

Company Note

Abitare In

New 2019-21 Business Plan

Backed by a steadily growing Milan real estate market, Abitare In announced its new pipeline for the coming years and presented its 2019-21 business plan. We have updated our estimates to include three soon to be launched new projects.

New Pipeline and Business Plan

Abitare In has announced a new pipeline for the coming years. By 2024, management plans to build around 2,050 apartments, generating cumulative revenues of around EUR 800M and cumulative profits of around EUR 200M. The group has also published its new 2019-21 business plan, in which it expects to generate cumulative revenues of around EUR 282M and a cumulative EBT of EUR 66M.

Outlook

Within the new pipeline, the group announced the upcoming launch of the commercialisation of three new real estate initiatives, Naviglio Grande, Corvetto and Savona, which we included in our model. All in all, we estimate the completion of seven residential projects over the next five years, whose deliveries are expected to take place between 2020 and 2023. We expect these projects to generate cumulative revenues of around EUR 544M and a cumulative EBT of about EUR 179M.

Valuation

We valued Abitare In using a DCF approach, considering the flows (net of taxes) coming from the projects currently underway. We expect the company to start receiving flows from Maggiolina in FY20, Tacito and Pecori in FY21, Somalia between FY21 and FY22, Cadolini Pogliaghi and Savona between FY22 and FY23. **We derived a target price of EUR 56.3/share.** Our target price is at a premium of around 16.3% on current prices, **implying an ADD rating on the stock.**

Abitare In – 2019-21 Business Plan

EUR M	FY19T	FY20T	FY21T
Revenues	42	100	140
EBT	9	15	42
Order Portfolio (EUR M)	190	200	310
Order Portfolio (units)	485	550	800

T: targets; Source: Company data

2 October 2019: 8:03 CET

Date and time of production

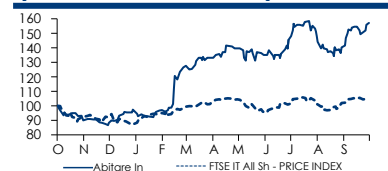
ADD
(from BUY)

Target Price: EUR 56.3
(from EUR 42.9)

Italy/Real Estate
Update

AIM

Price Performance (RIC: ABIT.MI, BB: ABT IM)



Abitare In - Key Data

Price date (market close)	9/30/2019
Target price (EUR)	56.3
Target upside (%)	16.32
Market price (EUR)	48.40
Market cap (EUR M)	123.42
52Wk range (EUR)	49.2/26.6

Price performance %	1M	3M	12M
Absolute	11.5	8.0	63.5
Rel. to FTSE IT All Sh	7.4	4.0	55.7

Y/E Sep (EUR M)	FY18A	FY19E	FY20E
Revenues	49.05	42.23	124.8
EBITDA	4.27	9.67	17.50
EBIT	4.08	9.47	17.30
Net income	2.59	6.35	11.83
EPS (EUR)	1.02	2.49	4.64
Net debt/-cash	8.79	22.87	44.06
Adj P/E (x)	31.6	19.4	10.4
EV/EBITDA (x)	21.2	15.1	9.6
EV/EBIT (x)	22.2	15.4	9.7
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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New Developments on the Way

Abitare In presented its new pipeline, which envisages the building of around 2,050 apartments with cumulative revenue of EUR 800M and cumulative profits of around EUR 200M within 2024. The group also announced its new 2019-21 business plan (end of the financial year in September). In this three-year period, Abitare In plans to generate revenues of around EUR 282M and EBT (earnings before taxes) of EUR 66M. Furthermore, within the new pipeline presented, the group announced the launch of three new real estate initiatives, which we incorporate in our model.

New pipeline

Updated pipeline and new 2019-21 BP

Abitare In presented its new pipeline which envisages the construction of 15 different real estate initiatives, for more than 190,000 commercial square meters, equal to more than 2,050 apartments. The areas on which these future developments are planned are in districts with high-growth potential in Milan (mainly the Navigli area, Porta Romana District, and Portello-Certosa). Total revenues (including sales of garages) of the pipeline should amount to over EUR 800M, with an EBT of over EUR 200M. According to management, the pipeline turnover rate in the current market scenario, is five years.

In addition, the group has defined the objectives of the 2019-21 business plan, summarised in the table below.

Abitare In – 2019-21 Business Plan

EUR M	FY19T	FY20T	FY21T
Revenues	42	100	140
EBT	9	15	42
Order Portfolio (EUR M)	190	200	310
Order Portfolio (units)	485	550	800

T: targets; Source: Company data

New real estate initiatives

In the coming months, the group will launch the commercialisation of three new real estate initiatives.

Three new initiatives

The first operation to be marketed, located in the Naviglio Grande area, involves the construction of approximately 76 apartments. The commercial campaign will start in autumn this year, with apartments being completed by end-2022.

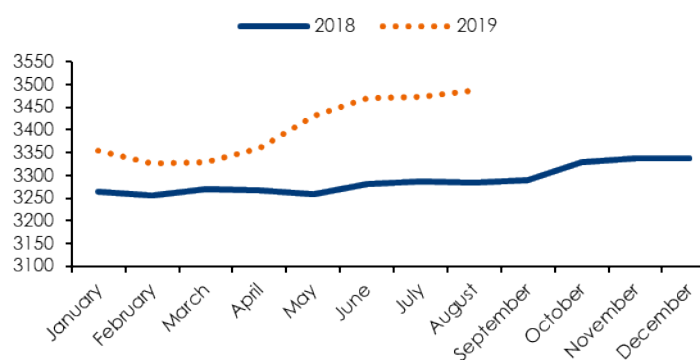
Subsequently, within the first six months of 2020, the commercialisation of two other initiatives will be launched: one, in via Savona, for about 165 apartments, which will end in 2022 and the other, in the Corvetto area, which will have a shorter project completion period (around 18 months) as the construction is nearing conclusion.

Earnings Outlook

The residential real estate market in Milan continues to grow: in 2Q19, residential trades in the city grew by 6.1% vs. 2Q18. Growth also begins to affect prices, which in the first part of 2019 rose significantly compared to the same period in 2018: according to immobiliare.it data, the average sales price (January to August) was 4.1% higher in 2019 vs. the same period of 2018 (EUR 3,271 in 2018 vs. EUR 3,404 in 2019). Despite this growth, Milan still has fair and lower prices compared to other major European capitals, according to UBS's 2019 Global Real Estate Bubble index. Again, according to this study, the index scores grew in all the cities of the Eurozone, thanks to low interest rates. Paris and Frankfurt are now in the bubble risk area, while in Madrid and Milan, the real estate market is recovering, but it still seems to be at an early stage of the cycle.

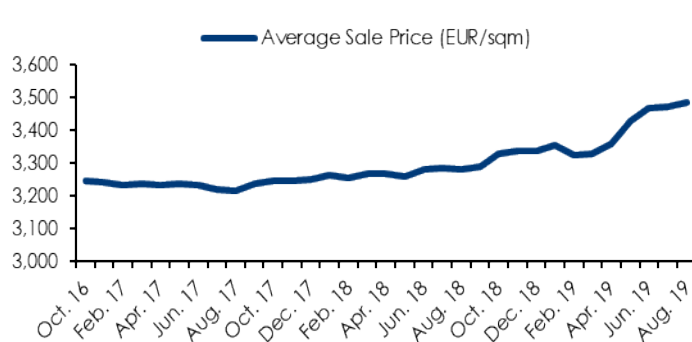
Still strong real estate market in Milan

Milan Residential Units Avg. Price (2018 vs. 2019, EUR/sqm)



Source: Immobiliare.it

Milan Residential Units Avg. Price (2016-19 trend)



Source: Immobiliare.it

In this favourable market scenario, Abitare In plans to realise fifteen real estate initiatives (four already incorporated in our model). Since there is low visibility on every project to be realised, we include in our estimates three new initiatives which are soon to be commercialised and on which the group has disclosed some key information. All in all, we estimate the completion of seven residential projects over the next five years, whose deliveries are expected to take place between 2020 and 2023: Maggiolina, Tacito, Somalia, Cadolini, Naviglio Grande, Corvetto and Savona. For these projects, we made the following assumptions:

Abitare In - Maggiolina key assumptions

Price/sqm (k)	4.4
average sqm	108
Housing units	125
Garage	125
Garage price (k)	34
Revenue (EUR M)	63.7
Total costs/sqm (k)	3.1
Gross margin (EUR M)	28.6
EBIT (EUR M)	24.6
Net income (EUR M)	17.2

Source: Intesa Sanpaolo Research elaboration on Company data

Abitare In - Tacito key assumptions

Price/sqm (k)	3.8
average sqm	92
Housing units	212
Garage	212
Garage price (k)	26.5
Revenues	79.7
Total costs/sqm (k)	3.5
Gross margin (EUR M)	21.4
EBIT (EUR M)	20.1
Net income (EUR M)	14.1

Source: Intesa Sanpaolo Research elaboration on Company data

Abitare In - Somalia key assumptions

Price/sqm (k)	4
average sqm	92
Housing units	130
Garage	130
Garage price (k)	26.5
Revenue (EUR M)	51.5
Total costs/sqm (k)	3.6
Gross margin (EUR M)	18.6
EBIT (EUR M)	18.2
Net income (EUR M)	12.8

Source: Intesa Sanpaolo Research elaboration on Company data

Abitare In - Cadolini key assumptions

Price/sqm (k)	3.7
average sqm	92
Housing units*	538
Garage	538
Garage price (k)	26.5
Revenues	197.4
Total costs/sqm (k)	3.1
Gross margin (EUR M)	79.2
EBIT (EUR M)	77.3
Net income (EUR M)	54.1

*174 of which are destined to independent senior living;
Source: Intesa Sanpaolo Research elaboration on Company data

Abitare In – Naviglio Grande key assumptions

Price/sqm (k)	4.3
average sqm	92
Housing units	75
Revenue (EUR M)	29
Total costs/sqm (k)	4
Gross margin (EUR M)	10.1
EBIT (EUR M)	9.7
Net income (EUR M)	7.0

Source: Intesa Sanpaolo Research elaboration on Company data

Abitare In – Corvetto key assumptions

Price/sqm (k)	3
average sqm	92
Housing units	141
Revenues	39
Total costs/sqm (k)	3
Gross margin (EUR M)	12.5
EBIT (EUR M)	12.0
Net income (EUR M)	8.7

Source: Intesa Sanpaolo Research elaboration on Company data

Abitare In – Savona key assumptions

Price/sqm (k)	4
average sqm	92
Housing units	245
Revenues	83
Total costs/sqm (k)	4.3
Gross margin (EUR M)	18.3
EBT (EUR M)	17.1
Net income (EUR M)	12.8

Source: Intesa Sanpaolo Research estimates

Our price/sqm estimates are based on our elaboration of the current residential prices (source: immobiliare.it) in the areas where the projects are going to be developed.

Valuation

We valued Abitare In using a DCF approach, considering the flows (net of taxes) coming from the projects currently underway, Maggiolina, Tacito, Somalia, Cadolini, Naviglio Grande, Corvetto and Savona. We expect the company to start receiving flows from Maggiolina in FY20, Tacito and Corvetto in FY21, Somalia between FY21 and FY22, Cadolini, Naviglio Grande and Savona between FY22 and FY23. We also highlight that the new announced Pipeline includes the implementation of fifteen projects, eight of which we do not incorporate in our model given the still low visibility.

We have an ADD rating (from Buy) and TP of EUR 56.3/share

DCF valuation

We used the following key assumptions in our valuation: an 8.2% WACC, incorporating a risk-free rate of 1.75% (2.75% previously), an equity risk premium of 7% (6.50% previously), a gearing ratio of around 18%, and a 0% long term (LT) growth;

Abitare In – WACC calculation (%)

Gross Debt Rate	3.0
Tax rate	24.0
Net Debt Rate	2.3
Beta Levered *	1.0
Gearing	17.7
Beta Re-Levered*	1.0
Risk Free Rate	1.8
Equity Risk Premium	7.0
Cost of equity	8.8
WACC	8.2

*Bloomberg; Source: Intesa Sanpaolo Research estimates

We raised our LT flow from new projects assumption to EUR 7.5M (EUR 5M previously) vs. an average of around EUR 25.3M in FY19-23E. We highlight that the FY19-23 projects were subject to favourable market conditions, with low acquisition costs, and therefore, in our approach, we assumed a possible increase in the overall costs of future projects.

Abitare In – DCF calculation

EUR M	2019E	2020E	2021E	2022E	2023E	LT
Maggiolina	0.0	17.2	0.0	0.0	0.0	0.0
Tacito	0.0	0.0	14.1	0.0	0.0	0.0
Somalia	0.0	0.0	4.5	8.3	0.0	0.0
Cadolini	0.0	0.0	0.0	4.5	49.6	0.0
Naviglio Grande	0.0	0.0	0.0	5.3	1.8	0.0
Corvetto	0.0	0.0	8.7	0.0	0.0	0.0
Savona	0.0	0.0	0.0	9.6	3.2	0.0
DIV from new projects	0.0	0.0	0.0	0.0	0.0	0.0
FCF	0.0	17.2	27.3	27.7	54.6	7.5
Discounted FCF	0.0	15.9	23.3	21.8	39.7	5.0
WACC (%)	8.2					
TV growth (%)	0.0					
Sum	101					
TV	61					
EV	162					
Net debt*	18					
Equity	144					
Shares (M)	2.6					
Target price (EUR/share)	56.3					

* IHI9A company data; E: estimates; Source: Intesa Sanpaolo Research estimates

We derived a target price of EUR 56.3/share. Our target price is at a premium of around 16.3% on current prices, **implying an ADD rating on the stock.**

Sensitivity analysis

If we assume that Abitare In activities terminate with the current projects, i.e. with a nil LT flow, the DCF valuation indicates a value of around EUR 32.3/sh. We regard this assumption as unrealistic, considering the ongoing scouting by management for new building opportunities, and the announced pipeline which comprise 8 new projects that we did not incorporate in our model.

Abitare In – DCF calculation with no LT

EUR M	2019E	2020E	2021E	2022E	2023E	LT
Maggiolina	0.0	17.2	0.0	0.0	0.0	0.0
Tacito	0.0	0.0	14.1	0.0	0.0	0.0
Somalia	0.0	0.0	4.5	8.3	0.0	0.0
Cadolini	0.0	0.0	0.0	4.5	49.6	0.0
Naviglio Grande	0.0	0.0	0.0	5.3	1.8	0.0
Corvetto	0.0	0.0	8.7	0.0	0.0	0.0
Savona	0.0	0.0	0.0	9.6	3.2	0.0
DIV from new projects	0.0	0.0	0.0	0.0	0.0	0.0
FCF	0.0	17.2	27.3	27.7	54.6	0.0
Discounted FCF	0.0	15.9	23.3	21.8	39.7	0.0
WACC (%)	8.2					
TV growth (%)	0.0					
Sum	101					
TV	0					
EV	101					
Net debt*	18					
Equity	82					
Shares (M)	2.6					
Target price (EUR/share)	32.3					

* 1H19A company data; E: estimates; Source: Intesa Sanpaolo Research estimates

As previously mentioned, our LT flow already incorporates less favourable market conditions than those achieved for starting the existing four projects.

Abitare In – Key Data

Rating ADD	Target price (EUR/sh) Ord 56.3		Mkt price (EUR/sh) Ord 48.40		Sector Real Estate
	2016/17A	2017/18A	2018/19E	2019/20E	2020/21E
Values per share (EUR)					
No. ordinary shares (M)	2.55	2.55	2.55	2.55	2.55
Total no. of shares (M)	2.55	2.55	2.55	2.55	2.55
Market cap (EUR M)	66.91	81.82	123.42	123.42	123.42
Adj. EPS	0.44	1.02	2.49	4.64	14.31
CFPS	0.45	1.1	2.6	4.7	14.4
BVPS	4.7	16.0	18.5	23.1	37.4
Dividend ord	0	0	0	0	0
Income statement (EUR M)					
Revenues	9.26	49.05	42.23	124.8	146.6
EBITDA	2.38	4.27	9.67	17.50	52.74
EBIT	2.34	4.08	9.47	17.30	52.54
Pre-tax income	2.16	3.70	9.07	16.90	52.14
Net income	1.13	2.59	6.35	11.83	36.50
Adj. net income	1.13	2.59	6.35	11.83	36.50
Cash flow (EUR M)					
Net income before minorities	1.1	2.6	6.3	11.8	36.5
Depreciation and provisions	0.0	0.2	0.2	0.2	0.2
Others/Uses of funds	0	0	0	0	0
Change in working capital	-0.9	-32.7	-20.1	-32.7	4.9
Operating cash flow	0.3	-30.0	-13.6	-20.7	41.6
Capital expenditure	-0.5	0.6	-0.5	-0.5	-0.5
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	5.4	0	0	0
Free cash flow	-0.2	-24.0	-14.1	-21.2	41.1
Dividends	0	0	0	0	0
Equity changes & Other non-operating items	12.9	15.1	0	0	0
Net cash flow	12.7	-8.9	-14.1	-21.2	41.1
Balance sheet (EUR M)					
Net capital employed	27.6	90.6	136.4	198.4	281.4
of which associates	0	0	0	0	0
Net debt/-cash	0.1	8.8	22.9	44.1	3.0
Minorities	0	0	0	0	0
Net equity	12.1	40.8	47.1	59.0	95.5
Minorities value	0	0	0	0	0
Enterprise value	67.0	90.6	146.3	167.5	126.4
Stock market ratios (x)					
Adj. P/E	59.1	31.6	19.4	10.4	3.4
P/CFPS	58.2	30.0	18.8	10.3	3.4
P/BVPS	5.5	2.0	2.6	2.1	1.3
Payout (%)	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0
FCF yield (%)	-0.3	-29.3	-11.4	-17.2	33.3
EV/sales	7.2	1.8	3.5	1.3	0.86
EV/EBITDA	28.1	21.2	15.1	9.6	2.4
EV/EBIT	28.7	22.2	15.4	9.7	2.4
EV/CE	2.4	1.0	1.1	0.84	0.45
D/EBITDA	0.04	2.1	2.4	2.5	0.06
D/EBIT	0.04	2.2	2.4	2.5	0.06
Profitability & financial ratios (%)					
EBITDA margin	25.7	8.7	22.9	14.0	36.0
EBIT margin	25.2	8.3	22.4	13.9	35.8
Tax rate	47.5	30.0	30.0	30.0	30.0
Net income margin	12.2	5.3	15.0	9.5	24.9
ROCE	8.5	4.5	6.9	8.7	18.7
ROE	11.3	9.8	14.4	22.3	47.3
Interest cover	NM	NM	NM	NM	NM
Debt/equity ratio	0.8	21.6	48.5	74.7	3.1
Growth (%)					
Sales		2017/18A	2018/19E	2019/20E	2020/21E
EBITDA		79.1	NM	80.9	NM
EBIT		74.7	NM	82.7	NM
Pre-tax income		71.4	NM	86.3	NM
Net income		NM	NM	86.3	NM
Adj. net income		NM	NM	86.3	NM

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

Abitare In S.p.A is an Italian real estate player which develops urban building projects in Milan reviving abandoned factories or industrial complexes. The company operates through SPV's, all of which are 100% owned by the holding Abitare In S.p.A. These vehicles are created with the precise objective of following a project from the planning stages to completion. Once the works are finished, the vehicles are closed and the dividends are distributed to the holding company.

Key data

Mkt price (EUR)	48.40	Free float (%)	52.0
No. of shares	2.55	Major shr	GOZZINI
52Wk range (EUR)	49.2/26.6	(%)	23.9
Reuters	ABIT.MI	Bloomberg	ABT IM
Performance (%)	Absolute	Rel. FTSE IT All Sh	
-1M	11.5	-1M	7.4
-3M	8.0	-3M	4.0
-12M	63.5	-12M	55.7

Key Risks

Company specific risks:

- Uncertainty of project success
- Medium-long term duration of the projects
- Setbacks during the construction phase

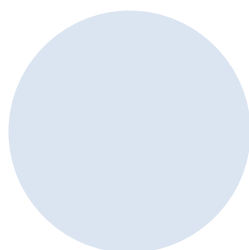
Sector generic risks:

- Increase in interest rate
- Weaker than expected demand
- Cyclicity

Estimates vs. consensus

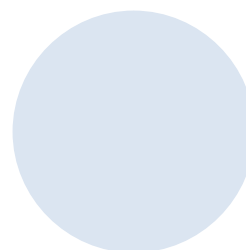
EUR M (Y/E Sep)	2017A	2018A	2019E	2019C	2020E	2020C
Sales	9.26	49.05	42.23	NA	124.8	NA
EBITDA	2.38	4.27	9.67	NA	17.50	NA
EBIT	2.34	4.08	9.47	NA	17.30	NA
Pre-tax income	2.16	3.70	9.07	NA	16.90	NA
Net income	1.13	2.59	6.35	NA	11.83	NA
EPS	0.44	1.02	2.49	NA	4.64	NA

Sales breakdown by product (%)



Residential units, 100

Sales breakdown by geography (%)



Italy, 100

Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 30/09/2019)

Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

Notes

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Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Banca IMI acts as sponsor or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. In the Equity Daily note and Weekly Preview report the Research Department reconfirms the previously published ratings and target prices on the covered companies (or alternatively such ratings and target prices may be placed Under Review). Research is available on Banca IMI's web site (www.bancaimi.com) or by contacting your sales representative.

Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

http://www.group.intesasanpaolo.com/script/sir0/si09/studi/eng_archivio_racc_equity.jsp

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

Equity rating key: (long-term horizon: 12M)

In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

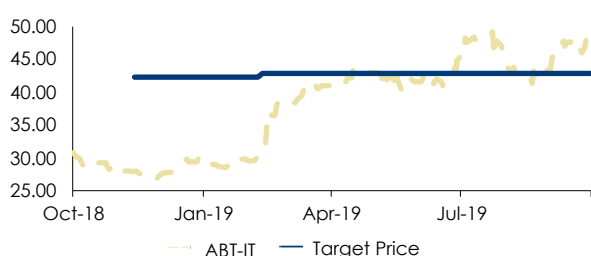
Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

Historical recommendations and target price trends (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: https://www.group.intesasanpaolo.com/script/sir0/si09/studi/eng_storia_raccomandazioni.jsp.

Target price and market price trend (-1Y)



Historical recommendations and target price trend (-1Y)

Date	Rating	TP (EUR)	Mkt Price (EUR)
11-Feb-19	BUY	42.9	30.4
13-Nov-18	BUY	42.3	28.0

Equity rating allocations (long-term horizon: 12M)

Intesa Sanpaolo Research Rating Distribution (at August 2019)

Number of companies considered: 113	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	47	19	33	1	0
of which Intesa Sanpaolo's Clients (%) (*)	79	41	43	0	0

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage http://www.group.intesasanpaolo.com/scripts/sir0/si09/governance/eng_wp_governance.jsp, along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chisiamo/documentazione/normative>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the Financial Conduct Authority Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research" and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage http://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng_archivio_conflitti_mad.jsp you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, we disclose the following information on the Intesa Sanpaolo Banking Group's conflicts of interest.

- One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from Abitare In in the next three months
- One or more of the companies of the Intesa Sanpaolo Banking Group are one of the main financial lenders to Abitare In and its parent and group companies
- Banca IMI acts as Corporate Broker relative to securities issued by Abitare In

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