles to fair value			
Transfer duties	45,3		
<b>NAV</b>	<b>615</b>	<b>569</b>	<b>585</b>
Fully diluted number of shares	10 815 530	10 815 530	10 815 530
<b>NAV per share (€)</b>	<b>56,9</b>	<b>52,7</b>	<b>54,1</b>

## c) EPRA vacancy rate

Financial vacancy rate relating the market rental value of vacant areas to the market rental value of the total portfolio in operation (100% occupancy rate) :

M€	30/06/2022
Estimated rental value of vacant space (A)	5,1
Estimated rental value of the whole portfolio (B)	51,9
<b>EPRA Vacancy Rate (A/B)</b>	<b>9,8%</b>



#### d) EPRA Net Initial Yield and 'topped-up' Net Initial Yield

EPRA identifies two ways of measuring the rate of return on a property:

- the EPRA "Net Initial Yield" (NIY) is the ratio of annualized rental income from current leases, net of non-rebilled rental expenses, to the value, including transfer duties, of the portfolio in operation;
- and the EPRA "Topped-up NIY" yield differs from the NIY yield through the reintegration of rent-free periods granted to tenants.

M€	30/06/2022
Investment properties – wholly owned	977,3
Investment properties – share of JVs/Funds	0,0
Adjustment of assets under development	42,1
Value of the property portfolio in operation excluding duties	935,2
Transfer duties	45,3
<b>Value of the property portfolio in operation including duties (B)</b>	<b>980,5</b>
<b>Annualised net rents (A)</b>	<b>49,3</b>
Integration of notional rent expiration of rent free periods	0,2
<b>Topped-up net annualised rent (C)</b>	<b>49,5</b>
<b>EPRA net initial yield (A/B)</b>	<b>5,0%</b>
<b>EPRA "topped-up" net initial yield (C/B)</b>	<b>5,0%</b>

INEA also discloses a potential rate of return corresponding to the potential rental value of the portfolio (100% occupancy rate) compared with the acquisition value of the properties.

This rate is 6.9% at June 30, 2022.

#### e) EPRA property-related CAPEX

These are disbursements related to investments made during the half-year:

- expenditure on new acquisitions or assets under construction (Investments)
- and those on a like-for-like basis (CAPEX)

M€	30/06/2022		
	Wholly owned	JVs and funds	Total
Acquisitions <sup>1</sup>	48,3	-	<b>48,3</b>
Development	21,6	-	<b>21,6</b>
Like-for-like portfolio	0,2	-	<b>0,2</b>
Other <sup>2</sup>	-0,1	-	<b>-0,1</b>
<b>Capital Expenditure</b>	<b>70,0</b>	-	<b>70,0</b>

<sup>1</sup> Delivery during the year

<sup>2</sup> Assets under renovation (Mistral Harmony Park and Nice Clara)

**f) Like-for-like rental growth**

	<i>Whole portfolio</i>		<i>LFL portfolio</i>				
<b>M€</b>	<b>Value – all assets</b>	<b>Net rental income* 30/06/22</b>	<b>Value LFL asset</b>	<b>Net rental income LFL 30/06/22</b>	<b>Net rental income LFL 30/06/21</b>	<b>Growth in net FLF rental income</b>	
Office assets	755,0	16,2	562,4	13,7	13,7	-0,1	-0,6%
Urban logistics parks	155,2	4,6	125,6	4,1	3,9	0,3	6,5%
<b>Total property portfolio in operation</b>	<b>910,2</b>	<b>20,9</b>	<b>687,9</b>	<b>17,8</b>	<b>17,6</b>	<b>0,2</b>	<b>1,0%</b>
Assets under development**	25,0	0,0					
Assets sold	0,0	0,1					
<b>Total portfolio</b>	<b>935,2</b>	<b>20,9</b>					

\* net of re-invoiced service charges

\*\*Including assets under renovation (Mistral, Harmony Parc et Nice Clara).